

October 31, 2007

FACT BOOK

For the Six Months Ended September 30, 2007



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Corporate Data

Mitsui Fudosan Co., Ltd.

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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/corporate/ir/index.html

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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, 2007

CONSOLIDATED RESULTS

(¥ millions)

	Six Months Ended September 30		Change		Year Ended March 31, 2007
	2007	2006	(amount)	(%)	
Revenue from Operations	¥594,088	¥511,350	¥82,737	16.2	¥1,229,193
Operating Income	63,726	64,265	(538)	(0.8)	161,842
Ordinary Income	57,334	54,267	3,066	5.7	142,324
Net Income	36,842	39,505	(2,663)	(6.7)	75,213

(¥ millions)

	Year to 3/08	6-Month Results/ Full-Year Forecast (%)
	(Forecast as of October 31, 2007)	
Revenue from Operations	¥1,380,000	43.0
Operating Income	175,000	36.4
Ordinary Income	152,000	37.7
Net Income	85,000	43.3

- In the six months ended September 30, 2007, revenue from operations totaled ¥594.0 billion, up 16.2% from the previous corresponding period. Operating income edged down 0.8%, to ¥63.7 billion.
- The “Leasing” segment benefited from the full-scale operations of Tokyo Midtown (Minato-ku, Tokyo) and four large-scale retail facilities completed in the Tokyo Metropolitan Area in the previous fiscal year, including Lazona Kawasaki Plaza (Kawasaki, Kanagawa). As a result, segment revenue increased ¥35.5 billion, and segment operating income climbed ¥5.7 billion.
- Conditions for leasing office buildings remained favorable. On a nonconsolidated basis, the vacancy rate of office buildings in the Tokyo Metropolitan Area remained low, ending the period at 1.1%. This compares with 1.6% on March 31, 2007, and 1.0% on March 31, 2006.
- The “Sales of housing, office buildings and land” segment reported a ¥29.4 billion increase in revenue, but a ¥7.3 billion decline in operating income. Both revenue and income from sales of housing units for end-users increased, thanks to handovers of several large-scale projects, including Shibaura Island Grove Tower (Minato-ku, Tokyo). However, we reported lower revenue and earnings from sales of properties for investors, because such sales are concentrated on the second half of the fiscal year.
- The selling environment remained favorable, especially for large-scale development projects. The Group has already secured contracts for around 90% of condominium units slated for sale in the current fiscal year.
- The “Brokerage, consignment sales and consulting” segment posted a ¥6.7 billion increase in revenue and a ¥2.0 billion rise in operating income. Segment profitability benefited from the handover of large-scale condominium buildings for sale via consignment, as well as a solid performance by Mitsui Real Estate Sales’ brokerage business.
- Ordinary income increased ¥3.0 billion owing to higher equity in earnings of affiliates. However, interim net income declined ¥2.6 billion due to a higher tax expense.
- The Company plans to declare an interim dividend of ¥9.00 per share (up from ¥5.00 in the previous corresponding period), as originally announced.

CONSOLIDATED PERFORMANCE FORECAST

In light of its performance in the interim period under review, the Company has revised its forecasts for consolidated performance and consolidated results by segment for the year ending March 31, 2008 (those forecasts were announced on April 27, 2007). Details of the revised forecasts are shown below.

< Consolidated Performance Forecast >

(¥ millions)

	Year Ending March 31,2008		Change (amount)
	Latest Forecast (as of October 31, 2007)	Previous Forecast (as of April 27, 2007)	
Revenue from Operations	¥1,380,000	¥1,390,000	¥(10,000)
Operating Income	175,000	175,000	-
Ordinary Income	152,000	152,000	-
Net Income	85,000	85,000	-

< Consolidated Forecast by segment >

(¥ millions)

	Year Ending March 31,2008				Change (amount)	
	Latest Forecast (as of October 31, 2007)		Previous Forecast (as of April 27, 2007)			
	Revenue from Operations	Operating Income	Revenue from Operations	Operating Income	Revenue from Operations	Operating Income
Leasing	¥470,000	¥88,000	¥470,000	¥85,000	-	¥3,000
Sales of Housing, Office Buildings and Land	400,000	58,000	400,000	58,000	-	-
Construction	188,000	2,000	197,000	4,000	(9,000)	(2,000)
Brokerage, Consignment Sales and Consulting	82,000	27,000	82,000	27,000	-	-
Property Management	107,000	15,000	106,000	15,000	1,000	-
Sales of Housing Materials and Merchandise	73,000	1,000	73,000	1,000	-	-
Facility Operations	51,000	0	54,000	0	(3,000)	-
Other	9,000	2,000	8,000	2,000	1,000	-
Elimination or Corporate	-	(18,000)	-	(17,000)	-	(1,000)
Total	¥1,380,000	¥175,000	¥1,390,000	¥175,000	¥(10,000)	-

CONSOLIDATED FINANCIAL SUMMARY

(¥ millions)

Operating Results:	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥594,088	¥511,350	¥82,737	¥1,229,193
Operating Income	63,726	64,265	(538)	161,842
Ordinary Income	57,334	54,267	3,066	142,324
Net Income	36,842	39,505	(2,663)	75,213
Financial Position:	September 30, 2007	September 30, 2006	Change (amount)	September 30, 2006
Total Assets	¥3,373,694	¥3,294,190	¥79,504	¥3,135,907
Interest-Bearing Debt	1,434,139	1,258,426	175,713	1,329,963
Net Assets	978,044	963,213	14,830	904,690
Cash Flows:	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Cash Flows from Operating Activities	¥(110,205)	¥(102,309)	¥(7,895)	¥57,969
Cash Flows from Investing Activities	(76,325)	(12,071)	(64,253)	(77,006)
Cash Flows from Financing Activities	163,816	120,980	42,836	38,085
Cash and Cash Equivalents at End of Period	59,115	69,148	(10,033)	81,816

SEGMENT INFORMATION

(¥ millions)

	Six Months Ended September 30		Change (amount)
	2007	2006	
Leasing			
Revenue from Operations	¥226,815	¥191,239	¥35,575
Operating Income	45,482	39,779	5,703
Sales of Housing, Office Buildings and Land			
Revenue from Operations	137,890	108,468	29,422
Operating Income	11,186	18,574	(7,387)
Construction			
Revenue from Operations	74,526	78,391	(3,864)
Operating Income	(4,532)	(2,965)	(1,567)
Brokerage, Consignment Sales and Consulting			
Revenue from Operations	39,816	33,020	6,795
Operating Income	10,990	8,910	2,079
Property Management			
Revenue from Operations	52,180	43,348	8,832
Operating Income	7,803	6,307	1,496
Sales of Housing Materials and Merchandise			
Revenue from Operations	36,238	32,948	3,289
Operating Income	253	295	(41)
Facility Operations			
Revenue from Operations	21,758	19,621	2,137
Operating Income	369	1,104	(735)
Other			
Revenue from Operations	4,862	4,312	550
Operating Income	1,601	1,400	201

