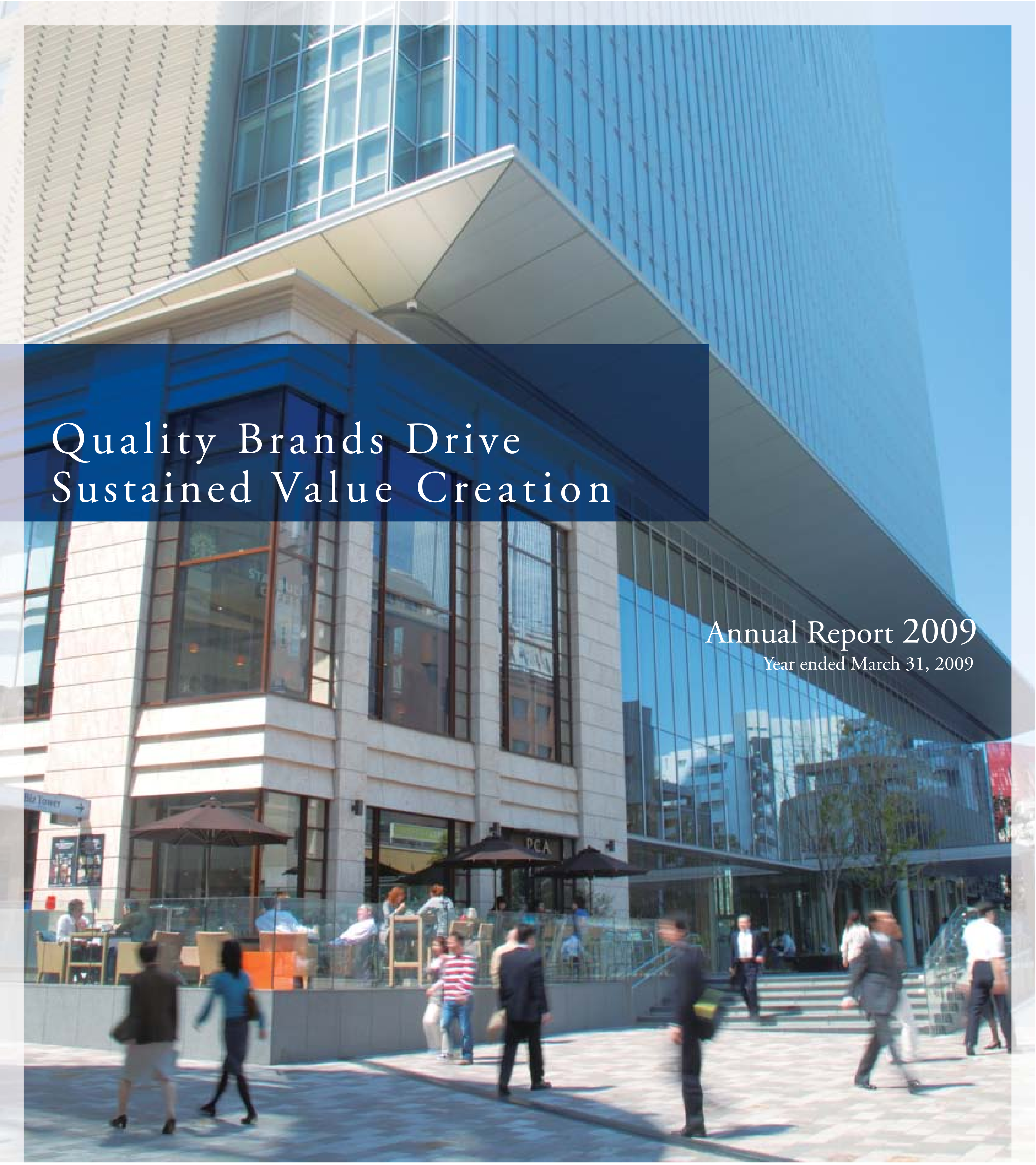


Quality Brands Drive Sustained Value Creation

Annual Report 2009

Year ended March 31, 2009

MITSUI FUDOSAN

The Mitsui Fudosan Group

Mitsui Fudosan Co., Ltd. and its subsidiaries are the largest comprehensive real estate group in Japan. The Mitsui Fudosan 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. The Group constantly develops new business models to remain at the forefront of its changing markets, and is currently executing New 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 Mitsui Fudosan 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, 2009)

2.5%
vacancy rate of Tokyo metropolitan area office buildings, nonconsolidated
(March 31, 2009)

18,000 units
equivalent inventory of land for housing
(March 31, 2009)

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

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.

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.

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

Contents

¥2.8 trillion
in assets under management (March 31, 2009)

40%
compound annual growth in net income per share over the past five years

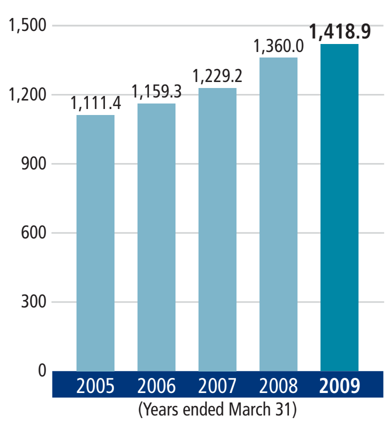
Consolidated Financial Highlights

Mitsui Fudosan Co., Ltd. and its Subsidiaries
Years ended March 31, 2009, 2008 and 2007

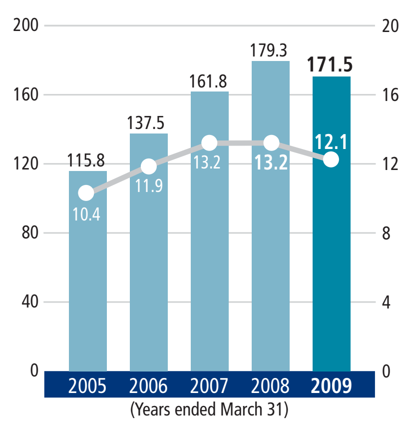
	Millions of yen except per share amounts			Percent change	Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2009/2008	**2009**
For the Year					
Revenue from operations	**¥1,418,946**	¥1,360,023	¥1,229,194	4.3%	**$14,445,139**
Operating income	**171,547**	179,282	161,843	(4.3)	**1,746,381**
Net income	**83,572**	87,378	75,214	(4.4)	**850,779**
Cash dividends	**19,324**	15,812	8,794	22.2	**196,772**
At Year-End					
Total assets	**¥3,758,387**	¥3,634,489	¥3,294,190	3.4%	**$38,261,091**
Total net assets	**999,860**	992,003	963,214	0.8	**10,178,764**
Interest-bearing debt	**1,733,559**	1,550,421	1,258,427	11.8	**17,647,959**
	Yen			Percent change	U.S. dollars (Note 1)
Per Share Data					
Net income (Basic)	**¥ 95.1**	¥ 99.4	¥ 85.5	(4.3)%	**$ 0.968**
Cash dividends	**22.0**	20.0	14.0	10.0	**0.224**
Key Indicators					
Net income/revenue from operations (%)	**5.9**	6.4	6.1		
Total net assets/total assets (%)	**26.6**	27.3	29.2		
Debt/equity ratio (times) (Note 2)	**1.77**	1.60	1.33		
ROA (%) (Note 3)	**5.06**	5.53	5.50		
ROE (%) (Note 4)	**8.57**	9.12	8.35		

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥98.23 = U.S.$1.00, the approximate exchange rate at March 31, 2009.
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)

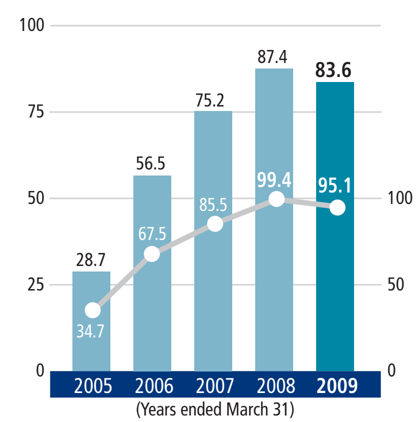
Revenue from Operations
(Billions of yen)



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.

