Annual Report 2008

for the year ended March 31, 2008

MITSUI FUDOSAN

The Mitsui Fudosan Group

Mitsui Fudosan Co., Ltd. and its subsidiaries are the largest comprehensive real estate group in Japan. The Group deploys strong cash flow generated by a diversified portfolio of properties and businesses to create value by providing real estate solutions to end users, originators and investors. Mitsui Fudosan constantly develops new business models to remain at the forefront of its changing markets, and is currently executing Challenge Plan 2016, a long-term management plan that is designed to generate additional expansion, sustainable earnings growth and strong shareholder returns. Proud to contribute to society, the Group has a strong record of reducing environmental loading and contributing to a higher quality of life.

2.65 million
square meters of leased office building floor space (March 31, 2008)

1.3%
vacancy rate at office buildings and retail facilities (March 31, 2008)

25,000 units
equivalent inventory of land for housing (March 31, 2008)

¥2.7 trillion
in assets under management (March 31, 2008)

26%
compound annual growth in net income per share over the past five years

Note: Graphs and charts in this Annual Report are all years ended, ending or as of March 31.

Philosophy

Seeking to link diverse values and coexist in harmony with society, as symbolized by the Mitsui Fudosan logo, we will work to foster social and economic development and benefit the environment.

Evolution and Value Creation

By bringing knowledge and experience together in diverse ways, we seek to advance the real estate business and create new value, both at home and abroad, appropriate to global changes in social environments and market structures.

A Profitable and Growing Mitsui Fudosan Group

We seek to create a profitable and growing Mitsui Fudosan Group, acting honestly and fairly to realize the capabilities of the entire organization.

Contents

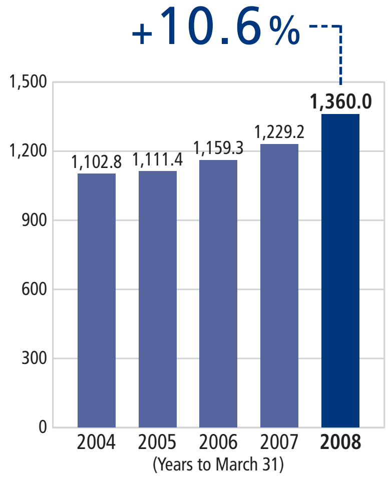
Consolidated Financial Highlights

Mitsui Fudosan Co., Ltd. and its Subsidiaries
Years ended March 31, 2008, 2007 and 2006

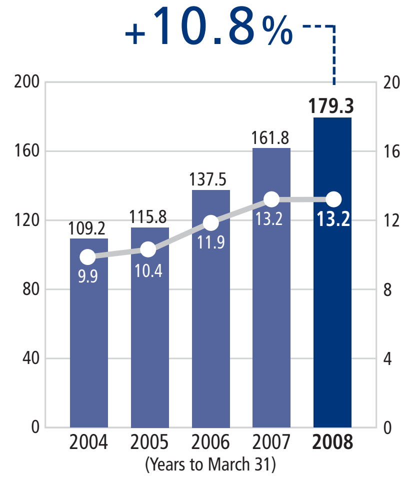
	Millions of yen except per share amounts			Percent change	Thousands of U.S. dollars (Note 1)
	2008	2007	2006	2008/2007	**2008**
For the Year					
Revenue from operations	**¥1,360,023**	¥1,229,194	¥1,159,280	10.6%	**$13,574,439**
Operating income	**179,282**	161,843	137,543	10.8	**1,789,420**
Net income	**87,378**	75,214	56,541	16.2	**872,123**
Cash dividends	**15,812**	8,794	6,983	79.8	**157,820**
At Year-End					
Total assets	**¥3,634,489**	¥3,294,190	¥2,986,502	10.3%	**$36,275,966**
Total net assets	**992,003**	963,214	876,811	3.0	**9,901,218**
Interest-bearing debt	**1,550,421**	1,258,427	1,199,291	23.2	**15,474,809**
		Yen		Percent change	U.S. dollars (Note 1)
Per Share Data					
Net income (Basic)	**¥ 99.4**	¥ 85.5	¥ 67.5	16.2%	**$ 0.992**
Cash dividends	**20.0**	14.0	10.0	42.9	**0.200**
Key Indicators					
Net income/revenue from operations (%)	**6.4**	6.1	4.9		
Net assets/total assets (%)	**27.3**	29.2	29.4		
Debt/equity ratio (times) (Note 2)	**1.6**	1.3	1.4		
ROA (%) (Note 3)	**5.5**	5.5	4.9		
ROE (%) (Note 4)	**8.9**	8.2	7.3		

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥100.19 = U.S.$1.00, the approximate exchange rate at March 31, 2008.
2. Debt/equity ratio = Interest-bearing debt / (Net assets – Subscription rights to shares – Minority interests)
3. ROA = (Operating income + Non-operating income) / Average total assets over the period
4. ROE = Net income / (Net assets – Subscription rights to shares – Minority interests, Average over the period)

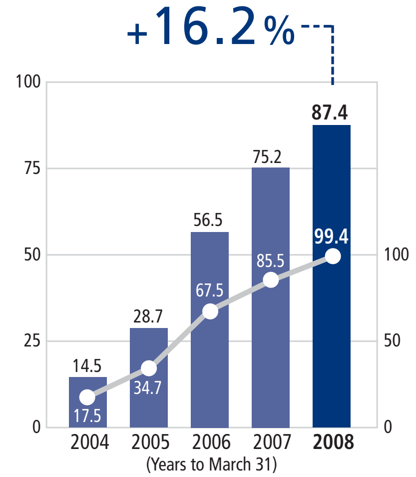
Revenue from Operations
(Billions of yen)



Operating Income and Operating Margin
(Billions of yen; %)



Net Income and Net Income per Share
(Billions of yen; %)



Forward-Looking Statements

This report contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and fluctuations in currency exchange and interest rates, could cause actual results to differ materially from expectations. This report contains forward-looking statements that are competitive activity and fluctuations in currency exchange and interest rates, could cause actual results to differ based on management's estimates, assumptions and projections at the time of publication.

An Interview with President and CEO Hiromichi Iwasa

Fiscal 2007, the year ended March 31, 2008, was the first year of Challenge Plan 2016, our blueprint for adapting to changing markets and customer needs to grow over the next decade. Mitsui Fudosan remains focused on its strategic objectives as it transforms outstanding investment opportunities into the foundation for future growth. Our efforts generated record operating income once again.

Hiromichi Iwasa
President and Chief Executive Officer

In the first year of Challenge Plan 2016, Mitsui Fudosan set records for revenues and income. What were the keys to this strong performance?

Tokyo Midtown is representative of the products and services we provide through large-scale, highly competitive, high-value-added projects that delight customers. Under Challenge Plan 2016 we will execute these kinds of projects to achieve balanced growth among our three core businesses, and this balance supported our solid performance in the past fiscal year.

For fiscal 2007, the year ended March 31, 2008, revenue from operations increased 10.6 percent year-on-year, or ¥130.8 billion, to ¥1,360.0 billion. Operating income grew 10.8 percent year-on-year, or ¥ 17.4 billion, to ¥179.3 billion, setting a record for the second consecutive year. Net income increased 16.2 percent year-on-year, or ¥12.2 billion, to ¥87.4 billion, setting a record for the third consecutive year. The full-year contribution of projects completed in the previous fiscal year, including the large-scale mixed-use development Tokyo Midtown and four large-scale retail facilities in the Tokyo metropolitan area, supported our solid performance, as did sales of housing to individuals and income-producing properties to investors. Our fee-based management services added depth to our performance. Tokyo Midtown is representative of the products and services we provide through large-scale, highly competitive, high-value-added projects that delight customers. Given our solid results, we increased cash dividends to ¥20.00 per share from ¥14.00 for the previous fiscal year.

The keys to our sustained growth are the strong, balanced core businesses that are able to execute these kinds of projects, as well as our financial strength and scale. We have steadily expanded our ability to generate revenues and earnings throughout the real estate value chain in our three core businesses. Mitsui Fudosan handles large, high-potential projects such as Tokyo Midtown and major urban redevelopment projects that contribute to performance in multiple ways, today and into the future. At the same time, we have emphasized an efficient capital structure with sound leverage that creates shareholder value. Our growth strategy for our core businesses is to continue to execute superior projects while maintaining a sound financial structure.

Strategic Emphases of Challenge Plan 2016

Well-Balanced Growth among Three Core Businesses	➤ Promote combinations of holding, trading and management that match project features. ➤ Use this hybrid business model to build a diversified pipeline. ➤ Participate in urban and regional redevelopment in central and metropolitan Tokyo and outlying areas.
Expansion into New Businesses	➤ Incubate and develop businesses for the future including overseas real estate development.
Corporate Value	
ROE-Based Management	➤ Generate profitable growth and solid shareholder returns from a stable financial base.
Effective Corporate Governance	➤ Enhance internal controls and maintain the highest levels of compliance.

Investors considering the Japanese market must contend with the impact of tighter credit. What is the status of the Japanese real estate market?

The fundamentals of the Japanese real estate market remain strong despite turbulence in global financial and credit markets.

Although the U.S. Federal Reserve moved quickly to lower interest rates and supply liquidity as global credit markets tightened, the U.S. economy has weakened. The markets of Asia have continued to grow, but the potential for a U.S. recession impacts markets worldwide. At the same time, the rising price of oil and other raw materials is raising the specter of inflation.

Japan's real estate market is increasingly integrated with global capital markets because of factors including the increased used of securitization. While turbulence in global financial and credit markets has affected Japan, the fundamentals of the Japanese real estate market remain strong, and so do yields. Demand remains robust in the Tokyo office market, while moderate additions to supply suggest that occupancy rates will remain high, especially at prime locations. While Japan's residential condominium market is going through an adjustment phase in which value is a key factor, people continue to move to Tokyo, which establishes a floor underpinning firm demand. Thus, Japanese real estate in general, and the Tokyo market in particular, remains healthy and the long-term trend is upward.

What are Mitsui Fudosan's strategies for continued growth in the future?

Solid finances, broadly based businesses, a strong network and well-established brands position Mitsui Fudosan for continued growth.

Mitsui Fudosan is well positioned to benefit in the current market, or any market for that matter. We have been strengthening our financial structure over the past several years, and we have worked to adjust leverage so that we have excellent flexibility to take advantage of outstanding growth opportunities. During the past fiscal year we acquired numerous outstanding investment opportunities, and now we are looking for favorable business opportunities.

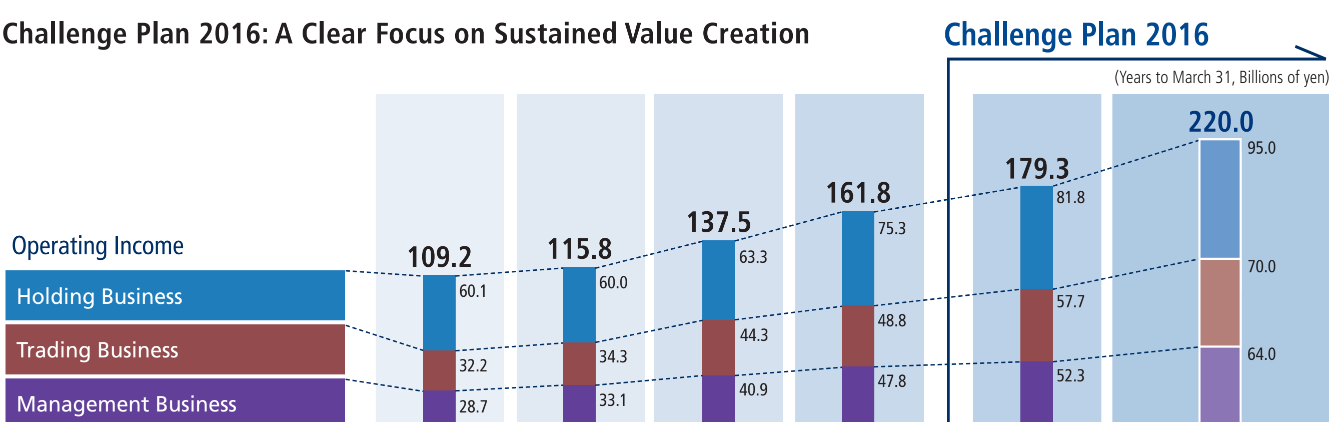
Our holding business centered on office buildings and retail facilities is strong. In our office building leasing business, our pipeline is filled with attractive projects in prime locations. We are emphasizing large scale redevelopment projects, an area in which we are particularly able to exercise our strengths. Moreover, we have relationships with literally thousands of leading companies that have been tenants, clients or partners, which enhance our development capabilities and support continued competitiveness. In our retail facilities business, we use our capabilities in planning and development and our strengths in managing these properties acquired over more than 25 years to develop and operate highly competitive and profitable properties.

In our trading business, our excellent relationships with numerous real estate investors allow them to participate in our growth in the manner most suitable for them. Moreover, our asset management business serves investors who own properties, giving us an opportunity to expand revenues and income without increasing invested capital or risk.

Overall, the residential housing market has weakened. In a polarized market, the properties supplied by Mitsui Fudosan Residential Co., Ltd., which is integrated from housing construction to sales, are being well received by customers. Our ability to supply approximately 6,000 units of housing annually demonstrates the excellent position of the Mitsui Fudosan brand.

In our management business, we have the largest share of Japan's residential brokerage market for individual customers with our widely recognized Rehouse brand, and significant positions in the car parking

Challenge Plan 2016: A Clear Focus on Sustained Value Creation



	2004	2005	2006	2007	2008	2010 (Targets)
ROA* (%)	4.1	4.3	4.9	5.5	5.5	6.2
Debt / Equity ratio (times)	2.0	1.9	1.4	1.3	1.6	1.4
ROE** (%)	2.2	4.3	7.3	8.3	9.1	9.5

* ROA = (Operating income + Non-operating income) / Average total assets over the period
** ROE = Net income / (Net assets – Subscription rights to shares – Minority interests)

business and commissioned sales. Our asset management and property management businesses continue to expand steadily. We have been increasing assets under management after selling properties to the three real estate investment trusts (REITs) for which we serve as the asset management firm, which has contributed to increased fee income for the Mitsui Fudosan Group. Once again, Mitsui Fudosan is positioned to benefit everywhere in the real estate value chain.

Mitsui Fudosan has expanded its investment plans. How does the Company intend to maintain its strong financial condition as it invests in growth opportunities?

Competition to acquire real estate was intense during the fiscal year ended March 31, 2008. Rather than engaging in price competition, Mitsui Fudosan deployed its strength in redevelopment to selectively invest in attractive urban properties. At the same time, we continued to sell assets to transform and upgrade our portfolio.

Under our previous management plan, we reduced our debt-to-equity ratio to 1.3 times as of March 2007 to make sure we had the flexibility we need to take on the large development projects that are strongly profitable. The increase in interest-bearing debt during the past year primarily reflects this strategy in action. Our debt-to-equity ratio stood at 1.6 times as of March 31, 2008, which is a conservative level given our consistent ability to generate cash and raise return on equity by renewing our portfolio and participating in major projects. We are executing numerous large-scale redevelopment projects in premium locations in Tokyo such as the Nihonbashi area, the Hibiya area, Otemachi and Iidabashi. These projects will command strong rents in the tight Tokyo leasing market, which will generate strong cash flow. In the retail facilities business, we develop a diverse range of properties, including regional shopping centers, lifestyle parks, outlet parks and urban retail facilities. Moreover, we typically use fixed-term leaseholds in cooperation with landowners, which reduces the initial capital requirement for projects and raises return on investment. At the same time, we continue to sell assets to renew our portfolio.

We are also using capital participation to collaborate with companies that have attractive future prospects. This was the rationale for our acquisition of a 33.16 percent stake in Imperial Hotel, Ltd., which has substantial land holdings in Tokyo's prime Hibiya neighborhood. Under the capital participation agreement we formed with Imperial Hotel, we will examine a redevelopment project for the Hibiya area, including the Tokyo Imperial Hotel, from a medium-to-long-term perspective. We also furthered our plans to form a REIT for retail facilities by acquiring all of the issued shares in Frontier REIT Management Inc., which is the asset management arm of Frontier Real Estate Investment Corporation (Frontier Investment), and reached a basic agreement to purchase shares in Frontier Investment. In addition, we have built a land bank in our residential housing business that can accommodate some 25,000 units as of March 2008, about the same as a year earlier, so we are positioned for steady growth in revenues with predictable margins.

Moreover, our success at expanding beyond the holding business with the trading and management businesses means that we generate significant cash flow through fee-based income. At this point, our management business has assets under management of approximately ¥2.7 trillion generating annual fee income of about ¥19.0 billion, and we intend to expand assets under management by more than 20 percent to ¥3.3 trillion by March 2010.

Bottom line, a strong pipeline creates value for shareholders, and our debt levels are conservative given the value we are currently creating.

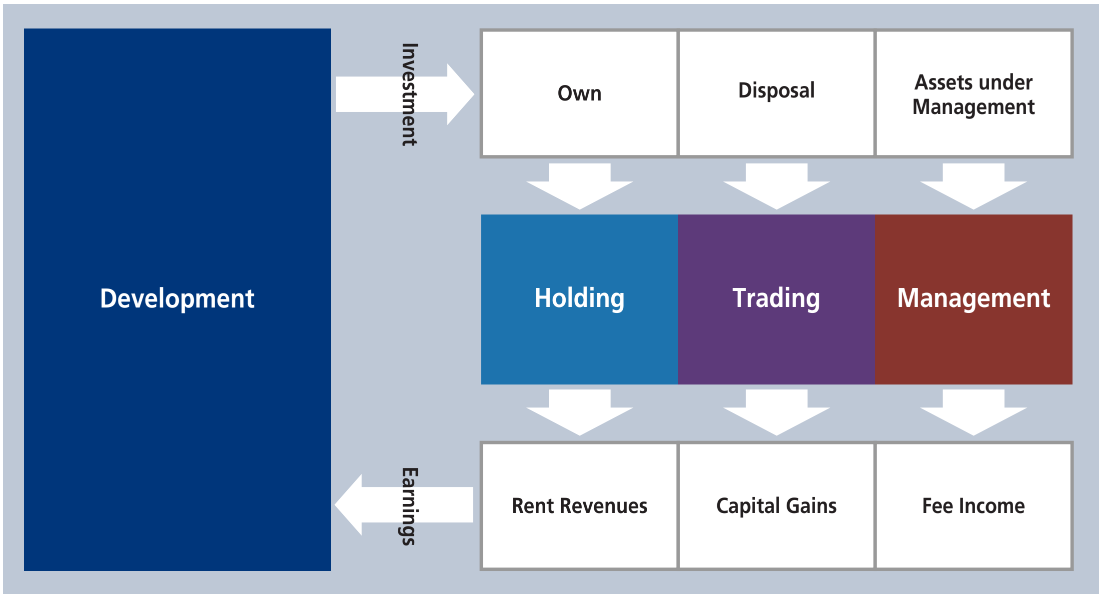
Challenge Plan 2016 calls for innovative and sophisticated combinations of the Company's unique core businesses to generate growth. What will creating synergy among Mitsui Fudosan's core businesses entail?

The Mitsui Fudosan Group has the resources to deploy synergy among its core businesses and the strengths of individual Group companies to provide comprehensive solutions to customers.

Under Challenge Plan 2016, we have divided the next 10 years into two stages. Stage I runs through the year ending March 2012, while Stage II will begin in April 2012. One of our strategic emphases for the first five years of Challenge Plan 2016 is well-balanced growth among our three core businesses of holding, trading and management. We intend to focus not only on developing growth vertically within each business, but also on developing synergy among them within projects to maximize the value of real estate.

In the past, we developed properties and held them in our portfolio to generate leasing income, but we have many more options now. We have created REITs for office and residential properties, and in the past fiscal year moved toward forming a retail facility-specific REIT with the acquisition of Frontier REIT Management Inc. As a result, we can sell virtually any property we create to one of these REITs. We also receive asset management fees from these REITs. The acquisition of Frontier REIT Management creates strong synergy because Frontier REIT will purchase properties we develop for investors in our trading business while also entrusting management of properties it owns to our management business.

Another option is marketing the property to an external investor, an approach under which we typically receive the property management contract and a steady stream of fee income. Mitsui Fudosan also generates fee income by handling development for originators such as corporations redeveloping a prime address. We can securitize a property and sell a portion or all of it. We can trade mature properties for development opportunities as we did with Nippon Building Fund to acquire the Marunouchi 1-chome Project, which is planned for completion in 2010, or provide consulting, development and management expertise within large-scale public-private redevelopment projects.



The point is, we have great flexibility in selecting projects and approaches that integrate our strengths throughout the real estate value chain. We can create hybrid models tailored to the specifics of any given project to the benefit of Mitsui Fudosan, its partners and its investors. We intend to use this approach to grow steadily during Challenge Plan 2016.

We also intend to expand the application of this model overseas during the latter half of Challenge Plan 2016. We already have good relationships with real estate market participants in the developed markets of the United States and the United Kingdom, and our core business model will be an effective means of expanding participation in the global real estate value chain through our trading and management businesses. In Asia, our objective is to participate in development projects in partnership with strong local companies.

Given Mitsui Fudosan's consistent ability to increase operating income over the past several years, what can investors expect regarding shareholder returns and the Company's approaches to funding growth?

Mitsui Fudosan is targeting an annual payout ratio of 20 percent of consolidated net income with the objective of further increasing corporate value. We are also working to maintain stakeholder trust by further enhancing corporate governance.

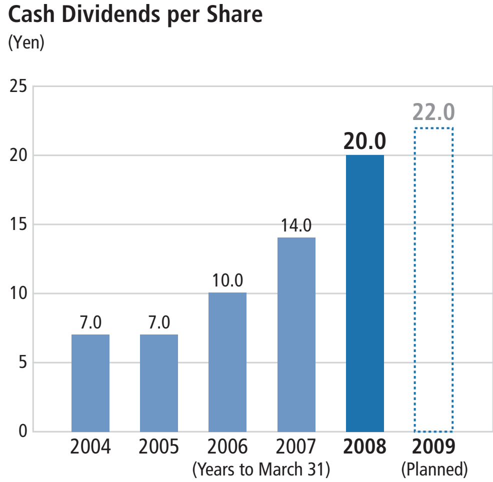
Mitsui Fudosan considers shareholder returns to be a top management priority, and we will continue to make every effort to meet shareholder expectations. To further increase corporate value, we determine dividends after an overall consideration of our operating environment, results and financial condition to maintain a balance with opportunities to invest in highly profitable businesses. For now, we have targeted an annual payout ratio of 20 percent of consolidated net income. In addition, we have also strengthened the linkage between directors' bonuses and performance to further enhance the commitment of directors to shareholder interests and increased corporate value.

Moreover, Mitsui Fudosan also works to earn the trust of shareholders and all stakeholders by structuring and optimizing corporate governance for sound, transparent and efficient management. We have introduced an executive officer system to separate management from execution and strengthen both, thus raising management soundness and efficiency, and have appointed two outside directors while strengthening audits of director performance to enhance transparency. In April 2007, we also established a department responsible for Japanese regulation similar to the Sarbanes-Oxley Act of the United States, commonly known as J-SOX.

Furthermore, the Mitsui Fudosan Group has registered for the licenses required by the Financial Instruments and Exchange Law, while enhancing the compliance structures these licenses require. We have also strengthened compliance, explanatory capabilities and information management in working to contribute to the soundness of the real estate investment market while concurrently enhancing our own performance.

I am proud of the progress Mitsui Fudosan made in the first year of Challenge Plan 2016, and I expect this performance to set the example for future years. I am also proud of our ability to meet the expectations of our shareholders and other stakeholders. We will be counting on your continued support as we work to create even greater value.

Cash Dividends per Share



Our growth strategy during Challenge Plan 2016 will center on strengthening our three core businesses by developing each one vertically while simultaneously integrating them horizontally to maximize value. Our core skills – the ability to create value through real estate, extensive property market expertise and the ability to maintain and increase property value – give us a broad array of options in creating a diverse pipeline of growth opportunities while enhancing our ability to adapt our strengths to suit the requirements of particular projects.

INTEGRATE

We are executing a hybrid business model that enhances integration among our holding, trading and management businesses to maximize returns from participation throughout the real estate value chain.

REDEVELOP

Mitsui Fudosan has an extensive record of achievement in redevelopment projects, in which we deploy our development capabilities and reliability to generate strong returns for investors.

CONCENTRATE

Our objective is to develop projects and own assets that are highly competitive, both qualitatively and quantitatively. We concentrate our resources on the most competitive projects.

INTEGRATE

Drive growth through cooperation among holding, trading and management.

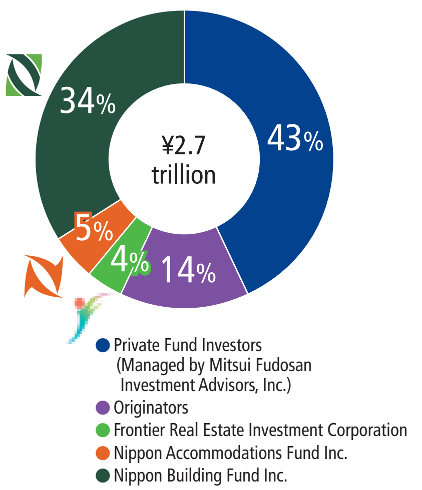
3 times

growth in operating income from sale of properties to investors (fiscal 2007 vs. fiscal 2002)

¥2.7 trillion

in assets under management (March 31, 2008)

AUM Breakdown
(as of March 31, 2008)



Horizontal Integration Creates Flexibility

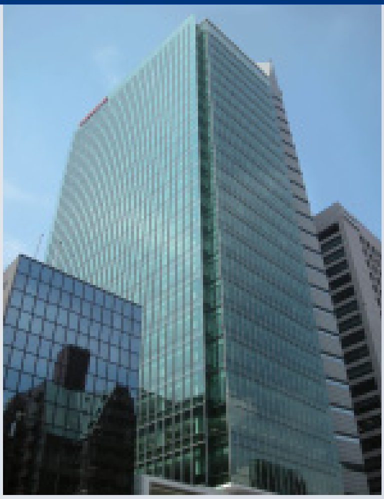
Horizontal integration gives flexibility, and that means more opportunities for growth. It is central to our commitment to generating consistent value for shareholders over the long term. Sales of properties to investors are representative of our ability to horizontally integrate strengths. Mitsui Fudosan has relationships with numerous J-REITs, private funds and investment corporations, which it uses to generate earnings by providing development and management expertise.

In this value chain, as in the holding business, we use our development strengths to construct high-quality facilities, then sell properties to investors such as J-REITs and private funds. Mitsui Fudosan typically receives the property and asset management business following the sale, which generates stable fee income.

In the J-REIT market, we have established Nippon Building Fund Inc. (NBF) and Nippon Accommodations Fund Inc. (NAF) to serve the office building and accommoda-tion markets, respectively. In addition, wholly owned subsidiary Mitsui Fudosan Investment Advisors, Inc. has relationships with numerous private funds and other investors. Using this horizontal business model, Mitsui Fudosan generates capital gains in the trading business and fee income in the management business.

