

February 13, 2004

# FACT BOOK

For the Nine Months Ended December 31, 2003



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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:**

¥134,433 million

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

823,390,384

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

Tokyo, Osaka, Sapporo (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 Nine Months Ended December 31, 2003**

**[CONSOLIDATED RESULTS]**

(¥ millions)	Nine Months Ended December 31, 2003	Year Ending March 31, 2004		
	(Actual)	Latest Forecast	Previous Forecast	Change
Revenue from Operations	745,955	1,100,000	1,105,000	(5,000)
Operating Income	74,157	106,000	104,000	2,000
Ordinary Income	59,321	84,000	78,000	6,000
Net Income	38,099	13,500	45,000	(31,500)

- Both revenue from operations and operating income in the nine-month period under review reached close to 70% of our revised full-year forecast. This is mainly due to seasonal factors affecting the Group's housing business aimed at individual customers (parent company sales of condominiums and detached houses, custom-built house construction of the Mitsui Home Group, and brokerage and consignment sales of Mitsui Real Estate Sales). In this industry, revenue from operations and operating income are generally higher in the fourth quarter than in other quarters.
- In light of the operating environment and its performance in the period under review, the Company has made a revision of its full-year earnings forecasts as follows: ¥5.0 billion down for revenue from operations, ¥2.0 billion up for operating income and ¥6.0 billion up for ordinary income. Due to a devaluation, totaling around ¥62 billion, of real property for sale, the Company has revised its forecast for net income down to ¥13.5 billion.
- Year-on-year comparisons are not available, since Mitsui Fudosan started quarterly reporting from the first quarter ended June 30, 2003.

*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 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]

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

#### [1] LEASING

(¥ millions)	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥250,394	¥332,000	¥329,671
Operating Income:	51,403	62,500	66,563

- On a consolidated basis (including overseas), the total vacancy rate for all office buildings and commercial facilities was 5.3% at December 31, 2003 down from 6.0% at September 30, 2003. On a nonconsolidated basis, the vacancy rate for office buildings in the Tokyo Metropolitan Area was 5.0%, down from 5.8%, and the rate for office buildings in regional areas was 7.2%, down from 8.8%. These improvements were attributable to favorable progress in tenanting both existing and newly completed buildings.

#### (a) Leasing

		Nine Months Ended December 31, 2003	Year Ended March 31, 2003
<b>Office Buildings and Commercial Facilities</b>	Revenue (¥ millions)	<b>195,919</b>	<b>259,029</b>
	Leased Floor space (m <sup>2</sup> ):		
	Owned	1,818,039	1,839,819
	Managed	1,445,209	1,404,963
	<b>Total</b>	<b>3,263,248</b>	<b>3,244,782</b>
	Vacancy Rate(%)	<b>5.3</b>	<b>6.0</b>
<b>Residentials</b>	Revenue (¥ millions)	<b>36,816</b>	<b>46,730</b>
	Units:		
	Owned	271	373
	Managed	42,870	42,169
	<b>Total</b>	<b>43,141</b>	<b>42,542</b>
<b>Other</b>	Revenue (¥ millions)	<b>17,658</b>	<b>23,911</b>
<b>Total</b>	Revenue (¥ millions)	<b>250,394</b>	<b>329,671</b>

Note: Due to the merger of the leased housing businesses of Mitsui Real Estate Sales and Mitsui Fudosan Housing Lease, housing units rented under consignment are included in managed units from this fiscal year. The previous year's figure has been adjusted retroactively to reflect the change.

**(b) Total Floor Space (Nonconsolidated)**

	December 31, 2003			March 31, 2003		
	No. of Units	Floor Space (1,000m <sup>2</sup> )	Share of Total Floor Space (%)	No. of Units	Floor Space (1,000m <sup>2</sup> )	Share of Total Floor Space (%)
Owned	120	2,311	47.0	123	2,342	47.8
Managed	196	2,602	53.0	198	2,557	52.2
<b>Total</b>	<b>316</b>	<b>4,913</b>	<b>100.0</b>	<b>321</b>	<b>4,899</b>	<b>100.0</b>

**(c) Vacancy Rate (Nonconsolidated)**

	12/03	9/03	3/03	9/02	3/02	9/01
<b>Consolidated</b>						
Vacancy Rate of Office Buildings and Commercial Facilities (including overseas) at End of Term (%)	5.3	6.0	6.0	5.2	4.1	2.5
<b>Nonconsolidated</b>						
Vacancy Rate of Tokyo Metropolitan Area Office Buildings at End of Term (%)	5.0	5.8	5.4	3.6	2.4	1.7

