

April 28, 2005

FACT BOOK

For the Year Ended March 31, 2005



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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 Year Ended March 31, 2005

CONSOLIDATED RESULTS

(¥ millions)	Year Ended March 31		YoY Change	
	2005	2004	(amount)	(percentage)
Revenue from Operations	¥1,111,359	¥1,102,844	¥8,514	0.8
Operating Income	115,764	109,246	6,518	6.0
Ordinary Income	94,637	87,236	7,400	8.5
Net Income	28,693	14,454	14,238	98.5

- ◆ In the year under review, both revenue and income increased year-on-year. The Company expects further rises in the next fiscal year ending March 31, 2006.
- ◆ Consolidated revenue from operations amounted to ¥1,111.3 billion, up ¥8.5 billion, or 0.8%, from the previous year. Operating income rose ¥6.5 billion, or 6.0%, to ¥115.7 billion.
- ◆ Ordinary income climbed ¥7.4 billion, or 8.5%, to ¥94.6 billion. This is the highest ordinary income figure in the Company's history, eclipsing the previous record in the preceding year.
- ◆ The Company reported consolidated net income of ¥28.6 billion, up ¥14.2 billion, or 98.5%. This was despite ¥33.8 billion in extraordinary losses due to the early adoption of impairment accounting for fixed assets.
- ◆ Leasing: Revenue from leasing operations improved thanks to various facilities that came newly on-stream or made their first full-year contribution. These included office building and retail facility complexes, such as Nihonbashi 1-chome Building (COREDO Nihonbashi), as well as retail facilities, such as LaLaport Koshien. Due to the effects of rebuilding, sale and renewal of existing facilities, however, segment operating income edged down ¥0.4 billion. The average year-end vacancy rate of Tokyo Metropolitan Area office buildings leased by the parent company was 3.0%, an improvement from 4.4% a year earlier.
- ◆ Sales of housing, office buildings and land: In the year under review, the Company sold a total of 5,806 residential units (condominiums and detached houses). During the year, we expanded sales to investors of income-producing properties developed or value-enhanced by the Company. As a result, segment operating income grew ¥2.2 billion year-on-year.
- ◆ Construction: This segment posted increases in both revenue and operating income, thanks to unit price increases for properties contracted by the Mitsui Home Group, as well as a reduction in selling, general and administrative expenses and a solid performance by the Mitsui Home Group's renovation business.
- ◆ Brokerage, consignment sales and consulting: Amid brisk activity in the real estate investment market, segment revenue rose 12%, and operating income jumped 32%. This resulted from increased brokerage business, especially from corporate customers, and higher fee-based income stemming from growing assets under management.
- ◆ Property management: Both revenue and income from property management operations remained mostly unchanged in the year under review. Although the number of properties managed increased steadily, revenue from our tenant improvement business declined due to a decrease in tenant turnover in line with recovery of the office building market.

CONSOLIDATED REVENUE AND EARNING FORECAST FOR THE YEAR ENDING MARCH 31, 2006

(¥ millions)	Year to 3/06	Year Ended 3/05	YoY Change	
	(forecast)	(actual)	(amount)	(percentage)
Revenue from Operations	¥1,125,000	¥1,111,359	¥13,641	1.2
Operating Income	122,000	115,764	6,236	5.4
Ordinary Income	100,000	94,637	5,363	5.7
Net Income	50,000	28,693	21,307	74.3

- ◆ Based on our future performance outlook, we expect to raise annual cash dividends to ¥10.0 in the next fiscal year ending March 31, 2006.

Consolidated Financial Summary

(¥ millions)

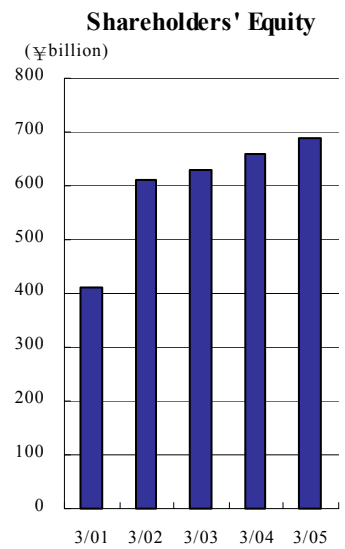
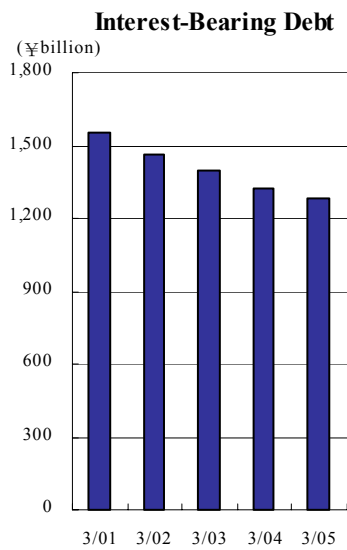
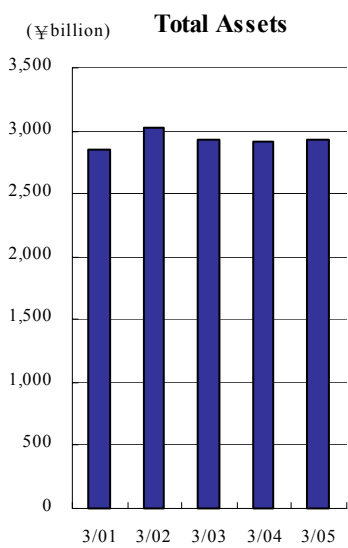
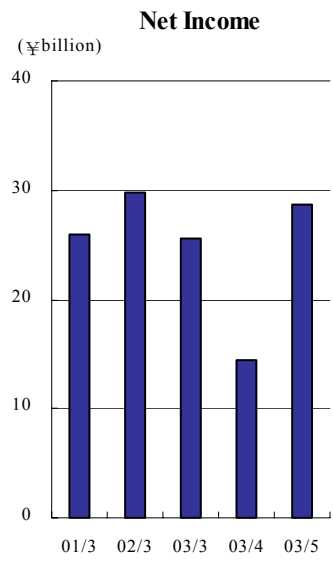
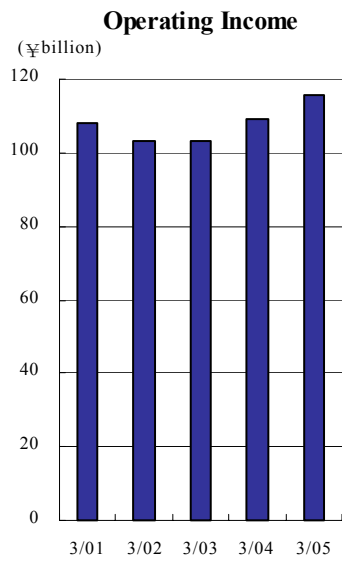
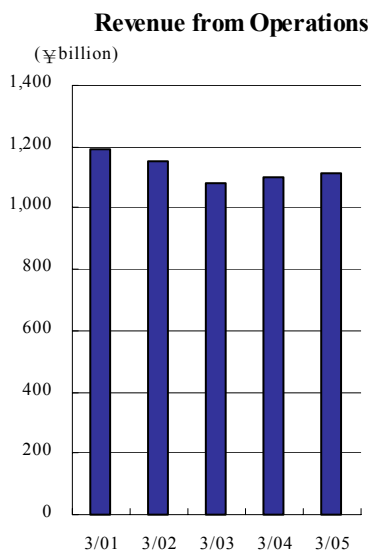
Operating Results:	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥1,111,359	¥1,102,844	¥8,514
Operating Income	115,764	109,246	6,518
Ordinary Income	94,637	87,236	7,400
Net Income	28,693	14,454	14,238
Financial Position:	March 31, 2005	March 31, 2004	Change (amount)
Total Assets	¥2,928,199	¥2,916,582	¥11,616
Interest-Bearing Debt	1,279,049	1,321,501	(42,451)
Shareholders' Equity	687,717	659,165	28,552
Cash Flows:	Year Ended March 31		Change (amount)
	2005	2004	
Cash Flows from Operating Activities	¥100,135	¥141,600	¥(41,464)
Cash Flows from Investing Activities	(76,870)	(21,122)	(55,747)
Cash Flows from Financing Activities	(52,081)	(92,509)	40,428
Cash and Cash Equivalents at End of Period	113,078	141,717	(28,638)