Hybrid Projects Link Core Strengths

Mitsui Fudosan also generates fee income by handling development for originators such as corporations redeveloping underutilized assets located in prime areas. Using this approach, Mitsui Fudosan does not own the assets. Rather, we develop properties using the ability of our trading business to create value through real estate. Once con-struction is complete, our management business uses its ability to maintain and increase property value to generate fee income during both the trading and manage-ment phases. Tokyo Midtown, a property we developed with other investors, is one example of integration in action.



Aoyama OM-SQUARE
(Office building / Completed in July 2008)

Shibaura Island Bloom Tower
(Rental condominiums / Completion scheduled for September 2008)

Akasaka Biz Tower
(Office building / Completed in January 2008)

Building a Cooperative Relationship with a Retail Facility-Specific J-REIT

Mitsui Outlet Park Iruma (Outlet mall / Opened in April 2008)

Growing Together with REITs

On March 24, 2008, Mitsui Fudosan completed the acquisition from Japan Tobacco Inc. of all of the issued shares in Frontier REIT Management Inc. (FRM), which is the asset management arm of Frontier Real Estate Investment Corporation (Frontier Investment), a J-REIT. Mitsui Fudosan also has an agreement to purchase shares in Frontier Investment, which will increase its capital via a private placement that Mitsui Fudosan will purchase for ¥9.6 billion. Mitsui Fudosan will have four seats on FRM's Board of Directors, and will provide FRM with advisory services. Moreover, FRM will commission Mitsui Fudosan to provide management, planning and leasing services for its five retail facilities, and Mitsui Fudosan has granted FRM preferential negotiating rights for the sale of five retail properties.

Accelerating the Integration of Trading and Management

Cooperation with FRM, which already has a solid foundation, accelerates Mitsui Fudosan's existing plans to establish a retail facility-specific REIT. This will give Mitsui Fudosan more options for sale and management when developing retail facilities. In accordance with Mitsui Fudosan's strategy of balanced growth among its three core businesses, the new FRM will contribute to both internal and external growth while supporting the further development of the J-REIT market.

WV Sakae
(Rental facilities / Opened in January 2007)

REDEVELOP

Create new opportunities by participating in large-scale urban renewal projects.

1.8 ha

site area of the Muromachi East District Development Project in Nihonbashi

1,300%

maximum floor area ratio for the Muromachi East District Development Project in Nihonbashi

Revitalizing Entire Neighborhoods

Redevelopment of entire neighborhoods has emerged as one of the most attractive sectors in which Mitsui Fudosan can generate superior investment performance using its broad range of capabilities. These projects, often conducted in cooperation with public entities, require skill in every aspect of real estate from development to management, and are therefore perfect for Mitsui Fudosan to fully exercise its expertise. Moreover, they create development opportunities in premier locations where vacant land is scarce, which helps Mitsui Fudosan enhance profitability.

Landmark Projects

Many redevelopment projects create new area landmarks. They enhance the potential of the redeveloped site by creating new activity, and new landmark properties command the highest rents.

A Pipeline Full of Projects

In the Nihonbashi area, Mitsui Fudosan has already undertaken two redevelopment projects where construction is complete and the Muromachi East District Development Project, which is in the planning stage. Another redevelopment project in Nihonbashi centers on the area around Takashimaya department store. We are also active in other redevelopment projects in centrally located neighborhoods throughout Tokyo. In the premier Hibiya area, we are redeveloping the Sanshin Building and the Hibiya Mitsui Building, with construction scheduled to begin from 2012. In Iidabashi, we are working on a major redevelopment project centered on land that we acquired. Numerous, ongoing redevelopment projects are a core Mitsui Fudosan strength.

Nihonbashi Mitsui Tower
(Office building / Completed in September 2005)

Tokyo Southern Garden
(Completion scheduled for 2010)

Park Tower GranSky
(Housing for sale / Completion scheduled for June 2010)

Redevelopment Projects throughout Nihonbashi

Revitalizing Our Neighborhood

As the site of our headquarters, the Nihonbashi area is our neighborhood. We are proud of our role in revitalizing Nihonbashi by creating entirely new districts through redevelopment projects. In January 2004, we completed the Nihonbashi 1-chome Building, with its component Coredo urban retail facility. In July 2005, we completed the Nihonbashi Mitsui Tower, which features the Mitsui Memorial Museum and the Mandarin Oriental Tokyo Hotel and further contributes to Nihonbashi's potential. The revitalization of Nihonbashi continues steadily.

Scale and Scope

In contributing to the renaissance of Nihonbashi, Mitsui Fudosan's emphasis has moved beyond particular buildings to the development of entire areas. We are now undertaking the Muromachi East District Development Project, with the No. 3 Annex encompassing approximately 3,700 square meters of office and retail space across from the Mitsui Main Building scheduled for completion in fiscal 2010.

Muromachi East District Development Project (Completion scheduled for 2010–2013)

CONCENTRATE

Enhance our market leadership by concentrating resources on the most competitive projects.

32%

ratio of buildings under five years old and properties scheduled for redevelopment to total office floor space
(March 31, 2008)

75%

approximate percentage of condominium sales revenue from high-end and high-rise properties
(Year ended March 31, 2008)

Further Raising the Quality of Portfolio Assets

Mitsui Fudosan has significantly increased the assets it owns in central business districts around Tokyo Station – Nihonbashi, Yaesu, Otemachi and Hibiya. In Nihonbashi, we are complementing our asset portfolio by working with landowners in the area on redevelopment projects such as the Muromachi East District Development Project. These projects are contributing to increasing the value of the Nihonbashi area as a whole. Construction has begun on the Marunouchi 1-chome Project (the former JFE Building), a large-scale project that will begin contributing to results from the year ending March 2011.

At the same time, the renewal of our office building assets is another key strategy. During fiscal 2007, we made large-scale investments in future growth, while also selling assets. This asset renewal strategy has increased both the proportion of new buildings in our portfolio and its overall asset quality. New buildings completed during fiscal 2007, such as GranTokyo North Tower, are contributing to earnings.

Competitive Projects

We are concentrating on competitive projects in the trading business. In the housing sales business, as of March 31, 2008 we held inventories of land sufficient for approximately 25,000 housing units. With the market undergoing a correction phase, these landholdings are distinguished by their quality. Our land bank is not simply a collection of individual properties we offer for sale. Rather, much of it is in development projects that will create entire neighborhoods over several years. We are therefore using our ability to create value in multiple projects, so that even during the current correction phase we can proudly offer competitive projects that earn customer praise.

In sales of properties to investors, many excellent properties including office buildings, rental condominiums and retail facilities, mainly developed by Mitsui Fudosan, are on our balance sheet or in SPCs with investors. These assets are highly liquid and competitive because of our ability to select and purchase properties and add value to real estate. In tandem with the housing sales business, they represent a pillar of the trading business.

Marunouchi 1-chome Project
(Office building / Completion scheduled for 2010)

Shibaura Island Cape Tower
(Housing for sale / Completed in December 2006)

Park City LaLa Yokohama
(Housing for sale / Completed in December 2007)

High-Value-Added Urban Condominiums That Use Our Development Strengths

Enthusiastic Customer Praise

Wholly owned subsidiary Mitsui Fudosan Residential Co., Ltd. began selling condominium units at Park Court Akasaka The Tower in March 2008. Located in Akasaka, Minato-ku in the heart of Tokyo, the property is an ultra-high-rise condominium building with 43 floors and 463 units. Within two months after sales began, approximately 60 percent of the units had been spoken for by eager buyers. Sales remain robust as a result of enthusiastic praise for this high-value-added property excellently situated in Akasaka.

Focus and Excellence

We are offering Park Court Akasaka The Tower units for sale through a redevelopment group structured by local landowners. Mitsui Fudosan and the construction company were selected as the specified project representatives responsible for the redevelopment project in January 2004. Our experience, reliability and strengths in redevelopment projects were key to our selection. This project is representative of the numerous projects we execute over several years using our ability to create value. Thus even in a market undergoing a correction phase, we proudly offer highly competitive properties. We are focusing on this kind of project, and our land bank consists of numerous similar projects.

Park Court Akasaka The Tower (Housing for sale / Completion scheduled for June 2009)

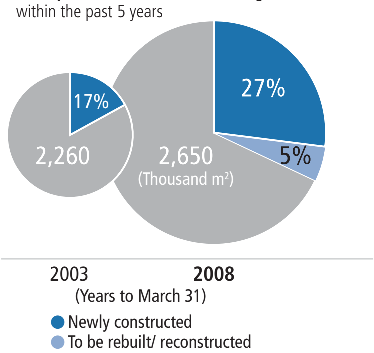
Mitsui Fudosan Creates Value

Holding Business

The holding business consists of leasing office buildings and retail facilities. Mitsui Fudosan continues to enhance the quality of assets in its portfolio to improve competitiveness and profitability. Our strategy centers on rapidly bringing highly competitive and profitable properties on stream.

Share of New Office Buildings in Portfolio (by floor area)*

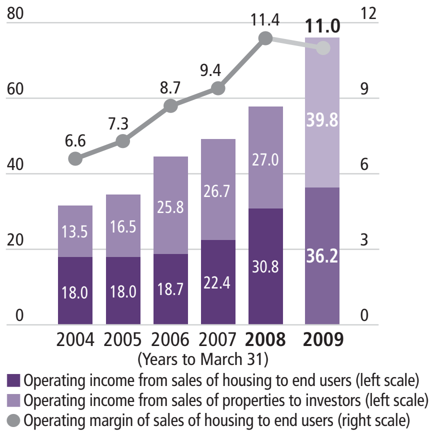
* Total floor area of buildings owned and masterleased / "Newly constructed" includes buildings constructed within the past 5 years



Trading Business

The trading business consists of sales of housing to individual end users and the development and sale of rental condominiums, office buildings and commercial properties to investors. Our goals include strengthening profitability. A highly competitive product mix is a strength in sales of housing to individual end users. Relationships with a broad range of investors and high-quality assets are strengths in sales of properties to investors.

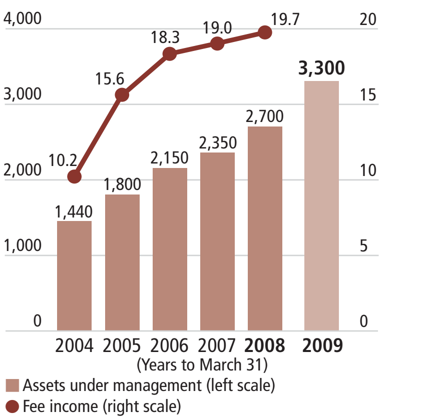
Trading Business Operating Income
(Billions of yen; %)



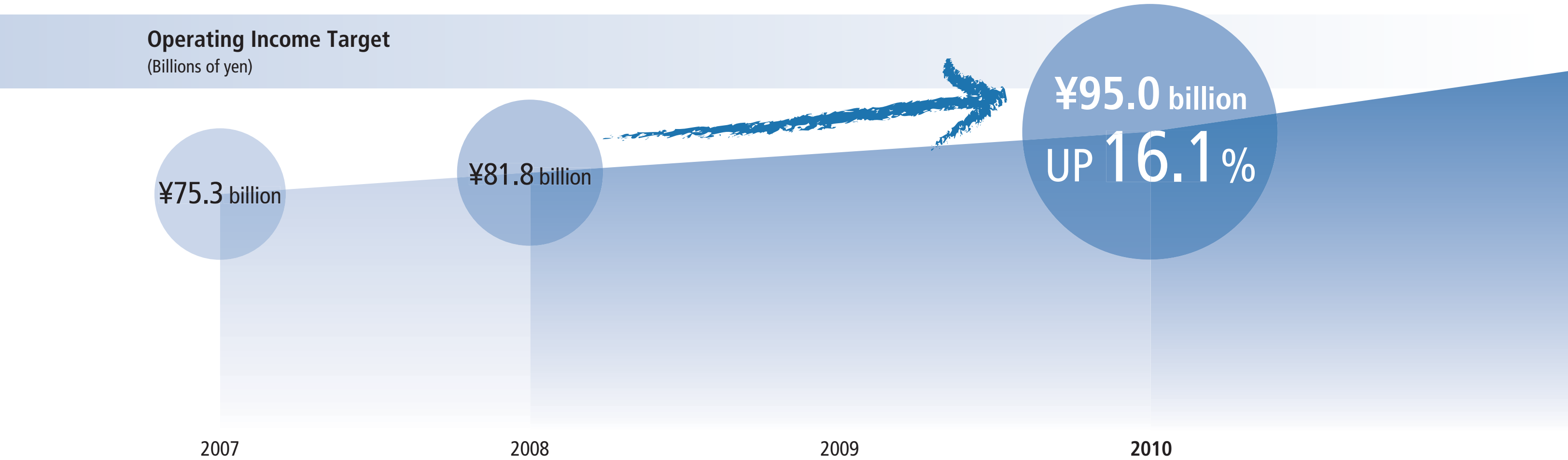
Management Business

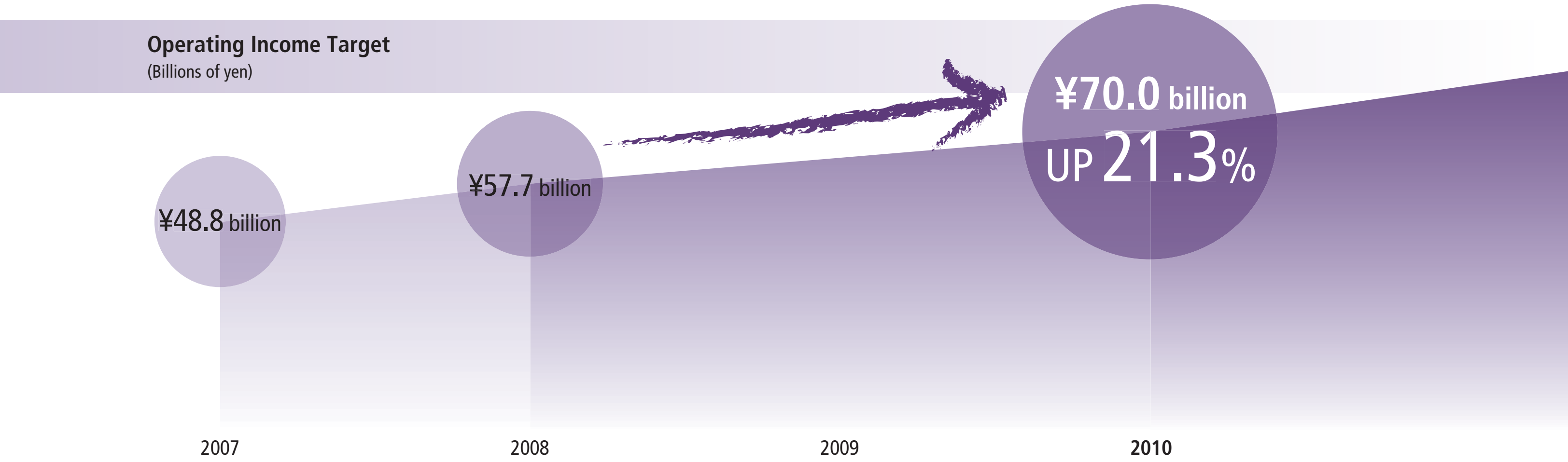
The management business encompasses property and asset management for REITs and private funds. Our strategy centers on expanding assets under management and increasing fee income. This business contributes to increased ROE. Subsidiaries play a key role in generating fee income from providing solutions.

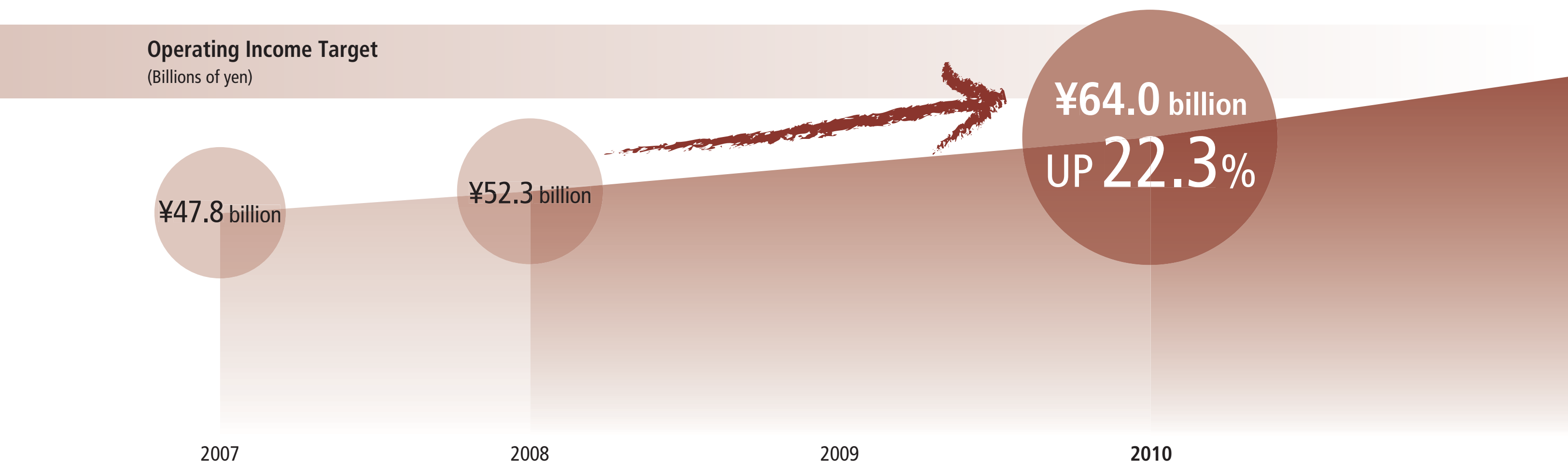
Expansion in Assets under Management & Fee Income (Billions of yen)



Under Challenge Plan 2016, Mitsui Fudosan is adapting to changing markets and emerging customer needs. Over the coming decade, we will strengthen our core businesses while embracing new opportunities to create value for stakeholders as we evolve in tandem with accelerating external changes. Building outward from a strong base in Japan, Mitsui Fudosan intends to participate fully in the globalization of real estate markets.







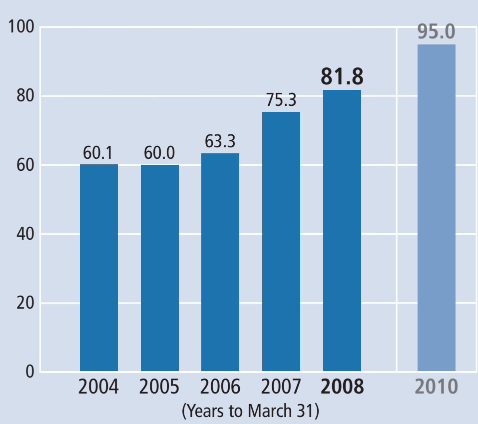
(Years to March 31)

Holding Business

Leasing of office buildings and retail facilities

Portfolio Growth Strategy:
Further improvement in asset quality with strong management skills

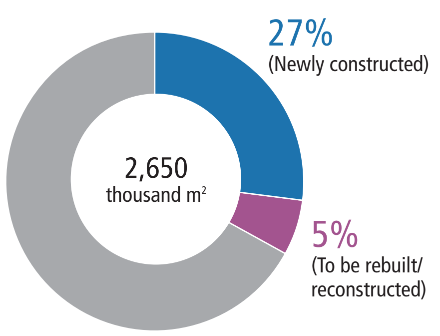
Operating Income
(Billions of yen)



Aggressively Renewing Our Portfolio

The holding business encompasses leasing office building and retail facilities. We are improving competitiveness and profitability by raising the quality of assets in our portfolio. A key emphasis is redevelopment projects with strong ROI, and urban renaissance projects including such flagship projects such as Aoyama OM-SQUARE (Minato-ku, Tokyo) and Akasaka Biz Tower (Minato-ku, Tokyo). Moreover, we are making measurable progress in our Challenge Plan 2016 strategy of improving our portfolio by both selling and exchanging assets. As of March 31, 2003, our office building portfolio encompassed 2.26 million square meters, with 17 percent in new properties. As of March 31, 2008, we held 2.65 million square meters in our portfolio, with 27 percent in new properties. A representative program began in April 2006 with an exchange of assets with Nippon Building Fund Inc. (NBF) totaling approximately ¥100 billion through which Mitsui Fudosan received the JFE Building in Otemachi, one of Tokyo's central business districts. The property now under construction as part of this program is called the Marunouchi 1-chome Project. Scheduled for completion in 2010, it will serve as the headquarters of the Sumitomo Mitsui Banking Corporation.

Share of New Office Buildings in Portfolio (by floor area)*



(As of March 31, 2008)

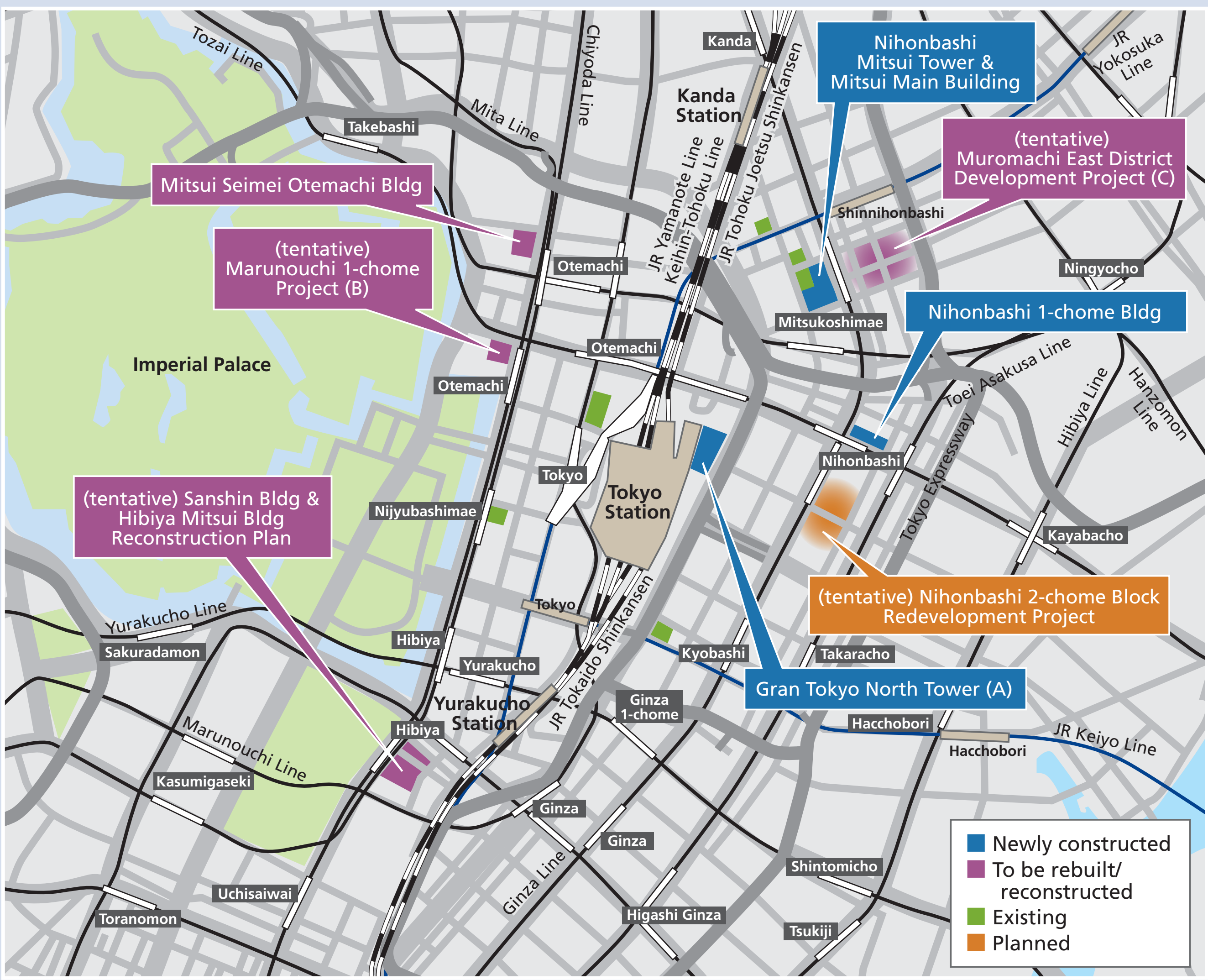
* Total floor area of buildings owned and masterleased / "Newly constructed" includes buildings constructed within the past 5 years

GranTokyo North Tower
(map A)

Marunouchi 1-chome Project
(map B)

Muromachi East District Development Project
(map C)

Main Office Buildings in Mitsui Fudosan's Portfolio
(Area around Tokyo Station)



GranTokyo North Tower
(Office building / Completed in October 2007)

Steady Increases in Rent

New properties contribute to earnings growth, as does our steady progress in the key area of increasing rents. Currently, existing market rents for new lease contracts give us a positive margin, and we have steadily raised rents when renewing contracts. Thus rent increases are an essential component of growth in the holding business.

An Effective Retail Player

Moreover, we are aggressively investing to expand the number of shopping malls that we own and manage. Four large-scale shopping malls in the greater Tokyo area that we opened in the previous fiscal year, including LaLaport Yokohama, are contributing to results and are central to the holding business. In the retail facilities business, fixed-term leaseholds and mixed-use development enhance investment efficiency and build synergy with residential and office building operations. Mitsui Fudosan has been developing retail facilities for more than 25 years since opening LaLaport Tokyo-Bay in 1981. We use the management experience we have acquired, as well as relationships with more than 1,700 tenant companies, to offer a wide range of options, from regional shopping malls and neighborhood retail facilities known as lifestyle parks to outlet parks and urban retail facilities.

During fiscal 2007, we followed up on the opening of four large-scale regional shopping malls in the greater Tokyo area in the previous fiscal year by opening retail facilities including Ginza Velvia-kan (Chuo-ku, Tokyo), an urban retail facility, and LaLagarden Kasukabe (Kasukabe, Saitama Prefecture), a lifestyle park.

Mitsui Fudosan's strengths in leasing retail facilities are its broad menu of facilities, its development capabilities,

Mitsui Outlet Park Yokohama Baysite
(Outlet mall / Opened in September 1998)

LaLaport Tokyo-Bay
(Retail facilities / Opened in April 1981)

and the ability to operate retail facilities directly using the management resources of the Mitsui Fudosan Group.

Quantitative and Qualitative Growth

We will continue to emphasize increasing the value of our portfolio by replacing aging properties with new assets. Our strategy centers on rapidly bringing properties on stream, especially highly competitive and profitable office buildings and retail facilities. For office buildings, we will add 520,000 square meters to our portfolio from fiscal 2007 through fiscal 2011. Several projects will support progress toward our objectives in the near term. These include GranTokyo North Tower, a major office building integrated with venerable Tokyo Station that is well suited to modern information needs and environmental concerns. In making these significant additions to our pipeline and moving them into our portfolio, we will concentrate investment in Tokyo and other large cities where we project stable growth.

We also intend to add 520,000 square meters to our retail facilities portfolio from fiscal 2007 through fiscal 2011. Here again, we will complement major regional shopping malls, such as LaLaport Shin Misato shopping center in the Saitama area adjacent to Tokyo, with sleek urban properties. As a result, we expect operating income in the holding business to increase to ¥95.0 billion by fiscal 2009.