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

		Total		Tokyo Metropolitan Area		Regional Areas	
		Nine Months Ended December 31, 2003	Year Ended March 31, 2003	Nine Months Ended December 31, 2003	Year Ended March 31, 2003	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
<b>Office Buildings</b>	Number of Buildings	269	276	230	233	39	43
	Leased Floor Space (1,000m <sup>2</sup> )	2,144	2,120	1,852	1,821	292	299
	Leasing Revenue (¥ millions)	150,256	198,843	134,957	178,621	15,298	20,221
	Vacancy Rate (%)	5.3	6.4	5.0	5.4	7.2	12.1
<b>Commercial Facilities</b>	Number of Buildings	45	43	31	29	14	14
	Leased Floor Space (1,000m <sup>2</sup> )	770	751	519	501	251	250
	Leasing Revenue (¥ millions)	28,144	36,935	17,251	22,943	10,893	13,991
	Vacancy Rate (%) *1	6.5	6.6	1.0	1.0	16.2	16.1

\*1: Excluding AMsquare (shopping center, Mie Prefecture), which is temporarily closed, the regional vacancy rate was 0.3%, and the total was 0.8% at December 31, 2003.

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)	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥199,754	¥357,000	¥335,341
Operating Income:	18,283	32,000	32,589

- On a nonconsolidated basis, the total number of housing units sold in the nine-month period under review was 3,297 (2,694 condominiums and 603 detached houses). Completed housing inventories of the parent company at December 31, 2003, totaled 445 units (410 condominiums and 35 detached houses).

### (a) Housing Sales

	Nine Months Ended December 31, 2003			Year Ended March 31, 2003		
	Units	Revenue (¥ millions)	Unit Price (¥10 thousands)	Units	Revenue (¥millions )	Unit Price (¥10 thousands)
<b>Detached Housing</b>						
Tokyo Metropolitan Area	499	27,085	5,427	709	39,871	5,623
Other	111	2,982	2,687	212	7,112	3,354
<b>Total</b>	<b>610</b>	<b>30,067</b>	<b>4,929</b>	<b>921</b>	<b>46,983</b>	<b>5,101</b>
<b>Condominiums</b>						
Tokyo Metropolitan Area	2,129	121,514	5,707	3,514	177,225	5,043
Other	565	16,645	2,946	1,604	51,416	3,205
<b>Total</b>	<b>2,694</b>	<b>138,160</b>	<b>5,128</b>	<b>5,118</b>	<b>228,641</b>	<b>4,467</b>
<b>Total Housing Sales</b>						
Tokyo Metropolitan Area	2,628	148,600	5,654	4,223	217,097	5,140
Other	676	19,627	2,903	1,816	58,528	3,222
<b>Total</b>	<b>3,304</b>	<b>168,228</b>	<b>5,092</b>	<b>6,039</b>	<b>275,625</b>	<b>4,564</b>

### (b) Other Sales Revenue

(¥ millions)

	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
	Revenue	Revenue
Land	11,780	28,582
Buildings	19,746	31,132
<b>Total</b>	<b>31,526</b>	<b>59,715</b>

**(c) Completed Housing Inventories (Nonconsolidated)**

(Units)

	12/03	9/03	3/03	9/02	3/02	9/01
Detached Housing	35	30	120	90	45	55
Condominiums	410	475	485	130	175	190
<b>Total</b>	<b>445</b>	<b>505</b>	<b>605</b>	<b>220</b>	<b>220</b>	<b>245</b>

**(d) 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	98	661	759	603	156	583
Condominiums	2,757	3,745	6,502	2,694	3,808	3,587
<b>Total</b>	<b>2,855</b>	<b>4,406</b>	<b>7,261</b>	<b>3,297</b>	<b>3,964</b>	<b>4,170</b>

Note: Figures for contracts at end of term and newly launched during term include those scheduled for completion in the next fiscal year and after.

### [3] CONSTRUCTION

	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
(¥ millions)	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥122,191	¥175,000	¥183,090
Operating Income:	(1,809)	1,000	326

- The construction segment reported an operating loss for the term under review, because handovers of construction of the Mitsui Home Group are concentrated in the fourth quarter of each fiscal year.

#### (a) Orders, Order Backlogs and Project Completions (¥ millions)

	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
<b>Orders:</b>		
Work-on-Hand at Beginning of Period	90,943	90,701
Orders during Period	98,372	149,041
<b>Total</b>	<b>189,316</b>	<b>239,742</b>
<b>Project Completions</b>	<b>93,979</b>	<b>148,798</b>
<b>Work-on-Hand at End of Period</b>	<b>95,336</b>	<b>90,943</b>

Note: The above includes Mitsui Home Co., Ltd., but not Mitsui Home Group affiliates.

#### (b) Projects Undertaken (¥ millions)

	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
<b>Project Completions:</b>	<b>93,979</b>	<b>148,798</b>
<b>Work-on-Hand at End of Period</b>		
<b>Total</b>	<b>95,336</b>	<b>90,943</b>
Work in progress	23,746	12,993
As a percentage of Work-on-Hand at End of Period	24.9%	14.3%
<b>Projects during Period</b>	<b>104,733</b>	<b>147,407</b>

Note: The above includes Mitsui Home Co., Ltd., but not Mitsui Home Group affiliates.