Segment Information

(¥ millions)

	Year Ended March 31		Change (amount)
	2005	2004	
Leasing			
Revenue from Operations	¥343,719	¥332,380	¥11,338
Operating Income	62,520	63,016	(496)
Sales of Housing, Office Buildings and Land			
Revenue from Operations	334,472	350,761	(16,289)
Operating Income	35,153	32,936	2,216
Construction			
Revenue from Operations	183,552	180,502	3,049
Operating Income	2,359	1,332	1,027
Brokerage, Consignment Sales and Consulting			
Revenue from Operations	60,223	53,585	6,638
Operating Income	18,607	14,078	4,529
Property Management			
Revenue from Operations	78,248	77,481	767
Operating Income	10,767	10,844	(76)
Sales of Housing Materials and Merchandise			
Revenue from Operations	65,228	61,768	3,459
Operating Income	187	151	36
Facility Operations			
Revenue from Operations	38,509	37,629	879
Operating Income	1,386	(527)	1,913
Other			
Revenue from Operations	7,404	8,734	(1,329)
Operating Income	1,849	2,591	(742)

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



Consolidated Business Overview

RESULTS OF OPERATIONS

(¥ millions)

	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥1,111,359	¥1,102,844	¥8,514
Leasing	343,719	332,380	11,338
Sales of Housing, Office Buildings and Land	334,472	350,761	(16,289)
Construction	183,552	180,502	3,049
Brokerage, Consignment Sales and Consulting	60,223	53,585	6,638
Property Management	78,248	77,481	767
Sales of Housing Materials and Merchandise	65,228	61,768	3,459
Facility Operations	38,509	37,629	879
Other	7,404	8,734	(1,329)
Operating Income	115,764	109,246	6,518
Leasing	62,520	63,016	(496)
Sales of Housing, Office Buildings and Land	35,153	32,936	2,216
Construction	2,359	1,332	1,027
Brokerage, Consignment Sales and Consulting	18,607	14,078	4,529
Property Management	10,767	10,844	(76)
Sales of Housing Materials and Merchandise	187	151	36
Facility Operations	1,386	(527)	1,913
Other	1,849	2,591	(742)
Elimination or Corporate	(17,066)	(15,177)	(1,889)
Non-Operating Income/Expenses	(21,127)	(22,009)	882
Equity in Net Income/Loss of Affiliated Companies	3,595	3,534	61
Interest Expense, in Net	(19,377)	(21,537)	2,160
Other, in Net	(5,345)	(4,006)	(1,338)
Ordinary Income	94,637	87,236	7,400
Extraordinary Gains/Losses	(42,795)	(63,589)	20,793
Extraordinary Gains	4,968	5,665	(696)
Extraordinary Losses	47,764	69,254	(21,490)
Income before Income Taxes	51,841	23,647	28,194
Income Taxes	21,642	8,857	12,785
Minority Interests	1,506	335	1,171
Net Income	¥28,693	¥14,454	¥14,238

[Revenue from Operations]

- Consolidated revenue from operations amounted to ¥1,111.3 billion, up ¥8.5 billion, or 0.8%, from the previous year. Revenue from the “Leasing” segment improved thanks to office buildings and retail facilities that came newly on-stream or made their first full-year contribution. Revenue from the “Brokerage, consignment sales and consulting” segment was also up, thanks to increased real estate brokerage revenue and a rise in the number of securitization deals handled.

[Operating Income]

- Operating income rose ¥6.5 billion, or 6.0%, to ¥115.7 billion. In addition to higher income from the “Brokerage, consignment sales and consulting” segment, earnings benefited from increased income from the “Sales of housing, office buildings and land” segment, stemming from expanded sales to investors of income-producing properties developed or value-enhanced by the Company.

[Ordinary Income]

- Ordinary income climbed ¥7.4 billion, or 8.5%, to ¥94.6 billion, owing to increased operating income and lower interest expenses. This is the highest ordinary income figure in the Company's history, eclipsing the previous record in the preceding year.

[Net Income]

- The Company reported consolidated net income of ¥28.6 billion, up ¥14.2 billion, or 98.5%. This was despite ¥33.8 billion in extraordinary losses due to the early adoption of impairment accounting for fixed assets.

[Segments Results]

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

[1] LEASING

(¥ millions)	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥343,719	¥332,380	¥11,338
Operating Income	62,520	63,016	(496)

- The leasing segment benefited from increased revenue and income stemming from the large number of office buildings and retail facilities (listed below) that came newly on-stream or made their first full-year contribution in the year under review. Despite an increase in overall segment revenue, however, segment operating income edged down slightly, due to the negative effects of rebuilding, sale and renewal of existing facilities on revenue and income.
- Overall occupancy rates improved, especially of office buildings in the Tokyo Metropolitan Area, as corporate tenants with favorable business results began to demand expanded floor space amid moderate economic recovery. All buildings newly completed during the year became fully occupied.
- Segment revenue was also boosted by a rise in the number of residential subleasing units (handled by Mitsui Fudosan Housing Lease) and car-park leasing spaces (Mitsui Real Estate Sales).

<Vacancy Rates (March 31, 2005)>

Consolidated (including overseas):

2.8% for office buildings and retail facilities (5.0% on March 31, 2004)

Nonconsolidated:

3.0% 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
Stellar Town (Saitama, Saitama)	Retail facility
Kojun Building (Chuo-ku, Tokyo)	Retail facility
Toranomon Kotohira Tower (Minato-ku, Tokyo)	Office building
LaLaport Koshien (Nishinomiya, Hyogo)	Retail facility
Oval Court Ohsaki Mark East (Shinagawa-ku, Tokyo)	Office building
Shinkiba Center Building No.2 (Koto-ku, Tokyo)	Office building
ZOE Ginza (Chuo-ku, Tokyo)	Retail facility

FIRST FULL-YEAR CONTRIBUTION

Treage Shirahata (Fujisawa, Kanagawa)	Retail facility
Roppongi T-Cube (Minato-ku, Tokyo)	Office and residential buildings complex
Nihonbashi 1-chome Building (Chuo-ku, Tokyo)	Office building and retail facility complex
COREDO Nihonbashi (Chuo-ku, Tokyo)	Retail facility
LALA Garden Tsukuba (Tsukuba, Ibaraki)	Retail facility

(a) Leasing

(¥ millions)

	Year Ended March 31		Change (amount)
	2005	2004	
	Revenue	Revenue	
Office Buildings	¥215,718	¥216,437	(¥719)
Retail Facilities	50,957	¥42,958	7,998
Residentials	51,311	49,295	2,016
Other (Car Park, etc.)	25,732	23,689	2,043
Total	¥343,719	¥332,380	¥11,338

(b) Leased Floor Space

		March 31	
		2005	2004
Office Buildings and Commercial Facilities	Leased Floor space (㎡):		
	Owned	1,957,426	1,877,654
	Managed	1,464,710	1,434,888
	Total	3,422,135	3,312,542
	Vacancy Rate(%)	2.8	5.0
Residentials	Leased Floor space (㎡):		
	Owned	258	274
	Managed	50,081	44,671
	Total	50,339	44,945

(c) Total Floor Space (Nonconsolidated)

	March 31					
	2005			2004		
	No. of Buildings	Floor Space (1,000m ²)	Share of Total Floor Space (%)	No. of Buildings	Floor Space (1,000m ²)	Share of Total Floor Space (%)
Owned	117	2,454	48.1	120	2,410	48.1
Managed	197	2,646	51.9	196	2,602	51.9
Total	314	5,101	100.0	316	5,012	100.0

Newly on-stream: 9 buildings

Full-year contribution: 5 buildings

Sublease-terminated or sold: 11 buildings

(d) Vacancy Rate at End of Term

(%)