LaLaport Toyosu
(Retail facilities / Opened in October 2006)

Trading Business

Sales of housing to end users and sales of rental housing, office buildings and commercial properties to investors

Two Pillars

The trading business encompasses two pillars: sales of housing to individual end users and the development and sale of rental condominiums. Our operations focus intently on customers in a wide array of customer segments, and we continue to enhance competitiveness and profitability by emphasizing quality, brand strength, and strong relationships with customers and investors.

Portfolio Growth Strategy:
Ample land bank and competitive product lineup

Operating Income
(Billions of yen)

Park City Hamadayama
(Housing For sale / Completion scheduled for 2012)

Park City Musashikosugi
(Housing for sale / Completion scheduled for April 2009)

Sales of Housing to End Users: A Competitive Product Lineup

Our sales have been firm relative to the market, and our operating margin in the housing business has improved as a result of our competitive product lineup. In fiscal 2007, high-end, value-added properties and large-scale, ultra-high-rise properties accounted for approximately three-quarters of sales. This highly competitive product mix is a core Mitsui Fudosan strength, and is a key factor supporting strong results relative to the market. Moreover, consolidating several Group companies involved in residential housing to create Mitsui Fudosan Residential Co., Ltd. has helped us to understand customer needs and wants and efficiently supply the properties that increasingly selective customers desire. This Group company is strongly competitive because it integrates the entire residential value chain from land acquisition through sales.

Over the past several years, competition to acquire land has remained intense, which has increased land costs and pressured profitability. The Mitsui Fudosan Group has excellent relationships with many business partners, and is also aggressively participating in redevelopment projects that allow us to use our reliability and experience to acquire business opportunities with comparatively less competition. We have therefore been able to use our own channels to build up inventory representing approximately a three-year supply.

Park Axis Shirokanedai
(Rental condominiums for sale / Completed in September 2005)

Aoyama OM-SQUARE
(Office building / Completed in July 2008)

Sales of Properties to Investors: Coexistence with Various Investors

Our strength in this business is our relationships with a diverse array of investors through channels including the three REITs for which we provide asset management and the numerous private funds, investment corporations and other vehicles managed by Mitsui Fudosan Investment Advisors, Inc. We have significantly increased earnings from sales to investors over the past several years. During fiscal 2007, we increased sales to investors of income-producing properties such as office buildings, retail facilities and rental condominiums. Moreover, Mitsui Fudosan uses a wide array of methods to create diverse, high-quality opportunities for investors and provide opportunities for steady earnings growth, including the creation of J-REITs. Having enhanced the markets for securitized office and residential portfolios through the creation of J-REITS in those sectors, Mitsui Fudosan turned its efforts to enhancing securitization in the retail facility market by acquiring all of the issued shares in Frontier REIT Management Inc. (FRM), which is the asset management arm of Frontier Real Estate Investment Corporation (Frontier Investment). Frontier Investment has a retail facility portfolio that is broadly diversified throughout Japan, and will become the focus of our efforts to establish a retail facility-specific J-REIT.

An integrated value chain has been an important component of our strategy as investors that purchase properties typically contract with the Mitsui Fudosan Group for property and asset management services within the core maintenance business. After selling properties to funds, we typically receive the management contract as well. Our integrated value chain therefore provides opportunities to benefit once the development process is complete.

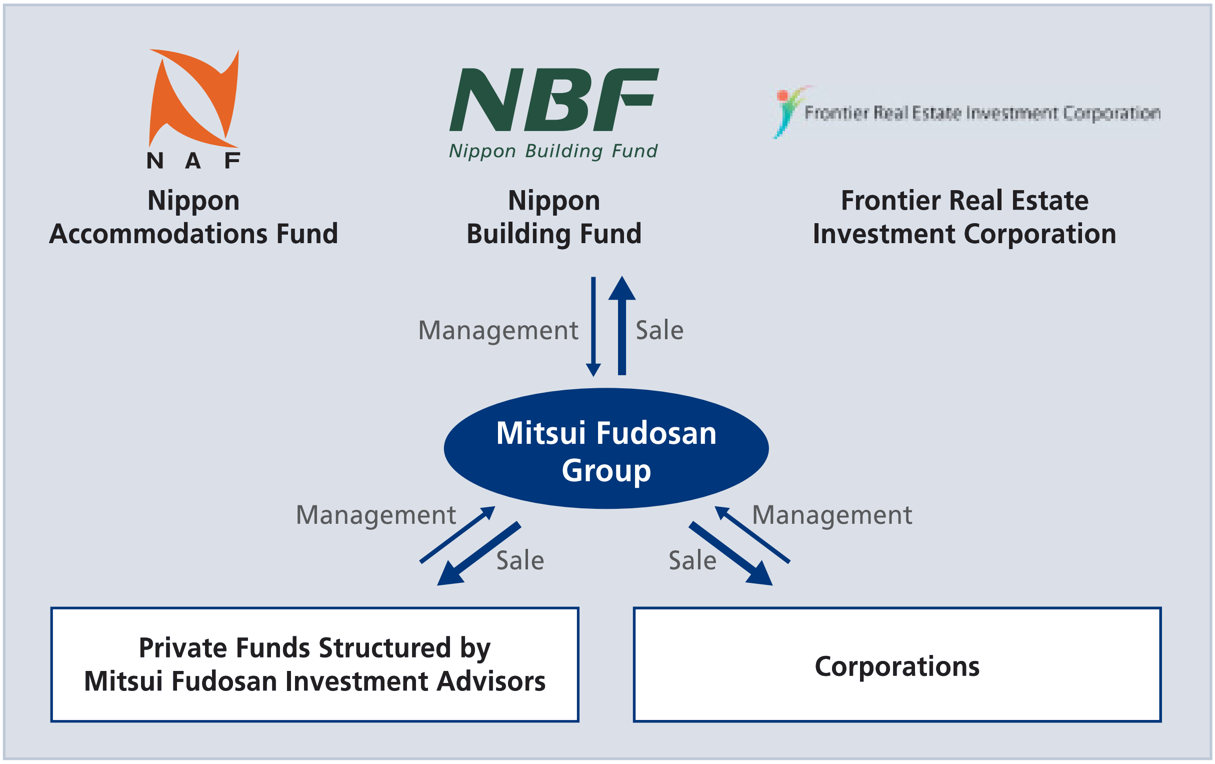
Solid Inventories and a Strong Pipeline

We have an inventory of land for approximately 25,000 units of residential housing, and are working on an array of large-scale developments. These efforts will include an integrated approach to create entire communities in a series of large-scale projects that will incorporate commercial and other facilities to raise competitiveness. We also intend to increase units of housing sold from approximately 5,200 units during fiscal 2007, and will further tailor products and services to accommodate trends such as the falling birth rate and the rising age of society. This will include housing for small families and the elderly. Moreover, while increasing the number of properties we supply to individuals, we will also continue to make tangible improvements in quality.

Mitsui Fudosan maintains ample inventories of properties for sale to investors, with ¥230 billion on the balance sheet and approximately ¥400 billion in Special Purpose Companies (SPCs). These are prime assets that are recognized as superior relative to the market. Another strength is our ability to supply properties to a broad range of investors other than J-REITs. As a result, we expect to increase operating income in the trading business to ¥70.0 billion in fiscal 2009.

LaLagarden Kasukabe
(Retail facilities / Opened in November 2007)

Model for Coexistence and Growth with REITs/Funds

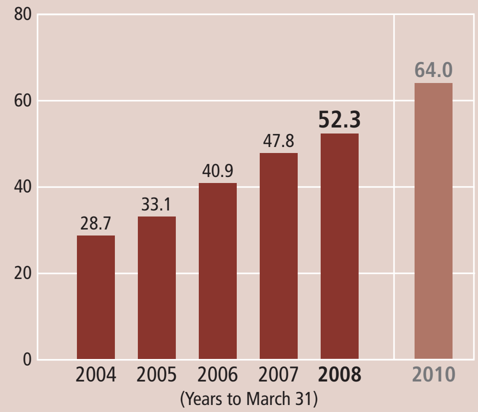


Management Business

Property management and asset management for REITs and private funds

Portfolio Growth Strategy:
Raise ROE with fee-based businesses

Operating Income
(Billions of yen)



Fee Income Contributes to Higher ROE

The management business is based on Mitsui Fudosan's skills as a solutions provider, and the fee income it generates contributes to higher ROE. Moreover, Mitsui Fudosan's subsidiaries are able to handle a broad range of responsibilities throughout the real estate value chain.

Fee Businesses that Employ Mitsui Fudosan's Core Skills

A key pillar of the management business is the brokerage services that Group company Mitsui Real Estate Sales Co., Ltd. provides in the secondary market for residential properties. Transaction volume in the Japanese secondary market relative to the primary market is low compared to the corresponding balance in the U.S. and Europe. We therefore see solid potential for future growth in Japan. The Mitsui Fudosan Group's Rehouse brand has been number one in Japan's brokerage market in terms of transaction volume for 22 consecutive years since 1986, and we intend to build on this strength in generating future growth.

Moreover, we are energetically building our masterleasing and development management operations. Examples of success in these areas include Mitsui Fudosan's position as the largest operator of commercial facilities in Tokyo's Ginza area. In addition, we will strengthen asset redevelopment operations in city centers and regional areas, and build on the synergy that exists with the holding and trading businesses in such projects.

Tokyo Midtown

Our property management business has also been growing steadily as we manage an increasing number of retail facilities and residential properties sold to end users.

Expanding Assets under Management and Fee Income

The management business encompasses property management and asset management for REITs and private funds. It has expanded assets under management and increased fee income by emphasizing its role as a trustee and contract service provider on behalf of investors and originators. A key emphasis in this business has been increasing fee income by providing professional services such as asset management, property management and brokerage services. Moreover, Mitsui Fudosan has listed two J-REITs, and in fiscal 2007 acquired the asset management arm of Frontier Real Estate Investment Corporation, a retail facility-specific J-REIT, which added to assets under management. These J-REITs typically take delivery of properties developed by Mitsui Fudosan, and are a significant source of asset and property management fees. We have also expanded the number of private funds we manage with the objective of stable returns.

In addition, J-REITs and private funds acquire buildings that the Mitsui Fudosan Group developed, and contract with the Mitsui Fudosan Group for management services, and revenues from subleasing and development management are also increasing steadily.

Steady Growth, Groupwide

As a result, assets under management totaled ¥2.7 trillion as of March 31, 2008. Fee income for the Mitsui Fudosan Group for the year ended March 2008 totaled ¥20 billion. Group companies are an important part of the value chain in the management business. While making overall Group management more efficient, we work to generate growth among Group companies by expanding assets under management and providing services such as property management.

J-REITs: A Core Source of Growth

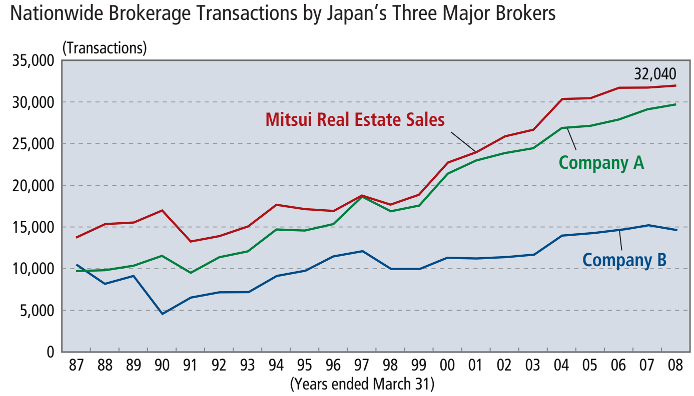
We are promoting expansion in assets under management through relationships with J-REITs and private funds, and also through sub-leasing arrangements. Our goal is to increase assets under management to ¥3.3 trillion over the next three years. We will also expand our involvement in renovations, conversions, and other management business aimed at rejuvenating assets, both in city centers and regional areas.

Mitsui Fudosan is a leading brand in the Japanese real estate market, and we continue to expand sales to investors in order to reach our goal of being the number one brand in Japan's real estate investment market. This includes enhancing the growth of the two J-REITs we have launched, Nippon Building Fund Inc. and Nippon Accommodations Fund Inc. Moreover, we have advanced our preparations for a retail facility-specific J-REIT with the acquisition of Frontier REIT Management Inc., which will provide additional opportunities both for investors to participate in a vibrant sector of Japan's real estate market and for Mitsui Fudosan to provide fee-based asset and property management services.

As a result of these initiatives, we expect to increase operating income in the management business to ¥64.0 billion in fiscal 2009.

The Leader of Japan's Residential Brokerage Market for 20 Years

Nationwide Brokerage Transactions by Japan's Three Major Brokers



* Company B data for 1987-89 based on fiscal years through September; 1990 data from irregular six-month term due to change in fiscal period.
* Transaction figures from officially published data, based on each company's own method and criteria.
Source: *Jyutaku Shimpo*

Corporate Governance

The objective of Mitsui Fudosan's approach to corporate governance is sound, transparent and efficient management.

The objective of Mitsui Fudosan's approach to corporate governance is sound, transparent and efficient management that earns the trust of stakeholders. We constantly monitor and enhance corporate governance to exceed legal requirements as we work to further improve flexibility in anticipating market change and objectivity in managing our businesses.

Improved Decision-Making

Mitsui Fudosan has improved the decision-making ability of its Board of Directors by reducing the number of members to eight, including two directors from outside the Company. An external viewpoint on the Board enhances debate and awareness of broader management issues. Moreover, the Advisory Committee consisting of experts from business and academia advises and critiques management, providing additional objectivity and insight. Three of the five members of the Board of Corporate Auditors are from outside the Company, which ensures a high level of objectivity. The internal Audit Department cooperates with corporate auditors in objectively evaluating the performance of senior management as it executes its responsibilities. We have established a Corporate Auditors Department with full-time staff to assist the corporate auditors in their duties.

In addition, pursuant to Article 362, Paragraph 4 of the Japanese Corporate Law, Mitsui Fudosan has established the post of Special Director to participate in Board of Directors resolutions regarding urgent transfer of major assets. Moreover, the Strategy Planning Special Committee considers and controls the implementation of business plans and handles special operational issues. The Committee makes strategic proposals, debates important matters, and undertakes business risk management pertaining to the Mitsui Fudosan Group.

Internal Control and Risk Management

An emphasis on effective internal controls, such as audits in all departments, contributes to sound and objective management. The Internal Control Committee's responsibilities include formulating policies and action plans and implementing them throughout the Group as part of the Group's efforts to ensure that it operates according to legal regulations and the Company's Articles of Incorporation. The Mitsui Fudosan Group Compliance Policies are behavioral guidelines for executives and employees as part of our internal compliance system. We have also set up an Internal Consultation System to foster compliance among employees.

The Executive Management Committee consists of executive managing directors and executive corporate officers. It deliberates and reports on important matters related to business execution. The Committee also supervises and manages internal control and risk management. Full-time corporate auditors attend meetings of the Executive Management Committee to stay informed of important decision-making processes and the status of business execution, and provide opinions as necessary.

The Executive Management Committee is responsible for two committees charged with identifying and understanding risks and solutions for them — the Risk Management Special Committee, which is responsible for management of administrative risk, and the Strategy Planning Special Committee, which handles business risk. In addition, the Crisis Management Subcommittee, which reports to the Risk Management Special Committee, was established to determine the magnitude of accidents or other crises that may occur, and to formulate responses and policies as necessary. The Mitsui Fudosan Group has also established rules for subsidiaries and affiliates to enable management of important risk issues via a clear chain of approvals and monitoring.

A Flexible and Effective Corporate Officer System

Mitsui Fudosan introduced its Corporate Officer System to encourage focused, flexible business execution that can accommodate a rapidly changing operating environment. The system separates and reinforces supervision and execution in order to raise both efficiency and accountability. In addition, our Group Corporate Officer system gives executives at Group companies a status and mission similar to those of parent company corporate officers.

Directors and corporate officers on the Executive Management Committee follow business execution and keep management well informed, while full-time corporate auditors attend meetings of the Executive Management Committee to ensure that directors are fulfilling their responsibilities.

Compensation for directors and corporate auditors in the year ended March 31, 2008 was as follows:

Title	Number	Compensation
Directors	8	¥615 million
Corporate Auditors	5	¥96 million

The components of compensation for independent auditors are as follows in the year ended March 31, 2008:

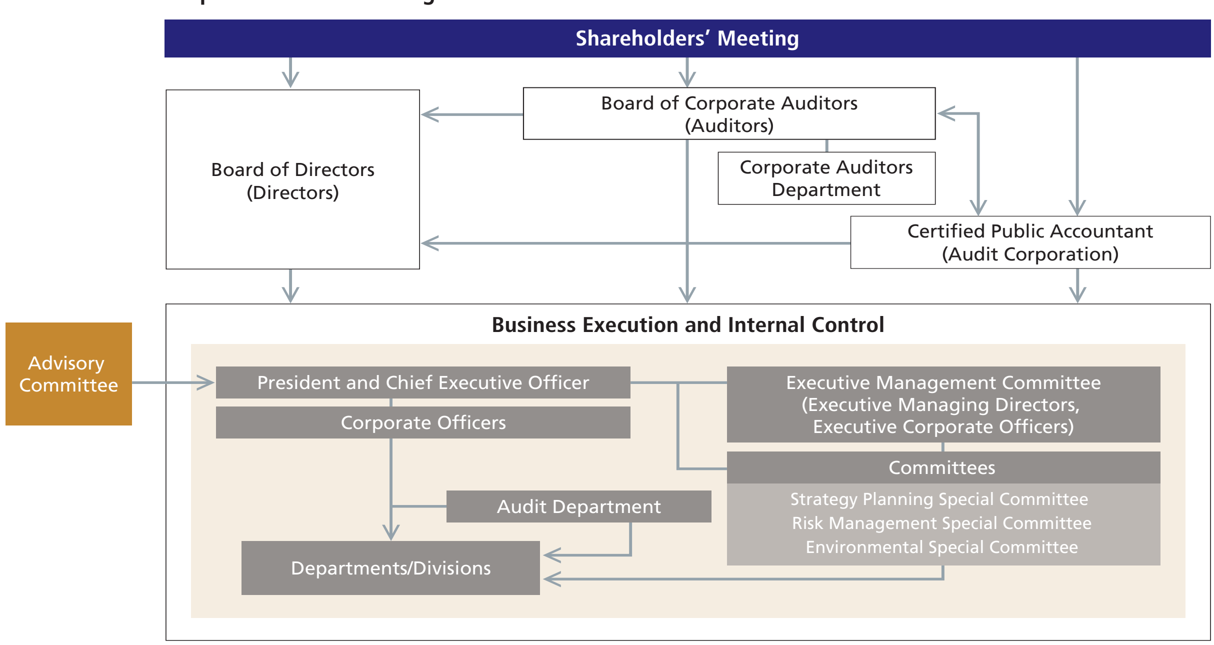
Contractual compensation for audit certification and related responsibilities	¥68 million
Additional compensation	¥20 million

Notes: 1. The above amounts include ¥212 million in directors' bonuses and ¥32 million in stock options that directors received as part of their compensation.
2. Compensation received by the two external directors and three external corporate auditors included in the above totaled ¥48 million.

Consistent Focus on Compliance

In April 2007, Mitsui Fudosan created the Compliance Group within the Audit Department and the Legal Compliance Group within the General Affairs Department. We also implemented our second annual Group compliance Plan, Do, Check, Act (PDCA) cycle. The PDCA methodology provides a systematic approach to maintaining consistently high-quality compliance. In May 2008, Mitsui Fudosan expanded employee access to objective compliance assistance, complementing the Internal Consultation Helpline and the Sexual Harassment Hotline by establishing the External Consultation Helpline to give employees with compliance concerns access to objective, confidential advice from outside the company.

Corporate Governance Organization



Management Team

(As of June 27, 2008)

From left: Toshiharu Aoki, Takayuki Namae, Tatsuo Soda, Hiromichi Iwasa, Koichi Omuro, Mitsuhiro Matsumoto, Yoshiki Kageyama, Yoshiharu Hayakawa

Members of the Board

President and Chief Executive Officer
Hiromichi Iwasa

Executive Vice Presidents
Koichi Omuro
Tatsuo Soda

Senior Executive Managing Directors
Mitsuhiro Matsumoto
Takayuki Namae
Yoshiki Kageyama

Executive Managing Directors (Outside Directors)
Toshiharu Aoki
Yoshiharu Hayakawa

Auditors

Senior Corporate Auditor
Kazuichi Nagata

Corporate Auditor
Masayuki Isobe

Corporate Auditors (Outside Auditors)
Akishige Okada
Keiu Nishida
Toshiaki Hasegawa

Corporate Officers

President and Chief Executive Officer

Hiromichi Iwasa
In charge of Corporate Planning Department

Executive Vice Presidents

Koichi Omuro
Assistant to the President; In charge of Nihonbashi Urban Planning and Development Department

Tatsuo Soda
Assistant to the President; In charge of Audit Department

Senior Executive Managing Officers

Mitsuhiro Matsumoto
In charge of Housing Sales Business; President, Mitsui Fudosan Residential Co., Ltd.

Takayuki Namae
In charge of Executive Secretarial Department, Planning and Research Department, Appraisal Department, Land Development Department; In charge of branch offices

Yoshiki Kageyama
In charge of Architectural and Construction Services Department; General Manager, Office Building Division

Executive Managing Officers

Hidehisa Takei
General Manager, Real Estate Solution Services Division

Takayoshi Saito
In charge of Kansai Head Office; General Manager, Kansai Head Office

Yoshiaki Iinuma
General Manager, Retail Properties Division

Seizo Kuramoto
In charge of General Administration Department, Accounting and Finance Department, Operating Administration Department, Information Systems Department, Real Estate Securitization Department

Hitoshi Saito
In charge of International Department

Toshihide Ichikawa
In charge of Tokyo Midtown Development Department, Resort Development Department

Masanobu Komoda
In charge of Corporate Communications Department, Personnel Department, Principal Investments Department, Space & Environment Institute, Toyosu-Project Development Planning Department, Kashiwanoha Campus City Project Development Planning Department, Development Planning Department, Gotanda Project Department; General Manager, Principal Investments Department

Yoshikazu Kitahara
Deputy General Manager, Office Building Division; General Manager, Office Building Project Planning Department

Managing Officers

Teruaki Ueyama
Deputy General Manager, Office Building Division

Tetsu Oana
Deputy General Manager, Accommodations Business Division

Shougo Nakai
General Manager, General Administration Department

Kenji Iino
General Manager, Personnel Department

Group Managing Officers

Group Senior Managing Officers

Minoru Satou
Mitsui Real Estate Sales Co., Ltd.

Masao Maeda
LaLaport Management Co., Ltd.

Group Managing Officers

Shigeo Sasaki
First Facilities Co., Ltd.

Takashi Ikeda
Mitsui Fudosan Housing Service Co., Ltd.

Takeshi Suzuki
Mitsui Fudosan Residential Co., Ltd.

Hiroshi Asai
Mitsui Fudosan Investment Advisors, inc.

Youichi Arita
Mitsui Fudosan Building Management Co., Ltd.

Tadashi Ando
LaLaport Management Co., Ltd.

Corporate Social Responsibility

The Mitsui Fudosan Group's corporate philosophy is to coexist in harmony with society and to link diverse values. We strive to contribute to social and economic development and environmental conservation. Our mission is to bring enrichment and greater comfort to the urban environments we create while protecting the local and global environment.

Environmental Support System: Going Green, Groupwide

On April 1, 2007, Mitsui Fudosan expanded its Environment Management Committee to the Environmental Special Committee. Under this system, Mitsui Fudosan works in cooperation with 14 Group companies to develop and implement environmental initiatives. Each division and department at Mitsui Fudosan builds on the Group Environmental Policy to individually determine environmental targets and plans for each fiscal year. The Environmental Special Committee compiles the results of these efforts and creates a comprehensive report for the Executive Management Committee meeting chaired by the president and chief executive officer.

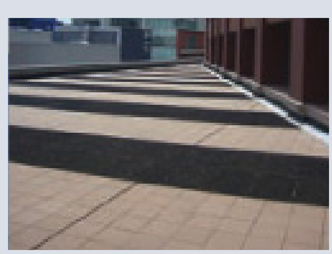
The Society and Environment Special Committee, which is chaired by the director responsible for administration at Mitsui Fudosan, makes sure that Group environmental initiatives cut across organizational boundaries and unify Group resources. This committee summarizes and considers environmental targets and plans proposed by divisions and departments, and then sets targets, makes plans and reports on results at meetings of the Executive Management Committee chaired by the president and chief executive officer.

Environmental Policy: Reducing Environmental Impact

The Mitsui Fudosan Group Vision and Group Mission define our goals of supporting social and economic development and the conservation of the global environment. We have also established and implemented an Environmental Policy in accordance with our Group Vision and Group Mission.

Our initiatives to reduce environmental impact include preventing pollution and rigorously complying with environmental laws. Moreover, we formulate independent standards when necessary. For example, the Mitsui Fudosan Group has established eco-specifications for all of its buildings and services to minimize environmental impact. These voluntary standards for environmental measures comprise design guidelines in areas including energy efficiency, green procurement, greenery, and universal design standards, and case studies for equipment and methods. We develop designs based on these specifications, giving full consideration to reducing environmental impact over each building's entire lifecycle. Moreover, we regularly revise the eco-specifications to ensure that they continuously respond to the requirements of customers and society.

The Mitsui Fudosan Group and Its Commitment to the Environment 2007



Water retaining panels installed on the roof use a sprinkling effect to help cool the building.

The eco-specifications we have established for specific businesses reflect green procurement standards in areas including energy-saving equipment, water-saving equipment and non-hazardous construction materials. The green procurement standards designate products for purchase based on both standard and optional specifications, and assist in decision-making with various case studies. This allows flexible procurement in accordance with the specific characteristics of individual properties.

Environmental Measures: Proactive and Effective

The Mitsui Fudosan Group is currently working toward ISO 14001 certification of its environmental management system. In addition, a number of divisions and facilities have established environmental management systems at their respective operational sites and acquired ISO 14001 certification. As of the end of March 2007, a total of four divisions and seven facilities in Mitsui Fudosan Co., Ltd. and six Group companies had obtained ISO 14001 certification.

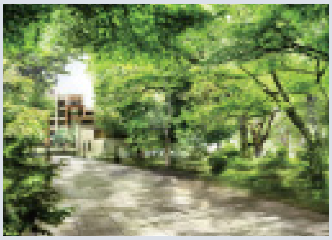
Another core initiative is designing office buildings for long life to increase energy efficiency and reduce CO_2 emissions throughout each building's lifecycle. We also promote recycling and work with outside experts to create systems for handling various types of waste generated during operations. In addition, Mitsui Fudosan applies environmental accounting to all buildings it owns and manages in its Office Building Division. The system is linked to the Office Building Division's financial management system to enable automatic, efficient calculation of environmental costs and benefits. In fiscal 2006, this division began using CASBEE (Comprehensive Assessment System for Building Environmental Efficiency), the assessment system recommended by the Ministry of Land, Infrastructure, Transport and Tourism. In addition, in principle we acquire CASBEE certification from the Institute for Building Environment and Energy Conservation for new buildings of a certain scale or larger. As of the end of July 2007, three office buildings and a retail property from among the buildings that are totally or partially owned by the Mitsui Fudosan Group received the "S" rank assessment from the Institute. These represent four out of the thirteen buildings that have acquired certification with an S rank assessment from the Institute.