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

(¥ millions)	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥37,595	¥51,000	¥46,503
Operating Income:	7,811	14,000	10,997

- In the third quarter (October-December), the brokerage business of Mitsui Real Estate Sales benefited from favorable increases in the number of projects handled and transaction volume (both in the corporate and retail markets). In addition, the parent company and Mitsui Fudosan Investment Advisors earned solid fees for real estate securitization. As a result, consolidated revenue from operations and operating income showed steady progress in the nine-month period under review.

(¥ millions)

	Nine Months Ended December 31, 2003		Year Ended March 31, 2003	
	Units	Revenue	Units	Revenue
Brokerage	21,244	28,492	24,885	29,405
Consignment Sales	4,773	5,567	7,682	10,577
Consulting	-	3,535	-	6,520
<b>Total</b>	-	<b>37,595</b>	-	<b>46,503</b>

#### [5] PROPERTY MANAGEMENT

(¥ millions)	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥55,133	¥76,000	¥69,589
Operating Income:	8,028	10,000	7,713

- Operating income in the period under review exceeded that of the entire previous fiscal year (¥7.7 billion). Earnings in this segment benefited from an increase in property management income related to office buildings completed in the latter half of the preceding fiscal year.

(¥ millions)

	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
	Revenue	Revenue
Property Management	38,163	47,241
Tenant Improvement	16,969	22,347
<b>Total</b>	<b>55,133</b>	<b>69,589</b>

**[6] SALES OF HOUSING MATERIALS AND MERCHANDISE**

	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
(¥ millions)	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥46,308	¥62,000	¥65,682
Operating Income:	559	500	104

(¥ millions)

	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
	Revenue	Revenue
Housing Materials	14,648	21,335
Merchandise	31,660	44,346
<b>Total</b>	<b>46,308</b>	<b>65,682</b>

**[7] FACILITY OPERATIONS**

	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
(¥ millions)	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥28,591	¥38,000	¥40,880
Operating Income:	(136)	(500)	(3,356)

(¥ millions)

	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
	Revenue	Revenue
Hotels	18,355	25,664
Other	10,236	15,215
<b>Total</b>	<b>28,591</b>	<b>40,880</b>

**[8] OTHER**

	Nine Months Ended December 31, 2003	Year Ending March 31, 2004	Year Ended March 31, 2003
(¥ millions)	(Actual)	(Latest forecast)	(Actual)
Revenue from Operations:	¥5,986	¥9,000	¥11,639
Operating Income:	1,614	2,000	2,534

(¥ millions)

	Nine Months Ended December 31, 2003	Year Ended March 31, 2003
	Revenue	Revenue
Finance and Lease	1,240	2,028
Other	4,745	9,610
<b>Total</b>	<b>5,986</b>	<b>11,639</b>

## Consolidated Earning Forecast

### For the Year Ending March 31, 2004

(¥ millions)

	Year Ending March 31, 2004			Nine Months Ended December 31, 2003	Year Ended March 31, 2003
	Latest Forecast	Previous Forecast	Change	(Actual)	(Actual)
<b>Revenue from Operations</b>	¥1,100,000	¥1,105,000	(¥5,000)	¥745,955	¥1,082,397
Consolidated/Nonconsolidated Ratio (Times)	1.78	1.79	(0.01)	1.88	1.79
Leasing	332,000	331,000	1,000	250,394	329,671
Sales of Housing, Office Buildings and Land	357,000	363,000	(6,000)	199,754	335,341
Construction	175,000	175,000	-	122,191	183,090
Brokerage, Consignment Sales and Consulting	51,000	51,000	-	37,595	46,503
Property Management	76,000	74,000	2,000	55,133	69,589
Sales of Housing Materials and Merchandise	62,000	63,000	(1,000)	46,308	65,682
Facility Operations	38,000	38,000	-	28,591	40,880
Other	9,000	10,000	(1,000)	5,986	11,639
<b>Operating Income</b>	106,000	104,000	2,000	74,157	103,295
Consolidated/Nonconsolidated Ratio (Times)	1.63	1.65	(0.02)	1.69	1.52
Leasing	62,500	62,000	500	51,403	66,563
Sales of Housing, Office Buildings and Land	32,000	31,500	500	18,283	32,589
Construction	1,000	1,000	-	(1,809)	326
Brokerage, Consignment Sales and Consulting	14,000	14,000	-	7,811	10,997
Property Management	10,000	9,500	500	8,028	7,713
Sales of Housing Materials and Merchandise	500	500	-	559	104
Facility Operations	(500)	(500)	-	(136)	(3,356)
Other	2,000	1,500	500	1,614	2,534
Elimination	(15,500)	(15,500)	-	(11,597)	(14,178)
<b>Non-Operating Income/Expenses</b>	(22,000)	(26,000)	4,000	(14,836)	(26,780)
Interest Expense, in Net	(22,500)	(22,500)	-	(16,472)	(25,241)
Other	500	(3,500)	4,000	1,635	(1,539)
<b>Ordinary Income</b>	84,000	78,000	6,000	59,321	76,514
Consolidated/Nonconsolidated Ratio (Times)	1.33	1.77	(0.44)	1.84	1.62
<b>Extraordinary Gains/Losses</b>	(63,000)	(3,500)	(59,500)	952	(32,302)
<b>Income before Income Taxes</b>	21,000	74,500	(53,500)	60,274	44,212
<b>Income Taxes</b>	7,000	29,000	(22,000)	22,188	18,335
<b>Minority Interests</b>	500	500	-	(13)	323
<b>Net Income</b>	¥13,500	¥45,000	(¥31,500)	¥38,099	¥25,553
Consolidated/Nonconsolidated Ratio (Times)	2.08	1.80	0.28	1.89	1.93

