

October 31, 2006

FACT BOOK

For the Six Months Ended September 30, 2006



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

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

Contact: mfir@mitsuifudosan.co.jp

Corporate Data

Mitsui Fudosan Co., Ltd.

Head Office:

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

Date of Establishment:

July 15, 1941

Share Capital:

¥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/

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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, 2006

CONSOLIDATED RESULTS

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31
	2006	2005		2006
Revenue from Operations	¥ 511,350	¥492,982	¥18,368	¥1,159,280
Operating Income	64,265	46,037	18,228	137,543
Ordinary Income	54,267	36,832	17,434	118,970
Net Income	39,505	23,246	16,259	56,541

(¥ millions)

	Year to 3/07 (Forecast as of April 28, 2006)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥1,220,000	41.9
Operating Income	145,000	44.3
Ordinary Income	125,000	43.4
Net Income	63,000	62.7

- ◆ In the six months ended September 30, 2006, revenue from operations totaled ¥511.3 billion, up 3.7% from the previous corresponding period. Operating income jumped 39.6%, to ¥64.2 billion.
- ◆ Revenue in the “Leasing” segment was boosted by two projects completed in the previous fiscal year—Nihonbashi Mitsui Tower and Ginza Mitsui Building (both office building/hotel complexes in Chuo-ku, Tokyo)—as well as an increase in office rental income. As a result, segment revenue rose ¥10.8 billion, and segment operating income climbed ¥4.4 billion.
- ◆ The “Sales of housing, office buildings and land” segment reported a ¥3.9 billion decline in revenue, due to a fall in the total number of housing units sold. By contrast, segment operating income grew ¥9.3 billion owing a high number of buildings sold to investors.
- ◆ The “Construction,” “Brokerage, consignment sales and consulting,” “Property management” and “Facility operations” segments all posted solid results, with year-on-year increases in revenue and operating income.
- ◆ Ordinary income increased 47.3%, to ¥17.4 billion, and net income surged 69.9%, to ¥16.2 billion, owing largely to the rise in operating income.

CONSOLIDATED FORECAST

Because the Company is performing generally according 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, 2006.

Consolidated Financial Summary

(¥ millions)

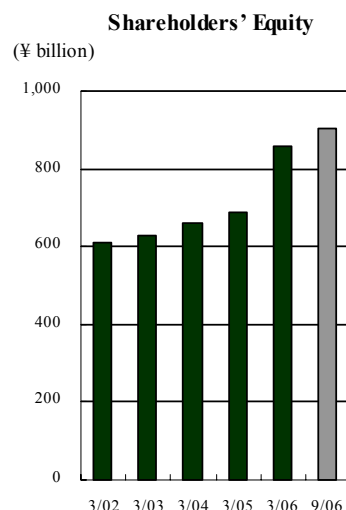
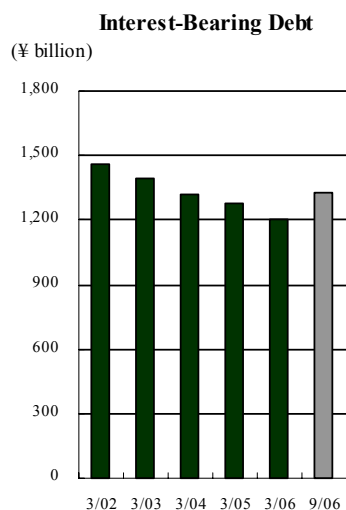
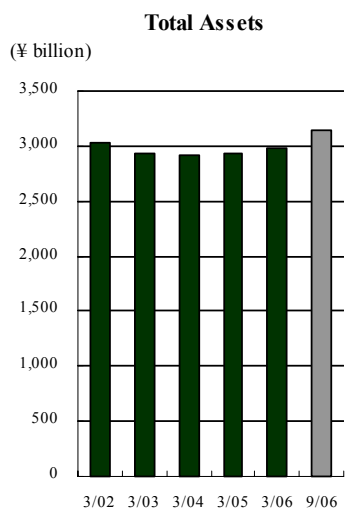
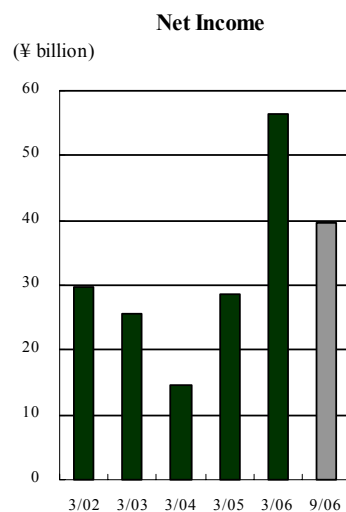
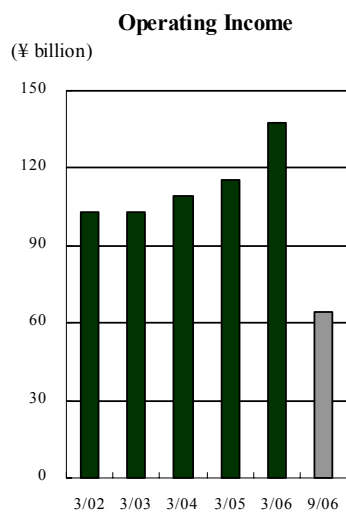
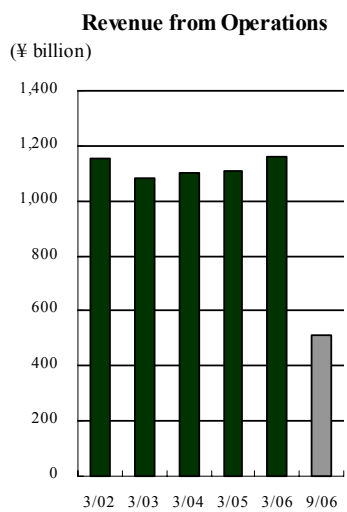
Operating Results:	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2006
	2006	2005		
Revenue from Operations	¥ 511,350	¥492,982	¥18,368	¥1,159,280
Operating Income	64,265	46,037	18,228	137,543
Ordinary Income	54,267	36,832	17,434	118,970
Net Income	39,505	23,246	16,259	56,541
Financial Position:	September 30, 2006	March 31, 2006	Change (amount)	September 30, 2005
Total Assets	¥ 3,135,907	¥2,986,501	¥149,406	¥2,972,434
Interest-Bearing Debt	1,329,963	1,199,291	130,672	1,365,225
Net Assets ※	904,690	858,363	46,326	720,566
Cash Flows:	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2006
	2006	2005		
Cash Flows from Operating Activities	¥(102,309)	¥(107,549)	¥5,240	¥22,510
Cash Flows from Investing Activities	(12,071)	(18,737)	6,665	(60,833)
Cash Flows from Financing Activities	120,980	79,899	41,080	(12,445)
Cash and Cash Equivalents at End of Period	69,148	66,707	2,441	62,587

Note: ※For the six months ended September 30, 2005, and the fiscal year ended March 31, 2006, the "Shareholders' Equity" section has been included in the "Net Assets" column.