An Interview with President and CEO Hiromichi Iwasa

Hiromichi Iwasa
President and Chief Executive Officer

Economic conditions are likely to remain challenging over the next few years. However, since 2003 Mitsui Fudosan has been employing a highly effective strategy of flexibly combining its three core businesses of holding, trading and management to respond to changes in the market. We are responding quickly to the changes in our operating environment as we aim for growth over the medium-to-long term during the second half of New Challenge Plan 2016.

Moving to the Second Half of New Challenge Plan 2016

- Combine the flexibility of our three core businesses to respond to market changes
- Create opportunities to advance the Challenge Plan over the next few years
- Embrace the external environment positively, target medium-term growth

Revenue increased but earnings decreased during the year ended March 2009. What factors influenced performance?

Revenues and earnings increased in the holding business, which generates comparatively stable revenues. However, we comprehensively recognized loss on devaluation of real property for sale in the trading business to provide for future losses. This was a primary factor that caused earnings to decrease somewhat year on year.

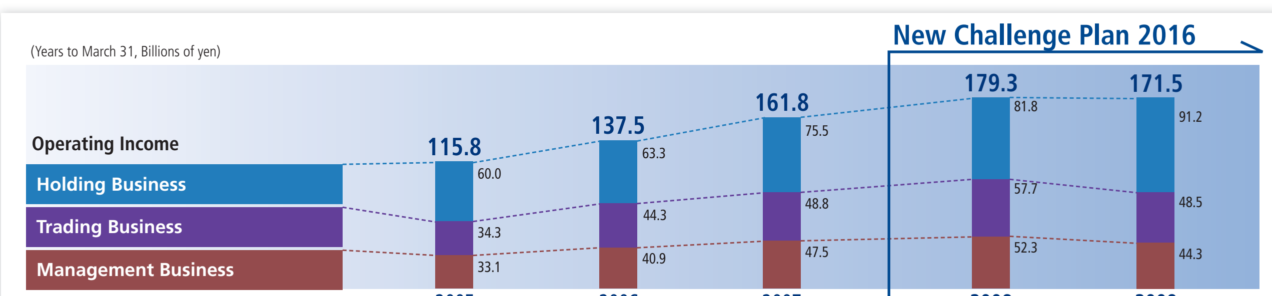
During fiscal 2008, the year ended March 31, 2009, financial and capital markets became dysfunctional following the bankruptcy of Lehman Brothers in September 2008. This affected the real economy and touched off a global recession. The effect on the real estate market in Japan was significant. In this environment, revenue from operations increased 4.3 percent, or ¥58.9 billion, year on year to ¥1,418.9 billion. Operating income decreased 4.3 percent, or ¥7.7 billion, year on year to ¥171.5 billion. Net income decreased 4.4 percent, or ¥3.8 billion, year on year to ¥83.6 billion. While our overall performance was below the level of the previous fiscal year, our results were adequate for a leading company given the challenging environment.

In the holding business, office building GranTokyo North Tower (Chiyoda-ku, Tokyo) made a significant contribution to performance in its first full year of operation following its completion in fiscal 2007. In addition, we increased rents at existing office buildings. As a result, operating income in the holding business increased 11.5 percent, or ¥9.4 billion, year on year. In the trading business, we comprehensively and conservatively estimated losses on properties due to the application of the lower-of-cost-or-market method, which resulted in a loss on devaluation of real property for sale totaling ¥15.8 billion, mainly on housing inventory in the sales of housing segment. As a result, operating income in the trading business decreased 15.9 percent, or ¥9.2 billion, year on year. In the management business, the temporary dysfunction of the real estate investment market resulted in a substantial decrease in revenues from corporate brokerage. This and other factors caused operating income in the management business to decrease 15.3 percent, or ¥8.0 billion, year on year.

The primary causes of the year-on-year decrease in earnings were the trading business, which was affected by the changing market environment, and corporate brokerage operations in the management business, which was impacted by the turmoil caused by the financial crisis. However, the stable earnings of the holding business, along with fee income from assets under management in the management business and solid earnings among Group companies in the property management business, form a stable earnings base that supports the Mitsui Fudosan Group as a whole.

Our strategy of responding to our changing markets by integrating the core holding, trading and management businesses is a Mitsui Fudosan Group strength because it creates an earnings structure that is stable and highly profitable despite the impact of the constantly changing external operating environment.

New Challenge Plan 2016: A Clear Focus on Sustained Value Creation



	2005	2006	2007	2008	2009
ROA* (%)	4.30	4.92	5.50	5.53	5.06
Debt/equity ratio (times)	1.86	1.40	1.33	1.60	1.77
ROE** (%)	4.26	7.31	8.35	9.12	8.57

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

Mitsui Fudosan is taking a conservative approach in the currently challenging real estate market. How long will challenging conditions continue, and where do you think the market is heading? In particular, what is your outlook for the real estate investment market, which was hit hard by the financial crisis?

Japan's real economy will bottom out and begin a moderate recovery during the second half of fiscal 2009 and fiscal 2010. This will lead the real estate market to recovery, although over a different time frame. In particular, the rejuvenation of the Japanese real estate investment trust (J-REIT) market will be the catalyst for the recovery of the real estate investment market.

I believe that Japan's economy will bottom out and begin a moderate recovery during the second half of fiscal 2009 and fiscal 2010. Moreover, the impact of the real economy on the real estate market will differ by business segment.

The office building leasing market has become more challenging as corporate performance has deteriorated. This market is comparatively stable and exhibits less volatility than the real economy. Going forward, we will need to keep a close watch on this market.

The financial crisis affected the real estate investment market the most. Dysfunction in financial and capital markets has caused a sharp drop in the J-REIT, private fund and other sectors of the real estate investment market. For J-REITs, the credit crunch since the start of the financial crisis has caused the debt financing market to deteriorate, and the equity financing environment has become challenging as investment unit prices have decreased. Therefore, the rejuvenation of J-REITs is a prerequisite and a priority because they excel in providing liquidity and deepening the pool of investors, which are among the keys to overcoming dysfunctional financial markets and revitalizing the real estate market as a whole.

Actions taken for J-REIT financing have included support for fund procurement from the Development Bank of Japan and discussions between the government and private sector on establishing a fund to support the REIT market. In addition, legal and tax measures have been introduced to smooth mergers and consolidation.

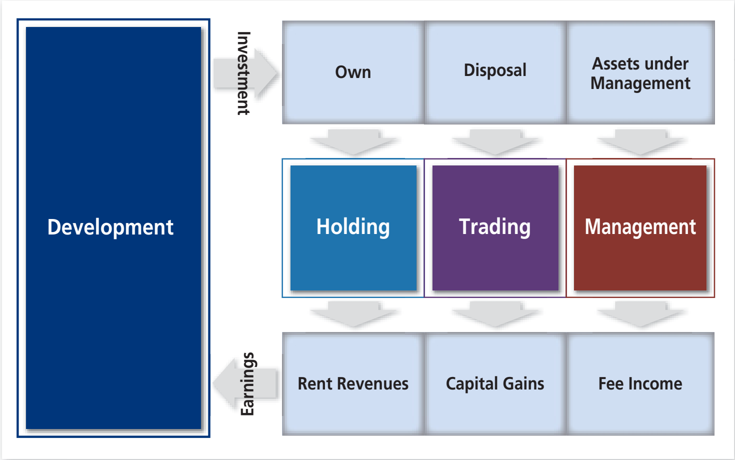
These policies have served to reduce refinancing risk. Going forward, they are expected to energize the real estate market by helping with the restructuring of the REIT market. In the current cycle, this restructuring will, in turn, re-establish interest in J-REITs by driving market development. Rejuvenated J-REITs will then re-energize private funds, thus stimulating direct investment by corporations and institutional investors. This is directly related to the overall recovery of the real estate investment market.

