

October 29, 2004

FACT BOOK

For the Six Months Ended September 30, 2004



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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 (Code: 8801)

Please visit our website at:

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 Six Months Ended September 30, 2004

CONSOLIDATED RESULTS

(¥ millions)	Six Months Ended September 30		YoY Change		Previous Forecast As of Sep. 2004
	2004	2003	Amount	Percent	
Revenue from Operations	¥456,512	¥486,098	¥(29,585)	(6.1)	¥451,000
Operating Income	38,843	45,184	(6,341)	(14.0)	36,000
Ordinary Income	28,796	33,448	(4,651)	(13.9)	26,000
Net Income	(7,490)	20,111	(27,601)	—	(9,500)

- ◆ Completion of, and revenue from, condominiums for sale will be concentrated in the fourth quarter of the current fiscal year ending March 31, 2005. For this reason, the number of condominiums sold in the interim period under review (896 units) was limited to around 50% of the previous corresponding term (1,759 units). As a result, revenue from operations, operating income and ordinary income in the interim period under review were down compared with the previous corresponding term.
- ◆ Due to the early adoption of impairment accounting for fixed assets in the period under review, the Group posted an interim net loss of ¥7.4 billion. (For the entire fiscal year, however, we project positive net income of ¥24.0 billion.)
- ◆ In the “Leasing” segment, revenue from operations grew ¥3.7 billion, while operating income fell ¥2.0 billion. During the period, a number of properties came newly on-stream or made their first full-term contribution to revenue and earnings. Among office buildings, these included Roppongi T-Cube (completed in September 2003) and Nihonbashi 1-chome Building (January 2004). Among retail facilities, they included LALA Garden Tsukuba (opened in March 2004), COREDO Nihonbashi (March 2004) and Stellar Town (April 2004). The term-end vacancy rate of office buildings in the Tokyo Metropolitan Area leased by the parent company was 4.8%.
- ◆ In the “Sales of housing, office buildings and land” segment, revenue from operations declined ¥34.9 billion, and operating income slipped ¥5.5 billion. Although the Group made good progress in sales of properties to investors, there was a major decline in condominiums for sale, as stated earlier.
- ◆ The “Brokerage, consignment sales and consulting” and “Property management” segments posted increases in both revenue from operations and operating income owing to a rise in number of properties handled. Brokerage transactions of Mitsui Real Estate Sales, both with corporations and individuals, were particularly strong.
- ◆ With respect to the fiscal year ending March 2005, we have revised upwards our operating income forecasts for three segments that performed favorably in the interim period: “Leasing,” “Brokerage, consignment sales and consulting,” and “Facility operations.” Our new operating income forecast for the entire Group is ¥114.0 billion.

(¥ millions)	Year Ending March 31, 2005		YoY Change	Year Ended March 31, 2004
	Latest Forecast As of Oct. 2004	Previous Forecast As of Sep. 2004	Amount	
Revenue from Operations	¥1,105,000	¥1,105,000	—	¥1,102,844
Operating Income	114,000	112,000	2,000	109,246
Ordinary Income	93,000	91,000	2,000	87,236
Net Income	24,000	23,000	1,000	14,454

Consolidated Financial Summary

(¥ millions)

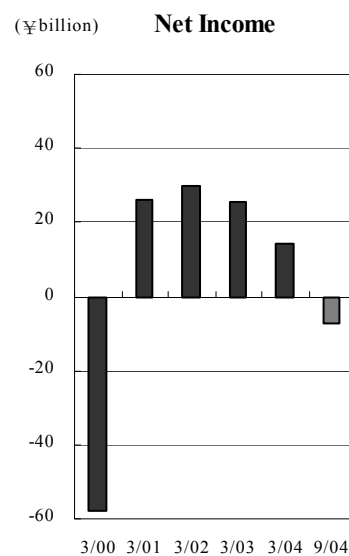
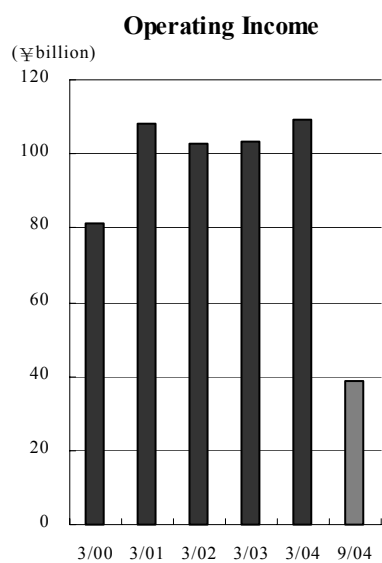
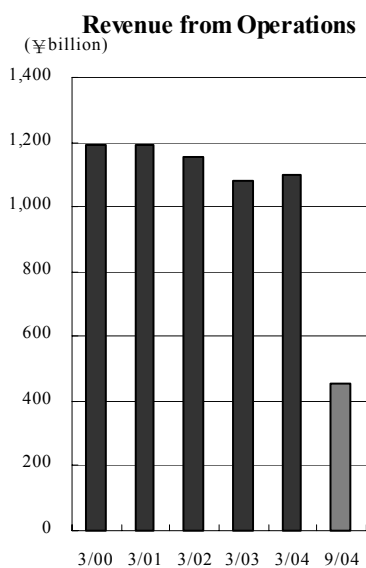
Operating Results:	Six Months Ended September 30		Change	Year Ended March 31, 2004
	2004	2003		
Revenue from Operations	¥456,512	¥486,098	¥(29,585)	¥1,102,844
Operating Income	38,843	45,184	(6,341)	109,246
Ordinary Income	28,796	33,448	(4,651)	87,236
Net Income	(7,490)	20,111	(27,601)	14,454
Financial Position:	September 30, 2004	March 31, 2004	Change	September 30, 2003
Total Assets	¥2,866,225	¥2,916,582	¥(50,357)	¥2,934,839
Interest-Bearing Debt	1,407,969	1,321,501	86,468	1,400,657
Shareholders' Equity	640,203	659,165	(18,962)	664,252
Cash Flows:	Six Months Ended September 30		Change	Year Ended March 31, 2004
	2004	2003		
Cash Flows from Operating Activities	¥(96,565)	¥12,999	¥(109,564)	¥141,600
Cash Flows from Investing Activities	(49,794)	(36,826)	(12,968)	(21,122)
Cash Flows from Financing Activities	83,700	1,295	82,405	(92,509)
Cash and Cash Equivalents at End of Period	79,359	92,547	(13,187)	141,717

Segment Information

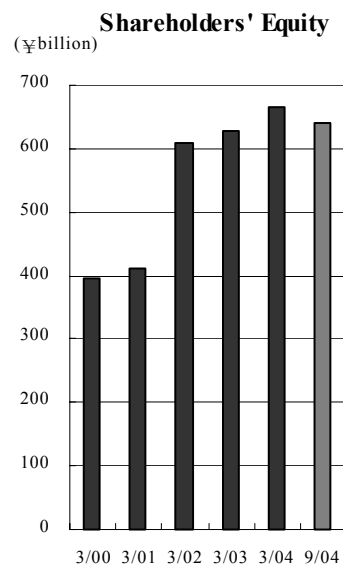
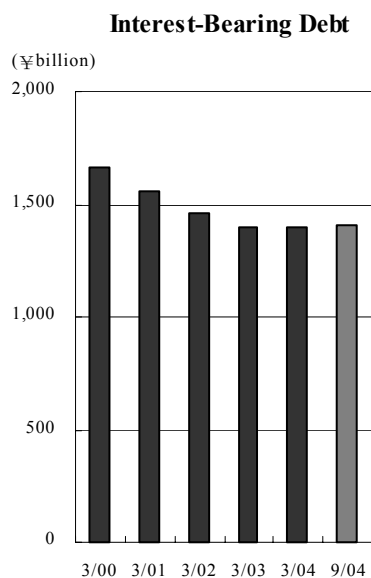
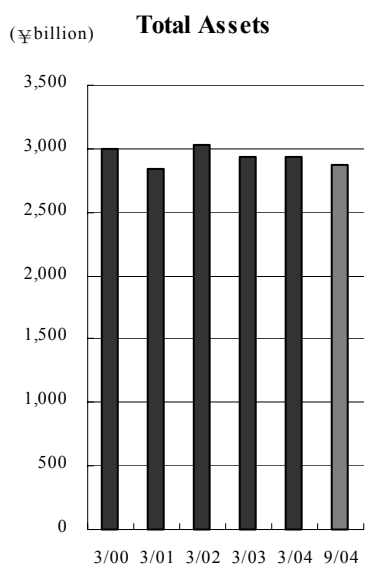
(¥ millions)

	Six Months Ended September 30		Change	Year Ended March 31, 2004
	2004	2003		
Leasing				
Revenue from Operations	¥169,896	¥166,159	¥3,736	¥332,380
Operating Income	31,896	33,901	(2,004)	63,016
Sales of Housing, Office Buildings and Land				
Revenue from Operations	97,216	132,153	(34,936)	350,761
Operating Income	7,027	12,547	(5,519)	32,936
Construction				
Revenue from Operations	70,169	74,826	(4,656)	180,502
Operating Income	(4,455)	(3,217)	(1,237)	1,332
Brokerage, Consignment Sales and Consulting				
Revenue from Operations	26,610	24,204	2,406	53,585
Operating Income	5,888	3,716	2,171	14,078
Property Management				
Revenue from Operations	36,599	35,304	1,294	77,481
Operating Income	5,392	5,201	190	10,844
Sales of Housing Materials and Merchandise				
Revenue from Operations	32,797	30,554	2,243	61,768
Operating Income	(118)	282	(401)	151
Facility Operations				
Revenue from Operations	19,400	18,375	1,024	37,629
Operating Income	502	(779)	1,282	(527)
Other				
Revenue from Operations	3,821	4,519	(698)	8,734
Operating Income	962	1,207	(244)	2,591

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.



