

April 28, 2006

# FACT BOOK

For the Year Ended March 31, 2006



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## **Corporate Data**

### **Mitsui Fudosan Co., Ltd.**

#### **Head Office:**

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

#### **Date of Establishment:**

July 15, 1941

#### **Share Capital:**

¥174,296 million

#### **Number of Issued and Outstanding Shares:**

881,424,727

#### **Stock Exchange Listing:**

Tokyo, Osaka (Code: 8801)

#### **Please visit our website at:**

[www.mitsuifudosan.co.jp/english/](http://www.mitsuifudosan.co.jp/english/)

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### **Forward-Looking Statements**

In this Fact Book, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks and uncertainties related to internal and external factors that may cause actual results and achievements to differ from those anticipated in these statements. Therefore, we do not advise potential investors to base investment decisions solely on this Fact Book.

## Consolidated Financial Highlights (Unaudited)

### For the Year Ended March 31, 2006

#### CONSOLIDATED RESULTS

(¥ millions)	Year Ended March 31		YoY Change	
	2006	2005	(amount)	(percentage)
Revenue from Operations	¥1,159,280	¥1,111,359	¥47,920	4.3
Operating Income	137,543	115,764	21,779	18.8
Ordinary Income	118,970	94,637	24,333	25.7
Net Income	56,541	28,693	27,848	97.1

- In the fiscal year ended March 31, 2006, revenue from operations totaled ¥1,159.2 billion, up ¥47.9 billion (4.3%) from the previous fiscal period. Operating income grew ¥21.7 billion (18.8%), to ¥137.5 billion, and ordinary income rose ¥24.3 billion (25.7%), to ¥118.9 billion—representing record-high figures for the third consecutive year.
- Net income for the year reached ¥56.5 billion, up ¥27.8 billion (97.1%) from the previous fiscal year, which saw the early application of impairment accounting standards for fixed assets. This was the highest net income figure on record.
- The “Leasing” segment benefited from the full-year operation of multiple projects completed during the preceding fiscal year. These included Toranomon Kotohira Tower (office building in Minato-ku, Tokyo) and LaLaport Koshien (retail facility in Nishinomiya-shi, Hyogo). Other positive factors included increased income from existing office buildings and retail facilities amid improved market conditions, reflected in higher demand for office space and a recovery in retail sales. As a result, segment revenue increased ¥20.6 billion, and segment operating income climbed ¥5.4 billion. On a nonconsolidated basis, the vacancy rate of office buildings in the Tokyo Metropolitan Area at March 31, 2006, was 1.0% (down from 3.0% from a year earlier).
- The “Sales of housing, office buildings and land” segment reported a ¥2.4 billion increase in revenue and a ¥9.5 billion rise in operating income. Profitability improved owing to a continuation of favorable sales conditions for housing units aimed at individuals. Sales of properties for investors also grew, reflecting ongoing expansion of the real estate investment market.
- Both the “Brokerage, consignment sales and consulting” and “Property management” segments reported increased year-on-year revenue and operating income, owing to growth in brokerage services for individuals and corporations, as well as expansion of assets under the Group’s management.

#### CONSOLIDATED FORECAST

(¥ millions)	Year to 3/07	Year Ended 3/06	YoY Change	
	(forecast)	(actual)	(amount)	(percentage)
Revenue from Operations	¥1,220,000	¥1,159,280	¥60,720	5.2
Operating Income	145,000	137,543	7,457	5.4
Ordinary Income	125,000	118,970	6,030	5.1
Net Income	63,000	56,541	6,459	11.4

## Consolidated Financial Summary

(¥ millions)

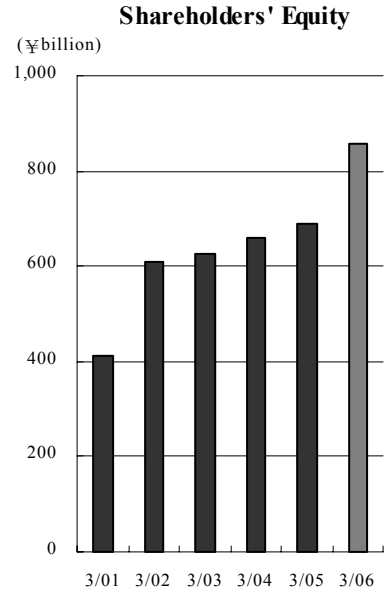
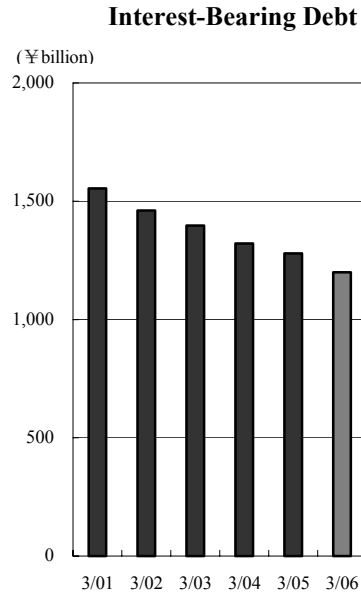
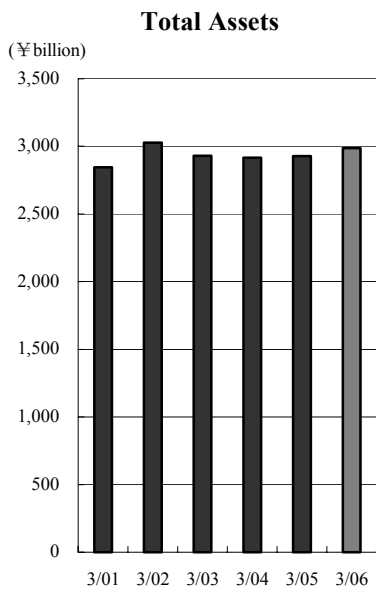
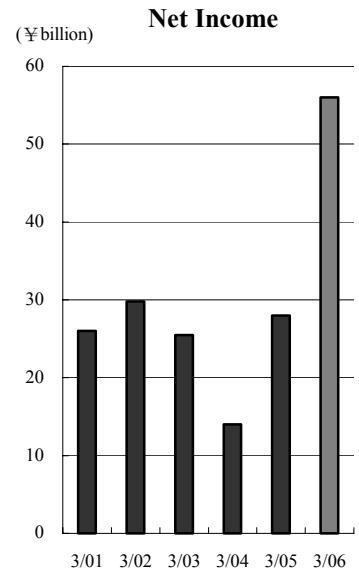
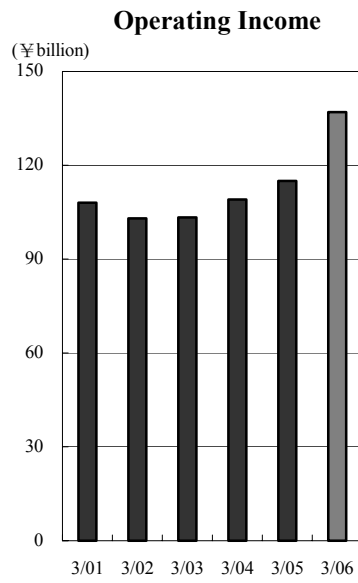
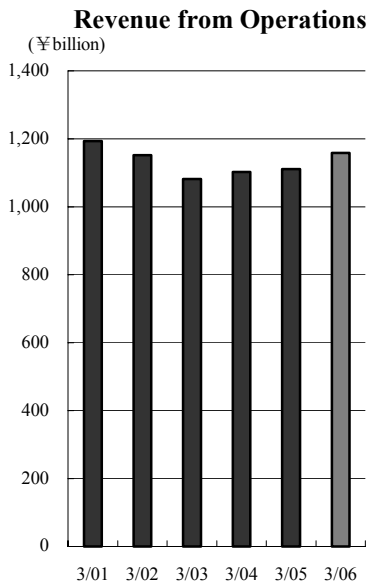
Operating Results:	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥1,159,280	¥1,111,359	¥47,920
Operating Income	137,543	115,764	21,779
Ordinary Income	118,970	94,637	24,333
Net Income	56,541	28,693	27,848
Financial Position:	March 31, 2006	March 31, 2005	Change (amount)
Total Assets	¥2,986,501	¥2,928,199	¥58,302
Interest-Bearing Debt	1,199,291	1,279,049	(79,758)
Shareholders' Equity	858,363	687,717	170,646
Cash Flows:	Year Ended March 31		Change (amount)
	2006	2005	
Cash Flows from Operating Activities	¥22,510	¥100,135	¥ (77,625)
Cash Flows from Investing Activities	(60,833)	(76,870)	16,036
Cash Flows from Financing Activities	(12,445)	(52,081)	39,636
Cash and Cash Equivalents at End of Period	62,587	113,078	(50,490)

## Segment Information

(¥ millions)