## **【REVISION OF FULL-YEAR CONSOLIDATED FORECASTS】**

- The ¥5.0 billion downward revision of our forecast for revenue from operations reflects our consideration of the Group's performance and the operating environment in the period under review. These include an expected decline in the number of condominiums sold by the parent company (latest forecast is 5,400 units, down from the previous forecast of 5,600 units), as well as sales of merchandise by consolidated subsidiaries. However, operating income will increase owing to favorable property management income and solid fees for real estate securitization from the parent company.
- The forecast for ordinary income has also been raised, due to the increase in operating income, as well as an expected improvement in non-operating income/expenses.
- The revision of our forecast for extraordinary gains/losses reflects a number of factors, such as a devaluation of real property for sale (around ¥62 billion) and a gain in the parent company's sales of investment securities (around ¥2.5 billion) in the period under review.

## **【DEVALUATION OF REAL PROPERTY FOR SALE】**

- In light of recent land price movements and other trends in regional and suburban markets, the Company has decided to drastically reassess its business in large-scale residential site development, which requires considerable time to recover investments. This decision reflects the Company's policy of selectively investing in businesses with high growth potential, as outlined in Challenge Plan 2008, its management plan announced in May 2003.  
Based on this decision, for the fiscal year to March 2004 the Company will devalue a portion of its real property for sale (included in current assets) for which it deems the market price to be unrecoverable. (The portion to be devalued has a book value of around ¥112 billion.) This will cause an extraordinary loss of around ¥62 billion for the year. Consequently, the Company will revise downward its forecasts for consolidated and nonconsolidated net income for the year.

**[NONCONSOLIDATED EARNING FORECAST]**  
**For the Year Ending March 31, 2004**

(¥ millions)

	Year Ending March 31, 2004			Nine Months Ended December 31, 2003	Year Ended March 31, 2003
	Latest Forecast	Previous Forecast	Change	(Actual)	(Actual)
<b>Revenue from Operations</b>	¥617,000	¥619,000	(¥2,000)	¥396,025	¥606,222
Leasing	240,000	238,000	2,000	181,483	240,423
Sales of Housing, Office Buildings and Land	337,000	343,000	(6,000)	185,292	327,044
Sales of Housing	293,000	303,000	(10,000)	168,008	274,669
Detached Housing	41,000	42,000	(1,000)	29,848	46,027
Condominiums	252,000	261,000	(9,000)	138,160	228,641
Sales of Office Building and Land	44,000	40,000	4,000	17,284	52,374
Other	40,000	38,000	2,000	29,249	38,755
<b>Gross Margin (%)</b>	18.4	18.5	(0.1)	18.7	18.5
Leasing	18.5	18.5	-	20.3	19.9
Sales of Housing, Office Buildings and Land	17.0	17.5	(0.5)	15.4	17.8
Sales of Housing	17.0	17.5	(0.5)	15.7	18.0
Other	30.0	28.0	2.0	30.4	15.1
Selling, General and Administrative Expenses	48,500	51,500	(3,000)	30,251	44,049
<b>Operating Income</b>	65,000	63,000	2,000	43,986	67,821
<b>Non-Operating Income/Expenses</b>	(2,000)	(19,000)	17,000	(11,701)	(20,682)
Interest Expense, in Net	(14,000)	(14,000)	-	(10,588)	(16,234)
<b>Ordinary Income</b>	63,000	44,000	19,000	32,284	47,138
<b>Extraordinary Gains/Losses</b>	(59,500)	0	(59,500)	2,533	(23,533)
<b>Income before Income Taxes</b>	3,500	44,000	(40,500)	34,818	23,605
Income Taxes	(3,000)	19,000	(22,000)	14,631	10,395
<b>Net Income</b>	¥6,500	¥25,000	(¥18,500)	¥20,187	¥13,209

