

April 30, 2004

FACT BOOK

For the Year Ended March 31, 2004



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

TEL +81-3-3246-3168 FAX +81-3-5200-0388

Contact: mfir@mitsuifudosan.co.jp

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 (Code: 8801)

Please visit our website at:

www.mitsuifudosan.co.jp/english/

Contents

Consolidated Financial Highlights	1
Consolidated Business Overview	4
Consolidated Earning Forecast	18
Nonconsolidated Earning Forecast	20
Segment Information	22
Consolidated Financial Summary (for 6 years)	23
Consolidated Financial Statements	24
Nonconsolidated Financial Statements	28

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, 2004

CONSOLIDATED RESULTS

(¥ millions)	Year Ended March 31		YoY Change	
	2004	2003	Amount	Percent
Revenue from Operations	¥1,102,844	¥1,082,397	¥20,446	1.9
Operating Income	109,246	103,295	5,950	5.8
Ordinary Income	87,236	76,514	10,721	14.0
Net Income	14,454	25,553	(11,099)	(43.4)

- ◆ In the year under review, consolidated revenue from operations amounted to ¥1,102.8 billion, up 1.9% from the previous year. The increase was attributable to higher revenues from core segments: “Leasing;” “Sales of housing, office buildings and land;” “Brokerage, consignment sales and consulting;” and “Property management.”
- ◆ Operating income rose 5.8%, to ¥109.2 billion, owing mainly to increased fee-based income from the “Brokerage, consignment sales and consulting” and “Property management” segments.
- ◆ Ordinary income climbed 14.0%, to ¥87.2 billion, thanks to higher operating income and improved financial management. This is the highest ordinary income figure in the Company’s history, eclipsing the previous record set 13 years ago.
- ◆ The Company reported ¥5.6 billion in extraordinary income, stemming largely from the sale of shareholdings, as well as ¥69.2 billion in extraordinary losses, including a ¥64.2 billion devaluation of real property for sale. As a consequence, consolidated net income for the year totaled ¥14.4 billion, down ¥11.0 billion year-on-year.
- ◆ Leasing: Operating income in this segment declined ¥3.5 billion from the previous year. Despite increased earnings due to new office buildings and commercial facilities (both newly on-stream and those making full-year contributions), profits were held down by demolition of existing properties to make way for reconstruction, as well as an increase in floor space not generating income due to tenant turnover. The average year-end vacancy rate of Tokyo Metropolitan Area office buildings leased by the parent company was 4.4%, an improvement from 5.4% a year earlier.
- ◆ Sales of housing, office buildings and land: During the year, the Company sold a total of 6,407 residential units (condominiums and detached houses). The segment also benefited from strong sales to investors of office buildings and condominiums for rental purposes, as well as solid sales of commercial properties by U.S. subsidiaries of Mitsui Real Estate Sales. As a result, segment operating income grew ¥0.3 billion year-on-year.
- ◆ Construction: Operating income in this segment jumped ¥1.0 billion from the previous year. The segment benefited from steady progress by the Mitsui Home Group in reforming its cost structure.
- ◆ Brokerage, consignment sales and consulting: Segment operating income year-on-year jumped ¥3.0 billion. A major contributing factor was the steady progress made by Mitsui Real Estate Sales in providing brokerage services for individuals and corporations.
- ◆ Property management: In the year under review, the number of properties managed increased due to completion of large-scale office buildings developed by the parent company. As a result, operating income in this segment grew ¥3.1 billion from the previous year.

(¥ millions)	Year to 3/05	Year Ended 3/04	YoY Change
	(Forecast)	(Actual)	Amount
Revenue from Operations	¥1,105,000	¥1,102,844	¥2,156
Operating Income	112,000	109,246	2,754
Ordinary Income	91,000	87,236	3,764
Net Income	45,500	14,454	31,046

Consolidated Financial Summary

(¥ millions)

Operating Results:	Year Ended March 31		Change (amount)
	2004	2003	
Revenue from Operations	¥1,102,844	¥1,082,397	¥20,446
Operating Income	109,246	103,295	5,950
Ordinary Income	87,236	76,514	10,721
Net Income	14,454	25,553	(11,099)
Financial Position:	March 31, 2004	March 31, 2003	Change (amount)
Total Assets	¥2,916,582	¥2,929,069	¥(12,486)
Interest-Bearing Debt	1,321,501	1,397,211	(75,709)
Shareholders' Equity	659,165	628,434	30,731
Cash Flows:	Year Ended March 31		Change (amount)
	2004	2003	
Cash Flows from Operating Activities	¥141,600	¥118,484	¥23,115
Cash Flows from Investing Activities	(21,122)	(60,751)	39,629
Cash Flows from Financing Activities	(92,509)	(59,897)	(32,612)
Cash and Cash Equivalents at End of Period	141,717	114,831	26,885

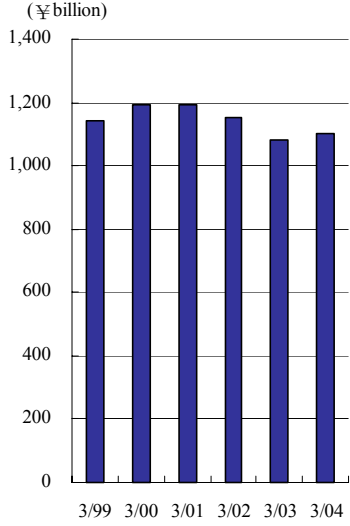
Segment Information

(¥ millions)

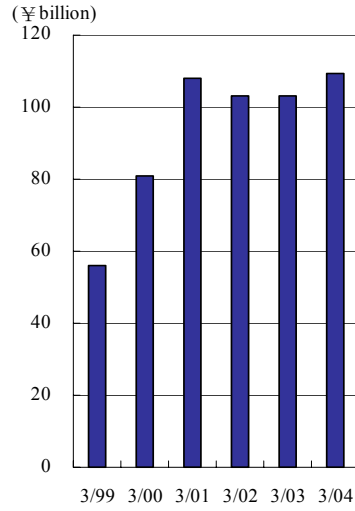
	Year Ended March 31		Change (amount)
	2004	2003	
Leasing			
Revenue from Operations	¥332,380	¥329,671	¥2,709
Operating Income	63,016	66,563	(3,546)
Sales of Housing, Office Buildings and Land			
Revenue from Operations	350,761	335,341	15,420
Operating Income	32,936	32,589	347
Construction			
Revenue from Operations	180,502	183,090	(2,587)
Operating Income	1,332	326	1,005
Brokerage, Consignment Sales and Consulting			
Revenue from Operations	53,585	46,503	7,081
Operating Income	14,078	10,997	3,080
Property Management			
Revenue from Operations	77,481	69,589	7,892
Operating Income	10,844	7,713	3,130
Sales of Housing Materials and Merchandise			
Revenue from Operations	61,768	65,682	(3,913)
Operating Income	151	104	46
Facility Operations			
Revenue from Operations	37,629	40,880	(3,250)
Operating Income	(527)	(3,356)	2,828
Other			
Revenue from Operations	8,734	11,639	(2,905)
Operating Income	2,591	2,534	56

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.

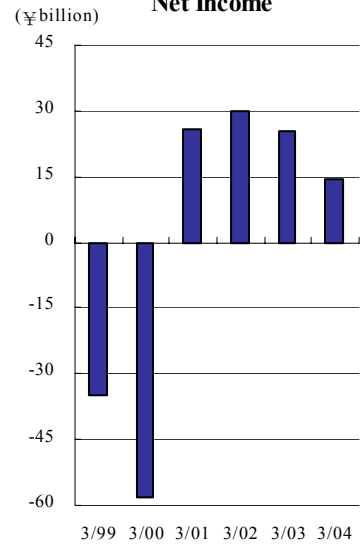
Revenue from Operations



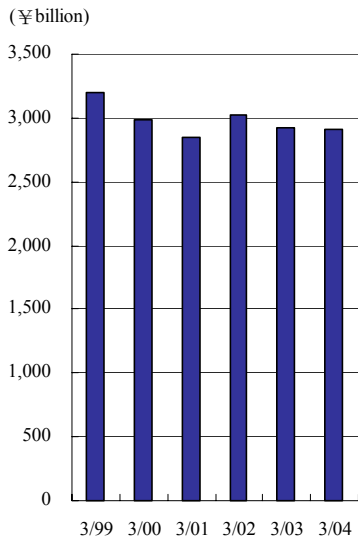
Operating Income



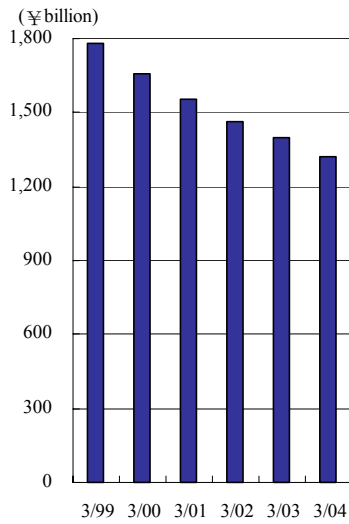
Net Income



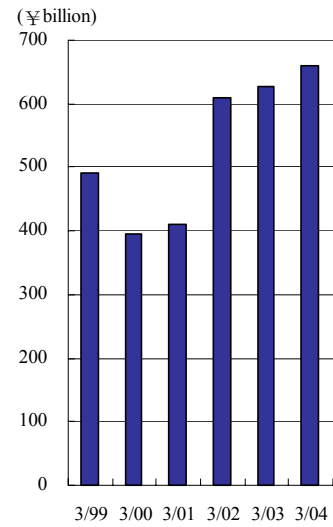
Total Assets



Interest-Bearing Debt



Shareholders' Equity



Consolidated Business Overview

RESULTS OF OPERATIONS

(¥ millions)