	3/05	9/04	3/04	9/03	3/03	9/02	3/02
Consolidated							
Office Buildings and Retail Facilities (including overseas)	2.8	5.2	5.0	6.0	6.0	5.2	4.1
Nonconsolidated							
Tokyo Metropolitan Area Office Buildings	3.0	4.8	4.4	5.8	5.4	3.6	2.4
Regional Area Office Buildings	7.0	6.9	7.6	8.8	12.1	12.1	9.2

(e) Breakdown of Leasing Operations (Nonconsolidated)

		Total		Tokyo Metropolitan Area		Regional Areas	
		Year Ended March 31		Year Ended March 31		Year Ended March 31	
		2005	2004	2005	2004	2005	2004
Office Buildings	Number of Buildings	263	268	224	229	39	39
	Leased Floor Space (1,000m ²)	2,205	2,183	1,910	1,897	295	286
	Leasing Revenue (¥ millions)	198,741	198,747	177,951	178,362	20,789	20,384
	Vacancy Rate (%)	3.6	4.8	3.0	4.4	7.0	7.6
Commercial Facilities	Number of Buildings	49	46	34	32	15	14
	Leased Floor Space (1,000m ²)	879	790	545	538	334	251
	Leasing Revenue (¥ millions)	45,947	37,601	29,595	23,339	16,351	14,261
	Vacancy Rate (%) *1	0.7	6.2	0.7	0.7	0.9	16.0

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

[2] SALES OF HOUSING, OFFICE BUILDINGS AND LAND

(¥ millions)	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥334,472	¥350,761	(¥16,289)
Operating Income	35,153	32,936	2,216

- In the year under review, revenue from the “Other sales” category significantly increased due to expanded sales to investors of income-producing properties (mainly rental condominiums) developed by the Company. However, overall segment sales were down, due to a decline in revenue from sales of residential units. (The Group sold 5,806 residential units during the period, down from 6,407 in the previous year.)
- Segment operating income grew ¥2.2 billion, to ¥35.1 billion, boosted by income from higher sales to investors, as well as reduction of selling, general and administrative expenses in the residential sales category.
- The parent company had 545 units in completed inventories (490 condominium units and 55 detached houses) at year-end, up 65 from a year earlier. This was partly because completion of condominiums was concentrated in the fourth quarter of the fiscal year in review.

(a) Housing Sales and Other Sales

	Year Ended March 31					
	2005			2004		
	Units	Revenue (¥ millions)	Unit Price (¥10 thousands)	Units	Revenue (¥ millions)	Unit Price (¥10 thousands)
Detached Housing						
Tokyo Metropolitan Area	560	30,399	5,428	655	35,117	5,361
Other	116	2,610	2,250	186	4,573	2,459
Total	676	33,009	4,883	841	39,690	4,719
Condominiums						
Tokyo Metropolitan Area	3,445	170,601	4,952	3,934	204,200	5,191
Other	1,685	52,016	3,087	1,632	49,973	3,062
Total	5,130	222,617	4,340	5,566	254,173	4,567
Total Housing Sales						
Tokyo Metropolitan Area	4,005	201,000	5,019	4,589	239,317	5,215
Other	1,801	54,626	3,033	1,818	54,546	3,000
Total	5,806	255,627	4,403	6,407	293,864	4,587
Other Sales	-	78,844	-	-	56,897	-
Total Sales	-	334,472	-	-	350,761	-

(b) Completed Housing Inventories (Nonconsolidated)

(Units)

	3/05	9/04	3/04	9/03	3/03	9/02	3/02
Detached Housing	55	40	25	30	120	90	45
Condominiums	490	210	455	475	485	130	175
Total	545	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	690	866	668	198	739
Condominiums	2,663	4,595	7,258	5,130	2,128	4,335
Total	2,839	5,285	8,124	5,798	2,326	5,074

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 (amount)
	2005	2004	
Revenue from Operations	¥183,552	¥180,502	¥3,049
Operating Income	2,359	1,332	1,027

- This segment posted increases in both revenue and operating income, thanks to unit price increases for properties contracted by the Mitsui Home Group, as well as a reduction in selling, general and administrative expenses and a solid performance by the renovation business of Mitsui Home Remodeling Co., Ltd., a subsidiary of Mitsui Home.

(a) Orders, Order Backlogs and Project Completions

(¥ millions)

	Year Ended March 31	
	2005	2004
Orders:		
Work-on-Hand at Beginning of Period	88,845	90,943
Orders during Period	142,790	141,665
Total	231,635	232,609
Project Completions	142,871	143,763
Work-on-Hand at End of Period	88,764	88,845

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

(b) Projects

(¥ millions)

	Year Ended March 31	
	2005	2004
Project Completions:	142,871	143,763
Work-on-Hand at End of Period		
Total	88,764	88,845
Work in progress	10,754	8,910
As a percentage of Work-on-Hand at End of Period	12.1	10.0
Projects during Period	144,714	139,681

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 (amount)
	2005	2004	
Revenue from Operations	¥60,223	¥53,585	¥6,638
Operating Income	18,607	14,078	4,529

- Amid brisk activity in the real estate investment market, both segment revenue and operating income grew significantly. This resulted from increased brokerage business, especially from corporate customers, by the parent company and Mitsui Real Estate Sales. Segment results also benefited from higher fee-based income stemming from growing assets under management of the entire Group, including assets of Nippon Building Fund, a J-REIT managed by Nippon Building Fund Management.

(¥ millions)

	Year Ended March 31			
	2005		2004	
	Units	Revenue	Units	Revenue
Brokerage	28,966	41,531	28,499	37,919
Consignment Sales	6,653	8,809	7,632	9,172
Consulting	-	9,882	-	6,493
Total	-	60,223	-	53,585

[5] PROPERTY MANAGEMENT

(¥ millions)	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥78,248	¥77,481	¥767
Operating Income	10,767	10,844	(76)

- Revenue from the “Tenant improvement” category was down as tenant turnover declined in the wake of a solid office building market. However, revenue from the “Property management” category increased owing to a rise in the number of office buildings, retail facilities and residential units managed by the Group. As a result, both revenue and income for the entire segment remained mostly unchanged in the year under review.

(¥ millions)

	Year Ended March 31	
	2005	2004
	Revenue	Revenue
Property Management	56,145	51,511
Tenant Improvement	22,103	25,969
Total	78,248	77,481

[6] SALES OF HOUSING MATERIALS AND MERCHANDISE

(¥ millions)	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥65,228	¥61,768	¥3,459
Operating Income	187	151	36

- Revenue in this segment improved, thanks mainly to the opening of new stores by Uni Living in the “Merchandise” category. However, segment operating income edged up only slightly, due to the higher cost of attracting customers in the wake of intensified competition in the home center sector.

(¥ millions)

	Year Ended March 31	
	2005	2004
	Revenue	Revenue
Housing Materials	20,416	19,956
Merchandise	44,812	41,812
Total	65,228	61,768

[7] FACILITY OPERATIONS

(¥ millions)	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥38,509	¥37,629	¥879
Operating Income	1,386	(527)	1,913

- This segment reported increases in both revenue and operating income thanks to improved occupancy of Halekulani, its hotel in Hawaii.

(¥ millions)

	Year Ended March 31	
	2005	2004
	Revenue	Revenue
Hotels	25,486	24,485
Other	13,023	13,144
Total	38,509	37,629

[8] OTHER

(¥ millions)	Year Ended March 31		Change (amount)
	2005	2004	
Revenue from Operations	¥7,404	¥8,734	(¥1,329)
Operating Income	1,849	2,591	(742)

(¥ millions)

	Year Ended March 31	
	2005	2004
	Revenue	Revenue
Finance and Lease	1,549	1,583
Other	5,855	7,150
Total	7,404	8,734

ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

(¥ millions)

Assets	March 31		Change (amount)
	2005	2004	
Cash and Time Deposits	¥113,427	¥142,018	¥(28,591)
Marketable Securities	304	105	198
Real Property for Sale*	375,219	343,573	31,645
Operational Investment	91,850	40,160	51,690
Tangible & Intangible Fixed Assets	1,645,205	1,655,454	(10,248)
Investment Securities	235,813	262,763	(26,949)
Short-Term Loans	12,136	14,020	(1,883)
Long-Term Loans	11,264	10,390	873
Lease Deposits	200,265	201,845	(1,579)
Deferred Income Taxes	81,580	68,313	13,267
Deferred Income Taxes - Revaluation	21,262	33,305	(12,042)
Other Assets	139,874	144,636	(4,762)
Total Assets	¥2,928,199	¥2,916,582	¥11,616

*Real Property for Sale includes Advances Paid for Purchases.