Note: "9/04" indicates interim results for the six months ended September 30, 2004.



Note: "9/04" indicates figures as of September 30, 2004.

Consolidated Business Overview

RESULTS OF OPERATIONS

(¥ millions)

	Six Months Ended September 30		Change
	2004	2003	
Revenue from Operations	¥456,512	¥486,098	¥(29,585)
Leasing	169,896	166,159	3,736
Sales of Housing, Office Buildings and Land	97,216	132,153	(34,936)
Construction	70,169	74,826	(4,656)
Brokerage, Consignment Sales and Consulting	26,610	24,204	2,406
Property Management	36,599	35,304	1,294
Sales of Housing Materials and Merchandise	32,797	30,554	2,243
Facility Operations	19,400	18,375	1,024
Other	3,821	4,519	(698)
Operating Income	38,843	45,184	(6,341)
Leasing	31,896	33,901	(2,004)
Sales of Housing, Office Buildings and Land	7,027	12,547	(5,519)
Construction	(4,455)	(3,217)	(1,237)
Brokerage, Consignment Sales and Consulting	5,888	3,716	2,171
Property Management	5,392	5,201	190
Sales of Housing Materials and Merchandise	(118)	282	(401)
Facility Operations	502	(779)	1,282
Other	962	1,207	(244)
Elimination or Corporate	(8,252)	(7,674)	(578)
Non-Operating Income/Expenses	(10,046)	(11,736)	1,689
Equity in Net Income/Loss of Affiliated Companies	1,410	1,749	(339)
Interest Expense, in Net	(10,053)	(11,399)	1,346
Other	(1,403)	(2,086)	683
Ordinary Income	28,796	33,448	(4,651)
Extraordinary Gains/Losses	(33,918)	(922)	(32,995)
Extraordinary Gains	776	697	78
Extraordinary Losses	34,695	1,620	33,074
Income before Income Taxes	(5,122)	32,525	(37,647)
Income Taxes	3,409	12,986	(9,576)
Minority Interests	(1,041)	(572)	(469)
Net Income	¥(7,490)	¥20,111	¥(27,601)

[Revenue from Operations]

- In the interim period under review, revenue from operations totaled ¥456.5 billion, down ¥29.5 billion from the previous corresponding term. Completion of, and revenue from, condominiums for sale will be concentrated in the fourth quarter of the current fiscal year. For this reason, the number of condominiums sold in the interim period under review (896 units) was limited to around 50% of the previous corresponding term (1,759 units). This was the main factor in the revenue decline.
- In the “Sales of housing, office buildings and land” segment, which includes sales of condominiums, revenue from operations declined ¥34.9 billion, to ¥97.2 billion. However, revenue increased from the “Leasing” segment, which covers leasing of office buildings and retail facilities. Revenue was also up from the “Brokerage, consignment sales and consulting” and “Property management” segments, both of which provide various solutions and services leveraging the resources of the entire Mitsui Fudosan Group.

[Earnings]

- Operating income declined ¥6.3 billion, to ¥38.8 billion, mainly because of a ¥5.5 billion decrease in income from the “Sales of housing, office buildings and land” segment, stemming from the same factors affecting revenue in that segment.
- Ordinary income benefited from a decline in net interest expense owing to ongoing reductions in interest-bearing debt. However, this could not offset the operating income decline, causing ordinary income to fall ¥4.6 billion, to ¥28.7 billion.
- Due to the early adoption of impairment accounting for fixed assets, the Group posted an interim net loss of ¥7.4 billion. (For the entire fiscal year, however, we project positive net income of ¥24.0 billion.)

[Impairment Loss]

- Due to the early application of impairment accounting in the interim period under review, the Company revalued 22 of its properties, for which the market value had declined considerably compared with their original book value (revalued to amounts deemed recoverable). This led to an extraordinary loss in the form of impairment losses amounting to ¥33.8 billion (including ¥22.9 billion for golf courses).
- Calculations of “amounts deemed recoverable” are based on actual sales values and useful values. Actual sales values are based on amounts submitted by real estate appraisers. Useful values are calculated based on future cash flow discounted by 5%.

<Impairment Losses by Asset Type>

	(¥ millions)
	Impairment Loss
Land and leasehold rights	12,384
Buildings and structures	11,179
Others	10,243
Total	33,806

[Segments Results]

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

[1] LEASING

(¥ millions)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥169,896	¥166,159	2.2
Operating Income	31,896	33,901	(5.9)

- In the interim period under review, this segment reported increased revenue from operations owing to rises in the number of office buildings and retail facilities (both newly on-stream and those making full-term contributions) handled by the parent company, as well as in the number of residential subleasing units (handled by Mitsui Fudosan Housing Lease) and car-park leasing spaces (Mitsui Real Estate Sales). However, segment operating income declined due to the sale and reconstruction of existing office buildings and an increase in the amount of non-operating floor space during times of tenant changeover.
- The office building market had been somewhat volatile due to the completion of a number of large-scale office buildings located in prestige inner-city areas during the previous period. However, the situation steadied during the interim period under review, and vacancy rates for office buildings in Tokyo Metropolitan Area leased by the parent company have moved to below 5%.

<Vacancy Rates (September 30, 2004)>

Consolidated (including overseas):

5.2% for office buildings and Retail facilities (5.0% on March 31, 2004)

Nonconsolidated:

4.8% for office buildings in the Tokyo Metropolitan Area (4.4% on March 31, 2004)

<Major Projects>

(NEWLY ON-STREAM)

LaLa Terrace Minamisenju (Arakawa-ku, Tokyo)	Retail facility opened in April 2004
Stellar Town (Saitama, Saitama)	Retail facility opened in April 2004

(FULL-YEAR CONTRIBUTION)

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

(a) Leasing

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2004	2003	2004
	Revenue	Revenue	Revenue
Office Buildings	¥108,473	¥108,429	¥216,437
Retail Facilities	23,486	21,374	42,958
Residentials	25,322	24,682	49,295
Other (Car Park, etc.)	12,613	11,673	23,689
Total	¥169,896	¥166,159	¥332,380

(b) Leased Floor Space

		September 30		March 31, 2004
		2004	2003	
Office Buildings and Retail Facilities	Leased Floor space (㎡):			
	Owned	1,841,992	1,840,226	1,877,654
	Managed	1,441,454	1,379,845	1,434,888
	Total	3,283,446	3,220,071	3,312,542
	Vacancy Rate(%)	5.2	6.0	5.0
Residentials	Leased Units:			
	Owned	272	386	274
	Managed	46,775	42,485	44,671
	Total	47,047	42,871	44,945

(c) Total Floor Space (Nonconsolidated)

	September 30, 2004			March 31, 2004		
	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	119	2,401	47.8	120	2,410	48.1
Managed	195	2,623	52.2	196	2,602	51.9
Total	314	5,024	100.0	316	5,012	100.0

(d) Vacancy Rate at End of Term

(%)

	9/04	3/04	9/03	3/03	9/02	3/02
Consolidated						
Office Buildings and Retail Facilities (including overseas)	5.2	5.0	6.0	6.0	5.2	4.1
Nonconsolidated						
Tokyo Metropolitan Area Office Buildings	4.8	4.4	5.8	5.4	3.6	2.4
Regional Area Office Buildings	6.9	7.6	8.8	12.1	12.1	9.2

(e) Breakdown of Leasing Operations (Nonconsolidated)