	Year Ended March 31		Change (amount)
	2004	2003	
Revenue from Operations	¥1,102,844	¥1,082,397	¥20,446
Leasing	332,380	329,671	2,709
Sales of Housing, Office Buildings and Land	350,761	335,341	15,420
Construction	180,502	183,090	(2,587)
Brokerage, Consignment Sales and Consulting	53,585	46,503	7,081
Property Management	77,481	69,589	7,892
Sales of Housing Materials and Merchandise	61,768	65,682	(3,913)
Facility Operations	37,629	40,880	(3,250)
Other	8,734	11,639	(2,905)
Operating Income	109,246	103,295	5,950
Leasing	63,016	66,563	(3,546)
Sales of Housing, Office Buildings and Land	32,936	32,589	347
Construction	1,332	326	1,005
Brokerage, Consignment Sales and Consulting	14,078	10,997	3,080
Property Management	10,844	7,713	3,130
Sales of Housing Materials and Merchandise	151	104	46
Facility Operations	(527)	(3,356)	2,828
Other	2,591	2,534	56
Elimination or Corporate	(15,177)	(14,178)	(999)
Non-Operating Income/Expenses	(22,009)	(26,780)	4,771
Equity in Net Income/Loss of Affiliated Companies	3,534	2,904	630
Interest Expense, in Net	(21,537)	(25,241)	3,703
Other	(4,006)	(4,443)	437
Ordinary Income	87,236	76,514	10,721
Extraordinary Gains/Losses	(63,589)	(32,302)	(31,287)
Extraordinary Gains	5,665	4,898	766
Extraordinary Losses	69,254	37,200	32,053
Income before Income Taxes	23,647	44,212	(20,565)
Income Taxes	8,857	18,335	(9,478)
Minority Interests	335	323	12
Net Income	¥14,454	¥25,553	¥(11,099)

[Revenue from Operations]

- Revenue from operations increased ¥20.4 billion, to ¥1,102.8 billion, owing to higher revenues from core segments: “Leasing;” “Sales of housing, office buildings and land;” “Brokerage, consignment sales and consulting;” and “Property management.”

[Operating Income]

- Operating income rose ¥5.9 billion, to ¥109.2 billion, due mainly to considerably higher fee-based income from the “Brokerage, consignment sales and consulting” and “Property management” segments.

[Ordinary Income]

- Ordinary income climbed ¥10.7 billion, to ¥87.2 billion, thanks to higher operating income, as well as lower interest-bearing debt and reduced interest outgoings via consolidated fund-raising. (The net interest burden—interest expenses minus interest income—was down ¥3.7 billion from the previous fiscal year.)

[Net Income]

- The Group reported ¥5.6 billion in extraordinary income, stemming largely from the sale of shareholdings, as well as ¥69.2 billion in extraordinary losses, including a ¥64.2 billion devaluation of real property for sale. As a consequence, consolidated net income for the year totaled ¥14.4 billion, down ¥11.0 billion from the previous year.

[Segments Results]

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

[1] LEASING

(¥ millions)	Year Ended March 31		Change (%)
	2004	2003	
Revenue from Operations	¥332,380	¥329,671	0.8
Operating Income	63,016	66,563	(5.3)

- Although the Group enjoyed increased revenue and earnings from office buildings and commercial facilities listed further below (both newly on-stream and those making full-year contributions), revenue and income were affected by the demolition of major buildings to make way for reconstruction. In addition, there was an increase in floor space not generating income due to tenant turnover. Although revenue in this segment increased, therefore, operating income declined.
- During the year, a number of large-scale office buildings were completed in prestige inner-city areas. Also, the office building market, which had been somewhat volatile, is now steady. In addition, occupancy rates improved compared with the beginning of the year.
- The residential leasing (centering on Mitsui Fudosan Housing Lease) and the car-park leasing (Mitsui Real Estate Sales) businesses both secured strong orders, with revenues rising accordingly.

<Vacancy Rates (March 31, 2004)>

Consolidated (including overseas):

5.0% for office buildings and commercial facilities (6.0% on March 31, 2003, and 6.0% on September 30, 2003)

Nonconsolidated:

4.4% for office buildings in the Tokyo Metropolitan Area (5.4% on March 31, 2003, and 5.8% on September 30, 2003)

<Major Projects>

(NEWLY ON-STREAM)

Treage Shirahata (Fujisawa, Kanagawa)	Commercial facility completed in April 2003
Roppongi T-Cube (Minato-ku, Tokyo)	Office building completed in September 2003
Nihonbashi 1-chome Building (Chuo-ku, Tokyo)	Office/commercial building completed in January 2004
LALA Garden Tsukuba (Tsukuba, Ibaraki)	Commercial facility completed in March 2004

(FULL-YEAR CONTRIBUTION)

Celestine Shiba Mitsui Building (Minato-ku, Tokyo)	Office building completed in April 2002
Nakanoshima Mitsui Building (Kita-ku, Osaka)	Office building completed in August 2002
Shiodome City Center (Minato-ku, Tokyo)	Office building completed in January 2003
Garden Air Tower (Chiyoda-ku, Tokyo)	Office building completed in February 2003
Jimbocho Mitsui Building (Chiyoda-ku, Tokyo)	Office building completed in March 2003

(TO BE RECONSTRUCTED)

Mitsui East No. 3 Wing (Chuo-ku, Tokyo)	Demolished (new building under construction)
Ginza Mitsui Building (Chuo-ku, Tokyo)	Demolished (new building under construction)
Nagoya Mitsui Building East and South (Nakamura-ku, Nagoya)	Tenants currently moving

(a) Leasing

		Year Ended March 31	
		2004	2003
Office Buildings and Commercial Facilities	Revenue (¥ millions)	259,395	259,029
	Leased Floor space (㎡):		
	Owned	1,877,654	1,839,819
	Managed	1,434,888	1,404,963
	Total	3,312,542	3,244,782
	Vacancy Rate(%)	5.0	6.0
Residentials	Revenue (¥ millions)	49,295	46,730
	Leased Floor space (㎡):		
	Owned	274	373
	Managed	44,671	42,169
	Total	44,945	42,542
Other	Revenue (¥ millions)	23,689	23,911
Total	Revenue (¥ millions)	332,380	329,671

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)

	Year Ended March 31					
	2004			2003		
	No. of Units	Floor Space (1,000m ²)	Share of Total Floor Space (%)	No. of Units	Floor Space (1,000m ²)	Share of Total Floor Space (%)
Owned	120	2,410	48.1	123	2,342	47.8
Managed	196	2,602	51.9	198	2,557	52.2
Total	316	5,012	100.0	321	4,899	100.0

Newly on-stream: 6 buildings

Full-year contribution: 7 buildings

Sublease-terminated: 4 buildings

Sold: 5 buildings

Excluded due to demolition plans: 2 buildings

(c) Vacancy Rate (Nonconsolidated)

	3/04	9/03	3/03	9/02	3/02	9/01
Consolidated						
Vacancy Rate of Office Buildings and Commercial Facilities (including overseas) at End of Term (%)	5.0	6.0	6.0	5.2	4.1	2.5
Nonconsolidated						
Vacancy Rate of Tokyo Metropolitan Area Office Buildings at End of Term (%)	4.4	5.8	5.4	3.6	2.4	1.7

(d) Breakdown of Leasing Operations (Nonconsolidated)

		Total		Tokyo Metropolitan Area		Regional Areas	
		Year Ended March 31		Year Ended March 31		Year Ended March 31	
		2004	2003	2004	2003	2004	2003
Office Buildings	Number of Buildings	268	276	229	233	39	43
	Leased Floor Space (1,000m ²)	2,183	2,120	1,897	1,821	286	299
	Leasing Revenue (¥ millions)	198,747	198,843	178,362	178,621	20,384	20,221
	Vacancy Rate (%)	4.8	6.4	4.4	5.4	7.6	12.1
Commercial Facilities	Number of Buildings	46	43	32	29	14	14
	Leased Floor Space (1,000m ²)	790	751	538	501	251	250
	Leasing Revenue (¥ millions)	37,601	36,935	23,339	22,943	14,261	13,991
	Vacancy Rate (%) *1	6.2	6.6	0.7	1.0	16.0	16.1

*1: Excluding AMsquare (shopping center, Mie Prefecture), which is temporarily closed, the regional vacancy rate was 0.1%, and the total was 0.5% at March 31, 2004.