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 Corporate Law 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)
	2007	2006	
Revenue from Operations	¥594,088	¥511,350	¥82,737
Leasing	226,815	191,239	35,575
Sales of Housing, Office Buildings and Land	137,890	108,468	29,422
Construction	74,526	78,391	(3,864)
Brokerage, Consignment Sales and Consulting	39,816	33,020	6,795
Property Management	52,180	43,348	8,832
Sales of Housing Materials and Merchandise	36,238	32,948	3,289
Facility Operations	21,758	19,621	2,137
Other	4,862	4,312	550
Operating Income	63,726	64,265	(538)
Leasing	45,482	39,779	5,703
Sales of Housing, Office Buildings and Land	11,186	18,574	(7,387)
Construction	(4,532)	(2,965)	(1,567)
Brokerage, Consignment Sales and Consulting	10,990	8,910	2,079
Property Management	7,803	6,307	1,496
Sales of Housing Materials and Merchandise	253	295	(41)
Facility Operations	369	1,104	(735)
Other	1,601	1,400	201
Elimination or Corporate	(9,426)	(9,138)	(287)
Non-Operating Income/Expenses	(6,392)	(9,997)	3,604
Equity in Net Income/Loss of Affiliated Companies	4,619	1,173	3,446
Interest Expense, in Net	(12,077)	(9,873)	(2,204)
Other, in Net	1,065	(1,297)	2,362
Ordinary Income	57,334	54,267	3,066
Extraordinary Gains/Losses	6,526	(1,203)	7,729
Extraordinary Gains	12,870	9,385	3,485
Extraordinary Losses	(6,344)	(10,588)	4,243
Income before Income Taxes	63,860	53,064	10,795
Income Taxes	(28,086)	(14,040)	(14,045)
Minority Interests	1,068	482	586
Net Income	¥36,842	¥39,505	¥(2,663)

SEGMENTS RESULTS

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

[1] LEASING

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥226,815	¥191,239	¥35,575	¥398,069
Operating Income	45,482	39,779	5,703	81,350

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥470,000	48.3
Operating Income	88,000	51.7

- In the “Leasing” segment, revenue from operations grew ¥35.5 billion, and operating income rose ¥5.7 billion. Contributing to segment earnings were Tokyo Midtown (Minato-ku, Tokyo) and four large-scale retail facilities completed in the previous fiscal year, including Lazona Kawasaki Plaza (Kawasaki, Kanagawa). Other factors included a favorable performance by Mitsui Fudosan America’s building leasing business, as well as an increase in residential units under management of Mitsui Fudosan Housing Lease.
- On a consolidated basis (including overseas), the total vacancy rate for all office buildings and retail facilities was 1.1% at September 30, 2007 (compared with 1.4% at March 31, 2007). Moreover, conditions for leasing office buildings remained favorable. On a nonconsolidated basis, the vacancy rate of office buildings in the Tokyo Metropolitan Area remained low, ending the period at 1.1% (compared with 1.6% on March 31, 2007).

(a) Leasing

(¥ millions)

	Six Months Ended September 30		Year Ended March 31, 2007
	2007	2006	
	Revenue	Revenue	Revenue
Office Buildings	128,267	115,543	234,292
Retail Facilities	44,845	29,198	68,255
Residential	34,248	29,383	59,909
Other (Car Park, etc.)	19,453	17,113	35,611
Total	226,815	191,239	398,069

(b) Leased Floor Space

		Six Months Ended September 30		Year Ended March 31,2007
		2007	2006	
Office Buildings and Retail Facilities	Leased Floor space (m ²):			
	Owned	1,998,453	1,938,255	2,054,563
	Managed	1,961,614	1,623,315	1,943,747
	Total	3,960,067	3,561,570	3,998,310
	Vacancy Rate (%)	1.1	1.3	1.4
Residentials	Leased Units:			
	Owned	239	241	241
	Managed	63,235	57,762	60,744
	Total	63,474	58,003	60,985
Car Parks	Managed Units:			
	Total	107,335	82,758	96,929

(c) Vacancy Rate at End of Term

	(%)					
	9/07	3/07	9/06	3/06	9/05	3/05
Consolidated						
Office Buildings and Retail Facilities (including overseas)	1.1	1.4	1.3	1.4	2.9	2.8
Nonconsolidated						
Tokyo Metropolitan Area Office Buildings	1.1	1.6	1.0	1.0	2.7	3.0
Regional Area Office Buildings	4.5	4.4	4.9	5.7	7.0	7.0

(d) Breakdown of Leasing Operations (Nonconsolidated)

		Total		Tokyo Metropolitan Area		Regional Areas	
		Six Months Ended September 30		Six Months Ended September 30		Six Months Ended September 30	
		2007	2006	2007	2006	2007	2006
Office Buildings	Number of Buildings	239	249	204	214	35	35
	Leased Floor Space (1,000m ²)	2,489	2,341	2,191	2,053	298	289
	Leasing Revenue (¥ millions)	117,187	105,460	107,562	94,905	9,624	10,554
	Vacancy Rate (%)	1.5	1.5	1.1	1.0	4.5	4.9
Retail Facilities	Number of Buildings	51	49	34	34	17	15
	Leased Floor Space (1,000m ²)	1,187	903	771	549	416	355
	Leasing Revenue (¥ millions)	42,123	26,368	31,261	16,209	10,862	10,159
	Vacancy Rate (%)	0.4	0.9	0.6	1.3	0.0	0.2

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

< Major Projects of the Interim Period >

(NEWLY ON-STREAM)

Ginza Velvia Kan (Chuo-ku, Tokyo)	Retail facility opened in April 2007
Nitta Building (Chuo-ku, Tokyo)	Retail facility opened in September 2007

(FULL-TERM CONTRIBUTION)

Toyosu Center Building Annex (Koto-ku, Tokyo)	Office building completed in August 2006
Lazona Kawasaki Plaza (Kawasaki, Kanagawa)	Retail facility opened in September 2006
Urban Dock LaLaport Toyosu (Koto-ku, Tokyo)	Retail facility opened in October 2006
LaLaport Kashiwanoha (Kashiwa, Chiba)	Retail facility opened in November 2006
Tokyo Midtown (Minato-ku, Tokyo)	Office building, retail facility, hotel and rental leased housing units completed in January 2007
LOVELA Bandai (Niigata, Niigata)	Retail facility opened in March 2007
LaLaport Yokohama (Yokohama, Kanagawa)	Retail facility opened in March 2007

[2] SALES OF HOUSING, OFFICE BUILDINGS AND LAND

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31,2007
	2007	2006		
Revenue from Operations	¥137,890	¥108,468	¥29,422	¥341,629
Operating Income	11,186	18,574	(7,387)	49,239

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥400,000	34.5
Operating Income	58,000	19.3

- Revenue in the “Sales of housing for end-users” category of this segment increased year-on-year, thanks to handovers of large-scale condominium projects, including Shibaura Island Grove Tower (Minato-ku, Tokyo). In the interim period under review, the Group sold a total of 2,162 residential units (1,841 condominium units and 321 detached houses). This is a substantial increase from the previous corresponding period, when the Group sold 1,153 residential units (897 condominium units and 256 detached houses).
- The selling environment remained favorable, especially for large-scale development projects. Completed housing inventories at September 30, 2007, totaled 333 units (252 condominium units and 81 detached houses). The Group estimates that 5,500 condominium units will be sold and handed over in the current fiscal year. It has already secured sales contracts for around 90% of these units.
- However, revenue and earnings from income-producing properties sold for investors (included in the “Other sales” category of this segment) declined as sales are generally concentrated on the second half of the fiscal period. This was despite healthy sales of properties in the “Park Axis” series of rental condominiums (11 buildings sold during the period). As a result, overall segment revenue grew ¥29.4 billion compared with the previous corresponding period, and segment operating income declined ¥7.3 billion.