		Total		Tokyo Metropolitan Area		Regional Areas	
		Six Months Ended Sep. 30		Six Months Ended Sep. 30		Six Months Ended Sep. 30	
		2004	2003	2004	2003	2004	2003
Office Buildings	Number of Buildings	264	275	225	234	39	41
	Leased Floor Space (1,000m ²)	2,156	2,133	1,861	1,843	295	290
	Leasing Revenue (¥ millions)	99,412	98,859	89,000	88,630	10,412	10,228
	Vacancy Rate (%)	5.1	6.2	4.8	5.8	6.9	8.8
Retail Facilities	Number of Buildings	48	44	34	30	14	14
	Leased Floor Space (1,000m ²)	789	716	538	465	251	251
	Leasing Revenue (¥ millions)	21,023	18,772	14,218	11,317	6,806	7,455
	Vacancy Rate (%) *1	6.2	7.1	0.7	1.3	16.2	16.2

*1: Excluding AMSquare (shopping center, Mie Prefecture), which is temporally closed for refurbishment, the regional vacancy rate was 0.3%, and the total was 0.6% at September 30, 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)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥97,216	¥132,153	(26.4)
Operating Income	7,027	12,547	(44.0)

- Completion of, and revenue from, condominiums for sale will be concentrated in the fourth quarter of the current fiscal year. For this reason, the number of condominiums sold in the interim period under review was limited to around 50% of the previous corresponding term. This had a major effect on segment performance, with both revenue and operating income declining. The parent company had 250 units in completed inventories at interim term-end (210 condominium units and 40 detached houses), 230 units down from 480 at March 31, 2004.
- The Group made good progress in selling rental condominium buildings developed by the parent company to investors (two buildings sold in the interim period), thus contributing to increased revenue from the “Other Sales” category within this segment.

(a) Housing Sales and Other Sales

	Six Months Ended September 30						Year Ended March 31		
	2004			2003			2004		
	Units	Revenue (¥ millions)	Unit Price (¥10 thousand)	Units	Revenue (¥ millions)	Unit Price (¥10 thousand)	Units	Revenue (¥ millions)	Unit Price (¥10 thousand)
Detached Housing									
Tokyo Metropolitan Area	258	13,489	5,228	293	15,600	5,324	655	35,117	5,361
Other	58	1,263	2,179	46	1,438	3,127	186	4,573	2,459
Total	316	14,753	4,669	339	17,038	5,026	841	39,690	4,719
Condominiums									
Tokyo Metropolitan Area	451	36,716	8,141	1,333	83,607	6,272	3,934	204,200	5,191
Other	445	13,531	3,041	426	12,537	2,943	1,632	49,973	3,062
Total	896	50,247	5,608	1,759	96,145	5,466	5,566	254,173	4,567
Total Housing Sales									
Tokyo Metropolitan Area	709	50,206	7,081	1,626	99,207	6,101	4,589	239,317	5,215
Other	503	14,795	2,941	472	13,975	2,961	1,818	54,546	3,000
Total	1,212	65,001	5,363	2,098	113,183	5,395	6,407	293,864	4,587
Other Sales	-	32,214	-	-	18,969	-	-	56,897	-
Total Sales	-	97,216	-	-	132,153	-	-	350,761	-

(b) Completed Housing Inventories (Nonconsolidated)

(Units)

	9/04	3/04	9/03	3/03	9/02	3/02
Detached Housing	40	25	30	120	90	45
Condominiums	210	455	475	485	130	175
Total	250	480	505	605	220	220

(c) Housing Contracts for Sale (Nonconsolidated)

(Units)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Detached Housing	176	244	420	314	106	283
Condominiums	2,663	1,923	4,586	896	3,690	1,994
Total	2,839	2,167	5,006	1,210	3,796	2,277

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

[3] CONSTRUCTION

(¥ millions)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥70,169	¥74,826	(6.2)
Operating Income	(4,455)	(3,217)	—

- Both revenue and operating income in this segment declined due to a lower number of projects completed by Mitsui Home. However, the volume of orders secured by Mitsui Home during the period, as well as the term-end balance of orders, exceeded the respective figures for the previous corresponding term.

(a) Orders, Order Backlogs and Project Completions

(¥ millions)

	Six Months Ended September 30		Year Ended March 31, 2004
	2004	2003	
Orders:			
Work-on-Hand at Beginning of Period	88,845	90,943	90,943
Orders during Period	73,612	69,035	141,665
Total	162,458	159,979	232,609
Project Completions	51,619	57,519	143,763
Work-on-Hand at End of Period	110,838	102,460	88,845

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

(b) Projects

(¥ millions)

	Six Months Ended September 30		Year Ended March 31, 2004
	2004	2003	
Project Completions:	51,619	57,519	143,763
Work-on-Hand at End of Period			
Total	110,838	102,460	88,845
Work in progress	23,248	23,476	8,910
As a percentage of Work-on-Hand at End of Period	21.0%	22.9%	10.0%
Projects during Period	65,956	68,002	139,681

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

[4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

(¥ millions)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥26,610	¥24,204	9.9
Operating Income	5,888	3,716	58.4

- This segment posted gains in revenue and operating income. This owed mainly to an increase in the number of brokerage transactions of Mitsui Real Estate Sales, both with corporations and individuals. Revenue from the “Consulting” category also increased, thanks to higher management fees from services provided by the parent company and Nippon Building Fund Management.

(¥ millions)

	Six Months Ended September 30				Year Ended March 31	
	2004		2003		2004	
	Units	Revenue	Units	Revenue	Units	Revenue
Brokerage	14,199	20,314	13,941	17,443	28,499	37,919
Consignment Sales	1,816	2,195	2,532	4,020	7,632	9,172
Consulting	-	4,100	-	2,739	-	6,493
Total	-	26,610	-	24,204	-	53,585

[5] PROPERTY MANAGEMENT

(¥ millions)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥36,599	¥35,304	3.7
Operating Income	5,392	5,201	3.7

- Despite a slight decline in revenue from the “Tenant improvement” category, this segment posted increases in revenue and operating income, owing to a gain in the “Property management” category, which benefited from increases in the number of office buildings and housing units under management.

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2004	2003	2004
	Revenue	Revenue	Revenue
Property Management	27,423	24,757	51,511
Tenant Improvement	9,176	10,546	25,969
Total	36,599	35,304	77,481

[6] SALES OF HOUSING MATERIALS AND MERCHANDISE

(¥ millions)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥32,797	¥30,554	7.3
Operating Income	(118)	282	—

- Revenue in this segment improved, thanks mainly to the opening of new stores by Uni Living in the “Merchandise” category. Due to weak personal consumption and higher sales promotion costs, however, segment operating income declined.

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2004	2003	2004
	Revenue	Revenue	Revenue
Housing Materials	9,699	9,217	19,956
Merchandise	23,098	21,337	41,812
Total	32,797	30,554	61,768

[7] FACILITY OPERATIONS

(¥ millions)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥19,400	¥18,375	5.6
Operating Income	502	(779)	—

- This segment reported increases in both revenue and operating income owing to improved occupancies of the Group’s hotel operations in Hawaii.

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2004	2003	2004
	Revenue	Revenue	Revenue
Hotels	12,630	11,771	24,485
Other	6,770	6,604	13,144
Total	19,400	18,375	37,629

[8] OTHER

(¥ millions)	Six Months Ended September 30		Change (%)
	2004	2003	
Revenue from Operations	¥3,821	¥4,519	(15.4)
Operating Income	962	1,207	(20.3)

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2004	2003	2004
	Revenue	Revenue	Revenue
Finance and Lease	770	773	1,583
Other	3,051	3,745	7,150
Total	3,821	4,519	8,734

ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

(¥ millions)

Assets	September 30, 2004	March 31, 2004	Change
Cash and Time Deposits	¥79,736	¥142,018	¥(62,281)
Marketable Securities	328	105	222
Real Property for Sale*	373,054	343,573	29,480
Tangible & Intangible Fixed Assets	1,625,977	1,655,454	(29,476)
Investment Securities	272,214	262,763	9,451
Short-Term Loans	10,498	14,020	(3,522)
Long-Term Loans	10,616	10,390	226
Lease Deposits	200,451	201,845	(1,394)
Deferred Income Taxes	75,704	68,313	7,391
Deferred Income Taxes - Revaluation	32,273	33,305	(1,031)
Other Assets	185,374	184,792	582
Total Assets	¥2,866,225	¥2,916,582	¥(50,357)

*Real Property for Sale includes Advances Paid for Purchases.

