

July 31, 2006

FACT BOOK

For the Three Months Ended June 30, 2006



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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:

¥174,296 million

Number of Issued and Outstanding Shares:

881,424,727

Stock Exchange Listing:

Tokyo, Osaka (Code: 8801)

Please visit our website at:

www.mitsuifudosan.co.jp/english/

Contents

Consolidated Financial Highlights	1
Consolidated Business Overview	3
Segment Information	12
Consolidated Financial Statements	14
Nonconsolidated Financial Statements	19

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 Three Months Ended June 30, 2006

CONSOLIDATED RESULTS

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31
	2006	2005		2006
Revenue from Operations	¥237,290	¥222,619	¥14,670	¥1,159,280
Operating Income	28,245	19,174	9,070	137,543
Ordinary Income	24,073	16,911	7,161	118,970
Net Income	21,123	11,359	9,764	56,541

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥1,220,000	19.5
Operating Income	145,000	19.5
Ordinary Income	125,000	19.3
Net Income	63,000	33.5

- ◆ In the three-month period ended June 30, 2006, revenue from operations totaled ¥237.2 billion, up 6.6% from the previous corresponding period. Operating income jumped 47.3%, to ¥28.2 billion.
- ◆ The “Leasing” segment benefited from the operation of multiple projects completed in the previous fiscal year. These included Nihonbashi Mitsui Tower and Ginza Mitsui Building (both office buildings with hotels, located in Chuo-ku, Tokyo). As a result, segment revenue increased ¥4.5 billion, and segment operating income rose ¥0.9 billion.
- ◆ On a nonconsolidated basis, the vacancy rate of office buildings in the Tokyo Metropolitan Area at June 30, 2006, was 0.9% (down from 1.0% at March 31, 2006, and 3.0% at March 31, 2005).
- ◆ The Company continued to report healthy sales of condominiums, securing sales contracts for around 80% of units estimated to be sold and handed over in the current fiscal year. Completed inventories of condominiums declined to 135 units, compared with 235 at March 31, 2006.
- ◆ The “Sales of housing, office buildings and land” segment was bolstered by firm sales to investors, as the Company had forecast. For the quarter, segment revenue increased ¥5.3 billion, and segment operating income rose ¥6.3 billion.
- ◆ The rise in operating income helped boost ordinary income by ¥7.1 billion (42.4%) and net income by ¥9.7 billion (86.0%).
- ◆ Revenue from operations, operating income and ordinary income fell short of 20% of our full-year forecast. However, this was mainly due to seasonal factors derived from the Company’s housing business aimed at individual customers (sales of detached houses and condominiums, custom-built house construction business of the Mitsui Home Group, and consignment sales). This business will pick up in the second half of the fiscal year, especially in the fourth quarter.

CONSOLIDATED FORECAST

Because the Company is performing generally according to plan, it has not modified its interim and full-year forecasts for revenue from operations, operating income, ordinary income, and net income. Those forecasts were made on April 28, 2006.

SEGMENT HIGHLIGHTS

(¥ millions)

	Three Months Ended June 30		
	2006	2005	Change (amount)
Leasing			
Revenue from Operations	¥93,686	¥89,092	¥4,594
Operating Income	19,568	18,662	906
Sales of Housing, Office Buildings and Land			
Revenue from Operations	58,033	52,701	5,331
Operating Income	12,274	5,876	6,398
Construction			
Revenue from Operations	22,002	20,981	1,020
Operating Income	(6,146)	(6,077)	(69)
Brokerage, Consignment Sales and Consulting			
Revenue from Operations	14,953	12,676	2,277
Operating Income	3,013	1,508	1,504
Property Management			
Revenue from Operations	19,756	19,298	458
Operating Income	2,951	2,855	95
Sales of Housing Materials and Merchandise			
Revenue from Operations	16,982	16,783	199
Operating Income	249	443	(193)
Facility Operations			
Revenue from Operations	9,721	9,594	126
Operating Income	660	502	158
Other			
Revenue from Operations	2,153	1,492	661
Operating Income	642	396	245

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

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

[1] LEASING

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2005
	2006	2005		
Revenue from Operations	¥93,686	¥89,092	¥4,594	¥ 364,339
Operating Income	19,568	18,662	906	67,929

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥388,000	24.1
Operating Income	72,000	27.2

- In this segment, revenue from operations increased ¥4.5 billion, and operating income grew ¥0.9 billion. The segment benefited from the completion of projects in the previous fiscal year, notably Nihonbashi Mitsui Tower and Ginza Mitsui Building (both office buildings with hotels, located 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.
- Amid substantial growth in demand for inner-city office space, the vacancy rate (nonconsolidated basis) of office buildings in the Tokyo Metropolitan Area improved to 0.9% at June 30, 2006, from 1.0% at March 31. On a consolidated basis (including overseas), the total vacancy rate for all office buildings and retail facilities was 1.3% at June 30, 2006, down from 1.4% at March 31.