The future recovery of the real estate investment market will be one key to expansion in internal demand. The current environment is conducive to urban renaissance and regional redevelopment projects, and the Mitsui Fudosan Group will promote the projects it is executing and link them to stimulating sales to institutional investors.

On the other hand, prices have rapidly adjusted in the housing sales market. Immediate customer need drives housing requirements, whether it is the desire for a home among younger people or couples raising children, or the desire among Japan's Baby Boomer generation for an urban residence. In addition, new needs are emerging in the senior demographic. The desire to purchase among customers has been impacted by issues such as higher costs and the problems unethical companies caused by falsifying earthquake-resistance data. However, demand has stabilized and pronounced needs exist. Moreover, the Japanese government has enacted economic policies that include support for homebuyers, such as broad tax reductions on mortgages, measures that smooth the mortgage process, and reduced gift taxes for the acquisition of a home. Since January 2009, visitors to model homes and the number of homebuyers concluding purchase contracts has increased, and inventories appear to be decreasing. Thus the market is expected to move toward a recovery in the second half of fiscal 2009.

What are Mitsui Fudosan's management strategies for each of its business segments from fiscal 2009 as the company moves into the second half of New Challenge Plan 2016?

We will continue integrating our three core businesses to respond flexibly to changing markets. The challenging operating environment is presenting opportunities for Mitsui Fudosan to strengthen competitiveness, and I want them to be catalysts for major progress in the latter stages of New Challenge Plan 2016.



Holding Business: Strengthen the earnings foundation.

The holding business generates steady revenues and is the core business of the Mitsui Fudosan Group, but this market is becoming increasingly challenging. We continue working to maintain strong relationships with tenants and strengthen proposals, and we are also re-engineering operations management to enhance cost controls and ensure clear marketing policies.

In addition, our pipeline will not be affected by short-term market gyrations. We seek stable, long-term revenues as we carefully select projects, and intend to continue making sustained, focused investments.

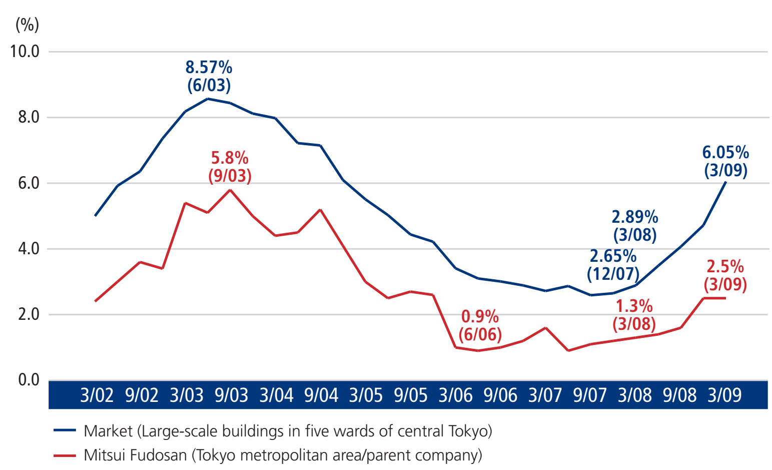
In the office building business, we have been promoting improvement in asset quality and strong relationships with tenants. This has minimized fluctuation in revenue and contributed to solid portfolio returns. As a result, our vacancy rate is consistently lower than the market average, which we expect to continue in the future.

Our pipeline is replete with projects under development, centered on our program of redeveloping existing assets in outstanding urban locations. We will carefully determine market trends to focus on projects in which we can fully benefit from our competitive advantages as we continue to execute our program of sustained investment.

The retail facilities business has been affected by reduced consumer spending due to the recession. The external environment is challenging and conditions are unpredictable, but projects are increasingly separating stronger from weaker players.

A core strength of the Mitsui Fudosan Group is its customer-centered approach to creating and managing retail facilities. LaLaport regional malls and Mitsui Outlet Parks, which are key components of our retail facility portfolio, demonstrate this strength as they perform strongly in a challenging operating environment. Incorporating retail facilities in our rental property portfolio is particularly beneficial in a difficult environment because they provide portfolio diversity. We will continue to invest selectively in new projects and steadily begin operating new facilities, and will also remain aggressive in taking advantage of good opportunities that emerge.

Office Vacancy Rate Trends



Data: Miki Shoji Co., Ltd.

Trading Business: In sales of housing to individuals, develop competitive products in metropolitan Tokyo. In sales of properties to investors, we predict a rapid recovery of the real estate investment market through the rejuvenation of J-REITs.

The impact of the financial crisis was most evident in sales of properties to investors. The dysfunction of financial and capital markets significantly reduced liquidity in the real estate investment market. We are generating appropriate returns on the projects we have developed, and by no means are engaging in panic selling in an unsettled market. This has caused our balance sheet to expand temporarily. However, these assets are products that will provide appropriate returns to the investors that purchase them, and holding them for the time being presents no problems at all.

Our performance forecast for fiscal 2009 is conservative and only includes projects that we believed to be highly probable at the start of the fiscal year. Going forward, we will carefully monitor the recovery and rejuvenation of the real estate investment market with the aim of improving the profitability of current projects and generating sales. At the same time, we will evaluate the location, profitability and competitiveness of new projects in selectively making investments.

In sales of housing to individuals, Group company Mitsui Fudosan Residential Co., Ltd. is integrated from construction to sales. It offers a portfolio of brands that are tailored to a diverse array of customer needs and lifestyles.

In fiscal 2009, we will continue to emphasize high-value-added products, and forecast that earnings will increase year on year absent the comprehensive recognition of loss on devaluation of real property for sale in fiscal 2008.

Going forward, the Mitsui Fudosan Group will focus stable, sustained investment on high-value-added products that make the best use of its strengths.

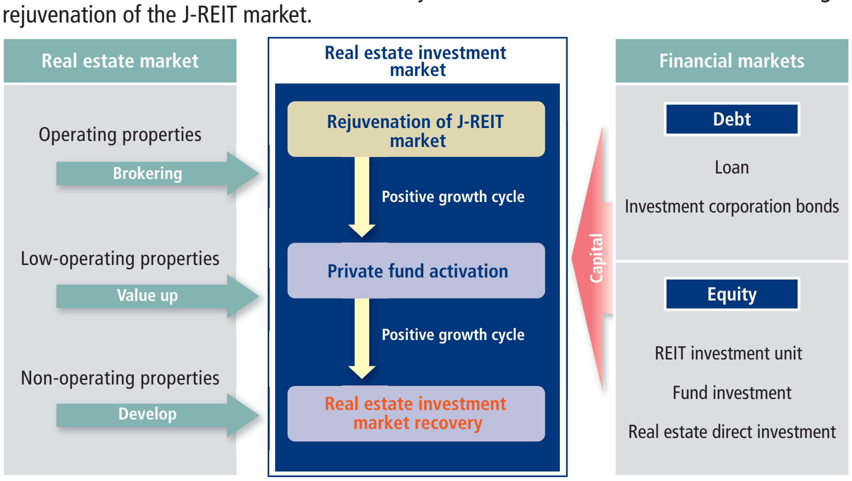
Management Business: Continue to generate growth in the fee businesses of asset and property management while re-engineering the brokerage business.