(¥ millions)

Liabilities, Minority Interest and Shareholders' Equity	September 30, 2004	March 31, 2004	Change
Interest-Bearing Debt	¥1,407,969	¥1,321,501	¥86,468
Deposits from Tenants	284,750	291,322	(6,571)
Deferred Income Taxes	51,134	46,099	5,034
Deferred Income Taxes - Revaluation	151,018	151,018	—
Other Liabilities	316,544	431,502	(114,958)
Total Liabilities	2,211,415	2,241,443	(30,027)
Minority Interest	14,606	15,973	(1,367)
Common Stock	134,433	134,433	—
Additional Paid-in Capital	205,825	205,823	2
Retained Earnings	122,697	167,890	(45,192)
Surplus from Land Revaluation	182,373	158,227	24,145
Unrealized Gains/Losses on Securities	27,188	26,317	871
Foreign Currency Translation Adjustment	(31,188)	(32,545)	1,356
Treasury Stock	(1,125)	(979)	(146)
Total Shareholders' Equity	640,203	659,165	(18,962)
Total Liabilities, Minority Interest and Shareholders' Equity	¥2,866,225	¥2,916,582	¥(50,357)

[Real Property for Sale]

On a consolidated basis, the balance of real property for sale increased ¥29.4 billion. This was the net result of several factors, including a ¥40.7 billion net rise in real property held by the parent company, which purchased more property than it sold to recover costs; and solid progress in selling properties owned by Spring Properties.

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

(¥ millions)

	September 30, 2004	March 31, 2004	Change
Mitsui Fudosan	342,458	301,705	40,752
Mitsui Real Estate Sales	4,356	4,453	(96)
Spring Properties	1,322	8,851	(7,529)
Other and Elimination	24,916	28,562	(3,646)
Consolidated Total	373,054	343,573	29,480

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

(¥ millions)

March 31, 2004	New Investments	Cost Recovery	Others	September 30, 2004
301,705	109,195	(66,021)	(2,420)	342,458

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

[Tangible and Intangible Assets]

Despite capital investments made by the parent company in Nihonbashi Mitsui Tower and new retail facilities, total consolidated tangible and intangible assets at interim term-end were ¥29.4 billion lower than six months earlier. The decline stemmed mainly from depreciation, the sale of properties and the adoption of impairment accounting for fixed assets. (The exchange rate at interim term-end was ¥108.43 per US\$1, compared with ¥107.13 at fiscal year-end.)

(a) Tangible and Intangible Assets

(¥ millions)

	September 30, 2004	March 31, 2004	Change
Mitsui Fudosan	1,213,547	1,210,650	2,896
Mitsui Fudosan America	81,679	81,798	(119)
Mitsui Real Estate Sales	37,395	43,242	(5,846)
Mitsui Home	36,047	36,302	(255)
Other and Elimination	257,308	283,459	(26,151)
Consolidated Total	1,625,977	1,655,454	(29,476)

(b) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

March 31, 2004	New Investments	Depreciation	Disposal/Sale	Impairment/ Others	September 30, 2004
1,210,650	31,026	(10,457)	(4,693)	(12,979)	1,213,547

[Interest-Bearing Debt]

- Consolidated interest-bearing debt at interim term-end was ¥1,407.9 billion, up ¥86.4 billion from six months earlier. The parent company's interest-bearing debt was up ¥94.5 billion (¥78.9 billion, excluding ¥15.5 billion in loans to subsidiaries). The balance of loans to subsidiaries at interim term-end was ¥277.1 billion (which is eliminated in consolidation).
- Interest-bearing debt of other subsidiaries declined, however, despite an increase in debt of Mitsui Real Estate Sales owing to the payment of trade advances for consignment sale projects.

(a) Interest-Bearing Debt

(¥ millions)

	September 30, 2004	March 31, 2004	Change
Mitsui Fudosan	1,300,032	1,205,530	94,501
Mitsui Real Estate Sales	59,741	38,606	21,135
Spring Properties	-	5,880	(5,880)
Mitsui Fudosan America	53,343	58,966	(5,623)
Loans to Subsidiaries	(277,105)	(261,516)	(15,588)
Other and Elimination	271,958	274,035	(2,076)
Consolidated Total	1,407,969	1,321,501	86,468

(b) Interest-Bearing Debt (Nonconsolidated)

(¥ millions)

	September 30, 2004	March 31, 2004	Change
Interest-Bearing Debt (excluding loans to subsidiaries)	1,022,926	944,013	78,913
Loans to Subsidiaries	277,105	261,516	15,588
Total	1,300,032	1,205,530	94,501

[Retained Earnings]

Consolidated retained earnings at interim term-end stood at ¥122.6 billion, down ¥45.1 billion. Factors holding down retained earnings included ¥25.1 billion in reversal of revaluation difference for land due to the adoption of impairment accounting and the sale of land; ¥2.8 billion in dividends paid; and a ¥7.4 billion interim net loss.

[Contingent Liabilities]

(¥ millions)

	September 30, 2004	March 31, 2004	Change
Loans Guaranteed	151,089	163,693	(12,604)

CASH FLOWS

(¥ millions)

	Six Months Ended September 30		Year Ended
	2004	2003	March 31, 2004
Cash Flows From Operating Activities:			
Cash Profit*	¥38,646	¥47,910	¥127,633
Purchase/Sale of Real Property for Sale	(88,271)	(10,757)	35,951
Other Changes in Assets and Liabilities	(46,940)	(24,153)	(21,984)
Net Cash Provided by Operating Activities (1)	(96,565)	12,999	141,600
Cash Flows From Investing Activities:			
Purchase/Sale of Marketable and Investment Securities	(1,084)	1,803	(3,209)
Purchase/Sale of Tangible and Intangible Fixed Assets	(40,289)	(30,251)	(31,678)
Increase/Decrease in Lease Deposits	(5,275)	(9,762)	(621)
Other	(3,145)	1,383	14,387
Net Cash Used in Investing Activities (2)	(49,794)	(36,826)	(21,122)
Cash Flows From Financing Activities:			
Increase/Decrease in Short-Term Debt	161,126	103,298	24,250
Proceeds from/Repayment of Long-Term Debt	(64,207)	(27,956)	(39,641)
Proceeds from Issuance/Redemption of Corporate Bonds	(10,000)	(71,242)	(71,242)
Cash Dividends Paid	(3,218)	(3,238)	(6,311)
Other	—	434	434
Net Cash Used in Financing Activities	83,700	1,295	(92,509)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	301	247	(1,082)
Net Decrease in Cash and Cash Equivalents	(62,357)	(22,284)	26,885
Cash and Cash Equivalents at Beginning of Period	141,717	114,831	114,831
Cash and Cash Equivalents at End of Period	79,359	92,547	141,717
Free Cash Flows (1) +(2)	¥(146,359)	¥(23,827)	¥120,477

*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		Change	Year Ended March 31, 2004
	Latest Forecast	Previous Forecast		
Revenue from Operations	¥1,105,000	¥1,105,000	—	¥1,102,844
Consolidated/Nonconsolidated Ratio (Times)	1.86	1.85	0.01	1.79
Leasing	342,000	342,000	—	332,380
Sales of Housing, Office Buildings and Land	332,000	332,000	—	350,761
Construction	184,000	184,000	—	180,502
Brokerage, Consignment Sales and Consulting	57,000	56,000	1,000	53,585
Property Management	78,000	78,000	—	77,481
Sales of Housing Materials and Merchandise	65,000	67,000	(2,000)	61,768
Facility Operations	39,000	38,000	1,000	37,629
Other	8,000	8,000	—	8,734
Operating Income	114,000	112,000	2,000	109,246
Consolidated/Nonconsolidated Ratio (Times)	1.63	1.62	0.01	1.66
Leasing	61,000	60,000	1,000	63,016
Sales of Housing, Office Buildings and Land	36,000	36,000	—	32,936
Construction	3,000	3,000	—	1,332
Brokerage, Consignment Sales and Consulting	17,000	16,000	1,000	14,078
Property Management	11,000	11,000	—	10,844
Sales of Housing Materials and Merchandise	0	500	(500)	151
Facility Operations	1,000	500	500	(527)
Other	1,000	1,000	—	2,591
Elimination or Corporate	(16,000)	(16,000)	—	(15,177)
Non-Operating Income/Expenses	(21,000)	(21,000)	—	(22,009)
Interest Expense, in Net	(20,500)	(20,500)	—	(21,537)
Other	(500)	(500)	—	(472)
Ordinary Income	93,000	91,000	2,000	87,236
Consolidated/Nonconsolidated Ratio (Times)	1.65	1.64	0.01	1.39
Extraordinary Gains/Losses	(41,000)	(41,000)	—	(63,589)
Income before Income Taxes	52,000	50,000	2,000	23,647
Income Taxes	26,500	25,500	1,000	8,857
Minority Interests	1,500	1,500	—	335
Net Income	¥24,000	¥23,000	¥1,000	¥14,454
Consolidated/Nonconsolidated Ratio (Times)	1.85	1.84	0.01	2.19

[Revenue and Income from Operations]

- For the year to March 2005, the Group projects consolidated revenue from operations of ¥1,105.0 billion, unchanged from previous forecast, as well as operating income of ¥114.0 billion and ordinary income of ¥93.0 billion (both revised ¥2.0 billion upward). We have made a ¥1.0 billion upward revision in our forecast for net income, to ¥24.0 billion.
- **Leasing:** Revenue in this segment is expected to remain largely unchanged from previous forecast, due to anticipated revenue increases from subsidiaries and other factors, which will offset decreased revenue

from the parent company. Operating income in this segment is expected to grow ¥1.0 billion, thanks to increased earnings of the parent company.