(a) Leasing

(¥ millions)

	Three Months Ended June 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Office Buildings	56,617	54,241	222,069
Retail Facilities	14,131	14,365	56,968
Residentials	14,740	13,593	55,768
Other (Car Parks, etc.)	8,197	6,891	29,533
Total	93,686	89,092	364,339

(b) Leased Floor Space

		June 30, 2006	March 31, 2006
Office Buildings and Retail Facilities	Leased Floor space (m ²):		
	Owned	1,933,549	1,950,660
	Managed	1,540,239	1,450,452
	Total	3,473,788	3,401,112
Vacancy Rate(%)		1.3	1.4
Residentials	Leased Units:		
	Owned	230	236
	Managed	56,335	55,521
	Total	56,565	55,757
Car Parks	Managed Units:		
	Total	79,304	75,879

(c) Total Floor Space (Nonconsolidated)

	June 30, 2006			March 31, 2006		
	No. of Buildings	Total Floor Space (1,000m ²)	Share of Total Floor Space (%)	No. of Buildings	Total Floor Space (1,000m ²)	Share of Total Floor Space (%)
Owned	112	2,448	47.0	112	2,547	49.4
Managed	188	2,760	53.0	189	2,613	50.6
Total	300	5,209	100.0	301	5,160	100.0

(d) Vacancy Rate at End of Term

(%)

	6/06	3/06	9/05	3/05	9/04	3/04
Consolidated						
Office Buildings and Retail Facilities (including overseas)	1.3	1.4	2.9	2.8	5.2	5.0
Nonconsolidated						
Tokyo Metropolitan Area Office Buildings	0.9	1.0	2.7	3.0	4.8	4.4
Regional Area Office Buildings	5.8	5.7	7.0	7.0	6.9	7.6

(e) Breakdown of Leasing Operations (Nonconsolidated)

		Total		Tokyo Metropolitan Area		Regional Areas	
		Three Months Ended June 30		Three Months Ended June 30		Three Months Ended June 30	
		2006	2005	2006	2005	2006	2005
Office Buildings	Number of Buildings	251	263	215	224	36	39
	Leased Floor Space (1,000m ²)	2,283	2,204	1,996	1,912	287	292
	Leasing Revenue (¥ millions)	52,019	49,862	46,817	44,521	5,201	5,341
	Vacancy Rate (%)	1.5	3.3	0.9	2.5	5.8	7.9
Retail Facilities	Number of Buildings	47	48	32	33	15	15
	Leased Floor Space (1,000m ²)	873	850	519	514	354	335
	Leasing Revenue (¥ millions)	12,723	13,095	7,887	8,381	4,835	4,714
	Vacancy Rate (%)	0.6	2.3	0.9	3.5	0.2	0.5

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)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2006
	2006	2005		
Revenue from Operations	¥58,033	¥52,701	¥5,331	¥336,917
Operating Income	12,274	5,876	6,398	44,654

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥ 355,000	16.3
Operating Income	46,000	26.7

- In this segment, revenue from operations in the quarter was just 16.3% of our full-year forecast. This was mainly because completion and handover of residential units are concentrated in the second half of each fiscal year, especially in the fourth quarter.
- The Group sold a total of 593 units to individuals during the quarter (435 condominium units and 158 detached houses). This compares with 734 units (506 condominium units and 228 detached houses) in the previous corresponding period.
- Completed housing inventories at June 30, 2006, totaled 175 units (135 condominium units and 40 detached houses), down from 255 units (235 condominium units and 20 detached houses) at March 31. The decline stemmed from significant demand for high-quality housing in good locations.
- The Group estimates that 4,400 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 quarter, contributing to overall segment revenue and earnings increases.

(a) Housing Sales and Other Sales

	Three Months Ended June 30						Year Ended March 31		
	2006			2005			2006		
	Units	Revenue (¥ millions)	Unit Price (¥ millions)	Units	Revenue (¥ millions)	Unit Price (¥ millions)	Units	Revenue (¥ millions)	Unit Price (¥ millions)
Detached Housing									
Tokyo Metropolitan Area	148	6,666	45	200	10,591	52	597	30,590	51
Other	10	380	38	28	1,378	49	109	4,971	46
Total	158	7,047	44	228	11,970	52	706	35,561	50
Condominiums									
Tokyo Metropolitan Area	245	14,561	59	378	17,353	45	3,274	146,763	45
Other	190	5,603	29	128	4,205	32	1,067	34,138	32
Total	435	20,164	46	506	21,559	42	4,341	180,902	42
Other Sales	-	30,821	-	-	19,171	-	-	120,453	-
Total Sales	-	58,033	-	-	52,701	-	-	336,917	-

(b) Completed Housing Inventories (Nonconsolidated)

(Units)

	6/06	3/06	9/05	3/05	9/04	3/04
Detached Housing	40	20	45	55	40	25
Condominiums	135	235	200	490	210	455
Total	175	255	245	545	250	480

(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	140	83	223	158	65	97
Condominiums	2,902	2,224	5,126	435	4,691	2,691
Total	3,042	2,307	5,349	593	4,756	2,788

Note: Above figures except reported number of units include those scheduled for completion in the next fiscal year and after.