The management business is contributing to consolidated performance as component businesses such as asset and property management generate solid fee income from their growing portfolios of assets under management. Highlights of fiscal 2008 included the launch of several private funds by Mitsui Fudosan Investment Advisors, Inc. that attracted strong participation by institutional investors despite taking place in the period of greatest turbulence following the Lehman Brothers bankruptcy. The ability to succeed at launching funds in the current environment demonstrates the Mitsui Fudosan Group's extensive market trust and performance.

On the other hand, the recession has created serious problems for the brokerage business. In the brokerage business of Mitsui Real Estate Sales Co., Ltd., we are using the challenging environment as an opportunity to implement structural reforms by carrying out re-engineering that goes beyond simply reducing costs. Similar to needs for new housing, needs for existing homes are rooted in actual demand, and price adjustments and the broadly based measures that support home sales are also relevant to purchases of existing homes. We will make these trends work for us with the aim of getting the brokerage business back onto a growth vector.

Trading Business (Sales to Investors)

Win back investor trust and stimulate recovery of the real estate investment market through rejuvenation of the J-REIT market.



How will Mitsui Fudosan maintain and enhance its financial position and access to external funding?

We will continue to maintain our sound finances.

As of March 31, 2009, interest-bearing debt totaled ¥1,733.5 billion, and the debt/equity ratio (DER) was 1.77 times. While we have not achieved the New Challenge Plan 2016 target DER of 1.4 times, the current DER is at a sound, comparatively conservative level.

Over the past year, turmoil in financial markets made funding difficult even for some large companies. Given this environment, the Mitsui Fudosan Group's ability to access funding without problems demonstrates the effectiveness of our financial strategy. Our strategy under New Challenge Plan 2016 is to maintain our sound finances. The financial crisis has shaken the real estate investment market, mainly causing our turnover to decrease in sales of properties to investors. Our leverage has increased slightly as a result, but going forward we will maintain stable leverage.

In addition, we will remain selective in making investments. At the same time, we will fully consider returns in staunchly maintaining the soundness of our finances.

Mitsui Fudosan increased cash dividends for three consecutive years through fiscal 2008. Can shareholders look forward to stable returns in the future?

We aim to further increase corporate value, and are working to enhance internal capital resources so that we can fund investment in highly profitable businesses. Concurrently, we will consider the business environment, our performance and our financial condition in moving to maintain or increase dividends.

Shareholder returns are a management priority, and we will continue working to meet the expectations of our shareholders. We aim to further increase corporate value, and are working to enhance internal capital resources so that we can fund investment in highly profitable businesses. Concurrently, we will consider the business environment, our performance and our financial condition in moving to maintain or increase dividends.

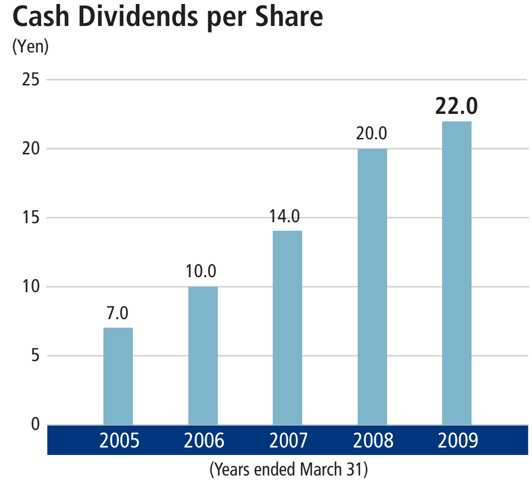
Under New Challenge Plan 2016, our policy is to link dividends to consolidated performance, with a target payout ratio of approximately 20 percent of consolidated net income for the time being.

In determining dividends for fiscal 2008, we comprehensively considered the challenging environment, our performance for the fiscal year, our outlook and the policy mentioned above. Annual cash dividends per share for fiscal 2008 totaled ¥22.0, and the consolidated payout ratio was 23.1 percent.

We forecast that cash dividends per share for fiscal 2009 will also be ¥22.0.

Mitsui Fudosan intends to respond rapidly to change to prepare for its next phase of rapid growth. We will work to meet the expectations of all stakeholders, and certainly our shareholders. We're counting on your continued support.

Cash Dividends per Share



Quality Brands Drive Sustained Value Creation

Office Buildings

WORKERS FIRST

Residential

park COURT

park MANSION

park TOWER

park CITY

park HOMES

Corporate

Mitsui Fudosan Group

Mitsui Fudosan

Retail Facilities

Growing Together

LaLaport

MITSUI OUTLET PARK

Urban Renaissance

Tokyo Midtown

Asset Management

NBF Nippon Building Fund — Nippon Building Fund Management Ltd.

Mitsui Fudosan Accommodations Fund Management CO., LTD

Mitsui Fudosan Frontier REIT Management Inc.

Mitsui Fudosan Investment Advisors, Inc.

Turmoil in global credit markets has created challenging conditions in Japan's real estate market. Under New Challenge Plan 2016, the Mitsui Fudosan Group is deploying its strong, high-quality brands to generate continued growth as a real estate solutions partner.

This section discusses our quality brands, people and finances in each of our businesses, and how they will drive our efforts to succeed in a difficult environment.

Corporate

The Mitsui Fudosan corporate brand is built on strengths in our businesses, a history of achievement spanning seven decades, and intangibles such as outstanding people.

A Leading Real Estate Brand

Mitsui Fudosan Group

Established in 1941, Mitsui Fudosan has grown by consistently creating new segments in Japan's real estate market. In 1957, we began diversifying into the businesses of reclaiming oceanfront land in Chiba Prefecture and developing residential areas. In 1968, we were the first in Japan to develop a skyscraper, and also entered the business of developing single-family homes and mid-rise residential condominiums. In 1981, we entered the retail facility business by initiating development of top-class shopping centers in Japan. More recently, in 2001 Mitsui Fudosan was the first in Japan to list a real estate investment trust (REIT) on the Tokyo Stock Exchange, while in 2007 we opened Tokyo Midtown, a large-scale, mixed-use property developed using an innovative urban redevelopment model. The Mitsui Fudosan brand therefore stands for growth through innovation and commitment to excellence.

Mitsui Fudosan has become a leading Japanese real estate brand using a business model of balanced growth in three core businesses: holding, trading and management. With employees who are among the best in the business and a powerful financial structure, Mitsui Fudosan is well able to fully exercise the strengths of its brands to respond to customer needs as a real estate solutions provider.

MITSUI FUDOSAN

Moreover, Mitsui Fudosan has also built strong relationships with the three core real estate customer groups. These are the end users who are tenants of our office buildings and retail facilities and the buyers of the homes we develop; the investors who commit capital to real estate markets; and the originators who own property and rely on us for consulting and management services.

Above: On-site inspection of LaLaport Iwata
Right: Retail facility development presentation

Great People Create Value

Mitsui Fudosan has creative employees with diverse values and a pioneering spirit. They work as individuals to enhance their professional knowledge and capabilities, and as members of teams to create added value. As a result, they have acquired a solid reputation for being able to understand what customers truly want and then delivering it. Our employees also contribute to the Mitsui Fudosan corporate brand because their behavior demonstrates a commitment to the highest levels of corporate ethics and legal compliance.

A Reliable Financial Brand

Global capital markets also trust the Mitsui Fudosan brand. The global financial crisis of 2008 created serious problems for many participants in Japan's real estate markets, but Mitsui Fudosan maintained its excellent access to funding because of its powerful financial structure, high-value-added business model and solid creditworthiness. We are therefore in an excellent position to take advantage of opportunities for future growth.