- **Sales of Housing, Office Buildings and Land:** Despite a decline in revenue from the parent company, revenue from subsidiaries is expected to increase, leaving overall segment revenue largely unchanged from previous forecast. Segment operating income is also expected to remain unchanged as dividend income from some real estate securitization transactions, expected in the current fiscal year, will be delayed until the next fiscal period.
- **Construction:** Our forecasts for both revenue and operating income in this segment remain unchanged, due to solid orders secured by the Mitsui Home Group, as originally anticipated.
- **Brokerage, Consignment Sales and Consulting:** We have made an upward forecast revision of ¥1.0 billion for both revenue and operating income in this segment, owing to solid performances by Mitsui Real Estate Sales and other subsidiaries.
- **Property Management:** This segment has performed well, as expected, and so we have not changed our forecasts for revenue and operating income.
- **Sales of Housing Materials and Merchandise:** Due mainly to the effects of weak personal consumption with respect to sale of merchandise, we have revised both segment revenue and operating income downward by ¥2.0 billion and ¥0.5 billion, respectively.
- **Facility Operations:** Due mainly to the solid performance of our hotel operations in Hawaii, we have made upward revisions to segment revenue and operating income by ¥1.0 billion and ¥0.5 billion, respectively, after considering exchange rate factors.

【Capital Expenditures】

(¥ millions)

	Year Ending March 31, 2005		Change	Year Ended March 31, 2004
	Latest Forecast	Previous Forecast		
Capital Expenditure	65,000	65,000	—	35,838
Depreciation	38,000	38,000	—	40,415

【Interest-Bearing Debt】

(¥ millions)

	Year Ending March 31, 2005		Change	Year Ended March 31, 2004
	Latest Forecast	Previous Forecast		
Interest-Bearing Debt	1,280,000	1,280,000	—	1,321,501

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

(¥ millions)

	Year Ending March 31, 2005		Change	Year Ended March 31, 2004
	Latest Forecast	Previous Forecast		
Revenue from Operations	¥595,000	¥598,000	¥(3,000)	¥615,984
Leasing	247,000	248,000	(1,000)	240,484
Sales of Housing, Office Buildings and Land	305,000	307,000	(2,000)	333,901
Sales of Housing	267,000	272,000	(5,000)	293,528
Detached Housing	38,000	40,000	(2,000)	39,355
Condominiums	229,000	232,000	(3,000)	254,173
Sales of Office Buildings and Land	38,000	35,000	3,000	40,372
Other	43,000	43,000	—	41,599
Gross Margin (%)	18.6	18.5	0.1	18.2
Leasing	17.5	17.0	0.5	18.4
Sales of Housing, Office Buildings and Land	15.0	15.0	—	16.6
Sales of Housing	15.5	15.5	—	16.5
Other	51.0	52.5	(1.5)	30.5
Selling, General and Administrative Expenses	40,500	41,500	(1,000)	46,233
Operating Income	70,000	69,000	1,000	65,920
Non-Operating Income/Expenses	(13,500)	(13,500)	—	(2,998)
Interest Expense, in Net	(13,000)	(13,000)	—	(13,970)
Ordinary Income	56,500	55,500	1,000	62,922
Extraordinary Gains/Losses	(34,000)	(34,000)	—	(59,728)
Income before Income Taxes	22,500	21,500	1,000	3,193
Income Taxes	9,500	9,000	500	(3,411)
Net Income	¥13,000	¥12,500	¥500	¥6,605

- **Revenue and Income from Operations:** The parent company projects revenue from operations of ¥595.0 billion (¥3.0 billion downward revision from previous projection), as well as operating income of ¥70.0 billion and ordinary income of ¥56.5 billion (both revised ¥1.0 billion upward). We have made a ¥0.5 billion upward revision in our forecast for net income, to ¥13.0 billion.
- **Leasing:** Due partly to the termination of subleases, we have revised our segment revenue forecast downward by ¥1.0 billion. However considering our solid earnings performance in the interim period, we have made a 0.5-percentage-point upward revision to our gross margin forecast.
- **Sales of Housing, Office Buildings and Land:** Due to time lags in reporting revenue from some projects and other factors, we have made a ¥5.0 billion downward revision to our revenue forecast for the “Sales of housing” category (selling 150 less units than originally predicted). Taking into consideration the sales performance in the interim period, we expect the gross margin in that category to remain unchanged. We also anticipate a ¥1.0 billion decline in sales expenses. In addition, we project increased revenue in the “Sales of office buildings and land” category, which is performing better than originally expected. For the entire segment, our revenue forecast has been revised downward by ¥2.0 billion, and the gross margin should remain unchanged.
- **Other:** The gross margin in this segment is expect to decline 1.5 percentage points from the previous forecast, due to time lags in reporting dividend income from some real estate securitization transactions.

(a) Housing Units for Sale (Nonconsolidated)

(Units)

	Year Ending March 31, 2005		Change
	Latest Forecast	Previous Forecast	
Detached Housing	800	850	(50)
Condominiums	5,250	5,350	(100)
Total	6,050	5,200	(150)

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

(¥ millions)

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

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

(c) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

March 31, 2004	New Investments	Depreciation	Impairment Loss	Disposal/Sale	March 31, 2005 (Forecast)
1,210,650	55,000	(20,000)	(13,323)	(10,000)	1,222,327

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

(¥ millions)

	Year Ending March 31, 2005		Change
	Latest Forecast	Previous Forecast	
Revenue from Operations	¥223,000	¥223,000	—
Operating Income	4,500	4,500	—
Ordinary Income	4,600	4,600	—
Net Income	2,200	2,200	—

Segment Information

Six Months Ended September 30, 2004

(¥ millions)

	Revenue from Operations			Costs and Expenses	Operating Income(Loss)	Assets	Depreciation	Impairment Loss	Capital Expenditures
	Outside Customers	Intersegment	Total						
(1) Leasing	169,896	2,815	172,712	140,815	31,896	1,894,359	12,812	8,272	31,735
(2) Sales of Housing, Office Buildings and Land	97,216	—	97,216	90,188	7,027	440,685	325	2,475	157
(3) Construction	70,169	1,801	71,971	76,426	(4,455)	63,408	1,224	83	1,673
(4) Brokerage, Consignment Sales and Consulting	26,610	3,434	30,045	24,157	5,888	21,589	386	—	315
(5) Property Management	36,599	9,023	45,622	40,230	5,392	37,165	446	—	409
(6) Sales of Housing Materials and Merchandise	32,797	15,721	48,519	48,637	(118)	45,432	570	—	1,013
(7) Facility Operations	19,400	241	19,641	19,139	502	77,101	1,361	22,975	1,698
(8) Other	3,821	5,091	8,912	7,949	962	23,873	1,410	—	1,478
Total	456,512	38,129	494,642	447,545	47,096	2,603,615	18,537	33,806	38,480
Elimination or Corporate	—	(38,129)	(38,129)	(29,876)	(8,252)	262,610	328	—	194
Consolidated	456,512	—	456,512	417,669	38,843	2,866,225	18,866	33,806	38,675

Six Months Ended September 30, 2003

(¥ millions)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	Assets	Depreciation	Capital Expenditures
	Outside Customers	Intersegment	Total					
(1) Leasing	166,159	2,889	169,049	135,148	33,901	1,955,676	13,738	10,306
(2) Sales of Housing, Office Buildings and Land	132,153	—	132,153	119,606	12,547	449,133	248	795
(3) Construction	74,826	3,243	78,069	81,287	(3,217)	60,592	1,049	1,512
(4) Brokerage, Consignment Sales and Consulting	24,204	4,007	28,211	24,494	3,716	27,474	394	1,130
(5) Property Management	35,304	10,365	45,669	40,468	5,201	41,155	446	467
(6) Sales of Housing Materials and Merchandise	30,554	15,370	45,924	45,641	282	46,112	540	521
(7) Facility Operations	18,375	237	18,612	19,392	(779)	118,124	1,779	990
(8) Other	4,519	5,436	9,956	8,748	1,207	30,857	1,582	1,038
Total	486,098	41,549	527,647	474,788	52,859	2,729,127	19,779	16,762
Elimination or Corporate	—	(41,549)	(41,549)	(33,874)	(7,674)	205,712	327	315
Consolidated	486,098	—	486,098	440,913	45,184	2,934,839	20,106	17,077

Year Ended March 31, 2004

(¥ millions)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	Assets	Depreciation	Capital Expenditures
	Outside Customers	Intersegment	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

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.

