MITSUI FUDOSAN

Annual Report 2012

Year ended March 31, 2012

Moving to THE NEXT STAGE

As a company that recently marked seventy years since its founding, Mitsui Fudosan has maintained a tradition of continuous innovation that has allowed the Company to evolve into Japan's #1 real estate company. With innovation as its cornerstone, Mitsui Fudosan has consistently read the trends of the times while developing new markets. The Company was a major player in coastal development businesses and the construction of large-scale residential zones on which post-war economic growth was founded. We built the Kasumigaseki Building, famed as the first skyscraper in Japan, and helped create the real estate securitization market. Recently, we have been promoting urban development including Tokyo Midtown and the Nihonbashi Revitalization Project. Essentially, Mitsui Fudosan's DNA is about understanding new senses of value and the real nature of issues, needs, and desires, then matching the creative challenge of providing solutions.

Three strategies to realize innovation

1 Customer-centered management

- Provide solutions for customer needs created by maturing society and economy
- Provide solutions that meet customer needs on a global basis

2 Business model innovation

- Integrate tangibles and intangibles
- Create new value through collaboration with different industries
- Create communities

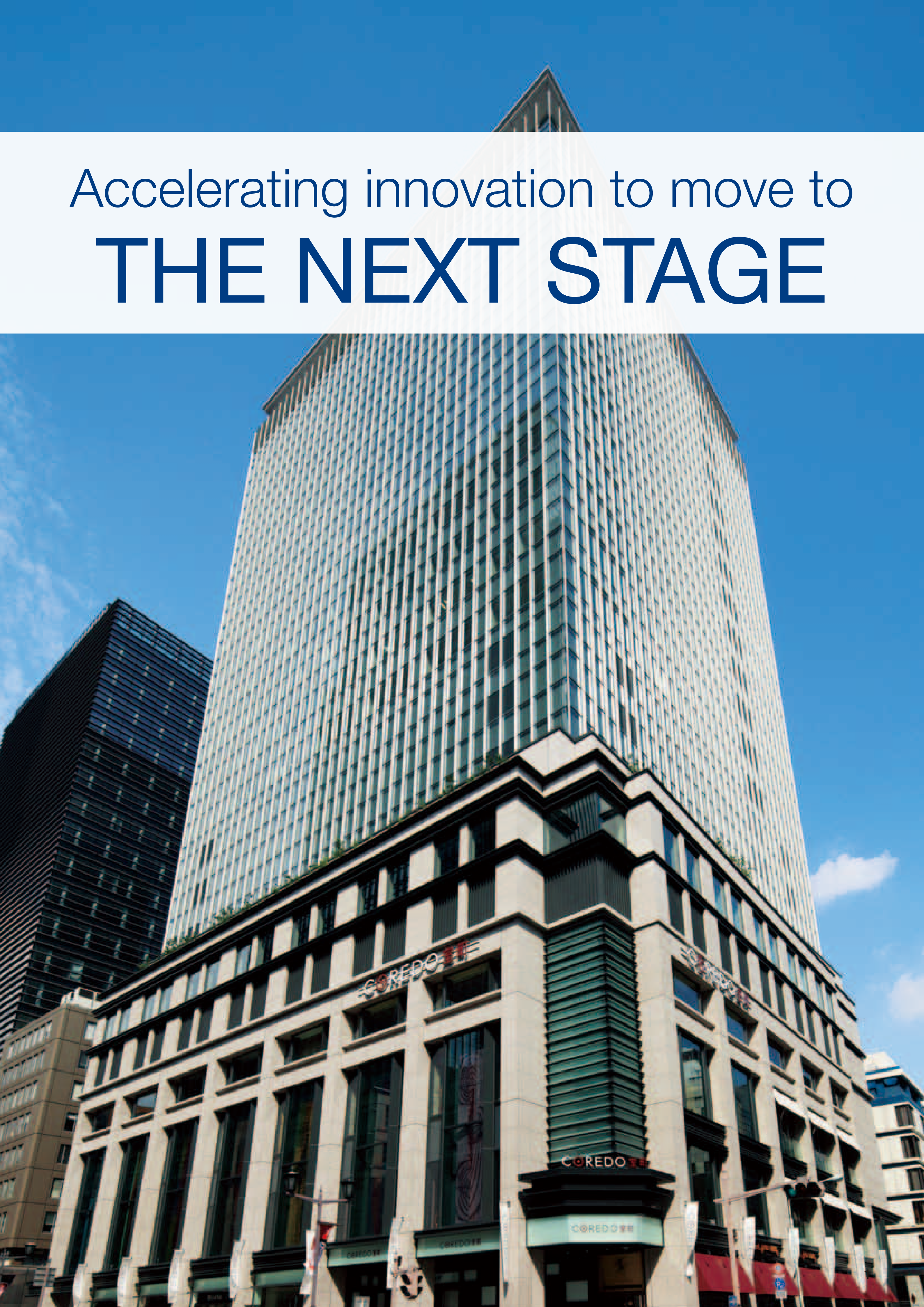
3 Full implementation of Group management

- Pursue economies of scale
- Offer one-stop services
- Network with partners

Contents

Note:
Graphs and charts in this Annual Report are all years ended, ending or as of March 31.

Accelerating innovation to move to THE NEXT STAGE



1929

Bringing to the market an office building that epitomizes the essence of craftsmanship

The Mitsui Main Building, which continues to house Mitsui Fudosan's head office, was completed in 1929 using the very latest in construction techniques and methods. The building was designated a Registered Important Cultural Property in 1998.

Mitsui Main Building
(Completed in 1929 / 36,000m²)

1950s and 1960s

From post-war reconstruction to high growth

During this period of postwar reconstruction growth, Mitsui Fudosan played a major role across a wide range of areas. The Company's contributions were particularly strong in the development business, focusing mainly on the dredging and reclamation of land along coastal areas in Chiba Prefecture and the construction of large-scale residential zones on which post-war economic demand and growth was founded. The Company built the landmark Kasumigaseki Building, which at 36 stories attracted much attention as Japan's first skyscraper building.

Innovation remains the cornerstone of OUR ONGOING EVOLUTION

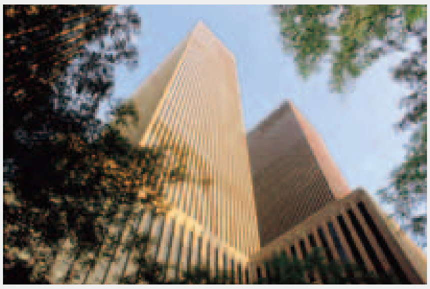
1980s

Changes in the industrial structure

Mitsui Fudosan entered such lifestyle-related fields as large-scale shopping centers, which encompass entertainment functions, and proprietary hotel management. In addition to actively promoting joint private- and public-sector urban redevelopment beginning with idle factory sites, the Mitsui Fudosan Group as a whole took steps to respond to the evolving operating environment. One such step was reinforced efforts to enter the U.S. market.

Okawabata River City 21
(Completed in 1993)

LaLaport TOKYO-BAY
(Opened in 1981 / 307,000m² / 540 stores)



1251 Avenue of the Americas
(Acquisition in 1986 / 214,000m²)

1970s

Kasumigaseki Building

(Completed in 1968 / Renewal in 2001 / 153,000m²)

Reclaimed land in the central district of the Chiba Port

Concentration of the population in cities

Following in the footsteps of Mitsui Real Estate Sales Co., Ltd., which is engaged in housing brokerage activities, Mitsui Home Co., Ltd. was established in 1974 as a part of efforts to expand the housing business. Mitsui Fudosan took a major leap forward as a comprehensive real estate developer with the construction of Chiba Garden Town, a new type of high-rise housing estate. Projects such as Chiba Garden Town, which combine common sporting facilities with abundant greenery with the aim of revitalizing communities, triggered the Company's full-fledged entry into the detached housing business, and the establishment of a condominium development business.

Chiba Garden Town

(Completed in 1975)

Every facet of the Mitsui Fudosan Group's growth and development is grounded in its ability to meet each and every challenge while creating new value in response to society's evolving needs. Standing at the forefront of each era, we have continued to fortify our business platform and to nurture a spirit of genuine innovation. Looking ahead, we will fulfill the expectations of society by working to consistently create new value.

1990s and 2000s

From the collapse of Japan's economic bubble to urban redevelopment

After the collapse of Japan's economic bubble, Mitsui Fudosan was quick to put in place a new business model in response to the paradigm shift in the domestic real estate market. The Company actively participated in the establishment of a Japan real estate investment trust (J-REIT) market on the Tokyo Stock Exchange. Mitsui Fudosan took an equity interest in Nippon Building Fund Inc., Japan's first publicly listed J-REIT. In addition, the Company contributed to enhancing the Tokyo City brand through urban redevelopment projects in Roppongi and Nihonbashi and revitalizing Japan's real estate market.

NBF
Nippon Building Fund

J-REIT Nippon Building Fund Inc.

Nihonbashi Mitsui Tower

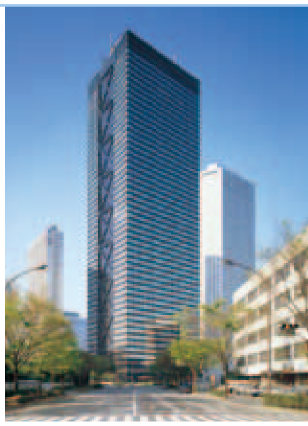
(Completed in 2005 / 130,000m²)

Tokyo Midtown

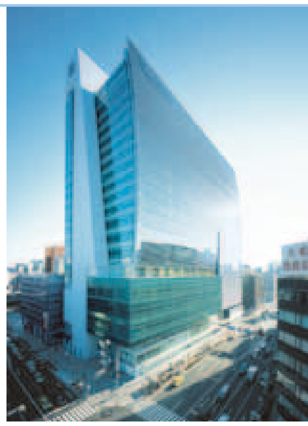
(Completed in 2007 / 569,000m²)

Office Buildings

Mitsui Fudosan operates approximately 200 office buildings that are occupied by more than 3,000 corporate tenants. Strong in Tokyo's central business district, Mitsui Fudosan's office portfolio also covers Japan's other major urban areas.



Shinjuku Mitsui Building
(Completed in 1974 / Renewal in 2000 / 180,000m²)



Nihonbashi 1-chome Building
(Completed in 2004 / 98,000m²)

20 Old Bailey
(Acquisition in 1989 / 24,000m²)

Retail Facilities

Mitsui Fudosan operates approximately 60 retail facilities throughout Japan, including regional malls, factory outlet malls and urban facilities.

URBAN DOCK LaLaport TOYOSU
(Opened in 2006 / 165,000m2 / 190 stores)

Housing

Quality and value are the hallmarks of the condominiums and detached houses that Mitsui Fudosan develops for sale and lease.

Park Tower GranSky
(Completed in 2010 / 613 units)

Park Court Akasaka The Tower
(Completed in 2009 / 518 units)

Park Court Azabu-Juban The Tower
(Completed in 2010 / 440 units)

GranTokyo North Tower
(Completed in 2007 / 195,000m²)

Akasaka Biz Tower
(Completed in 2008 / 218,000m²)

Sumitomo Mitsui Banking Corporation Head Office Building
(Completed in 2010 / 80,000m²)

Muromachi-Higashi Mitsui Building
(Completed in 2010 / 40,000m²)

LaLaport YOKOHAMA
(Opened in 2007 / 241,000m² / 280 stores)

MITSUI OUTLET PARK JAZZ DREAM NAGASHIMA
(Opened in 2002 / 62,000m² / 230 stores)

MITSUI OUTLET PARK SHIGA RYUO
(Opened in 2010 / 27,000m² / 165 stores)

LaLaport SHIN MISATO
(Opened in 2009 / 142,000m² / 180 stores)

Park City Yokohama Nakayama
(Completed in 2011 / 117 houses)

Other

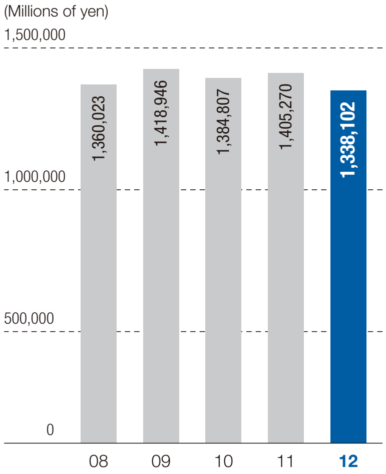
Hotels and serviced apartments are among the other areas of the real estate market in which Mitsui Fudosan has a presence.

Halekulani Hotel
(Opened in 1984 / 453 rooms)

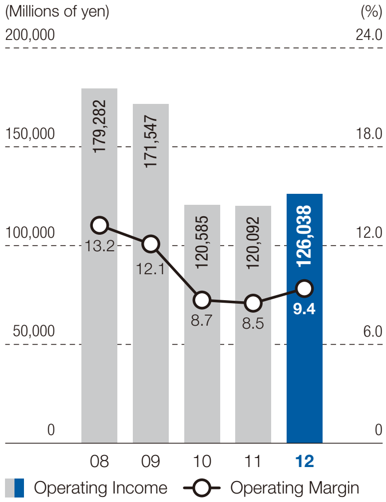
Financial Highlights

Years ended March 31

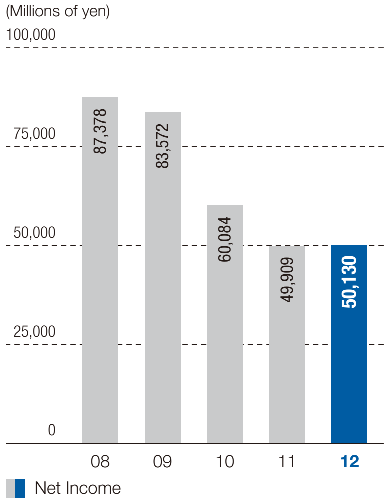
Revenue from Operations



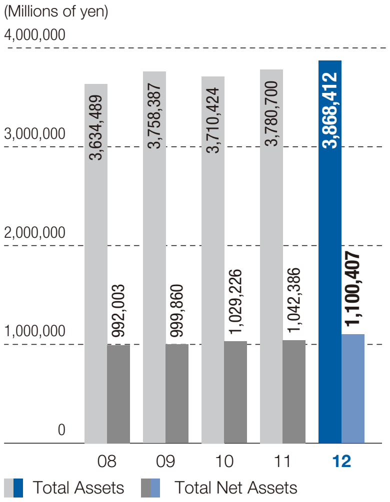
Operating Income and Operating Margin



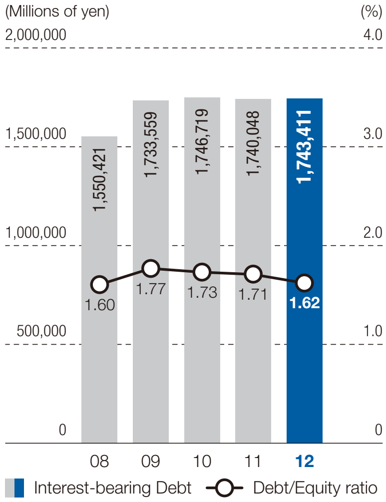
Net Income



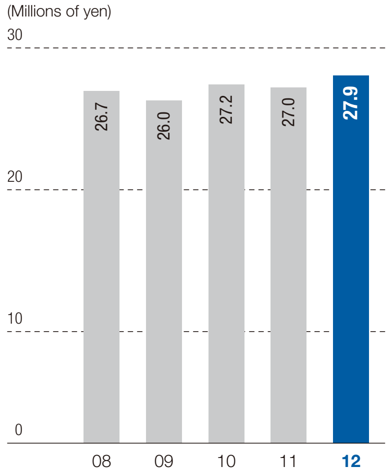
Total Assets and Total Net Assets



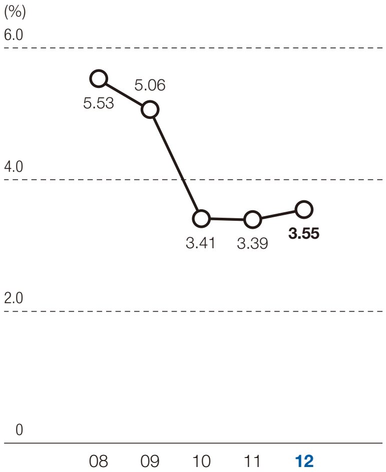
Interest-bearing Debt and Debt/Equity ratio



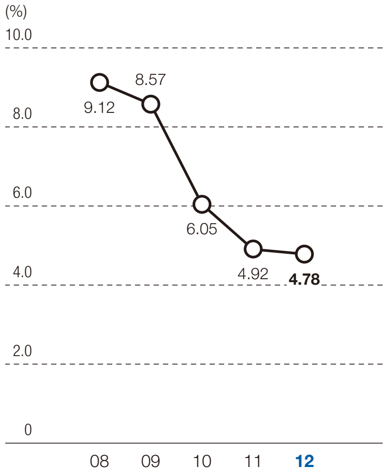
Shareholders' Equity/ Total Assets



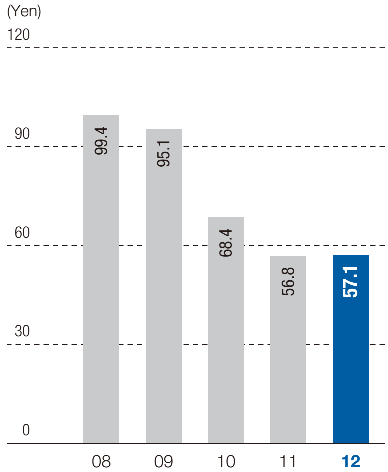
ROA



ROE



Net Income per Share



Q **The Mitsui Fudosan Group continued to witness major changes in its external operating environment. Can you please provide us with your overview of fiscal 2011?**

A One year has now passed since I assumed the position of president and we embarked on a new journey under a reorganized structure and system. Operating conditions throughout this period, fiscal 2011 (the year ended March 31, 2012), were mixed. On the one hand, a variety of factors placed considerable downward pressure on the Japanese economy. These factors included deterioration in the domestic business environment in the wake of the Great East Japan Earthquake, a slowdown in the global economy attributable to the European sovereign debt crisis, and the drop in export activity as a result of prolonged appreciation in the value of the yen and the floods in Thailand. On the other hand, there were signs of an economic recovery reflecting increased production on the back of supply chain restoration, an upswing in housing investment mirroring reconstruction efforts after the earthquake disaster, and robust trends in developing countries including the Asia region.

The real estate market experienced similar mixed conditions. In the office leasing market, vacancy rates remained flat while the weak trend in rents continued unabated. For large-scale offices in the central business district, on the other hand, tenant company needs for safety and business continuity are strong. This is contributing to improved demand. In the retail facility leasing market, conditions were impacted by such factors as the earthquake disaster. Overall trends in the retail facility leasing market, however, were firm reflecting improvements in personal consumption. Despite delays in the commencement of sales of certain properties, contract rates remained stable with conditions in the housing sales market generally sound. This was largely attributable to the ongoing low interest rate environment and government policy support, which provided the impetus for an upswing in consumer sentiment. As a result, the stable contract rate provided an underlying strength to the market. Turning to the real estate investment market, there were clear indications of an overall pick up. This largely reflected the purchase of investment units by the Bank of Japan in the J-REIT market, vigorous acquisition of properties funded by capital increases through public offerings and other improvements that led to steady external growth.

Q **How would you assess the Group's performance in fiscal 2011?**

A Under the backdrop of the aforementioned operating conditions, the Mitsui Fudosan Group was nevertheless able to achieve its targets in fiscal 2011. Revenue from operations was ¥1,338.1 billion, down 4.8% from the previous fiscal year, due to factors including a decrease in the number of units sold in property sales to the individuals' category resulting from the adjustment in construction schedules after the Great East Japan Earthquake. On the other hand, operating income was ¥126.0 billion, up 5.0% from the previous period due to factors including office buildings and retail facilities coming on-stream and an improved profit ratio in property sales to the individuals' category. Net income was ¥50.1 billion, up 0.4% from the previous period, resulting from factors including an increase in income taxes paid due to the reversal of deferred tax assets accompanying the change in income tax rates following tax reform. Having secured improvements in its overall earnings, the Mitsui Fudosan Group achieved its performance forecasts.

Q **Mitsui Fudosan put in place its Innovation 2017 long-term business plan that begins in fiscal 2012. Could you please provide us with the background behind the plan and what you hope to achieve?**

A The Mitsui Fudosan Group initiated the New Challenge Plan 2016 long-term business plan in fiscal 2007. Subsequently, the financial crisis triggered by the fall of Lehman Brothers in 2008 and the resulting global downturn, the Great East Japan Earthquake in 2011, the escalating European sovereign debt crisis and other issues significantly altered our operating environment. These events highlighted various structural issues in Japan, including the hollowing out of industry, fiscal insecurity and social security issues, as well as energy supply concerns. In addition, the speed at which the domestic market is maturing and markets are globalizing is exceeding the assumptions made in New Challenge Plan 2016. Going forward, we expect a shift in the quality of demand and the emergence of new growth segments in the domestic market, while markets and customers worldwide become increasingly borderless.

The Mitsui Fudosan Group positioned fiscal 2009 to fiscal 2011 as a period to deal with the aftermath of the financial crisis. We implemented crisis countermeasures while preparing for future growth. Given the changes in our operating environment, however, we have formulated Innovation 2017, the new Group long-term business plan starting from fiscal 2012, to pursue the innovation needed to create value in the coming era and to become a Group that can sustain profitable growth. The Mitsui Fudosan Group will focus on achieving strong growth and profitability during the six years of the Plan from fiscal 2012 through fiscal 2017. The Plan is divided into two stages of three years each. During the first stage from fiscal 2012 to fiscal 2014, we will make investment and prepare the foundation for future growth. During the second stage from fiscal 2015 to fiscal 2017, we will establish our position as a real estate solutions partner for our customers in global markets.

Q **You have identified several core initiatives under Innovation 2017. Please provide more details on your efforts to strengthen the competitiveness of your domestic business.**

A The domestic market continues to mature. We will channel our energies toward the three core strategies of (1) creating neighborhoods; (2) evolving the housing businesses; and (3) evolving our model for cooperation with investors.

1. Creating neighborhoods

Our basic approach involves a virtuous cycle of integrating diverse functions and features, creating communities that mature with age to create high-value-added neighborhoods. We combine the expertise of various partners to meet customer needs for security, safety, sustainability, the environment, comfort and efficiency with a focus on our Smart City concept that incorporates features such as the use of information and communications technology. We strive to create attractive neighborhoods by creating high-quality communities. Leading products currently in progress that represent our efforts in this area include the urban-type Nihonbashi Revitalization Plan and the suburban Kashiwanoha Campus City Project in Chiba Prefecture.

2. Evolving the housing business

We are expanding businesses related to existing homes, such as housing brokerage and remodeling, where growth is expected, and we are developing products and services for active seniors. With customer needs diversifying and becoming more sophisticated due to the maturing of society and the economy, we have opened the Mitsui Housing Mall to offer customers a one-stop source of solutions that may incentivize them to select Mitsui Fudosan as their partner in all aspects of searching for a home so we can help them live comfortable lives. We are also enhancing the competitiveness of our products by accelerating programs that encompass both the so to speak hardware (properties/facilities) and software (people/community). For example, we will develop new products based on customer perspectives and introduce smart technologies, and we will also offer a service called Mitsui Housing Loop, which provides various housing and lifestyle-related services, to residents of housing supplied by the Mitsui Fudosan Group.

3. Evolving our model for cooperation with investors

We will stimulate and expand the Japanese real estate investment market in terms of real estate by adding logistics facilities to our existing asset classes; improving liquidity in the real estate market by making corporate real estate (CRE), public real estate (PRE), private finance initiative (PFI) and public private partnership (PPP) proposals that meet the needs of both public and private customers; and developing new investment products. The Mitsui Fudosan Group aims to increase assets under management and profitability as a result.

Q Please tell us about your efforts to develop global operations.

A Our overseas business development endeavors aim at ensuring medium- to long-term growth. Harnessing our innovative capabilities and ability to create new value nurtured in an extremely competitive domestic market, we will ramp up the pace of our efforts while striving to address customer needs that extend the regional boundaries of developed and developing countries.

In North America and Europe, the Mitsui Fudosan Group aims to build up an outstanding portfolio mainly consisting of office buildings for lease. In Asia, we will remain active in the property sales business focusing mainly on condominiums, for which demand is growing in tandem with economic expansion and urbanization, and the retail facility business, which will benefit from growing personal consumption.

We will build the foundation for these initiatives through the Group's internal organization, alliances with strong local partners, and other methods. Based on the economic conditions and the various stages of development in each country and region, we will deploy our strengths from the expertise and experience we have built up in Japan and the knowledge we acquire through our future businesses.

In addition, we will provide solutions for cross-border needs as a partner for our customers in Japan that are doing business overseas. We will also provide solutions for the business expansion and leisure needs of overseas customers doing business in Japan.

Q

Can you provide us with details of the Group's medium-term quantitative targets*? In addition, can you tell us about your investment plans and the yields that you expect to recoup?

A

In fiscal 2014, we are targeting operating income of ¥163.0 billion. By segment, we expect our holdings, trading and management activities will contribute ¥87.0 billion, ¥39.0 billion and ¥48.0 billion, respectively. We plan to achieve net income of ¥67.0 billion, and ROA of around 3.8%, a debt-to-equity ratio of approximately 1.8 times on an interest-bearing debt balance of ¥2,160.0 billion as of the end of fiscal 2014.

In fiscal 2017, our goals are for continued improvement. We are looking to achieve operating income of ¥240.0 billion or higher with our holdings, trading and management activities contributing ¥120.0 billion, ¥60.0 billion and ¥60.0 billion, respectively. Our goal for net income in fiscal 2017 has been set at ¥110 billion or higher. Accordingly, we are looking at an ROA of around 5.5%, a debt-to-equity ratio of approximately 1.5 times and interest-bearing debt of approximately ¥2,100 billion at period-end.

The Mitsui Fudosan Group will naturally engage in proactive investment throughout the period from fiscal 2012 to fiscal 2017 with the aim of generating future growth. Our investment plans over this period will essentially entail new capital expenditures in Japan of approximately ¥800.0 billion. In specific terms, expenditures will be channeled toward projects in prime locations in the Tokyo Metropolitan area including Nihonbashi, Hibiya and Otemachi that offer considerable future promise, as well as the new LaLaport, outlet and the renewal of existing retail facilities where we intend to increase floor space.

During the period of the plan, we expect disposals to comprise approximately ¥200.0 billion of planned capital expenditures in the domestic market. This is consistent with our efforts to continuously improve the quality of our portfolio. In our real property for sale, we plan to both invest and recover around ¥2,400 billion. Our proposed investment in real property for sale will be allocated with approximately two-thirds in property sales earmarked for individuals and one-third for investors. Overseas, we intend to invest approximately ¥500.0 billion in Europe, North America and Asia with disposals approaching ¥100.0 billion. Around 60% of our overseas investment will be directed toward Europe and North America focusing mainly on office buildings. The remaining 40% will go to Asia, where we will concentrate on retail facility and housing activities.

On a net basis, our investment will total around ¥1.0 trillion over the period, which we plan to fund through adjusted cash flow*.

*Adjusted cash flow = Income before income taxes + Depreciation and amortization, etc. – Income taxes paid

Note:
Earnings, benchmarks and interest-bearing debt data for fiscal 2014 and fiscal 2017 are inclusive of special purpose company (SPC) figures.