Segment Information

	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2006
	2006	2005		
Leasing				
Revenue from Operations	¥191,239	¥180,361	¥10,878	¥364,339
Operating Income	39,779	35,349	4,429	67,929
Sales of Housing, Office Buildings and Land				
Revenue from Operations	108,468	112,462	(3,994)	336,917
Operating Income	18,574	9,230	9,344	44,654
Construction				
Revenue from Operations	78,391	74,613	3,777	187,496
Operating Income	(2,965)	(3,673)	707	2,351
Brokerage, Consignment Sales and Consulting				
Revenue from Operations	33,020	28,140	4,880	68,748
Operating Income	8,910	6,210	2,699	22,592
Property Management				
Revenue from Operations	43,348	43,179	168	90,437
Operating Income	6,307	6,067	239	12,746
Sales of Housing Materials and Merchandise				
Revenue from Operations	32,948	32,186	762	65,065
Operating Income	295	440	(145)	831
Facility Operations				
Revenue from Operations	19,621	18,809	811	38,976
Operating Income	1,104	557	546	1,921
Other				
Revenue from Operations	4,312	3,227	1,084	7,297
Operating Income	1,400	1,027	372	2,470

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



Consolidated Business Overview

RESULTS OF OPERATIONS

(¥ millions)

	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥511,350	¥492,982	¥18,368
Leasing	191,239	180,361	10,878
Sales of Housing, Office Buildings and Land	108,468	112,462	(3,994)
Construction	78,391	74,613	3,777
Brokerage, Consignment Sales and Consulting	33,020	28,140	4,880
Property Management	43,348	43,179	168
Sales of Housing Materials and Merchandise	32,948	32,186	762
Facility Operations	19,621	18,809	811
Other	4,312	3,227	1,084
Operating Income	64,265	46,037	18,228
Leasing	39,779	35,349	4,429
Sales of Housing, Office Buildings and Land	18,574	9,230	9,344
Construction	(2,965)	(3,673)	707
Brokerage, Consignment Sales and Consulting	8,910	6,210	2,699
Property Management	6,307	6,067	239
Sales of Housing Materials and Merchandise	295	440	(145)
Facility Operations	1,104	557	546
Other	1,400	1,027	372
Elimination or Corporate	(9,138)	(9,172)	33
Non-Operating Income/Expenses	(9,997)	(9,204)	(793)
Equity in Net Income of Affiliated Companies	1,173	999	173
Interest Expense, in Net	(9,873)	(9,823)	(49)
Other	(1,297)	(380)	(916)
Ordinary Income	54,267	36,832	17,434
Extraordinary Gains/Losses	(1,203)	1,226	(2,430)
Extraordinary Gains	9,385	2,825	6,559
Extraordinary Losses	(10,588)	(1,598)	(8,989)
Income before Income Taxes	53,064	38,059	15,004
Income Taxes	(14,040)	(15,392)	(1,351)
Minority Interests	482	579	96
Net Income	¥39,505	¥23,246	¥16,259

[Segments Results]

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

[1] LEASING

(¥ millions)	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥ 191,239	¥180,361	¥10,878
Operating Income	39,779	35,349	4,429

- Revenue in the “Leasing” segment grew ¥10.8 billion year-on-year. The segment benefited from the full-term operation of two projects completed in the previous fiscal year—Nihonbashi Mitsui Tower and Ginza Mitsui Building (both office building/hotel complexes in Chuo-ku, Tokyo). Other contributing factors included increases in the number of residential units under management of Mitsui Fudosan Housing Lease and car-parking spaces under management of Mitsui Real Estate Sales. Owing largely to the revenue gain, segment operating income rose ¥4.4 billion.
- On a consolidated basis (including overseas), the total vacancy rate for all office buildings and retail facilities was 1.3% at September 30, 2006, largely unchanged from 1.4% at March 31. On a nonconsolidated basis, the vacancy rate of office buildings in the Tokyo Metropolitan Area 1.0%, unchanged from 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.

(a) Leasing

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Office Buildings	115,543	110,403	222,069
Retail Facilities	29,198	28,472	56,968
Residentials	29,383	27,222	55,768
Other (Car Park, etc.)	17,113	14,263	29,533
Total	191,239	180,361	364,339

(b) Leased Floor Space

		September 30		March 31, 2006
		2006	2005	
Office Buildings and Retail Facilities	Leased Floor space (m ²):			
	Owned	1,938,255	2,006,620	1,950,660
	Managed	1,623,315	1,438,249	1,450,452
	Total	3,561,570	3,444,869	3,401,112
	Vacancy Rate (%)	1.3	2.9	1.4
Residentials	Leased Units:			
	Owned	241	276	236
	Managed	57,762	51,865	55,521
	Total	58,003	52,141	55,757
Car Parks	Managed Units:			-
	Total	82,758	68,600	75,879

(c) Total Floor Space (Nonconsolidated)

	September 30, 2006			March 31, 2006		
	No. of Buildings	Floor Space (1,000m ²)	Share of Total Floor Space (%)	No. of Buildings	Floor Space (1,000m ²)	Share of Total Floor Space (%)
Owned	113	2,489	46.3	112	2,547	49.4
Managed	187	2,890	53.7	189	2,613	50.6
Total	300	5,379	100.0	301	5,160	100.0

(d) Vacancy Rate at End of Term

(%)

	9/06	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	1.0	1.0	2.7	3.0	4.8	4.4
Regional Area Office Buildings	4.9	5.7	7.0	7.0	6.9	7.6

(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	
		2006	2005	2006	2005	2006	2005
Office Buildings	Number of Buildings	249	260	214	223	35	37
	Leased Floor Space (1,000m ²)	2,341	2,262	2,053	1,978	289	284
	Leasing Revenue (¥ millions)	105,460	100,718	94,905	90,101	10,554	10,617
	Vacancy Rate (%)	1.5	3.3	1.0	2.7	4.9	7.0
Retail Facilities	Number of Buildings	49	48	34	33	15	15
	Leased Floor Space (1,000m ²)	903	851	549	515	355	336
	Leasing Revenue (¥ millions)	26,368	25,878	16,209	16,316	10,159	9,561
	Vacancy Rate (%) *1	0.9	2.3	1.3	3.5	0.2	0.4

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

<Major Projects>

(NEWLY ON-STREAM)

JFE Building (Chiyoda-ku, Tokyo)	Office building	purchased in April 2006
Toyosu Center Building Annex (Koto-ku, Tokyo)	Office building	completed in August 2006
Lazona Kawasaki Plaza (Kawasaki, Kanagawa)	Retail facility	opened in September 2006

(FULL-TERM CONTRIBUTION)

