

October 31, 2005

FACT BOOK

For the Six Months Ended September 30, 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 Six Months Ended September 30, 2005

CONSOLIDATED RESULTS

(¥ millions)

| | Six Months Ended June 30 | | Change (amount) | Year Ended March 31 |
|-------------------------|--------------------------|----------|--------------------|---------------------|
| | 2005 | 2004 | | 2005 |
| Revenue from Operations | ¥492,982 | ¥456,512 | ¥36,469 | ¥1,111,359 |
| Operating Income | 46,037 | 38,843 | 7,193 | 115,764 |
| Ordinary Income | 36,832 | 28,796 | 8,035 | 94,637 |
| Net Income | 23,246 | (7,490) | 30,736 | 28,693 |

(¥ millions)

| | Year to 3/06 (Forecast as of April 28, 2005) | 6-Month Results/ Full-Year Forecast (%) |
|-------------------------|---|--|
| Revenue from Operations | ¥1,125,000 | 43.8 |
| Operating Income | 122,000 | 37.7 |
| Ordinary Income | 100,000 | 36.8 |
| Net Income | 50,000 | 46.5 |

- ◆ In the six months ended September 30, 2005, revenue from operations totaled ¥492.9 billion, up ¥36.4 billion, 8.0% from the previous corresponding period. Operating income grew ¥7.1 billion, 18.5%, to ¥46.0 billion. Ordinary income grew ¥8.0 billion, 27.9%, to ¥36.8 billion.
- ◆ Interim net income amounted to ¥23.2 billion, up ¥30.7 billion from the previous corresponding period. This compares with a ¥7.4 billion net loss in the previous corresponding period, caused by an impairment loss stemming from the early adoption of impairment accounting for fixed assets.
- ◆ The “Leasing” segment benefited from the multiple projects completed in the second half of the previous fiscal year. These included Toranomom Kotohira Tower (office building in Minato-ku, Tokyo), Kojun Building (retail facility in Chuo-ku, Tokyo), LaLaport Koshien (retail facility in Nishinomiya-shi, Hyogo), and ZOE Ginza (retail facility in Chuo-ku, Tokyo). As a result, segment revenue increased ¥10.4 billion, and segment operating income climbed ¥3.4 billion. Nonconsolidated vacancy rate of office building in Tokyo Metropolitan Area was 2.7% on September 30, 2005.
- ◆ The “Sales of housing, office buildings and land” segment reported a ¥15.2 billion increase in revenue and a ¥2.2 billion rise in operating income, owing mainly to growth in the number of detached houses and condominium units sold, as well as growth in sales of properties for investors.
- ◆ Both the “Brokerage, consignment sales and consulting” and “Property management” segments performed favorably thanks to rises in the number of properties handled. The “Brokerage, consignment sales and consulting” segment, in particular, benefited from solid demand from individual and corporate clients for Mitsui Real Estate Sales’ brokerage services.

CONSOLIDATED FORECAST

Because the Company performed favorably in the interim period, it has not modified its original full-year forecasts, which include record-high figures for ordinary income and net income.

Consolidated Financial Summary

(¥ millions)

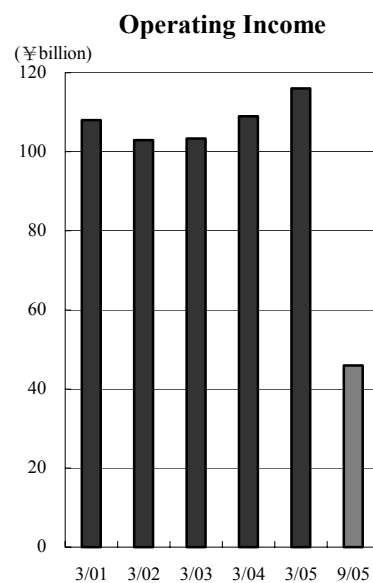
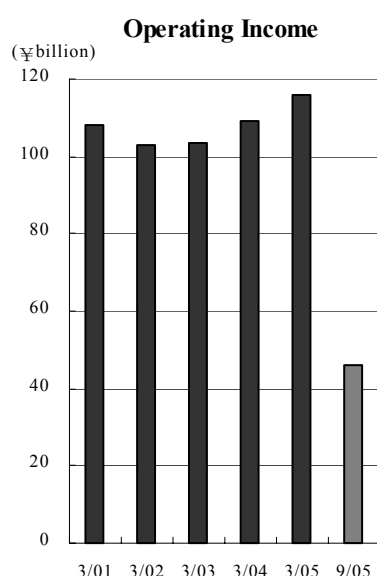
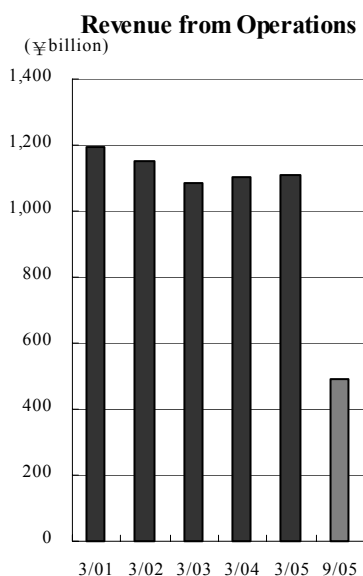
| Operating Results: | Six Months Ended September 30 | | Change (amount) | Year Ended March 31, 2005 |
|--|-------------------------------|----------------|--------------------|------------------------------|
| | 2005 | 2004 | | |
| Revenue from Operations | ¥492,982 | ¥456,512 | ¥36,469 | ¥1,111,359 |
| Operating Income | 46,037 | 38,843 | 7,193 | 115,764 |
| Ordinary Income | 36,832 | 28,796 | 8,035 | 94,637 |
| Net Income | 23,246 | (7,490) | 30,736 | 28,693 |
| Financial Position: | September 30, 2005 | March 31, 2005 | Change (amount) | September 30, 2004 |
| Total Assets | ¥2,972,434 | ¥2,928,199 | ¥44,235 | ¥2,866,225 |
| Interest-Bearing Debt | 1,365,225 | 1,279,049 | 86,176 | 1,407,969 |
| Shareholders' Equity | 720,566 | 687,717 | 32,849 | 640,203 |
| Cash Flows: | Six Months Ended September 30 | | Change (amount) | Year Ended March 31, 2005 |
| | 2005 | 2004 | | |
| Cash Flows from Operating Activities | ¥(107,549) | ¥(96,565) | ¥(10,984) | ¥100,135 |
| Cash Flows from Investing Activities | (18,737) | (49,794) | 31,057 | (76,870) |
| Cash Flows from Financing Activities | 79,899 | 83,700 | (3,801) | (52,081) |
| Cash and Cash Equivalents at End of Period | 66,707 | 79,359 | (12,652) | 113,078 |

Segment Information

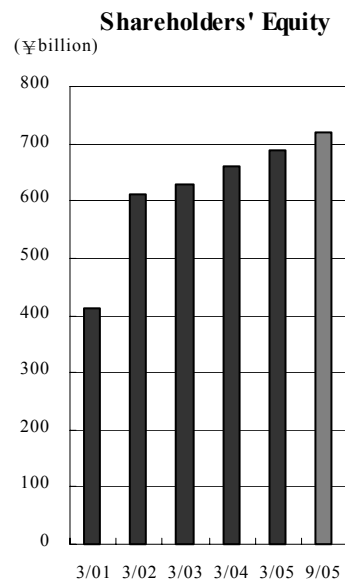
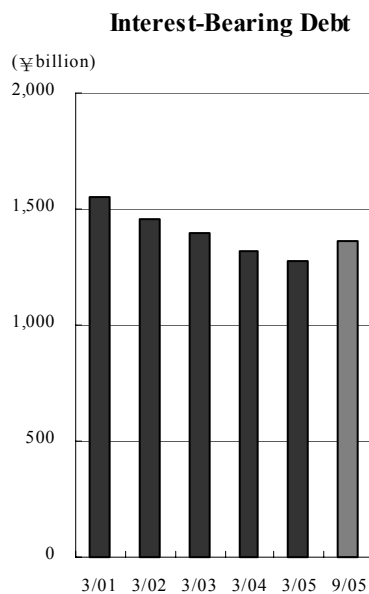
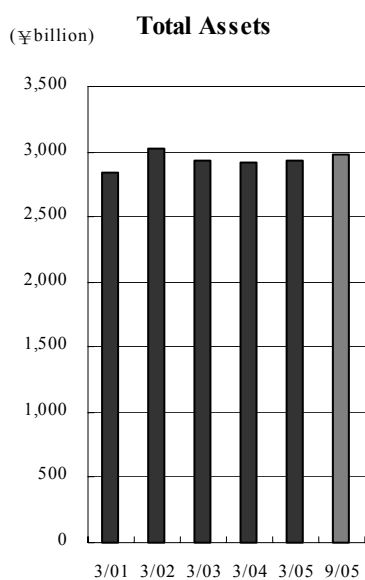
(¥ millions)