## Segment Information

Nine Months Ended December 31, 2003

(¥millions)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	. Assets	Depreciation	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total					
(1) Leasing	250,394	4,141	254,535	203,132	51,403	1,927,964	20,482	15,457
(2) Sales of Housing, Office Buildings and Land	199,754	-	199,754	181,470	18,283	452,856	394	974
(3) Construction	122,191	4,569	126,760	128,569	(1,809)	65,322	1,613	1,896
(4) Brokerage, Consignment Sales and Consulting	37,595	6,845	44,440	36,629	7,811	26,925	613	1,298
(5) Property Management	55,133	14,852	69,986	61,957	8,028	44,731	688	708
(6) Sales of Housing Materials and Merchandise	46,308	24,532	70,840	70,280	559	51,301	833	1,379
(7) Facility Operations	28,591	376	28,968	29,104	(136)	116,300	2,642	1,206
(8) Other	5,986	8,181	14,168	12,553	1,614	27,611	2,342	1,555
<b>Total</b>	<b>745,955</b>	<b>63,499</b>	<b>809,454</b>	<b>723,698</b>	<b>85,755</b>	<b>2,713,014</b>	<b>29,611</b>	<b>24,476</b>
Elimination or Corporate	-	(63,499)	(63,499)	(51,901)	(11,597)	204,345	500	420
<b>Consolidated</b>	<b>745,955</b>	<b>-</b>	<b>745,955</b>	<b>671,797</b>	<b>74,157</b>	<b>2,917,359</b>	<b>30,112</b>	<b>24,897</b>

Year Ended March 31, 2003

(¥ millions)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	. Assets	Depreciation	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total					
(1) Leasing	329,671	5,725	335,396	268,833	66,563	1,959,852	26,900	48,500
(2) Sales of Housing, Office Buildings and Land	335,341	-	335,341	302,751	32,589	454,473	465	770
(3) Construction	183,090	9,304	192,394	192,068	326	61,104	1,944	2,488
(4) Brokerage, Consignment Sales and Consulting	46,503	10,098	56,602	45,604	10,997	32,291	670	982
(5) Property Management	69,589	17,554	87,143	79,429	7,713	36,421	934	777
(6) Sales of Housing Materials and Merchandise	65,682	32,182	97,864	97,760	104	47,925	1,190	824
(7) Facility Operations	40,880	262	41,143	44,499	(3,356)	119,454	3,555	3,307
(8) Other	11,639	10,450	22,090	19,555	2,534	33,797	3,495	2,411
<b>Total</b>	<b>1,082,397</b>	<b>85,578</b>	<b>1,167,976</b>	<b>1,050,502</b>	<b>117,473</b>	<b>2,745,321</b>	<b>39,157</b>	<b>60,061</b>
Elimination or Corporate	-	(85,578)	(85,578)	(71,400)	(14,178)	183,748	624	1,097
<b>Consolidated</b>	<b>1,082,397</b>	<b>-</b>	<b>1,082,397</b>	<b>979,102</b>	<b>103,295</b>	<b>2,929,069</b>	<b>39,781</b>	<b>61,159</b>

### Leasing

Leasing of office buildings, commercial facilities and residential properties, etc.

### Sales of Housing, Office Buildings and Land

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

### Construction

Construction of detached housing and 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, commercial facilities, etc. and asset management services for investors. Mitsui Real Estate Sales, which is mainly involved in this business, became a wholly owned subsidiary in October 2002, through a share exchange.

### 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. In October 2002, the supermarket arm of Uni Living, a "do-it-yourself" retailer, a wholly owned subsidiary, was sold to Maruetsu Inc.

### Facility Operations

Operation of hotels and golf courses, etc. Skidome SSAWS (Chiba Prefecture), part of this segment, was closed in September 2002. The Company has since found buyers for SSAWS site and is currently demolishing the building on the site.

### Other

Financing operations for housing loans and leasing business, etc.