(¥ millions)

Liabilities, Minority Interest and Shareholders' Equity	March 31		Change (amount)
	2005	2004	
Interest-Bearing Debt	¥1,279,049	¥1,321,501	¥(42,451)
Deposits from Tenants	288,251	291,322	(3,070)
Deferred Income Taxes	46,496	46,099	397
Deferred Income Taxes - Revaluation	157,995	151,018	6,977
Other Liabilities	448,713	431,502	17,211
Total Liabilities	2,220,504	2,241,443	(20,939)
Minority Interest	19,977	15,973	4,003
Common Stock	134,433	134,433	-
Additional Paid-in Capital	205,830	205,823	7
Retained Earnings	155,097	167,890	(12,793)
Surplus from Land Revaluation	183,625	158,227	25,398
Unrealized Gains/Losses on Securities	33,348	26,317	7,030
Foreign Currency Translation Adjustment	(23,255)	(32,545)	9,289
Treasury Stock	(1,360)	(979)	(381)
Total Shareholders' Equity	687,717	659,165	28,552
Total Liabilities, Minority Interest and Shareholders' Equity	¥2,928,199	¥2,916,582	¥11,616

[Real Property for Sale]

On a consolidated basis, the balance of real property for sale increased ¥31.6 billion. This was the net result of several factors, including a ¥38.6 billion rise in real property held by the parent company, which purchased more properties 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)

	March 31, 2005	March 31, 2004	Change (amount)
Mitsui Fudosan	340,393	301,705	38,688
Mitsui Real Estate Sales	4,176	4,453	(277)
Spring Properties	1,018	8,851	(7,833)
Other and Elimination	29,630	28,562	1,068
Consolidated Total	375,219	343,573	31,645

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

(¥ millions)

March 31, 2004	New Investments	Cost Recovery	Others	March 31, 2005
301,705	275,115	(247,994)	11,567	340,393

Note: The above figures refer to the sum of the Real Property for Sale, Real Property in Progress, Land for Development and Advances Paid for Purchases of the parent company.

[Tangible and Intangible Assets]

Despite capital investments made by the parent company in Nihonbashi Mitsui Tower and new retail facilities, total consolidated tangible and intangible assets at fiscal year-end were ¥10.2 billion lower than a year earlier. The decline stemmed mainly from depreciation, the adoption of impairment accounting in the first half of the period, and the disposal and sale of assets. (The exchange rate at year-end was ¥104.21 per U.S. dollar, compared with ¥107.13 a year earlier.)

(a) Tangible and Intangible Assets

(¥ millions)

	March 31, 2005	March 31, 2004	Change (amount)
Mitsui Fudosan	1,200,755	1,210,650	(9,894)
Mitsui Fudosan America	77,679	81,798	(4,119)
Mitsui Real Estate Sales	36,883	43,242	(6,359)
Mitsui Home	35,360	36,302	(942)
Mitsui Fudosan (U.K.) Ltd.	21,984	9,694	12,290
Other and Elimination	272,541	273,764	(1,223)
Consolidated Total	1,645,205	1,655,454	(10,248)

(b) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

March 31, 2004	Capital Expenditure	Depreciation	Disposal/Sale	Others	March 31, 2005
1,210,650	53,165	(21,576)	(11,748)	(29,736)	1,200,755

<Major new investments>

Nihonbashi Mitsui Tower	¥13.0 billion
LaLaport Koshien	¥8.4 billion

[Operational Investment][Investment Securities]

Due to changes in the Securities and Exchange Law and accounting practice guidelines, in the year under review the Company changed its method of accounting for investments by silent partnership (tokumei kumiai) and preferred securities issued by specific purpose companies (tokutei mokuteki kaisha), as shown below.

March 31, 2005

		Amount (¥million)	Reported Item
Investments by silent partnership (tokumei kumiai)	Held for trading purposes (on themselves or relevant real estate)	49,433	Operational investment
	Other than above	13,105	Investment Securities
Preferred securities issued by specific purpose companies (tokutei mokuteki kaisha) held for trading purposes (on themselves or relevant real estate)		42,417	Operational investment

March 31, 2004

		Amount (¥million)	Reported Item
Investments by silent partnership (tokumei kumiai)	Held for trading purposes (on themselves or relevant real estate)	40,160	Other current assets
	Other than above	24,729	Other (under "Investments and other assets")
Preferred securities issued by specific purpose companies (tokutei mokuteki kaisha) held for trading purposes (on themselves or relevant real estate)		40,387	Investment Securities

[Interest-Bearing Debt]

Consolidated interest-bearing debt at fiscal year-end was ¥1,279.0 billion, down ¥42.4 billion. The parent company's interest-bearing debt was down ¥25.7 billion (excluding a ¥18.1 billion decline in loans to subsidiaries). Interest-bearing debt of Mitsui Real Estate Sales declined thanks to an increase in receipt of advances for consignment sale projects, while that of other subsidiaries increased, due to capital expenditures and other factors.

(a) Interest-Bearing Debt

(¥ millions)

	March 31, 2005	March 31, 2004	Change (amount)
Mitsui Fudosan	1,161,613	1,205,530	(43,916)
Mitsui Real Estate Sales	25,831	38,606	(12,774)
Mitsui Fudosan America	49,243	58,966	(9,722)
Mitsui Fudosan (U.K.) Ltd.	16,129	5,303	10,826
Loans to Subsidiaries	(243,349)	(261,516)	18,167
Other and Elimination	269,581	274,611	(5,030)
Consolidated Total	1,279,049	1,321,501	(42,451)

(b) Interest-Bearing Debt (Nonconsolidated)

(¥ millions)

	March 31, 2005	March 31, 2004	Change (amount)
Interest-Bearing Debt (excluding loans to subsidiaries)	918,263	944,013	(25,749)
Loans to Subsidiaries	243,349	261,516	(18,167)
Total	1,161,613	1,205,530	(43,916)

[Retained Earnings]

Consolidated retained earnings at year-end stood at ¥155.0 billion, down ¥12.7 billion. Factors boosting retained earnings included ¥28.6 billion in net income. Factors holding down retained earnings included ¥26.3 billion in reversal of revaluation difference due to the adoption of impairment accounting and the sale of land; and ¥5.7 billion in dividends paid.

[Contingent Liabilities]

(¥ millions)

	March 31, 2005	March 31, 2004	Change (amount)
Loans Guaranteed	123,032	163,693	(40,661)

Consolidated and Nonconsolidated Earning Forecast

[CONSOLIDATED EARNING FORECAST] For the Year Ending March 31, 2006

(¥ millions)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
Revenue from Operations	¥1,125,000	¥1,111,359	¥13,641
Consolidated/Nonconsolidated Ratio (Times)	1.84	1.84	—
Leasing	357,000	343,719	13,281
Sales of Housing, Office Buildings and Land	328,000	334,472	(6,472)
Construction	187,000	183,552	3,448
Brokerage, Consignment Sales and Consulting	58,000	60,223	(2,223)
Property Management	85,000	78,248	6,752
Sales of Housing Materials and Merchandise	66,000	65,228	772
Facility Operations	36,000	38,509	(2,509)
Other	8,000	7,404	596
Operating Income	122,000	115,764	6,236
Consolidated/Nonconsolidated Ratio (Times)	1.63	1.58	0.05
Leasing	63,000	62,520	480
Sales of Housing, Office Buildings and Land	42,000	35,153	6,847
Construction	3,000	2,359	641
Brokerage, Consignment Sales and Consulting	17,000	18,607	(1,607)
Property Management	11,000	10,767	233
Sales of Housing Materials and Merchandise	500	187	313
Facility Operations	1,500	1,386	114
Other	1,000	1,849	(849)
Elimination or Corporate	(17,000)	(17,066)	66
Non-Operating Income/Expenses	(22,000)	(21,127)	(873)
Interest Expense, in Net	(19,000)	(19,377)	377
Other, in Net	(3,000)	(1,749)	(1,251)
Ordinary Income	100,000	94,637	5,363
Consolidated/Nonconsolidated Ratio (Times)	1.63	1.56	0.07
Extraordinary Gains/Losses	(13,000)	(42,795)	29,795
Income before Income Taxes	87,000	51,841	35,159
Income Taxes	35,500	21,642	13,858
Minority Interests	1,500	1,506	(6)
Net Income	¥50,000	¥28,693	¥21,307
Consolidated/Nonconsolidated Ratio (Times)	1.67	1.74	(0.07)