Q **Please provide us with details of the Group's near-term forecasts for the fiscal year ending March 31, 2013.**

A In fiscal 2012, the leasing segment is expected to experience an increase in both revenues and earnings. This is largely due to contributions from retail facilities including Mitsui Outlet Kisarazu, which opened in April 2012. In the property sales business, the number of condominiums is forecast to increase together with additional positive factors including improvements in profit margins. Taking these factors into account, revenues and earnings in the property sales business are also anticipated to rise. As a result, revenue from operations is forecast to climb ¥121.9 billion to ¥1,460.0 billion in the fiscal year ending March 31, 2013. From a profit perspective, operating income is projected to increase ¥9.0 billion to ¥135.0 billion. After factoring in a ¥10.0 billion net extraordinary loss, net income is expected to reach ¥55.0 billion, up ¥4.9 billion year on year. The Mitsui Fudosan Group is anticipating the early application of changes in the accounting standard for consolidation of SPCs in the fiscal year ending March 31, 2013. As a result, consolidated performance forecasts incorporate the effects of this early application. Please refer to the MD&A section of this report on page 37 for business segment information.

Q **Are you experiencing any deterioration in fund procurement conditions as a result of the European sovereign debt crisis?**

A As far as Mitsui Fudosan is concerned, there has been no deterioration in the current conditions for procuring funds. Debt funding from financial institutions including banks and the issuance of bonds represent two key sources of funds for the Company. Procurement conditions for both methods remain extremely favorable. With respect to debt funding, Mitsui Fudosan enjoys excellent relationships with a large number of financial institutions and continues to procure funds at extremely favorable terms and conditions. The Company also remains well positioned to issue corporate bonds as and when required. Mitsui Fudosan issued a series of 10-year straight corporate bonds totaling ¥10 billion in Japan in May 2012 at a procurement rate of 0.997%. Notwithstanding current favorable conditions, we recognize the need to monitor such issues as the European sovereign debt crisis on an ongoing basis.

Q **What are your thoughts on Mitsui Fudosan's social mission and corporate social responsibility as a leading company in Japan's real estate sector?**

A The public and private sectors in Japan are coming together with the aim of reconstruction from the damage of the Great East Japan Earthquake, together facing what might be called a national crisis. The Mitsui Fudosan Group and its business have also been challenged anew with questions such as "what is true safety and security?" and "what kind of living is compatible with sustainable development?" We at the Group are in the midst of aiming to meet these challenges and contribute to the reconstruction of Japan.

The social mission of the Mitsui Fudosan Group is to realize the Group Statement, "Bringing Enrichment and Comfort to Urban Areas," which it upholds. In order to promote this goal, three important CSR themes are raised; "Environmental Initiatives," "Provision of High-Quality Products and Services" and "Challenges for Creating New Values and Markets."

Q **What is Mitsui Fudosan's stance regarding shareholder returns?**

A Shareholder returns are based on comprehensive consideration of reinvesting earnings to increase shareholder value over the mid-to-long term and directly distributing earnings to meet shareholder expectations. We aim to maintain stable dividends in the short term and increase dividends in the future as a result of earnings growth.

Mitsui Fudosan comprehensively considered its performance in fiscal 2011, outlook for the future and dividend policy in paying cash dividends per share totaling ¥22.00, consisting of interim and fiscal year-end cash dividends of ¥11.00 per share.

Q **In closing, what message do you have for shareholders?**

A Against the backdrop of a business environment that continues to fluctuate at a dizzying pace, the Mitsui Fudosan Group will continue to draw on its tradition of continuous innovation. Moving forward, we will exercise our inherent qualities to the fullest to steadfastly achieve the next phase of growth outlined under our long-term business plan and increase corporate value.

As we work toward achieving our established goals, we kindly request the continued support and understanding of shareholders.

The Mitsui Fudosan Group's Long-Term Business Plan for Fiscal 2012 to Fiscal 2017

Innovation 2017

The Mitsui Fudosan Group will focus on achieving strong growth and profitability during the six years of the Plan from FY2012 through FY2017. The Plan is divided into two stages of three years each.

■ Term of the plan

Innovation 2017

Stage I (2012-2014)	Stage II (2015-2017)
• Make investments and prepare the foundation for future growth	• Establish our position as a real estate solutions partner for our customers in global markets

Core strategies

Create value by executing these three strategies

Full implementation of Group management
- Pursue economies of scale
- Offer one-stop services
- Network with partners

Three strategies

Business model innovation
- Integrate tangibles and intangibles
- Create new value through collaboration with different industries
- Create communities

Customer-centered management
- Provide solutions for customer needs created by maturing society and economy
- Provide solutions that meet customer needs on a global basis

Strengthen the competitiveness of our domestic business & Develop global operations

Quantitative targets and benchmarks

(Billions of yen)

	FY2014 Targets*	FY2017Goal*
Operating income	163	≥ 240
Holding	87	120
Trading	39	60
Management	48	60
Net income	67	≥ 110
ROA	Approx. 3.8%	Approx. 5.5%
Debt/equity ratio	Approx. 1.8 times	Approx. 1.5 times
Interest-bearing debt	2,160	Approx. 2,100

*Earnings, benchmarks and interest-bearing debt for FY2014 and FY2017 include special purpose company (SPC) figures. The potential impact of the mandatory application of IFRS on results and benchmarks is not included.

Reference: Operating income by financial accounting segment

Leasing	95	128
Property Sales	39	60
Management	40	52

Investments and disposal (by area & type)

(Billions of yen)

Area and Type			FY2012-FY2017 Total
Domestic	Capital expenditures	Investment	Approx. 800
		Disposal	Approx. 200
		Total	Approx. 600
	Real property for sale	Investment	Approx. 2,400
		Disposal	Approx. 2,400
		Total	Approx. ±0
Overseas	Europe, North America & Asia	Investment	Approx. 500
		Disposal	Approx. 100
		Total	Approx. 400

1. Strengthen the competitiveness of our domestic business

Create neighborhoods

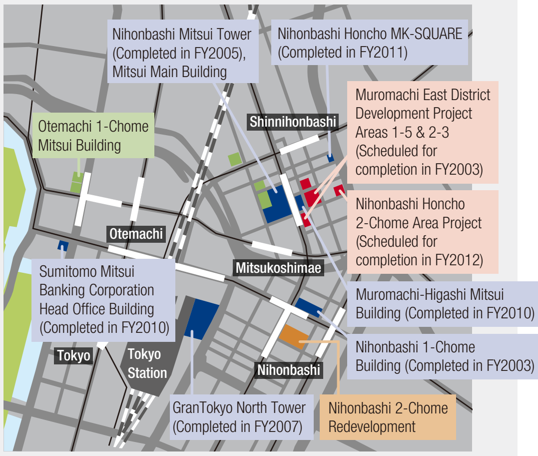
Establishing competitive advantage as a city brand is vital in the domestic market. The Mitsui Fudosan Group is seamlessly integrating diverse functions and features to create quality communities. Through sustainable management, the Group is also working to promote premium neighborhoods with higher added value.

Creating neighborhoods in Nihonbashi

残
Preserve
the culture of historic neighborhoods with traditional buildings

蘇
Revitalize
neighborhoods with water and greenery

創
Create
appealing new neighborhoods for the next generation



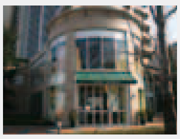
Completed properties (from FY2003) | Properties under development | Existing properties | Properties in planning

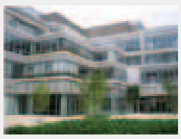
Creation of the Kashiwanoha Campus City neighborhood

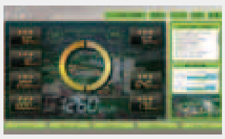
Kashiwanoha Smart City
A neighborhood of the future

Environment friendly	Health & longevity	Creation of new industries

Public/private/academia collaboration X Advanced knowledge accumulation


TX Entrepreneur Partners


Institute of Gerontology The University of Tokyo


Energy management for the entire area

Evolve the housing business

The Mitsui Fudosan Group is focusing on fee-based businesses such as housing brokerage and remodeling, where growth is expected, and the development of products and services for active seniors. In addition to opening Mitsui Housing Mall as a one-stop source of solutions, we are developing new products based on our customers' perspectives and introducing smart technologies. Coupled with Mitsui Housing Loop service, which provides various housing and lifestyle-related services, we are accelerating programs that encompass both tangibles and intangibles.

Expand business related to existing homes

Mitsui Real Estate Sales Co., Ltd. provides brokerage services while operating parking facilities. The company changed its name to Mitsui Fudosan Realty Co., Ltd. in April 2012. Moving forward, the company will raise operating efficiency and bolster its business platform.

MITSUI FUDOSAN REALTY CO.,LTD.

三井のリパーク　三井のリハウス

Mitsui Home Remodeling Co., Ltd. changed its name to Mitsui Fudosan Reform Co., Ltd. in April 2012. The company will position remodeling activities as a core pillar of the housing business taking into consideration the aging of society, the trend toward smaller household units and an increase in quality housing stock.

Mitsui Fudosan Reform

三井のリフォーム®

Evolution of our model for cooperation with investors

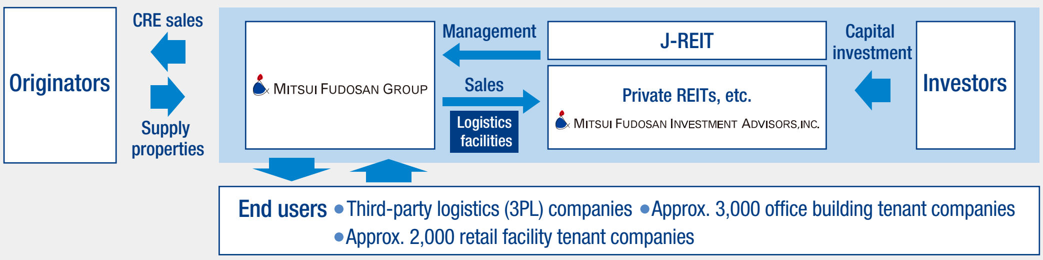
The Mitsui Fudosan Group will stimulate and expand Japan's real estate investment (J-REIT) market in terms of both real estate and finance by developing new classes of assets including multi-use logistics facilities, which offer ample room for increased growth, promoting asset liquidity through improved collaboration between the private and public sectors, introducing innovative investment products and expanding J-REIT and related markets. Through these means, the Group will increase the volume of assets under management as well as profitability.

Logistics facility business value chain

Example of multiuse logistics facility development

Property Overview
Location: Shiohama1-Chome, Ichikawa, Chiba
Site area: 52,921 m²
Floor space: Approx. 121,000 m²

Model for cooperation with investors



2. Develop global operations

Overseas business development

Every effort will be made by the Group to promote business strategies that are tailored to the markets of developed and developing countries. In the U.S. and Europe, Mitsui Fudosan will focus on the world's major cities and build up a portfolio that consists mainly of offices for lease. Particular attention will also be given to development-type projects that offer strong profit potential. In Asia, the Group will actively target urban development with considerable weight given to property sales, retail facilities and areas in which the Group can harness the strengths of its innovative know-how. The Mitsui Fudosan Group will build the foundation necessary to successfully complete these initiatives through its internal organization, alliances with strong local partners and other methods.

20 Old Bailey (London)

5 Hanover Square (London)

Moorgate (London)

Shanjing Outlet Plaza, Ningbo (China)

Shanghai New Town Development Project (China)

Tianjin Eco-City (Area 12a) (China)

Halekulani (Hawaii)

1251 Avenue of the Americas (New York)

Homer Building (Washington D.C.)

Asia

- Develop retail facilities, housing and office buildings more actively
- Create value by proactively participating in creating neighborhoods

North America & Europe

- Build up an outstanding portfolio by turning over assets
- Be more active in development projects

Provide solutions for cross-border needs

The Mitsui Fudosan Group will provide solutions in Japan to overseas companies seeking to expand their business locally. At the same time, the Group will steadfastly acquire business opportunities in tune with the efforts of Japanese companies doing business overseas. This will primarily involve partner customers in Japan including tenant companies.

Achieving GROWTH through value creation

Defining Features and Strengths of Mitsui Fudosan's Five Segments

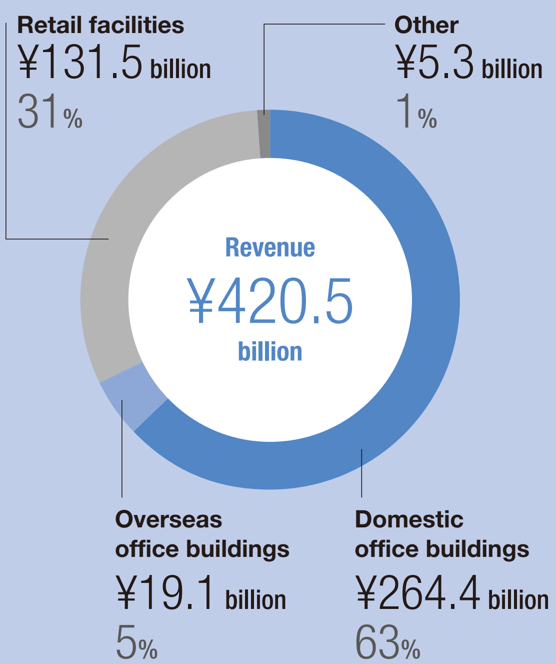
Leasing Segment

In the Leasing segment, Mitsui Fudosan maintains a quality portfolio of office buildings and retail facilities including shopping centers. In addition to their prime location, properties are complemented by a broad and diverse pool of blue-chip tenants. Revenues from the Leasing segment in fiscal 2010 and 2011 were ¥423,468 million and ¥420,528 million, respectively, representing approximately 31.4% of the Company's total revenue from operations. Harnessing its development capabilities, Mitsui Fudosan will continue to enhance portfolio quality as the cornerstone of its stable revenue structure.

Revenue from Operations

FY2010	FY2011
423,468 million	¥420,528 million

BREAKDOWN OF LEASING SEGMENT REVENUE

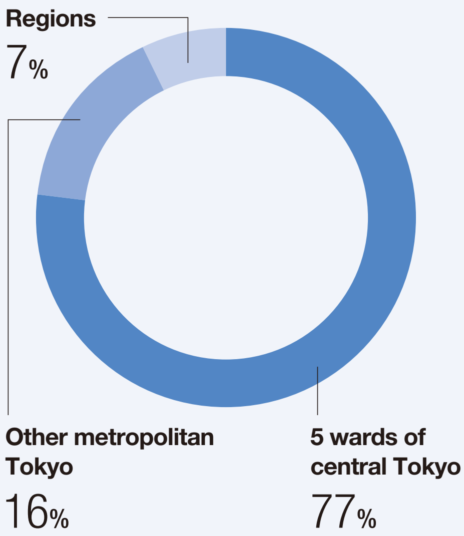


With office buildings and retail facilities comprising approximately 70% and 30%, respectively, of the Company's entire portfolio, every emphasis is place on property stability and integrity.

Office buildings

Office Building Revenue by Area

(FY ended March 2012; non-consolidated)



Mitsui Fudosan maintains a portfolio that is distinguished by the strength of its well-established metropolitan brands. Properties are mainly located in the five wards of central Tokyo. Vacancy rates for the Company's holdings are below the market average.

Major Newly Operational Projects (Office buildings)

FY Completed	Project Name (* Indicates subleased or jointly owned property)	Location	Rentable Floor Space
2011	Nagoya Mitsui Building New Building	Nagoya, Aichi	≈ 11,000m²
	Nihonbashi Honcho MK-SQUARE*	Chuo-ku, Tokyo	≈ 8,000m²
	Shimbashi M-SQUARE	Minato-ku, Tokyo	≈ 5,000m²
	Onarimon M-SQUARE	Minato-ku, Tokyo	≈ 6,000m²
	Hamarikyu Mitsui Building*	Chuo-ku, Tokyo	≈ 12,000m²
	Yokohama Mitsui Building	Yokohama, Kanagawa	≈ 49,000m²
	Hiroshima Train Vert Building*	Hiroshima, Hiroshima	≈ 14,000m²
2012	DiverCity Tokyo*	Koto-ku, Tokyo	≈ 44,000m²
	Nihonbashi Honcho 2-Chome Project*	Chuo-ku, Tokyo	≈ 14,000m²
2013	Nihonbashi Muromachi East District Development Projects Area 2-3*	Chuo-ku, Tokyo	≈ 20,000m²
	Nihonbashi Muromachi East District Development Projects Area 1-5*	Chuo-ku, Tokyo	≈ 9,000m²
2014	Sapporo Mitsui Building Reconstruction Project *	Sapporo, Hokkaido	≈ 25,000m²
	Chiyoda Fujimi 2-Chome Project*	Chiyoda-ku, Tokyo	TBD[1]

1: Total floor space for office/retail building: approx. 123,000 m²

Scheduled for completion in FY2015 and after

- Kita-Shinagawa 5-Chome Area 1 Redevelopment Project*
- Toyosu 2-, 3-Chome Area 2 Project (Koto-ku, Tokyo)
- Hibiya Mitsui Building /Sanshin Building Reconstruction Project (Chiyoda-ku, Tokyo)
- Nihonbashi 2-Chome Project (Chuo-ku, Tokyo)
- Otemachi 1-Chome Mitsui Building (Chiyoda-ku, Tokyo)

FY completed and rentable floor space may change in the future. Some project names are tentative.

Moving forward, Mitsui Fudosan will continue to enhance the quality of its portfolio by pushing forward the abundance of projects in which the Company can fully harness its development capabilities currently in hand. At the same time, Mitsui Fudosan will maintain its focus on bolstering long-standing ties with its approximate 3,000 corporate tenants.

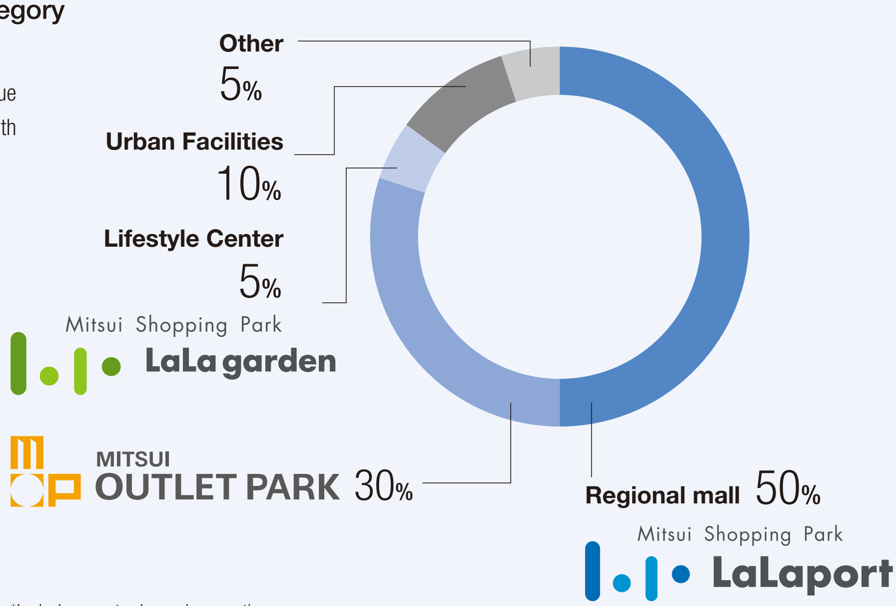
Retail facilities

Retail Facility Revenue by Category

(FY ended March 2012)*

A diversity of facility types and stable revenue structure supported by robust relationships with 2,000 tenant companies

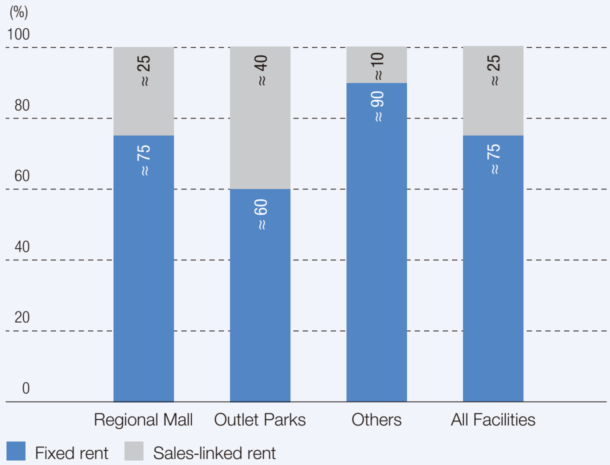
LaLaport KASHIWANOHA



*Includes master-leased properties

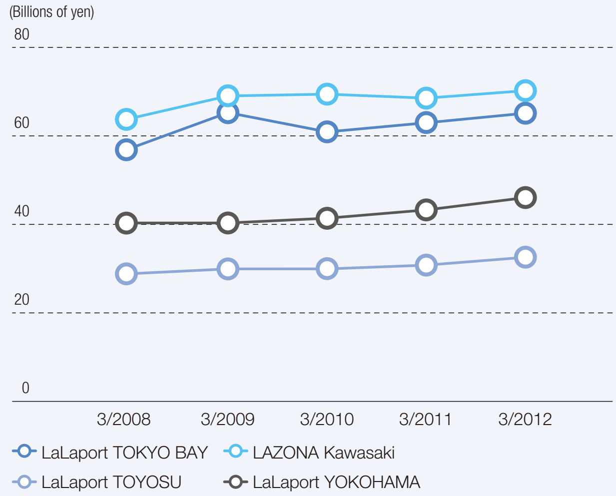
Ratio of Fixed & Sales Linked Rent by Category

(FY ended March 2012)*



*Includes master-leased properties

Sales at Mitsui Fudosan Retail Facilities



Mitsui Fudosan has been developing and operating retail facilities for just over three decades since opening LaLaport Funabashi (now LaLaport TOKYO-BAY) in 1981, and currently operates in a diverse array of facility categories. Rents from the overall retail facility portfolio are structured for stable earnings, with approximately 75% fixed and 25% linked to store performance. Stable earnings are also underpinned by robust efforts to ensure that sales remain high at facilities where sales-linked rents apply.

Major Newly Operational Projects (Retail facilities)

FY Opened	Project Name (* indicates master-leased or jointly owned property)	Location	Store floor space
2011	MITSUI OUTLET PARK JAZZ DREAM NAGASHIMA 4th Stage	Kuwana, Mie	≈ 9,000m²
	Shanjing Outlet Plaza Ningbo*	Ningbo, Zhejiang, China	≈ 26,000m²
	MITSUI OUTLET PARK KURASHIKI	Kurashiki,Okayama	≈ 20,000m²
	Ginza Komatsu*	Chuo-ku, Tokyo	≈ 9,900m²
2012	DiverCity Tokyo*	Koto-ku, Tokyo	≈ 50,000m²
	MITSUI OUTLET PARK KISARAZU	Kisarazu, Chiba	≈ 28,000m²
	LaLaport SHIN-MISATO ANNEX	Misato, Saitama	≈ 3,000m²
	Higashi Ikebukuro 1-Chome Project	Toshima-ku, Tokyo	≈ 8,700m²
2013	Niigata bandai 1-chome Project	Niigata, Niigata	≈ 22,000m²
	Nihonbashi Muromachi East District Development Projects Area 2-3*	Chuo-ku, Tokyo	≈ 14,000m²
	Nihonbashi Muromachi East District Development Projects Area 1-5*	Chuo-ku, Tokyo	≈ 5,000m²

Scheduled for completion in FY2014 and after

- Fujimi LaLaport Project (Fujimi, Saitama)
- Osaka Izumi Project (Izumi, Osaka)
- Osaka Banpaku Site Plan (Suita, Osaka)

FY completed and rentable floor space may change in the future. Some project names are tentative.

Mitsui Fudosan operates in a diverse array of facility categories including regional shopping centers, outlet parks, lifestyle centers as well as urban and other facilities. The Company engages in the development of best-fit facilities that are capable of attracting large numbers from within and around major consuming regions.

Property Sales Segment

In the Property Sales segment, Mitsui Fudosan engages in the sale of condominiums and detached housing to individuals. The second and equally important facet of its Property Sales operations is the sale of rental housing, office buildings and other properties to investors. Revenues from the Property Sales segment in fiscal 2010 and 2011 were ¥405,243 million and ¥321,352 million, respectively, representing approximately 24.0% of the Company's total revenue from operations. In this segment, Mitsui Fudosan is underpinned by the strengths of its competitive products located in central Tokyo, its ability to create superior assets and multiple exit strategies.

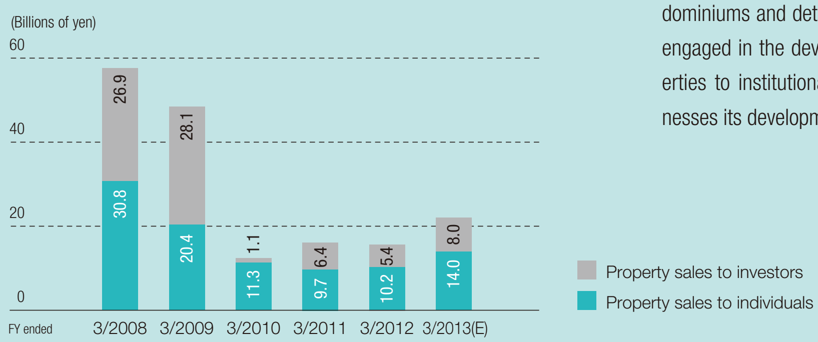
Revenue from Operations

FY2010 **¥405,243 million**

FY2011 **¥321,352 million**

TRENDS IN PROPERTY SALES SEGMENT OPERATING INCOME

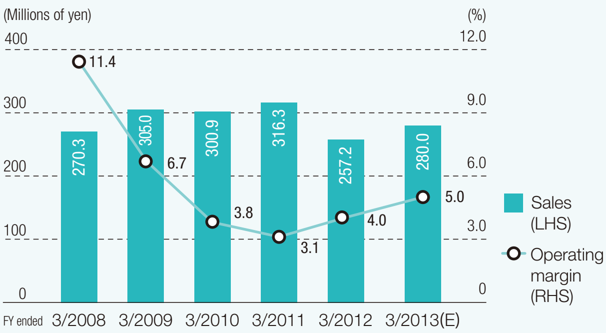
Property Sales Segment: Operating Income



In addition to the development and sale of high value-added condominiums and detached housing to individuals, Mitsui Fudosan is engaged in the development and sale of income generating properties to institutional investors. In this regard, the Company harnesses its development capabilities to create superior assets.

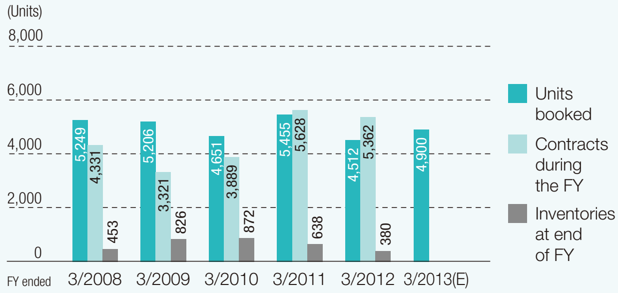
Property sales to individuals

Sales and Operating Margin



General bottoming out and improvement in operating margins

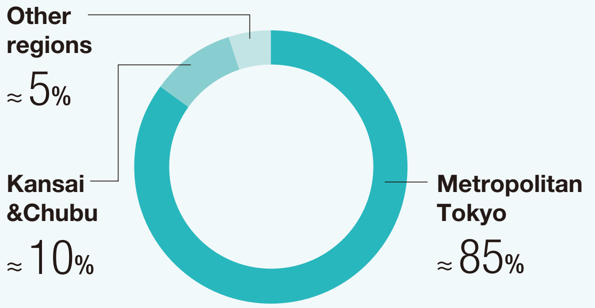
Condominium Units Booked Contracts during the Year and Inventories at End of FY



The Company books approximately 5,000 condominiums each year. Actual inventories continue to steadily decrease.

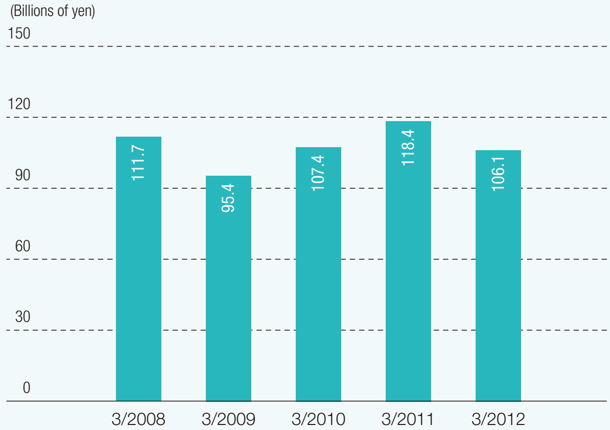
Breakdown of Sales by Condominium Region

(FY ended March 2012)



The bulk of Mitsui Fudosan's condominiums are located in metropolitan Tokyo.