(a) Housing Sales and Other Sales

	Six Months Ended September 30						Year Ended March 31		
	2007			2006			2007		
	Units	Revenue (¥ millions)	Unit Price (¥ millions)	Units	Revenue (¥ millions)	Unit Price (¥ millions)	Units	Revenue (¥ millions)	Unit Price (¥ millions)
Detached Housing									
Tokyo Metropolitan Area	281	14,909	53	233	11,522	49	631	33,231	53
Other	40	1,355	34	23	809	35	76	2,258	30
Total	321	16,265	51	256	12,331	48	707	35,490	50
Condominiums									
Tokyo Metropolitan Area	1,277	58,845	46	464	23,237	50	3,260	159,056	49
Other	564	17,328	31	433	15,644	36	1,227	43,304	35
Total	1,841	76,174	41	897	38,881	43	4,487	202,361	45
Other Sales	-	45,451	-	-	57,255	-	-	103,778	-
Total Sales	-	137,890	-	-	108,468	-	-	341,629	-

(b) Completed Housing Inventories

(Units)

	9/07	3/07	9/06	3/06	9/05	3/05	9/04
Detached Housing	81	109	40	20	45	55	40
Condominiums	252	267	100	235	200	490	210
Total	333	376	140	255	245	545	250

Note: Previously, figures for completed housing inventories at the end of each period were disclosed as multiples of five. Effective the third quarter of previous fiscal year, however, actual numbers are used.

(c) Housing Contracts for Sale

(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	78	308	386	321	65	280
Condominiums	4,754	2,488	7,242	1,841	5,401	2,471
Total	4,832	2,796	7,628	2,162	5,466	2,751

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)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥74,526	¥78,391	¥(3,864)	¥193,970
Operating Income(Loss)	(4,532)	(2,965)	(1,567)	2,718

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥188,000	39.6
Operating Income	2,000	-

- 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. Compared with the previous corresponding period, the order backlog for Mitsui Home Group projects at the beginning of the period and the volume of orders received during the period were lower than the previous corresponding period. Accordingly, segment revenue declined ¥3.8 billion, and segment operating income fell ¥1.5 billion.

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

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2007	2006	2007
Orders:			
Order Backlogs at Beginning of Period	110,841	112,510	112,510
Order Received during Period	95,012	102,832	198,106
Sales Proceeds	76,708	80,323	199,776
Order Backlogs at End of Period	129,145	135,019	110,841

[4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥39,816	¥33,020	¥6,795	¥77,349
Operating Income	10,990	8,910	2,079	26,049

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥82,000	48.6
Operating Income	27,000	40.7

- In this segment, revenue increased ¥6.7 billion, and operating income climbed ¥2.0 billion. Contributing factors included an increase in handovers of large-scale condominium projects sold under consignment by Mitsui Fudosan Residential, as well as a healthy performance by Mitsui Real Estate Sales' brokerage business .

(¥ millions)

	Six Months Ended September 30				Year Ended March 31	
	2007		2006		2007	
	Units	Revenue	Units	Revenue	Units	Revenue
Brokerage	15,431	30,290	15,135	24,075	31,455	52,161
Consignment Sales	2,081	3,898	3,067	3,777	7,660	10,811
Consulting	-	5,627	-	5,166	-	14,377
Total	-	39,816	-	33,020	-	77,349

[5] PROPERTY MANAGEMENT

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥52,180	¥43,348	¥8,832	¥99,632
Operating Income	7,803	6,307	1,496	14,308

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥107,000	48.8
Operating Income	15,000	52.0

- Revenue in this segment rose ¥8.8 billion compared with the previous corresponding period, while operating income was up ¥1.4 billion. The segment benefited from an increase in the number of properties that commenced operations in the previous fiscal year. These included Tokyo Midtown (Minato-ku, Tokyo) and four large-scale retail facilities in Tokyo Metropolitan Area, such as Urban Dock LaLaport Toyosu (Koto-ku, Tokyo).

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2007	2006	2007
	Revenue	Revenue	Revenue
Property Management	36,130	31,178	66,026
Tenant Improvement	16,050	12,169	33,606
Total	52,180	43,348	99,632

[6] SALES OF HOUSING MATERIALS AND MERCHANDISE

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥36,238	¥32,948	¥3,289	¥69,394
Operating Income	253	295	(41)	855

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥ 73,000	49.6
Operating Income	1,000	25.4

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2007	2006	2007
	Revenue	Revenue	Revenue
Housing Materials	11,198	10,010	23,688
Merchandise	25,039	22,937	45,705
Total	36,238	32,948	69,394

- Revenue in this segment increased ¥3.2 billion owing to increased sales from home centers operated by Uni living, whose revenue was boosted by the opening of new stores. Due to increased costs associated with opening new stores, however, segment operating income edged down slightly.

[7] FACILITY OPERATIONS

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥21,758	¥19,621	¥2,137	¥40,200
Operating Income	369	1,104	(735)	1,754

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥51,000	42.7
Operating Income	0	-

- Revenue in this segment increased ¥2.1 billion thanks to the opening of two hotels during the period: Mitsui Garden Hotel Shiodome Italia-gai (Minato-ku, Tokyo) and Mitsui Garden Hotel Prana Tokyo Bay (Urayasu, Chiba). Due to an increase in expenses associated with the new openings, however, segment operating income declined ¥700 million.

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2007	2006	2007
	Revenue	Revenue	Revenue
Hotels	15,512	13,394	27,900
Other	6,246	6,226	12,300
Total	21,758	19,621	40,200

[8] OTHER

(¥ millions)

	Six Months Ended September 30		Change (amount)	Year Ended March 31, 2007
	2007	2006		
Revenue from Operations	¥4,862	¥4,312	¥550	¥8,946
Operating Income	1,601	1,400	201	2,811

(¥ millions)

	Year to 3/08 (Forecast as of October 31, 2007)	6-Month Results/ Full-Year Forecast (%)
Revenue from Operations	¥9,000	54.0
Operating Income	2,000	80.1

(¥ millions)

	Six Months Ended September 30		Year Ended March 31
	2007	2006	2007
	Revenue	Revenue	Revenue
Finance and Lease	616	644	1,206
Other	4,245	3,668	7,740
Total	4,862	4,312	8,946

MAJOR ASSETS AND LIABILITIES

[Real Property for Sale]

At September 30, 2007, the balance of real property for sale (including advances paid for purchases) was ¥583.2 billion, up ¥31.0 billion from March 31, 2007. The increase stemmed mainly from the fact that the value of new acquisitions by Mitsui Fudosan Residential exceeded that of properties sold to recover costs. New acquisitions by Mitsui Fudosan America were another factor. (Expenses related to purchases of land by Mitsui Fudosan Residential for the interim period totaled ¥49.9 billion.)