Urban Greening: Expanding Efforts

The Mitsui Fudosan Group promotes urban greenery and rooftop gardens. A biotope at a condominium complex in Kawasaki, for example, emphasizes living in harmony with nature. A garden atop an apartment building in Nihonbashi in Tokyo helps to ease the heat island effect while providing a relaxing space for residents. In addition, a park, a tree-lined central promenade and a garden representing Japan's traditional 24 seasonal divides are features of redevelopment at a former shipyard in the Toyosu section of Tokyo.

Improving Indoor Air Quality: Occupants First

We seek to help to ensure the safety of building users and the quality of the environment around them by improving indoor air quality and reducing harmful substances. A key focus is making sure that the people who use the buildings we develop and manage will not



Urban greening is a core strategy Mitsui Fudosan uses to create sustainable developments that enhance lifestyles in harmony with the environment.

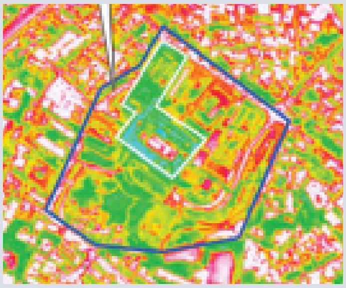
Mitsui Fudsoan has sponsored the Sumidagawa Fireworks Show, a premier Tokyo summer event, since 1985.

Tokyo Midtown: Environmentally Sound Development

Tokyo Midtown is a major property that exemplifies Mitsui Fudosan's commitment to environmentally sound development. It employs a variety of energy-saving measures to reduce CO_2 emissions, including cogeneration systems that employ waste heat produced by power generation to supply hot water to the property. The facility that powers the entire property uses cold water thermal storage systems and sodium-sulfur (NAS) batteries to effectively utilize electricity supplied at night, helping to reduce power use at peak demand hours. In addition, Tokyo Midtown uses passive means to reduce demand for interior air conditioning such as low-e double-glazed windows, louver sun shades and sunlight-triggered automatic window blinds. The property also saves energy through the use of automatic light control systems for window-side lighting and lighting fixtures with motion sensors that automatically shut off when not needed.

Conservation also extends to water resources. Rainwater and kitchen wastewater are reserved and processed for use in flush toilets and watering greenery. Approximately 720 cubic meters of such water is effectively used every day, enough to supply approximately 720 households. On the grounds, garden ponds and fountains use chemical-free photocatalysis water purification equipment that recycles the water for use. Mitsui Fudosan collaborated with three other companies to create this unique technology.

Tokyo Midtown employed building materials that do not contain formaldehyde to preclude sick building syndrome, and its air-conditioning systems do not use specified CFCs that destroy the ozone layer as refrigerants. No building materials that contain asbestos were used in the design and construction.



The extensive greenery Mitsui Fudosan included in the Tokyo Midtown development, shown within the white line, reduces the ambient temperature several degrees below the surrounding area, thus reducing the heat island effect.

One of the most important factors supporting the environmental soundness of Tokyo Midtown is that 40 percent of the site is open space with extensive greenery. The greenbelt is filled with trees that Mitsui Fudosan painstakingly transplanted using innovative technology that preserved mature, existing trees. One important result is that Tokyo Midtown reduces the heat island effect. A measurement survey using aviation photography with a thermography camera conducted in August 2007 revealed that the surface temperature of the area including the adjacent Hinokicho Park was lower than the surrounding areas by about 3°C during the day and about 1°C at night. The greenbelt has become a focal point providing access to relaxation in natural surroundings for people and the community.

be subject to a health disorder called sick building syndrome, which is caused by formaldehyde and other VOCs. We avoid introducing these compounds by using glue, paint and other construction materials that are either formaldehyde-free or have low formaldehyde content. We also use building materials and facilities that do not use specified restricted CFCs that damage the ozone layer.

Reducing CO_2 Emissions: In Step with Society

The Mitsui Fudosan Group has adopted the lifecycle assessment (LCA) method to reduce CO_2 emissions throughout the lifetime of buildings. Our office buildings and retail facilities use highly efficient lighting fixtures and air-conditioners to reduce electricity use. Our buildings also feature advanced insulation of walls, floors and ceilings and heat shielding.

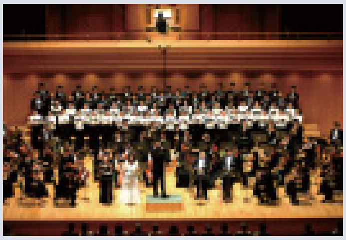
Our retail facilities conserve energy by illuminating interiors with natural light as much as possible. LaLaport Kashiwanoha, opened in Kashiwa City, Chiba Prefecture in 2006, has incorporated solar power generation systems. Moreover, we introduced solar power generation systems to rental condominiums in Koto Ward, Tokyo that we completed at the end of January 2008.

Social Contribution: The Heart of Tokyo

Our logo (&: ampersand) symbolizes our two key principles: to coexist in harmony with society, and to link diverse values. The Mitsui Fudosan Group therefore contributes to local communities and society at large in a variety of ways. These include support for the arts, conservation of traditional cultural assets, environmental conservation, economic and industrial development, and health and welfare improvement. Mitsui Fudosan sponsors several annual events including the Tokyo Summer Festival, which introduces music from around the world, and the Sumida River Fireworks, one of the most famous fireworks displays in Tokyo. The Mitsui Fudosan Group has been a sponsor of this event since 1985, supporting the traditional culture of and vitalizing the Sumidagawa area. We also sponsor Flower Road, an annual event that decorates a central Tokyo thoroughfare with flowers. Local shopkeepers and businesses, including Mitsui Fudosan, work together to water and care for the plants and flowers on Flower Road.

Revitalization: A Better Nihonbashi

The Mitsui Group originated in the Nihonbashi district of Tokyo. Throughout its history, Mitsui Fudosan has participated in and supported local organizations, such as the Nihonbashi Area Renaissance 100-Year Planning Committee and the Preservation Society for the Famed Nihonbashi Bridge, and has been building strong ties with local communities by sponsoring annual events. We also contribute to the revitalization and restoration of the area through urban redevelopment projects that respect and pass down the traditions and culture of the area. Since April 2003, the Nihonbashi Urban Planning and Development Department has been building even stronger ties with the local community while bringing new energy to the area.



Mitsui Fudosan has sponsored the Tokyo Summer Music Festival since 1988. This annual festival expresses our commitment to community vitality by promoting cultural awareness and exchange.

Mitsui Fudosan employees participate with local businesses and shopkeepers in the Flower Road program that beautifies a major Tokyo thoroughfare with flowers all year long.

Financial Section

Contents

Six-Year Summary

Mitsui Fudosan Co., Ltd. and its Subsidiaries

	Millions of yen except per share amounts and number of employees						Thousands of U.S. dollars except per share amounts (Note 1)
Years ended March 31	**2008**	2007	2006	2005	2004	2003	**2008**
FOR THE YEAR:							
Revenue from operations	**¥1,360,023**	¥1,229,194	¥1,159,280	¥1,111,359	¥1,102,844	¥1,082,398	**$13,574,439**
Interest, dividends and miscellaneous	**27,509**	23,946	16,949	11,320	11,652	11,187	**274,568**
Costs and expenses (including tax)	**1,305,778**	1,180,528	1,121,676	1,096,075	1,103,241	1,070,613	**13,033,017**
Equity in net income of affiliated companies	**7,064**	4,410	3,155	3,596	3,535	2,905	**70,506**
Minority interests	**(1,440)**	(1,808)	(1,167)	(1,507)	(335)	(323)	**(14,373)**
Net income	**87,378**	75,214	56,541	28,693	14,455	25,554	**872,123**
AT YEAR-END:							
Total assets	**¥3,634,489**	¥3,294,190	¥2,986,502	¥2,928,199	¥2,916,583	¥2,929,070	**$36,275,966**
Shareholders' equity and valuation and translation adjustments	**971,310**	944,196	858,364	687,718	659,165	628,434	**9,694,680**
Common stock	**174,296**	174,296	174,296	134,433	134,433	134,433	**1,739,655**
Number of employees	**14,788**	13,299	13,053	12,707	12,808	12,615	
PER SHARE DATA:							
Net income (Basic)	**¥ 99.4**	¥ 85.5	¥ 67.5	¥ 34.7	¥ 17.5	¥ 31.1	**$ 0.992**
Cash dividends	**20.0**	14.0	10.0	7.0	7.0	7.0	**0.200**
RATIOS:							
Equity ratio (%) (Note 2)	**26.7**	28.7	28.7	23.5	22.6	21.5	
Return on assets (%) (Note 3)	**5.53**	5.50	4.92	4.30	4.06	3.78	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥100.19 = U.S.$1.00, the approximate exchange rate at March 31, 2008.
2. Equity ratio = (Net assets – Subscription rights to shares – Minority interests) / Total assets
3. Return on assets (ROA) = (Operating income + Non-operating income) / Average total assets over the period

Income Analysis

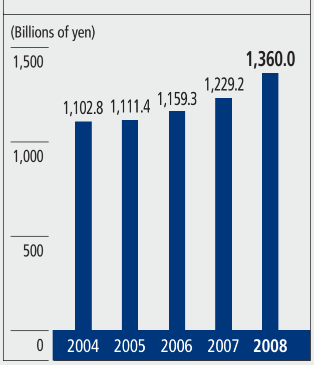
(Billions of yen, %)

Years ended March 31	2008		2007		2006	
Revenue from operations	**¥1,360.0**	**100.0%**	¥1,229.2	100.0%	¥1,159.3	100.0%
Cost of revenue from operations	**1,039.3**	**76.4**	942.9	76.7	904.2	78.0
Selling, general and administrative expenses	**141.4**	**10.4**	124.4	10.1	117.5	10.1
Operating income	**179.3**	**13.2**	161.8	13.2	137.5	11.9
Other revenues	**27.5**	**2.0**	23.9	1.9	16.9	1.4
Interest expenses	**26.0**	**1.9**	21.4	1.7	20.3	1.8
Other expenses	**32.8**	**2.4**	52.8	4.3	44.4	3.8
Equity in net income of affiliated companies	**7.1**	**0.5**	4.4	0.4	3.2	0.3
Income before income taxes and minority interests	**155.1**	**11.4**	116.0	9.5	93.0	8.0
Income taxes	**66.2**	**4.9**	39.0	3.2	35.3	3.0
Minority interests	**(1.4)**	**(0.1)**	(1.8)	(0.2)	(1.2)	(0.1)
Net income	**¥ 87.4**	**6.4**	¥ 75.2	6.1	¥ 56.5	4.9

Revenue from Operations

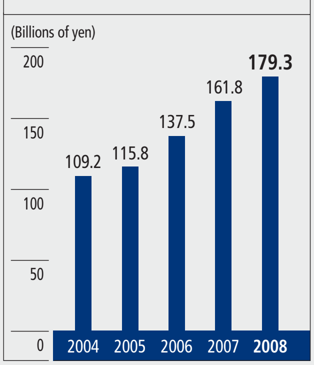
For fiscal 2007, the year ended March 31, 2008, consolidated revenue from operations increased 10.6 percent year-on-year, or ¥130.8 billion, to ¥1,360.0 billion. Revenue increased in the Leasing segment because of four large-scale retail facilities completed during the previous fiscal year that made their first full-year contribution, and the contribution of office buildings and retail facilities completed during fiscal 2007. Increased sales of properties to both individuals and investors in the Sales of Housing, Office Buildings and Land segment also contributed to higher revenue. Growth in assets under management following the completion of several buildings in the previous fiscal year drove solid revenue gains in the Property Management segment, and higher Brokerage, Consignment Sales and Consulting segment revenue also contributed to the increase in overall revenue for the fiscal year.

Revenue from Operations



(Years ended March 31)

Operating Income



(Years ended March 31)

Cost of Revenue from Operations and SGA Expenses

Cost of revenue from operations increased 10.2 percent year-on-year, or ¥96.4 billion, to ¥1,039.3 billion, which was lower than the increase in revenue from operations. As a result, gross profit from operations increased 12.0 percent, or ¥34.4 billion, to ¥320.7 billion, and the gross margin improved to 23.6 percent from 23.3 percent for the previous fiscal year.

Selling, general and administrative (SGA) expenses increased 13.6 percent year-on-year, or ¥17.0 billion, to ¥141.4 billion, reflecting in part the impact of the addition of subsidiaries to the scope of consolidation. Mitsui Fudosan also increased advertising and promotion expenses to support higher housing sales.

Operating Income

The accompanying consolidated financial statements do not include operating income as a discrete line item. Calculated as revenue from operations less cost of revenue from operations and SGA expenses, operating income increased 10.8 percent year-on-year, or ¥17.4 billion, to ¥179.3 billion. This was the second consecutive year of record-high operating income.

Other Revenue and Expenses and Interest Expense

Interest, dividends and miscellaneous revenue increased 14.9 percent, or ¥3.6 billion, to ¥27.5 billion. A major component of this item is gain on sale of property and equipment, which increased 9.0 percent to ¥18.9 billion. A primary factor in the increase was the liquidation of equity investments in properties for sale in special purpose companies and other vehicles through sales to external investors. Interest income decreased 15.7 percent, or ¥0.1 billion, while dividend income increased 53.6 percent, or ¥0.8 billion.

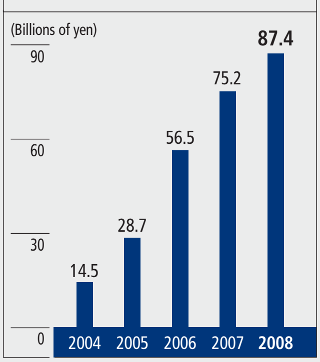
Interest expenses increased 21.5 percent, or ¥4.6 billion, to ¥26.0 billion because Mitsui Fudosan accessed external resources in funding growth opportunities. However, strong cash generation justified the increase in interest expenses, which resulted from moves to enhance the project pipeline. The interest coverage ratio, calculated as the sum of operating income and interest, dividends and miscellaneous revenue divided by interest expense, was 7.9 times compared to 8.7 times for the previous fiscal year.

Other expenses decreased 37.9 percent, or ¥20.0 billion, to ¥32.8 billion. This year-on-year change resulted primarily from the absence of a significant loss on devaluation of real property for sale resulting from application of the lower-of-cost-or-market method in the previous fiscal year. Impairment loss on investment in affiliated company, principally Imperial Hotel, Ltd., increased other expenses by ¥13.0 billion. Loss on disposal of property and equipment and related expenses resulting from redevelopment of office buildings totaled ¥7.5 billion. Impairment loss on investment securities totaled ¥5.4 billion, reflecting the downturn in global securities prices in the second half of fiscal 2007. Loss on sale of property and equipment decreased to ¥1.5 billion from ¥9.6 billion in the previous fiscal year.

Income before Income Taxes and Net Income

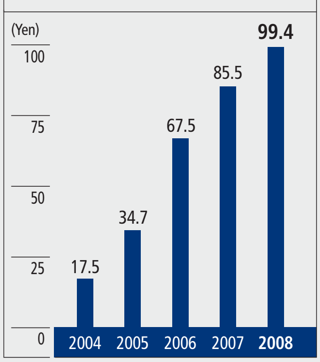
Equity in net income of affiliated companies increased 60.2 percent to ¥7.1 billion. As a result of improved operating income and reduced other expenses, income before income taxes and minority interests increased 33.7 percent year-on-year, or ¥39.0 billion, to ¥155.1 billion. Income taxes net of deferrals increased 69.9 percent, or ¥27.3 billion, to ¥66.2 billion. Consequently, net income increased 16.2 percent year-on-year, or ¥12.2 billion, to a record ¥87.4 billion. Net income per share increased to ¥99.4 from ¥85.5 for the previous fiscal year. In view of this solid performance, Mitsui Fudosan increased annual cash dividends per share to ¥20.0 from ¥14.0 for the previous fiscal year.

Net Income



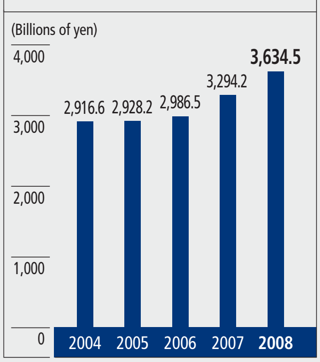
(Years ended March 31)

Net Income per Share



(Years ended March 31)

Total Assets



(As of March 31)

Leasing

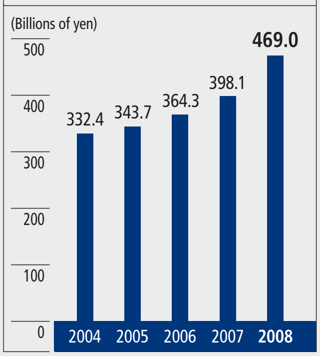
Years ended March 31		2008 Floor space (m²)	2008 Revenue (Millions of yen)	2007 Floor space (m²)	2007 Revenue (Millions of yen)
Office buildings and retail facilities:	Owned	**1,999,887**		2,054,563	
	Managed	**2,065,210**		1,943,747	
	Office buildings		**¥265,516**		¥234,292
	Retail facilities		**92,295**		68,255
	Total	**4,065,097**	**¥357,811**	3,998,310	¥302,547
		Units		Units	
Residential:	Owned	**296**		241	
	Managed	**69,288**		60,744	
	Total	**69,584**	**¥ 71,139**	60,985	¥ 59,909
Other (car parks, etc.)			**40,048**		35,611
Total revenue			**¥469,000**		¥398,070
Operating income			**¥ 90,666**		¥ 81,350

Segment revenue increased 17.8 percent year-on-year, or ¥70.9 billion, to ¥469.0 billion. Performance benefited from the full-year operation of the large-scale redevelopment project Tokyo Midtown (Minato-ku, Tokyo). Other positive factors included the completion of office buildings such as GranTokyo North Tower (Chiyoda-ku, Tokyo) and Akasaka Biz Tower (Minato-ku, Tokyo). Moreover, income from existing buildings increased, particularly in central business districts, due to solid progress in adjusting rents as demand for office space remained strong. Performance in the retail facilities category benefited from the full-year contribution of four large-scale projects completed during the previous fiscal year: Lazona Kawasaki Plaza (Kawasaki-shi, Kanagawa), Urban Dock LaLaport Toyosu (Koto-ku, Tokyo), LaLaport Kashiwanoha (Kashiwa-shi, Chiba) and LaLaport Yokohama (Yokohama-shi, Kanagawa). Other positive factors included the completion of several new properties including Ginza Velvia-kan

Vacancy Rate for Office Buildings and Retail Facilities

(As of March 31)

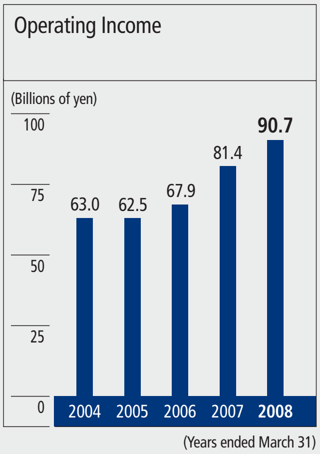
Revenue from Operations



(Years ended March 31)

(Chuo-ku, Tokyo) and increased revenue from existing retail facilities as steady market conditions supported higher retail sales. The residential leasing and the car-park leasing businesses generated increased revenue as a result of growth in units under management.

Segment operating income increased 11.5 percent year-on-year, or ¥9.3 billion, to ¥90.7 billion. Factors included the contribution of several office building and retail facility projects that began operating during the previous fiscal year. Mitsui Fudosan's vacancy rate for office buildings in the Tokyo metropolitan area on a nonconsolidated basis was 1.3 percent as of March 31, 2008, compared to 1.6 percent at the previous fiscal year-end. On a consolidated basis including overseas operations, the vacancy rate for office buildings and retail facilities was 1.3 percent as of March 31, 2008, compared to 1.4 percent as of March 31, 2007 and March 31, 2006.

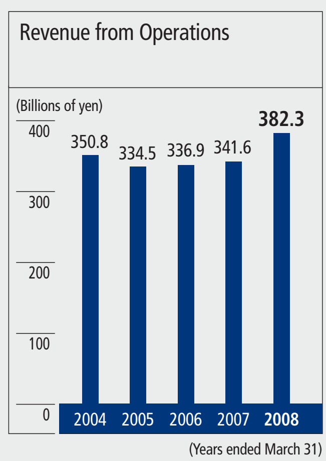


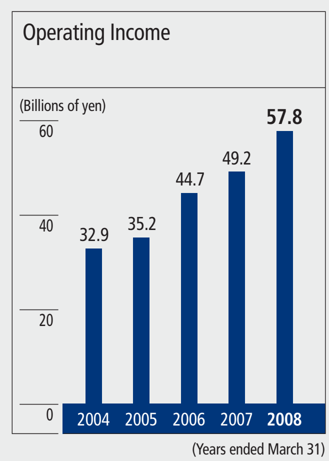
Sales of Housing, Office Buildings and Land

Years ended March 31		2008 Units	2008 Revenue (Millions of yen)	2008 Average unit price (Millions of yen)	2007 Units	2007 Revenue (Millions of yen)	2007 Average unit price (Millions of yen)
Detached housing:	Tokyo metropolitan area	**630**	**¥ 32,379**	**¥51.4**	631	¥ 33,231	¥52.7
	Other	**83**	**3,009**	**36.3**	76	2,258	29.7
	Total	**713**	**¥ 35,389**	**¥49.6**	707	¥ 35,490	¥50.2
Condominiums:	Tokyo metropolitan area	**4,133**	**¥199,318**	**¥48.2**	3,260	¥159,056	¥48.8
	Other	**1,116**	**35,658**	**32.0**	1,227	43,304	35.3
	Total	**5,249**	**¥234,977**	**¥44.8**	4,487	¥202,361	¥45.1
Total housing sales:	Tokyo metropolitan area	**4,763**	**¥231,697**	**¥48.6**	3,891	¥192,287	¥49.4
	Other	**1,199**	**38,667**	**32.2**	1,303	45,562	35.0
	Total	**5,962**	**¥270,364**	**¥45.3**	5,194	¥237,849	¥45.8
Other sales revenue			**¥111,899**			¥103,778	
Total revenue			**¥382,267**			¥341,630	
Operating income			**¥ 57,810**			¥ 49,240	

Segment revenue increased 11.9 percent year-on-year, or ¥40.6 billion, to ¥382.3 billion. Revenue from sales of condominiums to individual customers increased due to higher sales volume. The number of units sold increased to 5,249 from 4,487 in the previous fiscal year. Sales of detached houses to individual customers were essentially unchanged at 713 units. Revenue from sales to investors of income-producing properties developed by the Company expanded substantially, reflecting Mitsui Fudosan's strategy of meeting the needs of investors in Japan's real estate market. As of March 31, 2008, Mitsui Fudosan Residential Co., Ltd. had 568 units in completed inventories, consisting of 453 condominium units and 115 detached houses, up from 376 units a year earlier, which consisted of 267 condominium units and 109 detached houses.

Segment operating income increased 17.4 percent year-on-year, or ¥8.6 billion, to ¥57.8 billion. Total units of detached houses and condominiums sold to individuals increased by 768 to 5,962 units, and sales of properties to investors expanded and were solidly profitable. The weighting of property sales to investors in overall segment results also restrained marketing expenses.





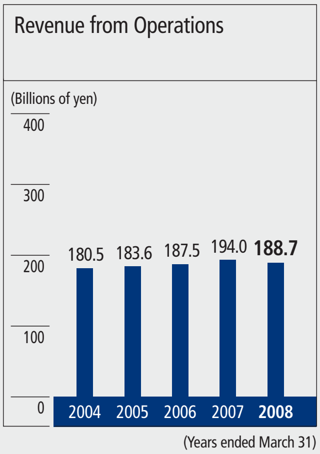
Construction

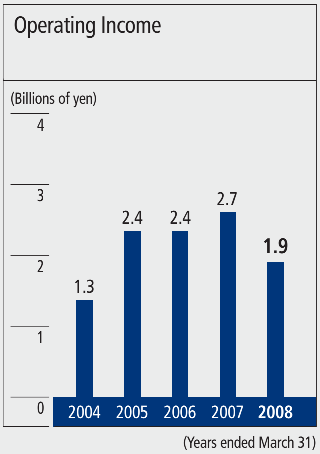
Years ended March 31	2008	2007
		(Millions of yen)
Orders:		
Work-on-hand at beginning of period	**¥110,841**	¥112,510
Orders during period	**187,441**	198,106
Total	**¥298,282**	¥310,616
Net sales	**¥194,219**	¥199,776
Work-on-hand at end of period	**¥104,062**	¥110,841
Total revenue	**¥188,659**	¥193,970
Operating income	**¥ 1,900**	¥ 2,718

Note: Consolidated results of Mitsui Home Co., Ltd.

Segment revenue decreased 2.7 percent year-on-year, or ¥5.3 billion, to ¥188.7 billion. Mitsui Home Co., Ltd., a consolidated subsidiary, handles operations in this segment. It is one of Japan's leading builders of two-by-four wood-frame homes, and specializes in high-quality, upscale housing and the high-end of the renovation market. The order backlog at the end of the fiscal year and orders received during the fiscal year both decreased year-on-year.

Segment operating income decreased 30.1 percent year-on-year, or ¥0.8 billion, to ¥1.9 billion.





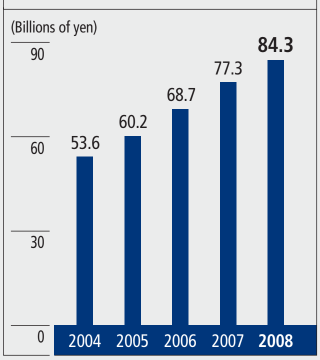
Brokerage, Consignment Sales and Consulting

Years ended March 31	2008 Units	2008 Revenue (Millions of yen)	2007 Units	2007 Revenue (Millions of yen)
Revenue:				
Brokerage	**31,757**	**¥62,097**	31,455	¥52,161
Consignment sales	**5,358**	**10,067**	7,660	10,811
Consulting		**12,104**		14,377
Total revenue		**¥84,269**		¥77,350
Operating income		**¥26,595**		¥26,050

Segment revenue increased 8.9 percent year-on-year, or ¥6.9 billion, to ¥84.3 billion. In the brokerage business, Group company Mitsui Real Estate Sales Co., Ltd. provides brokerage services for individual and corporate clients. With its nationwide network of Mitsui Rehouse brokerage offices, Mitsui Real Estate Sales has the leading brokerage share in Japan's residential housing secondary market. Despite more difficult market conditions in the second half of the fiscal year, both the number of properties handled and transaction volume increased. Segment results also benefited from growth in assets under management by the entire Group, including assets of Nippon Building Fund, a J-REIT managed by Nippon Building Fund Management Ltd.; Nippon Accommodations Fund, a J-REIT managed by Mitsui Fudosan Accommodation Fund Management Co., Ltd.; and private placement-type real estate funds managed by Mitsui Fudosan Investment Advisors, Inc. In addition, Resident First Co., Ltd. made progress in its rental housing brokerage business, and Mitsui Fudosan Residential Co., Ltd. increased transaction volume and number of properties handled.