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 (%)
	2004	2003	
Revenue from Operations	¥350,761	¥335,341	4.6
Operating Income	32,936	32,589	1.1

- During the year, the Group sold a total of 6,407 units (5,566 condominium units and 841 detached houses), 368 more than the previous year. The parent company had 480 units in completed inventories at fiscal year-end (455 condominium units and 25 detached houses), 125 units down from 605 a year earlier.
- The Group continued to promote sales to investors. During the year, it sold Shibuya Garden Front, developed by the parent company, to Nippon Building Fund, and also sold several rental condominium buildings to investors.

(a) Housing Sales

	Year Ended March 31					
	2004			2003		
	Units	Revenue (¥ millions)	Unit Price (¥10 thousands)	Units	Revenue (¥ millions)	Unit Price (¥10 thousands)
Detached Housing						
Tokyo Metropolitan Area	655	35,117	5,361	709	39,871	5,623
Other	186	4,573	2,459	212	7,112	3,354
Total	841	39,690	4,719	921	46,983	5,101
Condominiums						
Tokyo Metropolitan Area	3,934	204,200	5,191	3,514	177,225	5,043
Other	1,632	49,973	3,062	1,604	51,416	3,205
Total	5,566	254,173	4,567	5,118	228,641	4,467
Total Housing Sales						
Tokyo Metropolitan Area	4,589	239,317	5,215	4,223	217,097	5,140
Other	1,818	54,546	3,000	1,816	58,528	3,222
Total	6,407	293,864	4,587	6,039	275,625	4,564

(b) Other Sales Revenue

	Year Ended March 31	
	2004	2003
	Revenue (¥ millions)	Revenue (¥ millions)
Land	28,892	28,582
Buildings	28,004	31,132
Total	56,897	59,715

(c) Reported Housing Units (Nonconsolidated)

	Year Ended March 31				Change	
	2004		2003		No. of Units	Unit Price (¥10 thousands)
	No. of Units	Unit Price (¥10 thousands)	No. of Units	Unit Price (¥10 thousands)		
Detached Housing	831	4,736	894	5,148	(63)	(413)
Condominiums	5,566	4,567	5,118	4,467	448	99
Total	6,397	4,589	6,012	4,569	385	20

(d) Completed Housing Inventories (Nonconsolidated)

(Units)

	3/04	9/03	3/03	9/02	3/02	9/01
Detached Housing	25	30	120	90	45	55
Condominiums	455	475	485	130	175	190
Total	480	505	605	220	220	245

(e) 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	909	1,007	831	176	814
Condominiums	2,757	5,472	8,229	5,566	2,663	5,199
Total	2,855	6,381	9,236	6,397	2,839	6,013

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

(¥ millions)	Year Ended March 31		Change (%)
	2004	2003	
Revenue from Operations	¥180,502	¥183,090	(1.4)
Operating Income	1,332	326	308.2

- The revenue decline stemmed from a lower number of projects subcontracted to Mitsui Home. However, segment income grew ¥1.0 billion from the previous year thanks to an improved cost-to-sales ratio (stemming from Mitsui Home's successful cost-restructuring efforts), a lower SGA-to-sales ratio and increased revenues from a Mitsui Home subsidiary devoted to home renovations (that company started operations in October 2002).

(a) Orders, Order Backlogs and Project Completions

(¥ millions)

	Year Ended March 31	
	2004	2003
Orders:		
Work-on-Hand at Beginning of Period	90,943	90,701
Orders during Period	141,665	149,041
Total	232,609	239,742
Project Completions	143,763	148,798
Work-on-Hand at End of Period	88,845	90,943

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

(b) Projects

(¥ millions)

	Year Ended March 31	
	2004	2003
Project Completions:	143,763	148,798
Work-on-Hand at End of Period		
Total	88,845	90,943
Work in progress	8,910	12,993
As a percentage of Work-on-Hand at End of Period	10.0	14.3
Projects during Period	139,681	147,407

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

[4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

(¥ millions)	Year Ended March 31		Change (%)
	2004	2003	
Revenue from Operations	¥53,585	¥46,503	15.2
Operating Income	14,078	10,997	28.0

- This segment posted significant gains in revenue and operating income. This was due mainly to an increase in the number of brokerage transactions of Mitsui Real Estate Sales, both with corporations and individuals. The “Consulting” category performed well, boosted by solid fees from the parent company’s project management services, as well as from asset management services by Mitsui Fudosan Investment Advisors and Nippon Building Fund Management.

(¥ millions)

	Year Ended March 31			
	2004		2003	
	Units	Revenue	Units	Revenue
Brokerage	28,499	37,919	24,885	29,405
Consignment Sales	7,632	9,172	7,682	10,577
Consulting	-	6,493	-	6,520
Total	-	53,585	-	46,503

[5] PROPERTY MANAGEMENT

(¥ millions)	Year Ended March 31		Change (%)
	2004	2003	
Revenue from Operations	¥77,481	¥69,589	11.3
Operating Income	10,844	7,713	40.6

- This segment enjoyed considerable increases in revenue and operating income. This was due to higher revenue from the “Property management” category, which benefited from Shiodome City Center, Jimbocho Mitsui Building, Shiodome Media Tower, and other office buildings coming on-stream that had been developed by the Company on behalf of investors.

(¥ millions)

	Year Ended March 31	
	2004	2003
	Revenue	Revenue
Property Management	51,511	47,241
Tenant Improvement	25,969	22,347
Total	77,481	69,589

[6] SALES OF HOUSING MATERIALS AND MERCHANDISE

(¥ millions)	Year Ended March 31		Change (%)
	2004	2003	
Revenue from Operations	¥61,768	¥65,682	(6.0)
Operating Income	151	104	44.3

- Revenue in this segment declined as sluggish personal consumption led to a fall in retail sales. The segment’s performance was also affected by the Group’s sale of the supermarket operations of Uni Living (100% subsidiary). However, segment operating income improved owing to increased earnings from the housing materials business of Mitsui Home, profitability of which declined in the previous year due to the soaring costs of wooden materials in Canada.

(¥ millions)

	Year Ended March 31	
	2004	2003
	Revenue	Revenue
Housing Materials	19,956	21,335
Merchandise	41,812	44,346
Total	61,768	65,682

[7] FACILITY OPERATIONS

(¥ millions)	Year Ended March 31		Change (%)
	2004	2003	
Revenue from Operations	¥37,629	¥40,880	(8.0)
Operating Income	(527)	(3,356)	NA

- This segment reported a decline in revenue and an increase in operating income due to the closure in September 2002 of the loss-making skidome “SSAWS” operation. Revenue from hotel operations declined due to weak occupancies, reflecting unstable conditions in domestic and overseas markets.

(¥ millions)

	Year Ended March 31	
	2004	2003
	Revenue	Revenue
Hotels	24,485	25,664
Other	13,144	15,215
Total	37,629	40,880

[8] OTHER

(¥ millions)	Year Ended March 31		Change (%)
	2004	2003	
Revenue from Operations	¥8,734	¥11,639	(25.0)
Operating Income	2,591	2,534	2.2

(¥ millions)

	Year Ended March 31	
	2004	2003
	Revenue	Revenue
Finance and Lease	1,583	2,028
Other	7,150	9,610
Total	8,734	11,639

ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

(¥ millions)

Assets	March 31		Change (amount)
	2004	2003	
Cash and Time Deposits	¥142,018	¥115,157	¥26,860
Marketable Securities	105	189	(84)
Real Property for Sale*	343,573	408,994	(65,421)
Tangible & Intangible Fixed Assets	1,655,454	1,687,115	(31,661)
Investment Securities	262,763	202,234	60,528
Short-Term Loans	14,020	26,722	(12,701)
Long-Term Loans	10,390	16,437	(6,047)
Lease Deposits	201,845	216,490	(14,644)
Deferred Income Taxes	68,313	52,388	15,925
Deferred Income Taxes - Revaluation	33,305	35,958	(2,653)
Other Assets	184,792	167,380	17,411
Total Assets	¥2,916,582	¥2,929,069	¥(12,486)

*Real Property for Sale includes Advances Paid for Purchases.