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

(¥ millions)

	September 30, 2007	March 31, 2007	Change (amount)
Mitsui Fudosan Residential	334,917	311,494	23,422
Mitsui Fudosan	188,827	194,794	(5,966)
Mitsui Home	8,650	8,127	523
Other and Elimination	50,805	37,717	13,088
Consolidated Total	583,201	552,134	31,067

(b) Accounts of Real Property for Sale

(¥ millions)

March 31, 2007	New Investments	Cost Recovery	Others	September 30, 2007
552,134	137,899	(107,205)	373	583,201

[Tangible and Intangible Assets]

On a consolidated basis, the balance of tangible and intangible fixed assets at the end of the period stood at ¥1,771.1 billion, up ¥54.3 billion from March 31, 2007. The increase stemmed from capital outlays related to existing assets, as well as new investments in an urban redevelopment project in Yodoyabashi, Osaka, and others during the period.

(a) Tangible and Intangible Assets

(¥ millions)

	September 30, 2007	March 31, 2007	Change (amount)
Mitsui Fudosan	1,437,551	1,302,326	135,225
Mitsui Fudosan America	89,141	87,496	1,645
Mitsui Home	35,141	35,069	72
Other and Elimination	209,299	291,941	(82,641)
Consolidated Total	1,771,134	1,716,832	54,301

(b) Tangible and Intangible Fixed Assets

(¥ millions)

March 31, 2007	Capital Expenditure	Depreciation	Disposal/Sale, Others	September 30, 2007
1,716,832	79,709	(20,476)	(4,931)	1,771,134

[Interest-Bearing Debt]

At September 30, 2007, total consolidated interest-bearing debt stood at ¥1,434.1 billion, up ¥175.7 billion compared with March 31, 2007. The increase was mainly due to an increase of capital expenditure during the period, as well as seasonal factors, including payment of construction costs for condominium buildings completed in the previous fiscal year, as well as payment of deposits for properties sold by Mitsui Fudosan Residential under consignment sales arrangements.

(¥ millions)

	September 30, 2007	March 31, 2007	Change (amount)
Mitsui Fudosan	1,338,819	1,175,331	163,488
Mitsui Fudosan Residential	244,000	120,000	124,000
Mitsui Fudosan America	64,296	50,850	13,446
Loans to Subsidiaries	(393,731)	(319,499)	(74,231)
Other and Elimination	180,755	231,744	(50,989)
Consolidated Total	1,434,139	1,258,426	175,713

CASH FLOWS

At September 30, 2007, cash and cash equivalents stood at ¥59.1 billion, down ¥22.7 billion compared with March 31, 2007.

I. Cash Flows from Operating Activities

Net cash used in operating activities amounted to ¥110.2 billion (compared with ¥102.3 billion in the previous corresponding period). Despite factors boosting cash flows, such as ¥63.8 billion in income before income taxes and ¥20.4 billion in depreciation, outlays for purchase of real property for sale exceeded proceeds from sales of same.

II. Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥76.3 billion, compared with ¥12.0 billion in the previous corresponding period). Factors boosting cash flows included an increase in lease deposits for office buildings and retail facilities. By contrast, outlays for purchase of marketable securities and tangible and intangible fixed assets exceeded proceeds from sales of same.

III. Cash Flows from Financing Activities

Net cash provided by financing activities was ¥163.8 billion (compared with ¥120.9 billion in the previous corresponding period), owing to an increase in borrowings and the issuance of bonds. Such borrowings and bond issuance were made to address demand for capital from the Company's operating and investing activities in the period under review.

<Cash Flow Indexes>

	March 31, 2005	March 31, 2006	March 31, 2007	September 30, 2007
Equity Ratio (%)	23.5	28.7	28.7	28.5
Equity Ratio Based on Market Value (%)	36.3	75.4	88.8	73.6
Debt Repayment Period (Years)	12.8	53.3	21.7	-
Interest Coverage Ratio (Times)	4.8	1.1	2.8	-

※Methods for calculating above indexes are described below. Each index is calculated based on consolidated financial figures.

Equity ratio: Shareholders' Equity /Total assets

Equity ratio based on market price: Market value of total stock /Total assets

Market value of total stock: Average closing stock price in final month of term x Number of shares outstanding

Debt repayment term: Interest-bearing debt /Operating cash flows

Interest coverage ratio: Operating cash flows /Payment of interest expenses

Operating cash flows: Amounts shown in the Consolidated Statements of Cash Flows are used

Payment of interest expenses: Amounts shown in the Consolidated Statements of Cash Flows are used

※Due to the nature of the Group's businesses (housing sales, construction, consignment sales), interim figures for operating cash flows vary widely from period to period, making comparisons with full-year figures ineffective. For this reason, interim figures for debt repayment period and interest coverage ratio have been omitted from this report.

BASIC PROFIT APPROPRIATION POLICY; CASH DIVIDENDS

Seeking ongoing increases in corporate value, the Company works to strengthen retained earnings in order to allocate investments into highly profitable businesses. At the same time, we maintain dividends at levels that take the operating environment and our financial position into account. In the period under review, the Company adopted a policy of linking cash dividends to its business performance. By paying cash dividends that partially reflect our improved performance, we aim to further enhance shareholder return. For the time being, we are targeting a consolidated payout ratio of around 20% of net income.

The Board of Directors has agreed to declare a cash dividend of ¥9.00 per share for the interim period ended September 30, 2007. (The Company plans to pay total annual dividends of ¥18.00 for the year ending March 31, 2008.)

FINANCIAL POSITION FORECASTS FOR YEAR TO MARCH 2008

The Company has revised its financial position forecasts for the year ending March 2008 (those forecasts were initially made on April 27, 2007), as follows.

(¥ millions)

	Year Ending March 31, 2008		Change (amount)
	Latest Forecast (as of October 31, 2007)	Previous Forecast (as of April 27, 2007)	
Capital Expenditure	¥350,000	¥140,000	¥210,000
Depreciation and Amortization	45,000	44,000	1,000
Interest-Bearing Debt	1,550,000	1,390,000	160,000

Earning Forecast

CONSOLIDATED EARNING FORECAST

For the Year Ending March 31, 2008

(¥ millions)

	Year to March 31		Change (amount)
	Latest Forecast (as of October 31,2007)	Previous Forecast (as of April 27,2007)	
Revenue from Operations	¥1,380,000	¥1,390,000	¥(10,000)
Consolidated/Nonconsolidated Ratio (Times)	(-)	(-)	(-)
Leasing	470,000	470,000	-
Sales of Housing, Office Buildings and Land	400,000	400,000	-
Construction	188,000	197,000	(9,000)
Brokerage, Consignment Sales and Consulting	82,000	82,000	-
Property Management	107,000	106,000	1,000
Sales of Housing Materials and Merchandise	73,000	73,000	-
Facility Operations	51,000	54,000	(3,000)
Other	9,000	8,000	1,000
Operating Income	175,000	175,000	-
Consolidated/Nonconsolidated Ratio (Times)	(-)	(-)	(-)
Leasing	88,000	85,000	3,000
Sales of Housing, Office Buildings and Land	58,000	58,000	-
Construction	2,000	4,000	(2,000)
Brokerage, Consignment Sales and Consulting	27,000	27,000	-
Property Management	15,000	15,000	-
Sales of Housing Materials and Merchandise	1,000	1,000	-
Facility Operations	0	0	-
Other	2,000	2,000	-
Elimination or Corporate	(18,000)	(17,000)	(1,000)
Non-Operating Income/Expenses	(23,000)	(23,000)	-
Interest Expense, in Net	(27,000)	(26,000)	(1,000)
Other, in Net	4,000	3,000	1,000
Ordinary Income	152,000	152,000	-
Consolidated/Nonconsolidated Ratio (Times)	(-)	(-)	(-)
Extraordinary Gains/Losses	(10,000)	(10,000)	-
Income before Income Taxes	142,000	142,000	-
Income Taxes	(55,000)	(55,000)	-
Minority Interests	(2,000)	(2,000)	-
Net Income	¥85,000	¥85,000	-
Consolidated/Nonconsolidated Ratio (Times)	(-)	(-)	(-)