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

[2] SALES OF HOUSING, OFFICE BUILDINGS AND LAND

(¥ millions)	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥108,468	¥112,462	¥(3,994)
Operating Income	18,574	9,230	9,344

- In the interim period under review, the Group sold a total of 1,153 residential units (897 condominium units and 256 detached houses). This compared with 1,660 units (1,210 condominium units and 450 detached houses) in the previous corresponding period.
- Compared with the previous fiscal year, sales in the current fiscal year will be concentrated in the second half, especially the fourth quarter. Accordingly, the segment reported a year-on-year decline in revenue from operations. Due to a continued favorable selling environment, however, completed housing inventories of the parent company declined to 140 units at term-end (100 condominium units and 40 detached houses). Completed inventories at the end of the previous fiscal year totaled 255 units (235 condominium units and 20 detached houses). 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 90%.
- Sales of income-producing properties to investors (included in the “Other sales” category of this segment) proceeded well during the period, owing largely to the sale of apartments “Park Axis” in central Tokyo to Nippon Accommodations Fund (1,072 units sold in the period under review). This contributed to overall segment revenue and earnings increases.

(a) Housing Sales and Other Sales

	Six Months Ended September 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	233	11,522	49	387	20,879	54	597	30,590	5,124
Other	23	809	35	63	2,684	43	109	4,971	4,561
Total	256	12,331	48	450	23,564	52	706	35,561	5,037
Condominiums									
Tokyo Metropolitan Area	464	23,237	50	963	44,300	46	3,274	146,763	4,482
Other	433	15,644	36	247	7,977	32	1,067	34,138	3,199
Total	897	38,881	43	1,210	52,278	43	4,341	180,902	4,167
Other Sales	-	57,255	-	-	36,620	-	-	120,453	-
Total Sales	-	108,468	-	-	112,462	-	-	336,917	-

(b) Completed Housing Inventories (Nonconsolidated)

(Units)

	9/06	3/06	9/05	3/05	9/04	3/04
Detached Housing	40	20	45	55	40	25
Condominiums	100	235	200	490	210	455
Total	140	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	179	319	256	63	196
Condominiums	2,902	3,678	6,580	897	5,683	3,705
Total	3,042	3,857	6,899	1,153	5,746	3,901

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)
	2006	2005	
Revenue from Operations	¥78,391	¥74,613	¥3,777
Operating Income	(2,965)	(3,673)	707

- 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 helped improve 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
	2006	2005	2006
Orders:			
Order Backlogs at Beginning of Period	112,510	108,223	108,223
Order Received during Period	102,832	100,699	199,425
Sales Proceeds	80,323	78,286	195,138
Order Backlogs at End of Period	135,019	130,637	112,510

[4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

(¥ millions)	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥ 33,020	¥28,140	¥4,880
Operating Income	8,910	6,210	2,699

- Both revenue and operating income in this segment increased year-on-year. Mitsui Real Estate Sales' brokerage services for individual and corporate clients made a contribution, with increases in both number of properties handled and transaction volume. Segment results also benefited from an increase in fee income associated with growth in assets under management of the entire Group, including assets of J-REITs and private real estate funds.

(¥ millions)

	Six Months Ended September 30				Year Ended March 31	
	2006		2005		2006	
	Units	Revenue	Units	Revenue	Units	Revenue
Brokerage	15,135	24,075	14,644	21,248	30,671	48,791
Consignment Sales	3,067	3,777	1,869	2,815	6,040	8,204
Consulting	-	5,166	-	4,076	-	11,752
Total	-	33,020	-	28,140	-	68,748

[5] PROPERTY MANAGEMENT

(¥ millions)	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥43,348	¥43,179	¥168
Operating Income	6,307	6,067	239

- Revenue from the "Tenant improvement" category declined compared with the previous interim period, when many tenants moved into large-scale office buildings. However, revenue from the "Property management" category increased owing to the inclusion of new office buildings, retail facilities and other properties managed by the Group. 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
	2006	2005	2006
	Revenue	Revenue	Revenue
Property Management	31,178	29,310	59,394
Tenant Improvement	12,169	13,868	31,043
Total	43,348	43,179	90,437

[6] SALES OF HOUSING MATERIALS AND MERCHANDISE

(¥ millions)	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥32,948	¥32,186	¥762
Operating Income	295	440	(145)

- Revenue in this segment increased owing to higher revenue from Mitsui Home's housing materials processing and sales business. Due to rises in purchasing costs, however, segment operating income declined.

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Housing Materials	10,010	9,315	20,759
Merchandise	22,937	22,870	44,306
Total	32,948	32,186	65,065

[7] FACILITY OPERATIONS

(¥ millions)	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥19,621	¥18,809	¥811
Operating Income	1,104	557	546

- This segment benefited from the opening of the Mitsui Garden Hotel Ginza (Chuo-ku, Tokyo) in November 2005, as well as improved performances of Halekulani (hotel in Hawaii) and the Celestine Hotel (Minato-ku, Tokyo), both of which reported increased capacity utilization rates and per-customer revenue.

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Hotels	13,394	12,224	25,486
Other	6,226	6,585	13,023
Total	19,621	18,809	38,509

[8] OTHER

(¥ millions)	Six Months Ended September 30		Change (amount)
	2006	2005	
Revenue from Operations	¥4,312	¥3,227	¥1,084
Operating Income	1,400	1,027	372

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2006	2005	2006
	Revenue	Revenue	Revenue
Finance and Lease	644	724	1,302
Other	3,668	2,502	5,995
Total	4,312	3,227	7,297

ASSETS, LIABILITIES AND NET ASSETS

(¥ millions)

Assets	September 30, 2006	March 31, 2006	Change (amount)
Cash and Time Deposits	¥69,406	¥62,845	¥6,561
Marketable Securities	50	50	-
Real Property for Sale*	527,087	424,921	102,166
Equity Investments in Properties for Sale	96,570	81,545	15,024
Tangible & Intangible Fixed Assets	1,666,951	1,674,277	(7,326)
Investment Securities	329,652	317,090	12,561
Short-Term Loans	8,235	8,065	170
Long-Term Loans	5,073	9,195	(4,122)
Lease Deposits	188,432	184,670	3,762
Deferred Income Taxes	74,343	73,137	1,206
Deferred Tax Assets on Land Revaluation	18,423	18,423	-
Other Assets	151,685	132,283	19,402
Total Assets	¥3,135,907	¥2,986,501	¥149,406

*Real Property for Sale includes Advances Paid for Purchases

LIABILITIES, NET ASSETS AND MINORITY INTERESTS

(¥ millions)