(¥ millions)

Liabilities, Minority Interest and Shareholders' Equity	March 31		Change (amount)
	2004	2003	
Interest-Bearing Debt	¥1,321,501	¥1,397,211	¥(75,709)
Deposits from Tenants	291,322	307,785	(16,463)
Deferred Income Taxes	46,099	22,603	23,495
Deferred Income Taxes - Revaluation	151,018	156,437	(5,419)
Other Liabilities	431,502	399,411	32,090
Total Liabilities	2,241,443	2,283,450	(42,006)
Minority Interest	15,973	17,185	(1,212)
Common Stock	134,433	134,433	-
Additional Paid-in Capital	205,823	205,823	-
Retained Earnings	167,890	155,390	12,499
Surplus from Land Revaluation	158,227	162,289	(4,061)
Unrealized Gains/Losses on Securities	26,317	(3,452)	29,769
Foreign Currency Translation Adjustment	(32,545)	(25,010)	(7,535)
Treasury Stock	(979)	(1,039)	60
Total Shareholders' Equity	659,165	628,434	30,731
Total Liabilities, Minority Interest and Shareholders' Equity	¥2,916,582	¥2,929,069	¥(12,486)

[Real Property for Sale]

On a consolidated basis, the balance of real property for sale declined ¥65.4 billion during the period under review. This was the net result of several factors, including a ¥65.9 billion drop in real property held by the parent company; a ¥2.8 billion fall due to U.S. subsidiaries of Mitsui Real Estate Sales continued selling their property holdings; and a ¥8.8 billion rise on real property stemming from the acquisition of Spring Properties.

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

(¥ millions)

	March 31, 2004	March 31, 2003	Change (amount)
Mitsui Fudosan	301,705	367,700	(65,995)
Mitsui Real Estate Sales	4,453	7,314	(2,860)
Spring Properties	8,851	-	8,851
Other and Elimination	28,562	33,979	(5,417)
Consolidated Total	343,573	408,994	(65,421)

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

(¥ millions)

March 31, 2003	New Investments	Cost Recovery	Others	March 31, 2004
367,700	257,847	(263,394)	(60,448)	301,705

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

[Tangible and Intangible Assets]

Total consolidated tangible and intangible assets at fiscal year-end were ¥31.6 billion lower than a year earlier. Although the parent company made several major investments, including in the Muromachi Mitsui Shinkan Building and LALA Garden Tsukuba, assets held by the parent company declined ¥5.8 billion due to depreciation of existing buildings and sales and disposal of properties. Sales of properties and exchange rate fluctuations (¥107.13 per US\$1 at fiscal year-end, compared with ¥119.90 a year earlier) also caused the value of assets held by Mitsui Fudosan America to decline.

(a) Tangible and Intangible Assets

(¥ millions)

	March 31, 2004	March 31, 2003	Change
Mitsui Fudosan	1,210,650	1,216,479	(5,828)
Mitsui Fudosan America	81,798	100,068	(18,269)
Mitsui Real Estate Sales	43,242	45,925	(2,682)
Mitsui Home	36,302	37,781	(1,478)
Other and Elimination	283,459	286,861	(3,402)
Consolidated Total	1,655,454	1,687,115	(31,661)

(b) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

March 31, 2003	New Investments	Depreciation	Disposal/Sale	Others	March 31, 2004
1,216,479	22,530	(22,369)	(6,196)	206	1,210,650

<Major new investments>

Muromachi Mitsui Shinkan Building ¥5.5 billion
LALA Garden Tsukuba ¥2.4 billion

[Interest-Bearing Debt]

Consolidated interest-bearing debt at fiscal year-end was ¥1,321.5 billion, down ¥75.7 billion from a year earlier. The parent company's interest-bearing debt was down ¥52.7 billion to ¥944.0 billion, excluding loans to subsidiaries (which would be eliminated in consolidation). Interest-bearing debt increased due to the new inclusion of Spring Properties into the scope of consolidation, but decreased due to sales of properties by, and exchange rate fluctuations affecting, Mitsui Fudosan America and U.S. subsidiaries of Mitsui Real Estate Sales.

(a) Interest-Bearing Debt

(¥ millions)

	March 31, 2004	March 31, 2003	Change
Mitsui Fudosan	1,205,530	1,258,685	(53,155)
Mitsui Fudosan America	58,966	76,808	(17,841)
Mitsui Real Estate Sales	38,606	50,037	(11,431)
Mitsui Home	6,636	9,568	(2,932)
Loans to Subsidiaries	(261,516)	(261,968)	451
Other and Elimination	273,278	264,080	9,198
Consolidated Total	1,321,501	1,397,211	(75,709)

(b) Interest-Bearing Debt (Nonconsolidated)

(¥ millions)

	March 31, 2004	March 31, 2003	Change
Interest-Bearing Debt (excluding loans to subsidiaries)	944,013	996,716	(52,703)
Loans to Subsidiaries	261,516	261,968	(451)
Total	1,205,530	1,258,685	(53,155)

[Retained Earnings]

Consolidated retained earnings at fiscal year-end stood at ¥167.8 billion, up ¥12.4 billion from a year earlier. Factors boosting retained earnings included ¥14.4 billion in net income and ¥4.2 billion from reversal of revaluation difference for land due to business reorganization and the sale of land. Factors pushing down retained earnings included ¥5.7 billion in cash dividends paid.

[Contingent Liabilities]

(¥ millions)

	March 31, 2004	March 31, 2003	Change
Loans Guaranteed	163,693	188,370	(24,160)

CASH FLOWS

(¥ millions)

	Year Ended March 31		Change
	2004	2003	
Cash Flows From Operating Activities:			
Cash Profit*	¥127,633	¥109,151	¥18,482
Purchase/Sale of Real Property for Sale	35,951	49,915	(13,964)
Other Changes in Assets and Liabilities	(21,984)	(40,581)	18,597
Net Cash Provided by Operating Activities (1)	141,600	118,484	23,115
Cash Flows From Investing Activities:			
Purchase/Sale of Marketable and Investment Securities	(3,209)	(14,564)	11,355
Purchase/Sale of Tangible and Intangible Fixed Assets	(31,678)	(38,879)	7,201
Increase/Decrease in Lease Deposits	(621)	(9,958)	9,336
Other	14,387	2,650	11,736
Net Cash Used in Investing Activities (2)	(21,122)	(60,751)	39,629
Cash Flows From Financing Activities:			
Increase/Decrease in Short-Term Debt	24,250	(26,552)	50,803
Proceeds from/Repayment of Long-Term Debt	(39,641)	(57,154)	17,513
Proceeds from Issuance of Corporate Bonds	(71,242)	30,000	(101,242)
Cash Dividends Paid	(6,311)	(6,190)	(120)
Other	434	-	434
Net Cash Used in Financing Activities	(92,509)	(59,897)	(32,612)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,082)	(562)	(519)
Net Decrease in Cash and Cash Equivalents	26,885	(2,727)	29,612
Cash and Cash Equivalents at Beginning of Year	114,831	117,558	(2,727)
Cash and Cash Equivalents at End of Year	141,717	114,831	26,885
Free Cash Flows (1) +(2)	¥120,477	¥57,733	¥62,744

*Note: Cash profit refers to income before income taxes, plus/minus gains/losses not related to the movement of cash, after adjustments for interest payments and taxes on a cash basis.

Consolidated and Nonconsolidated Earning Forecast

[CONSOLIDATED EARNING FORECAST] For the Year Ending March 31, 2005

(¥ millions)

	Year Ending March 31, 2005	Year Ended March 31, 2004	Change (amount)
Revenue from Operations	¥1,105,000	¥1,102,844	¥2,156
Consolidated/Nonconsolidated Ratio (Times)	1.85	1.79	0.06
Leasing	342,000	332,380	9,620
Sales of Housing, Office Buildings and Land	332,000	350,761	(18,761)
Construction	184,000	180,502	3,498
Brokerage, Consignment Sales and Consulting	56,000	53,585	2,415
Property Management	78,000	77,481	519
Sales of Housing Materials and Merchandise	67,000	61,768	5,232
Facility Operations	38,000	37,629	371
Other	8,000	8,734	(734)
Operating Income	112,000	109,246	2,754
Consolidated/Nonconsolidated Ratio (Times)	1.62	1.66	(0.04)
Leasing	60,000	63,016	(3,016)
Sales of Housing, Office Buildings and Land	36,000	32,936	3,064
Construction	3,000	1,332	1,668
Brokerage, Consignment Sales and Consulting	16,000	14,078	1,922
Property Management	11,000	10,844	156
Sales of Housing Materials and Merchandise	500	151	349
Facility Operations	500	(527)	1,027
Other	1,000	2,591	(1,591)
Elimination or Corporate	(16,000)	(15,177)	(823)
Non-Operating Income/Expenses	(21,000)	(22,009)	1,009
Interest Expense, in Net	(20,500)	(21,537)	1,037
Other	(500)	(472)	(28)
Ordinary Income	91,000	87,236	3,764
Consolidated/Nonconsolidated Ratio (Times)	1.64	1.39	0.25
Extraordinary Gains/Losses	(13,000)	(63,589)	50,589
Income before Income Taxes	78,000	23,647	54,353
Income Taxes	31,000	8,857	22,143
Minority Interests	1,500	335	1,165
Net Income	¥45,500	¥14,454	¥31,046
Consolidated/Nonconsolidated Ratio (Times)	1.72	2.19	(0.47)