[3] CONSTRUCTION

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2005
	2006	2005		
Revenue from Operations	¥22,002	¥20,981	¥1,020	¥187,496
Operating Income(Loss)	(6,146)	(6,077)	(69)	2,351

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥194,000	11.3
Operating Income	3,000	-

- This segment reported an operating loss for the quarter, 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 at the end of period was higher than a year earlier.

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

(¥ millions)

	Three Months Ended June 30		Year Ended March 31
	2006	2005	2006
Orders:			
Order Backlogs at Beginning of Period	112,510	108,223	108,223
Order Received during Period	45,190	41,947	199,425
Total	157,700	150,171	307,648
Sales Proceeds	22,809	22,729	195,138
Order Backlogs at End of Period	134,891	127,442	112,510

[4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2005
	2006	2005		
Revenue from Operations	¥14,953	¥12,676	¥2,277	¥68,748
Operating Income	3,013	1,508	1,504	22,592

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥74,000	20.2
Operating Income	23,000	13.1

- Both revenue and operating income in this segment increased year-on-year. Mitsui Real Estate Sales' brokerage services for individual and corporate clients posted an improved performance compared with the previous corresponding period. Segment results also benefited from commission revenue in line with growing assets under management of the entire Group, including assets of a J-REIT and private placement-style real estate funds.

(¥ millions)

	Three Months Ended June 30				Year Ended March 31	
	2006		2005		2006	
	Units	Revenue	Units	Revenue	Units	Revenue
Brokerage	7,557	11,592	7,267	9,958	30,671	48,791
Consignment Sales	1,054	1,169	815	1,457	6,040	8,204
Consulting	-	2,190	-	1,259	-	11,752
Total	-	14,953	-	12,676	-	68,748

[5] PROPERTY MANAGEMENT

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2006
	2006	2005		
Revenue from Operations	¥19,756	¥19,298	¥458	¥90,437
Operating Income	2,951	2,855	95	12,746

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥94,000	21.0
Operating Income	13,000	22.7

- In the quarter under review, both revenue and operating income in this segment increased year-on-year, thanks to the completion of new projects, including office buildings, retail facilities, and housing developments.

(¥ millions)

	Three Months Ended June 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Property Management	15,252	14,530	59,394
Tenant Improvement	4,504	4,767	31,043
Total	19,756	19,298	90,437

[6] SALES OF HOUSING MATERIALS AND MERCHANDISE

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2005
	2006	2005		
Revenue from Operations	¥16,982	¥16,783	¥ 199	¥65,065
Operating Income	249	443	(193)	831

(¥ millions)

	Year to 3/06 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥68,000	25.0
Operating Income	1,000	25.0

(¥ millions)

	Three Months Ended June 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Housing Materials	4,653	4,379	20,759
Merchandise	12,329	12,404	44,306
Total	16,982	16,783	65,065

[7] FACILITY OPERATIONS

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2006
	2006	2005		
Revenue from Operations	¥9,721	¥9,594	¥126	¥38,976
Operating Income	660	502	158	1,921

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥40,000	24.3
Operating Income	2,000	33.0

(¥ millions)

	Three Months Ended June 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Hotels	6,977	6,633	26,510
Other	2,744	2,961	12,465
Total	9,721	9,594	38,976

[8] OTHER

(¥ millions)

	Three Months Ended June 30		Change (amount)	Year Ended March 31, 2006
	2006	2005		
Revenue from Operations	¥2,153	¥1,492	¥661	¥7,297
Operating Income	642	396	245	2,470

(¥ millions)

	Year to 3/06 (Forecast as of April 28, 2006)	3-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥7,000	30.8
Operating Income	2,000	32.1

(¥ millions)

	Three Months Ended June 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Finance and Lease	330	375	1,302
Other	1,822	1,116	5,995
Total	2,153	1,492	7,297

ASSETS AND LIABILITIES

[Property for Sale]

- On a consolidated basis, the balance of real property for sale, including advances paid for purchases, at June 30, 2006, stood at ¥462.5 billion, up ¥37.6 billion from March 31. The increase stemmed mainly from the fact that the value of new acquisitions exceeded that of properties sold to recover costs associated with the parent company's business in sales of housing, office buildings, and land. Expenses related to purchases of land for this segment of the parent company's business in the quarter under review totaled ¥57.7 billion.