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					Six Months Ended Sep. 30	
		2000	2001	2002	2003	2004	2004	
P/L	Revenue from Operations	¥1,194,837	¥1,193,080	¥1,152,483	¥1,082,397	¥1,102,844	¥456,512	
	Operating Income	81,923	108,334	102,950	103,295	109,246	38,843	
	Ordinary Income	52,259	73,420	72,800	76,514	87,236	28,796	
	Net Income (Loss)	(58,417)	26,112	29,806	25,553	14,454	(7,490)	
Segment*	Leasing	Revenue from Operations Operating Income	325,643 61,147	329,834 68,550	331,501 71,718	329,671 66,563	332,380 63,016	169,896 31,896
	Sales of Housing, Office Buildings and Land	Revenue from Operations Operating Income	359,326 8,881	328,281 20,606	336,641 26,668	335,341 32,589	350,761 32,936	97,216 7,027
	Construction	Revenue from Operations Operating Income	273,141 6,031	283,806 6,718	237,243 (5,228)	183,090 326	180,502 1,332	70,169 (4,455)
	Brokerage, Consign- ment Sales and Con- sulting	Revenue from Operations Operating Income	40,240 13,353	41,547 13,607	45,742 17,541	46,503 10,997	53,585 14,078	26,610 5,888
	Property Management	Revenue from Operations Operating Income	60,220 5,871	70,872 7,298	67,916 7,665	69,589 7,713	77,481 10,844	36,599 5,392
	Sales of Housing Materials and Mer- chandise	Revenue from Operations Operating Income	69,936 301	70,583 834	71,577 1,342	65,682 104	61,768 151	32,797 (118)
	Facility Operations	Revenue from Operations Operating Income	46,234 (25)	47,387 (55)	44,967 (4,271)	40,880 (3,356)	37,629 (527)	19,400 502
	Other	Revenue from Operations Operating Income	20,093 2,831	20,766 3,807	16,893 858	11,639 2,534	8,734 2,591	3,821 962
B/S	Total Assets		2,991,203	2,846,467	3,028,969	2,929,069	2,916,582	2,866,225
	Real Property for Sale		482,182	453,053	459,840	408,994	343,573	373,054
	Tangible and Intangible Fixed Assets		1,467,055	1,456,692	1,698,841	1,687,115	1,655,454	1,625,977
	Capital Expenditures		83,945	67,478	62,101	61,159	35,838	38,675
	Depreciation		45,776	44,418	66,017	39,781	40,415	18,866
	Interest-Bearing Debt		1,660,127	1,554,360	1,460,526	1,397,211	1,321,501	1,407,969
	Retained Earnings		89,168	98,643	137,026	155,390	167,890	122,697
	Shareholders' Equity		395,132	411,097	609,536	628,434	659,165	640,203
C/F	Cash Flows from Operating Activities (1)		134,200	173,664	142,121	118,484	141,600	(96,565)
	Cash Flows from Investing Activities (2)		(32,449)	(32,088)	(81,658)	(60,751)	(21,122)	(49,794)
	Cash Flows from Financing Activities		(96,576)	(150,001)	(103,298)	(59,897)	(92,509)	83,700
	Free Cash Flows (1)+(2)		¥101,750	¥141,575	¥60,463	¥57,733	¥120,478	¥(146,359)
Key Data	ROA (%)		3.10	3.98	3.86	3.78	4.06	1.53
	Debt/Equity Ratio (Times)		4.2	3.8	2.4	2.2	2.0	2.2
	Equity Ratio (%)		15.4	14.5	20.1	21.5	22.6	22.3
	No. of Consolidated Subsidiaries		160	150	143	131	127	121
	No. of Affiliates in Equity Method		72	65	60	57	52	49

*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:	September 30, 2004		March 31, 2004		Change		September 30, 2003	
		% of Total Assets		% of Total Assets	Amount	Percentage		% of Total Assets
I . Current Assets:	¥648,945	22.6	¥671,847	23.0	¥(22,902)	(3.4)	¥669,951	22.8
Cash and Time Deposits	79,736		142,018		(62,281)		92,894	
Accounts Receivable—Trade	20,722		28,477		(7,755)		28,040	
Marketable Securities	328		105		222		49	
Real Property for Sale	353,119	12.3	323,307	11.1	29,811	9.2	407,274	13.9
Expenditure on Contracts in Progress	18,179		8,211		9,968		16,434	
Other Inventories	9,699		8,586		1,112		8,554	
Advances Paid for Purchases	19,934		20,265		(331)		14,683	
Short-Term Loans	10,498		14,020		(3,522)		18,870	
Deferred Income Taxes	63,937		56,329		7,608		39,460	
Other Current Assets	74,480		73,437		1,043		47,001	
Allowance for Doubtful Accounts	(1,692)		(2,913)		1,220		(3,313)	
II . Fixed Assets:	2,217,280	77.4	2,244,734	77.0	(27,454)	(1.2)	2,264,887	77.2
1. Tangible Fixed Assets:	1,596,388	55.7	1,620,778	55.6	(24,390)	(1.5)	1,646,431	56.1
Buildings and Structures	451,502	15.8	476,521	16.3	(25,018)	(5.3)	497,923	17.0
Machinery, Equipment and Materials Handling Equipment	4,491		5,058		(566)		5,684	
Land	1,083,058	37.8	1,087,266	37.3	(4,207)	(0.4)	1,093,121	37.2
Construction in Progress	34,479		18,860		15,619		16,388	
Other Tangible Fixed Assets	22,856		33,072		(10,216)		33,312	
2. Intangible Fixed Assets:	29,589	1.0	34,675	1.2	(5,085)	(14.7)	34,896	1.2
Leasehold Rights	21,485		25,947		(4,461)		25,965	
Other Intangible Fixed Assets	8,103		8,728		(624)		8,930	
3. Investments and Other Assets	591,302	20.7	589,280	20.2	2,021	0.3	583,560	19.9
Investment Securities	272,214		262,763		9,451		234,425	
Long-Term Loans	10,616		10,390		226		16,364	
Lease Deposits	200,451		201,845		(1,394)		217,155	
Deferred Income Taxes	11,767		11,984		(216)		16,157	
Deferred Income Taxes- Revaluation	32,273		33,305		(1,031)		33,163	
Other	83,351		88,143		(4,791)		91,121	
Allowance for Doubtful Accounts	(19,372)		(19,151)		(221)		(24,827)	
III . Deferred Assets	0		0		(0)		0	
Total Assets	¥2,866,225	100.0	¥2,916,582	100.0	¥(50,357)	(1.7)	¥2,934,839	100.0

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	September 30, 2004		March 31, 2004		Change		September 30, 2003	
		% of Total Assets		% of Total Assets	Amount	Percentage		% of Total Assets
I . Current Liabilities:	¥588,051	20.5	¥615,292	21.1	¥(27,240)	(4.4)	¥641,963	21.9
Accounts Payable—Trade	51,855		117,965		(66,109)		75,987	
Short-Term Debt	192,469	6.7	228,209	7.8	(35,740)	(15.7)	245,900	8.4
Commercial Paper	171,000		37,000		134,000		117,000	
Bond Redeemable Within One Year	—		10,000		(10,000)		10,000	
Income Taxes Payable	4,981		16,975		(11,993)		13,170	
Advances from Contracts in Progress	21,556		16,604		4,952		21,481	
Allowance for Completed Project Indemnities	1,801		1,929		(127)		1,886	
Allowance for Possible Guarantee Losses	249		309		(60)		221	
Deferred Income Taxes	0		0		—		239	
Other Current Liabilities	144,137		186,298		(42,161)		156,075	
II . Long-Term Liabilities:	1,623,364	56.7	1,626,151	55.8	(2,787)	(0.2)	1,612,269	54.9
Corporate Bonds	215,000		215,000		—		215,000	
Long-Term Debt	829,500	28.9	831,291	28.5	(1,791)	(0.2)	812,756	27.7
Deposits from Tenants	284,750		291,322		(6,571)		300,033	
Allowance for Employees' Retirement Benefits	26,068		23,420		2,648		23,118	
Allowance for Directors' Retirement Benefits	1,720		1,682		38		1,552	
Deferred Income Taxes	51,134		46,099		5,034		42,169	
Deferred Income Taxes - Revaluation	151,018		151,018		—		149,190	
Other Fixed Liabilities	64,170		66,316		(2,146)		68,447	
Total Liabilities	2,211,415	77.2	2,241,443	76.9	(30,027)	(1.3)	2,254,232	76.8
MINORITY INTEREST:								
Minority Interests in Consolidated Subsidiaries	14,606	0.5	15,973	0.5	(1,367)	(8.6)	16,354	0.6
SHAREHOLDERS' EQUITY:								
I . Common Stock	134,433	4.7	134,433	4.6	—	—	134,433	4.6
II . Additional Paid-in Capital	205,825	7.2	205,823	7.1	2	0.0	205,823	7.0
III . Retained Earnings	122,697	4.3	167,890	5.8	(45,192)	(26.9)	177,298	6.0
IV . Surplus from Land Revaluation	182,373		158,227		24,145		157,603	
V . Unrealized Gains/Losses on Securities	27,188		26,317		871		14,738	
VI . Foreign Currency Translation Adjustment	(31,188)		(32,545)		1,356		(24,797)	
VII . Treasury Stock	(1,125)		(979)		(146)		(847)	
Total Shareholders' Equity	640,203	22.3	659,165	22.6	(18,962)	(2.9)	664,252	22.6
Total Liabilities, Minority Interest and Shareholders' Equity	¥2,866,225	100.0	¥2,916,582	100.0	¥(50,357)	(1.7)	¥2,934,839	100.0