【Revenue and Income from Operations】

- For the year to March 2005, the Group projects consolidated revenue from operations of ¥1,105.0 billion (up¥2.1billion), and operating income of ¥112.0 billion (up¥2.7billion).
- **Leasing:** In this segment, the Group projects a ¥9.6billion increase in revenue, to ¥342.0 billion, owing to higher revenue generated by the parent company, combined with increased revenues from Mitsui Fudosan Housing Lease and the car-park leasing business of Mitsui Real Estate Sales. Although increased revenue will boost earnings, operating income in this segment is forecast to fall ¥3.0 billion, to ¥ billion, due to lower profits of the parent company and lower profits from the leasing business due to the sale of assets

held by domestic and overseas subsidiaries.

- **Sales of Housing, Office Buildings and Land:** Revenue in this category is predicted to decline ¥18.7 billion, to ¥332.0 billion, due to lower revenue from the sales of condominiums by the parent company and from U.S. subsidiaries of Mitsui Real Estate Sales. However, segment operating income is expected to rise ¥3.0 billion, to ¥36.0 billion, owing to increased income from the business related to real estate securitization.
- **Construction:** Revenue in this segment is forecast to grow ¥3.4 billion, to ¥184.0 billion, and operating income is expected to rise ¥1.6 billion, to ¥3.0 billion. The Mitsui Home Group anticipates revenue and income gains, which will benefit this segment.
- **Brokerage, Consignment Sales and Consulting:** In this segment, the Group predicts a ¥2.4 billion rise in revenue, to ¥56.0 billion, and a ¥1.9 billion increase in operating income, to ¥16.0 billion. Gains in revenue and earnings are forecast for Mitsui Real Estate Sales, the parent company, Mitsui Fudosan Investment Advisors and other Group companies.
- **Property Management:** Despite an expected decline in revenue from large-scale tenant improvement by the parent company, the Group predicts improved revenue and earnings from subsidiaries. As a result, segment revenue is projected to grow ¥0.5 billion, to ¥78.0 billion, and operating income is forecast to climb ¥0.1 billion, to ¥11.0 billion.
- **Sales of Housing Materials and Merchandise:** In this segment, the Group projects revenue of ¥67.0 billion and operating income of ¥0.5 billion. The opening of new stores by Uni Living, a subsidiary, will help boost segment revenue.
- **Facility Operations:** Anticipating higher sales and earnings from hotel operation in Hawaii and Japan, the Group projects revenue of ¥38.0 billion and operating income of ¥0.5 billion for this segment.

【Ordinary Income and Net Income】

- Benefiting from increased operating income and a lower net interest burden, ordinary income is expected to grow ¥3.7 billion, to ¥91.0 billion.
- After accounting for a projected ¥10.0 billion extraordinary loss by the parent company and moderate extraordinary losses by subsidiaries, net income for the year is forecast to climb ¥31.0 billion, to ¥45.5 billion.

【Capital Expenditures】

(¥ millions)

	Year Ending March 31, 2005	Year Ended March 31, 2004	Change (amount)
Capital Expenditure	65,000	35,838	29,162
Depreciation	38,000	40,415	(2,415)

【Interest-Bearing Debt】

(¥ millions)

	Year Ending March 31, 2005	Year Ended March 31, 2004	Change (amount)
Interest-Bearing Debt	1,280,000	1,321,501	(41,501)

[NONCONSOLIDATED EARNING FORECAST]
For the Year Ending March 31, 2005

(¥ millions)

	Year Ending March 31, 2005	Year Ended March 31, 2004	Change (amount)
Revenue from Operations	¥598,000	¥615,984	¥(17,984)
Leasing	248,000	240,484	7,516
Sales of Housing, Office Buildings and Land	307,000	333,901	(26,901)
Sales of Housing	272,000	293,528	(21,528)
Detached Housing	40,000	39,355	645
Condominiums	232,000	254,173	(22,173)
Sales of Office Building and Land	35,000	40,372	(5,372)
Other	43,000	41,599	1,401
Gross Margin (%)	18.5	18.2	0.3
Leasing	17.0	18.4	(1.4)
Sales of Housing, Office Buildings and Land	15.0	16.6	(1.6)
Sales of Housing	15.5	16.5	(1.0)
Other	52.5	30.5	22.0
Selling, General and Administrative Expenses	41,500	46,233	(4,733)
Operating Income	69,000	65,920	3,080
Non-Operating Income/Expenses	(13,500)	(2,998)	(10,502)
Interest Expense, in Net	(13,000)	(13,970)	970
Ordinary Income	55,500	62,922	(7,422)
Extraordinary Gains/Losses	(10,000)	(59,728)	49,728
Income before Income Taxes	45,500	3,193	42,307
Income Taxes	19,000	(3,411)	22,411
Net Income	¥26,500	¥6,605	¥19,895

- **Revenue and Income from Operations:** The Company forecasts a ¥17.9 billion decline in nonconsolidated revenue from operations, to ¥598.0 billion, and a ¥3.0 billion increase in operating income, to ¥69.0 billion.
- **Leasing:** Both revenue and operating income will benefit from major new projects coming on-stream or making their first full-year contributions, including Nihonbashi 1-chome Building, Roppongi T-Cube, LALA Garden Tsukuba, Stella Town and the Koshien Shopping Center (provisional name). However, revenue and income from existing buildings will decline slightly. Income will also be affected by building sales, demolition of properties to make way for reconstruction, and termination of subleases. As result, segment revenues are forecast to rise ¥7.5 billion, but operating income will decline, leading to an income-to-revenue ratio of 17.0%, down 1.4 points.
- **Sales of Housing, Office Buildings and Land:** In the “Housing” category, revenues are expected to decline, due mainly to a decrease in the number of condominium units sold. Operating income will also decline, leading to an income-to-revenue ratio of 15.5%, down 1.0 point. Revenue and income from sales of business-use properties are also expected to fall. However, the Company expects an improvement in the SG&A-to-revenue ratio owing to major cost-cutting efforts. Nevertheless, overall segment revenue is expected to decline ¥26.9 billion, while the income-to-revenue ratio is forecast to slip 1.6 points, to 15.0%.
- **Other:** Although revenue and income from the “Tenant improvement” category will decline, dividend income from investments by silent partnership will increase. As a consequence, both revenue and income in this segment are forecast to improve.
- **Ordinary Income:** Despite an improvement in the net interest burden, dividends from subsidiaries are predicted to decline. As a result, ordinary income is expected to fall ¥7.4 billion, to ¥55.5 billion.
- **Net Income:** After accounting for a ¥10.0 billion extraordinary loss associated with asset disposal and sales, net income is forecast to grow ¥19.8 billion, to ¥26.5 billion.

(a) Housing Units for Sale (Nonconsolidated)

(Units)

	Year To March 31		Change
	2005 (Forecast)	2004 (Actual)	
Detached Housing	850	831	19
Condominiums	5,350	5,566	(216)
Total	6,200	6,397	(197)

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

(¥ millions)

March 31, 2004	New Investments	Cost Recovery	March 31, 2005 (Forecast)
301,705	246,000	(245,000)	301,705

(c) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

March 31, 2004	New Investments	Depreciation	Disposal/Sale	March 31, 2005 (Forecast)
1,210,650	55,000	(20,000)	(15,000)	1,250,650

[FORECAST FOR Mitsui Home Co., Ltd. FOR THE YEAR ENDING MARCH 31, 2005]

(¥ millions)

	Year To March 31		Change
	2005 (Forecast)	2004 (Actual)	
Revenue from Operations	¥223,000	¥220,170	¥2,829
Operating Income	4,500	2,792	1,707
Ordinary Income	4,600	3,096	1,504
Net Income	2,200	1,072	1,127