Liabilities, Net Assets and Minority Interests	September 30, 2006	March 31, 2006	Change (amount)
Interest-Bearing Debt	¥1,329,963	¥1,199,291	¥130,672
Deposits from Tenants	309,024	288,313	20,711
Deferred Income Taxes	53,606	59,599	(5,993)
Deferred Tax Liabilities on Land Revaluation	163,001	163,001	-
Other Liabilities	375,623	399,487	(23,864)
Total Liabilities	2,231,217	2,109,691	
NET ASSETS:	September 30, 2006	March 31, 2006	Change (amount)
Common Stock	174,296	174,296	-
Additional Paid-in Capital	248,303	248,295	7
Retained Earnings	188,101	199,706	(11,604)
Treasury Stock	(2,464)	(2,147)	(316)
Total Shareholders' Equity	608,236	620,150	(11,913)
Unrealized Holding Gains on Securities	58,961	63,424	(4,463)
Deferred Gains or Losses on Hedges	54	-	54
Reserve on Land Revaluation	237,633	191,096	46,536
Foreign Currency Translation Adjustment	(16,981)	(16,308)	(673)
Minority Interests in Consolidated Subsidiaries	16,786	188,446	(1,659)
Total Net Assets	904,690	876,810	27,880
Total Liabilities, Net Assets and Minority Interests	3,135,907	2,986,501	149,406

[Real Property for Sale]

- On a consolidated basis, the balance of real property for sale (including advances paid for purchases) at September 30, 2006, was ¥527.0 billion, up ¥102.1 billion from March 31, 2006. The increase stemmed mainly from the fact that the value of new acquisitions exceeded that of properties sold to recover costs in the parent company's "Sales of housing, office buildings and land" segment. (Expenses related to purchases of land for this segment of the parent company's business for the interim period totaled ¥126.2 billion.)

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

(¥ millions)

	September 30, 2006	March 31, 2006	Change (amount)
Mitsui Fudosan	484,662	387,481	97,180
Mitsui Home	6,538	3,069	3,469
Mitsui Real Estate Sales	4,559	4,552	6
Other and Elimination	31,327	29,817	1,509
Consolidated Total	527,087	424,921	102,166

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

(¥ millions)

March 31, 2006	New Investments	Cost Recovery	Others	September 30, 2006
387,481	168,241	(70,438)	(621)	484,662

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]

- During the interim period under review, the Group invested in the construction of such projects as "Lazona Kawasaki Plaza" (Kawasaki, Kanagawa) and "Urban Dock LaLaport Toyosu" (Koto-ku, Tokyo). The Group also undertook replacement of assets following an exchange of fixed assets with Nippon Building Fund Inc. On a consolidated basis, the balance of tangible and intangible fixed assets at September 30, 2006, was ¥1,666.9 billion, down ¥7.3 billion from March 31.

(a) Tangible and Intangible Assets

(¥ millions)

	September 30, 2006	March 31, 2006	Change (amount)
Mitsui Fudosan	1,259,397	1,261,992	(2,594)
Mitsui Fudosan America	84,775	87,353	(2,577)
Mitsui Home	35,780	35,711	69
Mitsui Real Estate Sales	28,111	28,278	(166)
Other and Elimination	258,885	260,942	(2,057)
Consolidated Total	1,666,951	1,674,277	(7,326)

(b) Tangible and Intangible Fixed Assets (Nonconsolidated)

(¥ millions)

March 31, 2006	Capital Expenditure	Depreciation	Disposal/Sale	Others	September 30, 2006
1,261,992	120,945	(12,020)	(106,024)	(5,494)	1,259,397

[Interest-Bearing Debt]

- At September 30, 2006, total consolidated interest-bearing debt stood at ¥1,329.9 billion, up ¥130.6 billion over the interim period. 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 September 30, 2005, interest-bearing debt was down ¥36.2 billion.

(¥ millions)

	September 30, 2006	March 31, 2006	Change (amount)
Mitsui Fudosan	1,250,801	1,110,803	139,997
Mitsui Fudosan America	50,334	51,050	(715)
Mitsui Fudosan (U.K.)	15,834	15,625	(503)
Mitsui Fudosan Estate Sales	14,458	14,159	(1,100)
Loans to Subsidiaries	(215,292)	(225,999)	10,707
Other and Elimination	213,827	233,651	(19,112)
Consolidated Total	1,329,963	1,199,291	130,672

[Contingent Liabilities]

(¥ millions)

	September 30, 2006	March 31, 2006	Change (amount)
Loans Guaranteed	99,473	106,425	(6,952)

Earning Forecast

[CONSOLIDATED EARNING FORECAST AS OF APRIL 28, 2006]
For the Year Ending March 31, 2007

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
Revenue from Operations	¥1,220,000	¥1,159,280	¥60,720
Consolidated/Nonconsolidated Ratio (Times)	(2.64)	(1.84)	(0.80)
Leasing	388,000	364,339	23,661
Sales of Housing, Office Buildings and Land	355,000	336,917	18,083
Construction	194,000	187,496	6,504
Brokerage, Consignment Sales and Consulting	74,000	68,748	5,252
Property Management	94,000	90,437	3,563
Sales of Housing Materials and Merchandise	68,000	65,065	2,935
Facility Operations	40,000	38,976	1,024
Other	7,000	7,297	(297)
Operating Income	145,000	137,543	7,457
Consolidated/Nonconsolidated Ratio (Times)	(2.07)	(1.62)	(0.45)
Leasing	72,000	67,929	4,071
Sales of Housing, Office Buildings and Land	46,000	44,654	1,346
Construction	3,000	2,351	649
Brokerage, Consignment Sales and Consulting	23,000	22,592	408
Property Management	13,000	12,746	254
Sales of Housing Materials and Merchandise	1,000	831	169
Facility Operations	2,000	1,921	79
Other	2,000	2,470	(470)
Elimination or Corporate	(17,000)	(17,954)	954
Non-Operating Income/Expenses	(20,000)	(18,572)	(1,428)
Interest Expense, in Net	(19,500)	(19,594)	94
Other, in Net	(500)	1,022	(1,522)
Ordinary Income	125,000	118,970	6,030
Consolidated/Nonconsolidated Ratio (Times)	(2.12)	(1.59)	(0.53)
Extraordinary Gains/Losses	(23,000)	(26,008)	3,008
Income before Income Taxes	102,000	92,962	9,038
Income Taxes	(37,500)	(35,254)	(2,246)
Minority Interests	(1,500)	(1,166)	(334)
Net Income	¥63,000	¥56,541	¥6,459
Consolidated/Nonconsolidated Ratio (Times)	(2.63)	(1.92)	(0.71)

[NONCONSOLIDATED EARNING FORECAST AS OF APRIL 28, 2006]
For the Year Ending March 31, 2007

(¥ millions)