| | Six Months Ended September 30 | | Change (amount) | Year Ended March 31, 2005 |
|--|-------------------------------|----------|--------------------|------------------------------|
| | 2005 | 2004 | | |
| Leasing | | | | |
| Revenue from Operations | ¥180,361 | ¥169,896 | ¥10,465 | ¥343,719 |
| Operating Income | 35,349 | 31,896 | 3,452 | 62,520 |
| Sales of Housing, Office Buildings and Land | | | | |
| Revenue from Operations | 112,462 | 97,216 | 15,246 | 334,472 |
| Operating Income | 9,230 | 7,027 | 2,202 | 35,153 |
| Construction | | | | |
| Revenue from Operations | 74,613 | 70,169 | 4,444 | 183,552 |
| Operating Income | (3,673) | (4,455) | 781 | 2,359 |
| Brokerage, Consignment Sales and Consulting | | | | |
| Revenue from Operations | 28,140 | 26,610 | 1,529 | 60,223 |
| Operating Income | 6,210 | 5,888 | 321 | 18,607 |
| Property Management | | | | |
| Revenue from Operations | 43,179 | 36,599 | 6,580 | 78,248 |
| Operating Income | 6,067 | 5,392 | 675 | 10,767 |
| Sales of Housing Materials and Merchandise | | | | |
| Revenue from Operations | 32,186 | 32,797 | (611) | 65,228 |
| Operating Income | 440 | (118) | 558 | 187 |
| Facility Operations | | | | |
| Revenue from Operations | 18,809 | 19,400 | (590) | 38,509 |
| Operating Income | 557 | 502 | 55 | 1,386 |
| Other | | | | |
| Revenue from Operations | 3,227 | 3,821 | (593) | 7,404 |
| Operating Income | 1,027 | 962 | 64 | 1,849 |

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: "9/05" indicates interim results for the six months ended September 30, 2005.



Note: "9/05" indicates figures as of September 30, 2005.

Consolidated Business Overview

RESULTS OF OPERATIONS

(¥ millions)

| | Six Months Ended September 30 | | Change (amount) |
|--|-------------------------------|----------|--------------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥492,982 | ¥456,512 | ¥36,469 |
| Leasing | 180,361 | 169,896 | 10,465 |
| Sales of Housing, Office Buildings and Land | 112,462 | 97,216 | 15,246 |
| Construction | 74,613 | 70,169 | 4,444 |
| Brokerage, Consignment Sales and Consulting | 28,140 | 26,610 | 1,529 |
| Property Management | 43,179 | 36,599 | 6,580 |
| Sales of Housing Materials and Merchandise | 32,186 | 32,797 | (611) |
| Facility Operations | 18,809 | 19,400 | (590) |
| Other | 3,227 | 3,821 | (593) |
| Operating Income | 46,037 | 38,843 | 7,193 |
| Leasing | 35,349 | 31,896 | 3,452 |
| Sales of Housing, Office Buildings and Land | 9,230 | 7,027 | 2,202 |
| Construction | (3,673) | (4,455) | 781 |
| Brokerage, Consignment Sales and Consulting | 6,210 | 5,888 | 321 |
| Property Management | 6,067 | 5,392 | 675 |
| Sales of Housing Materials and Merchandise | 440 | (118) | 558 |
| Facility Operations | 557 | 502 | 55 |
| Other | 1,027 | 962 | 64 |
| Elimination or Corporate | (9,172) | (8,252) | (919) |
| Non-Operating Income/Expenses | (9,204) | (10,046) | 842 |
| Equity in Net Income of Affiliated Companies | 999 | 1,410 | (410) |
| Interest Expense, in Net | (9,823) | (10,053) | 229 |
| Other | (380) | (1,403) | 1,022 |
| Ordinary Income | 36,832 | 28,796 | 8,035 |
| Extraordinary Gains/Losses | 1,226 | (33,918) | 35,145 |
| Extraordinary Gains | 2,825 | 776 | 2,049 |
| Extraordinary Losses | (1,598) | (34,695) | 33,096 |
| Income before Income Taxes | 38,059 | (5,122) | 43,181 |
| Income Taxes | (15,392) | (3,409) | (11,983) |
| Minority Interests | 579 | 1,041 | (461) |
| Net Income | ¥23,246 | ¥(7,490) | ¥30,736 |

[Segments Results]

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

[1] LEASING

| (¥ millions) | Six Months Ended September 30 | | Change (amount) |
|-------------------------|-------------------------------|----------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥180,361 | ¥169,896 | ¥10,465 |
| Operating Income | 35,349 | 31,896 | 3,452 |

- Revenue from operations in this segment increased ¥10.4 billion year-on-year due to the multiple projects completed in the second half of the previous fiscal year. These included Toranomom Kotohira Tower (office building in Minato-ku, Tokyo), Kojun Building (retail facility in Chuo-ku, Tokyo), LaLaport Koshien (retail facility in Nishinomiya-shi, Hyogo), Oval Court Ohsaki Mark East (office building in Shinagawa-ku, Tokyo), Shinkiba Center Building No. 2 (office building in Koto-ku, Tokyo), and ZOE Ginza (retail facility in Chuo-ku, Tokyo). The residential leasing (centering on Mitsui Fudosan Housing Lease) and the car-park leasing (Mitsui Real Estate Sales) businesses both reported increases in units and spaces under management. Owing largely to the revenue gain, segment operating income rose ¥3.4 billion.
- On a consolidated basis (including overseas), the total vacancy rate for all office buildings and retail facilities was 2.9% at September 30, 2005, largely unchanged from 2.8% at March 31. On a nonconsolidated basis, the vacancy rate of office buildings in the Tokyo Metropolitan Area improved to 2.7%, from 3.0% at March 31. The continued low vacancy rate was the result of solid demand for space in large-scale office buildings, especially in high-quality locations of central Tokyo.

<Major Projects>

(NEWLY ON-STREAM)

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

(FULL-YEAR CONTRIBUTION)

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

(a) Leasing

(¥ millions)

| | Six Months Ended September 30 | | Year Ended March 31 |
|------------------------|-------------------------------|----------------|---------------------|
| | 2005 | 2004 | 2005 |
| | Revenue | Revenue | Revenue |
| Office Buildings | 110,403 | 108,473 | 215,718 |
| Retail Facilities | 28,472 | 23,486 | 50,957 |
| Residentials | 27,222 | 25,322 | 51,311 |
| Other (Car Park, etc.) | 14,263 | 12,613 | 25,732 |
| Total | 180,361 | 169,896 | 343,719 |

(b) Leased Floor Space

| | | September 30 | | March 31, 2005 |
|---|---------------------------------------|------------------|------------------|------------------|
| | | 2005 | 2004 | |
| Office Buildings and Retail Facilities | Leased Floor space (m ²): | | | |
| | Owned | 2,006,620 | 1,841,992 | 1,957,426 |
| | Managed | 1,438,249 | 1,441,454 | 1,464,710 |
| | Total | 3,444,869 | 3,283,446 | 3,422,135 |
| | Vacancy Rate (%) | 2.9 | 5.2 | 2.8 |
| Residentials | Leased Units: | | | |
| | Owned | 276 | 272 | 258 |
| | Managed | 51,865 | 46,775 | 50,081 |
| | Total | 52,141 | 47,047 | 50,339 |
| Car Parks | Managed Units: | | | |
| | Total | 68,600 | 48,433 | 59,122 |

(c) Total Floor Space (Nonconsolidated)

| | September 30, 2005 | | | March 31, 2005 | | |
|--------------|--------------------|------------------------------------|--------------------------------|----------------|------------------------------------|--------------------------------|
| | 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 | 116 | 2,664 | 50.5 | 117 | 2,454 | 48.1 |
| Managed | 194 | 2,614 | 49.5 | 197 | 2,646 | 51.9 |
| Total | 310 | 5,279 | 100.0 | 314 | 5,101 | 100.0 |

(d) Vacancy Rate at End of Term

(%)

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

(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 | |
| | | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Office Buildings | Number of Buildings | 260 | 264 | 223 | 225 | 37 | 39 |
| | Leased Floor Space (1,000m ²) | 2,262 | 2,156 | 1,978 | 1,861 | 284 | 295 |
| | Leasing Revenue (¥ millions) | 100,718 | 99,412 | 90,101 | 89,000 | 10,617 | 10,412 |
| | Vacancy Rate (%) | 3.3 | 5.1 | 2.7 | 4.8 | 7.0 | 6.9 |
| Retail Facilities | Number of Buildings | 48 | 48 | 33 | 34 | 15 | 14 |
| | Leased Floor Space (1,000m ²) | 851 | 789 | 515 | 538 | 336 | 251 |
| | Leasing Revenue (¥ millions) | 25,878 | 21,023 | 16,316 | 14,218 | 9,561 | 6,806 |
| | Vacancy Rate (%) *1 | 2.3 | 6.2 | 3.5 | 0.7 | 0.4 | 16.2 |

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 (amount) |
|-------------------------|-------------------------------|---------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥112,462 | ¥97,216 | ¥15,246 |
| Operating Income | 9,230 | 7,027 | 2,202 |

- In the interim period under review, the Group sold a total of 1,660 residential units (1,210 condominium units and 450 detached houses). This compares with 1,212 units (896 condominium units and 316 detached houses) in the previous corresponding period. Segment revenue increased year-on-year.
- Completed housing inventories of the parent company at September 30, 2005, totaled 245 units (200 condominium units and 45 detached houses), down from 545 units (490 condominium units and 55 detached houses) at March 31. The Group estimates that 4,500 condominium units will be sold and handed over in the current fiscal year. Of this total, it has already secured sales contracts for around 80%.
- Sales of income-producing properties to investors (included in the “Other sales” category of this segment) proceeded well during the period, owing to favorable sales of rental condominiums developed by the company in central Tokyo. This contributed to overall segment revenue and earnings increases.