	Year Ended March 31		Change (amount)
	2006	2005	
<b>Leasing</b>			
Revenue from Operations	¥364,339	¥343,719	¥20,620
Operating Income	67,929	62,520	5,408
<b>Sales of Housing, Office Buildings and Land</b>			
Revenue from Operations	336,917	334,472	2,445
Operating Income	44,654	35,153	9,500
<b>Construction</b>			
Revenue from Operations	187,496	183,552	3,944
Operating Income	2,351	2,359	(8)
<b>Brokerage, Consignment Sales and Consulting</b>			
Revenue from Operations	68,748	60,223	8,524
Operating Income	22,592	18,607	3,985
<b>Property Management</b>			
Revenue from Operations	90,437	78,248	12,188
Operating Income	12,746	10,767	1,978
<b>Sales of Housing Materials and Merchandise</b>			
Revenue from Operations	65,065	65,228	(162)
Operating Income	831	187	643
<b>Facility Operations</b>			
Revenue from Operations	38,976	38,509	467
Operating Income	1,921	1,386	535
<b>Other</b>			
Revenue from Operations	7,297	7,404	(107)
Operating Income	2,470	1,849	621

Note: The accompanying consolidated financial statements have been prepared from the accounts maintained by Mitsui Fudosan Co., Ltd., and its consolidated subsidiaries in accordance with provisions set forth in the Japanese Commercial Code and other countries' regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Accounting Standards. Figures have been rounded down to eliminate amounts less than one million yen. Sales by segment refers to sales to outside customers.



## Consolidated Business Overview

### RESULTS OF OPERATIONS

(¥ millions)

	Year Ended March 31		Change (amount)
	2006	2005	
<b>Revenue from Operations</b>	¥1,159,280	¥1,111,359	¥47,920
Leasing	364,339	343,719	20,620
Sales of Housing, Office Buildings and Land	336,917	334,472	2,445
Construction	187,496	183,552	3,944
Brokerage, Consignment Sales and Consulting	68,748	60,223	8,524
Property Management	90,437	78,248	12,188
Sales of Housing Materials and Merchandise	65,065	65,228	(162)
Facility Operations	38,976	38,509	467
Other	7,297	7,404	(107)
<b>Operating Income</b>	137,543	115,764	21,779
Leasing	67,929	62,520	5,408
Sales of Housing, Office Buildings and Land	44,654	35,153	9,500
Construction	2,351	2,359	(8)
Brokerage, Consignment Sales and Consulting	22,592	18,607	3,985
Property Management	12,746	10,767	1,978
Sales of Housing Materials and Merchandise	831	187	643
Facility Operations	1,921	1,386	535
Other	2,470	1,849	621
Elimination or Corporate	(17,954)	(17,066)	(887)
<b>Non-Operating Income/Expenses</b>	(18,572)	(21,127)	2,554
Equity in Net Income/Loss of Affiliated Companies	3,155	3,595	(440)
Interest Expense, in Net	(19,594)	(19,377)	(216)
Other, in Net	(2,133)	(5,345)	3,211
<b>Ordinary Income</b>	118,970	94,637	24,333
<b>Extraordinary Gains/Losses</b>	(26,008)	(42,795)	16,786
Extraordinary Gains	12,111	4,968	7,142
Extraordinary Losses	38,120	47,764	(9,644)
<b>Income before Income Taxes</b>	92,962	51,841	41,120
Income Taxes	35,254	21,642	13,611
Minority Interests	1,166	1,506	(340)
<b>Net Income</b>	¥56,541	¥28,693	¥27,848

#### [Revenue and Income from Operations]

- In the fiscal year ended March 31, 2006, revenue from operations totaled ¥1,159.2 billion, up 4.3% from the previous fiscal period.
- The “Leasing” segment benefited from the full-year operation of multiple projects completed during the preceding fiscal year. These included Toranomon Kotohira Tower (office building in Minato-ku, Tokyo), Kojun Building (retail facility in Chuo-ku, Tokyo), LaLaport Koshien (retail facility in Nishinomiya-shi, Hyogo), and ZOE Ginza (retail facility in Chuo-ku, Tokyo). Other positive factors included increased income from existing office buildings and retail facilities amid improved market conditions, reflected in higher demand for office space and a recovery in retail sales. As a result, segment revenue increased ¥20.6 billion, and segment operating income climbed ¥5.4 billion.
- The “Sales of housing, office buildings and land” segment reported a ¥2.4 billion increase in revenue and a ¥9.5 billion rise in operating income. Profitability improved owing to a continuation of favorable sales conditions for housing units aimed at individuals. Sales of properties for investors also grew, reflecting ongoing expansion of the real estate investment market.
- Both the “Brokerage, consignment sales and consulting” and “Property management” segments reported increased year-on-year revenue and operating income, owing to growth in brokerage services for individuals and corporations, as well as expansion of assets under the Group’s management.

- Operating income grew 18.8%, to ¥137.5 billion. The increase in operating income boosted ordinary income by ¥24.3 billion (25.7%). Net income for the year was ¥27.8 billion (97.1%) higher than the previous fiscal period.

## [Segments Results]

Revenue figures for all segments refer to sales to outside customers only.

### [1] LEASING

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥364,339	¥343,719	¥20,620
Operating Income	67,929	62,520	5,408

- Revenue from operations in the “Office buildings” category of this segment increased ¥6.3 billion year-on-year, due to the full-year operation of multiple projects completed during the previous fiscal year. These included Toranomon Kotohira Tower (Minato-ku, Tokyo), Oval Court Ohsaki Mark East (Shinagawa-ku, Tokyo), and Shinkiba Center Building No. 2 (Koto-ku, Tokyo). Existing office buildings also generated higher earnings amid improving market conditions, as growing demand for office space pushed down vacancy rates and boosted rental fees.
- Revenue from operations in the “Retail facilities” category grew ¥6.0 billion. A number of retail facilities completed in the previous fiscal year contributed to full-year earnings. These included Stellar Town (Saitama-shi, Saitama), Kojun Building (Chuo-ku, Tokyo), LaLaport Koshien (Nishinomiya-shi, Hyogo), and ZOE Ginza (Chuo-ku, Tokyo). Renovation and floor space expansion of existing facilities also contributed to improved revenue.
- The residential leasing (centering on Mitsui Fudosan Housing Lease) and the car-park leasing (Mitsui Real Estate Sales) businesses both reported increases in units under management.
- For the entire “Leasing” segment, revenue from operations grew ¥20.6 billion. Benefiting from this increase, segment operating income rose ¥5.4 billion.
- On a consolidated basis (including overseas), the total vacancy rate for all office buildings and retail facilities was 1.4% at March 31, 2006 (compared with 2.8% a year earlier). On a nonconsolidated basis, the vacancy rate of office buildings in the Tokyo Metropolitan Area was 1.0% (down from 3.0%).

#### <Major Projects>

##### (NEWLY ON-STREAM)

Nihonbashi Mitsui Tower (Chuo-ku, Tokyo)	Office building and hotel completed in July 2005
Ginza Mitsui Building (Chuo-ku, Tokyo)	Office building and hotel completed in September 2005

##### (FULL-YEAR CONTRIBUTION)

LaLa Terrace Minami-Senju (Arakawa-ku, Tokyo)	Retail Facility opened in April 2004
Stellar Town (Saitama-shi, Saitama)	Retail Facility opened in April 2004
Kojun Building (Chuo-ku, Tokyo)	Retail Facility opened in October 2004
Toranomon Kotohira Tower (Minato-ku, Tokyo)	Office building completed in November 2004
LaLaport Koshien (Nishinomiya-shi, Hyogo)	Retail Facility opened in November 2004
Oval Court Ohsaki Mark East (Shinagawa-ku, Tokyo)	Office building completed in December 2004
Shinkiba Center Building No.2 (Koto-ku, Tokyo)	Office building completed in January 2005
ZOE Ginza (Chuo-ku, Tokyo)	Retail Facility opened in March 2005



**(a) Leasing**

(¥ millions)

	Year Ended March 31		Change (amount)
	2006	2005	
	Revenue	Revenue	
Office Buildings	222,069	215,718	6,351
Retail Facilities	56,968	50,957	6,011
Residential	55,768	51,311	4,456
Other (Car Park, etc.)	29,533	25,732	3,800
<b>Total</b>	<b>364,339</b>	<b>343,719</b>	<b>20,620</b>

**(b) Leased Floor Space**

		March 31	
		2006	2005
<b>Office Buildings and Retail Facilities</b>	Leased Floor Space (m <sup>2</sup> ):		
	Owned	1,950,660	1,957,426
	Managed	1,450,452	1,464,710
	<b>Total</b>	<b>3,401,112</b>	<b>3,422,135</b>
	Vacancy Rate (%)	<b>1.4</b>	<b>2.8</b>
<b>Residential</b>	Leased Units:		
	Owned	236	258
	Managed	55,521	50,081
	<b>Total</b>	<b>55,757</b>	<b>50,339</b>