【Revenue and Income from Operations】

- For the year to March 2006, the Group forecasts a ¥13.6 billion increase in consolidated revenue from operations, to ¥1,125.0 billion, and a ¥6.2 billion rise in operating income, to ¥122.0 billion.
- **Leasing:** Revenue in this segment is expected to rise ¥13.2 billion, to ¥357.0 billion, owing to higher revenue of the parent company, Mitsui Fudosan Housing Lease and the car-park leasing business of Mitsui Real Estate Sales, as well as the new inclusion of Kokusai Kanko Kaikan Co., Ltd., into the scope of consolidation. Operating income in this segment is expected to grow ¥0.4 billion, to ¥63.0 billion, due to increased earnings of subsidiaries, which should outweigh a profit decline for the parent company.

- **Sales of Housing, Office Buildings and Land:** Due to a decline in revenue from Spring Properties and other subsidiaries, segment revenue is forecast to slip ¥6.4 billion, to ¥328.0 billion. However, we expect segment operating income to increase ¥6.8 billion, to ¥42.0 billion, owing to increased earnings from sale of income-producing properties developed by the parent company, as well as higher dividends from investments in silent partnerships related to the real estate securitization business.
- **Construction:** Thanks to higher anticipated revenue and earnings of the Mitsui Home Group, we project a ¥3.4 billion rise in segment revenue, to ¥187.0 billion, and a ¥0.6 billion increase in operating income, to ¥3.0 billion.
- **Brokerage, Consignment Sales and Consulting:** Despite improved revenue and earnings from Mitsui Real Estate Sales and Mitsui Fudosan Investment Advisors, revenue of the parent company is expected to decline. In the year under review, the segment posted increased earnings owing to the high number of large-scale brokerage deals, but we are less optimistic in the next fiscal year, and therefore project an earnings decline. For the segment, we forecast ¥58.0 billion in revenue and ¥17.0 billion in operating income.
- **Property Management:** Owing to higher revenue and income from the increase in properties consigned by subsidiaries, we project revenue of ¥85.0 billion and operating income of ¥11.0 billion for this segment.
- **Sales of Housing Materials and Merchandise:** This segment will benefit from increased revenue and earnings of Uni Living, and our segment revenue and operating income forecasts are ¥66.0 billion and ¥500 million, respectively.
- **Facility Operations:** Despite a fall in domestic revenue due to the sale of three hotels in Japan, we expect higher revenue and earnings from our hotel operations in Hawaii. For the segment, we project ¥36.0 billion in revenue and ¥1.5 billion in operating income.

【Ordinary Income and Net Income】

- We project a ¥5.3 billion increase in ordinary income, to ¥100.0 billion.
- The Group forecasts net income of ¥50.0 billion, up ¥21.3 billion, after factoring in a net loss of ¥10.0 billion in extraordinary gains/losses by the parent company and moderate extraordinary losses by subsidiaries.

【Capital Expenditures】

(¥ millions)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
Capital Expenditure	70,000	78,898	(8,898)
Depreciation	41,000	38,512	2,488

【Interest-Bearing Debt】

(¥ millions)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
Interest-Bearing Debt	1,240,000	1,279,049	(39,049)

[NONCONSOLIDATED EARNING FORECAST]
For the Year Ending March 31, 2006

(¥ millions)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
Revenue from Operations	¥610,000	¥604,456	¥5,544
Leasing	254,000	249,007	4,993
Sales of Housing, Office Buildings and Land	308,000	307,707	293
Sales of Housing	221,000	255,151	(34,151)
Detached Housing	35,000	32,533	2,467
Condominiums	186,000	222,617	(36,617)
Sales of Office Buildings and Land	87,000	52,556	34,444
Other	48,000	47,741	259
Gross Margin (%)	18.5	18.9	(0.4)
Leasing	16.5	17.5	(1.0)
Sales of Housing, Office Buildings and Land	15.5	14.6	0.9
Sales of Housing	17.0	16.0	1.0
Other	49.0	54.5	(5.5)
Selling, General and Administrative Expenses	38,000	41,361	(3,361)
Operating Income	75,000	73,093	1,907
Non-Operating Income/Expenses	(13,500)	(12,378)	(1,122)
Interest Expense, in Net	(12,500)	(12,716)	216
Ordinary Income	61,500	60,714	786
Extraordinary Gains/Losses	(10,000)	(32,811)	22,811
Income before Income Taxes	51,500	27,902	23,598
Income Taxes	21,500	11,374	10,126
Net Income	¥30,000	¥16,529	¥13,471

- **Leasing:** The parent company expects segment revenue to be boosted by newly completed properties or those making their first full-year contribution in the current fiscal year. These will include Nihonbashi Mitsui Tower, Ginza Mitsui Building, LaLaport Koshien, Kojun Building and Toranomom Kotohira Tower. We also anticipate improved revenue from existing properties. After factoring in property sales and rebuilding, as well as termination of subleases, however, segment revenue is expected to grow ¥4.9 billion. We forecast a segment gross margin of 16.5%, down 1.0 point.
- **Sales of Housing, Office Buildings and Land:** With respect to sales of housing units, we expect a decline in revenue as some condominiums previously targeting end users will now be marketed to investors. Due to an improved business performance, however, we look forward to a gross margin of 17.0% in the “Sales of Housing” category, up 1.0 point. Despite higher expected revenue and earnings from the “Sales of office buildings and land” category, which includes sales of condominium buildings to investors, overall segment revenue will remain largely unchanged. Although gross profit should increase, and our gross margin forecast is 15.5%, up 0.9 point.
- **Other:** Despite an expected increase in dividend income from investments by silent partnership and others, we expect segment revenues to remain mostly unchanged due to a lower number of large-scale brokerage deals compared with the year under review. The gross margin is expected to slip 5.5 points, to 49.0%.
- On a nonconsolidated basis, therefore, we project revenue from operations of ¥610.0 billion (up ¥5.5 billion), operating income of ¥75.0 billion (up ¥1.9 billion) and ordinary income of ¥61.5 billion (up ¥0.7 billion).
- After factoring in a net loss of ¥10.0 billion in extraordinary gains/losses from the disposal and sale of assets, we project a ¥13.4 billion rise in nonconsolidated net income, to ¥30.0 billion.