(a) Housing Sales and Other Sales

| | Six Months Ended September 30 | | | | | | Year Ended March 31 | | |
|-------------------------|-------------------------------|-------------------------|----------------------------|------------|-------------------------|----------------------------|---------------------|-------------------------|----------------------------|
| | 2005 | | | 2004 | | | 2005 | | |
| | Units | Revenue (¥ millions) | Unit Price (¥ millions) | Units | Revenue (¥ millions) | Unit Price (¥ millions) | Units | Revenue (¥ millions) | Unit Price (¥ millions) |
| Detached Housing | | | | | | | | | |
| Tokyo Metropolitan Area | 387 | 20,879 | 54 | 258 | 13,489 | 52 | 560 | 30,399 | 54 |
| Other | 63 | 2,684 | 43 | 58 | 1,263 | 22 | 116 | 2,610 | 23 |
| Total | 450 | 23,564 | 52 | 316 | 14,753 | 47 | 676 | 33,009 | 49 |
| Condominiums | | | | | | | | | |
| Tokyo Metropolitan Area | 963 | 44,300 | 46 | 451 | 36,716 | 81 | 3,445 | 170,601 | 50 |
| Other | 247 | 7,977 | 32 | 445 | 13,531 | 30 | 1,685 | 52,016 | 31 |
| Total | 1,210 | 52,278 | 43 | 896 | 50,247 | 56 | 5,130 | 222,617 | 43 |
| Other Sales | - | 36,620 | - | - | 32,214 | - | - | 78,844 | - |
| Total Sales | - | 112,462 | - | - | 97,216 | - | - | 334,472 | - |

(b) Completed Housing Inventories (Nonconsolidated)

(Units)

| | 9/05 | 3/05 | 9/04 | 3/04 | 9/03 | 3/03 |
|------------------|------------|------------|------------|------------|------------|------------|
| Detached Housing | 45 | 55 | 40 | 25 | 30 | 120 |
| Condominiums | 200 | 490 | 210 | 455 | 475 | 485 |
| Total | 245 | 545 | 250 | 480 | 505 | 605 |

(c) Housing Contracts for Sale (Nonconsolidated)

(Units)

| | Contracts at Beginning of Term | Contracts during Term | Total | Reported No. of Units | Contracts at End of Term | Newly Launched during Term |
|------------------|--------------------------------------|--------------------------|--------------|--------------------------|-----------------------------|-------------------------------|
| Detached Housing | 198 | 364 | 562 | 444 | 118 | 341 |
| Condominiums | 2,128 | 2,305 | 4,433 | 1,210 | 3,223 | 2,055 |
| Total | 2,326 | 2,669 | 4,995 | 1,654 | 3,341 | 2,396 |

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 (amount) |
|-------------------------|-------------------------------|---------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥74,613 | ¥70,169 | ¥4,444 |
| Operating Income | (3,673) | (4,455) | 781 |

- This segment reported an operating loss for the interim period, because handovers of construction work completed by the Mitsui Home Group are concentrated in the second half of each fiscal year, especially in the fourth quarter.
- The order backlog for Mitsui Home Group projects at the beginning of the period under review was higher than a year earlier, which helped improve revenue and earnings in this segment.

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

(¥ millions)

| | Six Months Ended September 30 | | Year Ended March 31 |
|---|-------------------------------|---------|---------------------|
| | 2005 | 2004 | 2005 |
| Orders: | | | |
| Order Backlogs at Beginning of Period | 108,223 | 105,874 | 105,874 |
| Order Backlogs of Newly Consolidated Subsidiary | - | 1,040 | 1,040 |
| Order Received during Period | 100,699 | 96,393 | 190,727 |
| Sales Proceeds | 78,286 | 71,653 | 189,418 |
| Order Backlogs at End of Period | 130,637 | 131,654 | 108,223 |

[4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

| (¥ millions) | Six Months Ended September 30 | | Change (amount) |
|-------------------------|-------------------------------|---------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥28,140 | ¥26,610 | ¥1,529 |
| Operating Income | 6,210 | 5,888 | 321 |

- This segment benefited from improved year-on-year results from Mitsui Real Estate Sales' brokerage services for individual and corporate clients. Segment revenues and operating income for the period, therefore, were up.

(¥ millions)

| | Six Months Ended September 30 | | | | Year Ended March 31 | |
|-------------------|-------------------------------|---------------|--------|---------------|---------------------|---------------|
| | 2005 | | 2004 | | 2005 | |
| | Units | Revenue | Units | Revenue | Units | Revenue |
| Brokerage | 14,644 | 21,248 | 14,199 | 20,314 | 28,966 | 41,531 |
| Consignment Sales | 1,869 | 2,815 | 1,816 | 2,195 | 6,653 | 8,809 |
| Consulting | - | 4,076 | - | 4,100 | - | 9,882 |
| Total | - | 28,140 | - | 26,610 | - | 60,223 |

[5] PROPERTY MANAGEMENT

| (¥ millions) | Six Months Ended September 30 | | Change (amount) |
|-------------------------|-------------------------------|---------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥43,179 | ¥36,599 | ¥6,580 |
| Operating Income | 6,067 | 5,392 | 675 |

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

(¥ millions)

| | Six Months Ended September 30 | | Year Ended March 31 |
|---------------------|-------------------------------|---------------|---------------------|
| | 2005 | 2004 | 2005 |
| | Revenue | Revenue | Revenue |
| Property Management | 29,310 | 27,423 | 56,145 |
| Tenant Improvement | 13,868 | 9,176 | 22,103 |
| Total | 43,179 | 36,599 | 78,248 |

[6] SALES OF HOUSING MATERIALS AND MERCHANDISE

| (¥ millions) | Six Months Ended September 30 | | Change (amount) |
|-------------------------|-------------------------------|---------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥32,186 | ¥32,797 | ¥(611) |
| Operating Income | 440 | (118) | 558 |

- Revenue in this segment was down due to a decline in sales from the housing materials business of the Mitsui Home Group, as well as the sale of part of the business of Daiichi Seed in the previous fiscal year. Owing to an increase in revenue of Uni Living and improved cost control, however, segment operating income increased.

(¥ millions)

| | Six Months Ended September 30 | | Year Ended March 31 |
|-------------------|-------------------------------|---------------|---------------------|
| | 2005 | 2004 | 2005 |
| | Revenue | Revenue | Revenue |
| Housing Materials | 9,315 | 9,699 | 20,416 |
| Merchandise | 22,870 | 23,098 | 44,812 |
| Total | 32,186 | 32,797 | 65,228 |

[7] FACILITY OPERATIONS

| (¥ millions) | Six Months Ended September 30 | | Change (amount) |
|-------------------------|-------------------------------|---------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥18,809 | ¥19,400 | ¥(590) |
| Operating Income | 557 | 502 | 55 |

- Due to the sale of three hotels in Japan during the period, segment revenue declined. Owing to improved cost control among companies involved in this segment, however, operating income increased slightly.

(¥ millions)

| | Six Months Ended September 30 | | Year Ended March 31 |
|--------------|-------------------------------|---------------|---------------------|
| | 2005 | 2004 | 2005 |
| | Revenue | Revenue | Revenue |
| Hotels | 12,224 | 12,630 | 25,486 |
| Other | 6,585 | 6,770 | 13,023 |
| Total | 18,809 | 19,400 | 38,509 |

[8] OTHER

| (¥ millions) | Six Months Ended September 30 | | Change (amount) |
|-------------------------|-------------------------------|--------|-----------------|
| | 2005 | 2004 | |
| Revenue from Operations | ¥3,227 | ¥3,821 | ¥(593) |
| Operating Income | 1,027 | 962 | 64 |

(¥ millions)

| | Six Months Ended September 30 | | Year Ended March 31 |
|-------------------|-------------------------------|--------------|---------------------|
| | 2005 | 2004 | 2005 |
| | Revenue | Revenue | Revenue |
| Finance and Lease | 724 | 770 | 1,549 |
| Other | 2,502 | 3,051 | 5,855 |
| Total | 3,227 | 3,821 | 7,404 |

ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

(¥ millions)

| Assets | September 30, 2005 | March 31, 2005 | Change (amount) |
|---|--------------------|-------------------|-----------------|
| Cash and Time Deposits | ¥66,945 | ¥113,427 | ¥(46,482) |
| Marketable Securities | 106 | 304 | (197) |
| Real Property for Sale* | 423,175 | 375,219 | 47,955 |
| Equity Investments in Properties for Sale | 103,841 | 91,850 | 11,990 |
| Tangible & Intangible Fixed Assets | 1,667,958 | 1,645,205 | 22,752 |
| Investment Securities | 254,747 | 235,813 | 18,934 |
| Short-Term Loans | 9,513 | 12,136 | (2,623) |
| Long-Term Loans | 8,692 | 11,264 | (2,572) |
| Lease Deposits | 197,963 | 200,265 | (2,301) |
| Deferred Income Taxes | 83,929 | 81,580 | 2,349 |
| Deferred Tax Assets on Land Revaluation | 21,262 | 21,262 | - |
| Other Assets | 134,303 | 139,874 | (5,571) |
| Total Assets | ¥2,972,434 | ¥2,928,199 | ¥44,235 |

*Real Property for Sale includes Advances Paid for Purchases.