**(c) Total Floor Space (Nonconsolidated)**

	March 31					
	2006			2005		
	No. of Buildings	Floor Space (1,000 m <sup>2</sup> )	Share of Total Floor Space (%)	No. of Buildings	Floor Space (1,000 m <sup>2</sup> )	Share of Total Floor Space (%)
Owned	112	2,547	49.4	117	2,454	48.1
Managed	189	2,613	50.6	197	2,646	51.9
<b>Total</b>	<b>301</b>	<b>5,160</b>	<b>100.0</b>	<b>314</b>	<b>5,101</b>	<b>100.0</b>

**(d) Vacancy Rate at End of Term**

(%)

	3/06	9/05	3/05	9/04	3/04	9/03	3/03
<b>Consolidated</b>							
Office Buildings and Retail Facilities (including overseas)	1.4	2.9	2.8	5.2	5.0	6.0	6.0
<b>Nonconsolidated</b>							
Tokyo Metropolitan Area Office Buildings	1.0	2.7	3.0	4.8	4.4	5.8	5.4
Regional Area Office Buildings	5.7	7.0	7.0	6.9	7.6	8.8	12.1

**(e) Breakdown of Leasing Operations (Nonconsolidated)**

		Total		Tokyo Metropolitan Area		Regional Areas	
		Year Ended March 31		Year Ended March 31		Year Ended March 31	
		2006	2005	2006	2005	2006	2005
Office Buildings	Number of Buildings	252	263	216	224	36	39
	Leased Floor Space (1,000m <sup>2</sup> )	2,225	2,205	1,937	1,910	287	295
	Leasing Revenue (¥ millions)	201,883	198,741	180,869	177,951	21,013	20,789
	Vacancy Rate (%)	1.7	3.6	1.0	3.0	5.7	7.0
Retail Facilities	Number of Buildings	47	49	32	34	15	15
	Leased Floor Space (1,000m <sup>2</sup> )	859	879	513	545	346	334
	Leasing Revenue (¥ millions)	51,716	45,947	32,435	29,595	19,281	16,351
	Vacancy Rate (%)	0.6	0.7	0.8	0.7	0.2	0.9

Note: Figures for number of buildings, leased floor space, and vacancy rate are term-end figures.

**[2] SALES OF HOUSING, OFFICE BUILDINGS AND LAND**

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥336,917	¥334,472	¥2,445
Operating Income	44,654	35,153	9,500

- For the year, revenue from sales of condominiums to individual customers declined due to a decrease in number of units sold (4,341 units, down from 5,130 in the previous year). However, revenue from the “Other sales” category significantly increased due to expanded sales to investors of income-producing properties developed by the Company. As a result, overall segment revenue grew ¥2.4 billion, and segment operating income jumped significantly, up ¥9.5 billion year-on-year.
- The parent company had 255 units in completed inventories (235 condominium units and 20 detached houses) at year-end, down 290 from a year earlier. Completed inventories at the end of the previous fiscal year totaled 545 units (490 condominium units and 55 detached houses).

**(a) Housing Sales and Other Sales**

	Year Ended March 31					
	2006			2005		
	Units	Revenue (¥ millions)	Unit Price (¥10 thousands)	Units	Revenue (¥ millions)	Unit Price (¥10 thousands)
<b>Detached Housing</b>						
Tokyo Metropolitan Area	597	30,590	5,124	560	30,399	5,428
Other	109	4,971	4,561	116	2,610	2,250
<b>Total</b>	<b>706</b>	<b>35,561</b>	<b>5,037</b>	<b>676</b>	<b>33,009</b>	<b>4,883</b>
<b>Condominiums</b>						
Tokyo Metropolitan Area	3,274	146,763	4,482	3,445	170,601	4,952
Other	1,067	34,138	3,199	1,685	52,016	3,087
<b>Total</b>	<b>4,341</b>	<b>180,902</b>	<b>4,167</b>	<b>5,130</b>	<b>222,617</b>	<b>4,340</b>
<b>Total Housing Sales</b>						
Tokyo Metropolitan Area	3,871	177,353	4,582	4,005	201,000	5,019
Other	1,176	39,109	3,326	1,801	54,626	3,033
<b>Total</b>	<b>5,047</b>	<b>216,463</b>	<b>4,289</b>	<b>5,806</b>	<b>255,627</b>	<b>4,403</b>
<b>Other Sales</b>	-	<b>120,453</b>	-	-	<b>78,844</b>	-
<b>Total Sales</b>	-	<b>336,917</b>	-	-	<b>334,472</b>	-

**(b) Completed Housing Inventories (Nonconsolidated)**

(Units)

	3/06	9/05	3/05	9/04	3/04	9/03	3/03
Detached Housing	20	45	55	40	25	30	120
Condominiums	235	200	490	210	455	475	485
<b>Total</b>	<b>255</b>	<b>245</b>	<b>545</b>	<b>250</b>	<b>480</b>	<b>505</b>	<b>605</b>

**(c) Housing Contracts for Sale (Nonconsolidated)**

(Units)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Detached Housing	198	640	838	698	140	587
Condominiums	2,128	5,115	7,243	4,341	2,902	4,914
<b>Total</b>	<b>2,326</b>	<b>5,755</b>	<b>8,081</b>	<b>5,039</b>	<b>3,042</b>	<b>5,501</b>

Note: Figures except for Reported No. of Units include those scheduled for completion in the next fiscal year and after.

### [3] CONSTRUCTION

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥187,496	¥183,552	¥3,944
Operating Income	2,351	2,359	(8)

- This segment posted an increase in revenue, because both the order backlog for Mitsui Home projects at the beginning of period, as well as orders received during the period, increased year-on-year. However, segment operating income declined, due to increases in prices of raw materials.

### Orders, Order Backlogs and Sales Proceeds (Consolidated figures of Mitsui Home)

(¥ millions)

	Year Ended March 31	
	2006	2005
<b>Orders:</b>		
Order Backlogs at Beginning of Period	108,223	106,914
Order Received during Period	199,425	190,727
<b>Sales Proceeds</b>	<b>195,138</b>	<b>189,418</b>
<b>Order Backlogs at End of Period</b>	<b>112,510</b>	<b>108,223</b>

Note: The order backlog figure for March 31, 2006, included ¥1,040 million in orders generated by a newly consolidated subsidiary.

### [4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥68,748	¥60,223	¥8,524
Operating Income	22,592	18,607	3,985

- Both revenue and operating income in this segment increased year-on-year. Mitsui Real Estate Sales' brokerage services for individual and corporate clients made a contribution, with increases in both number of properties handled and transaction volume. Segment results also benefited from growing assets under management of the entire Group, including assets of Nippon Building Fund, a J-REIT managed by Nippon Building Fund Management, and a private placement-style real estate fund managed by Mitsui Fudosan Investment Advisors.

(¥ millions)

	Year Ended March 31			
	2006		2005	
	Units	Revenue	Units	Revenue
Brokerage	30,671	48,791	28,966	41,531
Consignment Sales	6,040	8,204	6,653	8,809
Consulting	-	11,752	-	9,882
<b>Total</b>	<b>-</b>	<b>68,748</b>	<b>-</b>	<b>60,223</b>

## [5] PROPERTY MANAGEMENT

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥90,437	¥78,248	¥12,188
Operating Income	12,746	10,767	1,978

- Revenue from the “Property management” category increased owing to the inclusion of new office buildings, retail facilities, and other properties managed by the Group. Revenue from the “Tenant improvement” category also rose as new tenants moved into large-scale office buildings, such as the Nihonbashi Mitsui Tower. As a result, both revenue and operating income in this segment increased year-on-year.

(¥ millions)

	Year Ended March 31	
	2006	2005
	Revenue	Revenue
Property Management	59,394	56,145
Tenant Improvement	31,043	22,103
<b>Total</b>	<b>90,437</b>	<b>78,248</b>

## [6] SALES OF HOUSING MATERIALS AND MERCHANDISE

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥65,065	¥65,228	¥ (162)
Operating Income	831	187	643

- This segment benefited from increased revenue from Mitsui Home’s housing materials processing and sales business, as well as higher year-on-year sales at home centers operated by Uni Living. Overall segment revenue declined, however, due to the sale of part of the business of Daiichi Seed in the previous fiscal year. By contrast, segment operating income increased, owing mainly to the increase in revenue of Uni Living.