## Consolidated Financial Statements

### CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	December 31, 2003	% of Total Assets	March 31, 2003	% of Total Assets	Change	
					Amount	Percentage
<b>. Current Assets:</b>	¥684,608	23.5	¥687,912	23.5	(¥3,303)	(0.5)
Cash and Time Deposits	96,861		115,157		(18,296)	
Accounts Receivable—Trade	24,489		32,349		(7,860)	
Marketable Securities	110		189		(79)	
Real Property for Sale	397,591	13.6	397,547	13.6	44	0.0
Expenditure on Contracts in Progress	18,118		10,232		7,885	
Other Inventories	9,410		9,191		219	
Advances Paid for Purchases	11,278		11,447		(169)	
Short-Term Loans	12,726		26,722		(13,995)	
Deferred Income Taxes	39,071		38,783		288	
Other Current Assets	78,180		49,854		28,326	
Allowance for Doubtful Accounts	(3,230)		(3,563)		333	
<b>. Fixed Assets:</b>	2,232,751	76.5	2,241,156	76.5	(8,405)	(0.4)
1. Tangible Fixed Assets:	1,626,506	55.7	1,652,338	56.4	(25,831)	(1.6)
Buildings and Structures	481,110	16.5	507,870	17.3	(26,760)	(5.3)
Machinery, Equipment and Materials Handling Equipment	5,170		5,582		(411)	
Land	1,089,488	37.3	1,092,902	37.3	(3,413)	(0.3)
Construction in Progress	17,381		13,161		4,219	
Other Tangible Fixed Assets	33,355		32,821		534	
2. Intangible Fixed Assets:	34,908	1.2	34,777	1.2	130	0.4
Leasehold Rights	25,955		25,968		(13)	
Other Intangible Fixed Assets	8,953		8,808		144	
3. Investments and Other Assets	571,335	19.6	554,040	18.9	17,294	3.1
Investment Securities	235,694		202,234		33,459	
Long-Term Loans	16,360		16,437		(77)	
Lease Deposits	206,070		216,490		(10,419)	
Deferred Income Taxes	16,145		13,604		2,540	
Deferred Income Taxes- Revaluation	33,163		35,958		(2,795)	
Other	85,125		96,657		(11,532)	
Allowance for Doubtful Accounts	(21,224)		(27,342)		6,118	
<b>. Deferred Assets:</b>	0		1		(0)	
<b>Total Assets</b>	<b>¥2,917,359</b>	<b>100.0</b>	<b>¥2,929,069</b>	<b>100.0</b>	<b>(¥11,710)</b>	<b>(0.4)</b>

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(¥ millions)

LIABILITIES:	December 31, 2003	% of Total Assets	March 31, 2003	% of Total Assets	Change	
					Amount	Percentage
<b>. Current Liabilities:</b>	¥610,862	20.9	¥601,128	20.5	¥9,734	1.6
Accounts Payable—Trade	69,603		91,822		(22,219)	
Short-Term Debt	232,718	8.0	194,454	6.6	38,263	19.7
Commercial Paper	103,000		18,000		85,000	
Bond Redeemable Within One Year	10,000		81,242		(71,242)	
Income Taxes Payable	20,519		3,397		17,121	
Advances from Contracts in Progress	22,183		17,911		4,272	
Allowance for Completed Project Indemnities	1,937		1,597		340	
Allowance for Possible Guarantee Losses	221		290		(69)	
Other Current Liabilities	150,680		192,411		(41,731)	
<b>. Long-Term Liabilities:</b>	1,614,714	55.4	1,682,321	57.4	(67,607)	(4.0)
Corporate Bonds	215,000		215,000		-	
Long-Term Debt	819,540	28.1	888,514	30.3	(68,973)	(7.8)
Deposits from Tenants	295,390		307,785		(12,394)	
Allowance for Employees' Retirement Benefits	24,274		20,530		3,744	
Allowance for Directors' Retirement Benefits	1,607		2,083		(475)	
Deferred Income Taxes	43,077		22,603		20,473	
Deferred Income Taxes - Revaluation	149,190		156,437		(7,247)	
Other Fixed Liabilities	66,632		69,366		(2,734)	
<b>Total Liabilities</b>	<b>2,225,577</b>	<b>76.3</b>	<b>2,283,450</b>	<b>77.9</b>	<b>(57,872)</b>	<b>(2.5)</b>
<b>MINORITY INTEREST:</b>						
<b>Minority Interests in Consolidated Subsidiaries</b>	16,702	0.6	17,185	0.6	(482)	(2.8)
<b>SHAREHOLDERS' EQUITY:</b>						
<b>. Common Stock</b>	134,433	4.6	134,433	4.6	-	-
<b>. Additional Paid-in Capital</b>	205,823	7.1	205,823	7.0	-	-
<b>. Retained Earnings</b>	191,982	6.6	155,390	5.3	36,592	23.5
<b>. Surplus from Land Revaluation</b>	158,004		162,289		(4,284)	
<b>. Unrealized Gains/Losses on Securities</b>	16,103		(3,452)		19,555	
<b>. Foreign Currency Translation Adjustment</b>	(30,359)		(25,010)		(5,349)	
<b>. Treasury Stock</b>	675,987	23.2	629,473	21.5	46,513	7.4
<b>Total Shareholders' Equity</b>	<b>675,079</b>	<b>23.1</b>	<b>628,434</b>	<b>21.5</b>	<b>46,645</b>	<b>7.4</b>
<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>	<b>¥2,917,359</b>	<b>100.0</b>	<b>¥2,929,069</b>	<b>100.0</b>	<b>(¥11,710)</b>	<b>(0.4)</b>

**Interest-Bearing Debt**

(¥ millions)

	December 31, 2003	March 31, 2003	Change
Consolidated Interest-Bearing Debt	1,380,258	1,397,211	(16,952)