[Tangible and Intangible Fixed Assets]

- On a consolidated basis, the balance of tangible and intangible assets at June 30, 2006, was ¥1,661.3 billion, down ¥12.9 billion from March 31. In addition to depreciation, the decline stemmed mainly from replacement of assets following an exchange of fixed assets with Nippon Building Fund Inc.

[Interest-Bearing Debt]

- At June 30, 2006, total consolidated interest-bearing debt stood at ¥1,324.4 billion, up ¥125.1 billion over the quarter. The increase derived mainly from seasonal factors, such as payments of construction costs by the parent company related to condominium buildings completed in the previous fiscal year, as well as from payment of trade advances for consignment sale projects of Mitsui Real Estate Sales. Compared with June 30, 2005, interest-bearing debt was down ¥48.2 billion.

Segment Information

Three Months Ended June 30, 2006

(¥ 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	93,686	1,401	95,088	75,519	19,568	1,908,539	6,944	105,099
(2) Sales of Housing, Office Buildings and Land	58,033	-	58,033	45,758	12,274	563,137	83	180
(3) Construction	22,002	821	22,824	28,970	(6,146)	58,359	539	952
(4) Brokerage, Consignment Sales and Consulting	14,953	1,314	16,267	13,254	3,013	36,040	192	180
(5) Property Management	19,756	5,110	24,866	21,915	2,951	45,254	192	102
(6) Sales of Housing Materials and Merchandise	16,982	7,547	24,530	24,280	249	43,967	216	108
(7) Facility Operations	9,721	80	9,802	9,141	660	86,728	647	263
(8) Other	2,153	2,439	4,592	3,950	642	20,389	569	606
Total	237,290	18,715	256,005	222,792	33,213	2,762,415	9,386	107,495
Elimination or Corporate	-	(18,715)	(18,715)	(13,748)	(4,967)	275,531	195	237
Consolidated	237,290	-	237,290	209,044	28,245	3,037,947	9,581	107,732

Three Months Ended June 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	89,092	1,241	90,334	71,671	18,662	1,917,222	6,542	17,602
(2) Sales of Housing, Office Buildings and Land	52,701	-	52,701	46,825	5,876	489,669	129	89
(3) Construction	20,981	1,768	22,750	28,827	(6,077)	58,628	627	1,188
(4) Brokerage, Consignment Sales and Consulting	12,676	1,664	14,340	12,831	1,508	29,952	199	212
(5) Property Management	19,298	5,100	24,398	21,543	2,855	41,525	190	140
(6) Sales of Housing Materials and Merchandise	16,783	7,471	24,254	23,810	443	43,962	238	90
(7) Facility Operations	9,594	85	9,680	9,178	502	75,139	546	616
(8) Other	1,492	2,463	3,955	3,559	396	21,832	620	981
Total	222,619	19,796	242,415	218,247	24,167	2,677,932	9,095	20,921
Elimination or Corporate	-	(19,796)	(19,796)	(14,803)	(4,992)	224,500	163	76
Consolidated	222,619	-	222,619	203,444	19,174	2,902,433	9,258	20,998

Year Ended March 31, 2006

(¥ 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	364,339	5,579	369,918	301,989	67,929	1,918,066	29,046	78,155
(2) Sales of Housing, Office Buildings and Land	336,917	12	336,930	292,275	44,654	555,232	499	289
(3) Construction	187,496	7,761	195,258	192,907	2,351	54,673	2,270	3,128
(4) Brokerage, Consignment Sales and Consulting	68,748	9,264	78,012	55,420	22,592	61,457	850	1,051
(5) Property Management	90,437	22,212	112,649	99,903	12,746	50,380	844	973
(6) Sales of Housing Materials and Merchandise	65,065	34,493	99,558	98,727	831	52,236	967	408
(7) Facility Operations	38,976	296	39,273	37,351	1,921	83,505	2,282	3,470
(8) Other	7,297	10,384	17,682	15,211	2,470	26,976	2,642	3,648
Total	1,159,280	90,004	1,249,285	1,093,786	155,498	2,802,529	39,402	91,085
Elimination or Corporate	-	(90,004)	(90,004)	(72,050)	(17,954)	183,972	756	1,667
Consolidated	1,159,280	-	1,159,280	1,021,736	137,543	2,986,501	40,159	92,753