Segment Information

Six Months Ended September 30, 2007

(¥ millions)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	Assets	Depreciation	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total					
(1) Leasing	266,815	4,263	231,078	185,596	45,482	2,000,640	14,420	71,031
(2) Sales of Housing, Office Buildings and Land	137,890	-	137,890	126,704	11,186	793,489	406	1,225
(3) Construction	74,526	2,215	76,741	81,274	(4,532)	54,114	1,125	1,432
(4) Brokerage, Consignment Sales and Consulting	39,816	1,473	41,289	30,299	10,990	55,744	434	811
(5) Property Management	52,180	12,714	64,895	57,091	7,803	67,979	538	962
(6) Sales of Housing Materials and Merchandise	36,238	15,905	52,144	51,890	253	44,213	508	586
(7) Facility Operations	21,758	122	21,881	21,512	369	80,765	1,511	1,584
(8) Other	4,862	4,976	9,839	8,238	1,601	19,931	1,116	1,302
Total	594,088	41,672	635,760	562,607	73,153	3,116,877	20,062	78,936
Elimination or Corporate	-	(41,672)	(41,672)	(32,245)	(9,426)	256,816	413	772
Consolidated	594,088	-	594,088	530,361	63,726	3,373,694	20,476	79,709

Six Months Ended September 30, 2006

(¥ millions)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	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

Year Ended March 31, 2007

(¥ millions)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	Assets	Depreciation	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total					
(1) Leasing	398,069	6,399	404,469	323,118	81,350	1,970,251	29,137	203,955
(2) Sales of Housing, Office Buildings and Land	341,629	8	341,637	292,398	49,239	732,667	559	2,917
(3) Construction	193,970	5,896	199,866	197,148	2,718	59,031	2,168	2,528
(4) Brokerage, Consignment Sales and Consulting	77,349	4,645	81,995	55,946	26,049	51,794	771	1,282
(5) Property Management	99,632	23,161	122,793	108,484	14,308	69,050	890	1,743
(6) Sales of Housing Materials and Merchandise	69,394	37,127	106,522	105,666	855	50,694	907	1,221
(7) Facility Operations	40,200	332	40,533	38,779	1,754	84,857	2,627	2,038
(8) Other	8,946	10,328	19,275	16,463	2,811	22,567	2,248	2,095
Total	1,229,193	87,899	1,317,093	1,138,006	179,087	3,040,915	39,311	217,782
Elimination or Corporate	-	(87,899)	(87,899)	(70,654)	(17,245)	253,274	811	2,574
Consolidated	1,229,193	-	1,229,193	1,067,351	161,842	3,294,190	40,122	220,357

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 (for 5 years)

(¥ millions)

		Year Ended March 31					Six Months Ended Sep. 30	
		2003	2004	2005	2006	2007	2007	
P/L	Revenue from Operations	¥1,082,397	¥1,102,844	¥1,111,359	¥1,159,280	¥1,229,193	¥594,088	
	Operating Income	103,295	109,246	115,764	137,543	161,842	63,726	
	Ordinary Income	76,514	87,236	94,637	118,970	142,324	57,334	
	Net Income (Loss)	25,553	14,454	28,693	56,541	75,213	36,842	
Segment*	Leasing	Revenue from Operations	329,671	332,380	343,719	364,339	398,069	226,815
		Operating Income	66,563	63,016	62,520	67,929	81,350	45,482
	Sales of Housing, Office Buildings and Land	Revenue from Operations	335,341	350,761	334,472	336,917	341,629	137,890
		Operating Income	32,589	32,936	35,153	44,654	49,239	11,186
	Construction	Revenue from Operations	183,090	180,502	183,552	187,496	193,970	74,526
		Operating Income	326	1,332	2,359	2,351	2,718	(4,532)
	Brokerage, Consignment Sales and Consulting	Revenue from Operations	46,503	53,585	60,223	68,748	77,349	39,816
		Operating Income	10,997	14,078	18,607	22,592	26,049	10,990
	Property Management	Revenue from Operations	69,589	77,481	78,248	90,437	99,632	52,180
		Operating Income	7,713	10,844	10,767	12,746	14,308	7,803
	Sales of Housing Materials and Merchandise	Revenue from Operations	65,682	61,768	65,228	65,065	69,394	36,238
		Operating Income	104	151	187	831	855	253
	Facility Operations	Revenue from Operations	40,880	37,629	38,509	38,976	40,200	21,758
		Operating Income	(3,356)	(527)	1,386	1,921	1,754	369
	Other	Revenue from Operations	11,639	8,734	7,404	7,297	8,946	4,862
		Operating Income	2,534	2,591	1,849	2,470	2,811	1,601
B/S	Total Assets	2,929,069	2,916,582	2,928,199	2,986,501	3,294,190	3,373,694	
	Real Property for Sale	408,994	343,573	375,219	424,921	552,134	583,201	
	Tangible and Intangible Fixed Assets	1,687,115	1,655,454	1,645,205	1,674,277	1,716,832	1,771,134	
	Capital Expenditures	61,159	35,838	78,898	92,753	220,357	79,709	
	Depreciation	39,781	40,415	38,512	40,159	40,122	20,476	
	Interest-Bearing Debt	1,397,211	1,321,501	1,279,049	1,199,291	1,258,426	1,434,139	
	Retained Earnings	155,390	167,890	155,097	199,706	218,682	243,444	
	Shareholder's Equity ※1	628,434	659,165	687,717	858,363	944,195	960,199	
C/F	Cash Flows from Operating Activities (1)	118,484	141,600	100,135	22,510	57,969	(110,205)	
	Cash Flows from Investing Activities (2)	(60,751)	(21,122)	(76,870)	(60,833)	(77,006)	(76,325)	
	Cash Flows from Financing Activities	(59,897)	(92,509)	(52,081)	(12,445)	38,085	163,816	
	Free Cash Flows (1)+(2)	¥57,733	¥120,477	¥23,265	¥(38,323)	¥(19,037)	¥(186,530)	
Key Data	ROA (%)	3.78	4.06	4.30	4.92	5.50	-	
	Debt/Equity Ratio (Times) ※2	2.2	2.0	1.9	1.4	1.3	1.5	
	Equity Ratio (%)	21.5	22.6	23.5	28.7	28.7	28.5	
	No. of Consolidated Subsidiaries	131	127	121	120	132	138	
	No. of Affiliates in Equity Method	57	52	45	46	49	43	

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

※1 Effective the year ended March 31, 2007: Shareholders' equity = Net assets – Minority interests – New share subscription rights

※2 Debt-Equity Ratio: Interest-Bearing Debt/Net Assets

● Real Property for Sale: Real Property for Sale + Advances from Contracts in Progress

● Interest-Bearing Debt: Short-Term Debt + Commercial Paper + Bond Redeemable within one year + Corporate Bonds + Long-Term Debt

