Mitsui Fudosan Co., Ltd.
September 30, 2004

Early Application of Impairment Accounting for Fixed Assets, and Revision of Performance Forecasts

At its Board of Directors meeting, held today, Mitsui Fudosan Co., Ltd., made a decision for the early application of impairment accounting for fixed assets, beginning in the fiscal year to March 2005. In line with this decision, the Company also has revised its interim and full-year performance forecasts for the same year.

Due to the early application of impairment accounting, the Company forecasts impairment losses amounting to around ¥34 billion in the current fiscal year, on a consolidated basis. This will result in a major decline in its forecast net income figure for the year (previously announced on April 30, 2004), from ¥45.5 billion to ¥23 billion.

Based on its Challenge Plan 2008, a long-term management plan ending March 2009, the Mitsui Fudosan Group is seeking to further raise asset efficiency and improve its financial base. At the same time, we are targeting sustained growth in earnings while making progress in our quest to become a "provider of real estate solutions and services." The early adoption of impairment accounting effectively puts an end to the series of losses associated with various changes in accounting standards, placing us in a better position to pursue targets outlined in Challenge Plan 2008.

Our forecast consolidated impairment losses in the current fiscal year, totaling ¥34 billion (¥13.5 billion for the parent company and ¥20.5 billion for consolidated subsidiaries) are broken down as follows (approximate figures).

4 Golf courses in Japan	¥23 billion
Leasehold, buildings, etc.	¥11 billion
Total	¥34 billion

※ The Company and its consolidated subsidiaries together own seven golf courses in Japan (with a book value of around ¥44 billion at March 31, 2004). The Group will apply impairment accounting to four of these (combined book value of around ¥36 billion), resulting in an impairment loss of around ¥23 billion in the current fiscal year.

※ In the fiscal year to March 2002, the Company and its major consolidated subsidiaries revalued their land holdings under the Law Concerning Revaluation of Land. For this reason, the adoption of impairment accounting will have minimal effect on the Group's holdings of office buildings and commercial facilities. However, it will apply to certain fixed assets, such as leasehold and buildings, that are outside of the scope of the Law Concerning Revaluation of Land. The impairment loss on such assets is forecast at around ¥11 billion.

The Group has revised its forecasts for the year to March 2005 (forecasts previously announced on April 30, 2004), taking into account losses resulted from the adoption of impairment accounting for fixed assets. The previous and revised forecasts are shown below.

(¥ billions)

	Consolidated			Nonconsolidated		
	Revised	Previous	Change	Revised	Previous	Change
Revenue from Operations	1,105	1,105	–	598	598	–
Operating income	112	112	–	69	69	–
Ordinary income	91	91	–	55.5	55.5	–
Extraordinary gains/losses	(41)	(13)	(28)	(34)	(10)	(24)
Income before income taxes	50	78	(28)	21.5	45.5	(24)
Net income	23	45.5	(22.5)	12.5	26.5	(14)

※ The forecast consolidated net income figure has been revised downward, to ¥23 billion. In addition to the expected impairment loss of around ¥34 billion, this is due to extraordinary losses associated with the disposal and sale of assets (which was partly included in the Group's previous forecast). The forecast nonconsolidated net income figure has been revised downward, to ¥12.5 billion. In addition to the expected impairment loss of around ¥13.5 billion, this was due to loss on devaluation of investment in consolidated subsidiary and provision for doubtful accounts associated with impairment loss of said subsidiary that owns golf courses (both items—loss on devaluation and provision for doubtful accounts—will be eliminated in consolidation), as well as extraordinary losses associated with the disposal and sale of assets.

Because impairment accounting will be adopted in the first half of the current fiscal year, the Group has revised its forecasts for the six months to September 2004 (forecasts previously announced on April 30, 2004), as follows.

(¥ billions)

	Consolidated			Nonconsolidated		
	Revised	Previous	Change	Revised	Previous	Change
Revenue from operations	451	450	1	224	223	1
Operating income	36	30	6	26	20	6
Ordinary income	26	20	6	20	14	6
Extraordinary gains/losses	(35)	(1.5)	(33.5)	(30)	0	(30)
Income before income taxes	(9)	18.5	(27.5)	(10)	14	(24)
Net income	(9.5)	13	(22.5)	(6)	8	(14)

※ The interim figures for revenue from operations, operating income, and ordinary income have been revised upward. This is due mainly to earlier-than-expected progress by the parent company in obtaining fees and capital gains from property transactions. Despite the forecast for an interim net loss, due mainly to the adoption of impairment accounting, the Group forecasts positive full-year earnings, both consolidated and nonconsolidated, as stated earlier.

This release contains forward-looking statements that reflect the Company's plans and expectations. Due to various uncertainties, actual results and achievements may differ significantly from those anticipated in these statements.