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, apartments, 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 Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	June 30		March 31		Change		June 30	
	2006	% of Total Assets	2006	% of Total Assets	Amount	%	2005	% of Total Assets
I. Current Assets:	¥775,195	25.5	¥717,372	24.0	¥57,822	8.1	¥709,021	24.4
Cash and Time Deposits	62,451		62,845		(394)		59,810	
Accounts Receivable—Trade	19,815		26,797		(6,981)		19,075	
Marketable Securities	50		50		-		289	
Real Property for Sale	439,214		399,757		39,457		376,117	
Expenditure on Contracts in Progress	21,546		9,632		11,913		21,402	
Other Inventories	10,397		9,453		944		9,946	
Advances Paid for Purchases	23,364		25,163		(1,799)		18,530	
Short-Term Loans	8,249		8,065		184		8,916	
Equity Investments in Properties for Sale	82,047		81,545		501		101,478	
Deferred Income Taxes	51,727		49,003		2,723		53,752	
Other Current Assets	56,836		45,588		11,248		41,140	
Allowance for Doubtful Accounts	(506)		(531)		25		(1,438)	
II. Fixed Assets:	2,262,752	74.5	2,269,129	76.0	(6,377)	(0.3)	2,193,411	75.6
1. Tangible Fixed Assets:	1,635,454		1,642,348	55.0	(6,894)	(0.4)	1,624,819	56.0
Buildings and Structures	483,043		518,025		(34,981)		465,069	
Machinery, Equipment and Materials Handling Equipment	5,637		5,804		(166)		4,880	
Land	1,105,455		1,082,012		23,443		1,090,676	
Construction in Progress	16,341		11,011		5,329		40,822	
Other Tangible Assets	24,976		25,495		(518)		23,369	
2. Intangible Fixed Assets:	25,871	0.9	31,928	1.1	(6,057)	(19.0)	31,571	1.1
Leasehold Rights	18,198		24,117		(5,919)		23,868	
Other Intangible Fixed Assets	7,672		7,810		(138)		7,703	
3. Investments and Other Assets:	601,426	19.9	594,851	19.9	6,574	1.1	537,020	18.5
Investment Securities	323,152		317,090		6,062		236,296	
Long-Term Loans	10,105		9,195		909		10,431	
Lease Deposits	187,872		184,670		3,201		198,719	
Deferred Income Taxes	24,127		24,134		(6)		30,736	
Deferred Tax Assets on Land Revaluation	18,423		18,423		-		21,262	
Other	47,177		50,905		(3,727)		50,867	
Allowance for Doubtful Accounts	(9,431)		(9,567)		136		(11,293)	
III. Deferred Assets	-	-	-	-	-	-	0	0.0
Total Assets	¥3,037,947	100.0	¥2,986,501	100.0	¥51,445	1.7	¥2,902,433	100.0

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	June 30		March 31		Change		June 30	
	2006	% of Total Assets	2006	% of Total Assets	Amount	%	2005	% of Total Assets
I. Current Liabilities:	¥625,461	20.6	¥582,016	19.5	¥43,444	7.5	¥635,718	21.9
Accounts Payable—Trade	42,518		106,346		(63,827)		44,863	
Short-Term Debt	213,273		192,670		20,603		247,064	
Commercial Paper	146,000		36,000		11,000		137,000	
Bond Redeemable Within One Year	20,000		30,000		(10,000)		10,000	
Income Taxes Payable	8,640		16,462		(7,822)		12,121	
Advances from Contracts in Progress	23,903		16,467		7,435		20,434	
Allowance for Completed Project Indemnities	1,462		1,447		15		1,436	
Allowance for Possible Guarantee Losses	132		142		(9)		203	
Deferred Income Taxes	0		-		-		-	
Other Current Liabilities	169,530		182,479		(12,949)		162,594	
II. Long-Term Liabilities:	1,531,055	50.4	1,527,674	51.1	3,381	0.2	1,551,759	53.5
Corporate Bonds	155,000		155,000		-		225,000	
Long-Term Debt	790,128		785,621		4,507		753,560	
Deposits from Tenants	299,891		288,313		11,577		285,699	
Allowance for Employees' Retirement Benefits	28,237		27,294		942		28,060	
Allowance for Directors' and Corporate Auditors' Retirement Benefits	1,841		1,851		(9)		1,676	
Deferred Income Taxes	50,041		59,599		(9,558)		46,150	
Deferred Tax Liabilities on Land Revaluation	163,001		163,001		-		157,995	
Other Fixed Liabilities	42,912		46,992		(4,079)		53,615	
Total Liabilities	2,156,517	71.0	2,109,691	70.6	46,826	2.2	2,187,478	75.4
MINORITY INTEREST:								
Minority Interests in Consolidated Subsidiaries	-		18,446	0.7	-		17,850	0.6
SHAREHOLDERS' EQUITY:								
I. Common Stock	-		174,296	5.8	-		134,433	4.6
II. Additional Paid-in Capital	-		248,295	8.3	-		205,831	7.1
III. Retained Earnings	-		199,706	6.7	-		162,613	5.6
IV. Reserve on Land Revaluation	-		191,096	6.4	-		184,468	6.4
V. Net Unrealized Holding Gains on Securities	-		63,424	2.1	-		32,781	1.1
VI. Foreign Currency Translation Adjustment	-		(16,308)	(0.5)	-		(21,623)	(0.8)
VII. Treasury Stock	-		(2,147)	(0.1)	-		(1,399)	(0.0)
Total Shareholders' Equity	-		858,363	28.7	-		697,104	24.0
Total Liabilities, Minority Interest and Shareholders' Equity	-		2,986,501	100.0	-		2,902,433	100.0