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Six Months Ended September 30				Change		Year Ended March 31	
	2004	% of Total Revenue	2003	% of Total Revenue	Amount	Percentage	2004	% of Total Revenue
I . Revenue from Operations	¥456,512	100.0	¥486,098	100.0	¥(29,585)	(6.1)	¥1,102,844	100.0
II . Cost of Revenue from Operations	363,379	79.6	381,763	78.5	(18,384)	(4.8)	873,627	79.2
Gross Operating Profit	93,133	20.4	104,335	21.5	(11,201)	(10.7)	229,217	20.8
III . Selling, General and Administrative Expenses	54,289	11.9	59,150	12.2	(4,860)	(8.2)	119,971	10.9
Operating Income	38,843	8.5	45,184	9.3	(6,341)	(14.0)	109,246	9.9
IV . Non-Operating Income:	5,466	1.2	5,534	1.1	(67)	(1.2)	9,521	0.9
Interest Income	536		527		8		1,219	
Dividend Income	1,213		1,198		14		1,942	
Equity in Net Income of Affiliated Companies	1,410		1,749		(339)		3,534	
Other Non-Operating Income	2,306		2,058		248		2,824	
V . Non-Operating Expenses:	15,513	3.4	17,270	3.5	(1,757)	(10.2)	31,531	2.9
Interest Expenses	10,589		11,926		(1,337)		22,757	
Other Non-Operating Expenses	4,924		5,343		(419)		8,773	
Ordinary Income	28,796	6.3	33,448	6.9	(4,651)	(13.9)	87,236	7.9
VI . Extraordinary Gains:	776	0.2	697	0.1	78	11.3	5,665	0.5
Gain on Sales of Fixed Assets	—		354		(354)		410	
Transfer from Allowance for Doubtful Accounts	—		238		(238)		478	
Gain on Sales of Investment Securities	450		—		450		4,669	
Gain on Sales of Shares of Affiliated Companies	220		—		220		—	
Other Extraordinary Gains	106		104		1		106	
VII . Extraordinary Losses:	34,695	7.6	1,620	0.3	33,074	2,041.2	69,254	6.3
Provision to Allowance for Doubtful Accounts	362		693		(331)		1,518	
Loss on Disposal of Fixed Assets	—		340		(340)		855	
Impairment Losses for Fixed Assets	33,806		—		33,806		—	
Loss on Devaluation of Real Property for Sale	—		—		—		64,231	
Other Extraordinary Losses	526		586		(59)		2,649	
Income before Income Taxes	(5,122)	(1.1)	32,525	6.7	(37,647)	—	23,647	2.1
Income Taxes	(3,376)		11,517		(14,893)		23,914	
Deferred Income Taxes	6,785		1,469		5,316		(15,057)	
Minority Interests	(1,041)		(572)		(469)		335	
Net Income	¥(7,490)	(1.6)	¥20,111	4.1	¥(27,601)	—	¥14,454	1.3

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

	Six Months Ended September 30		Year Ended
	2004	2003	March 31, 2004
I. Cash Flows from Operating Activities:			
Income before Income Taxes	¥(5,122)	¥32,525	¥23,647
Depreciation and Amortization	18,866	20,106	40,415
Impairment Losses for Fixed Assets	33,806	—	—
Gain/Loss on Equity in Net Income of Affiliated Companies	(1,410)	(1,749)	(3,534)
Gain/Loss on Sales of Marketable and Investment Securities	(670)	—	(4,669)
Gain/Loss on Sales of Tangible and Intangible Fixed Assets	—	(354)	(410)
Loss on Disposal of Tangible and Intangible Fixed Assets	—	340	855
Loss on Devaluation of Real Property for Sale	—	—	64,231
Provision to Allowance for Doubtful Accounts	362	693	1,518
Transfer from Allowance for Doubtful Accounts	—	(238)	(478)
Interest and Dividend Income	(1,749)	(1,726)	(3,162)
Interest Expense	10,589	12,072	22,757
Increase/Decrease in Accounts Receivable	7,644	4,510	3,962
Increase/Decrease in Accounts Payable	(9,865)	(8,292)	(2,711)
Purchase of Real Property for Sale*	(166,670)	(109,991)	(235,185)
Sales of Real Property for Sale*	78,399	99,233	271,136
Bonuses Paid to Directors	(109)	(117)	(117)
Other	(35,684)	(23,666)	(12,055)
Subtotal	(71,614)	23,346	166,197
Cash Receipts of Interest and Dividend Income	2,263	2,172	3,819
Cash Payments of Interest Expense	(10,436)	(12,448)	(22,651)
Income Taxes Paid	(16,777)	(71)	(5,764)
Net Cash Provided by Operating Activities	(96,565)	12,999	141,600
II. Cash Flows from Investing Activities:			
Purchase of Marketable and Investment Securities	(2,697)	(1,024)	(14,956)
Sales of Marketable and Investment Securities	910	2,628	11,525
Purchase of Tangible and Intangible Fixed Assets	(44,857)	(32,877)	(45,120)
Sales of Tangible and Intangible Fixed Assets	4,567	2,626	13,441
Increase in Loans	(4,489)	(3,523)	(6,403)
Decrease in Loans	4,211	10,145	26,089
Decrease in Deposits from Tenants	(27,161)	(30,531)	(63,605)
Increase in Deposits from Tenants	20,689	22,169	51,100
Increase in Lease Deposits	(7,332)	(9,384)	(18,961)
Decrease in Lease Deposits	8,529	7,985	30,845
Purchase of Securities with Change in Scope of Consolidation	221	221	197
Sales of Securities with Change in Scope of Consolidation	466	—	—
Other	(2,853)	(5,259)	(5,274)
Net Cash Used in Investing Activities	(49,794)	(36,826)	(21,122)
III. Cash Flows from Financing Activities:			
Increase/Decrease in Short-Term Debt	161,126	103,298	24,250
Proceeds from Long-Term Debt	123,834	66,084	180,140
Repayment of Long-Term Debt	(188,042)	(94,041)	(219,781)
Proceeds from Issuance of Corporate Bonds	—	10,000	10,000
Redemption of Corporate Bonds	(10,000)	(81,242)	(81,242)
Cash Dividends Paid	(2,876)	(2,880)	(5,757)
Cash Dividends Paid to Minority Interests	(341)	(358)	(554)
Sales of Treasury Stock	—	434	434
Net Cash Used in Financing Activities	83,700	1,295	(92,509)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	301	247	(1,082)
V. Net Increase/Decrease in Cash and Cash Equivalents	(62,357)	(22,284)	26,885
VI. Cash and Cash Equivalents at Beginning of Period	141,717	114,831	114,831
VII. Cash and Cash Equivalents at End of Period	¥79,359	¥92,547	¥141,717