Segment Information

Year Ended March 31, 2004

(¥ 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	332,380	5,328	337,709	274,692	63,016	1,914,041	27,353	23,203
(2) Sales of Housing, Office Buildings and Land	350,761	-	350,761	317,824	32,936	458,770	564	1,395
(3) Construction	180,502	7,251	187,753	186,421	1,332	57,075	2,198	2,411
(4) Brokerage, Consignment Sales and Consulting	53,585	11,655	65,241	51,163	14,078	43,973	823	1,577
(5) Property Management	77,481	20,722	98,203	87,359	10,844	39,911	1,076	963
(6) Sales of Housing Materials and Merchandise	61,768	32,463	94,231	94,080	151	49,741	1,138	2,042
(7) Facility Operations	37,629	386	38,015	38,543	(527)	116,140	3,502	1,753
(8) Other	8,734	10,855	19,589	16,997	2,591	31,632	3,083	1,968
Total	1,102,844	88,662	1,191,507	1,067,083	124,423	2,711,286	39,739	35,318
Elimination or Corporate	-	(88,662)	(88,662)	(73,485)	(15,177)	205,296	675	520
Consolidated	1,102,844	-	1,102,844	993,598	109,246	2,916,582	40,415	35,838

Year Ended March 31, 2003

(¥ 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	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
Total	1,082,397	85,578	1,167,976	1,050,502	117,473	2,745,321	39,157	60,061
Elimination or Corporate	-	(85,578)	(85,578)	(71,400)	(14,178)	183,748	624	1,097
Consolidated	1,082,397	-	1,082,397	979,102	103,295	2,929,069	39,781	61,159

Leasing

Leasing of office buildings, commercial 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, commercial 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. 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.

Other

Financing operations for housing loans and leasing business, etc.

Consolidated Financial Summary (FY2000-2004)

(¥ millions)

		Year Ended March 31					
		2000	2001	2002	2003	2004	
P/L	Revenue from Operations	¥1,194,837	¥1,193,080	¥1,152,483	¥1,082,397	¥1,102,844	
	Operating Income	81,923	108,334	102,950	103,295	109,246	
	Ordinary Income	52,259	73,420	72,800	76,514	87,236	
	Net Income (Loss)	(58,417)	26,112	29,806	25,553	14,454	
Segment*	Leasing	Revenue from Operations	325,643	329,834	331,501	329,671	332,380
		Operating Income	61,147	68,550	71,718	66,563	63,016
	Sales of Housing, Office Buildings and Land	Revenue from Operations	359,326	328,281	336,641	335,341	350,761
		Operating Income	8,881	20,606	26,668	32,589	32,936
	Construction	Revenue from Operations	273,141	283,806	237,243	183,090	180,502
		Operating Income	6,031	6,718	(5,228)	326	1,332
	Brokerage, Consignment Sales and Consulting	Revenue from Operations	40,240	41,547	45,742	46,503	53,585
		Operating Income	13,353	13,607	17,541	10,997	14,078
	Property Management	Revenue from Operations	60,220	70,872	67,916	69,589	77,481
		Operating Income	5,871	7,298	7,665	7,713	10,844
	Sales of Housing Materials and Merchandise	Revenue from Operations	69,936	70,583	71,577	65,682	61,768
		Operating Income	301	834	1,342	104	151
	Facility Operations	Revenue from Operations	46,234	47,387	44,967	40,880	37,629
		Operating Income	(25)	(55)	(4,271)	(3,356)	(527)
	Other	Revenue from Operations	20,093	20,766	16,893	11,639	8,734
		Operating Income	2,831	3,807	858	2,534	2,591
	B/S	Total Assets	2,991,203	2,846,467	3,028,969	2,929,069	2,916,582
		Real Property for Sale	482,182	453,053	459,840	408,994	343,573
Tangible and Intangible Fixed Assets		1,467,055	1,456,692	1,698,841	1,687,115	1,655,454	
Capital Expenditures		83,945	67,478	62,101	61,159	35,838	
Depreciation		45,776	44,418	66,017	39,781	40,415	
Interest-Bearing Debt		1,660,127	1,554,360	1,460,526	1,397,211	1,321,501	
Retained Earnings		89,168	98,643	137,026	155,390	167,890	
Shareholders' Equity		395,132	411,097	609,536	628,434	659,165	
C/F	Cash Flows from Operating Activities (1)	134,200	173,664	142,121	118,484	141,600	
	Cash Flows from Investing Activities (2)	(32,449)	(32,088)	(81,658)	(60,751)	(21,122)	
	Cash Flows from Financing Activities (3)	(96,576)	(150,001)	(103,298)	(59,897)	(92,509)	
	Free Cash Flows (1)+(2)	¥101,750	¥141,575	¥60,463	¥57,733	¥120,478	
Key Data	ROA (%)	3.10	3.98	3.86	3.78	4.06	
	Debt/Equity Ratio (Times)	4.2	3.8	2.4	2.2	2.0	
	Equity Ratio (%)	13.2	14.5	20.1	21.5	22.6	
	No. of Consolidated Subsidiaries	160	150	143	131	127	
	No. of Affiliates in Equity Method	72	65	60	57	52	

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

- Property for Sale: Property for sale + Advances paid for purchases
- Interest-Bearing Debt: Short-term borrowings + Commercial paper + Bonds due within 1 year + Long-term borrowings
- 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	
	2004	% of Total Assets	2003	% of Total Assets	Amount	Percentage
I. Current Assets:	¥671,847	23.0	¥687,912	23.5	¥(16,064)	(2.3)
Cash and Time Deposits	142,018		115,157		26,860	
Accounts Receivable—Trade	28,477		32,349		(3,872)	
Marketable Securities	105		189		(84)	
Real Property for Sale	323,307	11.1	397,547	13.6	(74,239)	(18.7)
Expenditure on Contracts in Progress	8,211		10,232		(2,021)	
Other Inventories	8,586		9,191		(604)	
Advances Paid for Purchases	20,265		11,447		8,818	
Short-Term Loans	14,020		26,722		(12,701)	
Deferred Income Taxes	56,329		38,783		17,546	
Other Current Assets	73,437		49,854		23,582	
Allowance for Doubtful Accounts	(2,913)		(3,563)		650	
II. Fixed Assets:	2,244,734	77.0	2,241,156	76.5	3,578	0.2
1. Tangible Fixed Assets:	1,620,778	55.6	1,652,338	56.4	(31,559)	(1.9)
Buildings and Structures	476,521	16.3	507,870	17.3	(31,349)	(6.2)
Machinery, Equipment and Materials Handling Equipment	5,058		5,582		(523)	
Land	1,087,266	37.3	1,092,902	37.3	(5,636)	(0.5)
Construction in Progress	18,860		13,161		5,698	
Other Tangible Assets	33,072		32,821		251	
2. Intangible Fixed Assets:	34,675	1.2	34,777	1.2	(102)	(0.3)
Leasehold Rights	25,947		25,968		(21)	
Other Intangible Fixed Assets	8,728		8,808		(80)	
3. Investments and Other Assets	589,280	20.2	554,040	18.9	35,239	6.4
Investment Securities	262,763		202,234		60,528	
Long-Term Loans	10,390		16,437		(6,047)	
Lease Deposits	201,845		216,490		(14,644)	
Deferred Income Taxes	11,984		13,604		(1,620)	
Deferred Income Taxes- Revaluation	33,305		35,958		(2,653)	
Other	88,143		96,657		(8,513)	
Allowance for Doubtful Accounts	(19,151)		(27,342)		8,190	
III. Deferred Assets	0		1		(0)	
Total Assets	¥2,916,582	100.0	¥2,929,069	100.0	¥(12,486)	(0.4)

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	March 31				Change	
	2004	% of Total Assets	2003	% of Total Assets	Amount	Percentage
I. Current Liabilities:	¥615,292	21.1	¥601,128	20.5	¥14,163	2.4
Accounts Payable—Trade	117,965		91,822		26,142	
Short-Term Debt	228,209	7.8	194,454	6.6	33,754	17.4
Commercial Paper	37,000		18,000		19,000	
Bond Redeemable Within One Year	10,000		81,242		(71,242)	
Income Taxes Payable	16,975		3,397		13,577	
Advances from Contracts in Progress	16,604		17,911		(1,306)	
Allowance for Completed Project Indemnities	1,929		1,597		331	
Allowance for Possible Guarantee Losses	309		290		19	
Deferred Income Taxes	0		—		0	
Other Current Liabilities	186,298		192,411		(6,113)	
II. Long-Term Liabilities:	1,626,151	55.8	1,682,321	57.4	(56,170)	(3.3)
Corporate Bonds	215,000		215,000		—	
Long-Term Debt	831,291	28.5	888,514	30.3	(57,222)	(6.4)
Deposits from Tenants	291,322		307,785		(16,463)	
Allowance for Employees' Retirement Benefits	23,420		20,530		2,890	
Allowance for Directors' Retirement Benefits	1,682		2,083		(400)	
Deferred Income Taxes	46,099		22,603		23,495	
Deferred Income Taxes - Revaluation	151,018		156,437		(5,419)	
Other Fixed Liabilities	66,316		69,366		(3,050)	
Total Liabilities	2,241,443	76.9	2,283,450	77.9	(42,006)	(1.8)
MINORITY INTEREST:						
Minority Interests in Consolidated Subsidiaries	15,973	0.5	17,185	0.6	(1,212)	(7.1)
SHAREHOLDERS' EQUITY:						
I. Common Stock	134,433	4.6	134,433	4.6	—	—
II. Additional Paid-in Capital	205,823	7.1	205,823	7.0	—	—
III. Retained Earnings	167,890	5.8	155,390	5.3	12,499	8.0
IV. Surplus from Land Revaluation	158,227		162,289		(4,061)	
V. Unrealized Gains/Losses on Securities	26,317		(3,452)		29,769	
VI. Foreign Currency Translation Adjustment	(32,545)		(25,010)		(7,535)	
	660,145	22.6	629,473	21.5	30,671	4.9
VII. Treasury Stock	(979)		(1,039)		60	
Total Shareholders' Equity	659,165	22.6	628,434	21.5	30,731	4.9
Total Liabilities, Minority Interest and Shareholders' Equity	¥2,916,582	100.0	¥2,929,069	100.0	¥(12,486)	(0.4)