Land Acquisition Cost



Land acquisition costs have remained relatively stable over the past five years. Mitsui Fudosan engages in the continuous acquisition of land earmarked for development and maintains a Land Bank equivalent to approximately 21,000 units.

Land Bank (Condominiums) (As of March 31, 2012)

Land acquired equivalent to approximately

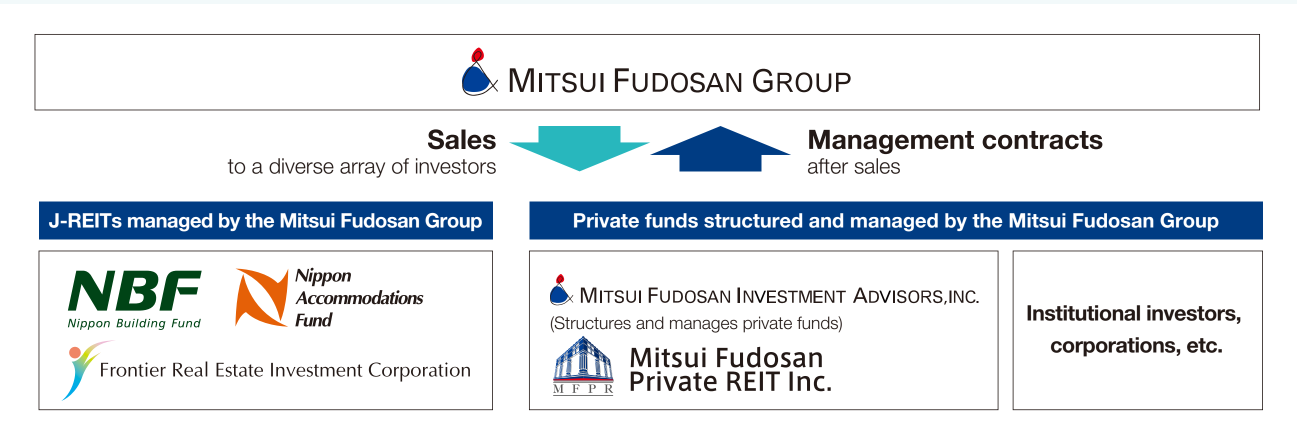
21,000 units

(includes project stage of redevelopment)

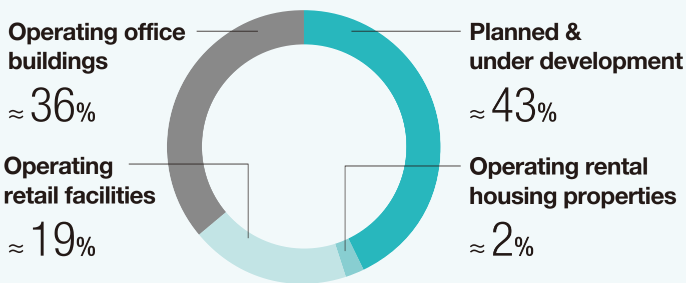
Property sales to investors

Business Model based on Cooperation with Investors

As a Group, Mitsui Fudosan maintains a variety of exit strategies.



Inventory of Property for Sales to Investors



Total	≈ **447 billion** (As of March 31, 2012)
On balance sheet	¥235 billion
Off balance sheet	¥212 billion

Mitsui Fudosan continues to promote the development of all projects in hand.

* Consolidated basis. On-balance sheet real properties for sale including advances paid for purchases, and assets held by SPCs for the property sales business

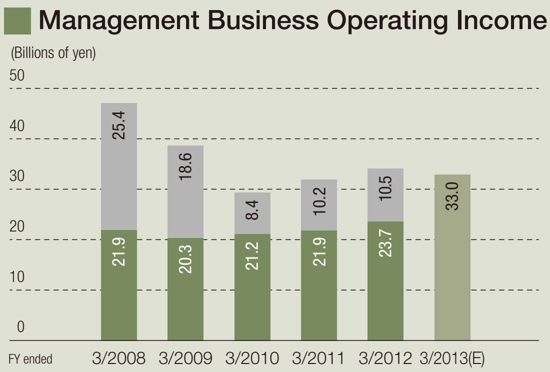
Management Segment

The management business consists of: 1) the property management category, which generates stable revenue growth from increases in properties under management; and 2) the brokerage and asset management, etc. category, which uses the Group's expertise to generate fee income in ways such as providing asset management services for J-REITs and for private funds and brokerage services for individuals and corporations. Revenues from the Management segment in fiscal 2010 and 2011 were ¥277,947 million and ¥286,639 million, respectively, representing approximately 21.4% of the Company's total revenue from operations.

Revenue from Operations

FY2010	FY2011
¥277,947 million	¥286,639 million

TRENDS IN OPERATING INCOME

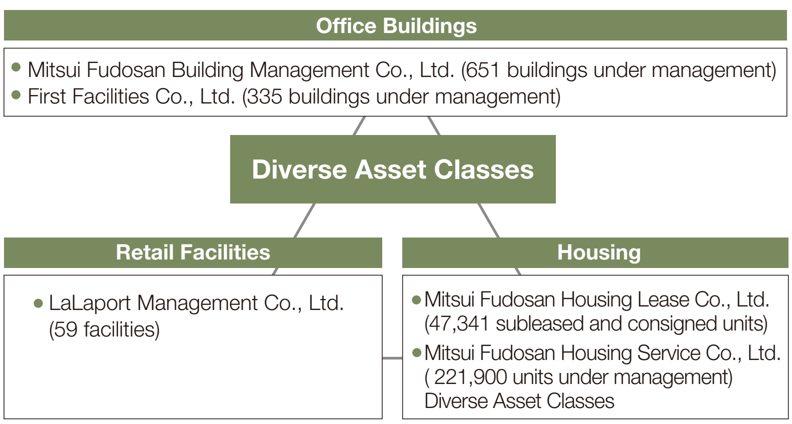


Growth in its property management activities is based on a fee income stream that is derived from stable contract management. This stability also reflects the Company's ability to cover diverse asset classes including office buildings, retail facilities and rental housing. At the same time, Mitsui Fudosan's brokerage and asset management businesses are buoyed by the overall know-how of the Group.

Brokerage, Asset management, etc.
Property management

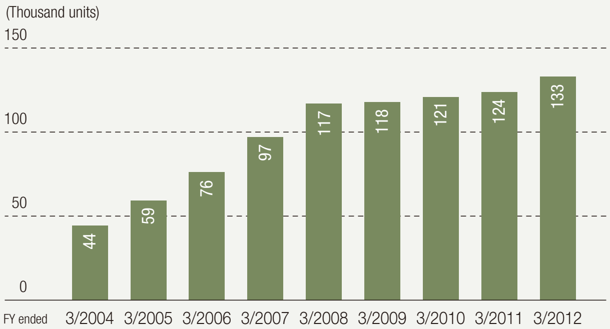
* Figures for the years ended March 2008 through 2009 are for reference.

Property Management

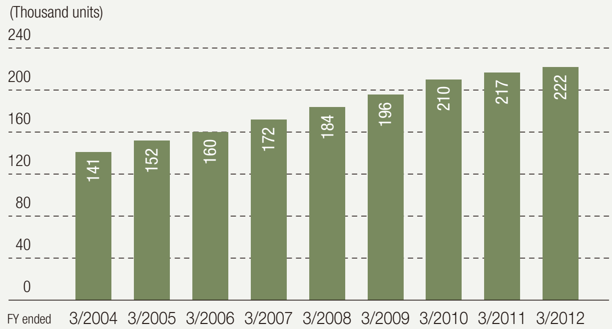


Mitsui Fudosan boasts comprehensive management capabilities that extend over diverse asset classes. The Company is defined by its strengths in office buildings, retail facilities and residences.

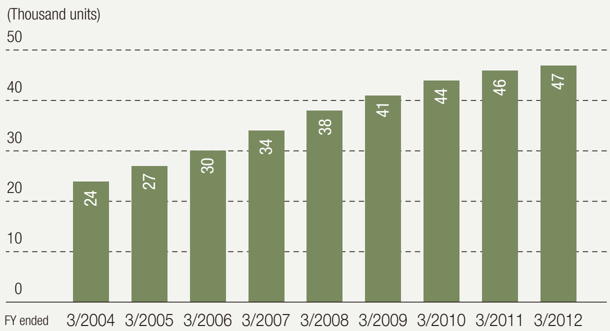
Car Park Leasing: Track Records



Property Management (Sales condominiums): Track Records



Property Management (Leasing condominiums): Track Record

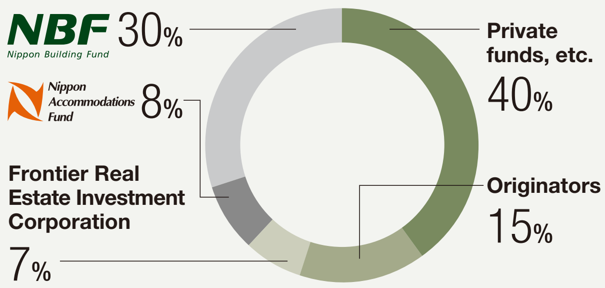


Steady annual increase in the number of properties managed

Asset Management

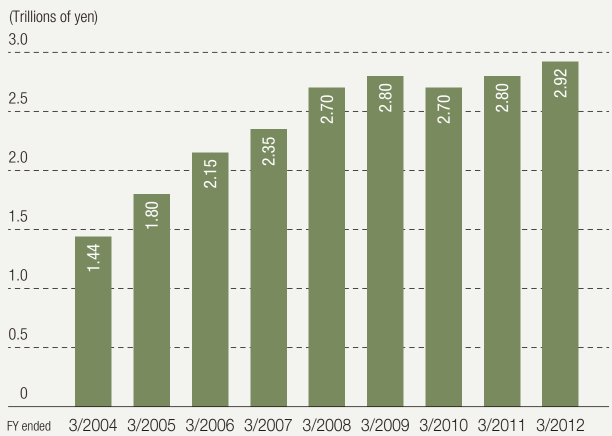
Assets under Management

(FY ended March 2012)



Another key strength of Mitsui Fudosan's management business is its ability to deliver services through three REITs and private funds.

Assets under Management: Track Record



Mitsui Fudosan continues to secure steady growth in assets under management.

Brokerage

		Fee/Revenue (Billions of yen)	Transactions (Unit)	Number of stores
1	**Mitsui Fudosan Realty**	**59.8**	**36,071**	**260**
2	Sumitomo Real Estate Sales	45.9	31,443	246
3	Tokyu Livable, Inc.	30.1	14,912	121
4	Nomura Real Estate Holdings, Inc.	16.3	5,762	46
5	Mitsubishi UFJ Real Estate Services	10.9	4,994	41

Source: 18/5/2012 jyuutaku-sinpo

The Mitsui Fudosan Group's Mitsui Rehouse brand has been number one in Japan's brokerage market for individuals in terms of transaction volume for 26 consecutive years since 1986.

Note: According to newspaper and other media reports.

Mitsui Fudosan Realty has continued to dominate Japan's property sales market. The company has secured the top position in brokerage transactions handled for 26 consecutive periods since fiscal 1986 and a record high in the fiscal year ended March 31, 2012. Mitsui Fudosan Realty takes all necessary measures to ensure continued expansion in line with efforts to secure the top market share.

Mitsui Home Segment

Active in the rental housing and housing development markets, Mitsui Home Co., Ltd. primarily designs and builds custom-built homes with 2 x 4 construction at its core. Mitsui Home revenues in fiscal 2010 and 2011 were ¥205,131 million and ¥207,568 million, respectively, representing approximately 15.5% of the Company's total revenue from operations. Defined by its innovative engineering and sophisticated design capabilities, the company takes the lead in adapting to and creating market trends. In addition to setting new standards in smart housing, Mitsui Home has recently put in place a new medium- and long-term management plan as roadmap for the future.

Revenue from Operations

FY2010 ¥205,131 million

FY2011 ¥207,568 million

MEDIUM-TERM MANAGEMENT PLAN "INNOVATIONS IN TIMBER CONSTRUCTION 2017" (Fiscal 2012 to Fiscal 2017)

Fiscal 2012 to Fiscal 2017
Medium-Term Management Plan "Innovations in Timber Construction 2017"

Fiscal 2014 40th anniversary

1974: Founded

From Fiscal 2011: Positioned fiscal 2011 as the year to initiate a second foundation;
launched a variety of reforms including a review of sales and marketing areas, increased selection and focus in the allocation of management resources and further group reorganization in preparation for establishing a new medium-term management plan (put in place a mission statement)

Fiscal 2010:
Group company reorganization (took steps to optimize the supply of component materials; further enhanced services)

Oct. 2009:
Put forward the brand message "Homes for Exceptional Living for Generations" to market the company's 35th anniversary

QUANTITATIVE TARGETS

	Fiscal 2014 Targets	Fiscal 2017 Goal
Revenue from Operations (Consolidated)	¥255 billion	¥350 billion
Number of Building Orders Received (Non-consolidated)	6,000	7,000 or more

OUTLINE OF THE MEDIUM-TERM PLAN

Ⅰ.Competitive Strategies

- Pursue competitive advantage in environmental performance through the smart 2 x 4 concept
- Strengthen product and technology development
- Bolster design capabilities and promote increased recognition and acceptance
- Reinforce Group synergies (Mitsui no Sumai Mall / Mitsui no Sumai LOOP)
- Adopt an area strategy that focuses on increasing the number of sales and marketing staff in Japan's three major metropolitan areas
- Put forward uniform proposals based on creative partnerships (architects, interior coordinators)

Ⅱ.Growth Strategies

- Renovation business: take steps to approach a 200,000-strong stock built on blue-chip customers
- Facility-system construction business: in addition to promoting favorable legislative conditions in the timber property construction market, pursue growth in the development of proprietary technologies
- Overseas business: evolve steadily from a component material manufacturer to a production builder

Ⅲ.Group Strategies

- Increase profitability at group companies
- Strengthen human resources through group personnel management

Other Segment

In the other segment, Mitsui Fudosan is active across a wide variety of fields. Principal fields of activity comprise facility operations, merchandise and other.

Revenue from Operations (Millions of yen)

	Fiscal 2011	Share (%)
Facility Operations	49,079	48.1
Merchandise	40,003	39.2
Other	12,931	12.6
Total	102,015	100.0

Revenue from Operations

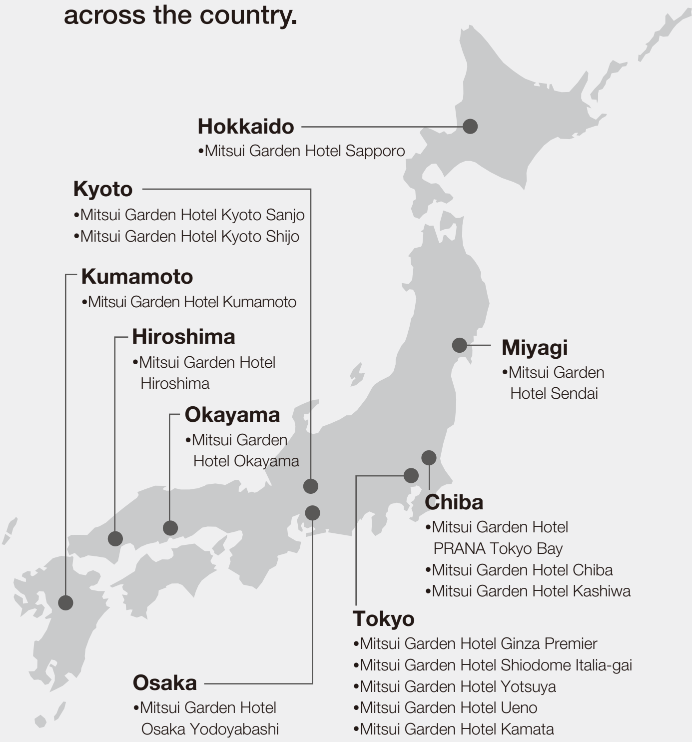
FY2010 ¥93,481 million

FY2011 ¥102,015 million

Facility Operations

In the facility operations field, the Mitsui Fudosan Group operates the Mitsui Garden Hotels chain, the Celestine Hotel, and resort hotels in Japan, as well as the Halekulani and other hotels in Hawaii. The Group also operates a number of golf clubs in Japan.

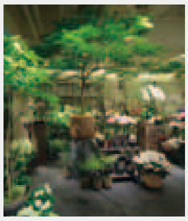
The Mitsui Garden Hotel Chain in spreading across the country.



Merchandise

In the merchandise field, Group company Uniliving Co., Ltd. operates the Unidy chain of home centers located mainly in the Tokyo Metropolitan area. Another Group company, Daiichi Engei Co., Ltd. sells seasonal flowers and plants.

Uniliving Co., Ltd.



Daiichi Engei Co., Ltd.

Other

In the other field, Mitsui Fudosan Reform Co., Ltd. engages in remodeling operations.

Japan's housing market continues to undergo structural change in response to the ongoing maturity of both society and the economy. Against this backdrop, Mitsui Fudosan is positioning renovation services, which are projected to experience demand growth, as a key component of the Group's housing business.

Business activities will remain within Japan's three major metropolitan areas for the foreseeable future. In addition to promoting the renovation of detached housing, condominiums, medical facilities and business assets, Mitsui Fudosan will strive to secure a position as a leading high-value-added renovation brand.

Mitsui Fudosan Reform

The Mitsui Fudosan Group aims for sound, transparent and efficient management in building optimum corporate governance to earn the trust of all stakeholders. Measures to strengthen its internal system are one part of achieving that goal.

Sound and Efficient Management

Mitsui Fudosan has adopted a corporate officer system to build a business execution framework appropriate to its operating environment and business activities, enhancing the soundness and efficiency of management by separating and strengthening management and executive functions. In addition, the Group Corporate Officer System, in which corporate officers of both Mitsui Fudosan and its Group companies share an equal status and mission, was established to further strengthen Group management.

Improving Transparency and Expanding the Perspective of Management

Mitsui Fudosan invites and appoints outside directors in order to strengthen the oversight functions of the directors and enhance management transparency. The outside directors provide input as necessary on the reasonableness and adequacy of Mitsui Fudosan's decision-making.

Furthermore, Mitsui Fudosan has established the Advisory Committee, consisting of experts from business and academia, to diversify the perspective of management by providing comprehensive and forward-looking advice from an objective viewpoint.

Decision-Making

The Executive Management Committee, consisting of executive managing directors and executive corporate officers, meets weekly to deliberate and report on important matters related to business execution. Fulltime corporate auditors also attend meetings to stay informed of important decision-making processes and the status of business execution, and provide opinions as necessary. The Executive Management Committee also supervises internal control and risk management.

In addition, the Strategy Planning Special Committee, the Risk Management Special Committee, the Social Contribution Special Committee and the Environmental Special Committee function as advisory and strategy coordination bodies to the Executive Management Committee. The Strategy Planning Special Committee formulates and deliberates Group strategy and management plans and engages in risk management for Mitsui Fudosan and the Mitsui Fudosan Group in collaboration with the Risk Management Special Committee. The Social Contribution Special Committee and Environmental Special Committee are responsible for reviewing overall social contribution activities and environmental activities.

Board of Directors and Board of Corporate Auditors

The Board of Directors, comprising thirteen members including four outside directors, makes decisions on material issues of Mitsui Fudosan and supervises the status of the directors' execution of business. The corporate auditors attend meetings of the Board of Directors and provide opinions as necessary.

In addition, Mitsui Fudosan has designated a special director who may pass judgment on the urgent acquisition or sale of assets when so empowered by the Board of Directors.

Mitsui Fudosan has adopted a corporate auditor system. The Board of Corporate Auditors, comprising five corporate auditors, including three outside auditors, formulates auditing policies and determines duty assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments. The corporate auditors receive periodic reports from the Audit Department and the certified public accountant and exchange information in working toward mutual cooperation.

As an internal auditing structure, the Audit Department carries out regular audits of all business departments and reports the results of its audits. It also works to enhance the effectiveness of internal control by identifying and providing guidance to audited divisions on areas requiring improvement.

Outside Directors and Outside Auditors

Mitsui Fudosan has four outside directors and three outside auditors.

Outside Directors

Mitsui Fudosan has appointed Yoshiharu Hayakawa, Mitsudo Urano, Eiji Hosoya and Masayuki Matsushima after a comprehensive evaluation of their characters, capabilities, experience and other factors. None of the four has a conflict of interest with general shareholders.

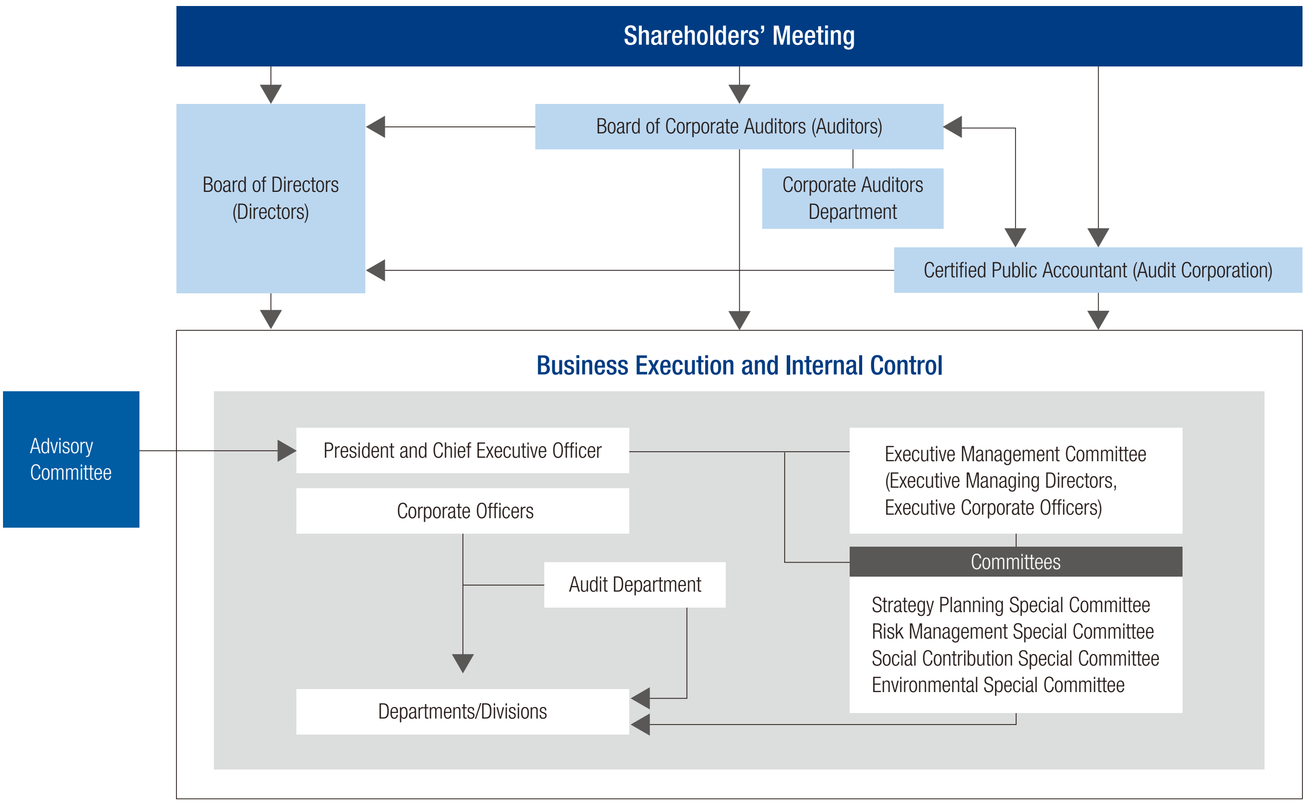
Outside Auditors

Mitsui Fudosan has appointed Akishige Okada, Keiu Nishida and Toshiaki Hasegawa after a comprehensive evaluation of their characters, capabilities, experience and other factors. None of the three has a conflict of interest with general shareholders.

Overview of Criteria concerning the Independence of Outside Directors and Outside Auditors as well as Personal, Capital or Business Relationships or Other Conflicts of Interest with the Company

Outside officers and independent officers are appointed after taking into consideration a comprehensive range of factors including personality traits, capabilities as well as personal and career history. There are vested interests between the Company and each of its outside directors or outside auditors or any incidence of a conflict of interest with general shareholders. As a result, outside directors and outside auditors are deemed independent.

Corporate Governance Organization (As of June 28, 2012)



With respect to outside directors, Masayuki Matsushima was Chairman of Credit Suisse Securities (Japan) Limited. There are no special vested interests between Credit Suisse Securities (Japan) Limited and the Company. Yoshiharu Hayakawa is Representative of Kasumi Empowerment Research Institute; Mitsudo Urano is Representative Director and Chairman of Nichirei Corp.; and, Eiji Hosoya is Chairman and Executive Officer of Resona Holdings Inc. and Chairman and Director of Resona Bank, Ltd. Turning to outside auditors, Toshiaki Hasegawa is Representative of Toshiaki Hasegawa Law Firm, and Akishige Okada is Advisor of Sumitomo Mitsui Banking Corporation and was formerly Chairman and Director of Sumitomo Mitsui Financial Group Inc. with respect to relationships between each of the aforementioned companies and Mitsui Fudosan, and in the context of transactional details, it was determined that there was no potential of any impact on the decisions of shareholders and investors. Accordingly, details have been omitted. In addition, Mitsui Fudosan has not formulated criteria concerning the independence of outside directors and outside auditors.

Revisions to the Tokyo Stock Exchange Securities Listing Regulations in December 2009 made it obligatory for listed companies to secure independent officers to act from the point of view of protecting general shareholders. Mitsui Fudosan has appointed the aforementioned four outside directors and three outside auditors as independent officers.

Compensation for Officers and Corporate Auditors

The amount of compensation for officers and the method of its calculation utilize the basic compensation in a total amount within the scope set and approved by resolution of the Ordinary General Meeting of Shareholders, a bonus paid as a short-term incentive that comprehensively takes into consideration such things as business results achieved in each fiscal year and must be approved by resolution at the Ordinary General Meeting of Shareholders, and stock options paid as medium-term incentive in an amount within the scope set and approved by resolution of the Ordinary General Meeting of Shareholders.

Internal Audit System

As an internal auditing system, the Audit Department, with a staff of 16, carries out regular audits of all business departments and reports the results of its audits. It also works to enhance the effectiveness of internal control by identifying and providing guidance to audited divisions on areas requiring improvement.

Mitsui Fudosan has concluded an auditing contract with KPMG AZSA LLC as its certified public accountant, which conducts appropriate audits as necessary in addition to the audit at the end of the fiscal year.

Compensation for Directors and Corporate Auditors

Title	Total Compensation (Millions of yen)	Amount of Compensation by Type (Millions of yen)			Number of Applicable Officers
		Basic Compensation	Stock Options	Bonus	
Directors (Excluding outside directors)	813	500	66	246	13
Corporate Auditors (Excluding outside directors)	84	84	—	—	3
Outside Directors	76	76	—	—	8

Compensation of Directors Exceeding ¥100 Million	Total Compensation (Millions of yen)	Amount of Compensation by Type (Millions of yen)		
		Basic Compensation	Stock Options	Bonus
Chairman of the Board and Chief Executive Officer Hiromichi Iwase	169	99	13	56
President and Chief Executive Officers Masanobu Komoda	155	87	12	56

Mitsui Fudosan has no conflicts of interest with either the certified public accountant or the employees of the certified public accountant that audit the Company.

Mitsui Fudosan's policy to determine audit compensation for the certified public accountant is decided through rational consideration of factors including the number of days of auditing, the size of Mitsui Fudosan and special characteristics of its business.