	Year to March 31		Change (amount)
	2007 (forecast)	2006 (actual)	
Revenue from Operations	¥462,000	¥629,318	¥(167,318)
Leasing	274,000	258,599	15,401
Sales of Housing, Office Buildings and Land	133,000	318,679	(185,679)
Other	55,000	52,039	2,961
Gross Margin (%)	19.9	19.6	0.3
Leasing	17.5	16.8	0.7
Sales of Housing, Office Buildings and Land	13.5	17.0	(3.5)
Other	47.5	49.4	(1.9)
Selling, General and Administrative Expenses	22,000	38,539	(16,539)
Operating Income	70,000	84,766	(14,766)
Non-Operating Income/Expenses	(11,000)	(10,128)	(872)
Interest Expense, in Net	(12,000)	(12,062)	62
Ordinary Income	59,000	74,638	(15,638)
Extraordinary Gains/Losses	(20,000)	(25,367)	5,367
Income before Income Taxes	39,000	49,270	(10,270)
Income Taxes	(15,000)	(19,808)	4,808
Net Income	¥24,000	¥29,461	¥(5,461)

Segment Information

Six Months Ended September 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	191,239	2,663	193,903	154,123	39,779	1,930,513	13,860	116,461
(2) Sales of Housing, Office Buildings and Land	108,468	-	108,468	89,894	18,574	642,007	170	534
(3) Construction	78,391	1,982	80,373	83,338	(2,965)	56,460	1,074	1,608
(4) Brokerage, Consignment Sales and Consulting	33,020	2,649	35,670	26,760	8,910	54,992	394	557
(5) Property Management	43,348	10,611	53,959	47,652	6,307	49,567	387	310
(6) Sales of Housing Materials and Merchandise	32,948	16,684	49,632	49,337	295	47,332	426	267
(7) Facility Operations	19,621	167	19,788	18,684	1,104	84,099	1,296	981
(8) Other	4,312	5,127	9,439	8,039	1,400	22,592	1,143	1,023
Total	511,350	39,885	551,236	477,832	73,404	2,887,566	18,754	121,746
Elimination or Corporate	-	(39,885)	(39,885)	(30,746)	(9,138)	248,341	397	529
Consolidated	511,350	-	511,350	447,085	64,265	3,135,907	19,152	122,275

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

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 Summary (FY2002-2006)

(¥ millions)

		Year Ended March 31					Six Months Ended Sep. 30	
		2002	2003	2004	2005	2006	2006	
P/L	Revenue from Operations	¥1,152,483	¥1,082,397	¥1,102,844	¥1,111,359	¥1,159,280	¥511,350	
	Operating Income	102,950	103,295	109,246	115,764	137,543	64,265	
	Ordinary Income	72,800	76,514	87,236	94,637	118,970	54,267	
	Net Income (Loss)	29,806	25,553	14,454	28,693	56,541	39,505	
Segment*	Leasing	Revenue from Operations	331,501	329,671	332,380	343,719	364,339	191,239
		Operating Income	71,718	66,563	63,016	62,520	67,929	39,779
	Sales of Housing, Office Buildings and Land	Revenue from Operations	336,641	335,341	350,761	334,472	336,917	108,468
		Operating Income	26,668	32,589	32,936	35,153	44,654	18,574
	Construction	Revenue from Operations	237,243	183,090	180,502	183,552	187,496	78,391
		Operating Income	(5,228)	326	1,332	2,359	2,351	(2,965)
	Brokerage, Consignment Sales and Consulting	Revenue from Operations	45,742	46,503	53,585	60,223	68,748	33,020
		Operating Income	17,541	10,997	14,078	18,607	22,592	8,910
	Property Management	Revenue from Operations	67,916	69,589	77,481	78,248	90,437	43,348
		Operating Income	7,665	7,713	10,844	10,767	12,746	6,307
	Sales of Housing Materials and Merchandise	Revenue from Operations	71,577	65,682	61,768	65,228	65,065	32,948
		Operating Income	1,342	104	151	187	831	295
	Facility Operations	Revenue from Operations	44,967	40,880	37,629	38,509	38,976	19,621
		Operating Income	(4,271)	(3,356)	(527)	1,386	1,921	1,104
	Other	Revenue from Operations	16,893	11,639	8,734	7,404	7,297	4,312
		Operating Income	858	2,534	2,591	1,849	2,470	1,400
B/S	Total Assets	3,028,969	2,929,069	2,916,582	2,928,199	2,986,501	3,135,907	
	Real Property for Sale	459,840	408,994	343,573	375,219	424,921	527,087	
	Tangible and Intangible Fixed Assets	1,698,841	1,687,115	1,655,454	1,645,205	1,674,277	1,666,951	
	Capital Expenditures	62,101	61,159	35,838	78,898	92,753	122,275	
	Depreciation	66,017	39,781	40,415	38,512	40,159	19,152	
	Interest-Bearing Debt	1,460,526	1,397,211	1,321,501	1,279,049	1,199,291	1,329,963	
	Retained Earnings	137,026	155,390	167,890	155,097	199,706	188,101	
	Shareholders' Equity ※1	609,536	628,434	659,165	687,717	858,363	904,690	
C/F	Cash Flows from Operating Activities (1)	142,121	118,484	141,600	100,135	22,510	(102,309)	
	Cash Flows from Investing Activities (2)	(81,658)	(60,751)	(21,122)	(76,870)	(60,833)	(12,071)	
	Cash Flows from Financing Activities	(103,298)	(59,897)	(92,509)	(52,081)	(12,445)	120,980	
	Free Cash Flows (1)+(2)	¥60,463	¥57,733	¥120,478	¥23,265	(38,323)	(24,380)	
Key Data	ROA (%)	3.86	3.78	4.06	4.30	4.92	2.23	
	Debt/Equity Ratio (Times) ※2	2.4	2.2	2.0	1.9	1.4	1.5	
	Equity Ratio (%)	20.1	21.5	22.6	23.5	28.7	28.8	
	No. of Consolidated Subsidiaries	143	131	127	121	120	127	
	No. of Affiliates in Equity Method	60	57	52	45	46	49	

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

※1 For the six months ended September 30, 2006, the "Assets" section has been included in the "Shareholders' Equity" column.