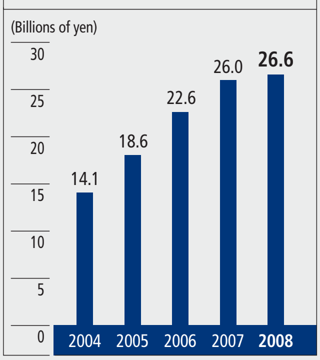
Segment operating income increased 2.1 percent year-on-year, or ¥0.5 billion, to ¥26.6 billion. Earnings in this segment benefited from increased fee income from project and investment fund management, while stable brokerage transaction volume and the greater number of properties handled in the individual and corporate markets also contributed to steady year-on-year performance.

Revenue from Operations



(Years ended March 31)

Operating Income

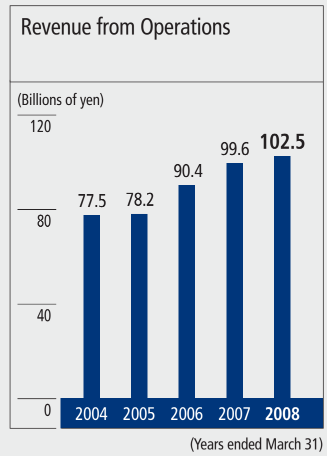


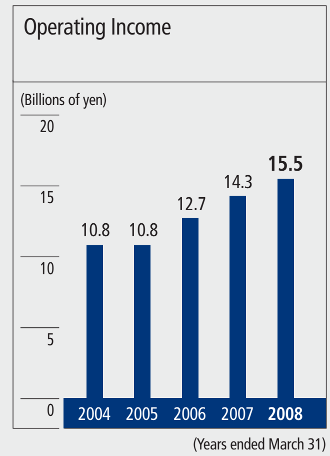
(Years ended March 31)

Property Management

(Millions of yen)

Years ended March 31	2008	2007
Revenue: Property management......	**¥ 73,141**	¥66,026
Tenant improvement......	**29,322**	33,606
Total revenue..............................	**¥102,464**	¥99,632
Operating income	**¥ 15,497**	¥14,308





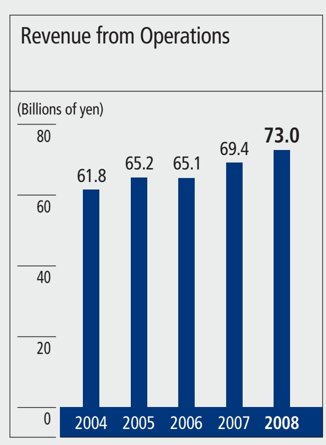
Segment revenue increased 2.8 percent year-on-year, or ¥2.8 billion, to ¥102.5 billion. The segment benefited from an increase in the number of Group-managed properties that commenced operations in the previous fiscal year. These included four large-scale retail facilities in the greater Tokyo area, including LaLaport Yokohama (Yokohama-shi, Kanagawa) and Tokyo Midtown (Minato-ku, Tokyo). The Property Management segment is strategic because it allows Mitsui Fudosan to increase fee-based revenue and earnings. The Mitsui Fudosan Group provides office management services primarily through Group companies Mitsui Fudosan Building Management Co., Ltd. and First Facilities Co., Ltd. Other Group companies involved in property management include Mitsui Fudosan Housing Services Co., Ltd., which manages condominiums developed by Mitsui Fudosan, and LaLaport Co., Ltd., which manages retail facilities.

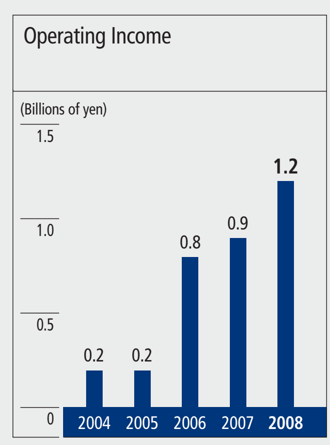
Segment operating income increased 8.3 percent year-on-year, or ¥1.2 billion, to ¥15.5 billion. Earnings benefited from management of office buildings, retail facilities and other properties completed in the previous fiscal year. Strong sales to investors also supported segment results, as Mitsui Fudosan often receives the property management contract for buildings it sells to investors.

Sales of Housing Materials and Merchandise

(Millions of yen)

Years ended March 31	2008	2007
Revenue: Housing materials............	**¥25,496**	¥23,688
Merchandise.................	**47,478**	45,705
Total revenue..............................	**¥72,975**	¥69,395
Operating income	**¥ 1,170**	¥ 857





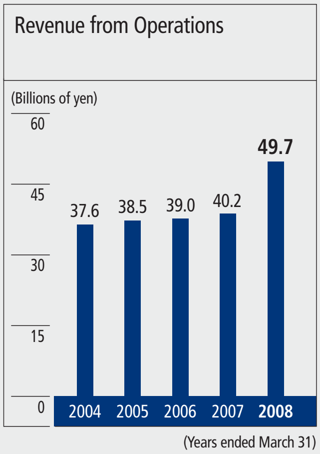
Segment revenue increased 5.2 percent year-on-year, or ¥3.6 billion, to ¥73.0 billion. Revenue increased in Mitsui Home's housing materials processing and sales business, and the opening of new home centers operated by Uni Living Co., Ltd. supported year-on-year growth in revenues. Segment operating income increased 36.5 percent year-on-year, or ¥0.3 billion, to ¥1.2 billion.

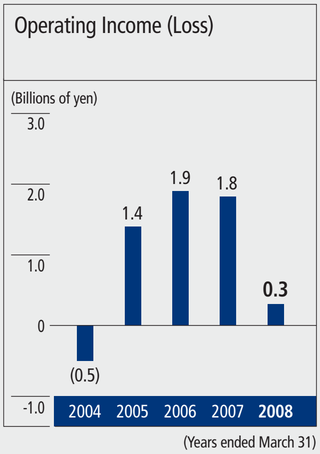
Facility Operations

(Millions of yen)

Years ended March 31	2008	2007
Revenue: Hotels	**¥37,499**	¥27,900
Other	**12,245**	12,300
Total revenue	**¥49,745**	¥40,201
Operating income	**¥ 269**	¥ 1,754

Segment revenue increased 23.7 percent year-on-year, or ¥9.5 billion, to ¥49.7 billion. Factors increasing revenue included the opening of two hotels during the year—Mitsui Garden Hotel Shiodome Italia-gai (Minato-ku, Tokyo) and Mitsui Garden Hotel Prana Tokyo Bay (Urayasu-shi, Chiba)—and the acquisition of four resort facilities, including Nemunosato (Shima-shi, Mie). Segment operating income decreased 84.7 percent, or ¥1.5 billion, to ¥0.3 billion, due to expenses associated with the opening of hotels and acquisition of resort facilities. As of March 31, 2008, the Garden Hotel chain operated approximately 3,683 rooms in 13 hotels throughout Japan. The Group also manages seven golf courses in Japan.



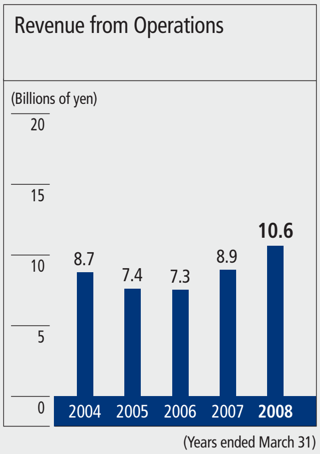


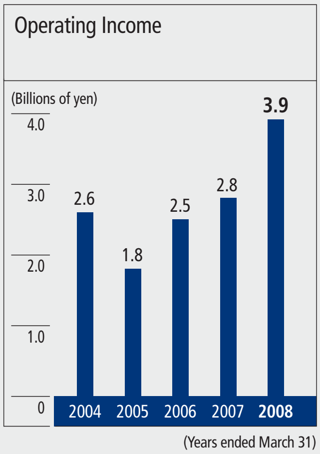
Other

(Millions of yen)

Years ended March 31	2008	2007
Revenue: Finance and lease	**¥ 1,362**	¥1,206
Other	**9,281**	7,740
Total revenue	**¥10,644**	¥8,946
Operating income	**¥ 3,904**	¥2,810

Segment revenue increased 19.0 percent year-on-year, or ¥1.7 billion, to ¥10.6 billion. Segment operating income increased 38.9 percent year-on-year, or ¥1.1 billion, to ¥3.9 billion.





Liquidity, Capital Resources and Financial Position

Current Assets

Current assets increased 6.2 percent from the previous fiscal year-end, or ¥59.2 billion, to ¥1,016.1 billion. Cash and cash equivalents decreased 22.4 percent, or ¥18.3 billion, from a year earlier to ¥63.5 billion, primarily reflecting the deployment of cash from operations and financing on the balance sheet at the end of the previous fiscal year. Inventories increased 22.4 percent from a year earlier, or ¥121.1 billion, to ¥662.3 billion as Mitsui Fudosan continued to acquire property to support future growth. Purchases of property for sales of housing to individuals and for sale to investors following development were particular areas of emphasis in adding to inventories. New acquisitions of real property for sale exceeded cost recovery through property sales. Equity investments in properties for sale, which primarily represent securitized interests in properties for sale, decreased 20.2 percent, or ¥24.5 billion, to ¥97.2 billion as Mitsui Fudosan decreased holdings in special purpose companies and other vehicles through sales to external investors. Working capital increased 10.4 percent from a year earlier to ¥299.1 billion, and the current ratio was 1.42 times, compared with 1.40 times at the end of the previous fiscal year.

Investments and Other Assets

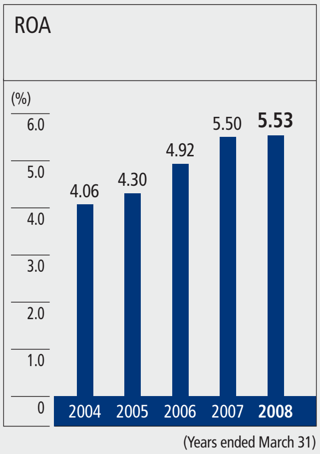
Investments and other assets increased 6.5 percent from a year earlier, or ¥40.6 billion, to ¥669.3 billion. Investment securities decreased 17.6 percent, or ¥45.5 billion, to ¥213.2 billion, reflecting in part a decrease in net purchases of investment securities, including equity issues of special purpose companies and anonymous investment association investments for real estate securitization related businesses. The market value of securities holdings decreased during the fiscal year.

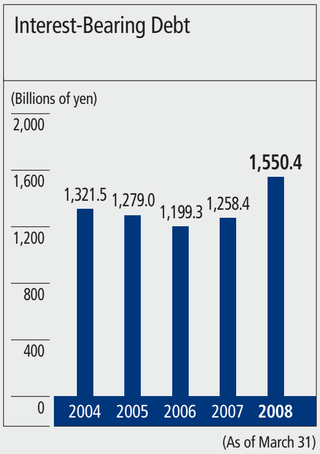
Property and Equipment

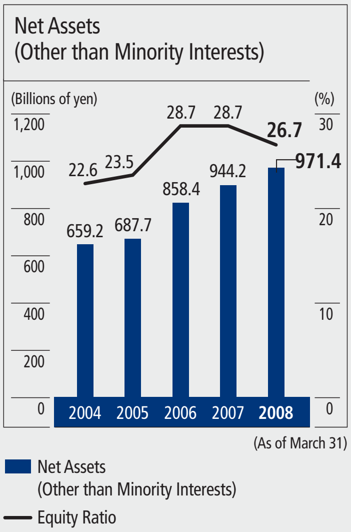
Net property and equipment increased 14.1 percent from a year earlier, or ¥240.5 billion, to ¥1,949.0 billion. Capital expenditures totaled ¥340.5 billion, which was offset by depreciation totaling ¥44.3 billion and disposal and sale of properties by the parent company and subsidiaries totaling ¥51.2 billion.

Current Liabilities

Current liabilities increased 4.5 percent from a year earlier, or ¥31.1 billion, to ¥717.0 billion. Mitsui Fudosan has established committed lines of credit totaling ¥150.0 billion with several financial institutions to ensure access to funds and adequate liquidity. The Company had not accessed these lines of credit as of the balance sheet date.







Assets

(Billions of yen, %)

As of March 31	2008		2007		2006	
Cash and cash equivalents	¥ 63.5	1.8%	¥ 81.8	2.5%	¥ 62.6	2.1%
Inventories	662.3	18.2	541.2	16.4	418.8	14.0
Other current assets	290.4	8.0	333.9	10.1	235.9	7.9
Investments and other assets	669.3	18.4	628.7	19.1	602.7	20.2
Net property and equipment	1,949.0	53.6	1,708.6	51.9	1,666.5	55.8
Total	¥3,634.5	100.0%	¥3,294.2	100.0%	¥2,986.5	100.0%

Liabilities and Net Assets

(Billions of yen, %)

As of March 31	2008		2007		2006	
Interest-bearing debt—Short term	¥ 263.2	7.2%	¥ 242.8	7.4%	¥ 258.7	8.7%
Interest-bearing debt—Long term	1,287.2	35.4	1,015.7	30.8	940.6	31.5
Total interest-bearing debt	1,550.4	42.7	1,258.5	38.2	1,199.3	40.2
Other current liabilities	453.9	12.5	443.1	13.5	323.3	10.8
Other long-term liabilities	638.2	17.6	629.4	19.1	587.1	19.7
Minority interests	20.6	0.6	19.0	0.5	18.4	0.6
Net assets (other than minority interests)	971.4	26.7	944.2	28.7	858.4	28.7
Total	¥3,634.5	100.0%	¥3,294.2	100.0%	¥2,986.5	100.0%

Long-term Liabilities

Long-term liabilities increased 17.0 percent from a year earlier, or ¥280.4 billion, to ¥1,925.5 billion. Long-term debt due after one year increased 26.7 percent from a year earlier, or ¥271.6 billion, to ¥1,287.2 billion, as Mitsui Fudosan accessed external funding to invest in opportunities for growth over the next several years. Interest-bearing debt increased 23.2 percent, or ¥292.0 billion, to ¥1,550.4 billion. Mitsui Fudosan also raised ¥50.0 billion through the issue of straight bonds.

Net Assets and Total Capital

For the year ended March 2008, net assets increased 3.0 percent from a year earlier, or ¥28.8 billion, to ¥992.0 billion. Retained earnings increased 27.5 percent, or ¥60.1 billion, to ¥278.7 billion as a result of net income. Moreover, reserve on land revaluation, which is recorded as a component of net assets under Japanese GAAP, increased by ¥10.5 billion, reflecting substantial additions to land held in inventory. Lower financial asset prices during the fiscal year decreased net assets through a reduction in net unrealized holding gains on securities to ¥32.6 billion, which is recorded as a component of net assets under Japanese GAAP. Negative foreign currency translation adjustment resulting from the yen's value relative to the U.S. dollar at the fiscal year-end decreased net assets.

Total capital, the sum of bank loans, commercial paper, long-term debt due within one year, long-term debt due after one year, and net assets, increased ¥320.8 billion to ¥2,542.4 billion from ¥2,221.6 billion a year earlier. The use of interest-bearing debt to support growth outpaced additions to net assets. Consequently,

Cash Flows

(Billions of yen)

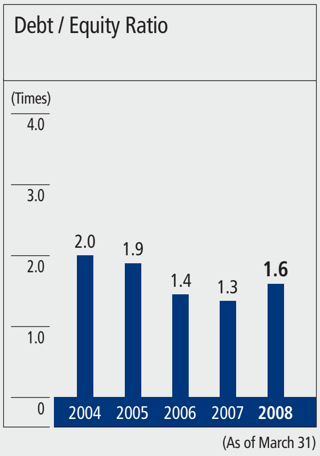
Years ended March 31	2008	2007	2006
Cash flows from operating activities	¥ 97.8	¥ 58.0	¥ 22.5
Cash flows from investing activities	(392.2)	(77.0)	(60.8)
Cash flows from financing activities	276.1	38.1	(12.4)
Effect of exchange rate changes on cash and cash equivalents	0.0	0.1	0.3
Net (decrease) increase in cash and cash equivalents	(18.3)	19.2	(50.5)
Cash and cash equivalents at beginning of year	81.8	62.6	113.1
Cash and cash equivalents at end of year	¥ 63.5	¥ 81.8	¥ 62.6

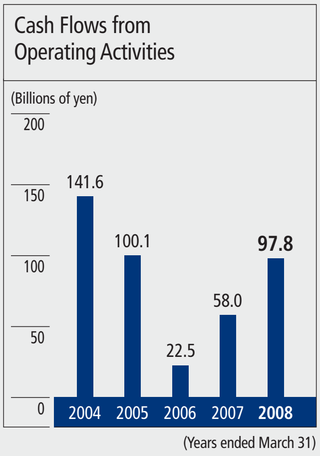
net assets represented 39.0 percent of total capital, compared to 43.4 percent at the previous fiscal year-end. The debt-to-equity ratio[1] increased to 1.6 times from 1.3 times as a result. Return on assets (ROA)[2] was unchanged from a year earlier at 5.5 percent. Return on equity (ROE)[3] was 9.1 percent, compared to 8.3 percent a year earlier.

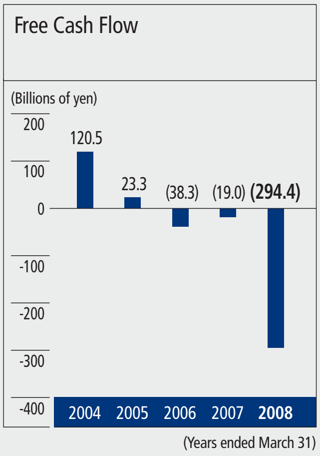
Cash Flow

Net cash provided by operating activities totaled ¥97.8 billion, compared to ¥58.0 billion for the previous fiscal year, primarily due to the increase in income before income taxes. Net additions to working capital in the form of property for sale in the future was a primary use of cash. The line item "Increase in real property for sale and advances paid for purchases" represents the net effect of cost recovery and purchase of inventories, which consist primarily of property held for sale. Net increase in inventories used cash totaling ¥100.4 billion, down from ¥114.4 billion in the previous fiscal year. Depreciation and amortization increased to ¥44.3 billion.

Net cash used in investing activities totaled ¥392.2 billion, compared to ¥77.0 billion for the previous fiscal year. Purchases of property and equipment totaled ¥346.8 billion, compared to ¥219.8 billion for the previous fiscal year as the Company invested in large-scale development projects. This included outlays associated with GranTokyo North Tower, the Mitsui Life Insurance Otemachi Building and other new investments in redevelopment projects. The scale of investment, in tandem with the above acquisition of inventories to







Notes: 1. Debt-to-equity ratio = Interest-bearing debt / (Net assets - Subscription rights to shares - Minority interests)
2. Return on assets (ROA) = (Operating income + Non-operating income) / Average total assets over the period
3. Return on equity (ROE) = Net income / (Net assets - Subscription rights to shares - Minority interests, Average over the period)

prepare Mitsui Fudosan for future growth, eliminated free cash flow. Net changes in deposits from tenants and in lease deposits provided cash totaling ¥23.7 billion, compared to ¥30.2 billion for the previous fiscal year. Net purchases of marketable and investment securities totaled ¥124.9 billion, up sharply from ¥22.2 billion for the previous fiscal year due mainly to the acquisition of equity in Imperial Hotel, Ltd.

Net cash used in financing activities totaled ¥276.1 billion, compared with ¥38.1 billion in the previous fiscal year. Increase in bank loans and commercial paper totaled ¥28.9 billion, compared with a decrease of ¥16.0 billion for the previous fiscal year, reflecting the use of favorably priced commercial paper to supplement operating cash flow in funding short-term working capital requirements. Proceeds from long-term debt totaled ¥369.4 billion, up from ¥273.0 billion for the previous fiscal year, in part because Mitsui Fudosan moved to take advantage of favorable land acquisition opportunities as prices dipped in the second half of the fiscal year. Repayment of long-term debt, consisting primarily of long-term bank loans, totaled ¥154.7 billion, compared to ¥237.6 billion for the previous fiscal year. Proceeds from issuance of bond totaling ¥50.0 billion represented the domestic issue of unsecured yen straight bonds. Net proceeds from long-term debt therefore totaled ¥264.6 billion on a cash basis. Mitsui Fudosan continues to emphasize an efficient level of operating leverage and investment in future growth. Reflecting strong cash flow and improved operating performance, cash dividends paid totaled ¥15.8 billion, compared to ¥8.8 billion for the previous fiscal year as a result of increased cash dividends per share for fiscal 2007.

The Company complemented the use of interest-bearing debt with the use of internal capital resources to fund growth opportunities. As of March 31, 2008, this resulted in a net decrease in cash and cash equivalents of 22.4 percent, or ¥18.3 billion, from a year earlier to ¥63.5 billion. Cash and cash equivalents remain at a level that provides strong liquidity at approximately 2.5 times interest payment obligations.

Risk Information

The operations of the Mitsui Fudosan Group are subject to a number of risks, some of which are outlined below along with issues that may not necessarily constitute risk factors but that may influence investor decisions.

Changes in Demand

Economic conditions influence demand among tenant companies for space in the office buildings that the Mitsui Fudosan Group owns and manages, and influence demand among individuals for housing. A downturn in the Japanese economy may exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

Interest Rates

Higher interest rates in the future could increase the Mitsui Fudosan Group's funding costs, raise the returns investors expect from real estate investments and reduce demand among individuals for housing, and may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

Regulations and Taxation

Changes in the regulations and systems of taxation relevant to the real estate business may exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

Natural Disasters

Natural disasters may damage or destroy the Mitsui Fudosan Group's assets, and may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	¥ 63,496	¥ 81,816	$ 633,756
Marketable securities (Note 4)	95	50	948
Notes and accounts receivable — trade	34,593	37,964	345,274
Short-term loans receivable	8,170	6,773	81,545
Allowance for doubtful accounts	(569)	(547)	(5,679)
Inventories (Note 6)	662,259	541,182	6,610,031
Advances paid for purchases (Note 7)	16,927	32,656	168,949
Equity investments in properties for sale (Note 4)	97,152	121,670	969,678
Deferred income taxes (Note 9)	60,059	65,678	599,451
Other current assets	73,946	69,655	738,057
Total current assets	1,016,128	956,897	10,142,010
INVESTMENTS and OTHER ASSETS			
Investments in unconsolidated subsidiaries and affiliated companies	177,249	98,631	1,769,129
Investment securities (Note 4)	213,169	258,650	2,127,647
Non-current loans and accounts receivable	53,745	55,623	536,431
Allowance for doubtful accounts	(7,733)	(8,457)	(77,183)
Lease deposits (Note 8)	196,789	186,952	1,964,158
Deferred income taxes (Note 9)	15,023	15,997	149,945
Deferred tax assets on land revaluation	8,308	13,065	82,922
Other	12,763	8,280	127,388
Total investments and other assets	669,313	628,741	6,680,437
PROPERTY and EQUIPMENT, at cost:			
Land (Note 11)	1,380,935	1,172,674	13,783,162
Buildings and structures (Note 11)	931,509	888,990	9,297,425
Machinery and equipment	92,553	85,041	923,775
Construction in progress	13,839	9,409	138,128
	2,418,836	2,156,114	24,142,490
Accumulated depreciation	(469,788)	(447,562)	(4,688,971)
Net property and equipment	1,949,048	1,708,552	19,453,519
	¥3,634,489	¥3,294,190	$36,275,966

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Banks loans (Note 11)	¥ 63,820	¥ 71,039	$ 636,990
Commercial paper	53,000	16,000	528,995
Long-term debt due within one year (Note 11)	146,354	155,729	1,460,765
Notes and accounts payable — trade	110,943	131,948	1,107,326
Accrued expenses	25,661	24,151	256,123
Income taxes payable	35,633	20,597	355,654
Advances and deposits received	232,078	217,940	2,316,379
Deferred income taxes (Note 9)	921	1,184	9,193
Other current liabilities	48,595	47,320	485,028
Total current liabilities	717,005	685,908	7,156,453
LONG-TERM LIABILITIES			
Allowance for employees' retirement benefits (Note 10)	28,034	27,478	279,808
Allowance for directors' and corporate auditors' retirement benefits	1,468	2,075	14,652
Long-term debt due after one year (Note 11)	1,287,247	1,015,659	12,848,059
Deposits from tenants (Note 12)	356,612	322,786	3,559,357
Deferred income taxes (Note 9)	30,310	52,892	302,525
Deferred tax liabilities on land revaluation	186,189	185,104	1,858,359
Other liabilities and deferred credits	35,621	39,074	355,535
Total long-term liabilities	1,925,481	1,645,068	19,218,295
CONTINGENT LIABILITIES (Note 21)			
NET ASSETS (Notes 13 and 14)			
Shareholders' equity			
Common stock	174,296	174,296	1,739,655
Authorized— 3,290,000,000 shares			
Issued— 881,424,727 shares in 2008 and 2007			
Capital surplus	248,329	248,308	2,478,581
Retained earnings	278,749	218,683	2,782,204
Treasury stock	(4,334)	(3,126)	(43,259)
Total shareholders' equity	697,040	638,161	6,957,181
Valuation and translation adjustments			
Net unrealized holding gains on securities	32,576	72,160	325,142
Net unrealized gains on hedging derivatives	(106)	54	(1,058)
Reserve on land revaluation	257,728	247,264	2,572,392
Foreign currency translation adjustment	(15,928)	(13,443)	(158,977)
Total valuation and translation adjustments	274,270	306,035	2,737,499
Subscription rights to shares (Note 15)	86	—	858
Minority interests	20,607	19,018	205,680
Total net assets	992,003	963,214	9,901,218
	¥3,634,489	¥3,294,190	$36,275,966

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	2008
REVENUES				
Revenue from operations (Note 20)	¥1,360,023	¥1,229,194	¥1,159,280	$13,574,439
Interest, dividends and miscellaneous (Note 16)	27,509	23,946	16,949	274,568
	1,387,532	1,253,140	1,176,229	13,849,007
COSTS AND EXPENSES				
Cost of revenue from operations	1,039,342	942,928	904,200	10,373,710
Selling, general and administrative expenses	141,398	124,423	117,536	1,411,299
Interest	26,031	21,421	20,262	259,816
Other (Note 17)	32,758	52,758	44,424	326,959
	1,239,529	1,141,530	1,086,422	12,371,784
EQUITY IN NET INCOME OF AFFILIATED COMPANIES	7,064	4,410	3,155	70,506
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	155,067	116,020	92,962	1,547,729
INCOME TAXES (Note 9)				
Current	48,638	26,044	26,178	485,458
Deferred	17,611	12,954	9,076	175,775
Total	66,249	38,998	35,254	661,233
NET INCOME BEFORE MINORITY INTERESTS	88,818	77,022	57,708	886,496
MINORITY INTERESTS	(1,440)	(1,808)	(1,167)	(14,373)
NET INCOME	¥ 87,378	¥ 75,214	¥ 56,541	$ 872,123

PER SHARE INFORMATION	Yen			U.S. dollars (Note 1)
	2008	2007	2006	2008
Net assets per share*	¥ 1,105.1	¥ 1,073.8	¥ 975.6	$ 11.030
Net income per share				
— Basic	99.4	85.5	67.5	0.992
— Diluted	99.4	—	—	0.992
Cash dividends	20.0	14.0	10.0	0.200

* Net assets per share information does not include minority interests.