*“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:	September 30, 2004		March 31, 2004		Change		September 30, 2003	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	Percentage	Amount	% of Total Assets
I. Current Assets:	¥606,215	23.4	¥616,108	23.6	¥(9,893)	(1.6)	¥625,118	23.9
Cash and Time Deposits	24,561		69,767		(45,205)		32,613	
Accounts Receivable	5,548		11,061		(5,513)		13,293	
Real Property for Sale	139,869	5.4	150,431	5.8	(10,562)	(7.0)	178,255	6.8
Real Property in Progress	144,211	5.6	110,381	4.2	33,829	30.6	152,813	5.8
Land for Development	38,786	1.5	20,826	0.8	17,959	86.2	28,733	1.1
Expenditure on Contracts in Progress	—		—		—		571	
Advances Paid for Purchases	19,591		20,065		(473)		13,864	
Prepaid Expenses	3,957		3,505		451		4,456	
Short-Term Loans	115,275		96,406		18,869		129,928	
Other Receivables	10,209		32,955		(22,745)		11,001	
Operational Investment	36,778		40,160		(3,381)		—	
Deferred Income Taxes	51,386		47,969		3,417		29,791	
Other Current Assets	16,587		13,886		2,701		30,750	
Allowance for Doubtful Accounts	(548)		(1,309)		761		(953)	
II. Fixed Assets:	1,982,841	76.6	1,994,984	76.4	(12,142)	(0.6)	1,987,871	76.1
1. Tangible Fixed Assets:	1,194,372	46.2	1,189,263	45.6	5,108	0.4	1,192,165	45.7
Buildings	282,014	10.9	289,620	11.1	(7,606)	(2.6)	293,236	11.2
Structures	7,353		8,784		(1,430)		8,837	
Machinery	1,346		1,545		(199)		1,566	
Transportation Equipment	21		50		(28)		52	
Tools, Furniture and Fixtures	3,814		4,122		(307)		3,485	
Land	869,373	33.6	867,472	33.2	1,901	0.2	869,264	33.3
Construction in Progress	29,159		12,858		16,301		10,916	
Other Tangible Fixed Assets	1,287		4,809		(3,521)		4,806	
2. Intangible Fixed Assets:	19,175	0.7	21,387	0.8	(2,212)	(10.3)	21,531	0.8
Leasehold Rights	15,976		17,926		(1,949)		17,928	
Software	3,016		3,271		(254)		3,414	
Other Intangible Fixed Assets	181		190		(8)		188	
3. Investments and Other Assets:	769,294	29.7	784,333	30.0	(15,039)	(1.9)	774,174	29.6
Investment Securities	197,315		188,371		8,943		160,420	
Investments in Consolidated Subsidiaries and Affiliated Companies	178,821		181,975		(3,154)		182,429	
Investments	25,039		24,729		310		23,250	
Long-Term Loans	9,378		9,165		212		15,079	
Long-Term Loans to Affiliates	161,888		165,174		(3,285)		166,296	
Lease Deposits	196,809	7.6	197,100	7.5	(291)	(0.1)	211,292	8.1
Other Investments	26,547		31,046		(4,499)		24,972	
Allowance for Doubtful Accounts	(26,506)		(13,230)		(13,275)		(9,566)	
Total Assets	¥2,589,056	100.0	¥2,611,093	100.0	¥(22,036)	(0.8)	¥2,612,989	100.0

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	September 30, 2004		March 31, 2004		Change		September 30, 2003	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	Percentage	Amount	% of Total Assets
I. Current Liabilities:	¥476,887	18.4	¥487,722	18.7	¥(10,834)	(2.2)	¥515,765	19.7
Accounts Payable	13,963		78,611		(64,648)		39,340	
Short-Term Debt	176,098	6.8	205,416	7.9	(29,318)	(14.3)	218,146	8.3
Commercial Paper	171,000		37,000		134,000		117,000	
Bond Redeemable Within One Year	—		10,000		(10,000)		10,000	
Other Payables	2,300		10,207		(7,906)		3,876	
Income Taxes Payable	456		12,319		(11,863)		8,720	
Accrued Expenses	8,026		8,568		(542)		7,964	
Advances Received	42,472		34,376		8,096		42,756	
Deposits	54,404		81,140		(26,735)		56,228	
Other Current Liabilities	8,164		10,081		(1,916)		11,731	
II. Long-Term Liabilities:	1,447,748	55.9	1,451,511	55.6	(3,763)	(0.3)	1,428,808	54.7
Corporate Bonds	215,000	8.3	215,000	8.2	—	—	215,000	8.2
Long-Term Debt	737,933	28.5	738,113	28.3	(179)	(0.0)	713,081	27.3
Deposits from Tenants	264,536	10.2	270,229	10.3	(5,693)	(2.1)	276,852	10.6
Deferred Income Taxes	25,859		25,275		584		21,481	
Deferred Income Taxes - Revaluation	151,018		151,018		—		149,190	
Allowance for Employees' Retirement Benefits	11,933		9,979		1,954		9,572	
Allowance for Directors' Retirement Benefits	1,185		1,129		56		1,045	
Other Long-Term Liabilities	40,280		40,765		(485)		42,586	
Total Liabilities	1,924,635	74.3	1,939,234	74.3	(14,598)	(0.8)	1,944,573	74.4
SHAREHOLDERS' EQUITY:								
Common Stock	134,433	5.2	134,433	5.1	—	—	134,433	5.1
Additional Paid-in Capital	205,826	7.9	205,824	7.9	2	0.0	205,823	7.9
Capital Reserve	205,823		205,823		—		205,823	
Other Additional Paid-in Capital	3		0		2		—	
Gain on Disposal of Treasury Stock	3		0		2		—	
Retained Earnings	69,150	2.7	86,282	3.3	(17,132)	(19.9)	94,591	3.6
Legal Reserve	13,688		13,688		—		13,688	
Other Reserve	16,790		16,790		—		16,790	
Reserve for Substitute Assets	48,844		49,292		(447)		49,292	
Unappropriated Earnings	(10,173)		6,511		(16,685)		14,819	
Surplus from Land Revaluation	229,383	8.9	220,399	8.4	8,983	4.1	219,918	8.4
Unrealized Gain/Loss on Securities	26,736	1.0	25,887	1.0	849	3.3	14,485	0.6
Treasury Stock	(1,108)	(0.0)	(967)	(0.0)	(140)	14.6	(835)	(0.0)
Total Shareholders' Equity	664,420	25.7	671,859	25.7	(7,438)	(1.1)	668,416	25.6
Total Liabilities and Shareholders' Equity	¥2,589,056	100.0	¥2,611,093	100.0	¥(22,036)	(0.8)	¥2,612,989	100.0

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Six Months Ended September 30				Change		Year Ended March 31	
	2004	% of Total Revenue	2003	% of Total Revenue	Amount	Percentage	2004	% of Total Revenue
Revenue from Operations	¥224,755	100.0	¥262,277	100.0	¥(37,522)	(14.3)	¥615,984	100.0
Leasing	122,645	54.6	119,683	45.6	2,961	2.5	240,484	39.0
Sales of Housing, Office Buildings and Land	79,822	35.5	123,556	47.1	(43,733)	(35.4)	333,901	54.2
Other	22,288	9.9	19,037	7.3	3,250	17.1	41,599	6.8
Cost of Revenue from Operations	184,173		212,143		(27,969)		503,830	
Leasing	100,912		95,976		4,936		196,320	
Sales of Housing, Office Buildings and Land	73,306		101,917		(28,610)		278,593	
Other	9,954		14,249		(4,295)		28,916	
Selling, General and Administrative Expenses	14,422		21,106		(6,684)		46,233	
Operating Income	26,159	11.6	29,027	11.1	(2,868)	(9.9)	65,920	10.7
Non-Operating Income/Expense	(5,567)		(8,753)		3,186		(2,998)	
Non-Operating Income:	5,699		5,915		(215)		23,688	
Interest Income	1,837		2,082		(245)		4,114	
Dividend Income	2,308		2,261		46		17,460	
Other Non-Operating Income	1,554		1,571		(17)		2,113	
Non-Operating Expenses:	11,266		14,669		(3,402)		26,687	
Interest Expenses	8,342		9,317		(974)		18,084	
Other Non-Operating Expenses	2,923		5,351		(2,427)		8,602	
Ordinary Income	20,592	9.2	20,273	7.7	318	1.6	62,922	10.2
Extraordinary Gains/Losses	(29,177)		—		(29,177)		(59,728)	
Extraordinary Gains:	450		—		450		4,664	
Gain on Sales of Investment Securities	450		—		450		4,664	
Extraordinary Losses:	29,627		—		29,627		64,392	
Impairment Losses for Fixed Assets	13,323		—		13,323		—	
Provision to Allowance for Doubtful Accounts	13,077		—		13,077		4,660	
Loss on Devaluation of Investment Securities	3,226		—		3,226		—	
Loss on Devaluation of Real Property for Sale	—		—		—		59,732	
Income before Income Taxes	(8,585)	(3.8)	20,273	7.7	(28,859)	—	3,193	0.5
Income Taxes	(3,417)		8,720		(12,137)		16,955	
Deferred Income Taxes	—		—		—		(20,366)	
Net Income	(5,168)	(2.3)	11,553	4.4	(16,722)	—	6,605	1.1
Earning Brought Forward from Previous Period	3,978		5,298		(1,319)		5,298	
Interim Dividends	—		—		—		2,878	
Reversal of Revaluation Difference for Land	(8,983)		(2,032)		(6,951)		(2,513)	
Unappropriated Earnings	¥(10,173)		¥14,819		¥(24,993)		¥6,511	