※2 For the six months ended September 30, 2006, Debt-Equity Ratio: Interest-Bearing Debt / (Total Net Assets — Minority Interests in Consolidated Subsidiaries)

- 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

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	September 30, 2006		March 31, 2006		Change		September 30, 2005	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	Percentage	Amount	% of Total Assets
I . Current Assets:	¥864,892	27.6	¥717,372	24.0	¥147,519	20.6	¥750,006	25.2
Cash and Time Deposits	69,406		62,845		6,561		66,945	
Accounts Receivable—Trade	24,269		26,797		(2,528)		24,411	
Marketable Securities	50		50		0		106	
Real Property for Sale	493,276		399,757		93,518		402,171	
Expenditure on Contracts in Progress	16,896		9,632		7,264		16,830	
Other Inventories	10,666		9,453		1,213		9,766	
Advances Paid for Purchases	33,811		25,163		8,647		21,003	
Short-Term Loans	8,235		8,065		170		9,513	
Equity Investments in Properties for Sale	96,570		81,545		15,024		103,841	
Deferred Income Taxes	50,233		49,003		1,229		53,133	
Other Current Assets	61,476		45,057		16,418		42,283	
II . Fixed Assets:	2,271,015	72.4	2,269,129	76.0	1,886	0.1	2,222,427	74.8
1. Tangible Fixed Assets:	1,641,911	52.4	1,642,348	55.0	(437,302)	(0.0)	1,636,421	55.0
Buildings and Structures	496,029		518,025		(21,995)		512,054	
Machinery, Equipment and Materials Handling Equipment	5,993		5,804		188		5,688	
Land	1,107,098		1,082,012		25,086		1,090,137	
Construction in Progress	8,506		11,011		(2,504)		4,378	
Other Tangible Fixed Assets	24,283		25,495		(1,211)		24,162	
2. Intangible Fixed Assets:	25,039	0.8	31,928	1.1	(6,889)	(21.6)	31,536	1.1
3. Investments and Other Assets	604,064	19.3	594,851	19.9	9,212	1.6	554,469	18.7
Investment Securities*	329,652		317,090		12,561		254,747	
Long-Term Loans	5,073		9,195		(4,122)		8,692	
Lease Deposits	188,432		184,670		3,762		197,963	
Deferred Income Taxes	24,110		24,134		(23,112)		30,796	
Deferred Tax Assets on Land Revaluation	18,423		18,423		0		21,262	
Other	47,888		50,905		(3,016)		50,921	
Allowance for Doubtful Accounts	(9,517)		(9,567)		50		(9,915)	
III . Deferred Assets	-	-	-	-	-	-	0	0.0
Total Assets	¥3,135,907	100.0	¥2,986,50	100.0	¥149,406	5.0	¥2,972.43	100.0

Note: "Investment Securities" includes investments by silent partnership (tokumei kumiai) and preferred securities issued by specific purpose companies (tokutei mokusetsu kaisha). The combined totals of such investments were as follows:

September 30, 2006: ¥38.0 billion

March 31, 2006: ¥37.0 billion

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	September 30, 2006		March 31, 2006		Change		September 30, 2005	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	Percentage	Amount	% of Total Assets
I. Current Liabilities:	¥714,167	22.8	¥582,016	19.5	¥132,150	22.7	¥663,649	22.3
Accounts Payable—Trade	56,362		106,346		(49,984)		78,162	
Short-Term Debt	268,711		192,670		76,040		229,960	
Commercial Paper	132,000		36,000		96,000		135,000	
Bond Redeemable Within One Year	10,000		30,000		(20,000)		20,000	
Income Taxes Payable	17,062		16,462		599		19,448	
Advances from Contracts in Progress	22,297		16,467		5,829		19,564	
Allowance for Completed Project Indemnities	1,497		1,447		49		1,469	
Allowance for Possible Guarantee Losses	147		142		4		207	
Deferred Income Taxes	0		0		-		-	
Other Current Liabilities	206,089		182,479		23,609		159,837	
II. Long-Term Liabilities:	1,517,049	48.4	1,527,674	51.1	(10,624)	(0.7)	1,569,359	52.8
Corporate Bonds	165,000		155,000		10,000		215,000	
Long-Term Debt	754,252		785,621		(31,368)		765,265	
Deposits from Tenants	309,024		288,313		20,711		292,348	
Allowance for Employees' Retirement Benefits	29,506		27,294		2,212		29,354	
Allowance for Directors' and Corporate Auditors' Retirement Benefits	1,917		1,851		66		1,708	
Deferred Income Taxes	53,606		59,599		(5,993)		53,329	
Deferred Tax Liabilities on Land Revaluation	163,001		163,001		0		157,995	
Other Long-Term Liabilities	40,740		46,992		(6,251)		54,357	
Total Liabilities	2,231,217	71.2	2,109,691	70.6	121,525	5.8	2,233,008	75.1
MINORITY INTERESTS:								
Minority Interests in Consolidated Subsidiaries	-	-	18,446	0.7	-	-	18,858	0.7
SHAREHOLDERS' EQUITY:								
Common Stock			174,296	5.8			134,433	4.5
Additional Paid-in Capital			248,295	8.3			205,832	6.9
Retained Earnings			199,706	6.7			170,225	5.7
Reserve on Land Revaluation			191,096	6.4			188,743	6.3
Unrealized Gain/Loss on Securities			63,424				43,344	1.5
Foreign Currency Translation Adjustment			(16,308)	(0.5)			(20,451)	(0.6)
Treasury Stock			(2,147)	(0.1)			1,561	(0.1)
Total Shareholders' Equity			858,363	28.7			720,566	24.2
Total Liabilities and Shareholders' Equity			¥2,986,501	100.0			¥2,972,434	100.0

(¥ millions)

NET ASSETS:	September 30, 2006		March 31, 2006		Change		September 30, 2005	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	Percentage	Amount	% of Total Assets
I . Total Shareholders' Equity	608,236		-		-		-	
Common Stock	174,296		-		-		-	
Additional Paid-in Capital	248,303		-		-		-	
Retained Earnings	188,101		-		-		-	
Treasury Stock	(2,464)		-		-		-	
II . Total Valuation Translation Adjustments and Others	279,667		-		-		-	
Net Unrealized Holding Gains on Securities	58,961		-		-		-	
Deferred Gains or Losses on Hedges	54		-		-		-	
Reserve on Land Revaluation	237,633		-		-		-	
Foreign Currency Translation Adjustment	(16,981)		-		-		-	
III . Minority Interests in Consolidated Subsidiaries	16,786		-		-		-	
Total Net Assets	904,690		-		-		-	
Total Liabilities and Net Assets	¥3,135,907		-		-		-	

[Change in Accounting Treatment]

(Accounting Standard for Presenting Net Assets in the Balance Sheets)

Effective from the interim term under review, the Company applied Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan, Statement No. 5, December 9, 2005) and Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan, Guidance No. 8, December 9, 2005).