(¥ millions)

NET ASSETS:	June 30		March 31		Change		June 30	
	2006	% of Total Assets	2006	% of Total Assets	Amount	%	2005	% of Total Assets
I. Shareholders' Equity								
Common Stock	174,296	5.7	-		-		-	
Additional Paid-in Capital	248,299	8.2	-		-		-	
Retained Earnings	169,713	5.6	-		-		-	
Treasury Stock	(2,246)	(0.1)	-		-		-	
Total Shareholders' Equity	590,062	19.4	-		-		-	
II. Valuation, Translation Adjustments and Others								
Net Unrealized Holding Gains on Securities	53,805	1.8	-		-		-	
Deferred Gains or Losses on Hedges	(38)	(0.0)	-		-		-	
Reserve on Land Revaluation	237,639	7.8	-		-		-	
Foreign Currency Translation Adjustment	(16,218)	(0.5)	-		-		-	
Total Valuation Translation Adjustments and Others	275,187	9.1	-		-		-	
III. Minority Interests								
Minority Interests in Consolidated Subsidiaries	16,180	0.5	-		-		-	
Total Net Assets	881,429	29.0	-		-		-	
Total Liabilities and Net Asset	3,037,947	100.0	-		-		-	

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Three Months Ended June 30				Change		Year Ended March 31	
	2006	% of Total Revenue	2005	% of Total Revenue	Amount	%	2006	% of Total Revenue
I. Revenue from Operations	¥237,290	100.0	¥222,619	100.0	14,670	6.6	¥1,159,280	100.0
II. Cost of Revenue from Operations	181,038	76.3	176,080	79.1	4,958	2.8	904,200	78.0
Gross Operating Profit	56,251	23.7	46,538	20.9	9,712	20.9	255,079	22.0
III. Selling, General and Administrative Expenses	28,005	11.8	27,363	12.3	641	2.3	117,536	10.1
Operating Income	28,245	11.9	19,174	8.6	9,070	47.3	137,543	11.9
IV. Non-Operating Income:	1,903	0.8	3,237	1.5	(1,334)	(41.2)	7,993	0.7
Interest Income	211		192		19		667	
Dividend Income	857		745		112		1,028	
Equity in Net Income of Affiliated Companies	183		-		183		3,155	
Other Non-Operating Income	650		2,299		1,649		3,140	
V. Non-Operating Expenses:	6,075	2.7	5,501	2.5	574	10.4	26,565	2.3
Interest Expenses	5,118		5,129		10		20,261	
Equity in Net Loss of Affiliated Companies	-		32		32		-	
Other Non-Operating Expenses	957		339		618		6,303	
Ordinary Income	24,073	10.1	16,911	7.6	7,161	42.4	118,970	10.3
VI. Extraordinary Gains	9,217	3.9	975	0.4	8,241		12,111	1.0
VII. Extraordinary Losses	10,169	4.3	1,031	0.4	9,138		38,120	3.3
Income before Income Taxes	23,121	9.7	16,856	7.6	6,265	37.2	92,962	8.0
Income Taxes	6,895	2.9	7,071	3.2	(175)		26,178	2.4
Deferred Income Taxes	3,275	(1.4)	38	0.0	(3,314)		9,075	0.8
Minority Interests	(1,622)	(0.7)	(1,613)	(0.7)	(9)		1,166	0.1
Net Income	¥21,123	8.9	¥11,359	5.1	9,764	86.0	¥56,541	4.9

CONSOLIDATED STATEMENTS OF CHANGES IN-SHAREHOLDERS'-EQUITY AND OTHERS (UNAUDITED)

(¥ millions)