Office Buildings

Innovation, quality and a commitment to tenant satisfaction give Mitsui Fudosan brand leadership in the office building market. This leadership creates value.

The Superior Mitsui Fudosan Brand Supports Steady Office Building Occupancy

The Workers First Brand Keeps Tenant Satisfaction High

WORKERS FIRST

The Workers First concept is a powerful branding tool that Mitsui Fudosan employs at its office buildings. It guides us in raising the quality of our products and services under the themes of creating a diverse network of comfortable, sophisticated office buildings, placing workers first, and reliable building management. It also drives Mitsui Fudosan to create properties that feature outstanding information technology and security and reduced environmental loading, complemented by amenities such as comfortable public spaces and harmonious landscape design. The Workers First brand offers new value to tenant companies and creates strong relationships with the surrounding neighborhood.

The Kasumigaseki Building: Consistently a Leader

Constructed in 1968, the Kasumigaseki Building was Japan's first skyscraper and became a symbol of rapid economic growth. Mitsui Fudosan demonstrated its leadership by incorporating open surroundings into an innovative earthquake-resistant design to create an urban oasis. We were first to achieve a building over 100 meters tall in Japan, more than triple the height that was formerly possible. Thus the age of the skyscraper began in Japan. As many as ten thousand people visited the observation deck of the completed building each day, often spending time at the building's restaurants and shops as well. Today, we continue to build on our strategy of creating innovative, mixed-use properties that are both enjoyable and profitable.

As symbolized by the Kasumigaseki Building, which was Japan's first skyscraper, Mitsui Fudosan has built a strong presence by providing innovative office space generation after generation. Strong relationships with landowners, originators and local governments help us to acquire land in prime urban locations, which we have used to build a high-quality portfolio in Tokyo's central business districts. We further enhance portfolio profitability by redeveloping buildings and replacing assets.

While the recession has made conditions in the office building leasing market more challenging, the quality of our portfolio and brand equity have kept occupancy at individual properties high, in turn keeping our overall vacancy rate comparatively low.

Moreover, the Mitsui Fudosan Group strengthens its brand by providing services such as asset, project and property management that are recognized for excellence. The Mitsui Fudosan Group's comprehensive capabilities range from managing revenue and improving asset value for owners to operating buildings and providing tenant and leasing services.

We are committed to putting tenants first. The tenant satisfaction surveys we regularly conduct – and vacancy rates that are lower than the market average – consistently indicate that our office building brand offers exceptional value.

Constant renewal keeps the Kasumigaseki Building, shown in 1968 (left) and today (right), on the cutting edge.

Retail Facilities

Our retail facility brands are powerful because they create spaces where customers can make new discoveries and have new experiences, which helps tenants succeed.

Diverse and Profitable Retail Facility Brands

In 1981, the Mitsui Fudosan Group opened LaLaport Funabashi (now LaLaport Tokyo-Bay), which is still one of Japan's largest retail facilities. Since then, we have remained in step with changing regional and customer needs in proposing retail facilities that do not simply sell things, but instead are places that grow in tandem with customer lifestyles and their local communities and provide the opportunity for visitors to spend quality time.

Mitsui Fudosan delivers retail facility brands that are in step with various customer segments. LaLaport is a regional mall brand offering expansive shopping areas. Mitsui Outlet Park is a factory outlet brand that offers shopping as well as fun and exciting surroundings. COREDO Nihonbashi is representative of our urban retail facility brands that create luxurious city shopping experiences, while LaLagarden exemplifies our neighborhood retail facility brands. This broadly based brand portfolio offers widely ranging appeal, which we continue to enhance in working to maintain and raise the strength and competitiveness of our retail facility brands.

MITSUI OUTLET PARK

Moreover, the Mitsui Fudosan Group operates its retail facilities based on a philosophy of protecting the environment to ensure a bright future. In addition to activities that contribute to society, our retail facilities also conduct the Eco Hello program and other activities in cooperation with customers that help protect the environment.

The Eco Hello program in action at Arcakit Kinshicho, which received a prestigious Local Community Contribution SC Award.

Mitsui Shopping Park: A Powerful New Brand

Mitsui Shopping Park LaLaport

Mitsui Shopping Park LaLagarden

In January 2009, Mitsui Fudosan grouped 13 LaLaport, LaLagarden and other facilities, including retail facilities scheduled to open in fiscal 2009, within the new Mitsui Shopping Park brand. The objective of this brand is to popularize and clarify the brand identity of Mitsui Fudosan Group retail facilities. We will work energetically to improve the tangible and intangible aspects of these retail facilities, which will include a branded Mitsui Shopping Park credit card.

Branded Tenant Support Services Support Satisfaction - and Growth

Growing Together

Growing Together is the concept that defines the Mitsui Fudosan Group's retail facility business. It involves growing along with customers, tenants and host neighborhoods to become an integral part of the community. Growing Together expresses our desire to contribute to the wealth and affluence of the communities we serve. It guides our ongoing cooperative initiatives with customers and tenants to make the people who visit our retail facilities feel at home.

Residential

We will continue to earn customer appreciation for the high-value-added properties we provide.

A Park Series Brand for Every Customer Segment

park MANSION	Leading-edge proposals for outstanding condominiums that are like no other because of their superior location and uncompromising quality.
park COURT	High-grade urban condominiums with beautiful exteriors and attention to detail supporting brand quality.
park TOWER	Ultra-high-rise condominiums that offer open lifestyles and are landmarks of their neighborhoods.
park CITY	Large-scale condominiums that create their own environment.
park HOMES	High-quality condominiums with superior housing functions and design.
park LUXE	Family-oriented condominiums with intelligent space perfectly suited to urban living.
park SEASONS	Vacation home condominiums at resorts in Japan.
FINE COURT	Single-family urban homes designed to be the best in the neighborhood.

Comprehensive Capabilities Meet Diverse Needs

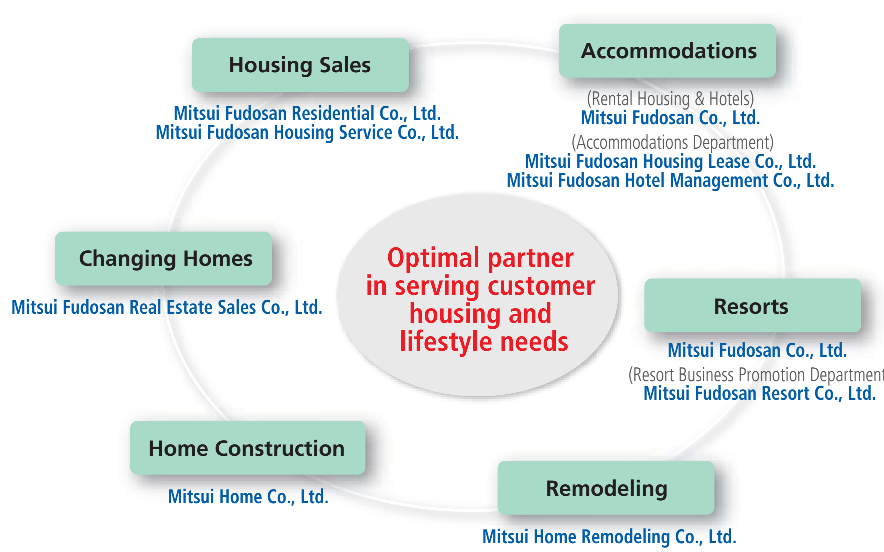
The Mitsui Fudosan Group has deployed its comprehensive strengths to offer a full lineup of housing-related products and services. We deploy Group expertise to provide the optimum solutions, whether clients are moving, ordering a new home or remodeling. Our brands have received enthusiastic support because they encompass high-quality housing and services that respond to a diverse array of customer needs.