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2008, 2007 and 2006

Millions of yen

	Shares of common stock (thousands)	Shareholders' equity				Valuation and translation adjustments				Subscription rights to shares	Minority interests
		Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Reserve on land revaluation	Foreign currency translation adjustment		
BALANCE AT MARCH 31, 2005	¥823,390	¥134,433	¥205,830	¥155,097	¥(1,360)	¥ 33,348	¥ —	¥183,626	¥(23,256)	¥—	¥19,977
Common stock issued upon conversion of convertible bonds with stock acquisition rights	55,909	39,863	39,807	—	—	—	—	—	—	—	—
Common stock issued in exchange for minority shares of subsidiary, Kokusai Kanko Kaikan Co., Ltd.	2,126	—	2,642	—	—	—	—	—	—	—	—
Revaluation of property and equipment (Note 2 (H))	—	—	—	2,648	—	—	—	—	—	—	—
Reversal of reserve on land revaluation, net of tax	—	—	—	(7,471)	—	—	—	7,471	—	—	—
Net income	—	—	—	56,541	—	—	—	—	—	—	—
Cash dividends paid	—	—	—	(6,986)	—	—	—	—	—	—	—
Bonuses to directors	—	—	—	(123)	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	6,948	—	—
Treasury stock	—	—	—	—	(787)	—	—	—	—	—	—
Gain on sales of treasury stock	—	—	16	—	—	—	—	—	—	—	—
Net unrealized holding gains on securities	—	—	—	—	—	30,077	—	—	—	—	—
Minority interests	—	—	—	—	—	—	—	—	—	—	(1,530)
BALANCE AT MARCH 31, 2006	881,425	174,296	248,295	199,706	(2,147)	63,425	—	191,097	(16,308)	—	18,447
Cash dividends paid (*1)	—	—	—	(8,796)	—	—	—	—	—	—	—
Bonuses to directors (*2)	—	—	—	(176)	—	—	—	—	—	—	—
Net income	—	—	—	75,214	—	—	—	—	—	—	—
Reversal of reserve on land revaluation, net of tax	—	—	—	(49,719)	—	—	—	56,167	—	—	—
Revaluation of property and equipment (Note 2 (H))	—	—	—	2,454	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	(996)	—	—	—	—	—	—
Gain on sales of treasury stock	—	—	13	—	17	—	—	—	—	—	—
Net unrealized holding gains on securities	—	—	—	—	—	8,735	—	—	—	—	—
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	—	54	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	2,865	—	—
Minority interests	—	—	—	—	—	—	—	—	—	—	571
BALANCE AT MARCH 31, 2007	881,425	174,296	248,308	218,683	(3,126)	72,160	54	247,264	(13,443)	—	19,018
Cash dividends paid	—	—	—	**(15,825)**	—	—	—	—	—	—	—
Net income	—	—	—	**87,378**	—	—	—	—	—	—	—
Reversal of reserve on land revaluation, net of tax	—	—	—	**(9,780)**	—	—	—	**10,464**	—	—	—
Revaluation of property and equipment (Note 2 (H))	—	—	—	**(1,778)**	—	—	—	—	—	—	—
Decrease in number of affiliated companies	—	—	—	**71**	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	**(1,239)**	—	—	—	—	—	—
Gain on sales of treasury stock	—	—	**21**	—	**31**	—	—	—	—	—	—
Net unrealized holding gains on securities	—	—	—	—	—	**(39,584)**	—	—	—	—	—
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	—	**(160)**	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	**(2,485)**	—	—
Subscription rights to shares	—	—	—	—	—	—	—	—	—	**86**	—
Minority interests	—	—	—	—	—	—	—	—	—	—	**1,589**
BALANCE AT MARCH 31, 2008	**¥881,425**	**¥174,296**	**¥248,329**	**¥278,749**	**¥(4,334)**	**¥ 32,576**	**¥(106)**	**¥257,728**	**¥(15,928)**	**¥86**	**¥20,607**

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Reserve on land revaluation	Foreign currency translation adjustment	Subscription rights to shares	Minority interests
BALANCE AT MARCH 31, 2007	$1,739,655	$2,478,371	$2,182,683	$(31,201)	$ 720,232	$ 539	$2,467,951	$(134,175)	$ —	$189,819
Cash dividends paid	—	—	**(157,950)**	—	—	—	—	—	—	—
Net income	—	—	**872,123**	—	—	—	—	—	—	—
Reversal of reserve on land revaluation, net of tax	—	—	**(97,615)**	—	—	—	**104,441**	—	—	—
Revaluation of property and equipment (Note 2 (H))	—	—	**(17,746)**	—	—	—	—	—	—	—
Decrease in number of affiliated companies	—	—	**709**	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	**(12,367)**	—	—	—	—	—	—
Gain on sales of treasury stock	—	**210**	—	**309**	—	—	—	—	—	—
Net unrealized holding gains on securities	—	—	—	—	**(395,090)**	—	—	—	—	—
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	**(1,597)**	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	**(24,802)**	—	—
Subscription rights to shares	—	—	—	—	—	—	—	—	**858**	—
Minority interests	—	—	—	—	—	—	—	—	—	**15,861**
BALANCE AT MARCH 31, 2008	**$1,739,655**	**$2,478,581**	**$2,782,204**	**$(43,259)**	**$ 325,142**	**$(1,058)**	**$2,572,392**	**$(158,977)**	**$858**	**$205,680**

(*1) Includes appropriation of retained earnings of ¥4,398 million approved at the Ordinary General Shareholders' Meeting held on June 29, 2006.
(*2) Appropriation of retained earnings approved at the Ordinary General Shareholders' Meeting held on June 29, 2006.

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	2008
Cash flows from operating activities:				
Income before income taxes	¥ 155,067	¥ 116,020	¥ 92,962	$1,547,729
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortization	44,312	40,122	40,159	442,280
Equity in net income of affiliated companies	(7,064)	(4,410)	(3,155)	(70,506)
(Gain) loss on sales of property and equipment, net	(17,327)	(7,677)	16,937	(172,941)
Loss on disposal of property and equipment	—	4,575	—	—
Loss on disposal of property and equipment and related expenses	3,408	—	—	34,015
Allowance for doubtful accounts, net	—	—	(2,233)	—
Loss on devaluation of real property for sale	—	28,736	4,274	—
Interest and dividend income	(2,823)	(2,191)	(1,697)	(28,176)
Interest expense	26,031	21,421	20,262	259,816
Gain on sales of marketable securities, net	(2,869)	—	—	(28,636)
Impairment loss on investment securities	5,417	—	—	54,067
Loss on liquidation of consolidated subsidiaries	—	—	4,761	—
Impairment loss on investment in affiliated company	12,961	—	—	129,364
Decrease (increase) in accounts receivable	3,474	(11,178)	2,152	34,674
Increase in real property for sale and advances paid for purchases	(100,419)	(114,376)	(100,890)	(1,002,286)
Decrease (increase) in equity investments in properties for sale	23,479	(40,125)	10,305	234,345
(Decrease) increase in accounts payable	(7,482)	6,815	16	(74,678)
Bonuses paid to directors	(24)	(178)	(127)	(240)
Interests and dividends received	4,809	3,180	2,588	47,999
Interests paid	(25,363)	(20,555)	(20,266)	(253,149)
Income taxes paid	(33,059)	(22,148)	(26,763)	(329,963)
Other, net	15,235	59,939	(16,775)	152,062
Net cash provided by operating activities	97,763	57,970	22,510	975,776
Cash flows from investing activities:				
Purchases of property and equipment	(346,765)	(219,798)	(99,757)	(3,461,074)
Proceeds from sale of property and equipment	35,922	139,000	38,730	358,539
Increase in deposits from tenants	78,803	70,282	39,608	786,536
Decrease in deposits from tenants	(47,226)	(38,545)	(39,447)	(471,364)
Increase in lease deposits	(28,547)	(23,963)	(11,417)	(284,929)
Decrease in lease deposits	20,702	22,435	25,659	206,627
Purchases of marketable and investment securities	(129,478)	(27,493)	(30,737)	(1,292,325)
Proceeds from sale of marketable and investment securities	4,531	5,262	24,184	45,224
Increase in non-current loans and accounts receivable	(4,683)	(4,050)	(3,655)	(46,741)
Decrease in non-current loans and accounts receivable	6,075	7,700	7,583	60,635
Other, net	18,506	(7,837)	(11,585)	184,709
Net cash used in investing activities	(392,160)	(77,007)	(60,834)	(3,914,163)
Cash flows from financing activities:				
Proceeds from long-term debt	369,351	272,999	154,000	3,686,505
Repayments of long-term debt	(154,718)	(237,630)	(187,270)	(1,544,246)
Increase (decrease) in bank loans and commercial paper	28,919	(15,999)	(371)	288,642
Proceeds from issuance of bond	50,000	60,000	30,000	499,052
Payments for redemption of bond	—	(30,000)	(330)	—
Cash dividends paid	(15,812)	(8,794)	(6,983)	(157,820)
Payments of dividends to minority shareholders	(416)	(1,509)	(705)	(4,152)
Net increase in treasury stocks	(1,188)	(982)	(786)	(11,857)
Net cash provided by (used in) financing activities	276,136	38,085	(12,445)	2,756,124
Effect of exchange rate changes on cash and cash equivalents	(59)	180	278	(589)
Net (decrease) increase in cash and cash equivalents	(18,320)	19,228	(50,491)	(182,852)
Cash and cash equivalents at beginning of year	81,816	62,588	113,079	816,608
Cash and cash equivalents at end of year	¥ 63,496	¥ 81,816	¥ 62,588	$ 633,756

	Millions of yen
	2006
Supplemental information of non-cash transaction:	
Non-cash investing and financing activities for the year ended March 31, 2006:	
Issuance of common stock upon conversion of convertible bonds with stock acquisition rights — Issued 55,908,718 shares	
Common stock	¥39,863
Capital surplus	39,807
Issuance of common stock in exchange for minority shares of subsidiary, Kokusai Kanko Kaikan Co., Ltd. — Issued 2,125,625 shares	
Capital surplus	2,642

See accompanying notes.

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2 SIGNIFICANT ACCOUNTING POLICIES

(A) CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method is amortized over a period of 5 years. However, if the amount of the difference is immaterial, it is amortized in the period as incurred.

All significant inter-company accounts and transactions have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

(B) USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

(C) EQUITY METHOD

Investments in all significant affiliated companies are accounted for by the equity method and, accordingly, stated at cost adjusted for equity in undistributed earnings and losses from the date of acquisition.

(D) TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

Foreign currency receivables and payables are translated at appropriate year-end rates and the resulting translation gains or losses are taken into income currently.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate, except that shareholders' equity accounts are translated at historical rates and income statement items resulting from transactions with the Company at the rates used by the Company.

Differences arising from translation are presented as "Foreign currency translation adjustment" in valuation and translation adjustments under net assets section. Refer to (T) for presentation of net assets.

(E) CASH AND CASH EQUIVALENTS

Deposits in banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with a maturity of three months or less at the time of purchase are treated as cash equivalents.

(F) SECURITIES

Held-to-maturity securities are stated at amortized cost.

Other securities with market values are stated at market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of valuation and translation adjustments under net assets section. Realized gains and losses on sale of such securities are computed using moving-average cost.

Other securities without market values are stated at moving-average cost.

The Company and its consolidated subsidiaries recognize losses for the difference between the market value and the carrying amount when the market value significantly declines. The Company and its consolidated subsidiaries consider the decline to be significant when the market value of the other securities declines more than 50% of the carrying amount. When the market value of the other securities declines from 30% to less than 50% of the carrying amount, the decline is also determined to be significant if the market value of the securities is considered not to be recoverable to the carrying amount.

If the net realizable value of the securities without market value declines significantly below the carrying amount, it is written down to net realizable value with a corresponding charge in the statements of income.

(G) INVENTORIES, REVENUE AND RELATED COSTS

Inventories are stated at cost determined mainly by the specific identification method. Costs do not include interest and administrative expenses incurred during or after development of real estate, which are charged to income when incurred.

Effective April 1, 2006, the Company and its domestic subsidiaries adopted early the new accounting standard, "Accounting Standard for Measurement of Inventories" (Statement No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006). Under the new standard, inventory is initially recorded at acquisition cost, and when net realizable value is less than the cost (i.e., profitability of inventory has declined), the cost basis is reduced to net realizable value. Under the previous standard, inventory initially recorded at cost was reduced to market value when market value declined significantly and unless the market value was expected to recover to the cost.

As a result of adopting the new accounting standard and recognizing loss on devaluation of real property, income before income taxes and minority interests for the year ended March 31, 2007 was decreased by ¥28,736 million compared to what would have been reported under the previous accounting standards.

Revenue from the leasing is recognized on an accrual basis over the lease term. Revenue from sale of properties is recognized in full when delivered and accepted by the customers. Revenue from construction work is recognized by the completed contract method, except long-term contracts exceeding certain amounts, which are accounted for by the percentage-of-completion method, and related costs are recognized as incurred.

(H) PROPERTY AND EQUIPMENT, RELATED DEPRECIATION AND REVALUATION

Property and equipment are carried mainly at cost. Land and buildings owned by consolidated subsidiary in the United Kingdom are stated at fair value. Unrealized gains and losses are directly charged or credited to retained earnings.

When disposed of, the cost and related accumulated depreciation or revaluation of property and equipment are removed from the respective accounts and the net difference, less any amounts realized on disposal, is reflected in the statements of income.

Depreciation of property and equipment is mainly computed by the declining-balance method over the estimated useful lives of the assets, except for those listed below which are calculated using the straight-line method.

1. Office buildings of the Company
2. Buildings acquired by the domestic consolidated subsidiaries after April 1, 1998
3. Property and equipment of the overseas consolidated subsidiaries

Estimated useful lives used in the computation of depreciation are generally as follows:

Buildings	29-50 years
Structures	15-17 years
Machinery	7-15 years
Equipment	3-15 years

For buildings on fixed term leasehold, the Company computes depreciation using the straight-line method, over its lease term assuming no residual value.

In connection with the 2007 revisions to the Japanese corporate income tax law, the Company and its domestic subsidiaries changed their method of calculating the depreciation as follows:

1. Depreciation expenses for certain property and equipment acquired on or after April 1, 2007 are calculated based on the revised depreciation tables under the Japanese corporate income tax law with residual value of ¥1.
2. Under the Japanese corporate income tax law prior to the 2007 revision, property and equipment had been depreciable to 5% of the acquisition costs. Revised Japanese corporate income tax law permits to further depreciate the residual amount (5% of the acquisition costs less ¥1) of those property and equipment acquired before April 1, 2007 under straight-line method over 5 years, commencing the fiscal year following the year in which the property and equipment have been depreciated to 5% of the acquisition costs.

There is no significant impact on income as a result of these changes.

(I) IMPAIRMENT LOSSES ON FIXED ASSETS

The Company and its domestic subsidiaries have followed accounting standards for impairment of fixed assets ("Opinion on Establishment of Accounting Standards for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the guidance on accounting standards for impairment of fixed assets (the "Financial Accounting Standard Guidance No. 6" issued by the Accounting Standards Board of Japan on October 31, 2003). The accounting standards require that fixed assets be tested for recoverability whenever events or changes in circumstances indicate that the assets may be impaired. When the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, the net carrying value of assets not recoverable is reduced to recoverable amounts. Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal value calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows.

Accumulated impairment losses are deducted from book values of related fixed assets.

(J) LAND REVALUATION

Pursuant to the Law Concerning Land Revaluation and the revisions thereof, the Company and certain consolidated subsidiaries revalued land used for business activities on March 31, 2002.

The land prices for revaluation were determined based on the appraisal prices by real estate appraisers in accordance with Article 2, Paragraph 5 of the Enforcement Ordinance Concerning Land Revaluation. The difference between quoted appraisal value and the carrying amount is recorded, net of applicable income taxes, as "Reserve on land revaluation" as a separate component of valuation and translation adjustments under net assets section.

(K) ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company and its consolidated domestic subsidiaries provide for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period plus an estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

(L) ALLOWANCE FOR EMPLOYEES' RETIREMENT BENEFITS

The Company has a retirement plan which provides for lump-sum payment and annuity. Upon retirement age or at 60, a regular employee is entitled to receive a lump-sum payment and an annuity, or in certain cases at the option of the retiring employee, the full amount of the retirement benefits may be paid in a lump-sum. The retirement benefits are based primarily upon the years of employee's service and monthly pay at the time of retirement.

The allowance and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries provide allowance for employees' retirement benefits at fiscal year end based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

(M) ALLOWANCE FOR DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

Allowance for retirement benefits for directors and corporate auditors of the Company and its 35 consolidated subsidiaries are also provided at the amounts to be paid if all eligible directors and corporate auditors would have been retired at year end under the internal guidelines.

(N) ACCOUNTING FOR CERTAIN LEASE TRANSACTIONS
Finance leases which do not transfer ownership of the leased assets to lessees are accounted for as operating leases under accounting principles generally accepted in Japan.

(O) INCOME TAXES
The Company and its consolidated domestic subsidiaries are subject to a corporate tax of 30%, an inhabitant tax of approximately 6% and a deductible enterprise tax of approximately 8%, which in the aggregate resulted in a statutory income tax rate of approximately 41% for the years ended March 31, 2008, 2007 and 2006.

Income taxes are provided for on the basis of income for financial statement purposes. The tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statements and income tax purposes is recognized as deferred income taxes.

(P) DERIVATIVES AND HEDGE ACCOUNTING
The Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized, if derivative financial instruments are used as hedges and meet certain hedging criteria.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statements in the period which includes the inception date, and

(b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(Q) EQUITY INVESTMENTS REGARDING REAL ESTATE SECURITIZATION-RELATED BUSINESS
Equity investments in tokumei-kumiai, or silent partnerships (“TK”), preferred securities issued by tokutei-mokuteki-kaisha, or specific purpose companies (“TMK”) and others regarding real estate securitization-related business (collectively, “equity investments”) are presented in the balance sheets as follows.

Equity investments held for sale are presented as “Equity investments in properties for sale” under “CURRENT ASSETS” and those held other than for sale are presented as “Investment securities” under “INVESTMENTS and OTHER ASSETS.”

(R) REVENUE FROM JAPANESE REAL ESTATE INVESTMENT TRUST (J-REIT)
Revenue from J-REIT is included in “Revenue from operations.”

(S) DIRECTORS’ BONUSES
Effective from the year ended March 31, 2007, the Company and its domestic subsidiaries adopted new accounting standard, “Accounting Standard for Directors’ Bonus” (Statement No. 4 issued by the Accounting Standards Board of Japan on November 29, 2005). Under the new standard, directors’ bonuses are charged to income as selling, general and administrative expenses, while they had been treated as appropriation of retained earnings upon approval of shareholders under the previous standards.

As a result of adopting the accounting standard, income before income taxes and minority interests for the year ended March 31, 2007 was decreased by ¥270 million compared to what would have been reported under the previous accounting standards.

(T) PRESENTATION OF NET ASSETS IN THE BALANCE SHEETS
Effective from the year ended March 31, 2007, the Company and its domestic subsidiaries adopted the new accounting standard, “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005) and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, “the new accounting standards”).

Under the new accounting standards, consolidated balance sheets comprise assets, liabilities and net assets, whereas previously presented balance sheets comprised assets, liabilities, minority interests and shareholders’ equity. Net assets section comprises shareholders’ equity, valuation and translation adjustments, subscription rights to shares and minority interests, as applicable. It should be noted that “net unrealized gains on hedging derivatives” under “valuation and translation adjustments” and “minority interests” which are currently included in net assets section were not included in the shareholders’ equity section presented as of and before March 31, 2006.

(U) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Effective from the year ended March 31, 2007, the Company and its domestic subsidiaries adopted the new accounting standard, “Accounting Standard for Statement of Changes in Net Assets” (Statement No. 6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively, “the new accounting standards”).

Based on the reclassification of the previously presented shareholders' equity and certain other balance sheet items for 2006 as discussed in Note 2 (T), the consolidated statements of changes in net assets for 2006 have been prepared in accordance with the new accounting standards. As a result, minority interest of ¥18,447 million and ¥19,977 million as of March 31, 2006 and 2005, respectively, which were not included in the 2006 consolidated statements of shareholders’ equity, is now presented in the consolidated statements of changes in net assets.

(V) SHARE-BASED PAYMENTS
Effective from the year ended March 31, 2008, the Company and its domestic subsidiaries adopted the accounting standards, "Accounting Standard for Share-Based Payment" (Statement No. 8 issued by the Accounting Standards Board of Japan on December 27, 2005) and the implementation guidance for the accounting standard for share-based payment (the Financial Accounting Standard Implementation Guidance No. 11 issued and last revised by the Accounting Standards board of Japan on May 31, 2006).

Those standards require that the cost of stock options be measured based on the grant-date fair value. Outstanding options are presented as subscription rights to shares as a component of net assets in the balance sheet.

There is no significant impact on income as a result of adopting those standards.

(W) EARNINGS PER SHARE
Basic income per share is computed by dividing the net income available for distribution to shareholders of common stock by the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed by dividing the net income available for distribution to shareholders by the weighted average number of shares of common stock outstanding during each year assuming full conversion of convertible bonds and full execution of warrants. Diluted net income per share for the years ended March 31, 2007 and 2006 are not presented since no dilutive potential common shares were outstanding as of March 31, 2007 and 2006.

(X) RECLASSIFICATIONS
Certain prior years' amounts, including net assets in the consolidated balance sheets and the consolidated statements of changes in net assets, have been reclassified to conform to the 2008 presentation. These changes had no impact on previously reported results of operations.

3 BUSINESS REORGANIZATIONS

Effective April 1, 2006, the Company and its domestic subsidiaries adopted the new accounting standards, "Accounting Standards for Business Combinations" (issued by Business Accounting Council on October 31, 2003), "Accounting Standard for Business Divestitures" (Statement No. 7 issued by the Accounting Standards Board of Japan on December 27, 2005) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Guidance No. 10 issued by the Accounting Standards Board of Japan, and last revised on December 22, 2006) (collectively, "accounting standards for business combinations and divestitures").

1. Reorganization of residential sales business
On October 1, 2006, the Company and Mitsui Real Estate Sales Co., Ltd. ("MRES") transferred their residential sales business and residential sales consignment services business, with any associated rights and obligations, to Mitsui Fudosan Residential Co., Ltd. ("MFR"), for the purpose of integrating residential sales business into MFR, in exchange for 996,000 shares and 2,000 shares of common stock issued by MFR, respectively. Those 2,000 shares of common stock issued by MFR to MRES have been distributed to the Company as dividends.

The reorganization has been accounted for as transactions among entities under common control in accordance with the accounting standards for business combinations and divestitures.

Book values of assets and liabilities transferred are as follows:

	Millions of yen
Assets and liabilities transferred from the Company:	
Current assets	¥365,789
Non-current assets	7,648
Total	¥373,437
Current liabilities	¥210,561
Long-term liabilities	105,038
Total	¥315,599
Assets and liabilities transferred from MRES:	
Current assets	¥27,597
Non-current assets	1,347
Total	¥28,944
Current liabilities	¥28,844
Long-term liabilities	—
Total	¥28,844

2. Reorganization of building leasing business of MRES
On October 1, 2006, MRES transferred its building leasing business with any associated rights and obligations to the Company. The reorganization will enable specialization by MRES in promising areas of real estate brokerage and car park leasing operations, and concentration of building leasing business in the Company.

The reorganization has been accounted for as transactions among entities under common control in accordance with the accounting standards for business combinations and divestitures.

Book values of assets and liabilities transferred are as follows:

	Millions of yen
Current assets	¥ 4,368
Non-current assets	27,312
Total	¥31,680
Current liabilities	¥ 8,469
Long-term liabilities	5,111
Total	¥13,580

3. Merger with Retail and Hotel Properties Co., Ltd.
On July 1, 2007, the Company merged Retail and Hotel Properties Co., Ltd. ("RHP") to integrate hotel and commercial facilities leasing business held by RHP into the Company, upon which RHP dissolved. The merger is believed to contribute in enhancing efficiency of management of hotel and commercial facilities leasing business.

The merger has been accounted for as transactions among entities under common control in accordance with the accounting standards for business combinations and divestitures.

4. Reorganization of building business of Kokusai Kanko Kaikan Co., Ltd.
On July 1, 2007, Kokusai Kanko Kaikan Co., Ltd. ("KK") transferred its building business with any associated rights and obligations to the Company. The business transfer was made for the purposes of enhancing customer orientation and competitiveness of the Company and its group companies. KK, which changed its name to Celestine Hotel Co., Ltd. on October 1, 2007, has specialized in hotel management after the reorganization.

The reorganization has been accounted for as transactions among entities under common control in accordance with the accounting standards for business combinations and divestitures.

4 MARKET VALUE INFORMATION OF MARKETABLE SECURITIES, INVESTMENT SECURITIES AND OTHERS

(1) The following tables summarize historical cost, book value and market value of securities with market values as of March 31, 2008 and 2007:

(a) Held-to-maturity securities with market values:

	Millions of yen					
	2008			2007		
	Book Value	Market Value	Difference	Book Value	Market Value	Difference
Securities whose market value exceeds book value						
National and local government bonds, etc.	¥359	¥362	¥ 3	¥212	¥215	¥ 3
Securities whose market value does not exceed book value						
National and local government bonds, etc.	191	191	—	311	308	(3)
Total	¥550	¥553	¥ 3	¥523	¥523	¥ —

	Thousands of U.S. dollars		
	2008		
	Book Value	Market Value	Difference
Securities whose market value exceeds book value			
National and local government bonds, etc.	$3,583	$3,613	$30
Securities whose market value does not exceed book value			
National and local government bonds, etc.	1,907	1,907	—
Total	$5,490	$5,520	$30

(b) Other securities with market values:

	Millions of yen					
	2008			2007		
	Historical Cost	Book Value (Market Value)	Difference	Historical Cost	Book Value (Market Value)	Difference
Securities whose book value (market value) exceeds historical cost						
Stocks	¥ 39,502	¥ 86,429	¥46,927	¥60,167	¥155,535	¥ 95,368
Bonds						
National and local government bonds, etc.	40	40	—	41	41	—
Other	21,033	34,710	13,677	15,576	41,594	26,018
Subtotal	60,575	121,179	60,604	75,784	197,170	121,386
Securities whose book value (market value) does not exceed historical cost						
Stocks	39,363	33,424	(5,939)	8,124	6,565	(1,559)
Other	4,301	4,018	(283)	21	21	—
Subtotal	43,664	37,442	(6,222)	8,145	6,586	(1,559)
Total	¥104,239	¥158,621	¥54,382	¥83,929	¥203,756	¥119,827

	Thousands of U.S. dollars		
	2008		
	Historical Cost	Book Value (Market Value)	Difference
Securities whose book value (market value) exceeds historical cost			
Stocks	$ 394,271	$ 862,651	$468,380
Bonds			
National and local government bonds, etc.	399	399	—
Other	209,931	346,442	136,511
Subtotal	604,601	1,209,492	604,891
Securities whose book value (market value) does not exceed historical cost			
Stocks	392,884	333,607	(59,277)
Other	42,928	40,103	(2,825)
Subtotal	435,812	373,710	(62,102)
Total	$1,040,413	$1,583,202	$542,789

(2) The following tables summarize other securities sold in the years ended March 31, 2008, 2007 and 2006:

Millions of yen								
2008			2007			2006		
Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
¥4,566	¥2,869	¥(6)	¥5,191	¥577	¥—	¥180	¥145	¥—

Thousands of U.S. dollars		
2008		
Sales amount	Gains	Losses
$45,573	$28,636	$(60)

(3) The following tables summarize the book value of securities without market value as of March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Equity investments in properties for sale*	¥97,152	¥121,670	$969,678
Held-to-maturity securities	17,970	3,010	179,359
Other securities			
Unlisted stocks (excluding OTC securities)	12,817	10,804	127,927
Other (TK investments, preferred securities and others)	36,102	38,957	360,335

*See Note 2 (Q)

(4) The redemption schedule on held-to-maturity securities as of March 31, 2008 and 2007 is shown as follows:

	Millions of yen			
	2008			
	Due within 1 Year	Due after 1 Year and within 5 Years	Due after 5 Years and within 10 Years	Due after 10 Years
National and local government bonds, etc.	¥ 284	¥282	¥25	¥—
Corporate bonds	4,970	—	—	—
Other bonds	13,000	—	—	—
Total	¥18,254	¥282	¥25	¥—

	Millions of yen			
	2007			
	Due within 1 Year	Due after 1 Year and within 5 Years	Due after 5 Years and within 10 Years	Due after 10 Years
National and local government bonds, etc.	¥90	¥ 457	¥15	¥ —
Corporate bonds	—	3,010	—	—
Total	¥90	¥3,467	¥15	¥ —

	Thousands of U.S. dollars			
	2008			
	Due within 1 Year	Due after 1 Year and within 5 Years	Due after 5 Years and within 10 Years	Due after 10 Years
National and local government bonds, etc.	$ 2,835	$2,815	$250	$—
Corporate bonds	49,606	—	—	—
Other bonds	129,753	—	—	—
Total	$182,194	$2,815	$250	$—

5 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The Company and its consolidated subsidiaries use forward foreign exchange contracts, foreign currency swap contracts and interest rate swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates and interest rates.