Total audit compensation for fiscal 2011 was ¥394 million. Mitsui Fudosan America, Inc., a consolidated subsidiary, paid ¥27 million in compensation to KPMG LLP, a member of the same network as Mitsui Fudosan's certified public accountant.

Risk Management

The Mitsui Fudosan Group believes that appropriately handling various business risks and minimizing their impact on management is the foundation for achieving sound business activities and CSR objectives.

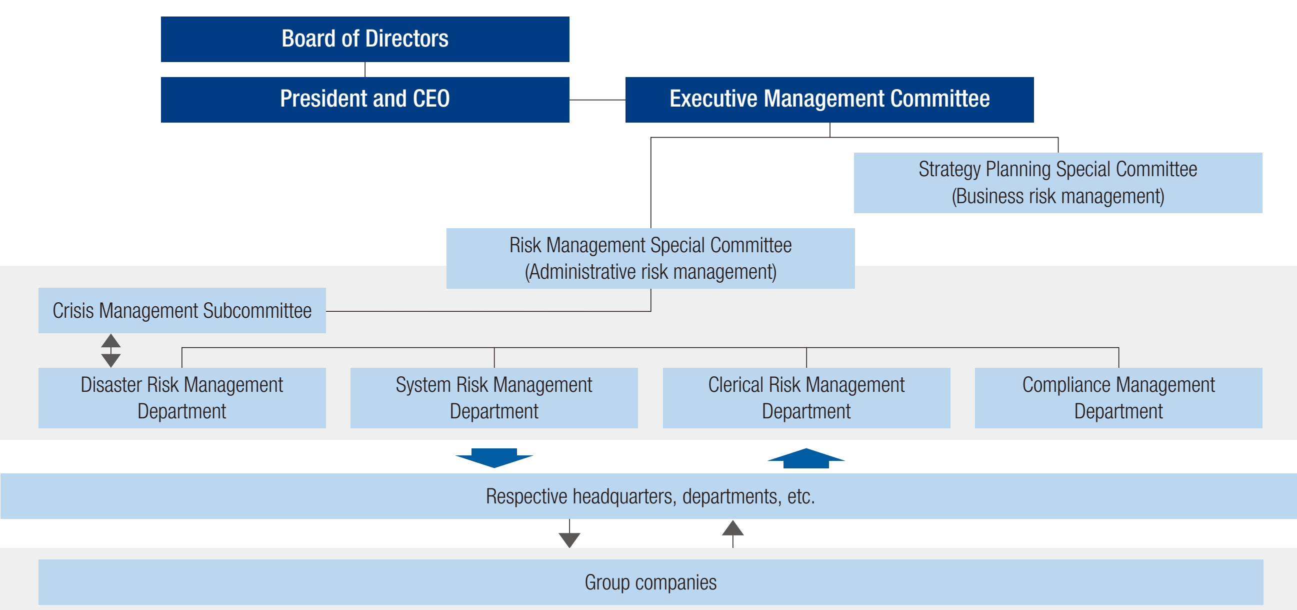
Under the Executive Management Committee, which supervises overall risk management for Mitsui Fudosan and the Mitsui Fudosan Group, the Strategy Planning Special Committee and the Risk Management Special Committee manage business risk and administrative risk, respectively, delineate and apprehend risk issues, and propose response measures.

In addition, the Crisis Management Subcommittee, as a subordinate body of the Risk Management Special Committee, apprehends the circumstances of accidents or other incidents that occur and determines response policies and other matters as necessary.

Compliance

The Mitsui Fudosan Group promotes compliance that extends beyond legal compliance and adherence to corporate ethics, with a strong awareness of social norms and principles, and the social responsibilities of a company. With the establishment of the Mitsui Fudosan Group Compliance Policies as behavioral guidelines for all Group executives and employees, the Group works to prevent violations of laws and its articles of incorporation by upgrading the Compliance Rules and other internal rules and establishing the Risk Management Special Committee. Each Mitsui Fudosan Group company has also set up an Internal Consultation System on compliance for employees.

Risk Management Organization (As of June 28, 2012)



Management Team

(As of June 28, 2012)

Front row, from left: Eiji Hosoya, Yoshiharu Hayakawa, Hiromichi Iwasa, Masanobu Komoda, Mitsudo Urano, Masayuki Matsushima
Back row, from left: Kenji Iino, Toshihide Ichikawa, Yoshiaki Iinuma, Mitsuhiro Matsumoto, Hitoshi Saito, Yoshikazu Kitahara, Hiroshi Asai

Members of the Board

Chairman of the Board and Chief Executive Officer
Hiromichi Iwasa

President and Chief Executive Officer
Masanobu Komoda

Senior Executive Managing Directors
Mitsuhiro Matsumoto
Yoshiaki Iinuma

Executive Managing Directors
Hitoshi Saito
Toshihide Ichikawa
Yoshikazu Kitahara
Hiroshi Asai
Kenji Iino

Managing Directors (Outside Directors)
Yoshiharu Hayakawa
Mitsudo Urano
Eiji Hosoya
Masayuki Matsushima

Auditors

Senior Corporate Auditor
Seizo Kuramoto

Corporate Auditor
Koichi Nishiyama

Corporate Auditors (Outside Auditors)
Akishige Okada
Keiu Nishida
Toshiaki Hasegawa

Corporate Officers

Chairman and Chief Executive Officer
Hiromichi Iwasa

President and Chief Executive Officer
Masanobu Komoda
In charge of Audit Department, Corporate Planning Department, Smart City Promotion Department

Senior Executive Managing Officers
Mitsuhiro Matsumoto
In charge of Housing Sales Business

Eiichi Sawai
In charge of Planning and Research Department, Space & Environment Institute

Yoshiaki Iinuma
In charge of Toyosu-Project Development Planning Department, Kashiwanoha Campus City Project Development Planning Department, Development Planning Department, Gotanda Project Department, Branch Offices;
Chief Operating Officer, Retail Properties Division

Executive Managing Officers
Hitoshi Saito
In charge of International Department

Toshihide Ichikawa
In charge of Tokyo Midtown Development Department;
Chief Operating Officer, Accommodations Business Division

Yoshikazu Kitahara
In charge of Architectural and Construction Services Department, Nihonbashi Urban Planning and Development Department;
Chief Operating Officer, Office Building Division

Hiroshi Asai
In charge of General Administration Department, Accounting and Finance Department, Information Systems Department

Kenji Iino
In charge of Executive Secretarial Department, Corporate Communications Department, Personnel Department, Appraisal Department, Affiliated Business Department

Yasuhiko Yamashiro
In charge of Kansai Head Office;
General Manager, Kansai Head Office

Yasuo Onozawa
Deputy Chief Operating Officer, Office Building Division

Takeshi Suzuki
In charge of China Business Department

Managing Officers
Hiroyuki Ishigami
Deputy Chief Operating Officer, Retail Properties Division

Masatoshi Satou
General Manager, International Department

Takashi Yamamoto
Deputy Chief Operating Officer, Accommodations Business Division;
General Manager, Residential Leasing Business Department

Akihiko Funaoka
General Manager, Corporate Planning Department;
General Manager, Smart City Promotion Department

Shuji Tomikawa
Chief Operating Officer, Real Estate Solution Services Division

Takashi Ueda
Deputy Chief Operating Officer, Office Building Division;
General Manager, Office Building Project Planning Department

Group Officers

Group Senior Officers
Hidehisa Takei
Mitsui Fudosan Realty Co., Ltd.

Shogo Nakai
Mitsui Fudosan Investment Advisors, inc.

Masatoshi Ozaki
Mitsui Fudosan Reform Co., Ltd.

Kiyotaka Fujibayashi
Mitsui Fudosan Residential Co., Ltd.

Group Officers
Yoichi Arita
Mitsui Fudosan Building Management Co., Ltd.

Tadashi Ando
LaLaport Management Co., Ltd.

Tooru Inoue
Mitsui Fudosan Residential Co., Ltd.

Six-Year Summary

Mitsui Fudosan Co., Ltd. and its Subsidiaries

	Millions of yen except per share amounts and number of employees						Thousands of U.S. dollars (Note 1) except per share amounts
Years ended March 31	2012	2011	2010	2009	2008	2007	2012
FOR THE YEAR:							
Revenue from operations	¥1,338,102	¥1,405,270	¥1,384,807	¥1,418,946	¥1,360,023	¥1,229,194	$16,280,594
Interest, dividends and miscellaneous	5,854	27,044	31,152	9,389	27,509	23,946	71,225
Costs and expenses (including tax)	1,296,948	1,382,293	1,356,870	1,349,178	1,305,778	1,180,528	15,779,876
Equity in net income of affiliated companies	3,702	689	2,027	5,980	7,064	4,410	45,042
Minority interests	(580)	(801)	(1,032)	(1,565)	(1,440)	(1,808)	(7,057)
Net income	50,130	49,909	60,084	83,572	87,378	75,214	609,928
AT YEAR-END:							
Total assets	¥3,868,412	¥3,780,700	¥3,710,424	¥3,758,387	¥3,634,489	¥3,294,190	$47,066,699
Shareholders' equity and accumulated other comprehensive income	1,078,183	1,019,941	1,007,811	978,667	971,310	944,196	13,118,178
Common stock	174,296	174,296	174,296	174,296	174,296	174,296	2,120,647
Number of employees	16,666	16,288	15,922	15,476	14,788	13,299	
PER SHARE DATA:							
Net income (basic)	¥ 57.1	¥ 56.8	¥ 68.4	¥ 95.1	¥ 99.4	¥ 85.5	$ 0.695
Cash dividends applicable to the year	22.0	22.0	22.0	22.0	20.0	14.0	0.268
RATIOS:							
Equity ratio (%) (Note 2)	27.9	27.0	27.2	26.0	26.7	28.7	
Return on assets (%) (Note 3)	3.55	3.39	3.41	5.06	5.53	5.50	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥82.19=U.S.$1.00, the approximate exchange rate at March 31, 2012.
2. Equity ratio = (Net assets – Subscription rights to shares – Minority interests) / Total assets
3. Return on assets (ROA) = (Operating income + Interest, dividends and miscellaneous revenues, excluding extraordinary gains + Equity in net income of affiliated companies) / Average total assets over the period

Income Analysis

(Billions of yen, %)

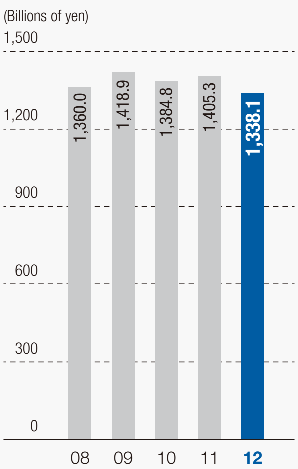
Years ended March 31	2012		2011		2010	
Revenue from operations	**¥1,338.1**	100.0%	¥1,405.3	100.0%	¥1,384.8	**100.0%**
Cost of revenue from operations	**1,067.0**	79.7	1,138.0	81.0	1,120.1	**80.9**
Selling, general and administrative expenses	**145.1**	10.9	147.2	10.5	144.1	**10.4**
Operating income	**126.0**	9.4	120.1	8.5	120.6	**8.7**
Other revenues	**5.8**	0.4	27.0	2.0	31.1	**2.2**
Interest expenses	**26.7**	2.0	27.5	2.0	29.5	**2.1**
Other expenses	**14.3**	1.1	36.6	2.6	26.5	**1.9**
Equity in net income of affiliated companies	**3.7**	0.3	0.7	0.1	2.0	**0.1**
Income before income taxes and minority interests	**94.5**	7.0	83.7	6.0	97.7	**7.0**
Income taxes	**43.8**	3.3	33.0	2.3	36.6	**2.6**
Minority interests	**(0.6)**	(0.0)	(0.8)	(0.1)	(1.0)	**(0.1)**
Net income	**¥ 50.1**	3.7	¥ 49.9	3.6	¥ 60.1	**4.3**

REVENUE FROM OPERATIONS

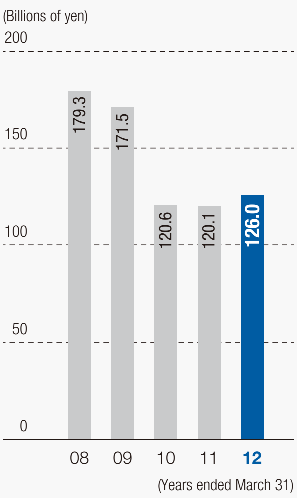
For fiscal 2011, the year ended March 31, 2012, consolidated revenue from operations was ¥1,338.1 billion, down 4.8 percent year on year, or ¥67.2 billion, due to factors including a decrease in the number of units sold in the property sales to individuals category resulting from the adjustment in construction schedule after the Great East Japan Earthquake.

In the "Leasing" segment, there was an impact from the decrease in revenue in the existing buildings. However, properties that came on-stream during the previous period such as the "Sumitomo Mitsui Banking Corporation Head Office Building" and "Mitsui Outlet Park Shiga Ryuo" fully contributed to revenue. Other properties that came on-stream during this period such as "Nagoya Mitsui Building New Building" and "Mitsui Outlet Park Kurashiki" partially contributed to revenue. Furthermore, store sales in the retail facilities were moving favorably. In the "Property Sales" segment, factors including a decrease in the number of units booked in the "Property Sales to Individuals" category, caused by the adjustment in construction schedule due to the earthquake, led to a decrease in revenue from operations. In the "Property Sales to Investors" category, revenue decreased from the previous period despite property sales to Nippon Building Fund and Mitsui Fudosan Private REIT. In the "Management" segment, revenue increased in the "Property Management" category due to an increase in the number of units managed in our "Repark" (Car Park Leasing) business and an increase in the number of properties handled. In addition, revenue was up in the "Brokerage and Asset Management" category due to an increase in the number of properties handled in our brokerage business for individuals, Mitsui Rehouse business, and a recorded asset management fee for fund arrangement.

Revenue from Operations



Operating Income



COST OF REVENUE FROM OPERATIONS AND SGA EXPENSES

Cost of revenue from operations decreased 6.2 percent year on year, or ¥71.1 billion, to ¥1,067.0 billion. Gross profit from operations increased 1.5 percent, or ¥3.9 billion, to ¥271.1 billion, and the gross margin increased to 20.3 percent from 19.0 percent.

Selling, general and administrative (SGA) expenses decreased 1.4 percent year on year, or ¥2.0 billion, to ¥145.1 billion.

OPERATING INCOME

Operating income was ¥126.0 billion, up 5.0 percent year on year, or ¥ 5.9 billion, due to factors including office buildings and retail facilities coming on-stream and an improved profit ratio in property sales to individuals category.

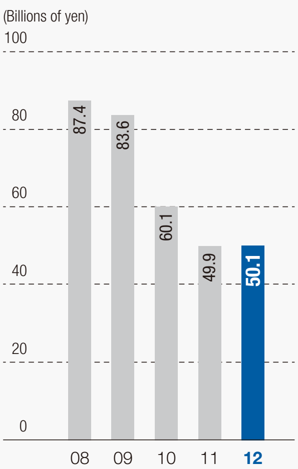
INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME, AND OTHER COSTS AND EXPENSES

Interest, dividends and miscellaneous revenue decreased 78.4 percent, or ¥21.2 billion, to ¥5.9 billion. This decrease mainly reflected the absence of the gain on sale of investment securities, which totaled ¥21.0 billion in fiscal 2010. Other costs and expenses decreased 60.9 percent, or ¥22.3 billion, to ¥14.3 billion. This largely reflected the absence of any impairment loss on fixed assets, which totaled ¥4.1 billion in the previous fiscal year. While Mitsui Fudosan incurred a loss on disposal of property and equipment of ¥5.6 billion, an impairment loss on investment securities of ¥1.3 billion and casualty losses of ¥0.4 billion while providing for casualty losses of ¥0.8 billion, each amount was substantially lower than the previous fiscal year. Notes 19 to 21 of the Notes to Consolidated Financial Statements provide additional information.

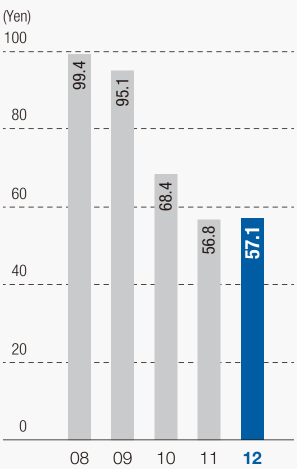
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS AND NET INCOME

Equity in net income of affiliated companies increased 437.3 percent year on year, or ¥5.4 billion, to ¥3.7 billion. Income before income taxes and minority interests increased 12.9 percent, or ¥10.8 billion, to ¥94.5 billion. Income taxes net of deferrals increased 32.7 percent, or ¥10.8 billion, to ¥43.8 billion. Consequently, net income increased 0.4 percent, or ¥0.2 billion, to ¥50.1 billion. Net income per share increased to ¥57.1 from ¥56.8 for the previous fiscal year. Mitsui Fudosan maintained annual cash dividends per share at ¥22.0.

Net Income



Net Income per Share



(Years ended March 31)

SEGMENT INFORMATION

■ LEASING

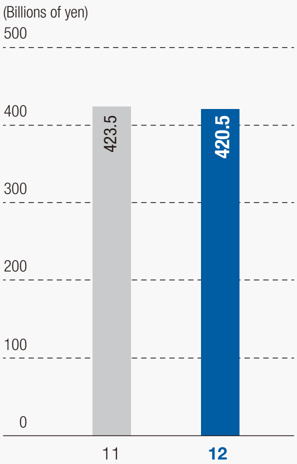
(Millions of yen)

Years ended March 31			2012	2011
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥283,614	¥291,721
		Retail Facilities	131,560	125,810
	Total Leased Floor Space (1,000 m²):		4,531	4,383
	Office Buildings	Owned	1,303	1,240
		Managed	1,533	1,531
	Retail Facilities	Owned	1,042	971
		Managed	654	640
Other	Revenue		5,353	5,936
Total Revenue			420,528	423,468
Operating Income			95,700	88,929

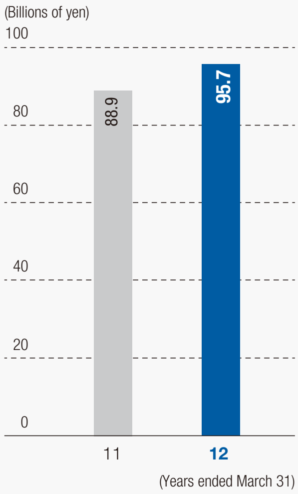
For the period under review, there was an impact from the decrease in revenue in the existing buildings. However, properties that came on-stream during the previous period such as the "Sumitomo Mitsui Banking Corporation Head Office Building" and "Mitsui Outlet Park Shiga Ryuo" fully contributed to revenue for the period. In addition, other properties that have come on-stream during this period such as "Nagoya Mitsui Building New Building" and "Mitsui Outlet Park Kurashiki" have contributed to revenue for the period. Furthermore, store sales in the retail facilities were moving favorably. As a result, entire segment revenue from operations was down ¥2.9 billion from the previous period, and operating income was up ¥6.8 billion. The vacancy rate of the Company's office buildings (non-consolidated) in the Tokyo Metropolitan Area remained low compared to the market, amounting to 4.4 percent.

Vacancy Rate for Tokyo Metropolitan Area Office Buildings (Non-consolidated)

Revenue from Operations



Operating Income



■ PROPERTY SALES

Property Sales to Individuals and Investors

(Millions of yen)

Years ended March 31/As of March 31			2012			2011		
			Revenue	Units	Average Unit Price	Revenue	Units	Average Unit Price
Property Sales to Individuals	Condominiums	Tokyo Metropolitan Area	¥178,929	3,456	¥52	¥218,013	4,048	¥54
		Other	34,910	1,056	33	48,037	1,407	34
		Subtotal	213,839	4,512	47	266,051	5,455	49
	Detached Housing	Tokyo Metropolitan Area	37,187	664	56	45,098	825	55
		Other	6,216	140	44	5,187	100	52
		Subtotal	43,403	804	54	50,285	925	54
		Revenue	257,243	5,316	48	316,336	6,380	50
		Operating Income	10,264			9,735		
Property Sales to Investors		Revenue	64,108			88,905		
		Operating Income	5,470			6,458		
Total		Revenue	321,352			405,243		
		Operating Income	15,734			16,193		

Inventories (Property Sales to Individuals)

(Units)

As of March 31	2012	2011	2010	2009	2008
Condominiums	380	638	872	826	453
Detached Housing	24	46	40	93	115
Total	404	684	912	919	568

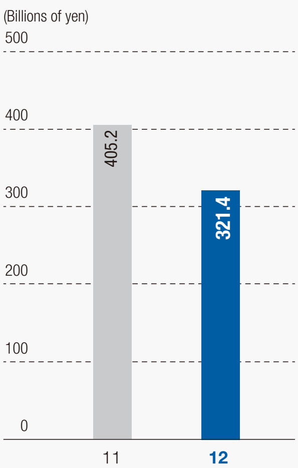
In the "Property Sales to Individuals" category, although revenue decreased because of a decrease in the number of residential units from the previous period due to the adjustment in construction schedule after the Great East Japan Earthquake, operating income was up led by an improved profit ratio resulting from a decline in the proportion of properties with low gross margin rates.

In the "Property Sales to Investors" category, both revenue and earnings were down from the previous period, despite property sales to Nippon Building Fund and Mitsui Fudosan Private REIT.

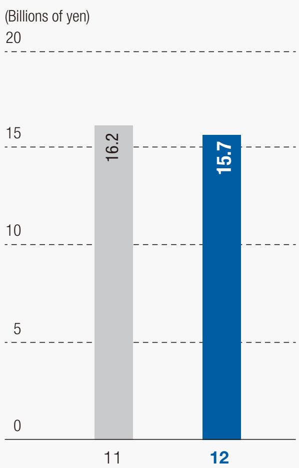
In the entire segment, revenue was down ¥83.9 billion and operating income was down ¥0.5 billion from the previous year.

Thanks to favorable market sales conditions in the "Property Sales to Individuals," the completed housing inventories of residential units declined to 404 from 684 at the end of the previous period.

Revenue from Operations



Operating Income



(Years ended March 31)

■ MANAGEMENT

(Millions of yen)

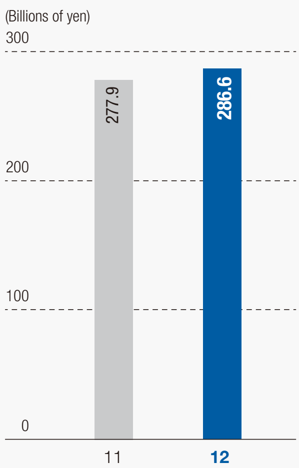
Years ended March 31		2012	2011
Property Management	Revenue	¥212,878	¥206,085
	Operating Income	23,776	21,905
Brokerage, Asset Management, etc.	Revenue	73,760	71,860
	Operating Income	10,587	10,215
Total	Revenue	286,639	277,947
	Operating Income	34,364	32,121

For the period under review, revenue and earnings were increased in the “Property Management” category due to an increase in the number of units managed in our “Repark” (Car Park Leasing) business and an increase in the number of properties handled.

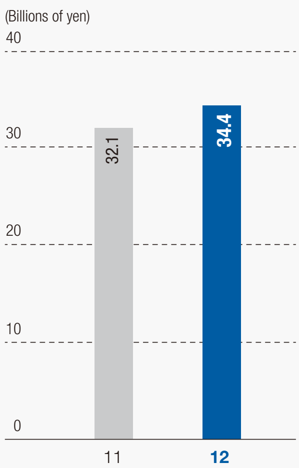
“Brokerage and Asset Management, etc.” category also reported improved revenue and earnings, due mainly to a higher number of properties handled in our brokerage business for individuals in Mitsui Rehouse business and a recorded asset management fee for fund arrangement.

In the entire segment, revenue was up ¥8.6 billion from the previous period and operating income was also up ¥2.2 billion.

Revenue from Operations



Operating Income



(Years ended March 31)

■ MITSUI HOME

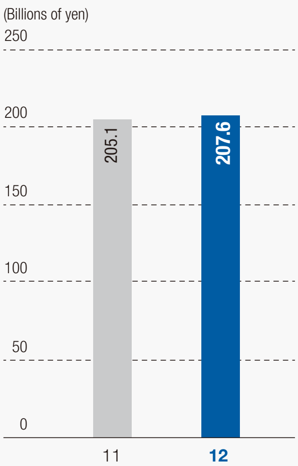
(Millions of yen)

Years ended March 31		2012	2011
New Construction	Revenue	¥160,316	¥152,816
	Orders	144,573	142,753
Reform/Renewal	Revenue	18,414	26,901
	Orders	22,791	31,235
Lease Management		17,891	17,223
Other		10,945	8,189
Total Revenue		207,568	205,131
Operating Income		4,187	3,764

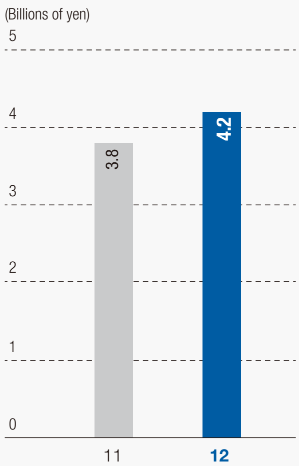
Note: The above revenue figures differ from those disclosed by Mitsui Home, because sales to the Mitsui Fudosan Group are deducted from Mitsui Home's consolidated revenue from operations.

For the period under review, in the "Reform/Renewal" category, the revenue of Mitsui Home Remodeling Co., Ltd. was moved to the "Other" segment, decreasing the revenue accordingly. On the other hand, there were more orders for "New Construction" at the beginning of the year than in the previous fiscal year and unit prices rose. Entire segment revenue was up ¥2.4 billion from the previous period, and operating income was up ¥0.4 billion.

Revenue from Operations



Operating Income



(Years ended March 31)

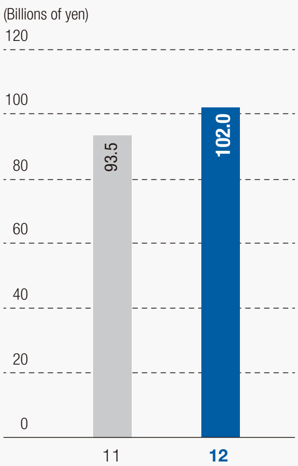
■ OTHER

(Millions of yen)

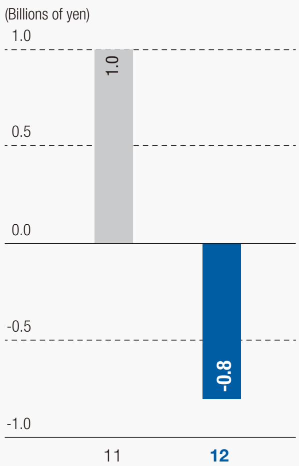
Years ended March 31	2012	2011
Facility Operations	¥49,079	¥49,923
Merchandise	40,003	40,272
Other	12,931	3,284
Total Revenue	102,015	93,481
Operating Income	(807)	1,002

For the period under review, due to factors including the revenue for Mitsui Home Remodeling Co., Ltd moved to this segment, revenue was up ¥8.5 billion from the previous period, and operating income was down ¥1.8 billion for the entire segment.

