

March 4, 2005

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Notice Regarding Establishment of New Company

On March 4, 2005, Mitsui Fudosan Co., Ltd., and its wholly-owned subsidiary, Mitsui Real Estate Sales Co., Ltd., held their respective Board of Directors meetings. At the meetings, the two companies decided to promote their residential sales businesses by integrating the development and sales functions. To this end, they adopted a basic policy of splitting off their respective residential businesses to create a new residential sales company. Details are given below.

1. Purpose

The Japanese housing market is moving favorably and showing signs of brisk activity. However, the housing-related needs of customers are becoming more diversified and sophisticated, given the low birthrate, graying population, and growing popularity of inner-city living. These trends are expected to accelerate in the future.

To address the changing nature of the market, the Mitsui Fudosan Group, in its long-term business plan entitled Challenge Plan 2008, has cited three strategies for renewed emphasis: pursue customer-oriented management, target efficient Group operations, and reform its business models. To this end, Mitsui Fudosan and Mitsui Real Estate Sales have decided to integrate their residential sales businesses, which are currently separated into development (handled by Mitsui Fudosan) and sales (Mitsui Real Estate Sales). Specifically, they will split off the residential sales components of their respective companies and combine their managerial resources by establishing a new residential business company that integrates the development and sales functions.

The new company will seek to address the increasingly diversified and sophisticated needs of customers by expanding its business domain and engaging in housing sales and sales consignment businesses in various areas. It will also seek to further improve customer satisfaction levels while reinforcing profitability and competitiveness.

Through these actions, the Mitsui Fudosan Group will hone its competitive and growth strategies in the residential sales business and optimize its overall organizational structure.

2. Overview of Planned Split

Companies Involved	Businesses to Be Split	Departments Affected (As of April 2005)
Mitsui Fudosan Co., Ltd.	Residential sales	Residential Development Division, etc.
Mitsui Real Estate Sales Co., Ltd.	Residential consignment sales	New Home Sales (M.F.) Division, New Home Sales Division, Settlement Service Department., etc.

3. Provisional Schedule

February 2006: Conclude agreement for corporate split

June 2006: Shareholders' meetings held (to approve agreement)

October 2006: Split enforced

Details on the new company, method of reorganization, and other matters are yet to be decided.