(a) Housing Units for Sale (Nonconsolidated)

(Units)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
Detached Housing	700	668	32
Condominiums	4,500	5,130	(630)
Total	5,200	5,798	(598)

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

(¥ millions)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
New Investments	285,000	275,115	9,885
Cost Recovery	255,000	247,994	7,006

(c) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
Capital Expenditure	60,000	55,375	4,625
Depreciation	24,000	21,576	2,424

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

(¥ millions)

	Year to March 31		Change (amount)
	2006 (forecast)	2005 (actual)	
Revenue from Operations	¥230,000	¥223,592	¥6,408
Operating Income	4,500	4,097	403
Ordinary Income	4,600	4,426	174
Net Income	2,300	1,909	391

Segment Information

Year Ended March 31, 2005

(¥ millions)

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

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

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 (for five years)

(¥ millions)

		Year Ended March 31					
		2001	2002	2003	2004	2005	
P/L	Revenue from Operations	¥1,193,080	¥1,152,483	¥1,082,397	¥1,102,844	¥1,111,359	
	Operating Income	108,334	102,950	103,295	109,246	115,764	
	Ordinary Income	73,420	72,800	76,514	87,236	94,637	
	Net Income (Loss)	26,112	29,806	25,553	14,454	28,693	
Segment*	Leasing	Revenue from Operations	329,834	331,501	329,671	332,380	343,719
		Operating Income	68,550	71,718	66,563	63,016	62,520
	Sales of Housing, Office Buildings and Land	Revenue from Operations	328,281	336,641	335,341	350,761	334,472
		Operating Income	20,606	26,668	32,589	32,936	35,153
	Construction	Revenue from Operations	283,806	237,243	183,090	180,502	183,552
		Operating Income	6,718	(5,228)	326	1,332	2,359
	Brokerage, Consignment Sales and Consulting	Revenue from Operations	41,547	45,742	46,503	53,585	60,223
		Operating Income	13,607	17,541	10,997	14,078	18,607
	Property Management	Revenue from Operations	70,872	67,916	69,589	77,481	78,248
		Operating Income	7,298	7,665	7,713	10,844	10,767
	Sales of Housing Materials and Merchandise	Revenue from Operations	70,583	71,577	65,682	61,768	65,228
		Operating Income	834	1,342	104	151	187
	Facility Operations	Revenue from Operations	47,387	44,967	40,880	37,629	38,509
		Operating Income	(55)	(4,271)	(3,356)	(527)	1,386
	Other	Revenue from Operations	20,766	16,893	11,639	8,734	7,404
		Operating Income	3,807	858	2,534	2,591	1,849
	B/S	Total Assets	2,846,467	3,028,969	2,929,069	2,916,582	2,928,199
		Real Property for Sale	453,053	459,840	408,994	343,573	375,219
Tangible and Intangible Fixed Assets		1,456,692	1,698,841	1,687,115	1,655,454	1,645,205	
Capital Expenditures		67,478	62,101	61,159	35,838	78,898	
Depreciation		44,418	66,017	39,781	40,415	38,512	
Interest-Bearing Debt		1,554,360	1,460,526	1,397,211	1,321,501	1,279,049	
Retained Earnings		98,643	137,026	155,390	167,890	155,097	
Shareholders' Equity		411,097	609,536	628,434	659,165	687,717	
C/F	Cash Flows from Operating Activities (1)	173,664	142,121	118,484	141,600	100,135	
	Cash Flows from Investing Activities (2)	(32,088)	(81,658)	(60,751)	(21,122)	(76,870)	
	Cash Flows from Financing Activities (3)	(150,001)	(103,298)	(59,897)	(92,509)	(52,081)	
	Free Cash Flows (1)+(2)	¥141,575	¥60,463	¥57,733	¥120,478	¥23,265	
Key Data	ROA (%)	3.98	3.86	3.78	4.06	4.30	
	Debt/Equity Ratio (Times)	3.8	2.4	2.2	2.0	1.9	
	Equity Ratio (%)	14.5	20.1	21.5	22.6	23.5	
	No. of Consolidated Subsidiaries	150	143	131	127	121	
	No. of Affiliates in Equity Method	65	60	57	52	45	

*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	
	2005	% of Total Assets	2004	% of Total Assets	Amount	Percentage
I . Current Assets:	¥745,703	25.5	¥671,847	23.0	¥73,855	11.0
Cash and Time Deposits	113,427		142,018		(28,591)	
Accounts Receivable—Trade	28,533		28,477		55	
Marketable Securities	304		105		198	
Real Property for Sale	351,888	12.0	323,307	11.1	28,580	8.8
Expenditure on Contracts in Progress	9,891		8,211		1,679	
Other Inventories	9,548		8,586		961	
Advances Paid for Purchases	23,330		20,265		3,064	
Short-Term Loans	12,136		14,020		(1,883)	
Operational Investment	91,850		—		91,850	
Deferred Income Taxes	50,872		56,329		(5,456)	
Other Current Assets	57,051		73,437		(16,385)	
Allowance for Doubtful Accounts	(3,131)		(2,913)		(218)	
II . Fixed Assets:	2,182,495	74.5	2,244,734	77.0	(62,239)	(2.8)
1. Tangible Fixed Assets:	1,615,619	55.2	1,620,778	55.6	(5,158)	(0.3)
Buildings and Structures	466,886	15.9	476,521	16.3	(9,634)	(2.0)
Machinery, Equipment and Materials Handling Equipment	4,830		5,058		(227)	
Land	1,089,664	37.2	1,087,266	37.3	2,398	0.2
Construction in Progress	30,692		18,860		11,832	
Other Tangible Assets	23,545		33,072		(9,527)	
2. Intangible Fixed Assets:	29,585	1.0	34,675	1.2	(5,089)	(14.7)
Leasehold Rights	21,457		25,947		(4,489)	
Other Intangible Fixed Assets	8,127		8,728		(600)	
3. Investments and Other Assets:	537,289	18.3	589,280	20.2	(51,990)	(8.8)
Investment Securities	235,813		262,763		(26,949)	
Long-Term Loans	11,264		10,390		873	
Lease Deposits	200,265		201,845		(1,579)	
Deferred Income Taxes	30,708		11,984		18,724	
Deferred Income Taxes- Revaluation	21,262		33,305		(12,042)	
Other	49,708		88,143		(38,434)	
Allowance for Doubtful Accounts	(11,733)		(19,151)		7,418	
III. Deferred Assets	0		0		(0)	
Total Assets	¥2,928,199	100.0	¥2,916,582	100.0	¥11,616	0.4

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	March 31				Change	
	2005	% of Total Assets	2004	% of Total Assets	Amount	Percentage
I . Current Liabilities:	¥634,920	21.7	¥615,292	21.1	¥19,628	3.2
Accounts Payable—Trade	114,236		117,965		(3,729)	
Short-Term Debt	243,078	8.3	228,209	7.8	14,868	6.5
Commercial Paper	29,000		37,000		(8,000)	
Bond Redeemable Within One Year	—		10,000		(10,000)	
Income Taxes Payable	16,754		16,975		220	
Advances from Contracts in Progress	15,170		16,604		(1,433)	
Allowance for Completed Project Indemnities	1,593		1,929		(335)	
Allowance for Possible Guarantee Losses	252		309		(56)	
Deferred Income Taxes	—		0		(0)	
Other Current Liabilities	214,833		186,298		28,535	
II . Long-Term Liabilities:	1,585,583	54.1	1,626,151	55.8	(40,568)	(2.5)
Corporate Bonds	235,000		215,000		20,000	
Long-Term Debt	771,971	26.4	831,291	28.5	(59,320)	(7.1)
Deposits from Tenants	288,251		291,322		(3,070)	
Allowance for Employees' Retirement Benefits	26,978		23,420		3,558	
Allowance for Directors' Retirement Benefits	1,943		1,682		260	
Deferred Income Taxes	46,496		46,099		397	
Deferred Income Taxes - Revaluation	157,995		151,018		6,977	
Other Fixed Liabilities	56,945		66,316		(9,371)	
Total Liabilities	2,220,504	75.8	2,241,443	76.9	(20,939)	(0.9)
MINORITY INTEREST:						
Minority Interests in Consolidated Subsidiaries	19,977	0.7	15,973	0.5	4,003	25.1
SHAREHOLDERS' EQUITY:						
I . Common Stock	134,433	4.6	134,433	4.6	—	—
II . Additional Paid-in Capital	205,830	7.0	205,823	7.1	7	0.0
III . Retained Earnings	155,097	5.3	167,890	5.7	(12,793)	(7.6)
IV . Surplus from Land Revaluation	183,625		158,227		25,398	
V . Unrealized Gains/Losses on Securities	33,348		26,317		7,030	
VI . Foreign Currency Translation Adjustment	(23,255)		(32,545)		9,289	
	689,078	23.5	660,145	22.6	28,933	4.4
VII . Treasury Stock	(1,360)		(979)		(381)	
Total Shareholders' Equity	687,717	23.5	659,165	22.6	28,552	4.3
Total Liabilities, Minority Interest and Shareholders' Equity	¥2,928,199	100.0	¥2,916,582	100.0	¥11,616	0.4