**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(¥ millions)

	<b>Nine Months Ended December 31, 2003</b>	<b>% of Total Revenue</b>	<b>Year Ended March 31, 2003</b>	<b>% of Total Revenue</b>
<b>. Revenue from Operations</b>	¥745,955	100.0	¥1,082,397	100.0
<b>. Cost of Revenue from Operations</b>	585,577	78.5	858,583	79.3
<b>Gross Operating Profit</b>	160,377	21.5	223,814	20.7
<b>. Selling, General and Administrative Expenses</b>	86,219	11.6	120,518	11.1
<b>Operating Income</b>	74,157	9.9*	103,295	9.6*
<b>. Non-Operating Income:</b>	8,357	1.1	9,192	0.8
Interest Income	898		1,375	
Dividend Income	1,326		1,993	
Equity in Net Income of Affiliated Companies	3,978		2,904	
Other Non-Operating Income	2,153		2,919	
<b>. Non-Operating Expenses:</b>	23,194	3.1	35,973	3.3
Interest Expenses	17,370		26,617	
Other Non-Operating Expenses	5,823		9,356	
<b>Ordinary Income</b>	59,321	7.9*	76,514	7.1*
<b>. Extraordinary Gains:</b>	3,517	0.5	4,898	0.4
<b>. Extraordinary Losses:</b>	2,564	0.3	37,200	3.4
<b>Income before Income Taxes</b>	60,274	8.1*	44,212	4.1*
<b>Income Taxes</b>	20,926		5,516	
<b>Deferred Income Taxes</b>	1,262		12,819	
<b>Minority Interests</b>	(13)		323	
<b>Net Income</b>	¥38,099	5.1 *	¥25,553	2.4*

\*Income Margin to Revenues

## Nonconsolidated Financial Statements

### NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥millions)

ASSETS:	December 31, 2003	% of Total Assets	March 31, 2003	% of Total Assets	Change	
					Amount	Percentage
<b>. Current Assets:</b>	¥626,421	24.1	¥617,631	23.9	¥8,790	1.4
Cash and Time Deposits	24,521		57,581		(33,059)	
Accounts Receivable	9,223		14,897		(5,674)	
Real Property for Sale	172,504	6.6	173,305	6.7	(800)	(0.5)
Real Property in Progress	146,668	5.6	128,607	5.0	18,061	14.0
Land for Development	32,572	1.3	55,099	2.1	(22,527)	(40.9)
Expenditure on Contracts in Progress	572		571		1	
Advances Paid for Purchases	10,412		10,688		(276)	
Prepaid Expenses	3,562		2,733		828	
Short-Term Loans	124,915		88,410		36,505	
Other Receivables	13,442		29,098		(15,655)	
Deferred Income Taxes	29,791		29,791		-	
Other Current Assets	59,145		28,153		30,992	
Allowance for Doubtful Accounts	(911)		(1,306)		395	
<b>. Fixed Assets:</b>	1,972,747	75.9	1,971,611	76.1	1,136	0.1
1. Tangible Fixed Assets:	1,189,389	45.8	1,194,689	46.1	(5,300)	(0.4)
Buildings	289,946	11.2	299,674	11.6	(9,728)	(3.2)
Structures	8,641		9,122		(481)	
Machinery	1,492		1,630		(137)	
Transportation Equipment	56		61		(5)	
Tools, Furniture and Fixtures	3,930		3,653		277	
Land	868,624	33.4	868,922	33.6	(298)	(0.0)
Construction in Progress	11,888		6,818		5,069	
Other Tangible Fixed Assets	4,808		4,805		2	
2. Intangible Fixed Assets:	21,485	0.8	21,789	0.8	(304)	(1.4)
Leasehold Rights	17,928		17,928		-	
Software	3,371		3,665		(294)	
Other Intangible Fixed Assets	185		196		(10)	
3. Investments and Other Assets:	761,873	29.3	755,131	29.2	6,741	0.9
Investment Securities	160,599		129,461		31,137	
Investments in Consolidated Subsidiaries and Affiliated Companies	182,480		184,064		(1,583)	
Investments	23,865		23,486		378	
Long-Term Loans	15,063		15,109		(45)	
Long-Term Loans to Affiliates	164,137		173,669		(9,532)	
Lease Deposits	200,421	7.7	210,640	8.1	(10,219)	(4.9)
Other Investments	24,895		30,286		(5,390)	
Allowance for Doubtful Accounts	(9,589)		(11,586)		1,997	
<b>Total Assets</b>	<b>¥2,599,169</b>	<b>100.0</b>	<b>¥2,589,242</b>	<b>100.0</b>	<b>¥9,927</b>	<b>0.4</b>

**NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(¥ millions)

LIABILITIES:	December 31, 2003	% of Total Assets	March 31, 2003	% of Total Assets	Change	
					Amount	Percentage
<b>. Current Liabilities:</b>	¥485,030	18.7	¥457,896	17.7	¥27,134	5.9
Accounts Payable	24,688		49,105		(24,417)	
Short-Term Debt	205,469	7.9	167,863	6.5	37,605	22.4
Commercial Paper	103,000		18,000		85,000	
Bond Redeemable Within One Year	10,000		81,242		(71,242)	
Other Payables	6,325		18,276		(11,950)	
Income Taxes Payable	14,631		-		14,631	
Accrued Expenses	6,336		8,274		(1,938)	
Advances Received	42,920		38,672		4,247	
Deposits	58,577		66,854		(8,276)	
Other Current Liabilities	13,082		9,607		3,475	
<b>. Long-Term Liabilities:</b>	1,438,716	55.3	1,489,299	57.5	(50,582)	(3.4)
Corporate Bonds	215,000	8.3	215,000	8.3	-	-
Long-Term Debt	725,878	27.9	776,579	30.0	(50,701)	(6.5)
Deposits from Tenants	272,533	10.5	286,166	11.1	(13,633)	(4.8)
Deferred Income Taxes	22,379		9,236		13,143	
Deferred Income Taxes - Revaluation	149,190		149,190		-	
Allowance for Employees' Retirement Benefits	10,551		7,538		3,013	
Allowance for Directors' Retirement Benefits	1,087		1,381		(294)	
Other Fixed Liabilities	42,096		44,207		(2,110)	
<b>Total Liabilities</b>	<b>1,923,747</b>	<b>74.0</b>	<b>1,947,196</b>	<b>75.2</b>	<b>(23,448)</b>	<b>(1.2)</b>
<b>SHAREHOLDERS' EQUITY:</b>						
Common Stock	134,433	5.2	134,433	5.2	-	-
Additional Paid-in Capital	205,823	7.9	205,823	7.9	-	-
Retained Earnings	99,945	3.8	88,058	3.4	11,886	13.5
Legal Reserve	13,688		13,688		-	
Other Reserve	16,790		16,790		-	
Reserve for Substitute Assets	49,292		43,364		5,927	
Unappropriated Earnings	20,173		14,214		5,958	
Net Income	20,187		13,209		6,977	
Surplus from Land Revaluation	220,318	8.5	217,885	8.4	2,433	1.1
Unrealized Gain/Loss on Securities	15,797	0.6	(3,383)	(0.1)	19,180	-
Treasury Stock	(896)	(0.0)	(771)	(0.0)	(124)	16.2
<b>Total Shareholders' Equity</b>	<b>675,421</b>	<b>26.0</b>	<b>642,046</b>	<b>24.8</b>	<b>33,375</b>	<b>5.2</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥2,599,169</b>	<b>100.0</b>	<b>¥2,589,242</b>	<b>100.0</b>	<b>¥9,927</b>	<b>0.4</b>

**Interest-Bearing Debt**

(¥ millions)

	December 31, 2003	March 31, 2003	Change
Nonconsolidated Interest-Bearing Debt	1,259,347	1,258,685	662

**NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(¥ millions)

	<b>Nine Months Ended December 31, 2003</b>	<b>% of Total Revenue</b>	<b>Year Ended March 31, 2003</b>	<b>% of Total Revenue</b>
<b>Revenue from Operations</b>	¥396,025	100.0	¥606,222	100.0
Leasing	181,483	45.8	240,423	39.7
Sales of Housing, Office Buildings and Land	185,292	46.8	327,044	53.9
Other	29,249	7.4	38,755	6.4
<b>Cost of Revenue from Operations</b>	321,787		494,352	
Leasing	144,717		192,617	
Sales of Housing, Office Buildings and Land	156,725		268,847	
Other	20,344		32,887	
<b>Selling, General and Administrative Expenses</b>	30,251		44,049	
<b>Operating Income</b>	43,986	11.1*	67,821	11.2*
<b>Non-Operating Income/Expense</b>	(11,701)		(20,682)	
Non-Operating Income:	7,514		8,202	
Interest Income	3,132		3,805	
Dividend Income	2,855		3,378	
Other Non-Operating Income	1,526		1,018	
Non-Operating Expenses:	19,216		28,885	
Interest Expenses	13,721		20,040	
Other Non-Operating Expenses	5,494		8,845	
<b>Ordinary Income</b>	32,284	8.2*	47,138	7.8*
<b>Extraordinary Gains/Losses</b>	2,533		(23,533)	
Extraordinary Gains:	2,533		4,829	
Extraordinary Losses:	-		28,362	
<b>Income before Income Taxes</b>	34,818	8.8*	23,605	3.9*
<b>Income Taxes</b>	14,631		40	
<b>Deferred Income Taxes</b>	-		10,355	
<b>Net Income</b>	20,187	5.1*	13,209	2.2*
<b>Earning Brought Forward from Previous Period</b>	5,298		4,948	
<b>Interim Dividends</b>	2,878		2,843	
<b>Reversal of Revaluation Difference for Land</b>	(2,433)		(1,099)	
<b>Unappropriated Earnings</b>	¥20,173		¥14,214	

\*Income Margin to Revenues