	Shareholders' Equity				Total Shareholders' Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	
Balance as of March 31, 2006	174,296	248,295	199,706	(2,147)	620,150
Changes in Three Months					
Net Income			21,123		21,123
Revaluation of Reserve on Land Revaluation, Net of Tax			(46,542)		(46,542)
Cash Dividends Paid			(4,398)		(4,398)
Bonus to Directors			(176)		(176)
Purchase of Treasury Stock				(102)	(102)
Sale of Treasury Stock				3	3
Three Month Total Change	-	3	(29,992)	(98)	(30,087)
Balance as of June 30, 2006	174,296	248,299	169,713	(2,246)	590,062

OTHER ASSETS

(¥ millions)

	Valuation, Translation Adjustment and Others				Minority Interests	Total Net Assets
	Net Unrealized Holding Gains on Securities	Revaluation of Reserve on Land Revaluation	Deferred Gains or Losses on Hedge	Foreign Currency Translation Adjustment		
Balance as of March 31, 2006	63,424	191,096	-	(16,308)	18,446	876,810
Changes in Three Months	(9,619)	46,542	(38)	89	(2,266)	4,619
Balance as of June 30, 2006	53,805	237,639	(38)	(16,,218)	16,180	881,429

Nonconsolidated Financial Statements

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	June 30		March 31		Change		June 30	
	2006	% of Total Assets	2006	% of Total Assets	Amount	%	2005	% of Total Assets
I. Current Assets:	743,689	27.2	¥738,892	27.3	4,796	0.6	¥668,520	25.9
Cash and Time Deposits	34,899		31,852		3,047		39,427	
Accounts Receivable	3,917		7,881		(3,964)		4,552	
Real Property for Sale	94,572		109,446		(14,874)		119,457	
Real Property in Progress	221,936		174,546		47,390		129,940	
Land for Development	88,469		78,685		9,784		94,522	
Advances Paid for Purchases	22,977		24,802		(1,825)		18,202	
Short-Term Loans	106,657		128,645		(21,987)		87,308	
Equity Investments in Properties for Sale	85,036		84,991		44		101,961	
Deferred Income Taxes	39,147		39,147		-		41,558	
Other Current Assets	31,297		20,599		10,697		31,966	
Allowance for Doubtful Accounts	(11)		(16)		5		(377)	
II. Fixed Assets:	1,986,919	72.8	1,972,539	72.7	14,380	0.7	1,912,961	74.1
1. Tangible Fixed Assets:	1,234,664	45.2	1,240,323	45.7	(5,659)	(0.5)	1,190,401	46.2
Buildings	319,222		352,842		(33,619)		289,316	
Land	884,481		860,968		23,512		850,324	
Construction in Progress	14,708		9,529		5,178		35,185	
Other Tangible Assets	16,250		16,982		(731)		15,575	
2. Intangible Fixed Assets	15,604	0.6	21,668	0.8	(6,063)	(28.0)	21,824	0.8
3. Investments and Other Assets:	736,650	27.0	710,547	26.2	26,103	3.7	700,735	27.1
Investment Securities	216,321		227,074		(10,753)		156,181	
Investments in Stock of Consolidated Subsidiaries and Affiliated Companies	214,122		196,172		17,949		190,828	
Investments	-		-		-		0	
Investments in Consolidated Subsidiaries and Affiliated Companies	5		5		-		5	
Long-Term Loans	9,772		8,861		910		10,051	
Long-Term Loans to Consolidated Subsidiaries and Affiliated Companies	102,672		97,358		5,314		148,970	
Lease Deposits	188,031		184,951		3,080		196,358	
Other	23,085		26,109		(3,023)		25,650	
Allowance for Doubtful Accounts	(17,360)		(29,986)		12,626		(27,311)	
Total Assets	2,730,608	100.0	¥2,711,431	100.0	19,177	0.7	¥2,581,481	100.0