(¥ millions)

	Year Ended March 31	
	2006	2005
	Revenue	Revenue
Housing Materials	20,759	20,416
Merchandise	44,306	44,812
<b>Total</b>	<b>65,065</b>	<b>65,228</b>

## [7] FACILITY OPERATIONS

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥38,976	¥38,509	¥467
Operating Income	1,921	1,386	535

- The sale of three hotels in Japan during the year had a negative impact on revenue. Overall segment revenue and operating income increased, however, due to the commencement of operations of Mitsui Garden Hotel Ginza (Chuo-ku, Tokyo) and the inclusion of Kokusai Kanko Kaikan Co., Ltd. (operator of Celestine Hotel in Minato-ku, Tokyo), in the scope of consolidation, as well as a solid performance by Halekulani, a hotel in Hawaii.

## [8] OTHER

(¥ millions)	Year Ended March 31		Change (amount)
	2006	2005	
Revenue from Operations	¥7,297	¥7,404	¥ (107)
Operating Income	2,470	1,849	621

(¥ millions)

	Year Ended March 31	
	2006	2005
	Revenue	Revenue
Finance and Lease	1,302	1,549
Other	5,995	5,855
<b>Total</b>	<b>7,297</b>	<b>7,404</b>

**ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY**

(¥ millions)

Assets	March 31		Change (amount)
	2006	2005	
Cash and Time Deposits	¥62,845	¥113,427	¥(50,581)
Marketable Securities	50	304	(254)
Real Property for Sale*	424,921	375,219	49,701
Operational Investment	81,545	91,850	(10,305)
Tangible & Intangible Fixed Assets	1,674,277	1,645,205	29,071
Investment Securities	317,090	235,813	81,276
Short-Term Loans	8,065	12,136	(4,071)
Long-Term Loans	9,195	11,264	(2,068)
Lease Deposits	184,670	200,265	(15,595)
Deferred Income Taxes	73,137	81,580	(8,442)
Deferred Income Taxes - Revaluation	18,423	21,262	(2,839)
Other Assets	132,283	139,874	7,591
<b>Total Assets</b>	<b>¥2,986,501</b>	<b>¥2,928,199</b>	<b>¥58,302</b>

\*Real Property for Sale includes Advances Paid for Purchases.

(¥ millions)

Liabilities, Minority Interest and Shareholders' Equity	March 31		Change (amount)
	2006	2005	
Interest-Bearing Debt	¥1,199,291	¥1,279,049	¥(79,758)
Deposits from Tenants	288,313	288,251	61
Deferred Income Taxes	59,599	46,496	13,102
Deferred Income Taxes - Revaluation	163,001	157,995	5,005
Other Liabilities	399,487	448,713	(49,226)
<b>Total Liabilities</b>	<b>2,109,691</b>	<b>2,220,504</b>	<b>(110,812)</b>
<b>Minority Interest</b>	<b>18,446</b>	<b>19,977</b>	<b>(1,530)</b>
Common Stock	174,296	134,433	39,862
Additional Paid-in Capital	248,295	205,830	42,465
Retained Earnings	199,706	155,097	44,609
Surplus from Land Revaluation	191,096	183,625	7,471
Unrealized Gains/Losses on Securities	63,424	33,348	30,076
Foreign Currency Translation Adjustment	(16,308)	(23,255)	6,947
Treasury Stock	(2,147)	(1,360)	(786)
<b>Total Shareholders' Equity</b>	<b>858,363</b>	<b>687,717</b>	<b>170,646</b>
<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>	<b>¥2,986,501</b>	<b>¥2,928,199</b>	<b>¥58,302</b>

**[Real Property for Sale]**

On a consolidated basis, the balance of real property for sale increased ¥49.7 billion. This was the net result of several factors, including a ¥47.0 billion rise in real property held by the parent company, which purchased more properties than it sold to recover costs, and an increase in property held by Mitsui Home.

**(a) Real Property for Sale (including Advances Paid for Purchases)**

(¥ millions)

	March 31, 2006	March 31, 2005	Change (amount)
Mitsui Fudosan	387,481	340,393	47,087
Mitsui Real Estate Sales	4,552	4,176	376
Mitsui Home	3,069	1,130	1,939
Other and Elimination	29,817	29,512	298
<b>Consolidated Total</b>	<b>424,921</b>	<b>375,219</b>	<b>49,701</b>

**(b) Accounts of Real Property for Sale (Nonconsolidated)**

(¥ millions)

March 31, 2005	New Investments	Cost Recovery	Others	March 31, 2006
340,393	341,094	(249,253)	(44,752)	387,481

Note: The above figures refer to the sum of the real property for sale, real property in progress, land for development and advances paid for purchases of the parent company.

**[Tangible and Intangible Assets]**

During the year, the parent company made considerable capital investments in Nihonbashi Mitsui Tower and other facilities. This was partly offset, however, by the effects of depreciation and the sale of properties by the parent company and subsidiaries. Nevertheless, total consolidated tangible and intangible assets at fiscal year-end were ¥29.0 billion higher than a year earlier. (The exchange rate at year-end was ¥118.07 per U.S. dollar, compared with ¥104.21 a year earlier.)

**(a) Tangible and Intangible Assets**

(¥ millions)

	March 31, 2006	March 31, 2005	Change (amount)
Mitsui Fudosan	1,261,992	1,200,755	61,236
Mitsui Fudosan America	87,353	77,679	9,673
Mitsui Real Estate Sales	28,278	36,883	(8,605)
Mitsui Home	35,711	35,360	350
Other and Elimination	260,942	294,526	(33,583)
<b>Consolidated Total</b>	<b>1,674,277</b>	<b>1,645,205</b>	<b>29,071</b>



**(b) Tangible and Intangible Fixed Assets (Nonconsolidated)**

(¥ millions)

March 31, 2005	Capital Expenditure	Depreciation	Disposal/Sale	Others	March 31, 2006
1,200,755	106,449	(23,889)	(56,090)	34,766	1,261,992

**<Major new investments>**

Nihonbashi Mitsui Tower

Gate City Ohsaki

**[Investment Securities]**

- At March 31, 2006, investments in specific purpose companies (tokutei mokuteki kaisha) and investments by silent partnership (tokumei kumiai)—both included in Investment Securities—amounted to ¥37.0 billion (compared with ¥28.7 billion a year earlier).

**[Interest-Bearing Debt]**

- Consolidated interest-bearing debt at fiscal year-end was ¥1,199.2 billion, down ¥79.7 billion. The parent company's interest-bearing debt was down ¥33.4 billion (excluding a ¥17.3 billion decline in loans to subsidiaries). The sale of properties by other subsidiaries also helped reduce interest-bearing debt. (At fiscal year-end, loans to subsidiaries amounted to ¥225.9 billion, which was eliminated in consolidation.)

(¥ millions)

	March 31, 2006	March 31, 2005	Change (amount)
Mitsui Fudosan	1,110,803	1,161,613	(50,809)
Mitsui Real Estate Sales	14,159	25,831	(11,672)
Mitsui Fudosan America	51,050	49,243	1,806
Mitsui Fudosan (U.K.) Ltd.	15,625	16,129	(503)
Loans to Subsidiaries	(225,999)	(243,349)	17,350
Other and Elimination	109,189	114,695	(5,506)
<b>Consolidated Total</b>	<b>1,199,291</b>	<b>1,279,049</b>	<b>(79,758)</b>

**[Common Stock]**

- At fiscal year-end, common stock amounted ¥174.2 billion, up ¥39.8 billion from a year earlier. The increase stemmed from the conversion to common stock of yen-denominated convertible bonds with stock acquisition rights, due in 2010.

**[Additional Paid-in Capital]**

- At fiscal year-end, additional paid-in capital amounted ¥248.2 billion, up ¥42.4 billion from a year earlier. The increase stemmed from the conversion to common stock of yen-denominated convertible bonds with stock acquisition rights, due in 2010, as well as from the issue of new shares accompanying a stock swap with Kokusai Kanko Kaikan Co., Ltd.

**[Retained Earnings]**

- Consolidated retained earnings at year-end stood at ¥199.7 billion, up ¥44.6 billion. Factors boosting retained earnings included ¥56.5 billion in net income. Factors holding down retained earnings included ¥7.4 billion in reversal of land revaluation difference due to the sale of land, as well as ¥6.9 billion in dividends paid.