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Year Ended March 31				Change	
	2004	% of Total Revenue	2003	% of Total Revenue	Amount	Percentage
I. Revenue from Operations	¥1,102,844	100.0	¥1,082,397	100.0	¥20,466	1.9
II. Cost of Revenue from Operations	873,627	79.2	858,583	79.3	15,043	1.8
Gross Operating Profit	229,217	20.8	223,814	20.7	5,403	2.4
III. Selling, General and Administrative Expenses	119,971	10.9	120,518	11.1	(547)	(0.5)
Operating Income	109,246	9.9	103,295	9.6	5,950	5.8
IV. Non-Operating Income:	9,521	0.9	9,192	0.8	328	3.6
Interest Income	1,219		1,375		(155)	
Dividend Income	1,942		1,993		(50)	
Equity in Net Income of Affiliated Companies	3,534		2,904		630	
Other Non-Operating Income	2,824		2,919		(94)	
V. Non-Operating Expenses:	31,531	2.9	35,973	3.3	(4,442)	(12.3)
Interest Expenses	22,757		26,617		(3,859)	
Other Non-Operating Expenses	8,773		9,356		(582)	
Ordinary Income	87,236	7.9	76,514	7.1	10,721	14.0
VI. Extraordinary Gains:	5,665	0.5	4,898	0.4	766	15.6
Gain on Sales of Fixed Assets	410		3,686		(3,276)	
Gain on Sales of Investment Securities	4,669		582		4,087	
Gain on Sales of Shares of Affiliated Companies	-		89		(89)	
Transfer from Allowance for Doubtful Accounts	478		-		478	
Other Extraordinary Gains	106		540		(433)	
VII. Extraordinary Losses:	69,254	6.3	37,200	3.4	32,053	86.2
Loss on Evaluation of Investment Securities	-		20,266		(20,266)	
Loss on Disposal of Fixed Assets	855		5,490		(4,635)	
Losses Associated with Housing Sales Business	-		2,332		(2,332)	
Provision to Allowance for Doubtful Accounts	1,518		1,962		(444)	
Loss on Disposal of Real Property for Sale	-		1,575		(1,575)	
Loss on Sales of Fixed Assets	-		1,494		(1,494)	
Loss on Liquidation of Affiliated Company	-		492		(492)	
Loss on Evaluation of Real Property for Sale	64,231		-		64,231	
Other Extraordinary Losses	2,649		3,585		(936)	
Income before Income Taxes	23,647	2.1	44,212	4.1	(20,565)	(46.5)
Income Taxes	23,914		5,516		18,398	
Deferred Income Taxes	(15,057)		12,819		(27,877)	
Minority Interests	335		323		12	
Net Income	¥14,454	1.3	¥25,553	2.4	¥(11,099)	(43.4)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

	Year Ended March 31		Change (amount)
	2004	2003	
I. Cash Flows From Operating Activities:			
Income before Income Taxes	¥23,647	¥44,212	¥(20,565)
Depreciation and Amortization	40,415	39,781	633
Gain/Loss on Equity in Net Income of Affiliated Companies	(3,534)	(2,904)	(630)
Loss Associated with Housing Sales Business	-	2,332	(2,332)
Loss on Evaluation of Investment Securities	-	20,266	(20,266)
Gain/Loss on Sales of Investment Securities	(4,669)	(671)	(3,997)
Loss on Demolition of Real Property for Sale	-	1,575	(1,575)
Loss on Liquidation of Affiliated Companies	-	492	(492)
Loss on Evaluation of Real Property for Sale	64,231	-	64,231
Gain/Loss on Sales of Tangible and Intangible Fixed Assets	(410)	(2,192)	1,781
Loss on Disposal of Tangible and Intangible Fixed Assets	855	5,490	(4,635)
Provision to Allowance for Doubtful Accounts	1,518	1,962	(444)
Transfer from Allowance for Doubtful Accounts	(478)	-	(478)
Interest and Dividend Income	(3,162)	(3,369)	206
Interest Expense	22,757	26,617	(3,859)
Increase/Decrease in Accounts Receivable	3,962	76	3,885
Increase/Decrease in Accounts Payable	(2,711)	(2,142)	(568)
Purchase of Real Property for Sale*	(235,185)	(211,183)	(24,002)
Sales of Real Property for Sale*	271,136	261,099	10,037
Bonuses Paid to Directors	(117)	(104)	(12)
Other	(12,055)	(23,830)	11,775
Subtotal	166,197	157,507	8,689
Cash Receipts of Interest and Dividend Income	3,819	4,070	(251)
Cash Payments of Interest Expense	(22,651)	(26,657)	4,005
Income Taxes Paid	(5,764)	(16,435)	10,671
Net Cash Provided by Operating Activities	141,600	118,484	23,115
II. Cash Flows From Investing Activities:			
Purchase of Marketable and Investment Securities	(14,956)	(20,265)	5,308
Sales of Marketable and Investment Securities	11,525	3,769	7,756
Purchase of Tangible and Intangible Fixed Assets	(45,120)	(55,071)	9,950
Sales of Tangible and Intangible Fixed Assets	13,441	16,191	(2,749)
Increase in Loans	(6,403)	(22,243)	15,839
Decrease in Loans	26,089	24,456	1,632
Decrease in Deposits from Tenants	(63,605)	(57,027)	(6,578)
Increase in Deposits from Tenants	51,100	39,447	11,652
Increase in Lease Deposits	(18,961)	(10,861)	(8,099)
Decrease in Lease Deposits	30,845	18,483	12,361
Purchase of Securities with Change in Scope of Consolidation	197	354	(157)
Sales of Securities with Change in Scope of Consolidation	-	239	(239)
Other	(5,274)	1,774	(7,049)
Net Cash Used in Investing Activities	(21,122)	(60,751)	39,629
III. Cash Flows From Financing Activities:			
Increase/Decrease in Short-Term Debt	24,250	(26,552)	50,803
Proceeds from Long-Term Debt	180,140	232,349	(52,209)
Repayment of Long-Term Debt	(218,781)	(289,503)	69,721
Proceeds from Issuance of Bonds	10,000	80,000	(70,000)
Redemption of Bonds	(81,242)	(50,000)	(31,242)
Income from Issuance of Shares to Minority Interests	-	14	(14)
Cash Dividends Paid	(5,757)	(5,697)	(59)
Cash Dividends Paid to Minority Interests	(554)	(524)	(29)
Sales of Treasury Stock	434	16	417
Net Cash Used in Financing Activities	(92,509)	(59,897)	(32,612)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,082)	(562)	(519)
V. Net Increase (Decrease) in Cash and Cash Equivalents	26,885	(2,727)	29,612
VI. Cash and Cash Equivalents at Beginning of Year	114,831	117,558	(2,727)
VII. Cash and Cash Equivalents at End of Year	¥141,717	¥114,831	¥26,885

*“Purchase of Real Property for Sale” and “Sales of Property for Sale” show cash flows from changes of Property for Sale and Advances Paid for Purchases on consolidated balance sheets.