● ROA: (Operating income + Non-Operating income/Expenses)/Average Total Assets

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	September 30, 2007		March 31, 2007		Change		September 30, 2006	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	%	Amount	% of Total Assets
I. Current Assets:	¥997,914	29.6	¥956,897	29.0	¥47,017	4.3	¥864,892	27.6
Cash and Time Deposits	60,274		83,050		(22,776)		69,406	
Accounts Receivable—Trade	23,769		37,964		(14,194)		24,269	
Marketable Securities	94		50		44		50	
Real Property for Sale	547,399		519,478		27,921		493,276	
Expenditure on Contracts in Progress	16,468		11,040		5,428		16,896	
Other Inventories	11,035		10,663		372		10,666	
Advances Paid for Purchases	35,801		32,655		3,146		33,811	
Short-Term Loans	7,447		6,773		674		8,235	
Equity Investments in Properties for Sale	156,500		121,670		34,830		96,570	
Deferred Income Taxes	68,054		65,678		2,375		50,233	
Other Current Assets	71,638		68,420		3,217		61,986	
Allowance for Doubtful Accounts	(570)		(547)		(22)		(510)	
II. Fixed Assets:	2,375,779	70.4	2,337,292	71.0	38,486	1.6	2,271,015	72.4
1. Tangible Fixed Assets:	1,744,395	51.7	1,691,086	51.4	53,308	3.2	1,641,911	52.3
Buildings and Structures	487,625		494,274		(6,648)		496,029	
Machinery, Equipment and Materials Handling Equipment	6,544		6,110		434		5,993	
Land	1,191,346		1,155,208		36,137		1,107,098	
Construction in Progress	33,233		9,408		23,824		8,506	
Other Tangible Fixed Assets	25,644		26,083		(438)		24,283	
2. Intangible Fixed Assets:	26,738	0.8	25,745	0.8	992	3.9	25,039	0.8
Leasehold Rights	17,471		17,465		5		17,460	
Other Intangible Fixed Assets	9,267		8,280		987		7,579	
3. Investments and Other Assets:	604,645	17.9	620,460	18.8	(15,814)	(2.5)	604,064	19.3
Investment Securities	350,138		357,281		(7,142)		329,652	
Long-Term Loans	4,142		5,394		(1,251)		5,073	
Lease Deposits	184,788		186,952		(2,163)		188,432	
Deferred Income Taxes	16,165		15,996		168		24,110	
Deferred Tax Assets on Land Revaluation	9,227		13,064		(3,836)		18,423	
Other Investments and Assets	48,416		50,228		(1,811)		47,888	
Allowance for Doubtful Accounts	(8,233)		(8,457)		223		(9,517)	
Total Assets	¥3,373,694	100.0	¥3,294,190	100.0	¥79,504	2.4	¥3,135,907	100.0

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	September 30, 2007		March 31, 2007		Change		September 30, 2006	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	%	Amount	% of Total Assets
I . Current Liabilities:	¥707,612	21.0	¥685,907	20.8	¥21,704	3.2	¥714,167	22.8
Accounts Payable—Trade	55,664		131,947		(76,282)		56,362	
Short-Term Debt	222,037		226,767		(4,729)		268,711	
Commercial Paper	113,000		16,000		97,000		132,000	
Bond Redeemable Within One Year	30,000		-		30,000		10,000	
Income Taxes Payable	26,407		20,596		5,810		17,062	
Advances from Contracts in Progress	20,903		17,428		3,475		22,297	
Deferred Income Taxes	983		1,183		(199)		0	
Allowance for Completed Project Indemnities	1,567		1,547		19		1,497	
Allowance for Possible Guarantee Losses	144		146		(1)		147	
Other Current Liabilities	236,902		270,290		(33,387)		206,089	
II . Long-Term Liabilities:	1,688,037	50.0	1,645,068	50.0	42,968	2.6	1,517,049	48.4
Corporate Bonds	205,000		215,000		(10,000)		165,000	
Long-Term Debt	864,101		800,658		63,442		754,252	
Deposits from Tenants	326,461		322,785		3,675		309,024	
Allowance for Employees' Retirement Benefits	29,356		27,478		1,877		29,506	
Allowance for Directors' and Corporate Auditors' Retirement Benefits	1,129		2,075		(945)		1,917	
Deferred Income Taxes	43,671		52,891		(9,220)		53,606	
Deferred Tax Liabilities on Land Revaluation	181,267		185,104		(3,836)		163,001	
Other Long-Term Liabilities	37,050		39,074		(2,024)		40,740	
Total Liabilities	2,395,649	71.0	2,330,976	70.8	64,673	2.8	2,231,217	71.2
NET ASSETS:								
I . Total Shareholders' Equity:	661,918	19.7	638,161	19.3	23,756	3.7	608,236	19.4
Common Stock	174,296	5.2	174,296	5.3	-	-	174,296	5.6
Additional Paid-in Capital	248,319	7.4	248,308	7.5	11	0.0	248,303	7.9
Retained Earnings	243,444	7.2	218,682	6.6	24,761	11.3	188,101	6.0
Treasury Stock	(4,141)	(0.1)	(3,125)	(0.1)	(1,016)	32.5	(2,464)	(0.1)
II . Total Valuation Translation Adjustments and Others:	298,281	8.8	306,034	9.3	(7,752)	(2.5)	279,667	8.9
Net Unrealized Holding Gains on Securities	56,905	1.7	72,159	2.2	(15,254)	(21.1)	58,961	1.9
Deferred Gains or Losses on Hedges	39	0.0	53	0.0	(14)	(27.1)	54	0.0
Reserve on Land Revaluation	251,430	7.4	247,263	7.5	4,166	1.7	237,633	7.6
Foreign Currency Translation Adjustment	(10,093)	(0.3)	(13,442)	(0.4)	3,349	(24.9)	(16,981)	(0.6)
III . New Share Subscription Rights:	28	0.0	-	-	28	-	-	-
IV . Minority Interests in Consolidated Subsidiaries	17,815	0.5	19,018	0.6	(1,202)	(6.3)	16,786	0.5
Total Net Assets	978,044	29.0	963,213	29.2	14,830	1.5	904,690	28.8
Total Liabilities and Net Assets	¥3,373,694	100.0	¥3,294,190	100.0	¥79,504	2.4	¥3,135,907	100.0