The amount corresponding to conventional Total Shareholders' Equity is ¥887,849 million.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Six Months Ended September 30				Change		Year Ended March 31	
	2006	% of Total Revenue	2005	% of Total Revenue	Amount	Percentage	2006	% of Total Revenue
I . Revenue from Operations*	¥511,350	100.0	¥492,982	100.0	¥18,368	3.7	¥1,159,280	100.0
II . Cost of Revenue from Operations	392,081	76.7	391,602	79.4	478	0.1	904,200	78.0
Gross Operating Profit	119,269	23.3	101,379	20.6	17,890	17.7	255,079	22.0
III. Selling, General and Administrative Expenses	55,004	10.8	55,342	11.3	(337)	(0.6)	117,536	10.1
Operating Income	64,265	12.6	46,037	9.3	18,288	39.6	137,543	11.9
IV. Non-Operating Income:	4,104	0.8	4,806	1.0	(702)	(14.6)	7,993	0.7
Interest Income	408		376		32		667	
Dividend Income	1,029		777		251		1,028	
Equity in Net Income of Affiliated Companies	1,173		999		173		3,155	
Other Non-Operating Income	1,494		2,653		(1,159)		3,140	
V. Non-Operating Expenses:	14,102	2.8	14,011	2.8	90	0.7	26,565	2.3
Interest Expenses	10,281		10,199		81		20,261	
Other Non-Operating Expenses	3,820		3,811		9		6,303	
Ordinary Income	54,267	10.6	36,832	7.5	17,434	47.3	118,970	10.3
VI. Extraordinary Gains:	9,385	1.8	2,825	0.6	6,559	23.2	12,111	1.0
Transfer from Allowance for Doubtful Accounts	-		1,899				2,232	
Gain on Sale of Fixed Assets	9,195		856				9,418	
Other Extraordinary Gains	190		70				460	
VII. Extraordinary Losses:	10,588	2.1	1,598	0.3	8,989		38,120	3.3
Loss on Devaluation of Real Property for Sale	-		-		-		4,274	
Provision for Doubtful Accounts	-		200		(200)		-	
Loss on Disposal of Fixed Assets	2,588		-		2,588		-	
Loss on Sale of Fixed Assets	7,567		606		6,961		26,355	
Loss on Liquidation of Consolidated Subsidiaries	-		-		-		4,760	
Other Extraordinary Losses	432		792		(359)		2,729	
Income before Income Taxes	53,064	10.4	38,059	7.8	15,004	39.4	92,962	8.0
Income Taxes	17,243		15,116	3.1	2,127	14.7	26,178	
Deferred Income Taxes	(3,202)		276	0.1	(3,478)		9,075	
Minority Interests	(482)		(579)	(0.1)	96	16.7	1,166	
Net Income	¥39,505	(7.7)	¥23,246	4.7	¥16,259	70.0	¥56,541	4.9

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

	Six Months Ended September 30		Year Ended March
	2006	2005	31, 2006
I. Cash Flows from Operating Activities:			
Income before Income Taxes	53,064	¥38,059	¥92,962
Depreciation and Amortization	19,152	19,174	40,159
Gain/Loss on Equity in Net Income of Affiliated Companies	(1,173)	(999)	(3,155)
Loss on Liquidation of Affiliated Companies	-	-	4,760
Gain/Loss on Sales of Tangible and Intangible Fixed Assets	(1,627)	(249)	16,936
Loss on Disposal of Tangible and Intangible Fixed Assets	2,588	-	-
Loss on Devaluation of Real Property for Sale	-	-	4,274
Provision to Allowance for Doubtful Accounts	-	200	-
Transfer from Allowance for Doubtful Accounts	-	(1,899)	(2,232)
Interest and Dividend Income	(1,437)	(1,153)	(1,696)
Interest Expense	10,281	10,199	20,261
Increase/Decrease in Accounts Receivable	2,508	4,067	2,151
Increase/Decrease in Accounts Payable	(8,542)	(10,321)	16
Purchase of Real Property for Sale*	(213,954)	(164,887)	(359,857)
Sale of Real Property for Sale*	76,258	88,050	258,967
Increase/Decrease in Operational Investment	(15,024)	(11,990)	10,305
Bonuses Paid to Directors	(177)	(126)	(126)
Other	1,521	(52,056)	(16,775)
Subtotal	(76,562)	(83,934)	66,951
Cash Receipts of Interest and Dividend Income	1,780	1,731	2,587
Cash Payments of Interest Expense	(9,972)	(9,667)	(20,266)
Income Taxes Paid	(17,555)	(15,679)	(26,762)
Net Cash Provided by Operating Activities	(102,309)	(107,549)	22,510
II. Cash Flows from Investing Activities:			
Purchase of Marketable and Investment Securities	(23,550)	(2,895)	(30,737)
Sales of Marketable and Investment Securities	5,095	23,119	24,184
Purchase of Tangible and Intangible Fixed Assets	(126,079)	(60,584)	(99,756)
Sales of Tangible and Intangible Fixed Assets	111,768	14,824	38,730
Increase in Loans	(2,414)	(2,124)	(3,654)
Decrease in Loans	6,331	6,536	7,582
Decrease in Deposits from Tenants	(16,043)	(20,478)	(39,446)
Increase in Deposits from Tenants	35,262	24,544	39,608
Increase in Lease Deposits	12,312	(7,379)	(11,417)
Decrease in Lease Deposits	9,662	9,201	25,658
Purchase of Securities with Change in Scope of Consolidation	(1,685)	-	(1,649)
Sales of Securities with Change in Scope of Consolidation	-	(71)	(71)
Other	1,894	(3,428)	(9,863)
Net Cash Used in Investing Activities	(12,071)	(18,737)	(60,833)
III. Cash Flows from Financing Activities:			
Increase/Decrease in Short-Term Debt	185,784	105,975	(370)
Proceeds from Long-Term Debt	22,449	51,106	154,000
Repayment of Long-Term Debt	(71,231)	(73,598)	(187,269)
Proceeds from Issuance of Bonds	10,000	-	30,000
Redemption of Bonds	(20,000)	-	(330)
Cash Dividends Paid	(4,396)	(2,876)	(6,982)
Cash Dividends Paid to Minority Interests	(1,309)	(506)	(705)
Increase/Decrease in Treasury Stock	(316)	(200)	(786)
Net Cash Used in Financing Activities	120,980	79,899	(12,445)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(37)	16	277
V. Net Increase (Decrease) in Cash and Cash Equivalents	6,560	(46,371)	(50,490)
VI. Cash and Cash Equivalents at Beginning of Year	62,587	113,078	113,078
VII. Cash and Cash Equivalents at End of Year	¥69,148	¥66,707	¥62,587