**[Contingent Liabilities]**

(¥ millions)

	March 31, 2006	March 31, 2005	Change (amount)
Loans Guaranteed	106,425	123,032	(16,596)

## Earning Forecast

**[CONSOLIDATED EARNING FORECAST AS OF APRIL 28, 2006]**  
**For the Year Ending March 31, 2007**

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
<b>Revenue from Operations</b>	¥1,220,000	¥1,159,280	¥60,720
Consolidated/Nonconsolidated Ratio (Times)	(2.64)	(1.84)	(0.80)
Leasing	388,000	364,339	23,661
Sales of Housing, Office Buildings and Land	355,000	336,917	18,083
Construction	194,000	187,496	6,504
Brokerage, Consignment Sales and Consulting	74,000	68,748	5,252
Property Management	94,000	90,437	3,563
Sales of Housing Materials and Merchandise	68,000	65,065	2,935
Facility Operations	40,000	38,976	1,024
Other	7,000	7,297	(297)
<b>Operating Income</b>	145,000	137,543	7,457
Consolidated/Nonconsolidated Ratio (Times)	(2.07)	(1.62)	(0.45)
Leasing	72,000	67,929	4,071
Sales of Housing, Office Buildings and Land	46,000	44,654	1,346
Construction	3,000	2,351	649
Brokerage, Consignment Sales and Consulting	23,000	22,592	408
Property Management	13,000	12,746	254
Sales of Housing Materials and Merchandise	1,000	831	169
Facility Operations	2,000	1,921	79
Other	2,000	2,470	(470)
Elimination or Corporate	(17,000)	(17,954)	954
<b>Non-Operating Income/Expenses</b>	(20,000)	(18,572)	(1,428)
Interest Expense, in Net	(19,500)	(19,594)	94
Other, in Net	(500)	1,022	(1,522)
<b>Ordinary Income</b>	125,000	118,970	6,030
Consolidated/Nonconsolidated Ratio (Times)	(2.12)	(1.59)	(0.53)
<b>Extraordinary Gains/Losses</b>	(23,000)	(26,008)	3,008
<b>Income before Income Taxes</b>	102,000	92,962	9,038
<b>Income Taxes</b>	(37,500)	(35,254)	(2,246)
<b>Minority Interests</b>	(1,500)	(1,166)	(334)
<b>Net Income</b>	¥63,000	¥56,541	¥6,459
Consolidated/Nonconsolidated Ratio (Times)	(2.63)	(1.92)	(0.71)

### 【Revenue and Income from Operations】

For the year to March 2006, the Group forecasts a ¥60.7 billion increase in consolidated revenue from operations, to ¥1,220.0 billion, and a ¥7.4 billion rise in operating income, to ¥145.0 billion.

- **Leasing:** Despite the negative impact on revenue of the sale, rebuilding and termination of sublease agreements of existing properties, non-consolidated revenue in this segment is forecast to rise ¥15.4 billion, owing largely to the full-year operation of multiple projects completed during the year under review. These include Nihonbashi Mitsui Tower and Ginza Mitsui Building. The segment will also benefit from the completion of projects in the fiscal year ending March 2007, including LAZONA Kawasaki, LaLaport

Toyosu, and LaLaport Kashiwanoha, as well as the acquisition of JFE Building.

On a consolidated basis, we expect a ¥23.6 billion increase in segment revenue and a ¥4.0 billion rise in operating income, due to the above factors and anticipated new orders for residential subleasing units (handled by Mitsui Fudosan Housing Lease) and car-park leasing spaces (Mitsui Real Estate Sales).

- **Sales of Housing, Office Buildings and Land:** In this segment, we forecast a ¥18.0 billion increase in revenue and a ¥1.3 billion rise in operating income. In addition to selling a higher number of housing units (5,250 units forecast, up from 5,046 in the year under review), we look forward to another year of solid sales to investors.
- **Construction:** Thanks to higher anticipated revenue and earnings of the Mitsui Home Group, we project a ¥6.5 billion rise in segment revenue and a ¥0.6 billion increase in operating income.
- **Brokerage, Consignment Sales and Consulting:** In this segment, we forecast a ¥5.2 billion increase in revenue and a ¥0.4 billion rise in operating income. In addition to higher expected brokerage transaction volume of Mitsui Real Estate Sales, the segment will benefit from an increase in fee-based income stemming from expansion of assets under the management of the parent company, Mitsui Fudosan Investment Advisors, and Nippon Building Fund Management.
- **Property Management:** In this segment, we project a ¥3.5 billion increase in revenue and a ¥0.2 billion gain in operating income. The segment will benefit from a rise in the number of properties handled, including office buildings managed by Mitsui Fudosan Building Management and First Facilities; retail facilities managed by LaLaport, and condominium buildings managed by Mitsui Fudosan Housing Services.
- **Sales of Housing Materials and Merchandise:** Owing mainly to improved revenue and earnings of Uni Living, we expect a ¥2.9 billion increase in segment revenue and a ¥0.1 billion rise in segment operating income.
- **Facility Operations:** We forecast a ¥1.0 billion increase in revenue in this segment, thanks mainly to the full-year operation of Mitsui Garden Hotel Ginza.

### 【Capital Expenditures】

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
Capital Expenditure	200,000	92,753	107,247
Depreciation	42,000	40,159	1,841

### 【Accounts of Real Property for Sale】

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
New Investments	320,000	351,179	(31,179)
Cost Recovery	250,000	256,112	(6,112)

### 【Interest-Bearing Debt】

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
Interest-Bearing Debt	1,180,000	1,199,291	(19,291)

**【Housing Unit for Sale】**

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
Detached Housing	41,000	35,561	5,439
Condominiums	194,000	180,902	13,098
<b>Total</b>	<b>235,000</b>	<b>216,463</b>	<b>18,537</b>

**[NONCONSOLIDATED EARNING FORECAST AS OF APRIL 2006]  
For the Year Ending March 31, 2007**

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
<b>Revenue from Operations</b>	¥462,000	¥629,318	¥(167,318)
Leasing	274,000	258,599	15,401
Sales of Housing, Office Buildings and Land	133,000	318,679	(185,679)
Other	55,000	52,039	2,961
<b>Gross Margin (%)</b>	19.9	19.6	0.3
Leasing	17.5	16.8	0.7
Sales of Housing, Office Buildings and Land	13.5	17.0	(3.5)
Other	47.5	49.4	(1.9)
Selling, General and Administrative Expenses	22,000	38,539	(16,539)
<b>Operating Income</b>	70,000	84,766	(14,766)
<b>Non-Operating Income/Expenses</b>	(11,000)	(10,128)	(872)
Interest Expense, in Net	(12,000)	(12,062)	62
<b>Ordinary Income</b>	59,000	74,638	(15,638)
<b>Extraordinary Gains/Losses</b>	(20,000)	(25,367)	5,367
<b>Income before Income Taxes</b>	39,000	49,270	(10,270)
Income Taxes	(15,000)	(19,808)	4,808
<b>Net Income</b>	¥24,000	¥29,461	¥(5,461)

**[FORECAST FOR Mitsui Home Co., Ltd. FOR THE YEAR ENDING MARCH 31, 2007]**

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
Revenue from Operations	¥240,000	¥232,692	¥7,307
Operating Income	5,000	4,356	643
Ordinary Income	5,100	4,530	569
Net Income	2,800	2,627	172

## Segment Information

Year Ended March 31, 2006

(¥ millions)

	I. Revenue from Operations			Costs and Expenses	Operating Income (Loss)	II. Assets	Depreciation	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total					
(1) Leasing	364,339	5,579	369,918	301,989	67,929	1,918,066	29,046	78,155
(2) Sales of Housing, Office Buildings and Land	336,917	12	336,930	292,275	44,654	555,232	499	289
(3) Construction	187,496	7,761	195,258	192,907	2,351	54,673	2,270	3,128
(4) Brokerage, Consignment Sales and Consulting	68,748	9,264	78,012	55,420	22,592	61,457	850	1,051
(5) Property Management	90,437	22,212	112,649	99,903	12,746	50,380	844	973
(6) Sales of Housing Materials and Merchandise	65,065	34,493	99,558	98,727	831	52,236	967	408
(7) Facility Operations	38,976	296	39,273	37,351	1,921	83,505	2,282	3,470
(8) Other	7,297	10,384	17,682	15,211	2,470	26,976	2,642	3,648
Total	1,159,280	90,004	1,249,285	1,093,786	155,498	2,802,529	39,402	91,085
Elimination or Corporate	-	(90,004)	(90,004)	(72,050)	(17,954)	183,972	756	1,667
Consolidated	1,159,280	-	1,159,280	1,021,736	137,543	2,986,501	40,159	92,753

Year Ended March 31, 2005

(¥ millions)

	I. Revenue from Operations			Costs and Expenses	Operating Income (Loss)	II. Assets	Depreciation	Impairment Loss	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total						
(1) Leasing	343,719	5,970	349,689	287,169	62,520	1,934,689	26,372	8,272	67,182
(2) Sales of Housing, Office Buildings and Land	334,472	-	334,472	299,318	35,153	498,466	639	2,475	430
(3) Construction	183,552	6,226	189,778	187,419	2,359	56,317	2,503	83	2,760
(4) Brokerage, Consignment Sales and Consulting	60,223	10,578	70,802	52,194	18,607	86,407	823	-	747
(5) Property Management	78,248	19,306	97,555	86,787	10,767	44,567	967	-	957
(6) Sales of Housing Materials and Merchandise	65,228	34,620	99,848	99,660	187	51,685	1,158	-	1,413
(7) Facility Operations	38,509	472	38,981	37,595	1,386	77,423	2,612	22,975	2,385
(8) Other	7,404	10,297	17,702	15,853	1,849	27,685	2,714	-	2,556
Total	1,111,359	87,472	1,198,831	1,066,000	132,831	2,777,242	37,790	33,806	78,434
Elimination or Corporate	-	(87,472)	(87,472)	(70,405)	(17,066)	150,957	721	-	463
Consolidated	1,111,359	-	1,111,359	995,594	115,764	2,928,199	38,512	33,806	78,898

### Leasing

Leasing of office buildings, retail facilities, residential properties, etc.