Quality and Class Differentiate Our Residential Brands

Mitsui Fudosan Residential Co., Ltd. is at the center of our housing brands. This Group company is a one-stop source of housing that is integrated from development and sales to after-sales service. Today's rigorously selective consumers appreciate the excellent location and quality of the properties the Mitsui Fudosan Group provides. The strength of our brands has supported annual sales of over 5,000 units of housing, and we steadily exercise our advantages in the housing market.

Quality matters. We collect feedback on the performance of every new condominium unit we sell, and have implemented quality management procedures for our mid- and high-rise residential buildings to ensure high quality. We also have our own security design standards for the condominium security systems we install because we believe that safety and peace of mind raise customer satisfaction.

Mitsui Fudosan Residential uses its extensive development expertise and experience and reflects the opinions of customers in developing properties. A key goal is to create neighborhoods replete with greenery that get better with age as it builds on its strength in areas such as urban properties and large-scale, mixed-use buildings that create entire neighborhoods.



Urban Renaissance

Mitsui Fudosan is an expert at transforming sleepy urban neighborhoods into centers of business, commerce and culture. Our urban renaissance brand is a source of long-term value.

A Leading Brand in the Renaissance of Tokyo

Tokyo Midtown

Mitsui Fudosan is an industry-leading brand in the urban renaissance business, as exemplified by Tokyo Midtown. We took care to both create value and preserve the history of the property and the large number of trees on it in redeveloping this parcel of government-owned land. Moreover, Tokyo Midtown was developed under a hybrid business model that combined Mitsui Fudosan's core holding, trading and management businesses. It incorporates sophisticated urban functions in creating a unique neighborhood under the themes of symbiosis with the surrounding area, superior design and art. In addition, we added outstanding value in a unique large-scale, mixed-use property that only Mitsui Fudosan could achieve, with features including outstanding environmental compatibility because of our commitment to preserving the trees on the property. Going forward, Mitsui Fudosan will continue working to capture redevelopment business opportunities in Nihonbashi, Marunouchi, Hibiya, Gotanda, Iidabashi and other prime Tokyo neighborhoods to develop office buildings, retail facilities and housing in large-scale urban renaissance projects.

Muromachi East District Development Project
(Completion scheduled in stages, FY2010-FY2013)

An Unparalleled Record of Achievement

Mitsui Fudosan's record of achievement in urban redevelopment began with the Kasumigaseki Building in 1968. In 1980, we completed construction of the Sun City redevelopment project under the concept of creating a neighborhood that got better with time, while in 1993, we pioneered waterfront redevelopment in Tokyo with the massive Okawabata River City 21 project. Recently, we have focused on preservation, rehabilitation and creation in redeveloping existing properties, exemplified by Nihonbashi Mitsui Tower and Tokyo Midtown completed in the 2000s. Each project we complete becomes the springboard to our next opportunity in a cycle of transforming our record of achievement into future growth.

Mitsui Fudosan = Nihonbashi Redevelopment

The Nihonbashi Area Development Project exemplifies highly capital-efficient redevelopment and reconstruction of existing assets. We completed the Nihonbashi Mitsui Tower in 2005 and are now moving forward with the Muromachi East District Development Project and other plans in which we are transforming existing assets into highly competitive, state-of-the-art buildings.

The Muromachi East District Development Project involves integrating five separate neighborhoods into a single large-scale development encompassing office space, retail facilities, rental housing and a multipurpose auditorium. We are focusing on preservation, rehabilitation and creation in revitalizing Nihonbashi as a center for business, commerce, culture and exchange.

Asset Management

Mitsui Fudosan is the number-one brand in Japan's real estate investment market because of our skill in creating value from real estate. Investors trust our broadly based ability to meet diverse requirements.

Our J-REIT Brands Offer Consistently Strong Returns

NBF
Nippon Building Fund

Nippon Accommodations Fund

Frontier Real Estate Investment Corporation

Generating stable earnings from assets under management is central to achieving the targets for the management business under New Challenge Plan 2016. In September 2001, Mitsui Fudosan became the first company in Japan to list a J-REIT on the Tokyo Stock Exchange, Nippon Building Fund Inc. Today, Mitsui Fudosan is involved in three J-REITs – Nippon Building Fund, Nippon Accommodations Fund Inc., and Frontier Real Estate Investment Corporation – through their asset management companies, with assets under management of ¥1,070 billion.

A Respected, Broadly Capable Advisory and Support Brand

In 1997, Mitsui Fudosan led the industry in foreseeing that the real estate business environment was changing and that the real estate investment market would grow in importance, and therefore moved proactively to establish Mitsui Fudosan Investment Advisors, Inc. With more than ¥1,060 billion in assets under management, Mitsui Fudosan Investment Advisors is a potent asset management brand that generates stable management fees that contribute to overall Group earnings.

Proven Effectiveness as an Asset Management Brand

The real estate paradigm has changed as the separation of ownership and management has accelerated. Mitsui Fudosan has positioned itself as a provider of services that create value from real estate. We are now generating opportunities for growth by offering asset and property management services for operating properties, development management services to move properties into the operating stage, and other services such as consulting. The asset management business employs the Mitsui Fudosan Group's deep and specialized knowledge, expertise and network to provide investors with excellent opportunities and deliver superior asset management services. We have built a system for providing seamless, end-to-end solutions to diverse investor needs, including three J-REITs, private funds, and joint investment schemes. In addition, expansion in fee income through growth in assets under management is enhancing earnings as we fortify our number-one position in Japan's real estate investment market.

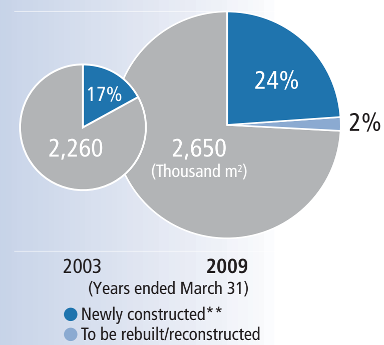
Planning session at Mitsui Fudosan Accommodations Fund Management Co., Ltd.

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)*

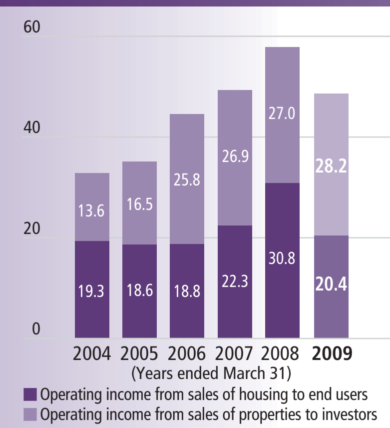


* Total floor area of buildings owned and masterleased
** "Newly constructed" includes buildings constructed within the past 5 years

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.