Forward foreign currency and foreign currency swap contracts are subject to risks of foreign exchange rate changes and interest rate swap contracts are subject to risks of interest rate changes.

The derivative transactions are executed and managed by the Company's Accounting and Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

The Company and its consolidated subsidiaries do not use derivative financial instruments for speculative trading purposes. The derivative financial instruments are executed with creditworthy financial institutions, and the Company's management believes there is little risk of default by counterparties.

The following summarizes hedging derivative financial instruments used by the Company and its consolidated subsidiaries and items hedged:

Hedging instruments:
- Forward foreign exchange contracts
- Foreign currency swap contracts
- Interest rate swap contracts

Hedged items:
- Expected foreign currency transactions
- Foreign currency debt
- Borrowings and debentures

Forward foreign exchange contracts are executed within the scope of ordinary payments and receipts in foreign currency to hedge against market fluctuation risks. Foreign currency swap contracts and interest rate swap contracts are executed on a provisional basis to hedge against market fluctuation risks.

The assessment of hedge effectiveness is omitted because significant terms of hedging instruments and those of the items hedged are the same and the risk of changes in foreign exchange rates and interest rates would be entirely eliminated.

6 INVENTORIES

Inventories at March 31, 2008 and 2007 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Real property for sale	¥643,560	¥519,478	$6,423,396
Expenditure on contracts in progress	8,492	11,040	84,759
Other	10,207	10,664	101,876
	¥662,259	¥541,182	$6,610,031

7 ADVANCES PAID FOR PURCHASES

Advances paid for purchases comprise primarily advance payments for purchasing real estate for sale.

8 LEASE DEPOSITS

The Company and its consolidated subsidiaries lease certain office buildings and commercial facilities from the owners thereof and sublease them to subtenants. In these transactions, the Company and its consolidated subsidiaries pay lease deposits to the owners and receive deposits from subtenants (See Note 12).

9 INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Allowance for loss on sale of real property held for sale	¥ 38,334	¥ 42,614	$ 382,613
Unrealized inter-company transactions	5,359	4,997	53,488
Allowance for loss on valuation of securities	18,332	17,234	182,972
Net operating loss carryforwards	8,185	18,274	81,695
Excess allowance for retirement benefits	11,948	11,769	119,253
Excess allowance for doubtful accounts	1,505	1,807	15,021
Accrued employees' bonuses	5,942	5,540	59,307
Unrealized loss on valuation of securities	2,529	633	25,242
Excess depreciation expense	2,836	3,033	28,306
Excess prepaid expense	1,975	1,875	19,713
Loss on impairment of fixed assets	12,501	13,519	124,773
Other	21,072	16,521	210,321
Total	¥130,518	¥ 137,816	$1,302,704
Deferred tax liabilities:			
Deferred gain on sale of land and buildings for tax purposes	¥ (25,515)	¥ (22,836)	$ (254,666)
Unrealized loss on valuation of shares held in consolidated subsidiaries	(14,620)	(14,025)	(145,923)
Unrealized inter-company transactions	(406)	(427)	(4,052)
Unrealized gain on valuation of securities	(24,634)	(49,341)	(245,873)
Consolidation difference in real property	(541)	(5,470)	(5,400)
Other	(20,951)	(18,118)	(209,112)
Total	¥ (86,667)	¥(110,217)	$ (865,026)
Net deferred tax assets	¥ 43,851	¥ 27,599	$ 437,678

Amounts of total deferred tax assets as of March 31, 2008 and 2007 are presented net of valuation allowances of ¥12,657 million ($126,330 thousand) and ¥15,275 million, respectively.

Significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
Statutory tax rate	**40.66%**	40.66%	40.66%
(Adjustments)			
Impairment loss on investment in affiliated company	**3.49**	—	—
Equity in net income of affiliated companies	**(1.94)**	(1.55)	(1.38)
Permanent differences:			
Entertainment expenses and other	**0.94**	1.02	1.16
Dividend income and other	**—**	(0.25)	(0.42)
Liquidation of subsidiaries	**—**	(3.60)	—
Other	**(0.43)**	(2.67)	(2.10)
Effective tax rate	**42.72%**	33.61%	37.92%

10 EMPLOYEES' RETIREMENT BENEFITS

(1) Outline of retirement plan:
The Company has adopted a tax qualified pension plan and lump-sum pension plans as a defined benefit pension plan. The Company has also adopted a retirement benefit trust.

20 consolidated subsidiaries have adopted tax qualified pension plans. 66 consolidated subsidiaries have adopted lump-sum pension plans. One consolidated subsidiary has adopted employees' pension funds.

(2) Details of projected benefit obligation:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
1. Projected benefit obligation	**¥(93,900)**	¥(89,990)	**$(937,219)**
2. Fair value of plan assets	**52,993**	54,561	**528,925**
3. Unaccrued projected benefit obligation (1+2)	**¥(40,907)**	¥(35,429)	**$(408,294)**
4. Unrecognized actuarial differences	**13,382**	8,301	**133,566**
5. Unrecognized prior service costs	**21**	32	**210**
6. Prepaid pension expenses	**(530)**	(382)	**(5,290)**
7. Allowance for employees' retirement benefits (3+4+5+6)	**¥(28,034)**	¥(27,478)	**$(279,808)**

Note: Some consolidated subsidiaries adopt the simple method to calculate projected benefit obligation.

(3) Details of retirement benefit expenses:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
1. Service costs—benefits earned during the year	**¥ 4,738**	¥ 4,268	¥4,332	**$ 47,290**
2. Interest costs on projected benefit obligation	**2,165**	2,051	1,966	**21,609**
3. Expected return on plan assets	**(1,292)**	(1,088)	(856)	**(12,896)**
4. Amortization of actuarial differences	**2,110**	2,226	2,569	**21,060**
5. Amortization of prior service costs	**2**	(10)	414	**20**
6. Supplemental benefits	**10**	103	204	**100**
7. Retirement benefit expenses (1+2+3+4+5+6)	**¥ 7,733**	¥ 7,550	¥8,629	**$ 77,183**

Notes: 1. Retirement benefit expenses of consolidated subsidiaries adopting the simple method are included in service costs.
2. Supplemental benefits for the year ended March 31, 2007 and 2006 include ¥93 million and ¥184 million, respectively, of premium retirement benefits paid specifically for employment transfer within consolidated subsidiaries, which is included in "Other" as a component of "COSTS AND EXPENSES."

(4) Basis for measurement of projected benefit obligation and other items:

	2008		2007		2006	
1. Allocation method for the projected retirement benefits	Straight-line method		Straight-line method		Straight-line method	
2. Discount rates	2.5%		2.5%		2.5%	
3. Expected rates of return on plan assets	1.0-2.5%		1.0-2.5%		1.0-2.5%	
4. Years over which the prior service costs are allocated	1-10 years	Straight-line method over a certain number of years within the average remaining service years	1-10 years	Straight-line method over a certain number of years within the average remaining service years	1-10 years	Straight-line method over a certain number of years within the average remaining service years
5. Years over which the actuarial differences obligations are allocated	5-10 years	Straight-line method over a certain number of years within the average remaining service years	5-10 years	Straight-line method over a certain number of years within the average remaining service years	5-10 years	Straight-line method over a certain number of years within the average remaining service years

11 BANK LOANS AND LONG-TERM DEBT

Bank loans consist mainly of short-term notes and short-term borrowings under the loan agreements. The Company and its consolidated subsidiaries have had no difficulty in renewing such notes and borrowings, when they considered it appropriate to do so.

Long-term debt at March 31, 2008 and 2007 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Long-term loans, principally from banks and insurance companies:			
Loans secured by collateral or bank guarantees	¥ 70,947	¥ 59,837	$ 708,125
Unsecured loans	1,097,654	896,551	10,955,724
	1,168,601	956,388	11,663,849
Bonds and debentures			
Domestic:			
2.45% yen notes due 2008	25,000	25,000	249,528
3.00% yen notes due 2013	10,000	10,000	99,810
2.08% yen notes due 2009	10,000	10,000	99,810
2.20% yen notes due 2009	10,000	10,000	99,810
2.33% yen notes due 2009	10,000	10,000	99,810
2.17% yen notes due 2008	5,000	5,000	49,906
2.29% yen notes due 2009	10,000	10,000	99,810
2.25% yen notes due 2012	5,000	5,000	49,906
2.04% yen notes due 2010	10,000	10,000	99,810
1.04% yen notes due 2013	10,000	10,000	99,810
1.81% yen notes due 2014	10,000	10,000	99,810
1.64% yen notes due 2014	10,000	10,000	99,810
1.65% yen notes due 2015	10,000	10,000	99,810
1.81% yen notes due 2016	20,000	20,000	199,621
1.99% yen notes due 2016	10,000	10,000	99,810
1.91% yen notes due 2016	20,000	20,000	199,621
1.54% yen notes due 2014	20,000	20,000	199,621
1.84% yen notes due 2017	10,000	10,000	99,810
2.06% yen notes due 2017	20,000	—	199,621
1.65% yen notes due 2014	10,000	—	99,810
1.97% yen notes due 2017	20,000	—	199,621
	265,000	215,000	2,644,975
Less amount due within one year	146,354	155,729	1,460,765
	¥1,287,247	¥1,015,659	$12,848,059

The following assets are pledged as collateral for secured loans:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Collateralized assets			
Land	**¥ 51,692**	¥ 43,891	**$ 515,940**
Buildings and structures and others	**103,683**	86,918	**1,034,863**
Total	**¥155,375**	¥130,809	**$1,550,803**

As is customary in Japan, collateral must be given if requested, under certain circumstances, by a lending bank and such bank has the right to offset cash deposited with it against any debt or obligation that becomes due and, in case of default and certain other specified events, against all debt payable to the bank. The Company and its consolidated subsidiaries have never received any such requests nor do they expect that any such request will be made.

The annual maturities of long-term debt at March 31, 2008 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥ 146,354	$ 1,460,765
2010	168,015	1,676,964
2011	171,356	1,710,310
2012	172,796	1,724,683
2013	169,744	1,694,221
Thereafter	605,336	6,041,881
Total	¥1,433,601	$14,308,824

12 DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2008 and 2007 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Non-interest-bearing	**¥342,173**	¥304,933	**$3,415,241**
Interest-bearing	**14,439**	17,853	**144,116**
Total	**¥356,612**	¥322,786	**$3,559,357**
Average interest rate	**1.65%**	1.70%	

The Company and its consolidated subsidiaries generally make lease agreements with tenants under which they receive both interest-bearing deposits and non-interest-bearing deposits from tenants. The non-interest-bearing deposits and some of the interest-bearing deposits are not refundable during the life of the lease. The rest of the interest-bearing deposits are generally refundable to the tenant in equal annual or monthly payments with interests over certain periods of time commencing after the grace periods, depending on the terms of the contracts.

13 NET ASSETS

As described in Note 2 (T), net assets comprises four subsections, which are the shareholders' equity, valuation and translation adjustments, subscription rights to shares and minority interests, as applicable.

The Japanese Corporate Law (the "Law") became effective on May 1, 2006, replacing the Japanese Commercial Code (the "Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

14 SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(1) Changes in number of shares issued and outstanding during the years ended March 31, 2008 and 2007 are as follows:

	(Thousands)	
	Issued	Treasury stock
	Common stock	Common stock
Numbers of shares as of March 31, 2006	881,425	1,796
Numbers of shares increased (*1)	—	352
Numbers of shares decreased (*2)	—	(11)
Numbers of shares as of March 31, 2007	881,425	2,137
Numbers of shares increased (*3)	—	374
Numbers of shares decreased (*4)	—	(18)
Numbers of shares as of March 31, 2008	881,425	2,493

(*1) Treasury stock increased due to purchase of odd shares.
(*2) Treasury stock decreased due to sale of odd shares and sale of the Company's stock held by affiliated company.
(*3) Treasury stock increased due to purchase of 242 thousand odd shares and purchase of 132 thousand shares upon appraisal remedy in connection with absorption of Retail and Hotel Properties Co., Ltd. by merger.
(*4) Treasury stock decreased due to sale of odd shares.

(2) Information of subscription rights to shares is summarized as follows:

	Number of shares		
	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option	—	—
Numbers of shares as of March 31, 2007			
Numbers of shares increased		(*)	
Numbers of shares decreased			
Numbers of shares as of March 31, 2008			

	Millions of yen			Thousands of U.S. dollars		
	Company	Consolidated subsidiaries	Total	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option	—	—	Stock option	—	—
Balance as of March 31, 2008	¥86	—	¥86	$858	—	$858

(*) Not presented as insignificant.

(3) Information of dividends is summarized as follows:

(a) Dividends paid

The following resolution was approved by the ordinary general shareholders' meeting held on June 28, 2007 and June 29, 2006:

Date of shareholders' meeting	June 28, 2007	June 29, 2006
Type of stock	Common stock	Common stock
Total amount	¥7,914 million ($78,990 thousand)	¥4,398 million
Per share amount	¥9 ($0.090)	¥5
Record date	March 31, 2007	March 31, 2006
Effective date	June 29, 2007	June 30, 2006

The following resolution was approved by the board of directors meeting held on October 31, 2007 and October 31, 2006:

Date of board of directors meeting	October 31, 2007	October 31, 2006
Type of stock	Common stock	Common stock
Total amount	¥7,911 million ($78,960 thousand)	¥4,398 million
Per share amount	¥9 ($0.090)	¥5
Record date	September 30, 2007	September 30, 2006
Effective date	December 4, 2007	December 5, 2006

(b) Dividend whose record date falls within the current fiscal year but to be effective in the following fiscal year

The following resolution was approved by the ordinary general shareholders' meeting held on June 27, 2008 and June 28, 2007:

Date of shareholders' meeting	June 27, 2008	June 28, 2007
Type of stock	Common stock	Common stock
Total amount	¥9,668 million ($96,497 thousand)	¥7,914 million
Source	Retained earnings	Retained earnings
Per share amount	¥11 ($0.110)	¥9
Record date	March 31, 2008	March 31, 2007
Effective date	June 30, 2008	June 29, 2007

15 STOCK OPTION PLANS

The following summarize the stock option plans introduced by the Company.

Stock option expenses charged to income for the year ended March 31, 2008 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2008	
Cost of revenue from operations	**¥27**	**$269**
Selling, general and administrative expenses	**59**	**589**
Total	**¥86**	**$858**

The following table summarizes the contents and activity of stock options as of March 31, 2008 and for the year then ended:

	2007 plan
Grantees	Directors, corporate officers and group managing officers; 27 in total (*1)
Type of stock and number of shares granted	48,880 shares of common stock
Grant date	September 18, 2007
Vesting conditions	(*2)
Requisite service period	Not specified
Exercise period (*2)	September 19, 2007 – September 18, 2037
Non-vested options (number of shares)	
Outstanding at beginning of year	—
Granted	48,880
Forfeited	—
Vested	—
Outstanding at end of year	48,880
Vested options (number of shares)	
Outstanding at beginning of year	—
Vested	—
Exercised	—
Expired	—
Outstanding at end of year	—

	Yen	U.S. dollars
Exercise price	¥ 1	$ 0.01
Average stock price on exercise date	—	—
Grant-date fair value	¥2,357	$23.53

(*1) Grantees consist of 6 directors (excluding outside directors), 13 corporate officers (non-directors) and 8 group managing officers.
(*2) Vesting conditions and exercise period:
Stock options granted are exercisable on the following day of grantees leaving the positions of director, corporate officer or group managing officer, and for 5 years commencing on that date.

The fair value of option was estimated using the Black-Scholes option pricing-model under the following assumptions:

	2007 plan
Expected volatility	35%
Expected life	15 years
Expected dividend	¥18 ($0.18) per share
Risk-free rate	1.88%

(*1) Expected volatility is calculated based on historical stock price for the past 15 years from September 19, 1992 to September 18, 2007.
(*2) Options are assumed to be exercised at the midpoint of exercise period because of the difficulty to reasonably estimate expected life due to insufficient historical data.
(*3) Expected dividend yield is the expected dividend amount for the year ended March 31, 2008 estimated at the date of grant.
(*4) Risk-free rate represents the interest rate of Japanese government bond whose life corresponds to the expected life of stock options.

Number of vesting options is estimated based on actual forfeitures due to difficulty in reasonably estimating future forfeitures.

16 MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS

Years ended March 31,	Millions of yen 2008	2007	2006	Thousands of U.S. dollars 2008
Interest income	¥ 660	¥ 783	¥ 668	$ 6,587
Dividend income	2,163	1,408	1,029	21,589
Gain on sale of property and equipment	18,871	17,320	9,418	188,352
Reversal of allowance for doubtful accounts	—	—	2,233	—
Gain on sale of investment securities	2,869	—	—	28,636
Other	2,946	4,435	3,601	29,404
Total	¥27,509	¥23,946	¥16,949	$274,568

17 MAJOR COMPONENTS OF COSTS AND EXPENSES — OTHER

Years ended March 31,	Millions of yen 2008	2007	2006	Thousands of U.S. dollars 2008
Loss on sale of property and equipment	¥ 1,544	¥ 9,643	¥26,355	$ 15,411
Loss on disposal of property and equipment	—	4,575	—	—
Loss on disposal of property and equipment and related expenses	7,479	—	—	74,648
Impairment loss on investment in affiliated company	12,961	—	—	129,364
Impairment loss on investment securities	5,417	—	—	54,067
Loss on liquidation of consolidated subsidiaries	—	—	4,761	—
Loss on devaluation of real property for sale	—	28,736	4,274	—
Other	5,357	9,804	9,034	53,469
Total	¥32,758	¥52,758	¥44,424	$326,959

18 INFORMATION OF CERTAIN LEASES

As lessee:

(A) Information on finance leases accounted for as operating leases:

(1) Summary of pro forma amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2008 and 2007, of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen					
	2008			2007		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥4,987	¥13,690	¥18,677	¥4,161	¥11,500	¥15,661
Accumulated depreciation	1,267	6,150	7,417	1,079	4,952	6,031
Net book value	¥3,720	¥ 7,540	¥11,260	¥3,082	¥ 6,548	¥ 9,630

	Thousands of U.S. dollars		
	2008		
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	$49,776	$136,640	$186,416
Accumulated depreciation	12,647	61,383	74,030
Net book value	$37,129	$ 75,257	$112,386

(2) Future rental payment inclusive of interest at March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Amount due within one year	**¥ 2,677**	¥2,235	**$ 26,719**
Amount due after one year	**8,583**	7,395	**85,667**
Total	**¥11,260**	¥9,630	**$112,386**

(3) Rental expense and the pro forma amount of depreciation expense for the years ended March 31, 2008, 2007 and 2006:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Rental expense	**¥2,657**	¥2,172	¥2,103	**$26,520**
Depreciation expense	**2,657**	2,172	2,103	**26,520**

(4) Calculation of pro forma amount of depreciation expense:

Pro forma depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

(B) Future rental payments under operating leases at March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Amount due within one year	**¥ 52,082**	¥ 33,291	**$ 519,832**
Amount due after one year	**244,623**	111,425	**2,441,591**
Total	**¥296,705**	¥144,716	**$2,961,423**

As lessor:

(A) Information on finance leases accounted for as operating leases:

(1) Summary of amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2008 and 2007, of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen					
	2008			2007		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	**¥2,276**	**¥1,984**	**¥4,260**	¥2,165	¥1,939	¥4,104
Accumulated depreciation	**1,278**	**1,247**	**2,525**	1,241	1,183	2,424
Net book value	**¥ 998**	**¥ 737**	**¥1,735**	¥ 924	¥ 756	¥1,680

	Thousands of U.S. dollars		
	2008		
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	**$22,717**	**$19,802**	**$42,519**
Accumulated depreciation	**12,756**	**12,446**	**25,202**
Net book value	**$ 9,961**	**$ 7,356**	**$17,317**

(2) Future rental revenue inclusive of interest at March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Amount due within one year	¥ 541	¥ 511	$ 5,400
Amount due after one year	1,207	1,120	12,047
Total	¥1,748	¥1,631	$17,447

(3) Rental revenue and depreciation expense for the years ended March 31, 2008, 2007 and 2006:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Rental revenue	¥694	¥604	¥637	$6,927
Depreciation expense	583	509	569	5,819

(B) Future rental revenue under operating leases at March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Amount due within one year	¥ 41,943	¥ 33,841	$ 418,634
Amount due after one year	223,117	182,751	2,226,939
Total	¥265,060	¥216,592	$2,645,573

19 BUSINESS TRANSACTIONS WITH SPECIAL PURPOSE ENTITIES

The Company invests in 38 and 34 special purpose entities (SPEs) for securitizing its customers' real estate as of March 31, 2008 and 2007, respectively. SPEs utilized consist mainly of tokurei-yugen-kaisha, or limited liability companies, and tokutei-mokuteki-kaisha, or specific purpose companies ("TMK") under Securitization Law. The SPEs mainly acquire real estate and develop real estate projects, and developed properties are sold to investors.

Other than investments by the Company, SPEs are funded by borrowings from financial institutions, such as non-recourse loans and asset backed securities issued by TMK.

The Company plans to collect appropriate amount of its investments at the exit of those projects referred to in the above. As of March 31, 2008 and 2007, those projects are making progress as initially planned. The Company's risk exposure is limited to the amount of "equity investments in properties for sale" and "investment securities."

The following tables summarize transactions with the SPEs as of and for the years ended March 31, 2008 and 2007.

	Millions of yen				
	Balance		Revenues and costs		
	2008	2007		2008	2007
Investments(*1)	¥103,892	¥128,842	Revenue from operations(*2)	¥10,390	¥9,802
			Cost of revenue from operations(*3)	1,013	1,331
Management	—	—	Revenue from operations(*4)	1,516	1,747
Brokerage	—	—	Revenue from operations(*5)	37	125

	Thousands of U.S. dollars		
	Balance	Revenues and costs	
	2008		2008
Investments(*1)	$1,036,950	Revenue from operations(*2)	$103,703
		Cost of revenue from operations(*3)	10,111
Management	—	Revenue from operations(*4)	15,131
Brokerage	—	Revenue from operations(*5)	369

(*1) Consists of ¥87,730 million ($875,636 thousand) and ¥109,611 million of "equity investments in properties for sale" and ¥16,162 million ($161,314 thousand) and ¥19,231 million of "investment securities" as of March 31, 2008 and 2007, respectively, and includes investments in tokumei-kumiai (TK), or silent partnerships and preferred securities issued by TMK.
(*2) Dividends on the investments earned by the Company, and consists of ¥5,073 million ($50,634 thousand) and ¥1,759 million for leasing segment and ¥5,317 million ($53,069 thousand) and ¥8,043 million for sales of housing, office buildings and land segment for the years ended March 31, 2008 and 2007, respectively.
(*3) Costs and losses incurred by the Company in connection with the investment such as costs incurred during development of real estate, and consists of ¥567 million ($5,659 thousand) and ¥766 million for leasing segment and ¥446 million ($4,452 thousand) and ¥565 million for sales of housing, office buildings and land segment for the years ended March 31, 2008 and 2007, respectively.
(*4) Asset management fees earned by the Company and Mitsui Fudosan Investment Advisers, Inc., and are included in brokerage, consignment sale and consulting segment.
(*5) Brokerage fees earned by Mitsui Real Estate Sales Co., Ltd., and are included in brokerage, consignment sale and consulting segment.
The Company has no directors and/or employees dispatched to any SPE as of March 31, 2008. The Company had no investments with voting rights and no directors and/or employees dispatched to any SPE as of March 31, 2007.

Combined assets, liabilities and net assets of SPEs as of the latest closing date of each SPE is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Assets			
Real property	**¥440,168**	¥375,072	**$4,393,333**
Other	**71,347**	33,440	**712,117**
Total	**¥511,515**	¥408,512	**$5,105,450**

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Liabilities and net assets			
Borrowings(*6)	**¥356,863**	¥206,479	**$3,561,862**
Capital(*7)	**139,516**	168,865	**1,392,514**
Other	**15,136**	33,168	**151,074**
Total	**¥511,515**	¥408,512	**$5,105,450**

(*6) Consists of non-recourse loans and asset backed securities issued by TMK.
(*7) Consists of capital deposit in TK and preferred capital in TMK, and includes the investments by the Company. (Refer to (*1) for respective ending balances.)

20 SEGMENT INFORMATION

(1) Leasing
Leasing of office buildings, commercial facilities, residential properties, etc.

(2) Sales of Housing, Office Buildings and Land
Sales of detached housing, condominiums, buildings, and land, etc.

(3) Construction
Construction of detached housing, apartments, etc. (including planning and design).

(4) 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, commercial facilities, etc., and asset management services for investors.

(5) Property Management
Property management services (including tenant improvement).

(6) Sales of Housing Materials and Merchandise
Manufacture and sales of housing materials, as well as wholesale and retail sale of general goods.

(7) Facility Operations
Operation of hotels and golf courses, etc.

(8) Other
Financing operations for housing loans and leasing business, etc.