### Sales of Housing, Office Buildings and Land

Sales of detached housing, condominiums, buildings, land, etc.

### Construction

Construction of detached housing, flats, etc.

### Brokerage, Consignment Sales and Consulting

Real estate agency, sales agency, and sales consignment services, as well as project management services for development of office buildings, retail facilities, etc., and asset management services for investors.

### Property Management

Property management services (including tenant improvement)

### Sales of Housing Materials and Merchandise

Manufacture and sales of housing materials, as well as wholesale and retail sale of general goods.

### Facility Operations

Operation of hotels and golf courses, etc.

### Other

Financing operations for housing loans and leasing business, etc.

## Consolidated Financial Summary (FY2002-2006)

(¥ millions)

		Year Ended March 31					
		2002	2003	2004	2005	2006	
P/L	Revenue from Operations	¥1,152,483	¥1,082,397	¥1,102,844	¥1,111,359	¥1,159,280	
	Operating Income	102,950	103,295	109,246	115,764	137,543	
	Ordinary Income	72,800	76,514	87,236	94,637	118,970	
	Net Income (Loss)	29,806	25,553	14,454	28,693	56,541	
Segment*	Leasing	Revenue from Operations	331,501	329,671	332,380	343,719	364,339
		Operating Income	71,718	66,563	63,016	62,520	67,929
	Sales of Housing, Office Buildings and Land	Revenue from Operations	336,641	335,341	350,761	334,472	336,917
		Operating Income	26,668	32,589	32,936	35,153	44,654
	Construction	Revenue from Operations	237,243	183,090	180,502	183,552	187,496
		Operating Income	(5,228)	326	1,332	2,359	2,351
	Brokerage, Consignment Sales and Consulting	Revenue from Operations	45,742	46,503	53,585	60,223	68,748
		Operating Income	17,541	10,997	14,078	18,607	22,592
	Property Management	Revenue from Operations	67,916	69,589	77,481	78,248	90,437
		Operating Income	7,665	7,713	10,844	10,767	12,746
	Sales of Housing Materials and Merchandise	Revenue from Operations	71,577	65,682	61,768	65,228	65,065
		Operating Income	1,342	104	151	187	831
	Facility Operations	Revenue from Operations	44,967	40,880	37,629	38,509	38,976
		Operating Income	(4,271)	(3,356)	(527)	1,386	1,921
	Other	Revenue from Operations	16,893	11,639	8,734	7,404	7,297
		Operating Income	858	2,534	2,591	1,849	2,470
	B/S	Total Assets	3,028,969	2,929,069	2,916,582	2,928,199	2,986,501
		Real Property for Sale	459,840	408,994	343,573	375,219	424,921
Tangible and Intangible Fixed Assets		1,698,841	1,687,115	1,655,454	1,645,205	1,674,277	
Capital Expenditures		62,101	61,159	35,838	78,898	92,753	
Depreciation		66,017	39,781	40,415	38,512	40,159	
Interest-Bearing Debt		1,460,526	1,397,211	1,321,501	1,279,049	1,199,291	
Retained Earnings		137,026	155,390	167,890	155,097	199,706	
Shareholders' Equity		609,536	628,434	659,165	687,717	858,363	
C/F	Cash Flows from Operating Activities (1)	142,121	118,484	141,600	100,135	22,510	
	Cash Flows from Investing Activities (2)	(81,658)	(60,751)	(21,122)	(76,870)	(60,833)	
	Cash Flows from Financing Activities (3)	(103,298)	(59,897)	(92,509)	(52,081)	(12,445)	
	Free Cash Flows (1)+(2)	60,463	57,733	120,477	23,265	(38,323)	
Key Data	ROA (%)	3.86	3.78	4.06	4.30	4.92	
	Debt/Equity Ratio (Times)	2.4	2.2	2.0	1.9	1.4	
	Equity Ratio (%)	20.1	21.5	22.6	23.5	28.7	
	No. of Consolidated Subsidiaries	143	131	127	121	120	
	No. of Affiliates in Equity Method	60	57	52	45	46	

\*Note: Revenue figures for all segments refer to sales to outside customers only.

- Real Property for Sale: Real property for sale + Advances paid for purchases
- Interest-Bearing Debt: Short-term debt + Commercial paper + Bond redeemable within one year + Long-term debt
- ROA: (Operating income + Non-operating income)/Average total assets
- Debt-Equity Ratio: Interest-bearing debt/Shareholders' equity

## Consolidated Financial Statements

### CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥millions)

ASSETS:	March 31				Change	
	2006	% of Total Assets	2005	% of Total Assets	Amount	Percentage
<b>I. Current Assets:</b>	¥717,372	24.0	¥745,703	25.5	¥(28,331)	(3.8)
Cash and Time Deposits	62,845		113,427		(50,581)	
Accounts Receivable—Trade	26,797		28,533		(1,736)	
Marketable Securities	50		304		(254)	
Real Property for Sale	399,757		351,888		47,868	
Expenditure on Contracts in Progress	9,632		9,891		(258)	
Other Inventories	9,453		9,548		(94)	
Advances Paid for Purchases	25,163		23,330		1,833	
Short-Term Loans	8,065		12,136		(4,071)	
Operational Investment	81,545		91,850		(10,305)	
Deferred Income Taxes	49,003		50,872		(1,868)	
Other Current Assets	45,588		57,051		(11,462)	
Allowance for Doubtful Accounts	(531)		(3,131)		2,600	
<b>II. Fixed Assets:</b>	2,269,129	76.0	2,182,495	74.5	86,634	4.0
1. Tangible Fixed Assets:	1,642,348	55.0	1,615,619	55.2	26,728	1.7
Buildings and Structures	518,025		466,886		51,138	
Machinery, Equipment and Materials Handling Equipment	5,804		4,830		974	
Land	1,082,012		1,089,664		(7,652)	
Construction in Progress	11,011		30,692		(19,680)	
Other Tangible Assets	25,495		23,545		1,949	
2. Intangible Fixed Assets:	31,928	1.1	29,585	1.0	2,342	7.9
Leasehold Rights	24,117		21,457		2,660	
Other Intangible Fixed Assets	7,810		8,127		(317)	
3. Investments and Other Assets:	594,851	19.9	537,289	18.3	57,562	10.7
Investment Securities	317,090		235,813		81,276	
Long-Term Loans	9,195		11,264		(2,068)	
Lease Deposits	184,670		200,265		(15,595)	
Deferred Income Taxes	24,134		30,708		(6,574)	
Deferred Income Taxes- Revaluation	18,423		21,262		(2,839)	
Other	50,905		49,708		1,196	
Allowance for Doubtful Accounts	(9,567)		(11,733)		2,166	
<b>III. Deferred Assets</b>	-	-	0	0.0	(0)	
<b>Total Assets</b>	¥2,986,501	100.0	¥2,928,199	100.0	¥58,302	2.0



## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	March 31				Change	
	2006	% of Total Assets	2005	% of Total Assets	Amount	Percentage
<b>I. Current Liabilities:</b>	¥582,016	19.5	¥634,920	21.7	¥(52,903)	(8.3)
Accounts Payable—Trade	106,346		114,236		(7,889)	
Short-Term Debt	192,670		243,078		(50,408)	
Commercial Paper	36,000		29,000		7,000	
Bond Redeemable Within One Year	30,000		-		30,000	
Income Taxes Payable	16,462		16,754		(291)	
Advances from Contracts in Progress	16,467		15,170		1,297	
Allowance for Completed Project Indemnities	1,447		1,593		(146)	
Allowance for Possible Guarantee Losses	142		252		(110)	
Deferred Income Taxes	0		-		0	
Other Current Liabilities	182,479		214,833		(32,354)	
<b>II. Long-Term Liabilities:</b>	1,527,674	51.1	1,585,583	54.1	(57,908)	(3.7)
Corporate Bonds	155,000		235,000		(80,000)	
Long-Term Debt	785,621		771,971		13,650	
Deposits from Tenants	288,313		288,251		61	
Allowance for Employees' Retirement Benefits	27,294		26,978		316	
Allowance for Directors' Retirement Benefits	1,851		1,943		(92)	
Deferred Income Taxes	59,599		46,496		13,102	
Deferred Income Taxes - Revaluation	163,001		157,995		5,005	
Other Fixed Liabilities	46,992		56,945		(9,953)	
<b>Total Liabilities</b>	<b>2,109,691</b>	<b>70.6</b>	<b>2,220,504</b>	<b>75.8</b>	<b>(110,812)</b>	<b>(5.0)</b>
<b>MINORITY INTEREST:</b>						
Minority Interests in Consolidated Subsidiaries	18,446	0.7	19,977	0.7	(1,530)	(7.7)
<b>SHAREHOLDERS' EQUITY:</b>						
<b>I. Common Stock</b>	174,296	5.8	134,433	4.6	39,862	29.7
<b>II. Additional Paid-in Capital</b>	248,295	8.3	205,830	7.0	42,465	20.6
<b>III. Retained Earnings</b>	199,706	6.7	155,097	5.3	44,609	28.8
<b>IV. Surplus from Land Revaluation</b>	191,096	6.4	183,625	6.3	7,471	4.1
<b>V. Unrealized Gains/Losses on Securities</b>	63,424	2.1	33,348	1.1	30,076	90.2
<b>VI. Foreign Currency Translation Adjustment</b>	(16,308)	(0.5)	(23,255)	(0.8)	6,947	29.9
	860,511	28.8	689,078	23.5	171,432	24.9
<b>VII. Treasury Stock</b>	(2,147)	(0.1)	(1,360)	(0.0)	(786)	(57.8)
<b>Total Shareholders' Equity</b>	<b>858,363</b>	<b>28.7</b>	<b>687,717</b>	<b>23.5</b>	<b>170,646</b>	<b>24.8</b>
<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>	<b>¥2,986,501</b>	<b>100.0</b>	<b>¥2,928,199</b>	<b>100.0</b>	<b>¥58,302</b>	<b>2.0</b>

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Year Ended March 31				Change	
	2006	% of Total Revenue	2005	% of Total Revenue	Amount	Percentage
<b>I. Revenue from Operations</b>	¥1,159,280	100.0	¥1,111,359	100.0	¥47,920	4.3
<b>II. Cost of Revenue from Operations</b>	904,200	78.0	879,260	79.1	24,939	2.8
<b>Gross Operating Profit</b>	255,079	22.0	232,098	20.9	22,981	9.9
<b>III. Selling, General and Administrative Expenses</b>	117,536	10.1	116,334	10.5	1,201	1.0
<b>Operating Income</b>	137,543	11.9	115,764	10.4	21,779	18.8
<b>IV. Non-Operating Income:</b>	7,993	0.7	9,947	0.9	(1,954)	(19.6)
Interest Income	667		1,065		(398)	
Dividend Income	1,028		2,051		(1,023)	
Equity in Net Income of Affiliated Companies	3,155		3,595		(440)	
Other Non-Operating Income	3,140		3,233		(92)	
<b>V. Non-Operating Expenses:</b>	26,565	2.3	31,074	2.8	(4,508)	(14.5)
Interest Expenses	20,261		20,443		(181)	
Other Non-Operating Expenses	6,303		10,631		(4,327)	
<b>Ordinary Income</b>	118,970	10.3	94,637	8.5	24,333	25.7
<b>VI. Extraordinary Gains:</b>	12,111	1.0	4,968	0.4	7,142	143.7
Gain on Sales of Investment Securities	-		4,340		(4,340)	
Transfer from Allowance for Doubtful Accounts	2,232		-		2,232	
Gain on Sales of Fixed Assets	9,418		-		9,418	
Gain on Sales of Shares of Affiliated Companies	-		220		(220)	
Other Extraordinary Gains	460		408		51	
<b>VII. Extraordinary Losses:</b>	38,120	3.3	47,764	4.3	(9,644)	(20.2)
Loss on Devaluation of Real Property for Sale	4,274		-		4,274	
Provision to Allowance for Doubtful Accounts	-		682		(682)	
Loss on Disposal of Fixed Assets	-		1,053		(1,053)	
Impairment Losses for Fixed Assets	-		33,806		(33,806)	
Loss on Liquidation of Affiliated Company	4,760		7,674		(2,913)	
Loss on Sales of Fixed Assets	26,355		3,294		23,061	
Other Extraordinary Losses	2,729		1,252		1,477	
<b>Income before Income Taxes</b>	92,962	8.0	51,841	4.6	41,120	79.3
<b>Income Taxes</b>	26,178		26,489		(311)	
<b>Deferred Income Taxes</b>	9,075		(4,847)		13,923	
<b>Minority Interests</b>	1,166		1,506		(340)	
<b>Net Income</b>	¥56,541	4.9	¥28,693	2.6	¥27,848	97.1

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

	Year Ended March 31		Change (amount)
	2006	2005	
<b>I. Cash Flows From Operating Activities:</b>			
Income before Income Taxes	¥92,962	¥51,841	¥41,120
Depreciation and Amortization	40,159	38,512	1,646
Impairment Losses For Fixed Assets	-	33,806	(33,806)
Gain/Loss on Equity in Net Income of Affiliated Companies	(3,155)	(3,595)	440
Gain/Loss on Sales of Investment Securities	4,760	(4,560)	(2,913)
Loss on Liquidation of Affiliated Companies	-	7,674	4,560
Gain/Loss on Sales of Tangible and Intangible Fixed Assets	16,936	3,294	13,642
Loss on Disposal of Tangible and Intangible Fixed Assets	-	1,053	(1,053)
Loss on Devaluation of Real Property for Sale	4,274	-	4,274
Provision to Allowance for Doubtful Accounts	-	682	(682)
Transfer from Allowance for Doubtful Accounts	(2,232)	-	(2,232)
Interest and Dividend Income	(1,696)	(3,117)	1,421
Interest Expense	20,261	20,443	(181)
Increase/Decrease in Accounts Receivable	2,151	(60)	2,212
Increase/Decrease in Accounts Payable	16	3,182	(3,166)
Purchase of Real Property for Sale*	(359,857)	(287,626)	(72,231)
Sales of Real Property for Sale*	258,967	261,531	(2,564)
Increase/Decrease in Operational Investment	10,305	(6,698)	17,004
Bonuses Paid to Directors	(126)	(109)	(17)
Other	(16,775)	28,341	(45,116)
Subtotal	66,951	144,596	(77,645)
Cash Receipts of Interest and Dividend Income	2,587	4,030	(1,442)
Cash Payments of Interest Expense	(20,266)	(20,681)	414
Income Taxes Paid	(26,762)	(27,810)	1,048
<b>Net Cash Provided by Operating Activities</b>	<b>22,510</b>	<b>100,135</b>	<b>(77,625)</b>
<b>II. Cash Flows From Investing Activities:</b>			
Purchase of Marketable and Investment Securities	(30,737)	(10,361)	(20,375)
Sales of Marketable and Investment Securities	24,184	6,401	17,782
Purchase of Tangible and Intangible Fixed Assets	(99,756)	(70,400)	(29,356)
Sales of Tangible and Intangible Fixed Assets	38,730	8,709	30,020
Increase in Loans	(3,654)	(8,886)	5,231
Decrease in Loans	7,582	6,389	1,192
Decrease in Deposits from Tenants	(39,446)	(51,976)	12,529
Increase in Deposits from Tenants	39,608	46,533	(6,924)
Increase in Lease Deposits	(11,417)	(18,606)	7,189
Decrease in Lease Deposits	25,658	18,105	7,553
Purchase of Securities with Change in Scope of Consolidation	(1,649)	(3,825)	2,175
Sales of Securities with Change in Scope of Consolidation	(71)	532	(604)
Other	(9,863)	515	(10,379)
<b>Net Cash Used in Investing Activities</b>	<b>(60,833)</b>	<b>(76,870)</b>	<b>16,036</b>
<b>III. Cash Flows From Financing Activities:</b>			
Increase/Decrease in Short-Term Debt	(370)	9,323	(9,694)
Proceeds from Long-Term Debt	154,000	106,266	47,733
Repayment of Long-Term Debt	(187,269)	(171,251)	(16,017)
Proceeds from Issuance of Bonds	30,000	20,000	10,000
Redemption of Bonds	(330)	(10,000)	9,670
Cash Dividends Paid	(6,982)	(5,500)	(1,482)
Cash Dividends Paid to Minority Interests	(705)	(538)	(166)
Increase/Decrease in Treasury Stock	(786)	(381)	(405)
<b>Net Cash Used in Financing Activities</b>	<b>(12,445)</b>	<b>(52,081)</b>	<b>39,636</b>
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>277</b>	<b>177</b>	<b>99</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(50,490)</b>	<b>(28,638)</b>	<b>(21,851)</b>
<b>VI. Cash and Cash Equivalents at Beginning of Year</b>	<b>113,078</b>	<b>141,717</b>	<b>(28,638)</b>
<b>VII. Cash and Cash Equivalents at End of Year</b>	<b>¥62,587</b>	<b>¥113,078</b>	<b>¥(50,490)</b>

\*Note: "Purchase of Real Property for Sale" and "Sales of Real Property for Sale" show cash flows from changes of Real Property for Sale and Advances Paid for Purchases on consolidated balance sheets.