(¥ millions)

| Liabilities, Minority Interest and Shareholders' Equity | September 30, 2005 | March 31, 2005 | Change (amount) |
|--|--------------------|-------------------|-----------------|
| Interest-Bearing Debt | ¥1,365,225 | ¥1,279,049 | ¥86,176 |
| Deposits from Tenants | 292,348 | 288,251 | 4,096 |
| Deferred Income Taxes | 53,329 | 46,496 | 6,832 |
| Deferred Tax Liabilities on Land Revaluation | 157,995 | 157,995 | - |
| Other Liabilities | 364,111 | 448,713 | (84,602) |
| Total Liabilities | 2,233,008 | 2,220,504 | 12,504 |
| Minority Interest | 18,858 | 19,977 | (1,118) |
| Common Stock | 134,433 | 134,433 | - |
| Additional Paid-in Capital | 205,832 | 205,830 | 1 |
| Retained Earnings | 170,225 | 155,097 | 15,128 |
| Reserve on Land Revaluation | 188,743 | 183,625 | 5,117 |
| Net Unrealized Holding Gains on Securities | 43,344 | 33,348 | 9,996 |
| Foreign Currency Translation Adjustment | (20,451) | (23,255) | 2,804 |
| Treasury Stock | (1,561) | (1,360) | (200) |
| Total Shareholders' Equity | 720,566 | 687,717 | 32,849 |
| Total Liabilities, Minority Interest and Shareholders' Equity | ¥2,972,434 | ¥2,928,199 | ¥44,235 |

[Real Property for Sale]

- On a consolidated basis, the balance of real property for sale including advances paid for purchases at September 30, 2005, was ¥47.9 billion higher than the level at March 31. The increase stemmed mainly from a ¥49.7 billion rise in property for sale held by the parent company, as the value of new acquisitions exceeded that of properties sold to recover costs.

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

(¥ millions)

| | September 30, 2005 | March 31, 2005 | Change (amount) |
|---------------------------|--------------------|----------------|-----------------|
| Mitsui Fudosan | 390,178 | 340,393 | 49,784 |
| Mitsui Real Estate Sales | 4,177 | 4,176 | 0 |
| Spring Properties | 840 | 1,018 | (178) |
| Other and Elimination | 27,979 | 29,630 | (1,651) |
| Consolidated Total | 423,175 | 375,219 | 47,955 |

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

(¥ millions)

| March 31, 2005 | New Investments | Cost Recovery | Others | September 30, 2005 |
|----------------|-----------------|---------------|---------|--------------------|
| 340,393 | 136,476 | (84,073) | (2,618) | 390,178 |

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]

- On a consolidated basis, the balance of tangible and intangible assets at September 30, 2005, was ¥22.7 billion higher than at March 31. This was due to investments by the parent company in Nihonbashi Mitsui Tower and other assets, which outweighed depreciation of assets held by the parent company and subsidiaries. (The exchange rate at September 30 was ¥110.62 per U.S. dollar, compared with ¥104.21 at March 31.)

(a) Tangible and Intangible Assets

(¥ millions)

| | September 30, 2005 | March 31, 2005 | Change (amount) |
|---------------------------|--------------------|------------------|-----------------|
| Mitsui Fudosan | 1,223,520 | 1,200,755 | 22,764 |
| Mitsui Fudosan America | 82,260 | 77,679 | 4,581 |
| Mitsui Real Estate Sales | 36,669 | 36,883 | (214) |
| Mitsui Home | 36,010 | 35,360 | 650 |
| Other and Elimination | 289,496 | 294,526 | (5,029) |
| Consolidated Total | 1,667,958 | 1,645,205 | 22,752 |

(b) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

| March 31, 2005 | Capital Expenditure | Depreciation | Disposal/Sale | Others | September 30, 2005 |
|----------------|---------------------|--------------|---------------|---------|--------------------|
| 1,200,755 | 43,404 | (11,141) | (7,529) | (1,969) | 1,223,520 |

[Interest-Bearing Debt]

- At September 30, 2005, total consolidated interest-bearing debt stood at ¥1,365.2 billion, up ¥86.1 billion over the interim period. The increase derived mainly from an ¥86.8 billion rise in debt held by the parent company, due to such factors as payments of construction costs related to condominium buildings completed in the end of the previous fiscal year, as well as acquisitions of real property for sale and fixed assets.

(a) Interest-Bearing Debt

(¥ millions)

| | September 30, 2005 | March 31, 2005 | Change (amount) |
|---------------------------|--------------------|------------------|-----------------|
| Mitsui Fudosan | 1,248,433 | 1,161,613 | 86,820 |
| Mitsui Fudosan America | 48,356 | 49,243 | (887) |
| Mitsui Real Estate Sales | 21,198 | 25,831 | (4,633) |
| Mitsui Fudosan (U.K.) | 15,664 | 16,129 | (464) |
| Loans to Subsidiaries | (231,899) | (243,349) | 11,450 |
| Other and Elimination | 263,472 | 269,581 | (6,109) |
| Consolidated Total | 1,365,225 | 1,279,049 | 86,176 |

[Retained Earnings]

- Consolidated retained earnings at September 30, 2005, stood at ¥170.2 billion, up ¥15.1 billion from March 31. Factors boosting retained earnings included ¥23.2 billion in net income. Factors holding down retained earnings included ¥5.1 billion in reversal of revaluation difference due to the sale of land, as well as ¥2.8 billion in dividends paid.

[Contingent Liabilities]

(¥ millions)

| | September 30, 2005 | March 31, 2005 | Change (amount) |
|------------------|--------------------|----------------|-----------------|
| Loans Guaranteed | 114,045 | 123,032 | (8,987) |

Earning Forecast

Because the Company is performing generally according to plan, it has not modified its full-year forecasts for revenue from operations, operating income, ordinary income, and net income. Those forecasts were made on April 28, 2005.

[CONSOLIDATED EARNING FORECAST AS OF APRIL 28, 2005] 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) |

**[NONCONSOLIDATED EARNING FORECAST AS OF APRIL 2005]
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 |

Segment Information

Six Months Ended September 30, 2005

(¥ 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 | 180,361 | 2,477 | 182,839 | 147,490 | 35,349 | 1,933,080 | 13,687 | 42,763 |
| (2) Sales of Housing, Office Buildings and Land | 112,462 | — | 112,462 | 103,232 | 9,230 | 515,798 | 262 | 177 |
| (3) Construction | 74,613 | 3,717 | 78,331 | 82,005 | (3,673) | 59,484 | 1,150 | 1,875 |
| (4) Brokerage, Consignment Sales and Consulting | 28,140 | 3,791 | 31,931 | 25,721 | 6,210 | 24,015 | 406 | 360 |
| (5) Property Management | 43,179 | 10,210 | 53,389 | 47,321 | 6,067 | 42,765 | 406 | 316 |
| (6) Sales of Housing Materials and Merchandise | 32,186 | 15,736 | 47,922 | 47,482 | 440 | 43,229 | 476 | 264 |
| (7) Facility Operations | 18,809 | 143 | 18,953 | 18,396 | 557 | 77,753 | 1,090 | 1,871 |
| (8) Other | 3,227 | 5,141 | 8,368 | 7,341 | 1,027 | 23,448 | 1,355 | 2,300 |
| Total | 492,982 | 41,218 | 534,201 | 478,992 | 55,209 | 2,719,576 | 18,836 | 49,929 |
| Elimination or Corporate | — | (41,218) | (41,218) | (32,046) | (9,172) | 252,858 | 337 | 1,226 |
| Consolidated | 492,982 | — | 492,982 | 446,945 | 46,037 | 2,972,434 | 19,174 | 51,156 |

Six Months Ended September 30, 2004

(¥ 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 | 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 |

Year Ended March 31, 2005

(¥ millions)

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

Leasing

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

Sales of Housing, Office Buildings and Land

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

Construction

Construction of detached housing, flats, etc.

Brokerage, Consignment Sales and Consulting

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

Property Management

Property management services (including tenant improvement)

Sales of Housing Materials and Merchandise

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

Facility Operations

Operation of hotels and golf courses, etc.

Other

Financing operations for housing loans and leasing business, etc.