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Year Ended March 31				Change	
	2005	% of Total Revenue	2004	% of Total Revenue	Amount	Percentage
I. Revenue from Operations	¥1,111,359	100.0	¥1,102,844	100.0	¥8,514	0.8
II. Cost of Revenue from Operations	879,260	79.1	873,627	79.2	5,632	0.6
Gross Operating Profit	232,098	20.9	229,217	20.8	2,881	1.3
III. Selling, General and Administrative Expenses	116,334	10.5	119,971	10.9	(3,636)	(3.0)
Operating Income	115,764	10.4	109,246	9.9	6,518	6.0
IV. Non-Operating Income:	9,947	0.9	9,521	0.9	425	4.5
Interest Income	1,065		1,219		(154)	
Dividend Income	2,051		1,942		109	
Equity in Net Income of Affiliated Companies	3,595		3,534		61	
Other Non-Operating Income	3,233		2,824		409	
V. Non-Operating Expenses:	31,074	2.8	31,531	2.9	(456)	(1.4)
Interest Expenses	20,443		22,757		(2,314)	
Other Non-Operating Expenses	10,631		8,773		1,857	
Ordinary Income	94,637	8.5	87,236	7.9	7,400	8.5
VI. Extraordinary Gains:	4,968	0.4	5,665	0.5	(696)	(12.3)
Gain on Sales of Investment Securities	4,340		4,669		(328)	
Transfer from Allowance for Doubtful Accounts	—		478		(478)	
Gain on Sales of Fixed Assets	—		410		(410)	
Gain on Sales of Shares of Affiliated Companies	220		—		220	
Other Extraordinary Gains	408		106		302	
VII. Extraordinary Losses:	47,764	4.3	69,254	6.3	(21,490)	(31.0)
Loss on Devaluation of Real Property for Sale	—		64,231		(64,231)	
Provision to Allowance for Doubtful Accounts	682		1,518		(835)	
Loss on Disposal of Fixed Assets	1,053		855		198	
Impairment Losses for Fixed Assets	33,806		—		33,806	
Loss on Liquidation of Affiliated Company	7,674		—		7,674	
Loss on Sales of Fixed Assets	3,294		—		3,294	
Other Extraordinary Losses	1,252		2,649		(1,397)	
Income before Income Taxes	51,841	4.7	23,647	2.1	28,194	119.2
Income Taxes	26,489		23,914		2,574	
Deferred Income Taxes	(4,847)		(15,057)		10,210	
Minority Interests	1,506		335		1,171	
Net Income	¥28,693	2.6	¥14,454	1.3	¥14,238	98.5

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

	Year Ended March 31		Change (amount)
	2,005	2004	
I. Cash Flows From Operating Activities:			
Income before Income Taxes	¥51,841	¥23,647	¥28,194
Depreciation and Amortization	38,512	40,415	(1,902)
Impairment Losses For Fixed Assets	33,806	—	33,806
Gain/Loss on Equity in Net Income of Affiliated Companies	(3,595)	(3,534)	(61)
Gain/Loss on Sales of Investment Securities	(4,560)	(4,669)	108
Loss on Liquidation of Affiliated Companies	7,674	—	7,674
Gain/Loss on Sales of Tangible and Intangible Fixed Assets	3,294	(410)	3,704
Loss on Disposal of Tangible and Intangible Fixed Assets	1,053	855	198
Loss on Devaluation of Real Property for Sale	—	64,231	(64,231)
Provision to Allowance for Doubtful Accounts	682	1,518	(835)
Transfer from Allowance for Doubtful Accounts	—	(478)	478
Interest and Dividend Income	(3,117)	(3,162)	44
Interest Expense	20,443	22,757	(2,314)
Increase/Decrease in Accounts Receivable	(60)	3,962	(4,022)
Increase/Decrease in Accounts Payable	3,182	(2,711)	5,893
Purchase of Real Property for Sale*	(287,626)	(235,185)	(52,440)
Sales of Real Property for Sale*	261,531	271,136	(9,605)
Increase/Decrease in Operational Investment	(6,698)	—	(6,698)
Bonuses Paid to Directors	(109)	(117)	7
Other	28,341	(12,055)	40,397
Subtotal	144,596	166,197	(21,600)
Cash Receipts of Interest and Dividend Income	4,030	3,819	211
Cash Payments of Interest Expense	(20,681)	(22,651)	1,970
Income Taxes Paid	(27,810)	(5,764)	(22,046)
Net Cash Provided by Operating Activities	100,135	141,600	(41,464)
II. Cash Flows From Investing Activities:			
Purchase of Marketable and Investment Securities	(10,361)	(14,956)	4,594
Sales of Marketable and Investment Securities	6,401	11,525	(5,124)
Purchase of Tangible and Intangible Fixed Assets	(70,400)	(45,120)	(25,280)
Sales of Tangible and Intangible Fixed Assets	8,709	13,441	(4,732)
Increase in Loans	(8,886)	(6,403)	(2,482)
Decrease in Loans	6,389	26,089	(19,699)
Decrease in Deposits from Tenants	(51,976)	(63,605)	11,628
Increase in Deposits from Tenants	46,533	51,100	(4,567)
Increase in Lease Deposits	(18,606)	(18,961)	354
Decrease in Lease Deposits	18,105	30,845	(12,740)
Purchase of Securities with Change in Scope of Consolidation	(3,825)	197	(4,022)
Sales of Securities with Change in Scope of Consolidation	532	—	532
Other	515	(5,274)	5,789
Net Cash Used in Investing Activities	(76,870)	(21,122)	(55,747)
III. Cash Flows From Financing Activities:			
Increase/Decrease in Short-Term Debt	9,323	24,250	(14,926)
Proceeds from Long-Term Debt	106,266	180,140	(73,873)
Repayment of Long-Term Debt	(171,251)	(219,781)	48,530
Proceeds from Issuance of Bonds	20,000	10,000	10,000
Redemption of Bonds	(10,000)	(81,242)	71,242
Cash Dividends Paid	(5,500)	(5,757)	256
Cash Dividends Paid to Minority Interests	(538)	(554)	15
Increase/Decrease in Treasury Stock	(381)	434	(815)
Net Cash Used in Financing Activities	(52,081)	(92,509)	40,428
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	177	(1,082)	1,260
V. Net Increase (Decrease) in Cash and Cash Equivalents	(28,638)	26,885	(55,524)
VI. Cash and Cash Equivalents at Beginning of Year	141,717	114,831	26,885
VII. Cash and Cash Equivalents at End of Year	¥113,078	¥141,717	¥(28,638)