## Nonconsolidated Financial Statements

### NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥millions)

ASSETS:	March 31				Change	
	2006	% of Total Assets	2005	% of Total Assets	Amount	Percentage
<b>I. Current Assets:</b>	¥738,892	27.3	¥703,823	26.9	¥35,069	5.0
Cash and Time Deposits	31,852		46,086		(14,234)	
Accounts Receivable	7,881		10,349		(2,468)	
Real Property for Sale	109,446		146,547		(37,101)	
Real Property in Progress	174,546		111,985		62,561	
Land for Development	78,685		58,832		19,852	
Advances Paid for Purchases	24,802		23,027		1,774	
Prepaid Expenses	3,014		3,095		(80)	
Short-Term Loans	128,645		88,685		39,960	
Other Receivables	35,294		70,109		(34,814)	
Operational Investment	84,991		91,899		(6,908)	
Deferred Income Taxes	39,147		41,558		(2,411)	
Other Current Assets	20,599		13,636		6,963	
Allowance for Doubtful Accounts	(16)		(1,991)		1,975	
<b>II. Fixed Assets:</b>	1,972,539	72.7	1,909,711	73.1	62,828	3.3
1. Tangible Fixed Assets:	1,240,323	45.7	1,181,728	45.3	58,595	5.0
Buildings	352,842		290,833		62,008	
Structures	6,835		8,124		(1,288)	
Machinery	2,427		1,769		657	
Transportation Equipment	24		25		(1)	
Tools, Furniture and Fixtures	6,402		4,599		1,803	
Land	860,968		850,289		10,679	
Construction in Progress	9,529		24,796		(15,266)	
Other Tangible Assets	1,291		1,288		2	
2. Intangible Fixed Assets:	21,668	0.8	19,027	0.7	2,640	13.9
Leasehold Rights	19,199		15,976		3,222	
Software	2,185		2,743		(557)	
Other Intangible Fixed Assets	282		307		(24)	
3. Investments and Other Assets:	710,547	26.2	708,955	27.1	1,592	0.2
Investment Securities	227,074		155,197		71,877	
Investments in Consolidated Subsidiaries and Affiliated Companies	196,177		191,530		4,647	
Investments	-		0		(0)	
Long-Term Loans	8,861		10,038		(1,176)	
Long-Term Loans to Affiliates	97,358		156,703		(59,345)	
Lease Deposits	184,951		198,910		(13,958)	
Other Investments	26,109		23,902		2,207	
Allowance for Doubtful Accounts	(29,986)		(27,327)		(2,659)	
<b>Total Assets</b>	<b>¥2,711,431</b>	<b>100.0</b>	<b>¥2,613,534</b>	<b>100.0</b>	<b>¥97,897</b>	<b>3.7</b>

**NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(¥ millions)

LIABILITIES:	March 31				Change	
	2006	% of Total Assets	2005	% of Total Assets	Amount	Percentage
<b>I. Current Liabilities:</b>	¥528,995	19.5	¥533,050	20.4	¥(4,055)	(0.8)
Accounts Payable	62,879		71,749		(8,869)	
Short-Term Debt	183,440		222,809		(39,369)	
Commercial Paper	36,000		29,000		7,000	
Bond Redeemable Within One Year	30,000		-		30,000	
Other Payables	12,120		18,364		(6,243)	
Income Taxes Payable	9,336		12,275		(2,939)	
Accrued Expenses	7,468		7,541		(72)	
Advances Received	33,026		35,959		(2,933)	
Deposits	147,443		127,124		20,319	
Other Current Liabilities	7,279		8,226		(947)	
<b>II. Long-Term Liabilities:</b>	1,360,621	50.2	1,391,845	53.3	(31,223)	(2.2)
Corporate Bonds	155,000		235,000		(80,000)	
Long-Term Debt	706,363		674,803		31,559	
Deposits from Tenants	269,925		268,380		1,545	
Deferred Income Taxes	24,002		8,149		15,853	
Deferred Income Taxes - Revaluation	163,001		157,995		5,005	
Allowance for Employees' Retirement Benefits	12,675		12,118		556	
Allowance for Directors' Retirement Benefits	1,323		1,270		53	
Other Fixed Liabilities	28,329		34,126		(5,796)	
<b>Total Liabilities</b>	1,889,617	69.7	1,924,896	73.7	(35,278)	
<b>SHAREHOLDERS' EQUITY:</b>						
Common Stock	174,296	6.4	134,433	5.1	39,862	29.7
Additional Paid-in Capital	248,286	9.1	205,831	7.8	42,454	20.6
Retained Earnings	101,821	3.8	86,771	3.3	15,049	17.3
Surplus from Land Revaluation	237,887	8.8	230,582	8.8	7,305	3.2
Unrealized Gains/Losses on Securities	61,656	2.3	32,377	1.2	29,278	90.4
Treasury Stock	(2,134)	(0.1)	(1,357)	(0.1)	(776)	(57.2)
<b>Total Shareholders' Equity</b>	821,814	30.3	688,638	26.3	133,175	19.3
<b>Total Liabilities and Shareholders' Equity</b>	¥2,711,431	100.0	¥2,613,534	100.0	¥97,897	3.7

**NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(¥ millions)

	Year Ended March 31				Change	
	2006	% of Total Revenue	2005	% of Total Revenue	Amount	Percentage
<b>Revenue from Operations</b>	¥629,318	100.0	¥604,456	100.0	¥24,861	4.1
Leasing	258,599	41.1	249,007	41.2	9,591	3.9
Sales of Housing, Office Buildings and Land	318,679	50.6	307,707	50.9	10,971	3.6
Other	52,039	8.3	47,741	7.9	4,298	9.0
<b>Cost of Revenue from Operations</b>	506,011	80.4	490,001	81.1	16,010	3.3
Leasing	215,125		205,467		9,657	
Sales of Housing, Office Buildings and Land	264,537		262,791		1,745	
Other	26,349		21,741		4,607	
<b>Selling, General and Administrative Expenses</b>	38,539	6.1	41,361	6.8	(2,822)	(6.8)
<b>Operating Income</b>	84,766	13.5	73,093	12.1	11,673	16.0
<b>Non-Operating Income/Expense</b>	(10,128)		(12,378)		(2,249)	
Non-Operating Income:	10,784	1.7	11,208	1.8	(424)	(3.8)
Interest Income	3,034		3,440		(405)	
Dividend Income	5,288		5,316		(27)	
Other Non-Operating Income	2,461		2,451		9	
Non-Operating Expenses:	20,913	3.3	23,587	3.9	(2,674)	11.3
Interest Expenses	15,097		16,157		1,059	
Other Non-Operating Expenses	5,815		7,430		1,614	
<b>Ordinary Income</b>	74,638	11.9	60,714	10.0	13,923	22.9
<b>Extraordinary Gains/Losses</b>	(25,367)		(32,811)		7,444	
Extraordinary Gains:	8,344	1.3	4,324	0.7	4,019	
Gain on Sales of Investment Securities	-		4,324		(4,324)	
Gain on Sales of Fixed Assets	6,139		-		6,139	
Transfer from Allowance for Doubtful Accounts	2,205		-		2,205	
Extraordinary Losses:	33,712	5.4	37,136	6.1	(3,424)	(9.2)
Provision to Allowance for Doubtful Accounts	-		15,746		(15,746)	
Impairment Losses for Fixed Assets	-		13,323		(13,323)	
Loss on Devaluation of Shares of Affiliated Companies	-		4,926		(4,926)	
Loss on Sales of Fixed Assets	24,870		3,139		21,731	
Loss on Liquidation of Affiliated Company	4,567		-		4,567	
Loss on Devaluation of Real Property for Sale	4,274		-		4,274	
<b>Income before Income Taxes</b>	49,270	7.8	27,902	4.6	21,367	76.6
<b>Income Taxes</b>	16,600	2.6	19,560	3.2	(2,960)	(15.1)
<b>Deferred Income Taxes</b>	3,208	0.5	(8,186)	(1.3)	11,395	-
<b>Net Income</b>	29,461	4.7	16,529	2.7	12,931	78.2
<b>Earning Brought Forward from Previous Period</b>	4,841		3,978		862	
<b>Interim Dividends</b>	4,109		2,877		1,231	
<b>Reversal of Revaluation Difference for Land</b>	(7,305)		(10,182)		2,877	
<b>Unappropriated Earnings</b>	¥22,887		¥7,448		¥15,439	