Consolidated Financial Summary (FY2000-2005)

(¥ millions)

| | | Year Ended March 31 | | | | | Six Months Ended Sep. 30 | |
|----------|--|-------------------------|------------|------------|------------|------------|-----------------------------|---------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2005 | |
| P/L | Revenue from Operations | ¥1,193,080 | ¥1,152,483 | ¥1,082,397 | ¥1,102,844 | ¥1,111,359 | ¥492,982 | |
| | Operating Income | 108,334 | 102,950 | 103,295 | 109,246 | 115,764 | 46,037 | |
| | Ordinary Income | 73,420 | 72,800 | 76,514 | 87,236 | 94,637 | 36,832 | |
| | Net Income (Loss) | 26,112 | 29,806 | 25,553 | 14,454 | 28,693 | 23,246 | |
| Segment* | Leasing | Revenue from Operations | 329,834 | 331,501 | 329,671 | 332,380 | 343,719 | 180,361 |
| | | Operating Income | 68,550 | 71,718 | 66,563 | 63,016 | 62,520 | 35,349 |
| | Sales of Housing, Office Buildings and Land | Revenue from Operations | 328,281 | 336,641 | 335,341 | 350,761 | 334,472 | 112,462 |
| | | Operating Income | 20,606 | 26,668 | 32,589 | 32,936 | 35,153 | 9,230 |
| | Construction | Revenue from Operations | 283,806 | 237,243 | 183,090 | 180,502 | 183,552 | 74,613 |
| | | Operating Income | 6,718 | (5,228) | 326 | 1,332 | 2,359 | (3,673) |
| | Brokerage, Consignment Sales and Consulting | Revenue from Operations | 41,547 | 45,742 | 46,503 | 53,585 | 60,223 | 28,140 |
| | | Operating Income | 13,607 | 17,541 | 10,997 | 14,078 | 18,607 | 6,210 |
| | Property Management | Revenue from Operations | 70,872 | 67,916 | 69,589 | 77,481 | 78,248 | 43,179 |
| | | Operating Income | 7,298 | 7,665 | 7,713 | 10,844 | 10,767 | 6,067 |
| | Sales of Housing Materials and Merchandise | Revenue from Operations | 70,583 | 71,577 | 65,682 | 61,768 | 65,228 | 32,186 |
| | | Operating Income | 834 | 1,342 | 104 | 151 | 187 | 440 |
| | Facility Operations | Revenue from Operations | 47,387 | 44,967 | 40,880 | 37,629 | 38,509 | 18,809 |
| | | Operating Income | (55) | (4,271) | (3,356) | (527) | 1,386 | 557 |
| | Other | Revenue from Operations | 20,766 | 16,893 | 11,639 | 8,734 | 7,404 | 3,227 |
| | | Operating Income | 3,807 | 858 | 2,534 | 2,591 | 1,849 | 1,027 |
| B/S | Total Assets | 2,846,467 | 3,028,969 | 2,929,069 | 2,916,582 | 2,928,199 | 2,972,434 | |
| | Real Property for Sale | 453,053 | 459,840 | 408,994 | 343,573 | 375,219 | 423,175 | |
| | Tangible and Intangible Fixed Assets | 1,456,692 | 1,698,841 | 1,687,115 | 1,655,454 | 1,645,205 | 1,667,958 | |
| | Capital Expenditures | 67,478 | 62,101 | 61,159 | 35,838 | 78,898 | 51,156 | |
| | Depreciation | 44,418 | 66,017 | 39,781 | 40,415 | 38,512 | 19,174 | |
| | Interest-Bearing Debt | 1,554,360 | 1,460,526 | 1,397,211 | 1,321,501 | 1,279,049 | 1,365,225 | |
| | Retained Earnings | 98,643 | 137,026 | 155,390 | 167,890 | 155,097 | 170,225 | |
| | Shareholders' Equity | 411,097 | 609,536 | 628,434 | 659,165 | 687,717 | 720,566 | |
| C/F | Cash Flows from Operating Activities (1) | 173,664 | 142,121 | 118,484 | 141,600 | 100,135 | (107,549) | |
| | Cash Flows from Investing Activities (2) | (32,088) | (81,658) | (60,751) | (21,122) | (76,870) | (18,737) | |
| | Cash Flows from Financing Activities | (150,001) | (103,298) | (59,897) | (92,509) | (52,081) | 79,899 | |
| | Free Cash Flows (1)+(2) | ¥141,575 | ¥60,463 | ¥57,733 | ¥120,478 | ¥23,265 | ¥(126,287) | |
| Key Data | ROA (%) | 3.98 | 3.86 | 3.78 | 4.06 | 4.30 | 1.72 | |
| | Debt/Equity Ratio (Times) | 3.8 | 2.4 | 2.2 | 2.0 | 1.9 | 1.9 | |
| | Equity Ratio (%) | 14.5 | 20.1 | 21.5 | 22.6 | 23.5 | 24.2 | |
| | No. of Consolidated Subsidiaries | 150 | 143 | 131 | 127 | 121 | 119 | |
| | No. of Affiliates in Equity Method | 65 | 60 | 57 | 52 | 45 | 45 | |

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

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

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

| ASSETS: | September 30, 2005 | | March 31, 2005 | | Change | | September 30, 2004 | |
|---|--------------------|-------------------|----------------|-------------------|----------|------------|--------------------|-------------------|
| | Amount | % of Total Assets | Amount | % of Total Assets | Amount | Percentage | Amount | % of Total Assets |
| I . Current Assets: | ¥750,006 | 25.2 | ¥745,703 | 25.5 | ¥4,303 | 0.6 | ¥648,945 | 22.6 |
| Cash and Time Deposits | 66,945 | | 113,427 | | (46,482) | | 79,736 | |
| Accounts Receivable—Trade | 24,411 | | 28,533 | | (4,122) | | 20,722 | |
| Marketable Securities | 106 | | 304 | | (197) | | 328 | |
| Real Property for Sale | 402,171 | | 351,888 | | 50,283 | | 353,119 | |
| Expenditure on Contracts in Progress | 16,830 | | 9,891 | | 6,939 | | 18,179 | |
| Other Inventories | 9,766 | | 9,548 | | 218 | | 9,699 | |
| Advances Paid for Purchases | 21,003 | | 23,330 | | (2,327) | | 19,934 | |
| Short-Term Loans | 9,513 | | 12,136 | | (2,623) | | 10,498 | |
| Equity Investments in Properties for Sale | 103,841 | | 91,850 | | 11,990 | | — | |
| Deferred Income Taxes | 53,133 | | 50,872 | | 2,260 | | 63,937 | |
| Other Current Assets | 43,381 | | 57,051 | | (13,669) | | 74,480 | |
| Allowance for Doubtful Accounts | (1,098) | | (3,131) | | 2,032 | | (1,692) | |
| II . Fixed Assets: | 2,222,427 | 74.8 | 2,182,495 | 74.5 | 39,932 | 1.8 | 2,217,280 | 77.4 |
| 1. Tangible Fixed Assets: | 1,636,421 | 55.0 | 1,615,619 | 55.2 | 20,801 | 1.3 | 1,596,388 | 55.7 |
| Buildings and Structures | 512,054 | | 466,886 | | 45,167 | | 451,502 | |
| Machinery, Equipment and Materials Handling Equipment | 5,688 | | 4,830 | | 857 | | 4,491 | |
| Land | 1,090,137 | | 1,089,664 | | 472 | | 1,083,058 | |
| Construction in Progress | 4,378 | | 30,692 | | (26,314) | | 34,479 | |
| Other Tangible Fixed Assets | 24,162 | | 23,545 | | 617 | | 22,856 | |
| 2. Intangible Fixed Assets: | 31,536 | 1.1 | 29,585 | 1.0 | 1,950 | 6.6 | 29,589 | 1.0 |
| Leasehold Rights | 23,869 | | 21,457 | | 2,411 | | 21,485 | |
| Other Intangible Fixed Assets | 7,667 | | 8,127 | | (460) | | 8,103 | |
| 3. Investments and Other Assets | 554,469 | 18.7 | 537,289 | 18.3 | 17,179 | 3.2 | 591,302 | 20.7 |
| Investment Securities* | 254,747 | | 235,813 | | 18,934 | | 272,214 | |
| Long-Term Loans | 8,692 | | 11,264 | | (2,572) | | 10,616 | |
| Lease Deposits | 197,963 | | 200,265 | | (2,301) | | 200,451 | |
| Deferred Income Taxes | 30,796 | | 30,708 | | 88 | | 11,767 | |
| Deferred Tax Assets on Land Revaluation | 21,262 | | 21,262 | | — | | 32,273 | |
| Other | 50,921 | | 49,708 | | 1,212 | | 83,351 | |
| Allowance for Doubtful Accounts | (9,915) | | (11,733) | | 1,818 | | (19,372) | |
| III . Deferred Assets | 0 | 0.0 | 0 | 0.0 | 0 | | 0 | 0.0 |
| Total Assets | ¥2,972,434 | 100.0 | ¥2,928,199 | 100.0 | ¥44,235 | 1.5 | ¥2,866,225 | 100.0 |