*“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	
	2005	% of Total Assets	2004	% of Total Assets	Amount	Percentage
I . Current Assets:	¥703,823	26.9	¥616,108	23.6	¥87,714	14.2
Cash and Time Deposits	46,086		69,767		(23,680)	
Accounts Receivable	10,349		11,061		(711)	
Real Property for Sale	146,547	5.6	150,431	5.8	(3,883)	(2.6)
Real Property in Progress	111,985	4.3	110,381	4.2	1,603	1.5
Land for Development	58,832	2.3	20,826	0.8	38,006	182.5
Advances Paid for Purchases	23,027		20,065		2,962	
Prepaid Expenses	3,095		3,505		(410)	
Short-Term Loans	88,685		96,406		(7,721)	
Other Receivables	70,109		32,955		37,153	
Operational Investment	91,899		40,160		51,739	
Deferred Income Taxes	41,558		47,969		(6,411)	
Other Current Assets	13,636		13,886		(249)	
Allowance for Doubtful Accounts	(1,991)		(1,309)		(682)	
II . Fixed Assets:	1,909,711	73.1	1,994,984	76.4	(85,273)	(4.3)
1. Tangible Fixed Assets:	1,181,728	45.3	1,189,263	45.6	(7,535)	(0.6)
Buildings	290,833	11.1	289,620	11.1	1,213	0.4
Structures	8,124		8,784		(660)	
Machinery	1,769		1,545		223	
Transportation Equipment	25		50		(24)	
Tools, Furniture and Fixtures	4,599		4,122		477	
Land	850,289	32.5	867,472	33.2	(17,182)	(2.0)
Construction in Progress	24,796		12,858		11,938	
Other Tangible Assets	1,288		4,809		(3,520)	
2. Intangible Fixed Assets:	19,027	0.7	21,387	0.8	(2,359)	(11.0)
Leasehold Rights	15,976		17,926		(1,949)	
Software	2,743		3,271		(527)	
Other Intangible Fixed Assets	307		190		117	
3. Investments and Other Assets:	708,955	27.1	784,333	30.0	(75,378)	(9.6)
Investment Securities	155,197		188,371		(33,174)	
Investments in Consolidated Subsidiaries and Affiliated Companies	191,530		181,975		9,554	
Investments	0		24,729		(24,729)	
Long-Term Loans	10,038		9,165		872	
Long-Term Loans to Affiliates	156,703		165,174		(8,470)	
Lease Deposits	198,910	7.6	197,100	7.5	1,809	0.9
Other Investments	23,902		31,046		(7,144)	
Allowance for Doubtful Accounts	(27,327)		(13,230)		(14,096)	
Total Assets	¥2,613,534	100.0	¥2,611,093	100.0	¥2,441	0.1

[Operational Investments] [Investment Securities]

Due to changes in the Securities and Exchange Law and accounting practice guidelines, in the year under review the Company changed its method of accounting for investments by silent partnership (tokumei kumiai) and preferred securities issued by specific purpose companies (tokutei mokuteki kaisha), as shown below.

March 31, 2005

		Amount (¥million)	Reported Item
Investments by silent partnership (tokumei kumiai)	Held for trading purposes (on themselves or relevant real estate)	49,482	Operational investment
	Other than above	13,105	Investment Securities
Preferred securities issued by specific purpose companies (tokutei mokuteki kaisha) held for trading purposes (on themselves or relevant real estate)		42,417	Operational investment

March 31, 2004

		Amount (¥million)	Reported Item
Investments by silent partnership (tokumei kumiai)	Held for trading purposes (on themselves or relevant real estate)	40,160	Operational investment
	Other than above	24,729	Investments
Preferred securities issued by specific purpose companies (tokutei mokuteki kaisha) held for trading purposes (on themselves or relevant real estate)		40,387	Investment Securities

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	March 31				Change	
	2005	% of Total Assets	2004	% of Total Assets	Amount	Percentage
I . Current Liabilities:	¥533,050	20.4	¥487,722	18.7	¥45,328	9.3
Accounts Payable	71,749		78,611		(6,862)	
Short-Term Debt	222,809	8.5	205,416	7.9	17,392	8.5
Commercial Paper	29,000		37,000		(8,000)	
Bond Redeemable Within One Year	—		10,000		(10,000)	
Other Payables	18,364		10,207		8,157	
Income Taxes Payable	12,275		12,319		(43)	
Accrued Expenses	7,541		8,568		(1,027)	
Advances Received	35,959		34,376		1,583	
Deposits	127,124		81,140		45,983	
Other Current Liabilities	8,226		10,081		(1,854)	
II . Long-Term Liabilities:	1,391,845	53.3	1,451,511	55.6	(59,666)	(4.1)
Corporate Bonds	235,000	9.0	215,000	8.2	20,000	9.3
Long-Term Debt	674,803	25.8	738,113	28.3	(63,309)	(8.6)
Deposits from Tenants	268,380	10.3	270,229	10.3	(1,849)	(0.7)
Deferred Income Taxes	8,149		25,275		(17,126)	
Deferred Income Taxes - Revaluation	157,995		151,018		6,977	
Allowance for Employees' Retirement Benefits	12,118		9,979		2,139	
Allowance for Directors' Retirement Benefits	1,270		1,129		140	
Other Fixed Liabilities	34,127		40,765		(6,638)	
Total Liabilities	1,924,896	73.7	1,939,234	74.3	(14,338)	(0.7)
SHAREHOLDERS' EQUITY:						
Common Stock	134,433	5.1	134,433	5.1	—	—
Additional Paid-in Capital	205,831	7.8	205,824	7.9	7	0.0
Capital Reserve	205,823		205,823		—	
Other Capital Reserve	8		0		7	
Gain on Disposal of Treasury Stock	8		0		7	
Retained Earnings	86,771	3.3	86,282	3.3	488	0.6
Legal Reserve	13,688		13,688		—	
Reserve for Substitute Assets	48,844		49,292		(447)	
Other Reserve	16,790		16,790		—	
Unappropriated Earnings	7,448		6,511		936	
Surplus from Land Revaluation	230,582	8.8	220,399	8.4	10,182	4.6
Unrealized Gains/Losses on Securities	32,377	1.2	25,887	1.0	6,490	25.1
Treasury Stock	(1,357)	(0.1)	(967)	(0.0)	(390)	40.3
Total Shareholders' Equity	688,638	26.3	671,859	25.7	16,779	2.5
Total Liabilities and Shareholders' Equity	¥2,613,534	100.0	¥2,611,093	100.0	¥2,441	0.1

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Year Ended March 31				Change	
	2005	% of Total Revenue	2004	% of Total Revenue	Amount	Percentage
Revenue from Operations	604,456	100.0	¥615,984	100.0	¥(11,528)	(1.9)
Leasing	249,007	41.2	240,484	39.0	8,523	3.5
Sales of Housing, Office Buildings and Land	307,707	50.9	333,901	54.2	(26,193)	(7.8)
Other	47,741	7.9	41,599	6.8	6,141	14.8
Cost of Revenue from Operations	490,001		503,830		(13,829)	
Leasing	205,467		196,320		9,147	
Sales of Housing, Office Buildings and Land	262,791		278,593		(15,801)	
Other	21,741		28,916		(7,174)	
Selling, General and Administrative Expenses	41,361		46,233		(4,871)	
Operating Income	73,093	12.1	65,920	10.7	7,173	10.9
Non-Operating Income/Expense	(12,378)		(2,998)		(9,380)	
Non-Operating Income:	11,208		23,688		(12,480)	
Interest Income	3,440		4,114		(674)	
Dividend Income	5,316		17,460		(12,144)	
Other Non-Operating Income	2,451		2,113		338	
Non-Operating Expenses:	23,587		26,687		(3,099)	
Interest Expenses	16,157		18,084		(1,927)	
Other Non-Operating Expenses	7,430		8,602		(1,172)	
Ordinary Income	60,714	10.0	62,922	10.2	(2,207)	(3.5)
Extraordinary Gains/Losses	(32,811)		(59,728)		26,916	
Extraordinary Gains:	4,324		4,664		(339)	
Gain on Sales of Investment Securities	4,324		4,664		(339)	
Extraordinary Losses:	37,136		64,392		(27,256)	
Provision to Allowance for Doubtful Accounts	15,746		4,660		11,086	
Impairment Losses for Fixed Assets	13,323		—		13,323	
Loss on Devaluation of Shares of Affiliated Companies	4,926		—		4,926	
Loss on Sales of Fixed Assets	3,139		—		3,139	
Loss on Devaluation of Real Property for Sale	—		59,732		(59,732)	
Income before Income Taxes	27,902	4.6	3,193	0.5	24,708	773.6
Income Taxes	19,560		16,955		2,605	
Deferred Income Taxes	(8,186)		(20,366)		12,179	
Net Income	16,529	2.7	6,605	1.1	9,924	150.2
Earning Brought Forward from Previous Period	3,978		5,298		(1,319)	
Interim Dividends	2,877		2,878		(0)	
Reversal of Revaluation Difference for Land	(10,182)		(2,513)		(7,668)	
Unappropriated Earnings	¥7,448		¥6,511		¥936	

*Income Margin to Revenues