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	September 30, 2007		September 30, 2006		Change		March 31, 2007	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%	Amount	% of Total Revenue
I. Revenue from Operations	¥594,088	100.0	¥511,350	100.0	¥82,737	16.2	¥1,229,193	100.0
II. Cost of Revenue from Operations	466,412	78.5	392,081	76.7	74,331	19.0	942,928	76.7
Gross Operating Profit	127,676	21.5	119,269	23.3	8,406	7.0	286,265	23.3
III. Selling, General and Administrative Expenses	63,949	10.8	55,004	10.7	8,944	16.3	124,423	10.1
Operating Income	63,726	10.7	64,265	12.6	(538)	(0.8)	161,842	13.2
IV. Non-Operating Income:	7,168	1.2	4,104	0.8	3,063	74.6	10,751	0.9
Interest Income	365		408		(43)		782	
Dividend Income	1,392		1,029		362		1,408	
Equity in Net Income of Affiliated Companies	4,619		1,173		3,446		4,410	
Other Non-Operating Income	791		1,494		(702)		4,150	
V. Non-Operating Expenses:	13,561	2.2	14,102	2.8	(540)	(3.8)	30,269	2.5
Interest Expenses	12,442		10,281		2,161		21,421	
Other Non-Operating Expenses	1,118		3,820		(2,702)		8,848	
Ordinary Income	57,334	9.7	54,267	10.6	3,066	5.7	142,324	11.6
VI. Extraordinary Gains	12,870	2.2	9,385	1.9	3,485	37.1	17,604	1.4
VII. Extraordinary Losses	6,344	1.1	10,588	2.1	(4,243)	(40.1)	43,909	3.6
Income before Income Taxes	63,860	10.8	53,064	10.4	10,795	20.3	116,020	9.4
Income Taxes	27,585	4.6	17,243	3.4	10,341		26,044	2.1
Deferred Income Taxes	501	0.2	(3,202)	(0.6)	3,703		12,953	1.1
Minority Interests	1,068	0.2	482	0.1	586		1,807	0.1
Net Income	¥36,842	6.2	¥39,505	7.7	¥(2,663)	(6.7)	¥75,213	6.1

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

(¥ millions)

	Shareholders' Equity						Total Net Assets
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Other Total	
Balance At March 31, 2007	174,296	248,308	218,682	(3,125)	638,161	325,052	963,213
Cash Dividends Paid			(7,913)		(7,913)		(7,913)
Net Income			36,842		36,842		36,842
Revaluation of Reserve on Land Revaluation, Net of Tax			(4,166)		(4,166)		(4,166)
Purchase of Treasury Stock				(1,027)	(1,027)		(1,027)
Sale of Treasury Stock		11		11	23		23
Changes in Items Other than Shareholders' Equity During Term						(8,926)	(8,926)
Changes in Six Months	-	11	24,761	(1,016)	23,756	(8,926)	14,830
Balance At September 30, 2007	174,296	248,319	243,444	(4,141)	661,918	316,126	978,044

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	New Share Subscription Rights	Total		
Balance as of March 31, 2007	72,159	247,263	53	(13,442)	-	306,034	19,018	963,213
Changes in Six Months	(15,254)	4,166	(14)	3,349	28	(7,752)	(1,202)	14,830
Balance as of September 30, 2007	56,905	251,430	39	(10,093)	28	298,281	17,815	978,044

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

	Six Months Ended September 30		Year Ended
	2007	2006	March 31, 2007
I. Cash Flows from Operating Activities:			
Income before Income Taxes	¥63,860	¥53,064	¥116,120
Depreciation and Amortization	20,476	19,152	40,122
Gain/Loss on Equity in Net Income of Affiliated Companies	(4,619)	(1,173)	(4,410)
Gain/Loss on Sales of Tangible and Intangible Fixed Assets	(11,720)	(1,627)	(7,676)
Loss on Disposal of Tangible and Intangible Fixed Assets	-	2,588	4,574
Loss related to Disposal of Tangible and Intangible Fixed Assets	3,076	-	-
Loss of Revaluation of Securities	1,627	-	-
Loss on Devaluation of Real Property for Sale	-	-	28,735
Interest and Dividend Income	(1,757)	(1,437)	(2,190)
Interest Expense	12,442	10,281	21,421
Increase/Decrease in Accounts Receivable	14,284	2,508	(11,177)
Increase/Decrease in Accounts Payable	(17,950)	(8,542)	6,815
Purchase of Real Property for Sale*	(193,870)	(213,954)	(366,095)
Sale of Real Property for Sale*	102,884	76,258	251,719
Increase/Decrease in Operational Investment	(34,830)	(15,024)	(40,124)
Bonuses Paid to Directors	-	(177)	(177)
Other	(30,901)	1,521	59,937
Subtotal	(76,997)	(76,562)	97,493
Cash Receipts of Interest and Dividend Income	3,288	1,780	3,179
Cash Payments of Interest Expense	(12,198)	(9,972)	(20,554)
Income Taxes Paid	(24,297)	(17,555)	(22,148)
Net Cash Provided by Operating Activities	(110,205)	(102,309)	57,969
II. Cash Flows from Investing Activities:			
Purchase of Marketable and Investment Securities	(17,591)	(23,550)	(27,493)
Sales of Marketable and Investment Securities	19	5,095	5,262
Purchase of Tangible and Intangible Fixed Assets	(88,885)	(126,079)	(219,797)
Sales of Tangible and Intangible Fixed Assets	21,137	111,768	139,000
Increase in Loans	(1,555)	(2,414)	(4,050)
Decrease in Loans	2,798	6,331	7,699
Decrease in Deposits from Tenants	(24,929)	(16,043)	(38,544)
Increase in Deposits from Tenants	28,633	35,262	70,281
Increase in Lease Deposits	(7,265)	(12,312)	(23,962)
Decrease in Lease Deposits	9,162	9,662	22,435
Purchase of Securities with Change in Scope of Consolidation	(222)	(1,685)	(7,612)
Other	2,372	1,894	(224)
Net Cash Used in Investing Activities	(76,325)	(12,071)	(77,006)
III. Cash Flows from Financing Activities:			
Increase/Decrease in Short-Term Debt	85,187	185,784	(15,998)
Proceeds from Long-Term Debt	114,895	22,449	272,999
Repayment of Long-Term Debt	(47,206)	(71,231)	(237,629)
Proceeds from Issuance of Bonds	20,000	10,000	60,000
Redemption of Bonds	-	(20,000)	(30,000)
Proceeds from Issue of Shares to Minority Shareholder	660	-	-
Cash Dividends Paid	(7,906)	(4,396)	(8,793)
Cash Dividends Paid to Minority Interests	(797)	(1,309)	(1,511)
Increase/Decrease in Treasury Stock	(1,016)	(316)	(981)
Net Cash Used in Financing Activities	163,816	120,980	38,085
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	13	(37)	180
V. Net Increase (Decrease) in Cash and Cash Equivalents	(22,701)	6,560	19,228
VI. Cash and Cash Equivalents at Beginning of Year	81,816	62,587	62,587
VII. Cash and Cash Equivalents at End of Year	¥59,115	¥69,148	¥81,816