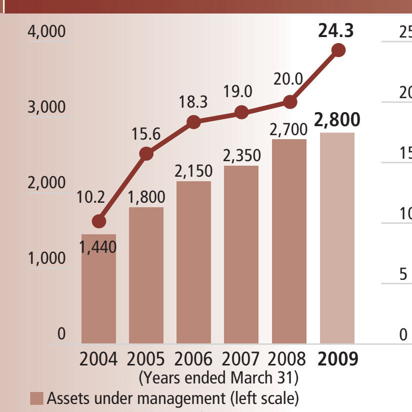
Trading Business Operating Income
(Billions of yen; %)



Management Business

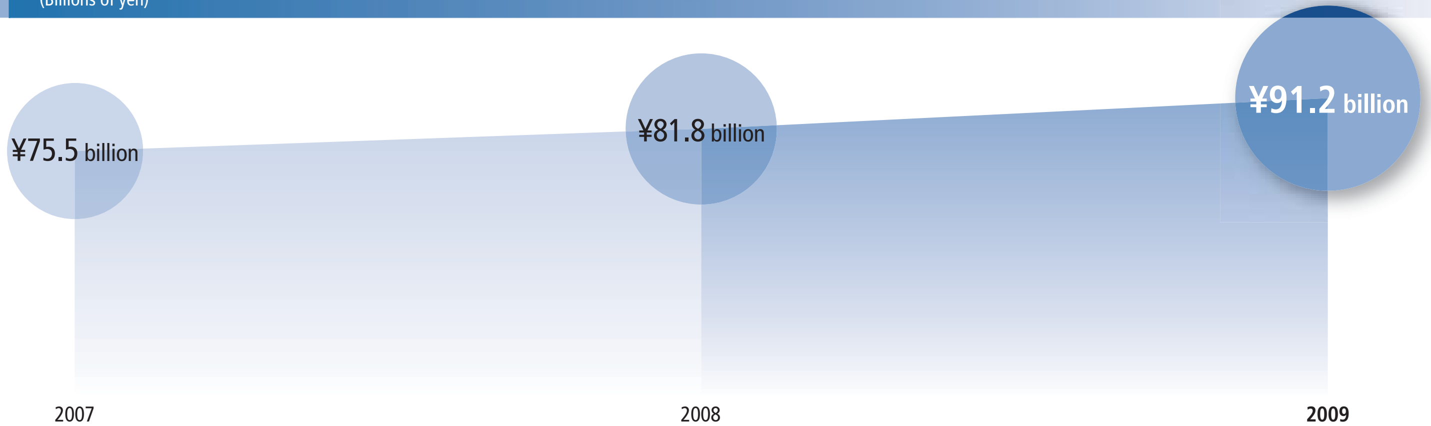
The management business encompasses property and asset management for J-REITs and private funds. Our strategy centers on expanding assets under management and increasing fee income. This business contributes to increased ROE. Subsidiaries play a key role in generating fee income from providing solutions.

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

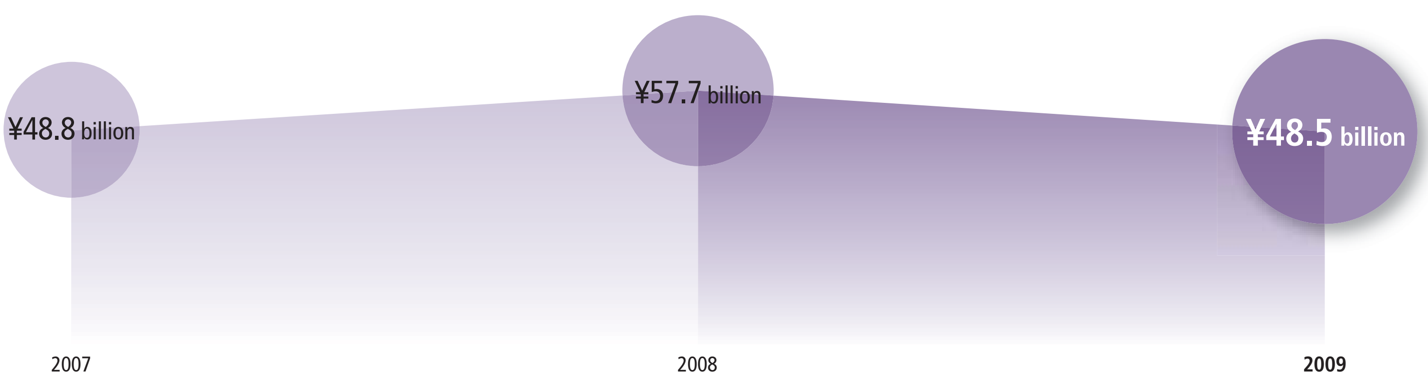


Under New Challenge Plan 2016, Mitsui Fudosan is adapting to changing markets and emerging customer needs. Over the coming decade, we will strengthen our core businesses while embracing new opportunities to create value for stakeholders as we evolve in tandem with accelerating external changes. Building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

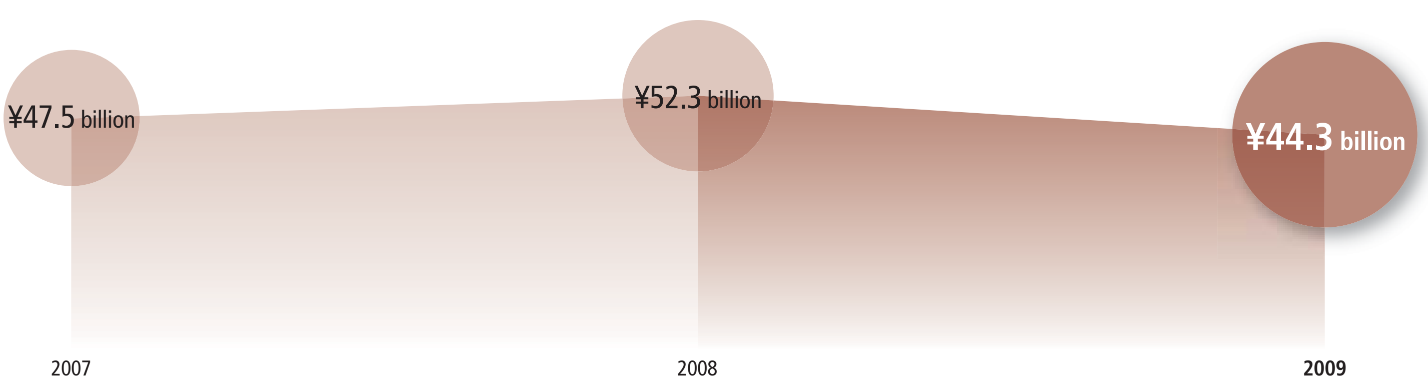
Operating Income
(Billions of yen)



Operating Income
(Billions of yen)



Operating Income
(Billions of yen)



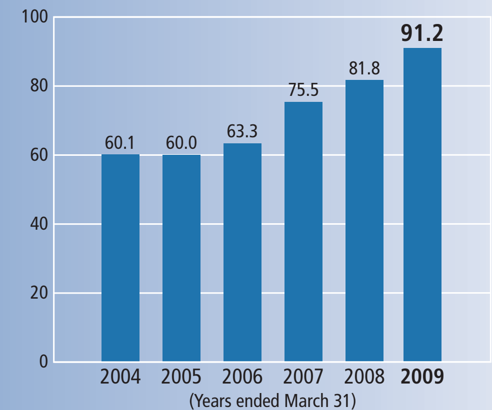
(Years to March 31)

Holding Business

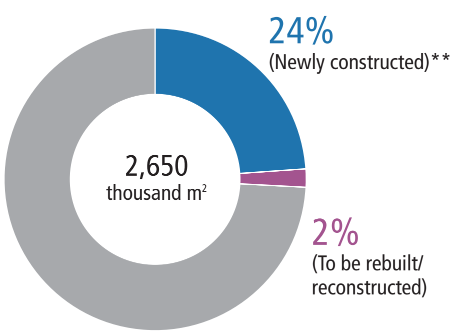
Leasing of office buildings and retail facilities

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

Operating Income
(Billions of yen)



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



(As of March 31, 2009)

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

A Portfolio of High-Quality Assets

The holding business leases office building and retail facilities. Over the past several years, we have consistently improved competitiveness and profitability by raising the quality of assets in our portfolio. Projects to redevelop existing assets generate strong ROI and have been a core emphasis. These include the Muromachi East District Development Project (Chuo-ku, Tokyo), the first phase of which is scheduled for completion in fiscal 2010. Urban renaissance projects are another means we use to enhance asset quality. These include flagship projects such as the Marunouchi 1-chome Reconstruction Project (Chiyoda-ku, Tokyo), also scheduled for completion in fiscal 2010.