Nonconsolidated Financial Statements

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	March 31				Change	
	2004	% of Total Assets	2003	% of Total Assets	Amount	Percentage
I. Current Assets:	¥616,108	23.6	¥617,631	23.9	¥(1,522)	(0.2)
Cash and Time Deposits	69,767		57,581		12,186	
Accounts Receivable	11,061		14,897		(3,835)	
Real Property for Sale	150,431	5.8	173,305	6.7	(22,873)	(13.2)
Real Property in Progress	110,381	4.2	128,607	5.0	(18,225)	(14.2)
Land for Development	20,826	0.8	55,099	2.1	(34,272)	(62.2)
Expenditure on Contracts in Progress	-		571		(571)	
Advances Paid for Purchases	20,065		10,688		9,376	
Prepaid Expenses	3,505		2,733		771	
Short-Term Loans	96,406		88,410		7,996	
Other Receivables	32,955		29,098		3,856	
Operational Investment	40,160		-		40,160	
Deferred Income Taxes	47,969		29,791		18,178	
Other Current Assets	13,886		28,153		(14,267)	
Allowance for Doubtful Accounts	(1,309)		(1,306)		(3)	
II. Fixed Assets:	1,994,984	76.4	1,971,611	76.1	23,372	1.2
1. Tangible Fixed Assets:	1,189,263	45.6	1,194,689	46.1	(5,426)	(0.5)
Buildings	289,620	11.1	299,674	11.6	(10,053)	(3.4)
Structures	8,784		9,122		(338)	
Machinery	1,545		1,630		(84)	
Transportation Equipment	50		61		(11)	
Tools, Furniture and Fixtures	4,122		3,653		468	
Land	867,472	33.2	868,922	33.6	(1,449)	(0.2)
Construction in Progress	12,858		6,818		6,039	
Other Tangible Assets	4,809		4,805		3	
2. Intangible Fixed Assets:	21,387	0.8	21,789	0.8	(402)	(1.8)
Leasehold Rights	17,926		17,928		(1)	
Software	3,271		3,665		(394)	
Other Intangible Fixed Assets	190		196		(6)	
3. Investments and Other Assets:	784,333	30.0	755,131	29.2	29,201	3.9
Investment Securities	188,371		129,461		58,909	
Investments in Consolidated Subsidiaries and Affiliated Companies	181,975		184,064		(2,088)	
Investments	24,729		23,486		1,242	
Long-Term Loans	9,165		15,109		(5,943)	
Long-Term Loans to Affiliates	165,174		173,669		(8,495)	
Lease Deposits	197,100	7.5	210,640	8.1	(13,539)	(6.4)
Other Investments	31,046		30,286		760	
Allowance for Doubtful Accounts	(13,230)		(11,586)		(1,643)	
Total Assets	¥2,611,093	100.0	¥2,589,242	100.0	¥21,850	0.8

[Operational Investments]

Operational investments, which are part of investments by silent partnership (tokumei kumiai), are investments held by the parent company for the purpose of trading on themselves, or on real estate, that are objects of the investments. In the year under review, operational investments are listed as a separate item because their value exceeded 1.0% of total assets at fiscal year-end. In the previous fiscal year, operational investments totaled ¥10.9billion and were included within “Other Current Assets” under “Current assets.”

[Investment Securities]

The parent company’s investment securities at fiscal year-end include ¥40.3 billion in preferred securities (part of preferred securities issued to a specific purpose company set up to undertake real estate securitization) held for the purpose of trading in relevant real estate and preferred securities. Since such securities have no market value, they are included within “Investment Securities” under “Fixed Assets.” The value of such preferred securities at the previous fiscal year-end was ¥27.9 billion.

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	March 31				Change	
	2004	% of Total Assets	2003	% of Total Assets	Amount	Percentage
I. Current Liabilities:	¥487,722	18.7	¥457,896	17.7	¥29,825	6.5
Accounts Payable	78,611		49,105		29,506	
Short-Term Debt	205,416	7.9	167,863	6.5	37,552	22.4
Commercial Paper	37,000		18,000		19,000	
Bond Redeemable Within One Year	10,000		81,242		(71,242)	
Other Payables	10,207		18,276		(8,068)	
Income Taxes Payable	12,319		-		12,319	
Accrued Expenses	8,568		8,274		294	
Advances Received	34,376		38,672		(4,296)	
Deposits	81,140		66,854		14,286	
Other Current Liabilities	10,081		9,607		474	
II. Long-Term Liabilities:	1,451,511	55.6	1,489,299	57.5	(37,787)	(2.5)
Corporate Bonds	215,000	8.2	215,000	8.3	-	-
Long-Term Debt	738,113	28.3	776,579	30.0	(38,465)	(5.0)
Deposits from Tenants	270,229	10.3	286,166	11.1	(15,936)	(5.6)
Deferred Income Taxes	25,275		9,236		16,039	
Deferred Income Taxes - Revaluation	151,018		149,190		1,828	
Allowance for Employees' Retirement Benefits	9,979		7,538		2,440	
Allowance for Directors' Retirement Benefits	1,129		1,381		(251)	
Other Fixed Liabilities	40,765		44,207		(3,441)	
Total Liabilities	1,939,234	74.3	1,947,196	75.2	(7,962)	(0.4)
SHAREHOLDERS' EQUITY:						
Common Stock	134,433	5.1	134,433	5.2	-	-
Additional Paid-in Capital	205,824	7.9	205,823	7.9	0	0.0
Capital Reserve	205,823		205,823		-	
Other Capital Reserve	0		-		0	
Gain on Disposal of Treasury Stock	0		-		0	
Retained Earnings	86,282	3.3	88,058	3.4	(1,775)	(2.0)
Legal Reserve	13,688		13,688		-	
Other Reserve	16,790		16,790		-	
Reserve for Substitute Assets	49,292		43,364		5,927	
Unappropriated Earnings	6,511		14,214		(7,703)	
Net Income	6,605		13,209		(6,603)	
Surplus from Land Revaluation	220,399	8.4	217,885	8.4	2,513	1.2
Unrealized Gain/Loss on Securities	25,887	1.0	(3,383)	(0.1)	29,270	
Treasury Stock	(967)	(0.0)	(771)	(0.0)	(196)	25.5
Total Shareholders' Equity	671,859	25.7	642,046	24.8	29,813	4.6
Total Liabilities and Shareholders' Equity	¥2,611,093	100.0	¥2,589,242	100.0	¥21,850	0.8

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Year Ended March 31				Change	
	2004	% of Total Revenue	2003	% of Total Revenue	Amount	Percentage
Revenue from Operations	¥615,984	100.0	¥606,222	100.0	¥9,762	1.6
Leasing	240,484	39.0	240,423	39.7	60	0.0
Sales of Housing, Office Buildings and Land	333,901	54.2	327,044	53.9	6,857	2.1
Other	41,599	6.8	38,755	6.4	2,843	7.3
Cost of Revenue from Operations	503,830		494,352		9,478	
Leasing	196,320		192,617		3,703	
Sales of Housing, Office Buildings and Land	278,593		268,847		9,746	
Other	28,916		32,887		(3,970)	
Selling, General and Administrative Expenses	46,233		44,049		2,184	
Operating Income	65,920	10.7*	67,821	11.2*	(1,900)	(2.8)
Non-Operating Income/Expense	(2,998)		(20,682)		17,684	
Non-Operating Income:	23,688		8,202		15,485	
Interest Income	4,114		3,805		308	
Dividend Income	17,460		3,378		14,081	
Other Non-Operating Income	2,113		1,018		1,095	
Non-Operating Expenses:	26,687		28,885		(2,198)	
Interest Expenses	18,084		20,040		(1,955)	
Other Non-Operating Expenses	8,602		8,845		(243)	
Ordinary Income	62,922	10.2*	47,138	7.8*	15,783	33.5
Extraordinary Gains/Losses	(59,728)		(23,533)		(36,195)	
Extraordinary Gains:	4,664		4,829		(164)	
Gain on Sales of Fixed Assets	-		4,273		(4,273)	
Gain on Sales of Investment Securities	4,664		555		4,109	
Extraordinary Losses:	64,392		28,362		36,030	
Loss on Evaluation of Investment Securities	-		20,090		(20,090)	
Loss on Disposal of Fixed Assets	-		4,130		(4,130)	
Losses Associated with Housing Sales Business	-		2,332		(2,332)	
Loss on Disposal of Real Property for Sale	-		1,575		(1,575)	
Loss on Sales of Fixed Assets	-		232		(232)	
Loss on Evaluation of Real Property for Sale	59,732		-		59,732	
Provision to Allowance for Doubtful Accounts	4,660		-		4,660	
Income before Income Taxes	3,193	0.5*	23,605	3.9*	(20,411)	(86.5)
Income Taxes	16,955		40		16,915	
Deferred Income Taxes	(20,366)		10,355		(30,722)	
Net Income	6,605	1.1*	13,209	2.2*	(6,603)	(50.0)
Earning Brought Forward from Previous Period	5,298		4,948		350	
Interim Dividends	2,878		2,843		35	
Reversal of Revaluation Difference for Land	(2,513)		(1,099)		(1,414)	
Unappropriated Earnings	¥6,511		¥14,214		¥(7,703)	

*Income Margin to Revenues