Year ended March 31, 2008	Millions of yen									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
Revenue from operations:										
Outside customers	¥ 469,000	¥382,267	¥188,659	¥84,269	¥102,464	¥ 72,975	¥49,745	¥10,644	¥ —	¥1,360,023
Inter-segment	8,228	—	5,678	4,196	28,573	35,995	315	10,263	(93,248)	—
	477,228	382,267	194,337	88,465	131,037	108,970	50,060	20,907	(93,248)	1,360,023
Costs and expenses (*1)	386,562	324,457	192,437	61,870	115,540	107,800	49,791	17,003	(74,720)	1,180,740
Operating income	¥ 90,666	¥ 57,810	¥ 1,900	¥26,595	¥ 15,497	¥ 1,170	¥ 269	¥ 3,904	¥ (18,528)	¥ 179,283
Assets	¥2,288,640	¥824,969	¥ 53,846	¥68,060	¥ 73,293	¥ 46,072	¥88,312	¥24,000	¥167,297	¥3,634,489
Depreciation	31,426	878	2,366	986	1,225	1,024	3,298	2,246	855	44,304
Capital expenditures	319,487	2,848	2,917	1,710	1,863	877	6,207	2,501	2,053	340,463

Year ended March 31, 2007	Millions of yen									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
Revenue from operations:										
Outside customers	¥ 398,070	¥341,630	¥193,970	¥77,350	¥ 99,632	¥ 69,395	¥40,201	¥ 8,946	¥ —	¥1,229,194
Inter-segment	6,399	8	5,897	4,646	23,161	37,128	332	10,328	(87,899)	—
	404,469	341,638	199,867	81,996	122,793	106,523	40,533	19,274	(87,899)	1,229,194
Costs and expenses (*1)	323,119	292,398	197,149	55,946	108,485	105,666	38,779	16,464	(70,655)	1,067,351
Operating income	¥ 81,350	¥ 49,240	¥ 2,718	¥26,050	¥ 14,308	¥ 857	¥ 1,754	¥ 2,810	¥ (17,244)	¥ 161,843
Assets	¥1,970,251	¥732,668	¥ 59,032	¥51,794	¥ 69,050	¥ 50,694	¥84,858	¥22,567	¥253,276	¥3,294,190
Depreciation	29,137	559	2,168	772	891	907	2,628	2,249	811	40,122
Capital expenditures	203,955	2,918	2,528	1,282	1,743	1,222	2,038	2,095	2,575	220,356

Year ended March 31, 2006	Millions of yen									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
Revenue from operations:										
Outside customers	¥ 364,339	¥336,918	¥187,497	¥68,749	¥90,437	¥65,066	¥38,977	¥ 7,297	¥ —	¥1,159,280
Inter-segment	5,579	12	7,761	9,264	22,213	34,493	297	10,385	(90,004)	—
	369,918	336,930	195,258	78,013	112,650	99,559	39,274	17,682	(90,004)	1,159,280
Costs and expenses (*1)	301,990	292,276	192,907	55,420	99,903	98,727	37,352	15,212	(72,051)	1,021,736
Operating income	¥ 67,928	¥ 44,654	¥ 2,351	¥22,593	¥12,747	¥ 832	¥ 1,922	¥ 2,470	¥ (17,953)	¥ 137,544
Assets	¥1,918,067	¥555,233	¥ 54,674	¥61,457	¥50,381	¥52,236	¥83,506	¥26,976	¥183,972	¥2,986,502
Depreciation	29,046	499	2,271	850	844	967	2,282	2,643	757	40,159
Capital expenditures	78,115	289	3,128	1,051	973	409	3,470	3,649	1,669	92,753

Year ended March 31, 2008	Thousands of U.S. dollars (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
Revenue from operations:										
Outside customers	$ 4,681,106	$3,815,421	$1,883,012	$841,092	$1,022,697	$ 728,366	$496,507	$106,238	$ —	$13,574,439
Inter-segment	82,124	—	56,673	41,880	285,188	359,267	3,144	102,436	(930,712)	—
	4,763,230	3,815,421	1,939,685	882,972	1,307,885	1,087,633	499,651	208,674	(930,712)	13,574,439
Costs and expenses (*1)	3,858,289	3,238,417	1,920,721	617,526	1,153,209	1,075,955	496,966	169,708	(745,782)	11,785,009
Operating income	$ 904,941	$ 577,004	$ 18,964	$265,446	$ 154,676	$ 11,678	$ 2,685	$ 38,966	$ (184,930)	$ 1,789,430
Assets	$22,842,998	$8,234,045	$ 537,439	$679,309	$ 731,540	$ 459,846	$881,445	$239,546	$1,669,798	$36,275,966
Depreciation	313,664	8,763	23,615	9,841	12,227	10,221	32,917	22,418	8,534	442,200
Capital expenditures	3,188,811	28,426	29,115	17,068	18,595	8,753	61,952	24,962	20,491	3,398,173

(*1) Includes cost of revenue from operations and selling, general and administrative expenses.

(*2) As referred to in Note 2 (G), the Company and its domestic subsidiaries adopted early the new accounting standard, "Accounting Standard for Measurement of Inventories," effective April 1, 2006. As a result of adopting the accounting standard, assets in segment (1) and segment (2) as of March 31, 2007 was decreased by ¥1,645 million and ¥27,091 million, respectively, compared to what would have been reported under the previous accounting standards.

Japan area accounted for more than 90% of the consolidated revenue of all segments and the total amount of segment assets. Consequently, disclosure of segment information by geographic area has been omitted.

Overseas sales accounted for less than 10% of the consolidated revenue. Consequently, disclosure of overseas sales information has been omitted.

21 CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Loans guaranteed	¥81,606	¥96,014	$814,512

22 SUBSEQUENT EVENTS

There were no applicable items under this category.

To the Board of Directors of
Mitsui Fudosan Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Mitsui Fudosan Co., Ltd. and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets and cash flows for each of the three years in the period ended March 31, 2008, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsui Fudosan Co., Ltd. and subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
As discussed in Note 2 (G) to the consolidated financial statements, effective April 1, 2006, Mitsui Fudosan Co., Ltd. and its consolidated domestic subsidiaries adopted a new accounting standard for measurement of inventories.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 27, 2008

Corporate Information

Contents

Office Buildings

Mitsui Fudosan operates approximately 300 office buildings that are occupied by more than 3,300 corporate tenants. Strong in Tokyo's central business district, Mitsui Fudosan's office portfolio also covers Japan's other major urban areas.

Mitsui Main Building

The Mitsui Main Building was designated a Registered Important Cultural Property in 1998.
(Opened in 1929 / 36,000m^2)

Kasumigaseki Building

This 36-story high-rise building was Japan's first skyscraper.
(Opened in 1968 / Renewal in 2001 / 153,000m^2)

Shinjuku Mitsui Building

Built more than 30 years ago, this skyscraper remains a landmark in Shinjuku, the new urban hub of Tokyo.
(Opened in 1974 / Renewal in 2000 / 180,000m^2)

Gate City Ohsaki

Gate City Ohsaki is a large-scale, mixed-use intelligent building.
(Opened in 1999 / 292,000m^2)

Shiodome City Center

This complex encompasses office space, retail shops and restaurants.
(Opened in 2003 / 212,000m^2)

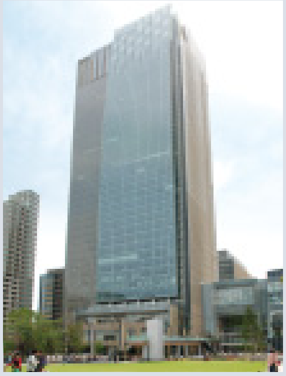
Nihonbashi 1-chome Building

This new landmark features a striking plaza and atrium.
(Opened in 2004 / 98,000m^2)

Nihonbashi Mitsui Tower

A 39-story high-rise combining office space with the Mandarin Oriental Hotel.
(Opened in 2005 / 130,000m²)

Tokyo Midtown



Combines office, retail and residential facilities.
(Opened in 2007 / 569,000m²)

Retail Facilities

Mitsui Fudosan operates approximately 50 retail facilities throughout Japan, including regional malls, factory outlet malls and urban facilities.

LaLaport Tokyo-Bay

The first large-scale suburban shopping center in Japan.
(Opened in 1981 / 282,000m² / 540 stores)

Lazona Kawasaki Plaza

A large-scale shopping center adjacent to a 667-unit residential building.
(Opened in 2006 / 172,000m² / 300 stores)

LaLaport Yokohama

One of the largest shopping centers in Kanagawa Prefecture.
(Opened in 2007 / 226,600m² / 370 stores)

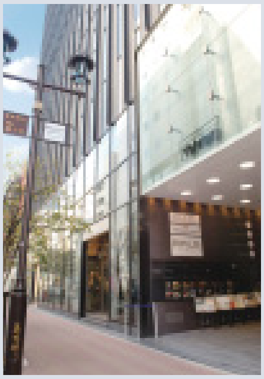
Mitsui Outlet Park Jazz Dream Nagashima

The largest outlet mall in Japan's Tokai region.
(Opened in 2002 / 21,000m² / 85 stores)

Mitsui Outlet Park Tama Minami Osawa

An outlet park in the greater Tokyo area designed to look like a village in Provence.
(Opened in 2000, expanded in 2007 / 28,840m² / 112 stores)

Ginza Velvia-kan



Select shops abound in this high-quality retail facility for urbanites in Tokyo's Ginza district.
(Opened in 2007 / 13,865m² / 33 stores)

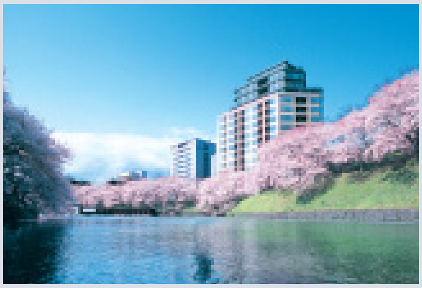
Housing

Quality and value are the hallmarks of the condominiums and detached houses that Mitsui Fudosan develops for sale and lease.

Okawabata River City 21

A large-scale residential development on the banks of the Sumida River.
(Completed in 1988-1999)

Park Mansion Chidorigafuchi

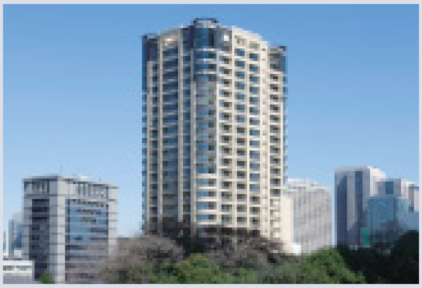


A high-quality condominium building that truly meets the needs of residents at the high end of the housing market.
(Completed in 2004 / 62 units)

Aoyama Park Tower

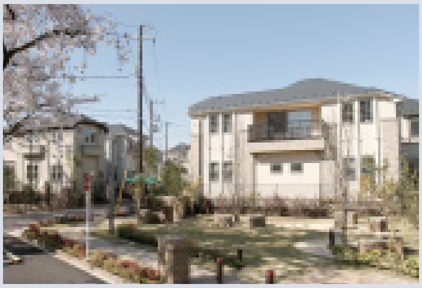
A high-rise condominium tower that offers gracious living in the sophisticated Aoyama area of Tokyo.
(Completed in 2003 / 314 units)

Park Court Toranomon Atago Tower



A high-rise condominium tower with advanced security facilities in the heart of Tokyo.
(Completion scheduled for 2008 / 230 units)

Fine Court Sakura Tsutsumi Blossom Residence



A housing development featuring energy-conserving construction and security equipment.
(Completion scheduled for 2008 / 24 units)

Park Axis Aoyama 1-Chome Tower

This rental condominium was the winner of a 2007 Good Design Award.
(Completed in 2007 / 379 units)

Other

Hotels and serviced apartments are other areas of the real estate market in which Mitsui Fudosan has a presence.

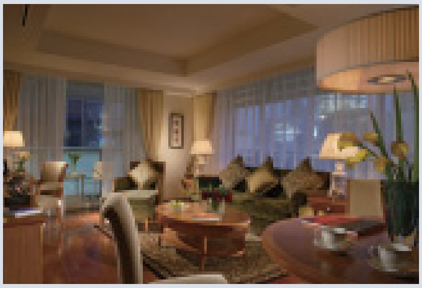
Halekulani Hotel

A luxury hotel on Waikiki Beach in Honolulu, Hawaii, the Halekulani Hotel is known for comfort and fine service.
(Opened in 1984 / 455 rooms)

Mitsui Garden Hotel Ginza

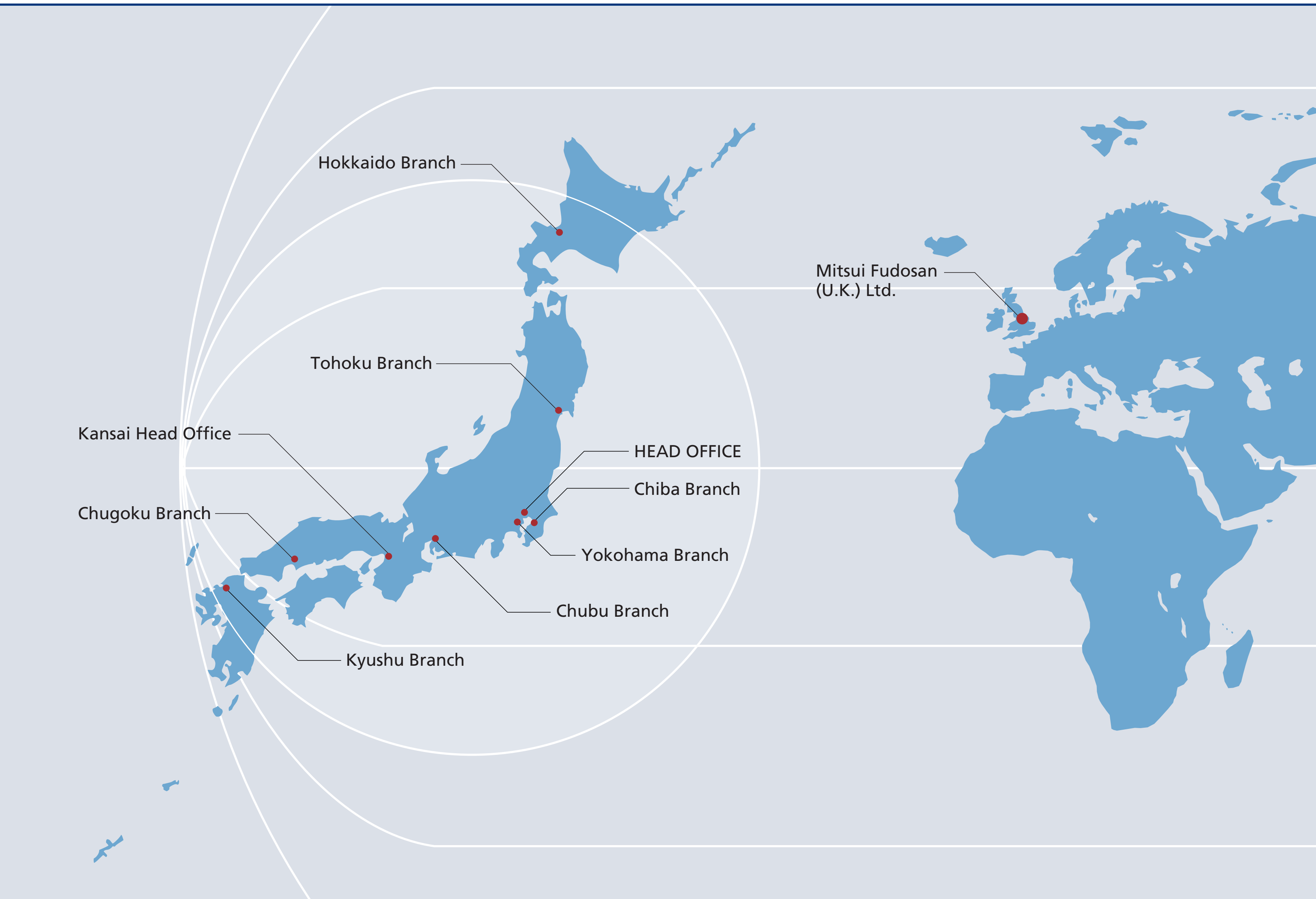
The Garden Hotel chain operates approximately 3,100 hotel rooms at 12 locations throughout Japan.
(Completed in 2005 / 361 rooms)

Oakwood Premier Tokyo Midtown



The Japan debut of the top-of-the-line Premier series of the Oakwood line of serviced apartments.
(Completed in 2007 / 107 units)

Domestic and Overseas Networks



Domestic Network

HEAD OFFICE

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

BRANCH OFFICES AND SALES OFFICE

Kansai Head Office
Midosuji Mitsui Building
1-3, Bingo-machi 4-chome, Chuo-ku,
Osaka-shi, Osaka
541-0051

Hokkaido Branch
Sapporo HS Building
10-2, Kitasanjyo Nishi 2-chome, Chuo-ku,
Sapporo-shi, Hokkaido
060-0003

Tohoku Branch
Mitsui Sendai Building
1-1, Honcho 1-chome, Aoba-ku
Sendai-shi, Miyagi
980-0014

Chiba Branch
Chiba Chuo Twin Building No.1
11-1, Chuo 1-chome, Chuo-ku,
Chiba-shi, Chiba
260-0013

Yokohama Branch
Yokohama Creation Square
5-1, Sakae-cho, Kanagawa-ku,
Yokohama-shi, Kanagawa
221-0052

Chubu Branch
Ryoshin Building
8-12, Meieki 4-chome,
Nakamura-ku, Nagoya-shi, Aichi
450-0002

Chugoku Branch
Nakamachi Mitsui Building
9-12, Nakamachi, Naka-ku,
Hiroshima-shi, Hiroshima
730-0037

Kyushu Branch
Hakata Mitsui Building
10-1, Kami Gofuku-machi, Hakata-ku,
Fukuoka-shi, Fukuoka
812-0036

Overseas Network

Mitsui Fudosan America, Inc.

1251 Avenue of the Americas, Suite 800,
New York, N.Y. 10020, U.S.A.
Tel : 1-212-403-5600
Fax: 1-212-403-5657

Halekulani Corporation

700 Bishop Street, Suite 600,
Honolulu, Hawaii 96813, U.S.A.
Tel : 1-808-526-1186
Fax: 1-808-531-5651

Mitsui Fudosan (U.K.) Ltd.

24 King William Street, London, EC4R 9AJ,
United Kingdom
Tel : 44-20-7822-0661
Fax: 44-20-7822-0660

Mitsui Fudosan (Asia) Pte Ltd.

16 Raffles Quay, #37-01 Hong Leong Building,
Singapore 048581
Tel : 65-6220-8358
Fax: 65-6224-8783

Mitsui Fudosan Co., Ltd. Shanghai Office

Room 3112, Lippo Plaza 222
Huai Hai Zhong Road, Luwan District
Shanghai 200020, China
Tel : 86-21-5396-6969
Fax: 86-21-5396-6899

The History of Mitsui Fudosan

1673	• Opening of the Echigo-ya clothing store in Nihonbashi by Takatoshi Mitsui, founder of the House of Mitsui
1929	• Completion of Mitsui Main Building (Chuo-ku, Tokyo)
1941	• Establishment of Mitsui Fudosan Co., Ltd.
1960	• Completion of Hibiya Mitsui Building (Chiyoda-ku, Tokyo)
1968	• Completion of Kasumigaseki Building (Minato-ku, Tokyo), the first skyscraper in Japan • Start of development and sale of condominiums
1974	• Completion of Shinjuku Mitsui Building (Shinjuku-ku, Tokyo)
1981	• Completion of Japan's first large-scale regional shopping center, LaLaport Funabashi, now called LaLaport Tokyo-Bay (Funabashi-shi, Chiba Prefecture)
1986	• Acquired Exxon Building (New York City, U.S.A., now called 1251 Avenue of the Americas)
1997	• Formation of consortium with overseas financial institution and successful bid for the site of Shiodome City Center (Minato-ku, Tokyo)
1998	• Completion of a factory outlet mall, Yokohama Bayside Marina Shops and Restaurants (Yokohama-shi, Kanagawa Prefecture), using a fixed-term leasehold
1999	• Acquisition of Shin Nikko Building (Minato-ku, Tokyo), initiating joint investment business with investors using a securitization scheme • Acquisition of Japan Landic portfolio, initiating value-enhanced fund business
2001	• Listing of Japan's first real estate investment trust (J-REIT), Nippon Building Fund, Inc. • Formation of consortium with domestic investors and successful bid for the former Defense Agency site in Roppongi, Tokyo (now called Tokyo Midtown)
2003	• Completion of Shiodome City Center (Minato-ku, Tokyo)
2005	• Opening of Nihonbashi Mitsui Tower (Chuo-ku, Tokyo) • Establishment of Mitsui Fudosan Residential Co., Ltd.
2006	• Opening of Lazona Kawasaki Plaza (Kawasaki-shi, Kanagawa Prefecture), Urban Dock LaLaport Toyosu (Koto-ku, Tokyo) and LaLaport Kashiwanoha (Kashiwa-shi, Chiba Prefecture)
2007	• Opening of LaLaport Yokohama (Yokohama-shi, Kanagawa Prefecture) and Tokyo Midtown (Minato-ku, Tokyo) • Establishment of Challenge Plan 2016, Mitsui Fudosan Group's long-term business strategy

Office Buildings


Nihonbashi in the Edo Period


Shinjuku Mitsui Building

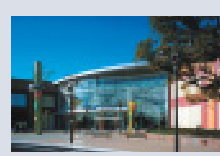

Shiodome City Center


Nihonbashi Mitsui Tower

Retail Facilities

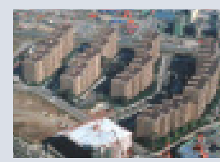

LaLaport Funabashi

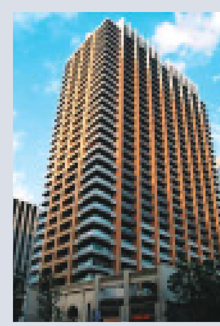

Yokohama Bayside Marina Shops and Restaurants


LaLaport Koshien

Housing


Yurigaoka


Park City Honmoku


Tokyo Park Tower


Park Axis Nihonbashi

Investor Information

(Parent company; as of March 31, 2008)

Mitsui Fudosan Co., Ltd.

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

Date of Establishment:
July 15, 1941

Common Stock:
¥174,296 million

Listings:
Tokyo, Osaka (Ticker: 8801)

Number of Shares:
Authorized: 3,290,000,000
Issued and outstanding: 881,424,727

Number of Shareholders:
38,586

Transfer Agent:
The Chuo Mitsui Trust and Banking Company, Limited

Number of Employees:
1,062 (Consolidated 14,788)

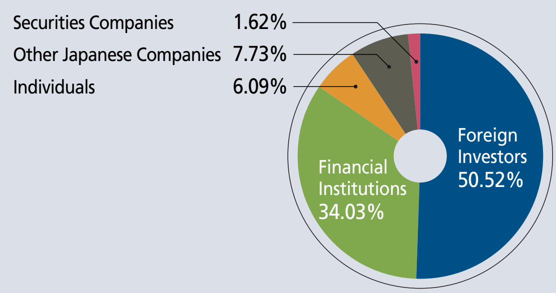
URL:
http://www.mitsuifudosan.co.jp/english

E-mail:
mfir@mitsuifudosan.co.jp

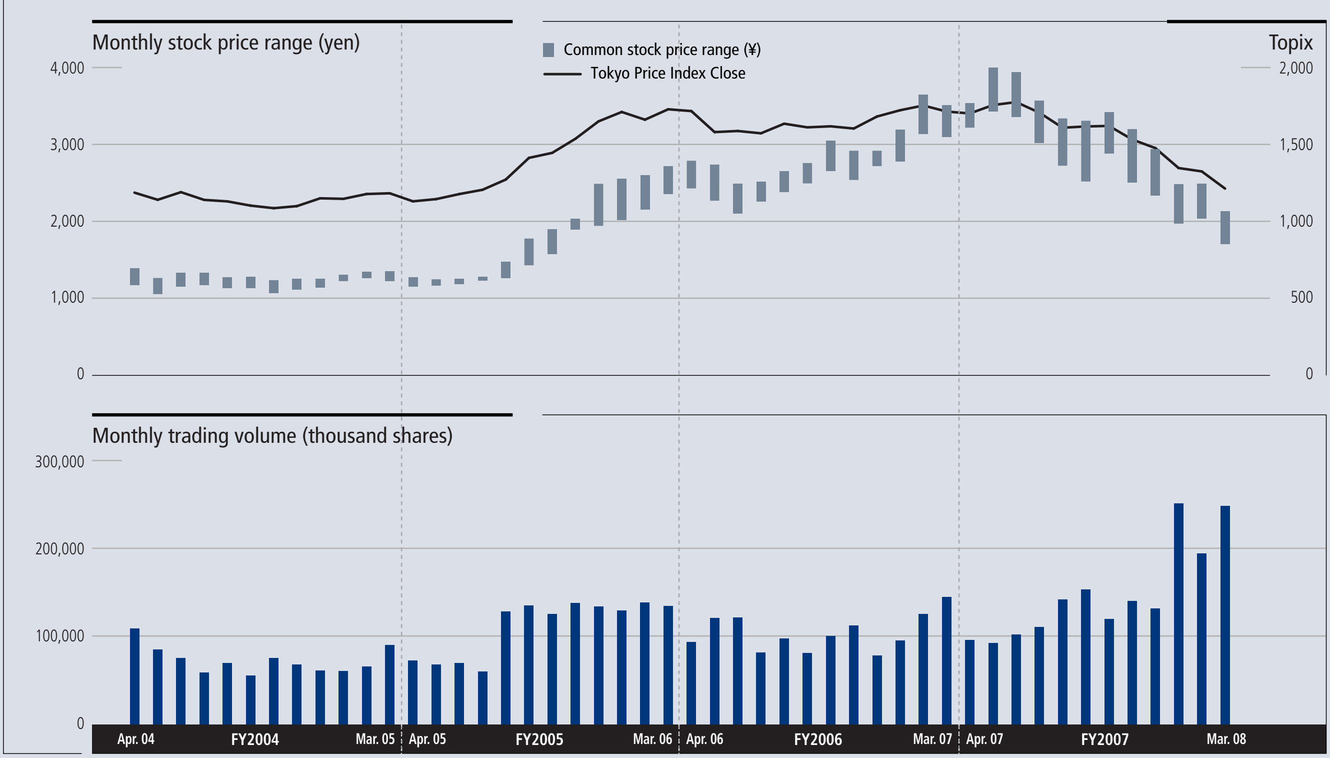
Composition of Shareholders:

	Number of shares held (Thousands)	Percentage of total shares in issue
The Master Trust Bank of Japan, Ltd. (Trust account)	62,493	7.08
Japan Trustee Services Bank, Ltd. (Trust account)	42,459	4.81
State Street Bank and Trust Company	33,751	3.82
The Chuo Mitsui Trust & Banking Co., Ltd.	21,965	2.49
State Street Bank and Trust Company 505103	19,040	2.16
Sumitomo Mitsui Banking Corporation	18,546	2.10
Mitsui Mutual Life Insurance Company	14,815	1.68
Kajima Corporation	13,362	1.51
Mellon Bank, N A. as Agent For Its Client Mellon Omnibus US Pension	12,987	1.47
The Bank of New York, Treaty Jasdec Account	12,886	1.46
Total	252,304	28.62

Composition of Shareholders:



Monthly Stock Data (TSE):



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MITSUI FUDOSAN

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