Revenue from Operations



Operating Income



(Years ended March 31)

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Assets

(Billions of yen, %)

As of March 31	2012		2011		2010	
Cash and cash equivalents	¥ 61.7	1.6%	¥ 56.7	1.5%	¥ 62.7	1.7%
Inventories	651.0	16.8	651.2	17.2	684.8	18.4
Other current assets	229.0	5.9	221.3	5.9	240.0	6.5
Investments and other assets	633.8	16.4	612.8	16.2	630.6	17.0
Net property and equipment	2,292.9	59.3	2,238.7	59.2	2,092.3	56.4
Total	¥3,868.4	100.0%	¥3,780.7	100.0%	¥3,710.4	100.0%

Liabilities and Net Assets

(Billions of yen, %)

As of March 31	2012		2011		2010	
Interest-bearing debt—Short term	¥ 296.9	7.7%	¥ 296.7	7.8%	¥ 313.4	8.5%
Interest-bearing debt—Long term	1,446.5	37.4	1,443.3	38.2	1,433.3	38.6
Total interest-bearing debt	1,743.4	45.1	1,740.0	46.0	1,746.7	47.1
Other current liabilities *1	395.4	10.2	359.1	9.5	280.0	7.5
Other long-term liabilities *2	629.2	16.3	639.2	16.9	654.5	17.6
Minority interests	21.6	0.5	21.9	0.6	21.0	0.6
Net assets (other than minority interests)	1,078.8	27.9	1,020.5	27.0	1,008.2	27.2
Total	¥3,868.4	100.0%	¥3,780.7	100.0%	¥3,710.4	100.0%

Notes: *1. Consists of current liabilities other than bank loans, commercial paper and long-term debt due within one year presented on the balance sheets.
*2. Consists of long-term liabilities other than long-term debt due after one year presented on the balance sheets.

CURRENT ASSETS

Current assets increased 1.4 percent from the previous fiscal year-end, or ¥12.6 billion, to ¥941.7 billion. Cash and cash equivalents increased 8.9 percent from the previous fiscal year-end, or ¥5.1 billion, to ¥61.7 billion. Inventories were effectively unchanged year on year at ¥651.0 billion. Advances paid for purchases, primarily of real estate for sale, increased ¥6.3 billion, or 182.6 percent, to ¥9.7 billion. Equity investments in properties for sale, which primarily represent securitized interests in properties for sale, decreased 12.4 percent, or ¥8.2 billion, to ¥57.6 billion. More than offsetting a 26.4 percent, or ¥12.4 billion, year-on-year decrease in deferred income taxes which fell to ¥34.5 billion, other current assets rose by 29.7 percent, or ¥21.0, to ¥91.8 billion. Working capital decreased 8.6 percent from a year earlier to ¥249.4 billion, and the current ratio was 1.36 times, compared with 1.42 times at the end of the previous fiscal year.

INVESTMENTS AND OTHER ASSETS

Investments and other assets increased 3.4 percent from a year earlier, or ¥21.0 billion, to ¥633.8 billion. Investments in unconsolidated subsidiaries and affiliated companies increased 7.3 percent, or ¥8.3 billion, to ¥122.2 billion. Investment securities increased 4.5 percent, or ¥11.8 billion, to ¥275.5 billion.

PROPERTY AND EQUIPMENT

Net property and equipment increased 2.4 percent from a year earlier, or ¥54.2 billion, to ¥2,292.9 billion. The increase stemmed from the construction investment for Yokohama Mitsui Building by Mitsui Fudosan and Mitsui Outlet Park Kisarazu and the new investment for office buildings by Mitsui Fudosan (U.K.) Ltd. Capital expenditures decreased 0.5 times year on year, or ¥117.6 billion, to ¥111.8 billion, while depreciation totaled ¥53.2 billion.

CURRENT LIABILITIES

Current liabilities increased 5.6 percent from a year earlier, or ¥36.5 billion, to ¥692.3 billion. Mitsui Fudosan has established committed lines of credit totaling ¥230.0 billion with several financial institutions to ensure access to funds and adequate liquidity. The Company had not accessed these lines of credit as of the balance sheet date.

LONG-TERM LIABILITIES

Long-term liabilities decreased 0.3 percent from a year earlier, or ¥7.1 billion, to ¥2,075.7 billion. Long-term debt due after one year increased 0.2 percent, or ¥3.2 billion, to ¥1,446.5 billion. While making the substantial capital investments discussed earlier, Mitsui Fudosan stressed sound finances and selectivity in investing in opportunities for growth, and supplemented funds for investment through cost recovery from property sales. Interest-bearing debt increased 0.2 percent, or ¥3.4 billion, to ¥1,743.4 billion.

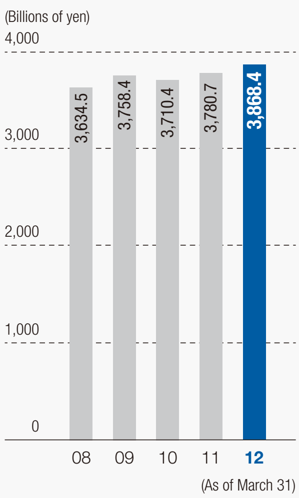
NET ASSETS AND TOTAL CAPITAL

For fiscal 2011, net assets increased 5.6 percent from a year earlier, or ¥58.0 billion, to ¥1,100.4 billion. Retained earnings increased 9.5 percent, or ¥31.5 billion, to ¥363.9 billion. Reserve on land revaluation, which is recorded as a component of net assets under Japanese GAAP, increased 8.4 percent from a year earlier, or ¥22.9 billion, to ¥294.1 billion. Net unrealized holding gains on securities, which is recorded as a component of net assets under Japanese GAAP, increased 19.9 percent, or ¥8.4 billion, to ¥50.4 billion. Negative foreign currency translation adjustments resulting from the yen's value relative to the U.S. dollar and the British pound at the fiscal year-end decreased net assets by ¥46.5 billion. Total capital (the sum of bank loans, commercial paper, long-term debt due within one year, long-term debt due after one year, and net assets) increased ¥61.4 billion to ¥2,843.8 billion from ¥2,782.4 billion a year earlier. Both net assets and interest-bearing debt increased. Net assets represented 38.7 percent of total capital, compared with 37.5 percent at the previous fiscal year-end.

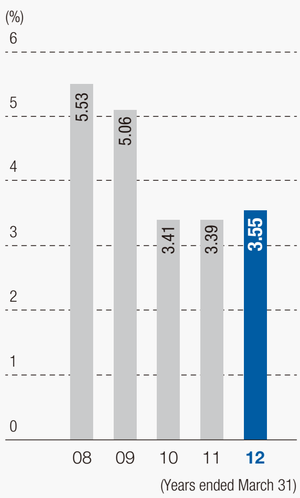
The debt / equity ratio*1 decreased to 1.62 times from 1.71 times. Return on assets (ROA)*2 was 3.55 percent, compared with 3.39 percent a year earlier. Return on equity (ROE)*3 was 4.78 percent, compared to 4.92 percent a year earlier.

Notes : 1. Equity ratio = (Net assets – Subscription rights to shares – Minority interests) / Total assets
2. ROE = Net income / (Net assets – Subscription rights to shares – Minority interests, Average over the period)

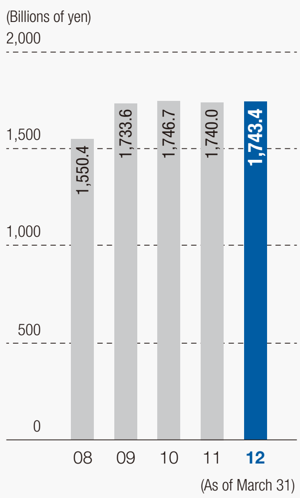
Total Assets



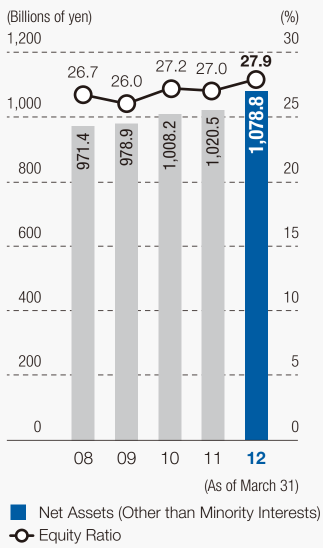
ROA



Interest-Bearing Debt



Net Assets (Other than Minority Interests) and Equity Ratio



Cash Flows

(Billions of yen)

Years ended March 31	2012	2011	2010
Cash flows from operating activities	¥148.2	¥185.1	¥84.4
Cash flows from investing activities	(124.4)	(170.6)	(64.8)
Cash flows from financing activities	(18.7)	(20.4)	(19.8)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(0.2)	0.1
Net (decrease) increase in cash and cash equivalents	5.0	(6.0)	(0.2)
Cash and cash equivalents at beginning of year	56.7	62.7	62.9
Cash and cash equivalents at end of year	¥ 61.7	¥ 56.7	¥62.7

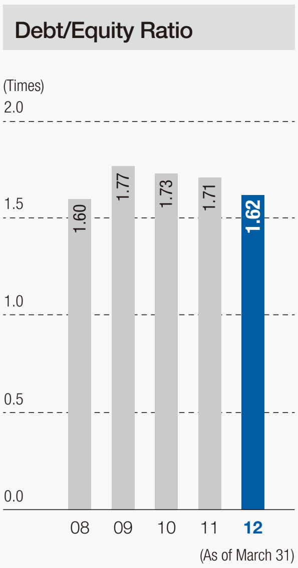
CASH FLOWS

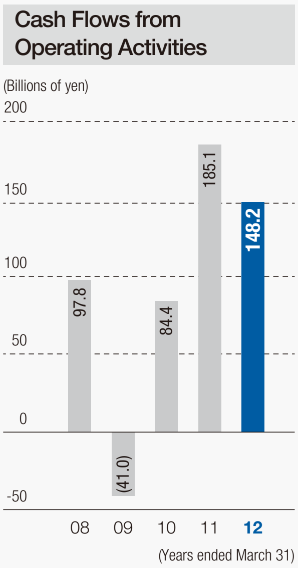
Despite the increase in income before income taxes, net cash provided by operating activities totaled ¥148.2 billion, compared with ¥185.1 billion in the previous fiscal year. The main factor in the year-on-year change was that net increase in real property for sale and advances paid for purchases used cash totaling ¥10.1 billion, while in the previous fiscal year net decrease provided cash totaling ¥46.3 billion. The line item "Decrease (increase) in real property for sale and advances paid for purchases" represents the net effect of cost recovery and purchase of inventories, which consist primarily of property held for sale. Depreciation and amortization increased to ¥53.2 billion.

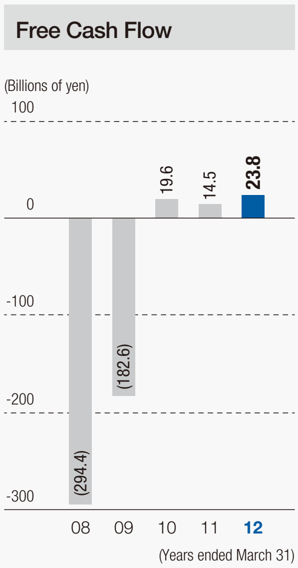
Net cash used in investing activities totaled ¥124.4 billion, compared with ¥170.6 billion for the previous fiscal year. Mitsui Fudosan continues to acquire properties with long-term potential when circumstances are favorable. Purchases of property and equipment totaled ¥105.5 billion, compared with ¥179.0 billion for the previous fiscal year. Net changes in deposits from tenants and in lease deposits provided cash totaling ¥7.5 billion, compared with ¥9.0 billion used for the previous fiscal year. Net purchases of marketable and investment securities totaled ¥22.1 billion, compared with net proceeds from sale of marketable and investment securities of

(Millions of yen)

Years ended March 31	2012	2011
Increase in deposits from tenants	¥40,902	¥52,669
Decrease in deposits from tenants	(43,110)	(64,805)
Increase in lease deposits	(8,157)	(8,395)
Decrease in lease deposits	17,862	11,557
Total	¥ 7497	¥ (8,974)







¥9.7 billion for the previous fiscal year.

Net cash used in financing activities totaled ¥18.7 billion, primarily representing cash dividends paid of ¥19.3 billion. In the previous fiscal year, financing activities used net cash totaling ¥20.4 billion. Net proceeds from bank loans and commercial paper amounted to ¥8.2 billion compared with net repayments of bank loans and commercial paper of ¥1.5 billion in the previous fiscal year. Proceeds from long-term debt totaled ¥221.8 billion, compared with ¥217.6 billion for the previous fiscal year. Repayments of long-term debt, consisting primarily of long-term bank loans, totaled ¥245.3 billion, compared with ¥254.0 billion for the previous fiscal year. Proceeds from issuance of bond totaled ¥20.0 billion while there were no payments for redemption of bond. Net repayments of long-term debt and bonds therefore totaled ¥3.4 billion on a cash basis, compared with net proceeds of ¥3.6 billion in the previous fiscal year. Mitsui Fudosan maintains a conservative level of operating leverage and largely drew on internal capital resources in investing for future growth during fiscal 2011. Cash dividends paid were essentially unchanged year on year.

(Millions of yen)

Years ended March 31	2012	2011
Proceeds from long-term debt	¥ 221,832	¥ 217,597
Repayments of long-term debt	(245,256)	(253,952)
Proceeds from issuance of bond	20,000	50,000
Payments for redemption of bond	—	(10,000)
Total	¥ 3,424	¥ 3,645

OUTLOOK FOR FISCAL 2012 (Year Ending March 31, 2013)

In the next period we forecast ¥1,460.0 billion in revenue from operations, up approximately ¥122.0 billion, and forecast a ¥9.0 billion increase in operating income to ¥135.0 billion. Net income is likely to increase by ¥4.9 billion to ¥55.0 billion.

SEGMENT FORECASTS

Leasing: Retail facilities that have opened in the current fiscal year, "Mitsui Outlet Park Kisarazu" and "DiverCity Tokyo," are contributing to revenue; thus, we expect an increase in revenue of ¥13.4 billion and an increase in operating income of ¥2.3 billion for the entire segment.

Property Sales: We expect an increase in both revenue and earnings from factors including an increase in the number of units booked and an improved profit ratio in "Property Sales to Individuals" category, and we also expect an increase in both revenue and earnings in "Property Sales to Investors." For the entire segment, we expect a ¥83.6 billion increase in revenue and a ¥6.2 billion increase in operating income.

Management: While revenue was increased due to a higher number of properties handled in our brokerage business for individuals and an increase in the number of units entrusted for property management, asset management fee for fund arrangement was recorded in the current fiscal year. Thus, we expect an increase in revenue by ¥7.3 billion and a decrease of operating income by ¥1.3 billion for the entire segment.

Other: Due to a business expansion by Mitsui Fudosan Reform Co., Ltd. and a steady improvement of revenue in Hotel business category, we expect improvement in revenue and earnings.

Mitsui Fudosan plans to pay total cash dividends of ¥22.00 per share, consisting of an ¥11.00 interim dividend and an ¥11.00 year-end dividend.

RISK INFORMATION

The operations of the Mitsui Fudosan Group are subject to a number of risks, some of which are outlined below along with issues that may not necessarily constitute risk factors but that may influence investor decisions.

CHANGES IN DEMAND

Economic conditions influence demand among tenant companies for space in the office buildings that the Mitsui Fudosan Group owns and manages, and influence demand among individuals for housing. A downturn in the Japanese economy may exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

INTEREST RATES

Higher interest rates in the future could increase the Mitsui Fudosan Group's funding costs, raise the returns investors expect from real estate investments and reduce demand among individuals for housing, and may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

CHANGES IN REAL ESTATE TAXES

Changes in real estate taxes that increase the cost of owning, acquiring or selling real estate or reduce consumer willingness to purchase housing may exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

CHANGES IN REAL ESTATE AND FINANCE LAWS

Future changes in laws or regulations relevant to Mitsui Fudosan's businesses, including the Building Standard Law, the City Planning Act and the Financial Instruments and Exchange Law, that reduce the value of assets or limit the scope of operations by incurring new obligations, increasing costs or limiting asset ownership rights may exert a material impact on the Mitsui Fudosan Group's performance.

NATURAL DISASTERS

Natural disasters may damage or destroy the Mitsui Fudosan Group's assets, and may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 4)	¥ 61,727	¥ 56,676	$ 751,028
Marketable securities (Note 4, 5)	15	—	183
Notes and accounts receivable - trade (Note 4)	26,539	24,042	322,898
Short-term loans receivable	9,620	11,511	117,046
Allowance for doubtful accounts	(879)	(1,245)	(10,695)
Inventories (Note 8)	650,956	651,178	7,920,136
Advances paid for purchases (Note 9)	9,757	3,452	118,713
Equity investments in properties for sale (Note 4, 5, 24)	57,569	65,739	700,438
Deferred income taxes (Note 11)	34,544	46,946	420,294
Other current assets	91,882	70,867	1,117,922
Total current assets	941,730	929,166	11,457,963
INVESTMENTS and OTHER ASSETS			
Investments in unconsolidated subsidiaries and affiliated companies	122,156	113,832	1,486,264
Investment securities (Note 4, 5, 24)	275,492	263,688	3,351,892
Non-current loans and accounts receivable	58,914	45,533	716,803
Allowance for doubtful accounts	(6,529)	(6,917)	(79,438)
Lease deposits (Note 4, 10)	160,846	171,556	1,957,002
Deferred income taxes (Note 11)	9,761	10,104	118,761
Deferred tax assets on land revaluation	1,233	1,451	15,002
Other	11,906	13,564	144,859
Total investments and other assets	633,779	612,811	7,711,145
PROPERTY and EQUIPMENT, at cost:			
Land (Note 7, 13)	1,637,381	1,605,148	19,921,900
Buildings and structures (Note 7, 13)	1,098,664	1,045,763	13,367,368
Machinery and equipment	112,615	104,936	1,370,179
Construction in progress	31,430	34,611	382,407
	2,880,090	2,790,458	35,041,854
Accumulated depreciation	(587,187)	(551,735)	(7,144,263)
Net property and equipment	2,292,903	2,238,723	27,897,591
	¥3,868,412	¥3,780,700	$47,066,699

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Bank loans (Note 4, 13)	¥ 32,157	¥ 36,322	$ 391,252
Commercial paper (Note 4, 13)	37,000	24,000	450,176
Long-term debt due within one year (Note 4, 13)	227,765	236,390	2,771,201
Notes and accounts payable—trade (Note 4)	101,321	87,138	1,232,766
Accrued expenses	25,483	21,557	310,050
Income taxes payable	11,651	24,250	141,757
Advances and deposits received	162,122	133,630	1,972,527
Deferred income taxes (Note 11)	396	486	4,818
Other current liabilities (Note 14)	94,415	92,048	1,148,741
Total current liabilities	692,310	655,821	8,423,288
LONG-TERM LIABILITIES			
Allowance for employees' retirement benefits (Note 12)	33,002	31,494	401,533
Allowance for directors' and corporate auditors' retirement benefits	957	1,186	11,644
Long-term debt due after one year (Note 4, 13)	1,446,489	1,443,336	17,599,331
Deposits from tenants (Note 4, 15)	353,837	354,858	4,305,110
Deferred income taxes (Note 11)	32,471	20,048	395,072
Deferred tax liabilities on land revaluation	168,130	192,374	2,045,626
Other long-term liabilities (Note 14)	40,809	39,197	496,520
Total long-term liabilities	2,075,695	2,082,493	25,254,836
CONTINGENT LIABILITIES (Note 26)			
NET ASSETS (Notes 16 and 17)			
Shareholders' equity			
Common stock	174,296	174,296	2,120,647
Authorized— 3,290,000,000 shares			
Issued— 881,424,727 shares in 2012 and 2011			
Capital surplus	248,297	248,310	3,021,012
Retained earnings	363,877	332,336	4,427,266
Treasury stock — 3,098,596 shares in 2012 and 3,087,750 shares in 2011	(5,386)	(5,397)	(65,530)
Total shareholders' equity	781,084	749,545	9,503,395
Accumulated other comprehensive income (loss)			
Net unrealized holding gains on securities	50,355	41,995	612,666
Net unrealized losses on hedging derivatives	(869)	(371)	(10,573)
Reserve on land revaluation	294,110	271,242	3,578,416
Foreign currency translation adjustments	(46,497)	(42,470)	(565,726)
Total accumulated other comprehensive income	297,099	270,396	3,614,783
Subscription rights to shares (Note 18)	588	521	7,154
Minority interests	21,636	21,924	263,243
Total net assets	1,100,407	1,042,386	13,388,575
	¥3,868,412	¥3,780,700	$47,066,699

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
REVENUES				
Revenue from operations (Note 25)	¥1,338,102	¥1,405,270	¥1,384,807	$16,280,594
Interest, dividends and miscellaneous (Note 20)	5,854	27,044	31,152	71,225
	1,343,956	1,432,314	1,415,959	16,351,819
COSTS AND EXPENSES				
Cost of revenue from operations	1,066,968	1,138,048	1,120,091	12,981,725
Selling, general and administrative expenses	145,096	147,129	144,130	1,765,373
Interest	26,748	27,456	29,544	325,441
Other (Note 19, 21)	14,345	36,681	26,530	174,535
	1,253,157	1,349,314	1,320,295	15,247,074
EQUITY IN NET INCOME OF AFFILIATED COMPANIES	3,702	689	2,027	45,042
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	94,501	83,689	97,691	1,149,787
INCOME TAXES (Note 11)				
Current	17,611	34,046	28,014	214,272
Deferred	26,180	(1,067)	8,561	318,530
Total	43,791	32,979	36,575	532,802
NET INCOME BEFORE MINORITY INTERESTS	50,710	50,710	61,116	616,985
MINORITY INTERESTS	(580)	(801)	(1,032)	(7,057)
NET INCOME	¥ 50,130	¥ 49,909	¥ 60,084	$ 609,928

Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the year ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net income before minority interests	¥50,710	¥ 50,710	$616,985
Other comprehensive income (loss):			
Net unrealized holding gains (losses) on securities	8,348	(9,832)	101,570
Net unrealized gains (losses) on hedging derivatives	(531)	189	(6,461)
Reserve on land revaluation	23,503	43	285,959
Foreign currency translation adjustments	(2,775)	(7,223)	(33,763)
Equity in other comprehensive loss of affiliated companies	(1,210)	(1,315)	(14,722)
Total other comprehensive income (loss)	27,335	(18,138)	332,583
Total comprehensive income	¥78,045	¥ 32,572	$949,568
Comprehensive income attributable to:			
Shareholders of the Company	¥77,551	¥31,693	$943,558
Minority interests	494	879	6,010
Total	¥78,045	¥32,572	$949,568

See Note 22.

	Yen			U.S. dollars (Note 1)
PER SHARE INFORMATION	2012	2011	2010	2012
Net assets per share*	¥1,227.5	¥1,161.2	¥1,147.2	$14.935
Net income per share				
— Basic	57.1	56.8	68.4	0.695
— Diluted	57.0	56.8	68.4	0.694
Cash dividends	22.0	22.0	22.0	0.268

* Net assets per share information does not include subscription rights to shares and minority interests.

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2012, 2011 and 2010

		Millions of yen										
		Shareholders' equity				Accumulated other comprehensive income (loss)						
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Reserve on land revaluation	Foreign currency translation adjustments	Subscription rights to shares	Minority interests	Total net assets
BALANCE AT APRIL 1, 2009	881,425	¥174,296	¥248,332	¥332,334	¥(5,003)	¥ 1,793	¥(459)	¥263,063	¥(35,689)	¥220	¥20,973	¥ 999,860
Decrease in number of affiliated companies	—	—	—	(62,443)	—	—	—	—	—	—	—	(62,443)
Cash dividends paid	—	—	—	(19,329)	—	—	—	—	—	—	—	(19,329)
Net income	—	—	—	60,084	—	—	—	—	—	—	—	60,084
Reversal of reserve on land revaluation, net of tax	—	—	—	(8,992)	—	—	—	8,274	—	—	—	(718)
Purchase of treasury stock	—	—	—	—	(275)	—	—	—	—	—	—	(275)
Sales of treasury stock	—	—	(12)	—	88	—	—	—	—	—	—	76
Net unrealized holding gains on securities	—	—	—	—	—	50,121	—	—	—	—	—	50,121
Net unrealized losses on hedging derivatives	—	—	—	—	—	—	(129)	—	—	—	—	(129)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	1,757	—	—	1,757
Subscription rights to shares	—	—	—	—	—	—	—	—	—	158	—	158
Minority interests	—	—	—	—	—	—	—	—	—	—	64	64
BALANCE AT MARCH 31, 2010	881,425	174,296	248,320	301,654	(5,190)	51,914	(588)	271,337	(33,932)	378	21,037	1,029,226
BALANCE AT APRIL 1, 2010	881,425	174,296	248,320	301,654	(5,190)	51,914	(588)	271,337	(33,932)	378	21,037	1,029,226
Decrease in number of affiliated companies	—	—	—	(20)	—	—	—	—	—	—	—	(20)
Cash dividends paid	—	—	—	(19,327)	—	—	—	—	—	—	—	(19,327)
Net income	—	—	—	49,909	—	—	—	—	—	—	—	49,909
Reversal of reserve on land revaluation, net of tax	—	—	—	120	—	—	—	(95)	—	—	—	25
Purchase of treasury stock	—	—	—	—	(268)	—	—	—	—	—	—	(268)
Sales of treasury stock	—	—	(10)	—	61	—	—	—	—	—	—	51
Net unrealized holding losses on securities	—	—	—	—	—	(9,919)	—	—	—	—	—	(9,919)
Net unrealized gains on hedging derivatives	—	—	—	—	—	—	217	—	—	—	—	217
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	(8,538)	—	—	(8,538)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	143	—	143
Minority interests	—	—	—	—	—	—	—	—	—	—	887	887
BALANCE AT MARCH 31, 2011	881,425	¥174,296	¥248,310	¥332,336	¥(5,397)	¥41,995	¥(371)	¥271,242	¥(42,470)	¥521	¥21,924	¥1,042,386
BALANCE AT APRIL 1, 2011	881,425	174,296	248,310	332,336	(5,397)	41,995	(371)	271,242	(42,470)	521	21,924	1,042,386
Decrease in number of affiliated companies	—	—	—	17	—	—	—	—	—	—	—	17
Cash dividends paid	—	—	—	(19,324)	—	—	—	—	—	—	—	(19,324)
Net income	—	—	—	50,130	—	—	—	—	—	—	—	50,130
Reversal of reserve on land revaluation, net of tax	—	—	—	718	—	—	—	22,868	—	—	—	23,586
Purchase of treasury stock	—	—	—	—	(99)	—	—	—	—	—	—	(99)
Sales of treasury stock	—	—	(13)	—	110	—	—	—	—	—	—	97
Net unrealized holding gains on securities	—	—	—	—	—	8,360	—	—	—	—	—	8,360
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	—	(498)	—	—	—	—	(498)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(4,027)	—	—	(4,027)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	67	—	67
Minority interests	—	—	—	—	—	—	—	—	—	—	(288)	(288)
BALANCE AT MARCH 31, 2012	881,425	¥174,296	¥248,297	¥363,877	¥(5,386)	¥50,355	¥(869)	¥294,110	¥(46,497)	¥588	¥21,636	¥1,100,407

	Thousands of U.S. Dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Reserve on land revaluation	Foreign currency translation adjustments	Subscription rights to shares	Minority interests	Total net assets
BALANCE AT APRIL 1, 2011	$2,120,647	$3,021,170	$4,043,509	$(65,665)	$510,950	$ (4,514)	$3,300,183	$(516,730)	$6,339	$266,748	$12,682,637
Decrease in number of affiliated companies	—	—	207	—	—	—	—	—	—	—	207
Cash dividends paid	—	—	(235,114)	—	—	—	—	—	—	—	(235,114)
Net income	—	—	609,928	—	—	—	—	—	—	—	609,928
Reversal of reserve on land revaluation, net of tax	—	—	8,736	—	—	—	278,233	—	—	—	286,969
Purchase of treasury stock	—	—	—	(1,204)	—	—	—	—	—	—	(1,204)
Sales of treasury stock	—	(158)	—	1,339	—	—	—	—	—	—	1,181
Net unrealized holding gains on securities	—	—	—	—	101,716	—	—	—	—	—	101,716
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	(6,059)	—	—	—	—	(6,059)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(48,996)	—	—	(48,996)
Subscription rights to shares	—	—	—	—	—	—	—	—	815	—	815
Minority interests	—	—	—	—	—	—	—	—	—	(3,505)	(3,505)
BALANCE AT MARCH 31, 2012	$2,120,647	$3,021,012	$4,427,266	$(65,530)	$612,666	$(10,573)	$3,578,416	$(565,726)	$7,154	$263,243	$13,388,575