*Note: At September 30, 2005, Investment Securities included investments by silent partnership (*tokumei kumiai*) and preferred securities issued by specific purpose companies (*tokutei mokuteki kaisha*), which together totaled ¥30,174 million.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

| LIABILITIES: | September 30, 2005 | | March 31, 2005 | | Change | | September 30, 2004 | |
|--|--------------------|-------------------|-------------------|-------------------|----------------|------------|--------------------|-------------------|
| | Amount | % of Total Assets | Amount | % of Total Assets | Amount | Percentage | Amount | % of Total Assets |
| I . Current Liabilities: | ¥663,649 | 22.3 | ¥634,920 | 21.7 | ¥28,729 | 4.5 | ¥588,051 | 20.5 |
| Accounts Payable—Trade | 78,162 | | 114,236 | | (36,073) | | 51,855 | |
| Short-Term Debt | 229,960 | | 243,078 | | (13,117) | | 192,469 | |
| Commercial Paper | 135,000 | | 29,000 | | 106,000 | | 171,000 | |
| Bond Redeemable Within One Year | 20,000 | | — | | 20,000 | | — | |
| Income Taxes Payable | 19,448 | | 16,754 | | 2,693 | | 4,981 | |
| Advances from Contracts in Progress | 19,564 | | 15,170 | | 4,393 | | 21,556 | |
| Allowance for Completed Project Indemnities | 1,469 | | 1,593 | | (124) | | 1,801 | |
| Allowance for Possible Guarantee Losses | 207 | | 252 | | (45) | | 249 | |
| Deferred Income Taxes | — | | — | | — | | 0 | |
| Other Current Liabilities | 159,837 | | 214,833 | | (54,996) | | 144,137 | |
| II . Long-Term Liabilities: | 1,569,359 | 52.8 | 1,585,583 | 54.1 | (16,224) | (1.0) | 1,623,364 | 56.7 |
| Corporate Bonds | 215,000 | | 235,000 | | (20,000) | | 215,000 | |
| Long-Term Debt | 765,265 | | 771,971 | | (6,705) | | 829,500 | |
| Deposits from Tenants | 292,348 | | 288,251 | | 4,096 | | 284,750 | |
| Allowance for Employees' Retirement Benefits | 29,354 | | 26,978 | | 2,376 | | 26,068 | |
| Allowance for Directors' and Corporate Auditors' Retirement Benefits | 1,708 | | 1,943 | | (235) | | 1,720 | |
| Deferred Income Taxes | 53,329 | | 46,496 | | 6,832 | | 51,134 | |
| Deferred Tax Liabilities on Land Revaluation | 157,995 | | 157,995 | | — | | 151,018 | |
| Other Long-Term Liabilities | 54,357 | | 56,945 | | (2,588) | | 64,170 | |
| Total Liabilities | 2,233,008 | 75.1 | 2,220,504 | 75.8 | 12,504 | 0.6 | 2,211,415 | 77.2 |
| MINORITY INTEREST: | | | | | | | | |
| Minority Interests in Consolidated Subsidiaries | 18,858 | 0.7 | 19,977 | 0.7 | (1,118) | (5.6) | 14,606 | 0.5 |
| SHAREHOLDERS' EQUITY: | | | | | | | | |
| I . Common Stock | 134,433 | 4.5 | 134,433 | 4.6 | — | — | 134,433 | 4.7 |
| II . Additional Paid-in Capital | 205,832 | 6.9 | 205,830 | 7.0 | 1 | 0.0 | 205,825 | 7.2 |
| III . Retained Earnings | 170,225 | 5.7 | 155,097 | 5.3 | 15,128 | 9.8 | 122,697 | 4.3 |
| IV . Reserve on Land Revaluation | 188,743 | 6.3 | 183,625 | 6.3 | 5,117 | 2.8 | 182,373 | 6.3 |
| V . Net Unrealized Holding Gains on Securities | 43,344 | 1.5 | 33,348 | 1.1 | 9,996 | 30.0 | 27,188 | 0.9 |
| VI . Foreign Currency Translation Adjustment | (20,451) | (0.6) | (23,255) | (0.8) | 2,804 | 12.1 | (31,188) | (1.1) |
| | 722,127 | 24.3 | 689,078 | 23.5 | 33,049 | 4.8 | 641,329 | 22.3 |
| VII . Treasury Stock | (1,561) | (0.1) | (1,360) | (0.0) | (200) | (14.7) | (1,125) | (0.0) |
| Total Shareholders' Equity | 720,566 | 24.2 | 687,717 | 23.5 | 32,849 | 4.8 | 640,203 | 22.3 |
| Total Liabilities, Minority Interest and Shareholders' Equity | ¥2,972,434 | 100.0 | ¥2,928,199 | 100.0 | ¥44,235 | 1.5 | ¥2,866,225 | 100.0 |

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

| | Six Months Ended September 30 | | | | Change | | Year Ended March 31 | |
|--|-------------------------------|--------------------|----------|--------------------|----------|------------|---------------------|--------------------|
| | 2005 | % of Total Revenue | 2004 | % of Total Revenue | Amount | Percentage | 2005 | % of Total Revenue |
| I. Revenue from Operations* | ¥492,982 | 100.0 | ¥456,512 | 100.0 | ¥36,469 | 8.0 | ¥1,111,359 | 100.0 |
| II. Cost of Revenue from Operations | 391,602 | 79.4 | 363,379 | 79.6 | 28,223 | 7.8 | 879,260 | 79.1 |
| Gross Operating Profit | 101,379 | 20.6 | 93,133 | 20.4 | 8,245 | 8.9 | 232,098 | 20.9 |
| III. Selling, General and Administrative Expenses | 55,342 | 11.3 | 54,289 | 11.9 | 1,052 | 1.9 | 116,334 | 10.5 |
| Operating Income | 46,037 | 9.3 | 38,843 | 8.5 | 7,193 | 18.5 | 115,764 | 10.4 |
| IV. Non-Operating Income: * | 4,806 | 1.0 | 5,466 | 1.2 | (659) | (12.1) | 9,947 | 0.9 |
| Interest Income | 376 | | 536 | | (159) | | 1,065 | |
| Dividend Income | 777 | | 1,213 | | (436) | | 2,051 | |
| Equity in Net Income of Affiliated Companies | 999 | | 1,410 | | (410) | | 3,595 | |
| Other Non-Operating Income | 2,653 | | 2,306 | | 346 | | 3,233 | |
| V. Non-Operating Expenses: | 14,011 | 2.8 | 15,513 | 3.4 | (1,501) | (9.7) | 31,074 | 2.8 |
| Interest Expenses | 10,199 | | 10,589 | | (389) | | 20,443 | |
| Other Non-Operating Expenses | 3,811 | | 4,924 | | (1,112) | | 10,631 | |
| Ordinary Income | 36,832 | 7.5 | 28,796 | 6.3 | 8,035 | 27.9 | 94,637 | 8.5 |
| VI. Extraordinary Gains: | 2,825 | 0.6 | 776 | 0.2 | 2,049 | 263.9 | 4,968 | 0.4 |
| Gain on Sale of Investment Securities | — | | 450 | | (450) | | 4,340 | |
| Gain on Sale of Shares in Affiliated Companies | — | | 220 | | (220) | | 220 | |
| Transfer from Allowance for Doubtful Accounts | 1,899 | | — | | 1,899 | | — | |
| Gain on Sale of Fixed Assets | 856 | | — | | 856 | | — | |
| Other Extraordinary Gains | 70 | | 106 | | (35) | | 408 | |
| VII. Extraordinary Losses: | 1,598 | 0.3 | 34,695 | 7.6 | (33,096) | (95.4) | 47,764 | 4.3 |
| Loss on Impairment of Fixed Assets | — | | 33,806 | | (33,806) | | 33,806 | |
| Provision for Doubtful Accounts | 200 | | 362 | | (161) | | 682 | |
| Loss on Disposal of Fixed Assets | — | | — | | — | | 1,053 | |
| Loss on Sale of Fixed Assets | 606 | | — | | 606 | | 3,294 | |
| Loss on Liquidation of Consolidated Subsidiaries | — | | — | | — | | 7,674 | |
| Other Extraordinary Losses | 792 | | 526 | | 265 | | 1,252 | |
| Income before Income Taxes | 38,059 | 7.8 | (5,122) | (1.1) | 43,181 | — | 51,841 | 4.6 |
| Income Taxes | 15,116 | 3.1 | (3,376) | (0.8) | 18,492 | | 26,489 | 2.4 |
| Deferred Income Taxes | 276 | 0.1 | 6,785 | 1.5 | (6,509) | | (4,847) | (0.5) |
| Minority Interests | (579) | (0.1) | (1,041) | (0.2) | 461 | | 1,506 | 0.1 |
| Net Income | ¥23,246 | 4.7 | ¥(7,490) | (1.6) | ¥30,736 | — | ¥28,693 | 2.6 |