*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, 2006		March 31, 2006		Change		September 30, 2005	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	Percentage	Amount	% of Total Assets
I. Current Assets:	¥833,574	29.4	¥738,892	27.3	¥94,681	12.8	¥715,471	27.1
Cash and Time Deposits	38,463		31,852		6,611		40,045	
Accounts Receivable	7,135		7,881		(746)		7,930	
Real Property for Sale	97,449		109,446		(11,997)		144,962	
Real Property in Progress	235,259		174,546		60,713		131,736	
Land for Development	118,678		78,685		39,992		92,791	
Advances Paid for Purchases	33,274		24,802		8,472		20,686	
Short-Term Loans	112,810		128,645		(15,835)		94,524	
Equity Investments	99,437		84,991		14,446		104,584	
Deferred Income Taxes	39,147		39,147		-		41,558	
Other Current Assets	51,929		58,909		(6,979)		36,970	
Allowance for Doubtful Accounts	(11)		(16)		5		(322)	
II. Fixed Assets:	1,997,188	70.6	1,972,539	72.7	24,649	1.2	1,928,162	72.9
1. Tangible Fixed Assets:	1,243,718	43.9	1,240,323	45.7	3,394	0.3	1,201,794	45.4
Buildings	333,492		352,842		(19,350)		336,248	
Land	885,992		860,968		25,023		844,950	
Construction in Progress	6,335		9,529		(3,194)		3,874	
Other Tangible Fixed Assets	17,898		16,982		915		16,721	
2. Intangible Fixed Assets:	15,679	0.6	21,668	0.8	(5,988)	(27.6)	21,726	0.8
3. Investments and Other Assets:	737,791	26.1	710,547	26.2	27,243	3.8	704,641	26.7
Investment Securities	224,771		227,074		(2,303)		172,958	
Investments in Consolidated Subsidiaries and Affiliated Companies	210,521		196,177		14,348		191,129	
Investments in Consolidated Subsidiaries and Affiliated Companies	-		5		(5)		5	
Long-term Loans	4,752		8,861		(4,109)		8,336	
Long-term Loans to Consolidated Subsidiaries and Affiliated Companies	102,786		97,358		5,428		137,377	
Lease Deposits	188,859		184,951		3,907		196,999	
Other Investments	23,237		26,109		(2,872)		25,531	
Allowance for Doubtful Accounts	(17,137)		(29,986)		12,849		(27,696)	
Total Assets	¥2,830,763	100.0	¥2,711,431	100.0	¥119,331	4.4	¥2,643,633	100.0

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	September 30, 2006		March 31, 2006		Change		September 30, 2005	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	Percentage	Amount	% of Total Assets
I . Current Liabilities:	¥625,042	22.1	¥528,995	19.5	¥96,046	18.2	¥551,358	20.9
Accounts Payable	17,303		62,879		(45,576)		40,929	
Short-Term Debt	259,981		183,440		76,541		209,654	
Commercial Paper	132,000		36,000		96,000		135,000	
Bond Redeemable Within One Year	10,000		30,000		(20,000)		20,000	
Other Payables	15,324		12,120		3,204		10,650	
Income Taxes Payable	8,349		9,336		(986)		12,565	
Accrued Expenses	8,246		7,468		777		7,443	
Advances Received	57,484		33,026		24,458		43,917	
Deposits	104,779		147,443		(42,664)		61,424	
Other Current Liabilities	11,572		7,279		4,292		9,771	
II . Long-Term Liabilities:	1,363,921	48.2	1,360,621	50.2	3,299	0.2	1,380,756	52.2
Corporate Bonds	165,000		155,000		10,000		135,000	
Convertible Bonds with Stock Acquisition Rights	-		-		-		80,000	
Long-Term Debt	683,819		706,363		(22,543)		668,779	
Deposits from Tenants	291,176		269,925		21,251		273,317	
Deferred Income Taxes	21,204		24,002		(2,797)		14,719	
Deferred Income Taxes - Revaluation	163,001		163,001		-		157,995	
Allowance for Employees' Retirement Benefits	14,513		12,675		1,838		14,043	
Allowance for Directors' and Corporate Auditors' Retirement Benefits	1,416		1,323		92		1,233	
Other Long-Term Liabilities	23,788		28,330		(4,541)		35,668	
Total Liabilities	1,988,963	70.3	1,889,617	69.7	99,345	5.3	1,932,114	73.1
Net Assets:								
Common Stock	174,296		174,296		-		134,433	
Additional Paid-in Capital	248,294		248,286		7		205,833	
Retained Earnings	79,670		101,821		(22,150)		95,985	
Surplus from Land Revaluation	284,417		237,887		46,529		234,857	
Unrealized Gains/Losses on Securities	57,558		61,656		(4,098)		41,967	
Treasury Stock	(2,451)		(2,134)		(316)		(1,557)	
Total Net Assets	841,799	29.7	821,814	30.3	19,985	2.4	711,518	26.9
Total Liabilities and Net Assets	2,830,763	100.0	¥2,711,431	100.0	119,331	100.0	¥2,643,633	100.0

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Six Months Ended September 30				Change		Year Ended March 31	
	2006	% of Total Revenue	2005	% of Total Revenue	Amount	Percentage	2006	% of Total Revenue
Revenue from Operations	¥254,019	100.0	¥254,896	100.0	(876)	(0.3)	¥629,318	100.0
Leasing	134,707		128,971		5,735		258,599	
Sales of Housing, Office Buildings and Land	95,150		102,070		(6,920)		318,679	
Other	24,161		23,854		307		52,039	
Cost of Revenue from Operations	199,330	78.5	209,367	82.1	(10,036)	(4.8)	506,011	80.4
Leasing	108,232		105,468		2,764		215,125	
Sales of Housing, Office Buildings and Land	78,857		91,227		(12,369)		264,537	
Other	12,241		12,671		(430)		26,349	
Selling, General and Administrative Expenses	12,736	5.0	15,630	6.1	(2,894)	(18.5)	38,539	6.1
Operating Income	41,952	16.5	29,899	11.8	12,053	40.3	84,766	13.5
Non-Operating Income/Expense	(2,117)		(4,203)	0.0	2,086	49.6	(10,128)	
Non-Operating Income:	8,207		7,234		972		10,784	1.7
Interest Income	1,497		1,610		(113)		3,034	
Dividend Income	6,041		4,090		1,950		5,288	
Other Non-Operating Income	668		1,533		(864)		2,461	
Non-Operating Expenses:	10,324	4.0	11,437	4.5	1,113	(9.7)	20,913	3.3
Interest Expenses	6,084		6,117		(32)		15,097	
Other Non-Operating Expenses	2,307		3,715		(1,408)		5,815	
Ordinary Income	39,835	15.7	25,695	10.1	14,139	55.0	74,638	11.9
Extraordinary Gains/Losses	(724)	(0.3)	1,780	0.7	(2,504)		(25,367)	
Extraordinary Gains:	9,195	3.6	1,780	0.7	7,415	-	8,344	1.3
Gain on Sales of Fixed Assets	9,195		-		9,195		6,139	
Transfer from Allowance for Doubtful Accounts	-		1,780		(1,780)		2,205	
Extraordinary Losses:	9,919	3.9	-	-	9,919	-	33,712	5.4
Impairment Losses for Fixed Assets	2,351		-		2,351		-	
Loss on Sale of Fixed Assets	7,567		-		7,567		24,870	
Loss on Liquidation of Affiliated Company	-		-		-		4,567	
Loss on Devaluation of Real Property for Sale	-		-		-		4,274	
Income before Income Taxes	39,111	15.4	27,475	10.8	11,635	42.3	49,270	7.8
Income Taxes	10,168	4.0	10,991	4.3	(823)	(7.5)	16,600	2.6
Deferred Income Taxes	-	-	-	-	-	-	3,208	0.5
Net Income	28,943	11.4	16,484	6.5	12,458	75.6	29,461	4.7