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
Cash flows from operating activities:				
Income before income taxes	¥ 94,501	¥ 83,689	¥ 97,691	$ 1,149,787
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortization	53,231	52,955	50,287	647,658
Equity in net income of affiliated companies	(3,702)	(689)	(2,027)	(45,042)
Loss on disposal of property and equipment	4,396	8,374	—	53,486
Interest and dividend income	(3,462)	(3,410)	(2,755)	(42,122)
Interest expense	26,748	27,456	29,544	325,441
Impairment loss on investment securities	1,256	6,212	—	15,282
Decrease (increase) in accounts receivable	(2,601)	299	6,840	(31,646)
Decrease (increase) in real property for sale and advances paid for purchases	(10,053)	46,320	(50,241)	(122,314)
Decrease (increase) in equity investments in properties for sale	7,528	(4,921)	(2,876)	91,593
Increase (decrease) in accounts payable	3,237	(2,647)	(2,942)	39,384
Increase (decrease) in allowance for casualty loss	(1,878)	3,571	—	(22,849)
Interests and dividends received	4,751	5,334	4,810	57,805
Interests paid	(26,771)	(27,775)	(29,640)	(325,721)
Income taxes paid	(41,734)	(14,740)	(21,821)	(507,775)
Other, net	42,714	5,027	7,519	519,698
Net cash provided by (used in) operating activities	148,161	185,055	84,389	1,802,665
Cash flows from investing activities:				
Purchases of property and equipment	(105,535)	(178,966)	(70,658)	(1,284,037)
Proceeds from sale of property and equipment	717	3,364	595	8,724
Increase in deposits from tenants	40,902	52,669	50,164	497,652
Decrease in deposits from tenants	(43,110)	(64,805)	(53,797)	(524,516)
Increase in lease deposits	(8,157)	(8,395)	(12,261)	(99,246)
Decrease in lease deposits	17,862	11,557	15,339	217,326
Purchases of marketable and investment securities	(24,986)	(11,950)	(13,896)	(304,003)
Proceeds from sale of marketable and investment securities	2,851	21,624	26,134	34,688
Increase in non-current loans and accounts receivable	(16,219)	(12,055)	(11,266)	(197,335)
Decrease in non-current loans and accounts receivable	13,077	12,106	10,908	159,107
Other, net	(1,756)	4,298	(6,096)	(21,366)
Net cash used in investing activities	(124,354)	(170,553)	(64,834)	(1,513,006)
Cash flows from financing activities:				
Proceeds from long-term debt	221,832	217,597	133,014	2,699,014
Repayments of long-term debt	(245,257)	(253,952)	(119,267)	(2,984,025)
Proceeds from bank loans and commercial paper	1,358,719	1,524,501	1,264,417	16,531,439
Repayments of bank loans and commercial paper	(1,350,542)	(1,526,031)	(1,275,426)	(16,431,950)
Proceeds from issuance of bond	20,000	50,000	40,000	243,339
Payments for redemption of bond	—	(10,000)	(40,000)	—
Cash dividends paid	(19,317)	(19,313)	(19,317)	(235,029)
Payments of dividends to minority shareholders	(698)	(803)	(1,007)	(8,493)
Repayments of lease obligations	(2,277)	(2,175)	(1,977)	(27,704)
Net increase in treasury stocks	(70)	(224)	(199)	(852)
Other, net	(1,040)	—	—	(12,652)
Net cash (used in) provided by financing activities	(18,650)	(20,400)	(19,762)	(226,913)
Effect of exchange rate changes on cash and cash equivalents	(106)	(166)	55	(1,291)
Net increase (decrease) in cash and cash equivalents	5,051	(6,064)	(152)	61,455
Cash and cash equivalents at beginning of year	56,676	62,740	62,892	689,573
Cash and cash equivalents at end of year	¥ 61,727	¥ 56,676	¥ 62,740	$ 751,028

See accompanying notes.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. (the “Company”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. In compliance with the accounting standard, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18 issued by the Accounting Standards Board of Japan, hereafter, “PITF No. 18”), certain adjustments, which are not recorded in the statutory books of overseas subsidiaries, are incorporated in the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law (“statutory Japanese language consolidated financial statements”). The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the statutory Japanese language consolidated financial statements. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2012, which was ¥82.19 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in equity method investees is amortized over a period of 5 years. If the amount is immaterial, it is fully recognized currently in earnings.

The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries is recorded as goodwill.

All significant inter-company accounts and transactions have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

(B) USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

(C) EQUITY METHOD

Investments in all significant affiliated companies are accounted for by the equity method and, accordingly, stated at cost adjusted for equity in undistributed earnings and losses from the date of acquisition.

Commencing from the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted “Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16; March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24; March 10, 2008). Those standards require unification of accounting policies applied to affiliated companies accounted for under the equity method. There was no impact on the consolidated financial statements as of and for the year ended March 31, 2011 as a result of adopting those standards.

(D) TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

Foreign currency receivables and payables are translated at appropriate year-end rates and the resulting translation gains or losses are taken into income currently.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate, except that shareholders’ equity accounts are translated at historical rates and income statement items resulting from transactions with the Company at the rates used by the Company.

Differences arising from translation are presented as “Foreign currency translation adjustments” in accumulated other comprehensive income under net assets section.

(E) CASH AND CASH EQUIVALENTS

Deposits in banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with a maturity of three months or less at the time of purchase are treated as cash equivalents.

(F) SECURITIES

Held-to-maturity securities are stated at amortized cost.

Other securities with fair values are stated at fair value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income under net assets section. Realized gains and losses on sale of such securities are computed using moving-average cost.

Other securities without fair values are stated at moving-average cost.

The Company and its consolidated subsidiaries recognize losses for the difference between the fair value and the carrying amount when the fair value significantly declines. The Company and its consolidated subsidiaries consider the decline to be significant when the fair value of the other securities declines more than 50% of the carrying amount. When the fair value of the other securities declines from 30% to less than 50% of the carrying amount, the decline is also determined to be significant if the fair value of the securities is considered not to be recoverable to the carrying amount.

If the net realizable value of the securities without fair value declines significantly below the carrying amount, it is written down to net realizable value with a corresponding charge in the statements of income.

(G) INVENTORIES, REVENUE AND RELATED COSTS

The Company and its consolidated subsidiaries have followed accounting standard, "Accounting Standard for Measurement of Inventories" (Statement No. 9 issued by the Accounting Standards Board of Japan). Under the standard, inventories are initially recorded at acquisition cost, and when net realizable value is less than the cost (i.e., profitability of inventory has declined), the cost basis is reduced to net realizable value. Costs are determined mainly by the specific identification method and do not include interest and administrative expenses incurred during or after development of real estate, which are charged to income when incurred.

The Company and its consolidated subsidiaries recognized loss on devaluation of real property for sale of ¥19,797 million for the year ended March 31, 2010 which was charged to cost of revenue from operations. Loss on devaluation of real property for sale was not significant for the year ended March 31, 2012 and 2011.

Revenue from leasing is recognized on an accrual basis over the lease term.

Revenue from sale of properties is recognized in full when delivered and accepted by the customers.

The Company and its consolidated subsidiaries have followed Accounting Standard for Construction Contracts (ASBJ Statement No. 15; December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007). The percentage-of-completion method shall be applied if the outcome of the construction activity is deemed certain during the course of the activity, otherwise the completed-contract method shall be applied.

(H) PROPERTY AND EQUIPMENT, RELATED DEPRECIATION AND REVALUATION—excluding leased assets

Property and equipment are carried mainly at cost.

When disposed of, the cost and related accumulated depreciation or revaluation of property and equipment are removed from the respective accounts and the net difference, less any amounts realized on disposal, is reflected in the statements of income.

Depreciation of property and equipment is mainly computed by the declining-balance method over the estimated useful lives of the assets, except for those listed below which are calculated using the straight-line method.

1. Office buildings of the Company
2. Buildings acquired by the domestic consolidated subsidiaries after April 1, 1998
3. Property and equipment of the overseas consolidated subsidiaries

Estimated useful lives used in the computation of depreciation are generally as follows:

Buildings	29-50 years
Structures	15-17 years
Machinery	7-15 years
Equipment	3-15 years

For buildings on fixed term leasehold, the Company computes depreciation using the straight-line method, over its lease term assuming no residual value.

(I) IMPAIRMENT LOSSES ON FIXED ASSETS

The Company and its consolidated subsidiaries have followed accounting standards for impairment of fixed assets ("Opinion on Establishment of Accounting Standards for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council) and the guidance on accounting standards for impairment of fixed assets (the "Financial Accounting Standard Guidance No. 6" issued by the Accounting Standards Board of Japan). The accounting standards require that fixed assets be tested for recoverability whenever events or changes in circumstances indicate that the assets may be impaired. When the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, the net carrying value of assets not recoverable is reduced to recoverable amounts. Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal value calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows.

Accumulated impairment losses are deducted from book values of related fixed assets.

(J) LAND REVALUATION

Pursuant to the Law Concerning Land Revaluation and the revisions thereof, the Company and certain consolidated subsidiaries revalued land used for business activities on March 31, 2002.

The land prices for revaluation were determined based on the appraisal prices by real estate appraisers in accordance with Article 2, Paragraph 5 of the Enforcement Ordinance Concerning Land Revaluation. The difference between quoted appraisal value and the carrying amount is recorded, net of applicable income taxes, as "Reserve on land revaluation" as a separate component of accumulated other comprehensive income under the net assets section.

(K) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets are included in "Other" under caption of "INVESTMENTS and OTHER ASSETS."

Goodwill (including negative goodwill) is amortized over a period of 5 years under straight-line method. If the amount is immaterial, it is fully recognized currently in earnings.

Other intangible assets are amortized under the straight-line method. Software (for internal use) is amortized over its estimated useful lives of 5 years.

(L) ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company and its consolidated subsidiaries provide for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period plus an estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

(M) ALLOWANCE FOR CASUALTY LOSSES

The Company and its consolidated subsidiaries have estimated restoration expenses to recover tangible fixed assets and inventories damaged due to the Great East Japan Earthquake and provided allowance for casualty losses as a component of other current liabilities on the consolidated balance sheets. The allowance amounted to ¥1,693 million ($20,599 thousand) and ¥3,571 million at March 31, 2012 and 2011, respectively.

(N) ALLOWANCE FOR EMPLOYEES' RETIREMENT BENEFITS

The Company has a retirement plan which provides for lump-sum payment and annuity. Upon retirement age or at 60, a regular employee is entitled to receive a lump-sum payment and an annuity, or in certain cases at the option of the retiring employee, the full amount of the retirement benefits may be paid in a lump-sum. The retirement benefits are based primarily upon the years of employee's service and monthly pay at the time of retirement.

The allowance and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries provide allowance for employees' retirement benefits at fiscal year end based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

(O) ALLOWANCE FOR DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

Allowance for retirement benefits for directors and corporate auditors of the Company and its 34 consolidated subsidiaries are also provided at the amounts to be paid if all eligible directors and corporate auditors would have retired at year end under the internal guidelines.

(P) ACCOUNTING FOR LEASE TRANSACTIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Lease Transactions" (Statement No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the Accounting Standards Board of Japan on March 30, 2007) and the "Implementation Guidance on Accounting Standard for Lease Transactions" (the Financial Accounting Standard Implementation Guidance No. 16 issued originally by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18,1994 and revised by the Accounting Standards Board of Japan on March 30, 2007).

Those standards require finance leases to be accounted for in a manner similar to the accounting treatment for ordinary sales transactions. Lessees are required to record assets and liabilities regarding finance leases with recognition of depreciation and interest expenses. Capitalized leased assets are depreciated under the straight-line method, over the lease term assuming no residual value. Lessors are required to recognize lease receivables or investments in leased assets along with related lease (interest) income.

It should be noted that finance leases which do not transfer ownership of the leased assets to lessees whose commencement day falls on or prior to March 31, 2008 are accounted for as operating leases.

(Q) INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of 30%, an inhabitants tax of approximately 6% and a deductible enterprise tax of approximately 8%, which in the aggregate resulted in a statutory income tax rate of approximately 41% for the years ended March 31, 2012, 2011 and 2010 Refer to Note 11 for the change in a corporate income tax rate commencing the year beginning on April 1, 2012.

Income taxes are provided for on the basis of income for financial statement purposes. The tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statements and income tax purposes is recognized as deferred income taxes.

(R) DERIVATIVES AND HEDGE ACCOUNTING

1. Hedge accounting

The Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized, if derivative financial instruments are used as hedges and meet certain hedging criteria.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statements in the period which includes the inception date, and

(b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

2. The following summarizes hedging derivative financial instruments used by the Company and its consolidated subsidiaries and items hedged:

Hedging instruments:

Forward foreign exchange contracts
Foreign currency swap contracts
Interest rate swap contracts

Hedged items:

Expected foreign currency transactions
Foreign currency debt
Borrowings and debentures

3. Hedge policy

The Company and its consolidated subsidiaries use interest rate swap contracts to mitigate risk of fair value changes of borrowings and debentures due to fluctuating interest rates and risk of changes in cash flows. Exchange rate risk on borrowings made and debentures issued in non-functional currencies is hedged by utilizing currency swaps. Exchange rate risk on forecasted transactions to be settled in non-functional currencies is hedged by using forward foreign exchange contracts.

4. Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted because significant terms of hedging instruments and those of the items hedged are the same and the risk of changes in foreign exchange rates and interest rates would be entirely eliminated.

(S) EQUITY INVESTMENTS REGARDING REAL ESTATE SECURITIZATION-RELATED BUSINESS

Equity investments in tokumei-kumiai, or silent partnerships ("TK"), preferred securities issued by tokutei-mokuteki-kaisha, or specific purpose companies ("TMK") and others regarding real estate securitization-related business (collectively, "equity investments") are presented in the balance sheets as follows.

Equity investments held for sale are presented as "Equity investments in properties for sale" under "CURRENT ASSETS" and those held other than for sale are presented as "Investment securities" under "INVESTMENTS and OTHER ASSETS".

(T) REVENUE FROM JAPANESE REAL ESTATE INVESTMENT TRUST (J-REIT)

Revenue from J-REIT is included in "Revenue from operations".

(U) DIRECTORS' BONUS

The Company and its consolidated subsidiaries have followed the accounting standard, "Accounting Standard for Directors' Bonus" (Statement No. 4 issued by the Accounting Standards Board of Japan). Directors' bonuses are charged to income as selling, general and administrative expenses.

(V) SHARE-BASED PAYMENTS

The Company and its consolidated subsidiaries have followed the accounting standards, "Accounting Standard for Share-Based Payment" (Statement No. 8 issued by the Accounting Standards Board of Japan) and the "Implementation Guidance for the Accounting Standard for Share-Based Payment" (the Financial Accounting Standard Implementation Guidance No. 11 issued by the Accounting Standards Board of Japan).

Those standards require that the cost of stock options be measured based on the grant-date fair value. Outstanding options are presented as subscription rights to shares as a component of net assets in the balance sheet.

(W) COMPREHENSIVE INCOME

Commencing the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25; Jun 30, 2010). Amounts of "Accumulated other comprehensive income (loss)" and "Total accumulated other comprehensive income (loss)" for the prior year represent those of "Valuation and translation adjustments" and "Total valuation and translation adjustments", respectively. Refer to Note 22 for the information for the year ended March 31, 2010.

(X) ASSET RETIREMENT OBLIGATIONS

Commencing the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18; March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (Guidance No. 21; March 31, 2008). According to the standards, obligations associated with the retirement of tangible fixed assets are recorded as liabilities when those obligations are incurred, with the amount of the liability initially measured by discounting the future cash flows. The associated asset retirement costs are capitalized as part of the carrying amount of the fixed asset and allocated as period expenses.

As a result of adopting the standards, income before income taxes and minority interests for the year ended March 31, 2011 decreased by ¥1,944 million of which ¥1,425 million represents the cumulative effect of initially applying the standards.

(Y) ACCOUNTING CHANGES AND ERROR CORRECTIONS

Commencing the year ended March 31, 2012, the Company and its consolidated subsidiaries adopted "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009). Those standards require that changes in accounting policies, changes in presentations and corrections of prior period errors be accounted for retrospectively, and changes in accounting estimates be accounted for prospectively. Those requirements are applied to accounting changes and corrections of prior period errors made on and after the beginning of the year ended on March 31, 2012.

(Z) EARNINGS PER SHARE

Basic income per share is computed by dividing the net income available for distribution to shareholders of common stock by the weighted average number of shares of common stock outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

(AA) RECLASSIFICATIONS

Certain prior years' amounts have been reclassified to conform to the current presentation. "Loss on impairment of fixed assets", "Gain on sales of marketable securities, net", "Cumulative effect of initial application of new standards for asset retirement obligations" and "Loss on devaluation of real property for sale" which were presented as separate reconciliation items to net cash provided by operating expenses of the consolidated statements of cash flows for the years ended March 31, 2011 and 2010 are reclassified to "other, net" due to their immateriality.

(AB) NEW ACCOUNTING STANDARDS NOT YET ADOPTED

The new accounting standards and other pronouncements that have been issued which the Company and its consolidated subsidiaries have not yet adopted as of March 31, 2012, are as follows.

- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, revised March 25, 2011)
- Guidance on Disclosures about Certain Special Purpose Entities (ASBJ Guidance No. 15, revised March 25, 2011)
- Guidance on Determining a Subsidiary and an Affiliate (ASBJ Guidance No. 22, revised March 25, 2011)
- Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations (ASBJ PITF No. 20, revised March 25, 2011)

Before those revisions, special purpose entity that met certain conditions was excluded from scope of consolidation both by an investor and an originator. As a result of the revisions, such special purpose entity is excluded from scope of consolidation by an originator only. The Company and its consolidated subsidiaries will adopt those revised standards commencing the year beginning on April 1, 2012, and as a result, certain special purpose entities in which the Company invests will be included in scope of consolidation.

3. BUSINESS REORGANIZATIONS

There were no significant business reorganizations for the year ended March 31, 2012, 2011 and 2010.

4. FINANCIAL INSTRUMENTS

(1) Risk management policy regarding financial instruments

a. Policy on financial instruments

The Company and its consolidated subsidiaries make fund procurements mainly through bank loans and issuance of bonds. The temporary surplus funds are invested in low-risk financial assets. Derivative instruments are used to mitigate risks referred to below, and the Company and its consolidated subsidiaries do not enter into speculative derivative transactions or transactions with high volatility on fair value.

b. Risk management

Notes and accounts receivable and lease deposits are subject to customers' credit risk. Each business division monitors due dates and balances for each counterparty to mitigate the risk of those receivables being uncollectible due to financial difficulties and other factors.

Investment in equity securities is exposed to market-price risk. The securities are mainly those of companies with business relationships. The Company and its consolidated subsidiaries periodically monitor market prices and continuously review whether the securities should be held.

Notes and accounts payable are mostly due within one year.

Short-term debt is mainly used for funding working capital. Procurement from long-term debt and bonds payable, of which the maturities are due within 19 years from the balance sheet date, are mainly used for capital expenditures. Debt with floating interest rates is subject to interest-rate risk. The Company and its consolidated subsidiaries utilize derivatives (interest rate swaps) as hedging instruments for some long-term debt with floating interest rates to fix the cash flows of interest payments. Exchange rate risk on borrowings made and bonds issued in non-functional currencies are hedged by utilizing currency swaps. Refer to Note 2 (R) for details on hedge accounting, hedge policy, assessment of hedge effectiveness and other matters.

By using derivative instruments, the Company and its consolidated subsidiaries are exposed to counterparty's credit risk and market risks such as interest rate risk and exchange rate risk. The Company and its consolidated subsidiaries manage the credit risk by carefully evaluating the financial positions of major financial institutions before entering into contracts. The derivative transactions are executed and managed by procedures set forth in the policies established in each group company and are reported periodically to directors in charge.

Payables, debt and deposits from customers are subject to liquidity risk. The risk is managed by preparing and monitoring through monthly cash schedules.

(2) Estimated fair value of financial instruments

The carrying amount, estimated fair value and the difference of financial instruments as of March 31, 2012 and 2011 are summarized in the following table. Information on financial instruments for which the fair value is not reliably measurable is not included in the below table (refer to b).

Millions of yen

	2012			2011		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets						
Cash and bank deposits *1	¥ 62,274	¥ 62,274	¥ —	¥ 57,223	¥ 57,223	¥ —
Notes and accounts receivable-trade	26,539	26,539	—	24,042	24,042	—
Marketable and investment securities	175,733	175,770	37	167,794	167,807	13
Liabilities						
Notes and accounts payable-trade	101,321	101,321	—	87,138	87,138	—
Bank loans and long-term debt due within one year	259,922	260,919	997	272,712	273,697	985
Commercial paper	37,000	37,000	—	24,000	24,000	—
Long-term debt due after one year	1,446,489	1,488,768	42,279	1,443,336	1,478,892	35,556
Derivative instruments *2	4,366	4,366	—	4,984	4,984	—

Thousands of U.S. dollars

	2012		
	Carrying amount	Estimated fair value	Difference
Assets			
Cash and bank deposits *1	$ 757,683	$ 757,683	$ —
Notes and accounts receivable-trade	322,898	322,898	—
Marketable and investment securities	2,138,131	2,138,581	450
Liabilities			
Notes and accounts payable-trade	1,232,766	1,232,766	—
Bank loans and long-term debt due within one year	3,162,453	3,174,583	12,130
Commercial paper	450,176	450,176	—
Long-term debt due after one year	17,599,331	18,113,737	514,406
Derivative instruments *2	53,121	53,121	—

*1 Carrying amount of cash and bank deposits consists of ¥61,727 million ($751,028 thousand) and ¥56,676 million of cash and cash equivalents and ¥547 million ($6,655 thousand) and ¥547 million of bank deposits with maturities exceeding 3 months, which are included in other current assets in the accompanying consolidated balance sheets as of March 31, 2012 and 2011, respectively.

*2 Carrying amount and estimated fair value of derivative instruments represent derivative assets netted against derivative liabilities.

a. Estimation of fair value

The following methods and significant assumptions were used to estimate the fair value of financial instruments for which the fair value is reasonably measurable.

Cash and bank deposits and notes and accounts receivable-trade—The carrying amount of cash and bank deposits and notes and accounts receivable-trade approximates fair value due to their relatively short maturity.

Marketable and investment securities—Fair value of those securities is based on quoted market prices. Refer to Note 5 for detailed information.

Notes and accounts payable-trade and commercial paper— The carrying amount of notes and accounts payable-trade and commercial paper approximates fair value due to their relatively short maturity.

Bank loans and long-term debt due within one year—The carrying amount of bank loans approximates fair value due to their relatively short maturity. Fair value of long-term debt and bonds payable due within one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.

Long-term debt due after one year—Fair value of long-term debt due after one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.

Derivative instruments—Refer to Note 6.

Fair value of financial instruments includes amounts based on quoted market prices and amounts reasonably calculated. Fair value reasonably calculated, incorporating fluctuating factors, is subject to change under different assumptions. Nominal amount shown in Note 6 does not represent the market risk regarding the derivative transactions.

b. Financial instruments for which the fair value is not reliably measurable

For the following financial instruments, for which there were no quoted market prices, reasonable estimates of fair values could not be made without incurring excessive costs because of the difficulty in estimating future cash flows. Thus, information on those instruments is not presented in the above table.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Assets:			
Equity investments in properties for sale	¥ 57,569	¥ 65,739	$ 700,438
Other securities			
Unlisted stocks (excluding OTC securities)	16,172	16,534	196,764
Other (TK investments, preferred securities and others)	83,473	76,267	1,015,610
Lease deposits *	160,846	171,556	1,957,002
Liabilities:			
Deposits from tenants *	353,837	354,858	4,305,110

* While fair value accounting is applied to some lease deposits and deposits from tenants, they are not separately disclosed since they are not material.

c. Redemption schedule

The redemption schedule on cash and cash equivalents, receivables and securities with maturities as of March 31, 2012 and 2011 is as follows.

Refer to Note 13 for redemption schedule for long-term debt.

	Millions of yen			
	2012			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 Years and within 10 Years	Due after 10 Years
Cash and bank deposits *	¥62,274	¥ —	¥ —	¥—
Notes and accounts receivable-trade	26,539	—	—	—
Other securities				
National and local government bonds, etc.	15	717	1,011	—
Total	¥88,828	¥717	¥1,011	¥—

	Millions of yen			
	2011			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 Years and within 10 Years	Due after 10 Years
Cash and bank deposits *	¥57,223	¥ —	¥ —	¥—
Notes and accounts receivable-trade	24,042	—	—	—
Other securities				
National and local government bonds, etc.	—	589	908	—
Total	¥81,265	¥589	¥908	¥—

	Thousands of U.S. dollars			
	2012			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 Years and within 10 Years	Due after 10 Years
Cash and bank deposits *	$ 757,683	$ —	$ —	$—
Notes and accounts receivable-trade	322,898	—	—	—
Other securities				
National and local government bonds, etc.	183	8,724	12,300	—
Total	$1,080,764	$8,724	$12,300	$—

* Carrying amount of cash and bank deposits consists of ¥61,727 million ($751,028 thousand) and ¥56,676 million of cash and cash equivalents and ¥547 million ($6,655 thousand) and ¥547 million of bank deposits with maturities exceeding 3 months, which are included in other current assets in the accompanying consolidated balance sheets as of March 31, 2012 and 2011, respectively.

5. FAIR VALUE INFORMATION OF MARKETABLE SECURITIES, INVESTMENT SECURITIES AND OTHERS

(1) The following tables summarize historical cost, book value and fair value of securities as of March 31, 2012 and 2011:

(a) Held-to-maturity securities:

	Millions of yen					
	2012			2011		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Securities whose fair value exceeds book value						
National and local government bonds, etc.	¥1,507	¥1,545	¥38	¥ 991	¥1,007	¥16
Securities whose fair value does not exceed book value						
National and local government bonds, etc.	236	235	(1)	506	503	(3)
Total	¥1,743	¥1,780	¥37	¥1,497	¥1,510	¥13

	Thousands of U.S. dollars		
	2012		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds book value			
National and local government bonds, etc.	$18,336	$18,798	$462
Securities whose fair value does not exceed book value			
National and local government bonds, etc.	2,871	2,859	(12)
Total	$21,207	$21,657	$450

(b) Other securities:

	Millions of yen					
	2012			2011		
	Book Value (Fair Value)	Historical Cost	Difference	Book Value (Fair Value)	Historical Cost	Difference
Securities whose book value (fair value) exceeds historical cost						
Stocks	¥114,426	¥35,955	¥78,471	¥107,875	¥38,524	¥69,351
Other	30,241	25,842	4,399	31,744	25,217	6,527
Subtotal	144,667	61,797	82,870	139,619	63,741	75,878
Securities whose book value (fair value) does not exceed historical cost						
Stocks	29,323	33,893	(4,570)	26,678	31,641	(4,963)
Subtotal	29,323	33,893	(4,570)	26,678	31,641	(4,963)
Total	¥173,990	¥95,690	¥78,300	¥166,297	¥95,382	¥70,915

	Thousands of U.S. dollars		
	2012		
	Book Value (Fair Value)	Historical Cost	Difference
Securities whose book value (fair value) exceeds historical cost			
Stocks	$1,392,213	$437,462	$ 954,751
Other	367,940	314,418	53,522
Subtotal	1,760,153	751,880	1,008,273
Securities whose book value (fair value) does not exceed historical cost			
Stocks	356,771	412,374	(55,603)
Subtotal	356,771	412,374	(55,603)
Total	$2,116,924	$1,164,254	$ 952,670

(2) The following table summarizes other securities sold in the years ended March 31, 2012, 2011 and 2010:

	Millions of yen								
	2012			2011			2010		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	¥342	¥9	¥(69)	¥21,374	¥20,965	¥(1)	¥26,028	¥25,713	¥(88)
Total	¥342	¥9	¥(69)	¥21,374	¥20,965	¥(1)	¥26,028	¥25,713	¥(88)

	Thousands of U.S. dollars		
	2012		
	Sales amount	Gains	Losses
Stocks	$4,161	$110	$(840)
Total	$4,161	$110	$(840)

(3) The Company and its consolidated subsidiaries recognized ¥1,256 million ($15,282 thousand) and ¥6,212 million of impairment loss on investment securities for the year ended March 31, 2012 and 2011, respectively.