*Note: In the previous fiscal period, dividend income from real estate investment trusts (J-REITs) was reported as non-operating income. From the current fiscal year, all income related to J-REITs is reported at revenue from operations. In the interim period under review, dividend income from J-REITs amounted to ¥308 million.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

| | Six Months Ended September 30 | | Year Ended |
|---|-------------------------------|-----------------|-----------------|
| | 2005 | 2004 | March 31, 2005 |
| I. Cash Flows from Operating Activities: | | | |
| Income before Income Taxes | ¥38,059 | ¥(5,122) | ¥51,841 |
| Depreciation and Amortization | 19,174 | 18,866 | 38,512 |
| Loss on Impairment of Fixed Assets | — | 33,806 | 33,806 |
| Equity in Net Income of Affiliated Companies | (999) | (1,410) | (3,595) |
| Loss on Liquidation of Consolidated Subsidiaries | — | — | 7,674 |
| Gain/Loss on Sale of Marketable and Investment Securities | — | (670) | (4,560) |
| Gain/Loss on Sale of Tangible and Intangible Fixed Assets, Net | (249) | — | 3,294 |
| Loss on Disposal of Tangible and Intangible Fixed Assets | — | — | 1,053 |
| Provision to Allowance for Doubtful Accounts | 200 | 362 | 682 |
| Transfer from Allowance for Doubtful Accounts | (1,899) | — | — |
| Interest and Dividend Income | (1,153) | (1,749) | (3,117) |
| Interest Expense | 10,199 | 10,589 | 20,443 |
| Increase/Decrease in Accounts Receivable | 4,067 | 7,644 | (60) |
| Increase/Decrease in Accounts Payable | (10,321) | (9,865) | 3,182 |
| Purchase of Real Property for Sale* | (164,887) | (166,670) | (287,626) |
| Sale of Real Property for Sale* | 88,050 | 78,399 | 261,531 |
| Increase/Decrease in Equity Investments in Properties for Sale | (11,990) | — | (6,698) |
| Bonuses Paid to Directors | (126) | (109) | (109) |
| Other, Net | (52,056) | (35,684) | 28,341 |
| Subtotal | (83,934) | (71,614) | 144,596 |
| Interests and Dividends Received | 1,731 | 2,263 | 4,030 |
| Interests Paid | (9,667) | (10,436) | (20,681) |
| Income Taxes Paid | (15,679) | (16,777) | (27,810) |
| Net Cash Provided by Operating Activities | (107,549) | (96,565) | 100,135 |
| II. Cash Flows from Investing Activities: | | | |
| Purchase of Marketable and Investment Securities | (2,895) | (2,697) | (10,361) |
| Proceeds from sale of Marketable and Investment Securities | 23,119 | 910 | 6,401 |
| Purchase of Tangible and Intangible Fixed Assets | (60,584) | (44,857) | (70,400) |
| Proceeds from sale of Tangible and Intangible Fixed Assets | 14,824 | 4,567 | 8,709 |
| Increase in Loans | (2,124) | (4,489) | (8,886) |
| Decrease in Loans | 6,536 | 4,211 | 6,389 |
| Decrease in Deposits from Tenants | (20,478) | (27,161) | (51,976) |
| Increase in Deposits from Tenants | 24,544 | 20,689 | 46,533 |
| Increase in Lease Deposits | (7,379) | (7,332) | (18,606) |
| Decrease in Lease Deposits | 9,201 | 8,529 | 18,105 |
| Purchase of Securities with Change in Scope of Consolidation | — | 221 | (3,825) |
| Proceeds from sale of Securities with Change in Scope of Consolidation | (71) | 466 | 532 |
| Other, Net | (3,428) | (2,853) | 515 |
| Net Cash Used in Investing Activities | (18,737) | (49,794) | (76,870) |
| III. Cash Flows from Financing Activities: | | | |
| Increase/Decrease in Short-Term Debt | 105,975 | 161,126 | 9,323 |
| Proceeds from Long-Term Debt | 51,106 | 123,834 | 106,266 |
| Repayment of Long-Term Debt | (73,598) | (188,042) | (171,251) |
| Proceeds from Issuance of Corporate Bonds | — | — | 20,000 |
| Payments for Redemption of Corporate Bonds | — | (10,000) | (10,000) |
| Cash Dividends Paid | (2,876) | (2,876) | (5,500) |
| Payment of Dividends to Minority Shareholders | (506) | (341) | (538) |
| Net Increase in Treasury Stocks | (200) | — | (381) |
| Net Cash Used in Financing Activities | 79,899 | 83,700 | (52,081) |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents | 16 | 301 | 177 |
| V. Net Increase/Decrease in Cash and Cash Equivalents | (46,371) | (62,357) | (28,638) |
| VI. Cash and Cash Equivalents at Beginning of Period | 113,078 | 141,717 | 141,717 |
| VII. Cash and Cash Equivalents at End of Period | ¥66,707 | ¥79,359 | ¥113,078 |

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

Nonconsolidated Financial Statements

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

| ASSETS: | September 30, 2005 | | March 31, 2005 | | Change | | September 30, 2004 | |
|--|--------------------|-------------------|-------------------|-------------------|----------------|------------|--------------------|-------------------|
| | Amount | % of Total Assets | Amount | % of Total Assets | Amount | Percentage | Amount | % of Total Assets |
| I. Current Assets: | ¥715,471 | 27.1 | ¥703,823 | 26.9 | ¥11,647 | 1.7 | ¥606,215 | 23.4 |
| Cash and Time Deposits | 40,045 | | 46,086 | | (6,040) | | 24,561 | |
| Accounts Receivable | 7,930 | | 10,349 | | (2,419) | | 5,548 | |
| Real Property for Sale | 144,962 | | 146,547 | | (1,584) | | 139,869 | |
| Real Property in Progress | 131,736 | | 111,985 | | 19,751 | | 144,211 | |
| Land for Development | 92,791 | | 58,832 | | 33,958 | | 38,786 | |
| Advances Paid for Purchases | 20,686 | | 23,027 | | (2,341) | | 19,591 | |
| Short-Term Loans | 94,524 | | 88,685 | | 5,839 | | 115,275 | |
| Equity Investments in Properties for Sale | 104,584 | | 91,899 | | 12,684 | | 36,778 | |
| Deferred Income Taxes | 41,558 | | 41,558 | | — | | 51,386 | |
| Other Current Assets | 36,970 | | 86,840 | | (49,870) | | 30,754 | |
| Allowance for Doubtful Accounts | (322) | | (1,991) | | 1,669 | | (548) | |
| II. Fixed Assets: | 1,928,162 | 72.9 | 1,909,711 | 73.1 | 18,451 | 1.0 | 1,982,841 | 76.6 |
| 1. Tangible Fixed Assets: | 1,201,794 | 45.4 | 1,181,728 | 45.3 | 20,065 | 1.7 | 1,194,372 | 46.2 |
| Buildings | 336,248 | | 290,833 | | 45,414 | | 282,014 | |
| Land | 844,950 | | 850,289 | | (5,339) | | 869,373 | |
| Construction in Progress | 3,874 | | 24,796 | | (20,921) | | 29,159 | |
| Other Tangible Fixed Assets | 16,721 | | 15,808 | | 913 | | 13,824 | |
| 2. Intangible Fixed Assets: | 21,726 | 0.8 | 19,027 | 0.7 | 2,698 | 14.2 | 19,175 | 0.7 |
| 3. Investments and Other Assets: | 704,641 | 26.7 | 708,955 | 27.1 | (4,313) | (0.6) | 769,294 | 29.7 |
| Investment Securities* | 172,958 | | 155,197 | | 17,760 | | 197,315 | |
| Investments in Stock of Consolidated Subsidiaries and Affiliated Companies | 191,129 | | 191,525 | | (395) | | 178,816 | |
| Investments | — | | 0 | | (0) | | 25,039 | |
| Investments in Consolidated Subsidiaries and Affiliated Companies | 5 | | 5 | | — | | 5 | |
| Long-term Loans | 8,336 | | 10,038 | | (1,701) | | 9,378 | |
| Long-term Loans to Consolidated Subsidiaries and Affiliated Companies | 137,377 | | 156,703 | | (19,325) | | 161,888 | |
| Lease Deposits | 196,999 | | 198,910 | | (1,911) | | 196,809 | |
| Other | 25,531 | | 23,902 | | 1,629 | | 26,547 | |
| Allowance for Doubtful Accounts | (27,696) | | (27,327) | | (369) | | (26,506) | |
| Total Assets | ¥2,643,633 | 100.0 | ¥2,613,534 | 100.0 | ¥30,099 | 1.2 | ¥2,589,056 | 100.0 |

*Note: At September 30, 2005, Investment Securities included investments by silent partnership (*tokumei kumiai*) and preferred securities issued by specific purpose companies (*tokutei mokuteki kaisha*), which together totaled ¥30,174 million.