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	June 30		March 31		Change		June 30	
	2006	% of Total Assets	2006	% of Total Assets	Amount	%	2005	% of Total Assets
I. Current Liabilities:	¥530,788	19.4	¥528,995	19.5	¥1,792	0.3	¥521,980	20.2
Accounts Payable	9,138		62,879		(53,740)		10,255	
Short-Term Debt	205,274		183,440		21,834		223,809	
Commercial Paper	146,000		36,000		110,000		137,000	
Bond Redeemable Within One Year	20,000		30,000		(10,000)		10,000	
Other Payables	3,995		12,120		(8,124)		4,675	
Income Taxes Payable	4,495		9,336		(4,840)		8,816	
Accrued Expenses	9,460		7,468		(1,991)		9,418	
Advances Received	43,202		33,026		10,175		38,644	
Deposits	78,791		147,443		(68,652)		70,160	
Other Current Liabilities	10,429		7,279		3,149		9,199	
II. Long-Term Liabilities:	1,375,366	50.4	1,360,621	50.2	14,745	1.1	1,363,743	52.8
Corporate Bonds	155,000		155,000		-		145,000	
Convertible Bonds with Stock Acquisition Rights	-		-		-		80,000	
Long-Term Debt	718,589		706,363		12,226		657,415	
Deposits from Tenants	281,908		269,925		11,982		266,775	
Deferred Income Taxes	17,714		24,002		(6,288)		7,739	
Deferred Tax Liabilities on Land Revaluation	163,001		163,001		-		157,995	
Allowance for Employees' Retirement Benefits	13,439		12,675		764		12,984	
Allowance for Directors' and Corporate Auditors' Retirement Benefits	1,370		1,323		46		1,185	
Other Fixed Liabilities	24,343		28,330		(3,986)		34,648	
Total Liabilities	1,906,155	69.8	1,889,617	69.7	16,537	0.9	1,885,723	73.0
SHAREHOLDERS' EQUITY:								
Common Stock	-		174,296	6.4	-		134,433	5.2
Additional Paid-in Capital:	-		248,286	9.1	-		205,831	8.0
Retained Earnings:	-		101,821	3.8	-		94,528	3.7
Surplus from Land Revaluation	-		237,887	8.8	-		230,582	9.0
Unrealized Gains/Losses on Securities	-		61,656	2.3	-		31,779	1.2
Treasury Stock	-		(2,134)	(0.1)	-		(1,396)	(0.1)
Total Shareholders' Equity	-		821,814	30.3	-		695,757	27.0
Total Liabilities and Shareholders' Equity	-		¥2,711,431	100.0	-		¥2,581,481	100.0

(¥ millions)

NET ASSET:	June 30		March 31		Change		June 30	
	2006	% of Total Assets	2006	% of Total Assets	Amount	%	2005	% of Total Assets
I. Shareholders' Equity								
Common Stock	174,296	6.4	-		-		-	
Additional Paid-in Capital	248,289	9.1	-		-		-	
Retained Earnings	67,190	2.5	-		-		-	
Treasury Stock	(2,233)	(0.1)	-		-		-	
Total Shareholders' Equity	487,543	17.9	-		-		-	
II. Valuation, Translation Adjustments and Others								
Net Unrealized Holding Gains on Securities	52,465	1.9	-		-		-	
Deferred Gains or Losses on Hedge	14	0.0	-		-		-	
Reserve on Land Revaluation	284,430	10.4	-		-		-	
Total Valuation, Translation Adjustments and Others	336,910	12.3	-		-		-	
Total Net Assets	824,453	30.2	-		-		-	
Total Liabilities and Net Asset	2,730,608	100.0	-		-		-	

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Three Months Ended June 30				Change		Year Ended March 31	
	2006	% of Total Revenue	2005	% of Total Revenue	Amount	%	2006	% of Total Revenue
Revenue from Operations:	¥127,021	100.0	¥119,864	100.0	7,157	6.0	629,318	100.0
Leasing	66,165		64,131		2,033		258,599	
Sales of Housing, Office Buildings and Land	49,726		47,334		2,391		318,679	
Other	11,129		8,397		2,732		52,039	
Cost of Revenue from Operations:	97,050	76.4	96,044	80.1	1,006	1.0	506,011	80.4
Leasing	53,037		50,836		2,200		215,125	
Sales of Housing, Office Buildings and Land	39,483		40,863		(1,379)		264,537	
Other	4,529		4,344		185		26,349	
Gross Operating Profit	29,971	23.6	23,819	19.9	6,151	25.8	123,306	19.6
Selling, General and Administrative Expenses	6,738	5.3	7,174	6.0	(436)	(6.1)	38,539	6.1
Operating Income	23,233	18.3	16,644	13.9	6,588	39.6	84,766	13.5
Non-Operating Income:	4,157	3.3	5,314	4.4	(1,156)	(21.8)	10,784	1.7
Interest Income	741		815		(73)		3,034	
Dividend Income	3,199		2,627		571		5,288	
Other	216		1,870		(1,654)		2,461	
Non-Operating Expenses:	4,314	3.4	4,168	3.5	145	3.5	20,913	3.3
Interest Expenses	3,954		3,943		11		15,097	
Other	359		225		134		5,815	
Ordinary Income	23,075	18.2	17,789	14.8	5,285	29.7	74,638	11.9
Extraordinary Gains	9,054	7.1	-	-	9,054	-	8,344	1.3
Extraordinary Losses	9,800	7.7	-	-	9,800	-	33,712	5.4
Income before Income Taxes	22,330	17.6	17,789	14.8	4,540	25.5	49,270	7.8
Income Taxes	5,854	4.6	7,037	5.8	(1,183)	(16.8)	16,600	2.6
Deferred Income Taxes	-	-	-	-	-	-	3,208	0.5
Net Income	16,476	13.0	10,752	9.0	5,723	53.2	29,461	4.7