6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2012 and 2011:

		Millions of yen		
		2012		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value
Interest rate swap *1	Long-term debt			
Pay : fixed rate				
Receive : floating rate		¥659,000	¥515,000	*1
Foreign currency swap *2	Long-term debt	30,000	30,000	5,079
Foreign exchange forward *3	Forecasted transactions denominated in foreign currencies	743	—	30
Total		¥689,743	¥545,000	¥5,109

		Millions of yen		
		2011		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value
Interest rate swap *1	Long-term debt			
Pay : fixed rate				
Receive : floating rate		¥670,500	¥537,500	*1
Interest rate swap *1	Long-term debt due within one year			
Pay : floating rate				
Receive : fixed rate		30,000	30,000	4,978
Foreign currency swap *2	Long-term debt	1,085	—	6
Total		¥701,585	¥567,500	¥4,984

		Thousands of U.S. dollars		
		2012		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value
Interest rate swap *1	Long-term debt			
Pay : fixed rate				
Receive : floating rate		**$8,018,007**	**$6,265,969**	***1**
Foreign currency swap *2	Long-term debt	**365,008**	**365,008**	**61,796**
Foreign exchange forward *3	Forecasted transactions denominated in foreign currencies	**9,040**	**—**	**365**
Total		**$8,392,055**	**$6,630,977**	**$62,161**

*1. The net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed. Thus, the fair value of the interest rate swap is included in the fair value of short-term and long-term debt.
*2. Recognition of gains or losses resulting from changes in fair value of foreign currency swap contracts are deferred until the related losses or gains on the hedged items are recognized.
*3. Future transactions denominated in foreign currencies will be recorded using the contracted forward rate, and no gains and losses on the foreign exchange forward contract are recognized.
*4. Fair values are calculated mainly by discounting the future cash flows.

7. INVESTMENT AND LEASING PROPERTIES

The Company and its consolidated subsidiaries have followed "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20; November 28, 2008) and its implementation guidance "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23, November 28, 2008) which require explanations on investment and leasing properties and disclosure of fair value of those properties. Investment and leasing properties are properties held to earn rentals or for capital appreciation, and include (1) properties classified as investment properties in the balance sheet, (2) idle properties and (3) leasing properties other than (1) and (2).

The Company and its certain subsidiaries own office buildings for rent, commercial facilities and other properties in Tokyo and other areas. Net rent income and loss on disposal of property and equipment regarding those investments and leasing properties were ¥83,794 million ($1,019,516 thousand) and ¥3,969 million ($48,291 thousand) for the year ended March 31, 2012. Net rent income and loss on disposal of property and equipment regarding those investments and leasing properties were ¥76,486 million and ¥10,931 million for the year ended March 31, 2011. Net rent income and impairment loss regarding those investments and leasing properties were ¥79,447 million and ¥12,970 million for the year ended March 31, 2010. Gross rent revenue is included in revenue from operations and gross cost for rent is included in cost of revenue from operations. Impairment loss and loss on disposal of property and equipment are included in other costs and expenses (see Note 21).

The carrying amounts, net changes in the carrying amounts and the fair value of the investment and leasing properties as of and for the years ended March 31, 2012 and 2011 are stated below:

Millions of yen							
2012				2011			
Carrying amount			Fair value	Carrying amount			Fair value
Beginning of year	Net Increase during the year	End of year	End of year	Beginning of year	Net Increase during the year	End of year	End of year
¥1,986,866	**¥62,801**	**¥2,049,667**	**¥2,860,072**	¥1,845,886	¥140,980	¥1,986,866	¥2,827,636

Thousands of U.S. dollars			
2012			
Carrying amount			Fair value
Beginning of year	Net Increase during the year	End of year	End of year
$24,174,060	**$764,095**	**$24,938,155**	**$34,798,297**

Carrying amount represents acquisition cost less accumulated depreciation and accumulated loss on impairment.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amount to ¥86,407 million ($1,051,308 thousand) and ¥201,515 million, for the years ended March 31, 2012 and 2011, respectively.

Estimated fair value was calculated internally based on Japanese Real Estate Appraisal Standards.

8. INVENTORIES

Inventories at March 31, 2012 and 2011 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Real property for sale			
Completed	¥241,139	¥249,236	$2,933,921
In progress	241,581	207,221	2,939,299
Land held for development	150,333	174,570	1,829,091
Expenditure on contracts in progress	9,235	11,228	112,362
Other	8,668	8,923	105,463
Total	¥650,956	¥651,178	$7,920,136

9. ADVANCES PAID FOR PURCHASES

Advances paid for purchases comprise primarily advance payments for purchasing real estate for sale.

10. LEASE DEPOSITS

The Company and its consolidated subsidiaries lease certain office buildings and commercial facilities from the owners thereof and sublease them to subtenants. In these transactions, the Company and its consolidated subsidiaries pay lease deposits to the owners and receive deposits from subtenants (See Note 15).

11. INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Excess allowance for retirement benefits	¥ 11,988	¥ 13,372	$ 145,857
Loss on impairment of fixed assets	11,857	30,241	144,263
Allowance for loss on devaluation of real property held for sale	11,629	16,128	141,489
Allowance for loss on valuation of securities	8,610	9,178	104,757
Unrealized inter-company transactions	6,306	5,796	76,725
Accrued employees' bonuses	6,011	6,238	73,135
Unrealized loss on valuation of lease deposits	3,951	4,747	48,072
Loss on disposal of property and equipment	3,941	3,245	47,950
Excess depreciation expense	3,655	3,700	44,470
Net operating loss carryforwards	3,118	2,597	37,936
Unrealized loss on valuation of other securities	1,622	2,021	19,735
Accrued enterprise tax	1,102	2,619	13,408
Other	19,533	24,654	237,657
Total	¥ 93,323	¥124,536	$1,135,454

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax liabilities:			
Unrealized gain on valuation of securities	¥(29,514)	¥(30,847)	$ (359,095)
Deferred gain on sale of land and buildings for tax purposes	(21,362)	(24,532)	(259,910)
Unrealized gain on valuation of lease deposits	(3,864)	(4,625)	(47,013)
Unrealized loss on valuation of shares held in consolidated subsidiaries	(3,444)	(3,921)	(41,903)
Unrealized gain on contribution of securities to retirement benefit trust	(1,451)	(1,656)	(17,654)
Unrealized inter-company transactions	(707)	(449)	(8,602)
Consolidation difference in real property	(371)	(424)	(4,514)
Other	(21,172)	(21,566)	(257,598)
Total	¥(81,885)	¥(88,020)	$ (996,289)
Net deferred tax assets	¥ 11,438	¥ 36,516	$ 139,165

Amounts of total deferred tax assets as of March 31, 2012 and 2011 are presented net of valuation allowances of ¥16,447 million ($200,110 thousand) and ¥16,345 million, respectively.

Significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2012 and 2010 are as follows:

	2012	2010
Statutory tax rate	40.66%	40.66%
(Adjustments)		
Change in tax rate	3.64	—
Higher (lower) tax rates on foreign subsidiaries	1.37	(1.78)
Amortization of goodwill	—	0.33
Equity in net income of affiliated companies	(2.07)	(0.84)
Permanent differences:		
Entertainment expenses and other	1.28	0.89
Dividend income and other	—	(3.13)
Other	1.46	1.31
Effective tax rate	46.34%	37.44%

Information as of March 31, 2011 has not been disclosed as the differences are insignificant.

Commencing the year beginning on April 1, 2012, the Company and its domestic consolidated subsidiaries are subject to new corporate income tax rates based on the "Amendment to income tax law, etc. in response to the changing economic structure" and the "Special measures to secure the financial resources to implement the restoration from the Great East Japan Earthquake." promulgated on December 2, 2011.

Effective tax rates based on the new corporate income tax rates were applied in calculating deferred tax assets and liabilities as of March 31, 2012. The change in tax rates resulted in an increase of ¥3,439 million ($41,482 thousand) in income tax expenses—deferred for the year ended March 31, 2012. The change in tax rates also resulted in decreases of ¥2,979 million ($36,245 thousand) in current deferred income tax assets, ¥1,069 million ($13,006 thousand) in non-current deferred income tax assets, ¥53 million ($645 thousand) in current deferred income tax liabilities, ¥4,506 million ($54,824 thousand) in non-current deferred income tax liabilities, ¥174 million ($2,117 thousand) in deferred tax assets on land revaluation and ¥23,677 million ($288,076 thousand) in deferred tax liabilities on land revaluation, and increases of ¥3,949 million ($48,047 thousand) in net unrealized holding gains on securities and ¥23,577 million ($286,860 thousand) in reserve on land revaluation as of March 31, 2012.

12. EMPLOYEES' RETIREMENT BENEFITS

(1) Outline of retirement plan:
The Company has adopted a corporate pension plan and lump-sum pension plans, both of which are defined benefit plans. The Company has also adopted a retirement benefit trust.

One consolidated subsidiaries have adopted tax qualified pension plans. 60 consolidated subsidiaries have adopted lump-sum pension plans. One consolidated subsidiary has adopted employees' pension funds. 11 consolidated subsidiaries have adopted defined benefit corporate pension plans. One consolidated subsidiary has adopted defined contribution pension plan.

(2) Details of projected benefit obligation:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
1. Projected benefit obligation	**¥(126,817)**	¥(110,097)	**$(1,542,974)**
2. Fair value of plan assets	**70,250**	63,923	**854,727**
3. Unaccrued projected benefit obligation (1+2)	**¥ (56,567)**	¥ (46,174)	**$ (688,247)**
4. Unrecognized actuarial differences	**23,471**	14,442	**285,570**
5. Unrecognized prior service costs	**143**	333	**1,740**
6. Prepaid pension expenses	**49**	95	**596**
7. Allowance for employees' retirement benefits (3+4+5-6)	**¥ (33,002)**	¥ (31,494)	**$ (401,533)**

Note: Some consolidated subsidiaries adopt the simplified method to calculate projected benefit obligation.

(3) Details of retirement benefit expenses:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	**2012**
1. Service costs—benefits earned during the year	**¥ 5,906**	¥5,053	¥ 4,929	**$ 71,858**
2. Interest costs on projected benefit obligation	**2,461**	2,453	2,376	**29,943**
3. Expected return on plan assets	**(1,500)**	(1,388)	(1,119)	**(18,250)**
4. Amortization of actuarial differences	**3,465**	3,334	3,890	**42,158**
5. Amortization of prior service costs	**176**	(17)	(5)	**2,141**
6. Supplemental benefits	**36**	107	3	**438**
7. Retirement benefit expenses (1+2+3+4+5+6)	**¥10,544**	¥9,542	¥10,074	**$128,288**

Note: Retirement benefit expenses of consolidated subsidiaries adopting the simplified method are included in service costs.

(4) Basis for measurement of projected benefit obligation and other items:

	2012		2011		2010	
1. Allocation method for the projected retirement benefits	**Straight-line method**		Straight-line method		Straight-line method	
2. Discount rates	**1.2 - 2.2%**		1.2 - 2.5%		1.2 - 2.5%	
3. Expected rates of return on plan assets	**1.0 - 2.5%**		1.0 - 2.5%		1.0 - 2.5%	
4. Years over which the prior service costs are allocated	**1-10 years**	**Straight-line method over a certain number of years within the average remaining service years**	1-10 years	Straight-line method over a certain number of years within the average remaining service years	1-10 years	Straight-line method over a certain number of years within the average remaining service years
5. Years over which the actuarial differences obligations are allocated	**5-10 years**	**Straight-line method over a certain number of years within the average remaining service years**	5-10 years	Straight-line method over a certain number of years within the average remaining service years	5-10 years	Straight-line method over a certain number of years within the average remaining service years

Note: Discount rate for the Company which was 2.5% for the year ended March 31, 2011 changed to 1.8% for the year ended March 31, 2012.

13. BANK LOANS, COMMERCIAL PAPER AND LONG-TERM DEBT

(1) Bank loans and commercial paper

Bank loans consist mainly of short-term notes and short-term borrowings under the loan agreements. The Company and its consolidated subsidiaries have had no difficulty in renewing such notes and borrowings, when they considered it appropriate to do so.

The amounts and the weighted average interest rates of bank loans and commercial paper at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Bank loans, with the weighted average interest rates of 0.52% in 2012 and 0.46% in 2011	¥32,157	¥36,322	$391,252
Commercial paper, with the weighted average interest rates of 0.11% in 2012 and 0.15% in 2011	37,000	24,000	450,176

(2) Long-term debt

Long-term debt at March 31, 2012 and 2011 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Long-term loans, principally from banks and insurance companies:			
Loans secured by collateral or bank guarantees	¥ 9,270	¥ 9,772	$ 112,787
Unsecured loans	1,359,984	1,384,954	16,546,831
Total long-term loans, principally from banks and insurance companies	1,369,254	1,394,726	16,659,618
Bonds and debentures			
Domestic:			
3.00% yen notes due 2013	10,000	10,000	121,669
2.25% yen notes due 2012	5,000	5,000	60,834
1.04% yen notes due 2013	10,000	10,000	121,669
1.81% yen notes due 2014	10,000	10,000	121,669
1.64% yen notes due 2014	10,000	10,000	121,669
1.65% yen notes due 2015	10,000	10,000	121,669
1.81% yen notes due 2016	20,000	20,000	243,340
1.99% yen notes due 2016	10,000	10,000	121,669
1.91% yen notes due 2016	20,000	20,000	243,340
1.54% yen notes due 2014	20,000	20,000	243,340
1.84% yen notes due 2017	10,000	10,000	121,669
2.06% yen notes due 2017	20,000	20,000	243,340
1.65% yen notes due 2014	10,000	10,000	121,669
1.97% yen notes due 2017	20,000	20,000	243,340
1.92% yen notes due 2018	10,000	10,000	121,669
2.09% yen notes due 2019	10,000	10,000	121,669
1.72% yen notes due 2019	10,000	10,000	121,669
1.63% yen notes due 2019	10,000	10,000	121,669
1.49% yen notes due 2019	10,000	10,000	121,669
1.50% yen notes due 2020	10,000	10,000	121,669
1.19% yen notes due 2020	10,000	10,000	121,669
1.06% yen notes due 2020	10,000	10,000	121,669
1.32% yen notes due 2020	10,000	10,000	121,669
2.30% yen notes due 2030	10,000	10,000	121,669
1.27% yen notes due 2021	10,000	—	121,669
1.17% yen notes due 2021	10,000	—	121,669
Total bonds and debentures	305,000	285,000	3,710,914
Less amount due within one year	227,765	236,390	2,771,201
Long-term debt due after one year	¥1,446,489	¥1,443,336	$17,599,331

Long-term loans, principally from banks and insurance companies consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year, with the weighted average interest rates of 1.39% in 2012 and 1.23% in 2011	¥ 222,765	¥ 236,390	$ 2,710,366
Due after one year, with the weighted average interest rates of 1.55% in 2012 and 1.61% in 2011	1,146,489	1,158,336	13,949,252
Total	¥1,369,254	¥1,394,726	$16,659,618

The following assets are pledged as collateral for secured loans:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Collateralized assets			
Land	¥15,572	¥15,927	$189,463
Buildings and structures and others	22,589	23,215	274,839
Total	¥38,161	¥39,142	$464,302

As is customary in Japan, collateral must be given if requested, under certain circumstances, by a lending bank and such bank has the right to offset cash deposited with it against any debt or obligation that becomes due and, in case of default and certain other specified events, against all debt payable to the bank. The Company and its consolidated subsidiaries have never received any such requests nor do they expect that any such request will be made.

The annual maturities of long-term debt at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within 1 year	¥ 227,765	¥ 236,390	$ 2,771,201
Due after 1 to 2 years	208,775	231,433	2,540,151
Due after 2 to 3 years	198,345	211,072	2,413,250
Due after 3 to 4 years	180,346	193,349	2,194,257
Due after 4 to 5 years	165,787	181,753	2,017,119
Thereafter	693,236	625,729	8,434,554
Total	¥1,674,254	¥1,679,726	$20,370,532

14. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2012 and 2011

The Company and its consolidated subsidiaries, in connection with operating commercial facilities and parking business (Mitsui Repark), have entered into real estate lease contracts with terms ranging from several months to 20 years. Asset retirement obligations have been recognized in respect of the obligation of the Company and its consolidated subsidiaries to the landlords to remove the facilities from leased real estate at the end of those contracts. The liability has been calculated with expected useful lives ranging from several months to 20 years and discount rates ranging from 0 to 2.5%.

Asset retirement obligations are included in other current liabilities and other long-term liabilities on the consolidated balance sheets.

The following table summarizes the changes in the aggregate carrying amount of asset retirement obligations for the year ended March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Beginning of year *1	¥2,611	¥2,418	$31,768
Increase due to acquisition of fixed assets	269	—	3,273
Net increase due to revisions to original estimate *2	246	1,561	2,993
Decrease due to settlement	(420)	(1,598)	(5,110)
Other	239	230	2,908
End of year	¥2,945	¥2,611	$35,832

*1 Balance at beginning of the year ended March 31, 2011 represents the amount under initial application of new accounting standards. Refer to Note 2(X).
*2 Increased mainly due to additions of asbestos removal costs that have become reasonably measurable.

(2) Asset retirement obligations not recognized in the consolidated balance sheets as of March 31, 2012 and 2011

The Company and its consolidated subsidiaries own properties containing asbestos material and are obligated to remove those materials upon disposition of the properties. However, since sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the method and timing of settlement, asset retirement obligation is not recognized for the obligations to remove asbestos materials.

The Company and its consolidated subsidiaries, in connection with some commercial facilities, hotels and retail premises, have entered into real estate lease contracts and are obligated to the landlords to dismantle the facilities upon exit. However, sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the timing of settlement or lack of plan to settle. Thus asset retirement obligation regarding reestablishing the status quo is not recognized except for those mentioned in (1) above.

15. DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2012 and 2011 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Non-interest-bearing	¥349,694	¥345,467	$4,254,702
Interest-bearing	4,143	9,391	50,408
Total	¥353,837	¥354,858	$4,305,110
Average interest rate	1.20%	1.30%	

The Company and its consolidated subsidiaries generally make lease agreements with tenants under which they receive both interest-bearing deposits and non-interest-bearing deposits from tenants. The non-interest-bearing deposits and some of the interest-bearing deposits are not refundable during the life of the lease. The rest of the interest-bearing deposits are generally refundable to the tenant in equal annual or monthly payments with interest over certain periods of time commencing after the grace periods, depending on the terms of the contracts.

16. NET ASSETS

Net assets comprises four subsections, which are shareholders' equity, accumulated other comprehensive income, subscription rights to shares and minority interests, as applicable.

Under the Japanese Company Law (the "Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit, or may be capitalized by resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

17. SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(1) Changes in number of shares issued and outstanding during the years ended March 31, 2012, 2011 and 2010 are as follows:

	(Thousands)	
	Issued	Treasury stock
	Common stock	Common stock
Numbers of shares as of March 31, 2009	881,425	2,820
Numbers of shares increased *1	—	176
Numbers of shares decreased *2	—	(49)
Numbers of shares as of March 31, 2010	881,425	2,947
Numbers of shares increased *1	—	175
Numbers of shares decreased *3	—	(34)
Numbers of shares as of March 31, 2011	881,425	3,088
Numbers of shares increased *1	—	74
Numbers of shares decreased *4	—	(63)
Numbers of shares as of March 31, 2012	881,425	3,099

*1 Treasury stock increased due to purchase of odd shares.
*2 Treasury stock decreased due to sale of odd shares.
*3 Treasury stock decreased due to sale of 31 thousand odd shares and exercise of 3 thousand shares of subscription rights.
*4 Treasury stock decreased due to sale of 23 thousand odd shares and exercise of 40 thousand shares of subscription rights.

(2) Information of subscription rights to shares is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Company	Consolidated subsidiaries	Total	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option					
Balance as of March 31, 2010	¥378	¥—	¥378			
Balance as of March 31, 2011	¥520	¥—	¥520			
Balance as of March 31, 2012	¥588	¥—	¥588	$7,154	$—	$7,154

Number of shares regarding stock options as of March 31, 2012, 2011 and 2010 and number of such shares increased and decreased during the years then ended are not presented as they are insignificant.

(3) Information of dividends is summarized as follows:

(a) Dividends paid

The following resolution was approved by the ordinary general shareholders' meeting held on June 29, 2011, June 29, 2010 and June 26, 2009:

Date of shareholders' meeting	June 29, 2011	June 29, 2010	June 26, 2009
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,662 million ($117,557 thousand)	¥9,664 million	¥9,665 million
Per share amount	¥11 ($ 0.134)	¥11	¥11
Record date	March 31, 2011	March 31, 2010	March 31, 2009
Effective date	June 30, 2011	June 30, 2010	June 29, 2009

The following resolution was approved by the Board of Directors' meeting held on October 31, 2011, October 29, 2010 and October 29, 2009:

Date of board of directors' meeting	October 31, 2011	October 29, 2010	October 29, 2009
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,662 million ($117,557 thousand)	¥9,663 million	¥9,664 million
Per share amount	¥11 ($ 0.134)	¥11	¥11
Record date	September 30, 2011	September 30, 2010	September 30, 2009
Effective date	December 2, 2011	December 2, 2010	December 2, 2009

(b) Dividend whose record date falls within the current fiscal year but to be effective in the following fiscal year

The following resolution was approved by the ordinary general shareholders' meeting held on June 28, 2012, June 29, 2011 and June 29, 2010:

Date of shareholders' meeting	June 28, 2012	June 29, 2011	June 29, 2010
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,662 million ($117,557 thousand)	¥9,662 million	¥9,664 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥11 ($ 0.134)	¥11	¥11
Record date	March 31, 2012	March 31, 2011	March 31, 2010
Effective date	June 29, 2012	June 30, 2011	June 30, 2010

18. STOCK OPTION PLANS

The following table summarizes the stock option plans introduced by the Company.

Stock option expenses charged to income for the years ended March 31, 2012, 2011 and 2010 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Cost of revenue from operations	¥ 28	¥ 34	¥ 34	$ 341
Selling, general and administrative expenses	107	115	124	1,302
Total	¥135	¥149	¥158	$1,643

The following table summarizes the contents and activity of stock options as of March 31, 2012 and for the year then ended:

	2011 plan		2010 plan	2009 plan	2008 plan	2007 plan
Grantees	Directors, corporate officers and group managing officers; 25 in total *1		Directors, corporate officers and group managing officers; 25 in total *1	Directors, corporate officers and group managing officers; 25 in total *1	Directors, corporate officers and group managing officers; 26 in total *1	Directors, corporate officers and group managing officers; 27 in total *1
Type of stock and number of shares granted	143,040 shares of common stock		140,420 shares of common stock	109,650 shares of common stock	71,250 shares of common stock	48,880 shares of common stock
Grant date	August 12, 2011		August 13, 2010	August 14, 2009	August 15, 2008	September 18, 2007
Vesting conditions	*2		*2	*2	*2	*2
Requisite service period	Not specified		Not specified	Not specified	Not specified	Not specified
Exercise period *2	August 13, 2011 - August 12, 2041		August 14, 2010 - August 13, 2040	August 15, 2009 - August 14, 2039	August 16, 2008 - August 15, 2038	September 19, 2007 - September 18, 2037
Non-vested options (number of shares):						
Outstanding at beginning of year	—		140,420	109,650	69,290	47,550
Granted	143,040		—	—	—	—
Forfeited	—		—	—	—	—
Vested	—		(9,030)	(12,520)	(11,020)	(7,490)
Outstanding at end of year	143,040		131,390	97,130	58,270	40,060
Vested options (number of shares):						
Outstanding at beginning of year	—		—	—	—	—
Vested	—		9,030	12,520	11,020	7,490
Exercised	—		(9,030)	(12,520)	(11,020)	(7,490)
Expired	—		—	—	—	—
Outstanding at end of year	—		—	—	—	—
	Yen	U.S. dollars	Yen	Yen	Yen	Yen
Exercise price	¥ 1	$ 0.01	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price on exercise date	—	—	1,580	1,580	1,516	1,516
Grant-date fair value	¥919	$11.18	¥1,029	¥1,493	¥1,967	¥2,357

*1 Grantees consist of 9 directors (excluding outside directors), 8 corporate officers (non-directors) and 8 group managing officers for 2011 plan, 8 directors (excluding outside directors), 9 corporate officers (non-directors) and 8 group managing officers for 2010 plan and 2009 plan, 6 directors (excluding outside directors), 12 corporate officers (non-directors) and 8 group managing officers for 2008 plan, and 6 directors (excluding outside directors), 13 corporate officers (non-directors) and 8 group managing officers for the 2007 plan.

*2 Vesting conditions and exercise period:
Stock options granted are exercisable on the day following grantees leaving the positions of director, corporate officer or group managing officer, and for 5 years commencing on that date.

The fair value of options was estimated using the Black-Scholes option pricing-model under the following assumptions:

	2011 plan	2010 plan	2009 plan
Expected volatility *1	40%	40%	40%
Expected life *2	15 years	15 years	15 years
Expected dividend *3	¥22 ($0.27) per share	¥22 per share	¥22 per share
Risk-free rate *4	1.58%	1.41%	1.88%

*1 Expected volatility is calculated based on the historical stock price for the 15-year period ending on the grant date.
*2 Options are assumed to be exercised at the midpoint of the exercise period because of the difficulty to reasonably estimate expected life due to insufficient historical data.
*3 Expected dividend is the expected dividend amount for the fiscal year in which the options are granted, estimated as of the grant date.
*4 Risk-free rate represents the interest rate of Japanese government bonds whose life corresponds to the expected life of stock options.

Number of vesting options is estimated based on actual forfeitures due to difficulty in reasonably estimating future forfeitures.

19. IMPAIRMENT LOSS ON FIXED ASSETS

During the year ended March 31, 2012, there were no impairment losses recognized by the Company and its consolidated subsidiaries.

During the year ended March 31, 2011, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties	Buildings, land, etc.	Chuo Ward, Tokyo, etc.
Operating facilities	Buildings, land, etc.	Usuki City, Oita, etc

For the purpose of identifying fixed assets that are impaired, the Company and certain consolidated subsidiaries grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or groups of assets. The corporate headquarters' facilities are treated as common assets.

In the light of a significant decrease in the projected recoverable amount due to the Company's decision to sell the leasing properties early, the Company recorded impairment loss on those properties. In addition, considering significant deterioration of profitability due to a decline in current rental rates, adverse changes in market conditions and other factors, the Company reduced the book values of operating facilities to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥4,115 million are comprised of ¥1,885 million of land, ¥1,134 million of buildings and structures, and ¥1,096 million of others.

Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal values calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows, using a discount rate of 5%.

During the year ended March 31, 2010, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties	Buildings, land, etc.	Minato Ward, Tokyo, etc.
Operating facilities	Buildings, land, etc.	Yoichi County, Hokkaido, etc

For the purpose of identifying fixed assets that are impaired, the Company and certain consolidated subsidiaries grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or groups of assets. The corporate headquarters' facilities are treated as common assets.

In the light of a significant decrease in the projected recoverable amount due to the Company's decision to sell the leasing properties early, the Company recorded impairment loss on those properties. In addition, considering significant deterioration of profitability due to a decline in current rental rates, adverse changes in market conditions and other factors, the Company reduced the book values of operating facilities to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥18,938 million are comprised of ¥8,425 million of land, ¥9,783 million of buildings and structures, and ¥730 million of others.

Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal values calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows, using a discount rate of 5%.

20. MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	2012	2011	2010	2012
Interest income	¥ 241	¥ 209	¥ 301	$ 2,932
Dividend income	3,221	3,201	2,454	39,190
Gain on sale of investment securities	—	20,965	25,713	—
Other	2,392	2,669	2,684	29,103
Total	¥5,854	¥27,044	¥31,152	$71,225

21. MAJOR COMPONENTS OF COSTS AND EXPENSES—OTHER

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	2012	2011	2010	2012
Impairment loss on fixed assets	¥ —	¥4,115	¥18,938	$ —
Loss on disposal of property and equipment	5,635	12,325	—	68,561
Impairment loss on investment securities	1,256	6,212	—	15,282
Casualty losses	359	4,628	—	4,368
Provision for casualty losses	759	3,571	—	9,235
Other	6,336	5,830	7,592	77,089
Total	¥14,345	¥36,681	¥26,530	$174,535

22. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the year ended March 31, 2012 is presented as follows.

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Net unrealized holding gains on securities		
Unrealized holding gains arising during the year	¥ 7,036	$ 85,607
Reclassification to income for the year	352	4,283
Pretax amount	7,387	89,877
Tax (expense) benefit	961	11,692
Net-of-tax amount	8,348	101,570
Net unrealized losses on hedging derivatives		
Unrealized losses arising during the year	(1,731)	(21,061)
Reclassification to income for the year	716	8,712
Pretax amount	(1,015)	(12,349)
Tax (expense) benefit	483	5,877
Net-of-tax amount	(531)	(6,461)
Reserve on land revaluation		
Tax (expense) benefit	23,503	285,959
Foreign currency translation adjustments		
Aggregated adjustment during the year resulting from foreign currency translation	(2,775)	(33,763)
Equity in other comprehensive loss of affiliated companies		
Unrealized losses arising during the year	(1,210)	(14,722)
Total other comprehensive income	¥27,335	$332,583

Comprehensive income and other comprehensive income for the year ended March 31, 2010 are stated below. Refer to Note 2(W).

	Millions of yen
	2010
Other comprehensive income (loss):	
Net unrealized holding gains on securities	¥ 49,862
Net unrealized losses on hedging derivatives	(184)
Reserve on land revaluation	(718)
Foreign currency translation adjustments	1,039
Equity in other comprehensive income of affiliated companies	984
Total other comprehensive income	¥ 50,983
Comprehensive income attributable to:	
Shareholders of the Company	¥111,038
Minority interests	1,061
Total comprehensive income	¥112,099

23. LEASES

As lessee:

(A) Finance leases

Assets leased under finance leases that do not transfer ownership to the lessee as of March 31, 2012 and 2011 consist mainly of Parking Facilities (Mitsui Repark). Such assets are capitalized as assets and depreciated using the straight-line method over their lease term assuming no residual value.

As described in Note 2 (P), finance leases that do not transfer ownership to the lessee whose commencement day falls on or before March 31, 2008 are accounted for as operating lease. Information on such leases is summarized as follows:

(1) Pro forma amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2012 and 2011:

	Millions of yen						Thousands of U.S. dollars		
	2012			2011			2012		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥4,593	¥1,124	¥5,717	¥4,593	¥1,653	¥6,246	$55,883	$13,675	$69,588
Accumulated depreciation	2,602	1,064	3,666	2,174	1,375	3,549	31,659	12,945	44,604
Net book value	¥1,991	¥ 60	¥2,051	¥2,419	¥ 278	¥2,697	24,224	$ 730	$24,954

(2) Future lease payment inclusive of interest at March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Amount due within one year	¥ 391	¥ 671	$ 4,757
Amount due after one year	1,660	2,026	20,197
Total	¥2,051	¥2,697	$24,954

(3) Lease expense and the pro forma amount of depreciation expense for the years ended March 31, 2012, 2011 and 2010:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Lease expense	¥597	¥749	¥800	$7,264
Depreciation expense	597	749	800	7,264

(4) Calculation of the pro forma amount of depreciation expense:

Pro forma depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

(B) Operating leases

Future lease payments under non-cancellable operating leases at March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Amount due within one year	¥ 64,383	¥ 59,340	$ 783,344
Amount due after one year	151,417	170,382	1,842,280
Total	¥215,800	¥229,722	$2,625,624

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Amount due within one year	¥ 42,800	¥ 36,421	$ 520,745
Amount due after one year	209,522	183,930	2,549,239
Total	¥252,322	¥220,351	$3,069,984

24. BUSINESS TRANSACTIONS WITH SPECIAL PURPOSE ENTITIES

The Company invests in 25, 30 and 32 special purpose entities (SPEs) for securitizing its customers' real estate as of March 31, 2012, 2011 and 2010, respectively. SPEs utilized consist mainly of *tokurei-yugen-kaisha*, or limited liability companies, and *tokutei-mokuteki-kaisha*, or specific purpose companies ("TMK") under Securitization Law. The SPEs mainly acquire real estate and develop real estate projects, and developed properties are sold to investors.

Other than investments by the Company, SPEs are funded by borrowings from financial institutions, such as non-recourse loans and asset backed securities issued by TMK.

The Company plans to collect the appropriate amount of its investments at the exit of those projects referred to above. As of March 31, 2012 and 2011, those projects are making progress as initially planned. The Company's risk exposure is limited to the amount of "equity investments in properties for sale" and "investment securities".

The following tables summarize transactions with the SPEs as of March 31, 2012 and 2011 and for the years ended March 31, 2012, 2011 and 2010.

	Millions of yen					
	Balance		Revenues and costs			
	2012	2011		2012	2011	2010
Investments *1	¥96,385	¥112,684	Revenue from operations *2	¥5,232	¥8,254	¥24,925
			Cost of revenue from operations *3	662	342	143
Management	—	—	Revenue from operations *4	868	1,401	1,252

	Thousands of U.S. dollars		
	Balance	Revenues and costs	
	2012		2012
Investments *1	$1,172,710	Revenue from operations *2	$63,657
		Cost of revenue from operations *3	8,055
Management	—	Revenue from operations *4	10,561

*1 Consists of ¥47,211 million ($574,413 thousand) and ¥59,921 million of "equity investments in properties for sale" and ¥49,174 million ($598,297 thousand) and ¥52,763 million of "investment securities" as of March 31, 2012 and 2011, respectively, and includes investments in tokumei-kumiai (TK), or silent partnerships and preferred securities issued by TMK.
*2 Dividends on the investments earned by the Company, and consists of ¥5,232 million ($63,657 thousand) and ¥5,044 million for leasing segment and ¥nil million ($nil thousand) and ¥3,210 million for property sales segment for the year ended March 31, 2012 and 2011, respectively.
*3 Costs and losses incurred by the Company in connection with the investment such as costs incurred during development of real estate, and consists of ¥442 million ($5,378 thousand) and ¥322 million for the leasing segment and ¥220 million ($2,677 thousand) and ¥20 million for the property sales segment for the years ended March 31, 2012 and 2011, respectively.
*4 Asset management fees earned by the Company and Mitsui Fudosan Investment Advisers, Inc., and are included in the management segment for the years ended March 31, 2012 and 2011.

The Company has no directors and/or employees dispatched to any SPE as of March 31, 2012 and 2011.

Combined assets, liabilities and net assets of SPEs as of the latest closing date of each SPE is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Assets			
Real property	¥445,433	¥464,946	$ 5,419,552
Other	32,421	39,947	394,464
Total	¥477,854	¥504,893	$5,814,016

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Liabilities and net assets			
Borrowings *5	¥351,003	¥341,552	$4,270,629
Capital *6	119,210	161,855	1,450,420
Other	7,641	1,486	92,967
Total	¥477,854	¥504,893	$ 5,814,016

*5 Consists of non-recourse loans and asset backed securities issued by TMK.
*6 Consists of capital deposit in TK and preferred capital in TMK, and includes investments by the Company. (Refer to (*1) for respective ending balances.)

25. SEGMENT INFORMATION

Effective from the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17; March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20; March 21, 2008).

Reportable Segment Information:

The reportable segments of the Company represent its components for which operating results are regularly reviewed, utilizing separately available financial information, by the management in deciding how to allocate resources and assessing segment performance.

The Company's Head Office organizes its business units based on products and services, with each unit controlling subsidiaries with related business, mainly consisting of leasing, property sales and management.

The Company employs a matrix form of segment categorized by business unit organized by Head Office and by services provided. The Company's segments have been aggregated based on the nature of products and services into the 5 reportable segments of "Leasing", "Property Sales", "Management", "Mitsui Home", a listed subsidiary, and "Other".

Descriptions of reportable segments are stated below.

(1) Leasing

Leasing of office buildings and commercial facilities, etc.

(2) Property Sales

Sales of condominiums and detached housing to individuals, and sales of rental housing and office buildings, etc. to investors.

(3) Management

Property management and brokerage and asset management, etc.

(4) Mitsui Home

New housing construction and renovation, etc.

(5) Other

Facility operations and merchandise sales, etc.

Financial information about reportable segments for the years ended March 31, 2012, 2011 and 2010 is summarized in the following tables. The accounting policies of segments are almost the same as those described in Note 2. Segment operating income is based on revenue from operations, cost of revenue from operations and selling, general and administrative expenses. Transactions and transfers between segments are made at amounts based on prevailing market prices.

	Millions of yen						
Year ended March 31, 2012	(1)	(2)	(3)	(4)	(5)	Adjustments *1	Consolidated
Revenue from operations:							
Outside customers	¥ 420,528	¥321,352	¥286,639	¥207,568	¥102,015	¥ —	¥1,338,102
Inter—segment	15,680	—	42,462	9,271	3,383	(70,796)	—
Total revenue from operations	¥ 436,208	¥321,352	¥329,101	¥216,839	¥105,398	¥ (70,796)	¥1,338,102
Segment operating income	¥ 95,700	¥ 15,734	¥ 34,364	¥ 4,187	¥ (807)	¥ (23,140)	¥ 126,038
Segment assets	2,474,791	753,266	240,120	113,152	110,232	176,851	3,868,412
Depreciation	37,141	1,470	6,053	3,579	3,615	1,373	53,231
Additions to property and equipment and intangible assets	91,341	762	10,438	3,680	4,566	969	111,756

	Millions of yen						
Year ended March 31, 2011	(1)	(2)	(3)	(4)	(5)	Adjustments *2	Consolidated
Revenue from operations:							
Outside customers	¥ 423,468	¥405,243	¥277,947	¥205,131	¥93,481	¥ —	¥1,405,270
Inter—segment	15,849	—	41,168	8,999	3,551	(69,567)	—
Total revenue from operations	¥ 439,317	¥405,243	¥319,115	¥214,130	¥97,032	¥ (69,567)	¥1,405,270
Segment operating income	¥ 88,929	¥ 16,193	¥ 32,121	¥ 3,764	¥ 1,002	¥ (21,916)	¥ 120,093
Segment assets	2,427,493	745,625	207,064	114,366	107,543	178,609	3,780,700
Depreciation	36,610	1,438	5,858	3,876	3,775	1,398	52,955
Loss on impairment of fixed assets	1,743	—	95	—	2,277	—	4,115
Additions to property and equipment and intangible assets	210,597	1,530	8,208	3,354	4,924	781	229,394

	Millions of yen						
Year ended March 31, 2010	(1)	(2)	(3)	(4)	(5)	Adjustments *3	Consolidated
Revenue from operations:							
Outside customers	¥ 430,976	¥386,256	¥266,662	¥202,865	¥ 98,048	¥ —	¥1,384,807
Inter—segment	16,837	14	41,002	7,059	3,973	(68,885)	—
Total revenue from operations	¥ 447,813	¥386,270	¥307,664	¥209,924	¥102,021	¥ (68,885)	¥1,384,807
Segment operating income	¥ 95,554	¥ 12,493	¥ 29,714	¥ 3,640	¥ 228	¥ (21,043)	¥ 120,586
Segment assets	2,273,046	796,794	208,325	113,068	110,112	209,079	3,710,424
Depreciation	34,538	1,177	5,308	3,840	3,985	1,439	50,287
Loss on impairment of fixed assets	14,056	—	836	—	4,046	—	18,938
Additions to property and equipment and intangible assets	38,877	4,216	5,875	2,777	7,377	2,850	61,972

	Thousands of U.S. dollars						
Year ended March 31, 2012	(1)	(2)	(3)	(4)	(5)	Adjustments *1	Consolidated
Revenue from operations:							
Outside customers	**$ 5,116,535**	**$3,909,867**	**$3,487,517**	**$2,525,465**	**$1,241,210**	**$ —**	**$16,280,594**
Inter—segment	**190,777**	**—**	**516,632**	**112,800**	**41,160**	**(861,369)**	**—**
Total revenue from operations	**$ 5,307,312**	**$3,909,867**	**$4,004,149**	**$2,638,265**	**$1,282,370**	**$ (861,369)**	**$16,280,594**
Segment operating income	**$ 1,164,375**	**$ 191,434**	**$ 418,104**	**$ 50,943**	**$ (9,819)**	**$ (281,541)**	**$ 1,533,496**
Segment assets	**30,110,610**	**9,164,935**	**2,921,523**	**1,376,712**	**1,341,185**	**2,151,734**	**47,066,699**
Depreciation	**451,892**	**17,885**	**73,646**	**43,545**	**43,983**	**16,707**	**647,658**
Additions to property and equipment and intangible assets	**1,111,340**	**9,271**	**126,998**	**44,774**	**55,554**	**11,790**	**1,359,727**

*1 Adjustments to segment operating income of ¥(23,140) million ($(281,541) thousand) consists of ¥15 million ($184 thousand) of inter-segment elimination and ¥(23,155) million ($(281,725) thousand) of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥176,851 million ($2,151,734 thousand) consists of ¥(730,484) million ($(8,887,748) thousand) of inter-segment elimination, ¥785,179 million ($9,553,218 thousand) of corporate assets and investments in affiliated companies of ¥122,156 million ($1,486,264 thousand).

*2 Adjustments to segment operating income of ¥(21,916) million consists of ¥230 million of inter-segment elimination and ¥(22,146) million of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥178,609 million consists of ¥(721,668) million of inter-segment elimination, ¥786,445 million of corporate assets and investments in affiliated companies of ¥113,832 million.

*3 Adjustments to segment operating income of ¥(21,043) million consists of ¥908 million of inter-segment elimination and ¥(21,951) million of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥209,079 million consists of ¥(718,189) million of inter-segment elimination, ¥812,332 million of corporate assets and investments in affiliated companies of ¥114,936 million.

Reportable segment information regarding carrying amount and amortization of goodwill and income recognized from negative goodwill has been omitted due to their immateriality.

Products and Services Information:

Refer to reportable segment information.

Geographic Area Information:

Geographic area information has been omitted since revenue from outside customers in the Japan area and property and equipment located in the Japan area accounted for more than 90% of revenue from operations on the consolidated income statements and property and equipment on the consolidated balance sheets, respectively.

Customer Information:

Customer information has been omitted since revenue from no single customer exceeded 10% of revenue from operations on the consolidated income statements.

26. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Loans guaranteed	**¥42,014**	¥48,837	**$511,181**

27. SUBSEQUENT EVENTS

There were no applicable items under this category.

Independent Auditor's Report

To the Board of Directors of Mitsui Fudosan Co., Ltd.:

We have audited the accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, comprehensive income for each of the years in the two-year period ended March 31, 2012, and and the consolidated statements of income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2012, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 28, 2012
Tokyo, Japan

DOMESTIC NETWORK

Head Office

1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-0022

Branch Offices

Kansai Head Office
Midosuji Mitsui Building
1-3, Bingo-machi 4-chome, Chuo-ku, Osaka-shi, Osaka 541-0051

Kyoto Branch
Kyoto Mitsui Building
8 Naginataboko-cho, Shijodori-Karasuma, Higashiiru,
Shimogyo-ku, Kyoto-shi, Kyoto 600-8008

Hokkaido Branch
Sapporo HS Building
10-2, Kitasanjyo Nishi 2-chome, Chuo-ku,
Sapporo-shi, Hokkaido 060-0003

Tohoku Branch
Sendai Honcho Mitsui Building
4-6, Honcho 2-chome, Aoba-ku, Sendai-shi,
Miyagi 980-0014

Chiba Branch
Chiba Chuo Twin Building No.1
11-1, Chuo 1-chome, Chuo-ku, Chiba-shi,
Chiba 260-0013

Yokohama Branch
Yokohama Mitsui Building
1-2, Takashima 1-chome, Nishi-ku,
Yokohama-shi, Kanagawa 220-0011

Chubu Branch
Nagoya Mitsui Main Building
24-30, Meieki Minami 1-chome,
Nakamura-ku, Nagoya-shi, Aichi 450-0003

Chugoku Branch
Nakamachi Mitsui Building
9-12, Nakamachi, Naka-ku, Hiroshima-shi,
Hiroshima 730-0037

Kyushu Branch
Hakata Mitsui Building
10-1, Kami Gofuku-machi, Hakata-ku, Fukuoka-shi,
Fukuoka 812-0036

OVERSEAS NETWORK

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Fax: 1-808-531-5651

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Fax: 44-20-7318-4371

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Mitsui Fudosan Co., Ltd. Hong Kong Branch
Level 3, Three Pacific Place,
1 Queen’s Road East, Admiralty, Hong Kong
Tel : 852-2855-6951

History

(From Mitsui Fudosan's Corporate Profile 2012)

1673
- Opening of the Echigo-ya clothing store in Nihonbashi by Takatoshi Mitsui, founder of the House of Mitsui

1914
- Establishment of Mitsui Company and its real estate section

1929
- Completion of Mitsui Main Building

1941
- Separation of real estate division from the Mitsui Company, establishment of Mitsui Fudosan Co., Ltd. with 3 million yen in capital, wholly owned by the Mitsui family

1949
- Listing of stock

1951
- Foundation of Daiichi Engei Co., Ltd.

1956
- Liquidation and absorption of the Mitsui Company by Mitsui Fudosan

1959
- Capital participation in Fuji Sogo Development (now Cany Corporation)

1960
- Foundation of Oriental Land Co., Ltd.

1961
- Start of development and sales of residential and vacation property

1968
- Start of development and sales of condominiums
- Completion of Kasumigaseki Building (Tokyo), the first skyscraper in Japan

1969
- Start of construction and sales of houses
- Establishment of Mitsui Real Estate Sales Co., Ltd.

1971
- Completion of Mita Tsunamachi Park Mansion (Tokyo)

1972
- Completion of Ginza Mitsui Building (Tokyo)

1973
- Foundation of Mitsui Fudosan America, Inc.

1974
- Completion of Shinjuku Mitsui Building (Tokyo)
- Establishment of Mitsui Home Co., Ltd.

1975
- Foundation of Mashiko Country Club (Tochigi)

1976
- Foundation of Uniliving Co., Ltd.

1980
- Establishment of "Let's" system of joint development

1981
- Opening of LaLaport (now LaLaport TOKYO-BAY), Japan's first large-scale regional shopping center (Chiba)

1983
- Opening of Tokyo Disneyland (Chiba)

1984
- Opening of Mitsui Garden Hotel Osaka (now Mitsui Garden Hotel Osaka Yodoyabashi), Mitsui Fudosan's first hotel in Japan (Osaka)
- Opening of Halekulani Hotel in Hawaii

1986
- Acquisition of Exxon Building, (now 1251 Avenue of the Americas) (New York)

1987
- Opening of Waikiki Parc Hotel (Hawaii)

1990
- Opening of Alpark (Hiroshima)

1991
- Creation of new corporate logo " "

1993
- Full completion of Okawabata River City 21, West Block (Tokyo)
- Full completion of Bell Park City (Osaka)

1994
- Listing of Mitsui Home Co., Ltd. on Tokyo Stock Exchange
- Opening of Shonan Village (Kanagawa)

1995
- Opening of Tsurumi Hanaport Blossom (now MITSUI OUTLET PARK OSAKA TSURUMI), the first factory outlet mall in Japan (Osaka)

1998
- Registration of Mitsui Main Building as Important Cultural Property
- Completion of Yokohama Bayside Marina Shops and Restaurants (now MITSUI OUTLET PARK YOKOHAMA BAYSIDE) (Kanagawa)

1999
- Establishment of the Mitsui Fudosan Group Vision and Mission
- Completion of Gate City Osaki (Tokyo)
- Completion of MARINE PIA KOBE PORTO BAZAR Factory Outlets (now MITSUI OUTLET PARK MARINE PIA KOBE) (Hyogo)

2000
- Start of Office Building Fund operation
- Completion of La Fete Tama Minami Osawa (now MITSUI OUTLET PARK TAMA MINAMI OSAWA) (Tokyo)
- Completion of Mitsui Garden Hotel Okayama (Okayama)
- Completion of Garden Walk Makuhari (now MITSUI OUTLET PARK MAKUHARI) (Chiba)

2002
- Completion of Nakanoshima Mitsui Building (Osaka)
- Completion of JAZZ DREAM NAGASHIMA (now MITSUI OUTLETPARK JAZZ DREAM NAGASHIMA) (Mie)

2003
- Completion of Shiodome City Center (Tokyo)
- Establishment of Challenge Plan 2008, Mitsui Fudosan Group's long-term business strategy
- Completion of Roppongi T-CUBE (Tokyo)
- Completion of Aoyama Park Tower (Tokyo)
- Completion of Goodwood Gardens (Singapore)

2004
- Opening of Nihonbashi 1-Chome Building (COREDO Nihonbashi) (Tokyo)

2005
- Opening of office in Shanghai, China
- Completion of Nihonbashi Mitsui Tower (Tokyo)
- Opening of Mitsui Garden Hotel Ginza Premier (Tokyo)
- Establishment of Mitsui Fudosan Residential Co. Ltd.

2006
- Opening of Urban Dock LaLaport TOYOSU (Tokyo)
- Opening of LAZONA Kawasaki plaza (Kanagawa)
- Opening of LaLaport KASHIWANOHA (Chiba)

2007
- Opening of LaLaport YOKOHAMA (Kanagawa)
- Opening of Tokyo Midtown (Tokyo)
- Establishment of New Challenge Plan 2016, Mitsui Fudosan Group's long-term business strategy
- Completion of Gran Tokyo North Tower (Tokyo)

2008
- Completion of Akasaka Biz Tower (in Akasaka Sacas) (Tokyo)
- Completion of Yodoyabashi Mitsui Building (Yodoyabashi Odona)(Osaka)
- Opening of MITSUI OUTLET PARK IRUMA (Saitama)
- Opening of MITSUI OUTLET PARK SENDAI PORT (Miyagi)

2009
- Opening of Mitsui Garden Hotel Yotsuya (Tokyo)
- Completion of Sendai Hon-cho Mitsui Building (Miyagi)
- Opening of LaLaport IWATA (Shizuoka)
- Opening of LaLaport SHIN-MISATO (Saitama)

2010
- Opening of MITSUI OUTLET PARK SAPPORO KITA HIROSHIMA (Hokkaido)
- Opening of Mitsui Garden Hotel Sapporo (Hokkaido)
- Full Completion of Tokyo Southern Garden (Tokyo)
- Opening of MITSUI OUTLET PARK SHIGA RYUO (Shiga)
- Opening of Mitsui Garden Hotel Ueno (Tokyo)
- Completion of Muromachi Higashi Mitsui Building (COREDO Nihonbashi) (Tokyo)

2011
- Opening of Shanjing Outlet Plaza, Ningbo (Zhejiang Province, PRC)
- Opening of MITSUI OUTLET PARK KURASHIKI (Okayama)

2012
- Completion of Yokohama Mitsui Building (Kanagawa)
- Establishment of Innovation 2017, Mitsui Fudosan Group's long-term business strategy
- Opening of MITSUI OUTLET PARK KISARAZU (Chiba)
- Opening of DiverCity Tokyo (Tokyo)

Investor Information

(Parent company; as of March 31, 2012)

Mitsui Fudosan Co., Ltd.

Head Office:
1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo, 103-0022, Japan

Date of Establishment:
July 15, 1941

Capital:
¥174,296 million

Listings:
Tokyo, Osaka (Ticker: 8801)

Number of Shares:
Authorized: 3,290,000,000
Issued and outstanding: 881,424,727

Number of Shareholders:
34,164

Transfer Agent:
Sumitomo Mitsui Trust Bank, Limited

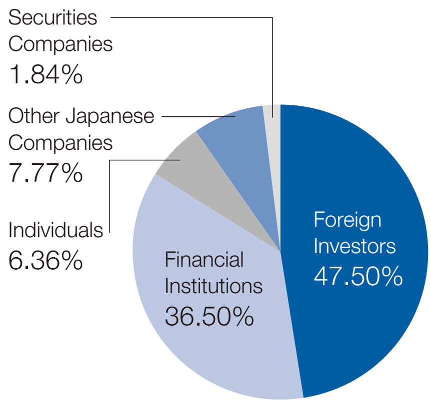
Number of Employees:
1,256 (Consolidated 16,666)

URL:
http://www.mitsuifudosan.co.jp/english

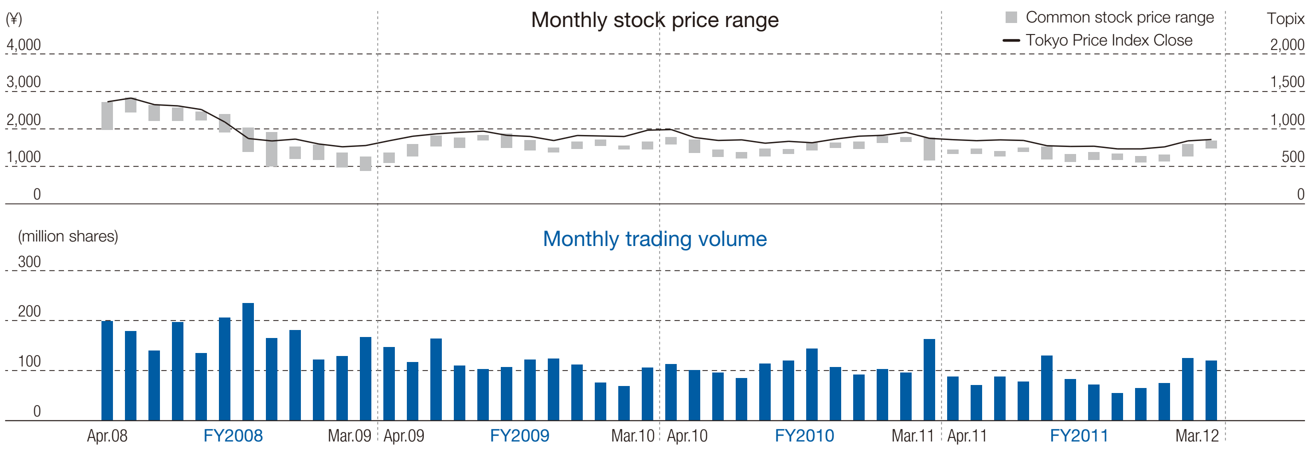
Major Shareholders

	Number of shares held (Thousands)	Percentage of total shares in issue
The Master Trust Bank of Japan, Ltd. (Trust account)	73,603	8.35
Japan Trustee Services Bank, Ltd. (Trust account)	57,273	6.5
Cbldn Stichting PGGM Depository	25,655	2.91
SSBT ODO5 OMNIBUS ACCOUNT - TREATY CLIENTS	20,136	2.28
The Chase Manhattan Bank, N.A. London S.L.Omnibus Account	19,988	2.27
Sumitomo Mitsui Banking Corporation	18,546	2.10
State Street Bank and Trust Company 505223	18,083	2.05
The Chuo Mitsui Trust & Banking Co., Ltd.	17,565	1.99
The Bank of New York Treaty JASDEC Account	16,444	1.87
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	15,197	1.72
Total	282,489	32.05

Composition of Shareholders



Monthly Stock Data (TSE)



Notice concerning social and environment activities
Details of the Mitsui Fudosan Group's efforts to contribute to society and the environment are posted on the following website.
http://www.mitsuifudosan.co.jp/english/corporate/csr/2011/index.html

MITSUI FUDOSAN

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