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

| LIABILITIES: | September 30, 2005 | | March 31, 2005 | | Change | | September 30, 2004 | |
|--|--------------------|-------------------|----------------|-------------------|----------|------------|--------------------|-------------------|
| | Amount | % of Total Assets | Amount | % of Total Assets | Amount | Percentage | Amount | % of Total Assets |
| I. Current Liabilities: | ¥551,358 | 20.9 | ¥533,050 | 20.4 | ¥18,307 | 3.4 | ¥476,887 | 18.4 |
| Accounts Payable | 40,929 | | 71,749 | | (30,819) | | 13,963 | |
| Short-Term Debt | 209,654 | | 222,809 | | (13,155) | | 176,098 | |
| Commercial Paper | 135,000 | | 29,000 | | 106,000 | | 171,000 | |
| Bond Redeemable Within One Year | 20,000 | | — | | 20,000 | | — | |
| Other Payables | 10,650 | | 18,364 | | (7,713) | | 2,300 | |
| Income Taxes Payable | 12,565 | | 12,275 | | 290 | | 456 | |
| Accrued Expenses | 7,443 | | 7,541 | | (98) | | 8,026 | |
| Advances Received | 43,917 | | 35,959 | | 7,957 | | 42,472 | |
| Deposits | 61,424 | | 127,124 | | (65,699) | | 54,404 | |
| Other Current Liabilities | 9,771 | | 8,226 | | 1,544 | | 8,164 | |
| II. Long-Term Liabilities: | 1,380,756 | 52.2 | 1,391,845 | 53.3 | (11,088) | (0.8) | 1,447,748 | 55.9 |
| Corporate Bonds | 135,000 | | 155,000 | | (20,000) | | 135,000 | |
| Convertible Bonds with Stock Acquisition Rights | 80,000 | | 80,000 | | — | | 80,000 | |
| Long-Term Debt | 668,779 | | 674,803 | | (6,024) | | 737,933 | |
| Deposits from Tenants | 273,317 | | 268,380 | | 4,937 | | 264,536 | |
| Deferred Income Taxes | 14,719 | | 8,149 | | 6,570 | | 25,859 | |
| Deferred Tax Liabilities on Land Revaluation | 157,995 | | 157,995 | | — | | 151,018 | |
| Allowance for Employees' Retirement Benefits | 14,043 | | 12,118 | | 1,925 | | 11,933 | |
| Allowance for Directors' and Corporate Auditors' Retirement Benefits | 1,233 | | 1,270 | | (37) | | 1,185 | |
| Other Long-Term Liabilities | 35,668 | | 34,127 | | 1,541 | | 40,280 | |
| Total Liabilities | 1,932,114 | 73.1 | 1,924,896 | 73.7 | 7,218 | 0.4 | 1,924,635 | 74.3 |
| SHAREHOLDERS' EQUITY: | | | | | | | | |
| I. Common Stock | 134,433 | 5.1 | 134,433 | 5.1 | — | — | 134,433 | 5.2 |
| II. Additional Paid-in Capital | 205,833 | 7.8 | 205,831 | 7.9 | 1 | 0.0 | 205,826 | 7.9 |
| Capital Reserve | 205,823 | | 205,823 | | — | | 205,823 | |
| Other Additional Paid-in Capital | 9 | | 8 | | 1 | | 3 | |
| III. Retained Earnings | 95,985 | 3.6 | 86,771 | 3.3 | 9,213 | 10.6 | 69,150 | 2.7 |
| Legal Reserve | 13,688 | | 13,688 | | — | | 13,688 | |
| Reserve for Substitute Assets | 48,454 | | 48,844 | | (389) | | 48,844 | |
| Other Reserve | 16,790 | | 16,790 | | — | | 16,790 | |
| Unappropriated Earnings | 17,051 | | 7,448 | | 9,602 | | (10,173) | |
| IV. Reserve on Land Revaluation | 234,857 | 8.9 | 230,582 | 8.9 | 4,274 | 1.9 | 229,383 | 8.9 |
| V. Net Unrealized Holding Gains on Securities | 41,967 | 1.6 | 32,377 | 1.2 | 9,589 | 29.6 | 26,736 | 1.0 |
| VI. Treasury Stock | (1,557) | (0.1) | (1,357) | (0.1) | (199) | 14.7 | (1,108) | (0.0) |
| Total Shareholders' Equity | 711,518 | 26.9 | 688,638 | 26.3 | 22,880 | 3.3 | 664,420 | 25.7 |
| Total Liabilities and Shareholders' Equity | ¥2,643,633 | 100.0 | ¥2,613,534 | 100.0 | ¥30,099 | 1.2 | ¥2,589,056 | 100.0 |

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

| | Six Months Ended September 30 | | | | Change | | Year Ended March 31 | |
|---|-------------------------------|--------------------|-----------|--------------------|----------|------------|---------------------|--------------------|
| | 2005 | % of Total Revenue | 2004 | % of Total Revenue | Amount | Percentage | 2005 | % of Total Revenue |
| I. Revenue from Operations* | ¥254,896 | 100.0 | ¥224,755 | 100.0 | ¥30,141 | 13.4 | ¥604,456 | 100.0 |
| Leasing | 128,971 | | 122,645 | | 6,326 | | 249,007 | |
| Sales of Housing, Office Buildings and Land | 102,070 | | 79,822 | | 22,248 | | 307,707 | |
| Other | 23,854 | | 22,288 | | 1,566 | | 47,741 | |
| II. Cost of Revenue from Operations | 209,367 | 82.1 | 184,173 | 81.9 | 25,193 | 13.7 | 490,001 | 81.1 |
| Leasing | 105,468 | | 100,912 | | 4,555 | | 205,467 | |
| Sales of Housing, Office Buildings and Land | 91,227 | | 73,306 | | 17,920 | | 262,791 | |
| Other | 12,671 | | 9,954 | | 2,717 | | 21,741 | |
| Gross Operating Profit | 45,529 | 17.9 | 40,581 | 18.1 | 4,948 | 12.2 | 114,455 | 18.9 |
| Selling, General and Administrative Expenses | 15,630 | 6.1 | 14,422 | 6.4 | 1,208 | 8.4 | 41,361 | 6.8 |
| III. Operating Income | 29,899 | 11.8 | 26,159 | 11.6 | 3,740 | 14.3 | 73,093 | 12.1 |
| IV. Non-Operating Income: * | 7,234 | 2.8 | 5,699 | 2.5 | 1,534 | 26.9 | 11,208 | 1.8 |
| Interest Income | 1,610 | | 1,837 | | (226) | | 3,440 | |
| Dividend Income | 4,090 | | 2,308 | | 1,782 | | 5,316 | |
| Other Non-Operating Income | 1,533 | | 1,554 | | (20) | | 2,451 | |
| V. Non-Operating Expenses: | 11,437 | 4.5 | 11,266 | 5.0 | 170 | 1.5 | 23,587 | 3.9 |
| Interest Expenses | 6,117 | | 6,891 | | (774) | | 13,144 | |
| Interest on Bonds | 1,598 | | 1,443 | | 155 | | 2,995 | |
| Interest on Commercial Paper | 5 | | 7 | | (1) | | 16 | |
| Other Non-Operating Expenses | 3,715 | | 2,923 | | 792 | | 7,430 | |
| Ordinary Income | 25,695 | 10.1 | 20,592 | 9.2 | 5,103 | 24.8 | 60,714 | 10.0 |
| VI. Extraordinary Gains: | 1,780 | 0.7 | 450 | 0.2 | 1,329 | 295.3 | 4,324 | 0.7 |
| Gain on Sale of Investment Securities | — | | 450 | | (450) | | 4,324 | |
| Transfer from Allowance for Doubtful Accounts | 1,780 | | — | | 1,780 | | — | |
| VII. Extraordinary Losses: | — | — | 29,627 | 13.2 | (29,627) | (100.0) | 37,136 | 6.1 |
| Impairment Losses for Fixed Assets | — | | 13,323 | | (13,323) | | 13,323 | |
| Provision to Allowance for Doubtful Accounts | — | | 13,077 | | (13,077) | | 15,746 | |
| Loss on Devaluation of Shares of Affiliated Companies | — | | 3,226 | | (3,226) | | 4,926 | |
| Loss on Sale of Fixed Assets | — | | — | | — | | 3,139 | |
| Income before Income Taxes | 27,475 | 10.8 | (8,585) | (3.8) | 36,061 | — | 27,902 | 4.6 |
| Income Taxes | 10,991 | 4.3 | (3,417) | (1.5) | 14,408 | | 19,560 | 3.2 |
| Deferred Income Taxes | — | — | — | — | — | — | (8,186) | (1.3) |
| Net Income | 16,484 | 6.5 | (5,168) | (2.3) | 21,653 | — | 16,529 | 2.7 |
| Earning Brought Forward from Previous Period | 4,841 | | 3,978 | | 862 | | 3,978 | |
| Interim Dividends | — | | — | | — | | 2,877 | |
| Reversal of Revaluation Difference for Land | (4,274) | | (8,983) | | 4,708 | | (10,182) | |
| Unappropriated Earnings | ¥17,051 | | ¥(10,173) | | ¥27,224 | | ¥7,448 | |

*Note: In the previous fiscal period, dividend income from real estate investment trusts (J-REITs) was reported as non-operating income. From the current fiscal year, all income related to J-REITs is reported at revenue from operations. In the interim period under review, dividend income from J-REITs amounted to ¥308 million.