*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, 2007		March 31, 2007		Change		September 30, 2006	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	%	Amount	% of Total Assets
I. Current Assets:	¥694,740	23.5	¥560,987	20.2	¥133,753	23.8	¥833,574	29.4
Cash and Time Deposits	33,816		52,842		(19,206)		38,463	
Accounts Receivable	6,274		10,688		(4,414)		7,135	
Real Property for Sale	91,294		95,570		(4,276)		97,449	
Real Property in Progress	46,571		50,128		(3,557)		235,259	
Land for Development	46,449		44,390		2,058		118,678	
Advances Paid for Purchases	4,512		4,704		(191)		33,274	
Short-Term Loans	231,370		100,959		130,410		112,810	
Equity Investments in Properties for Sale	156,500		123,451		33,049		99,437	
Deferred Income Taxes	50,244		50,108		136		39,147	
Other Current Assets	27,720		28,151		(431)		51,929	
Allowance for Doubtful Accounts	(13)		(9)		(4)		(11)	
II. Fixed Assets:	2,263,598	76.5	2,212,645	79.8	50,952	2.3	1,997,188	70.6
1. Tangible Fixed Assets:	1,421,211	48.0	1,285,874	46.4	135,337	10.5	1,243,718	43.9
Buildings	340,289		326,134		14,154		333,492	
Land	1,031,896		934,462		97,433		885,992	
Construction in Progress	30,801		7,516		23,285		6,335	
Other Tangible Assets	18,225		17,761		463		17,898	
2. Intangible Fixed Assets	16,339	0.6	16,451	0.6	(111)	(0.7)	15,679	0.6
3. Investments and Other Assets:	826,046	27.9	910,319	32.8	(84,273)	(9.3)	737,791	26.1
Investment Securities	242,709		252,669		(9,959)		224,771	
Investments in Stock of Consolidated Subsidiaries and Affiliated Companies	231,764		245,490		(13,725)		210,521	
Investments in Consolidated Subsidiaries and Affiliated Companies	-		20		(20)		-	
Long-Term Loans	3,786		5,107		(1,320)		4,752	
Long-Term Loans to Consolidated Subsidiaries and Affiliated Companies	162,665		218,844		(56,179)		102,786	
Lease Deposits	182,417		185,592		(3,174)		188,859	
Other Investments and Assets	21,532		21,481		51		23,237	
Allowance for Doubtful Accounts	(18,830)		(18,884)		54		(17,137)	
Total Assets	¥2,958,338	100.0	¥2,773,633	100.0	¥184,705	6.7	¥2,830,763	100.0

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	September 30, 2007		March 31, 2007		Change		September 30, 2006	
	Amount	% of Total Assets	Amount	% of Total Assets	Amount	%	Amount	% of Total Assets
I . Current Liabilities:	¥545,241	18.4	¥436,806	15.8	¥108,435	24.8	¥625,042	22.1
Accounts Payable	11,826		19,558		(7,732)		17,303	
Short-Term Debt	191,582		201,660		(10,078)		259,981	
Commercial Paper	113,000		16,000		97,000		132,000	
Bond Redeemable Within One Year	30,000		-		30,000		10,000	
Other Payables	6,051		18,832		(12,781)		15,324	
Income Taxes Payable	14,727		-		14,727		8,349	
Accrued Expenses	8,859		8,445		414		8,246	
Advances Received	28,582		28,254		328		57,484	
Deposits	127,285		133,626		(6,341)		104,779	
Other Current Liabilities	13,324		10,427		2,897		11,572	
II . Long-Term Liabilities:	1,552,811	52.5	1,495,063	53.9	57,748	3.9	1,363,921	48.2
Corporate Bonds	205,000		215,000		(10,000)		165,000	
Long-Term Debt	799,236		742,670		56,566		683,819	
Deposits from Tenants	314,227		304,824		9,403		291,176	
Deferred Income Taxes	19,774		16,779		2,995		21,204	
Deferred Income Taxes - Revaluation	175,832		179,669		(3,836)		163,001	
Allowance for Employees' Retirement Benefits	14,228		12,713		1,514		14,513	
Allowance for Directors' and Corporate Auditors' Retirement Benefits	615		1,508		(893)		1,416	
Negative Goodwill	704		-		704		-	
Other Long-Term Liabilities	23,191		21,898		1,293		23,788	
Total Liabilities	2,098,052	70.9	1,931,869	69.7	166,183	8.6	1,988,963	70.3
NET ASSETS:								
I . Total Shareholders' Equity:	541,444	18.3	504,497	18.2	36,946	7.3	499,809	17.7
Common Stock	174,296	5.9	174,296	6.3	-	-	174,296	6.2
Additional Paid-in Capital	248,311	8.4	248,300	8.9	11	0.0	248,294	8.8
Retained Earnings	122,968	4.1	85,017	3.1	37,951	44.6	79,670	2.8
Treasury Stock	(4,132)	(0.1)	(3,116)	(0.1)	(1,016)	32.6	(2,451)	(0.1)
II . Total Valuation Translation Adjustments and Others:	318,812	10.8	337,265	12.1	(18,453)	(5.5)	341,990	12.0
Net Unrealized Holding Gains on Securities	55,996	1.9	70,784	2.5	(14,788)	(20.9)	57,558	2.0
Deferred Gains or Losses on Hedges	12	0.0	13	0.0	(0)	(6.7)	14	0.0
Reserve on Land Revaluation	262,803	8.9	266,467	9.6	(3,664)	(1.4)	284,417	10.0
III . New Share Subscription Rights:	28	0.0	-	-	28	-	-	-
Total Net Assets	860,285	29.1	841,763	30.3	18,522	2.2	841,799	29.7
Total Liabilities and Net Assets	¥2,958,338	100.0	¥2,773,633	100.0	¥184,705	6.7	¥2,830,763	100.0

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	September 30, 2007		September 30, 2006		Change		March 31, 2007	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%	Amount	% of Total Revenue
I .Revenue from Operations	¥220,691	100.0	¥254,019	100.0	¥(33,327)	(13.1)	¥453,227	100.0
Leasing	166,454	75.4	134,707	53.0	31,746	23.6	282,707	62.4
Sales of Housing, Office Buildings and Land	30,003	13.6	95,150	37.5	(65,146)	(68.5)	115,959	25.6
Other	24,234	11.0	24,161	9.5	72	0.3	54,560	12.0
II .Cost of Revenue from Operations	175,741	79.6	199,330	78.5	(23,589)	(11.8)	357,391	78.9
Leasing	136,909		108,232		28,677		228,162	
Sales of Housing, Office Buildings and Land	24,027		78,857		(54,829)		96,695	
Other	14,804		12,241		2,563		32,533	
Gross Operating Profit	44,950	20.4	54,689	21.5	(9,738)	(17.8)	95,835	21.1
III.Selling, General and Administrative Expenses	9,458	4.3	12,736	5.0	(3,277)	(25.7)	21,527	4.7
Operating Income	35,492	16.1	41,952	16.5	(6,460)	(15.4)	74,308	16.4
IV.Non-Operating Income:	22,814	10.3	8,207	3.2	14,607	178.0	12,660	2.8
Interest Income	2,815		1,497		1,318		4,449	
Dividend Income	19,621		6,041		13,580		7,382	
Other Non-Operating Income	377		668		(291)		829	
V.Non-Operating Expenses:	10,083	4.5	10,324	4.0	(240)	(2.3)	24,098	5.3
Interest Expenses	7,400		6,084		1,315		12,614	
Bond Interest	2,210		1,785		424		3,656	
Commercial Interest	234		146		88		528	
Other Non-Operating Expenses	238		2,307		(2,069)		7,298	
Ordinary Income	48,223	21.9	39,835	15.7	8,387	21.1	62,871	13.9
VI.Extraordinary Gains	22,539	10.2	9,195	3.6	13,344	145.1	32,391	7.2
VII.Extraordinary Losses	4,980	2.3	9,919	3.9	(4,938)	(49.8)	38,832	8.6
Income before Income Taxes	65,782	29.8	39,111	15.4	26,670	68.2	56,430	12.5
Income Taxes	18,294	8.3	10,168	4.0	8,126	79.9	1,150	0.3
Deferred Income Taxes	-	-	-	-	-	-	13,543	3.0
Net Income	¥47,488	21.5	¥28,943	11.4	¥18,544	64.1	¥41,737	9.2