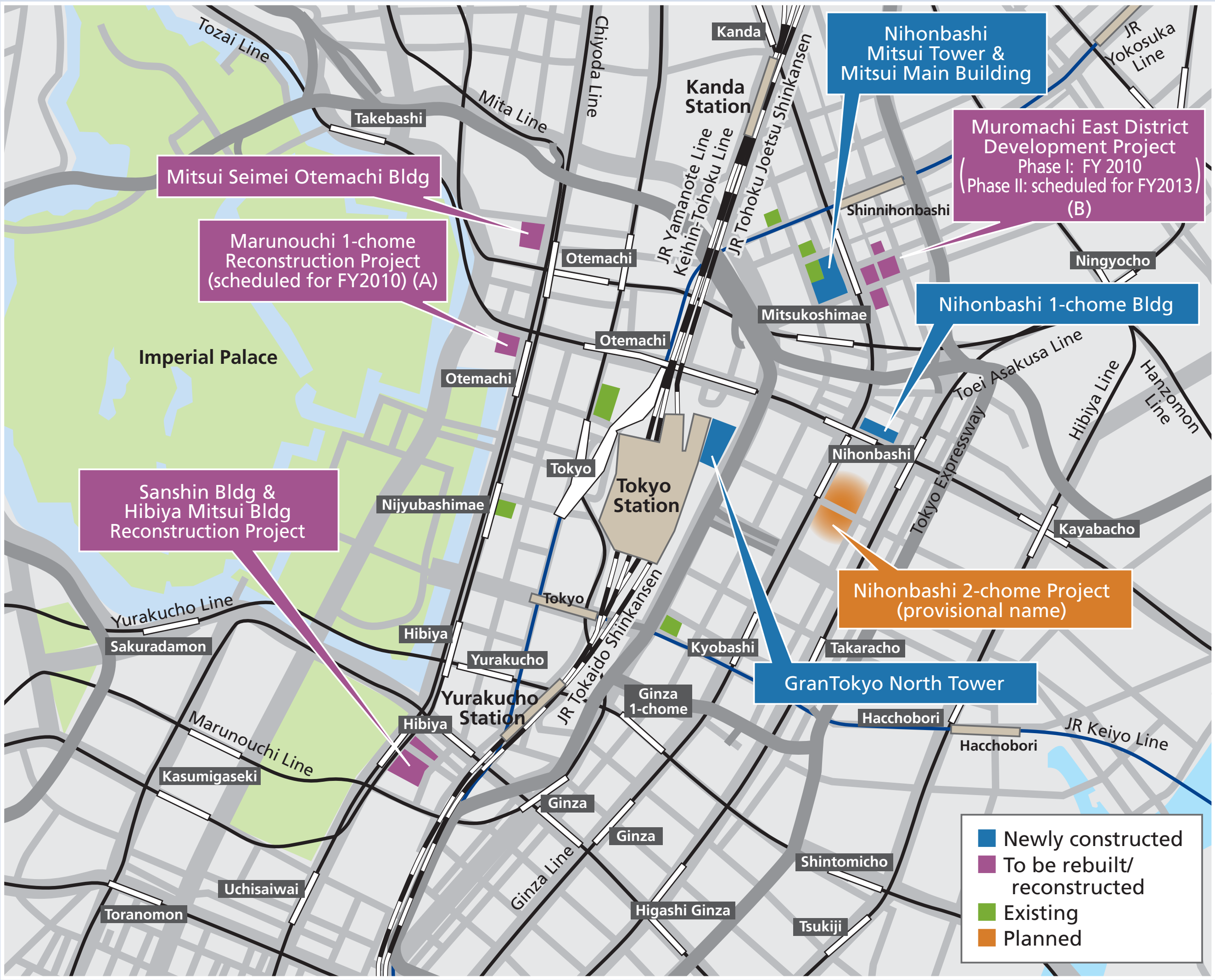
Moreover, results during fiscal 2008, the year ended March 2009, benefited from the full-year contribution of GranTokyo North Tower (Chiyoda-ku, Tokyo), which is part of a redevelopment project adjacent to Tokyo Station.

Moreover, Mitsui Fudosan is making clear progress in its New Challenge Plan 2016 strategy of improving its 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, 2009, we held 2.65 million square meters in our portfolio, with 24 percent in new properties built within the past five years, 14 percent built within the past six to ten years, and 2 percent undergoing reconstruction.

Office building operations are predicated on stable long-term relationships. A significant percentage of the head offices of Japan's leading corporations are located in Mitsui Fudosan properties, and approximately 85 percent of holding business revenues comes from properties in the five wards of central Tokyo. Holding business assets are therefore a source of stable revenue and earnings for the Mitsui Fudosan Group.

Going forward, Mitsui Fudosan will closely monitor changes in tenant demand due to factors including corporate integration and mergers.

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



Marunouchi 1-chome Reconstruction Project
(Map A) (Office building / Completion scheduled for FY2010)

Muromachi East District Development Project
(Map B) (Completion scheduled in stages, FY2010-FY2013)

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

Stable Rent at Quality Properties

The holding business centers on top-grade properties in superior locations. These properties are generally near full occupancy, and generate stable rents. Mitsui Fudosan maintains stable, long-term relationships with its tenants, which in conjunction with programs to raise asset quality has limited volatility in rent revenues. Future initiatives to enhance the profitability of our asset portfolio will include strengthening sales capabilities and tenant satisfaction while re-engineering to reduce costs.

Profitable Growth from Retail Facilities

Mitsui Fudosan has been developing retail facilities for more than 25 years since opening LaLaport Funabashi (now LaLaport Tokyo-Bay) in 1981. We use the management experience we have acquired and relationships with more than 1,700 tenant companies to offer a wide range of shopping options, from regional shopping malls and neighborhood retail facilities known as lifestyle parks to outlet parks and urban retail facilities. Moreover, we continue to expand shopping malls that we own and manage in areas with good potential to generate profitable growth. Shopping malls scheduled to begin operating during fiscal 2009 include the 50,000m^2 LaLaport Iwata and the 60,000m^2 LaLaport Shin-Misato, which together will represent a major addition to the retail facilities business. In this business, fixed-term leaseholds and mixed-use development enhance investment efficiency and build synergy with residential and office building operations.

Mitsui Fudosan's strengths in leasing retail facilities are its broad menu of facility formats, its development capabilities, and the ability to operate retail facilities directly using the management resources of the Mitsui Fudosan Group. The key to operating at full occupancy is building strong relationships with the stores that are tenants. In future projects, Mitsui Fudosan will prudently select investments that present the best opportunities for profitable growth while continuing to add appeal to its lineup so that its retail facilities are attractive to both tenants and the people who shop at their stores.

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

A Prudent Approach to Growth

Our office building pipeline remains strong, and we will soon begin operating several large-scale properties. These includes Higashi Gotanda Square (Shinagawa-ku, Tokyo), which we completed during fiscal 2008, and the Marunouchi 1-chome Reconstruction Project and Muromachi East District Development Project Areas 2-2 project slated for completion in fiscal 2010.

The current leasing environment is challenging, but the Marunouchi 1-chome Reconstruction Project is already leased to Sumitomo Mitsui Banking Corporation. We expect that our sales capabilities will support strong occupancy rates just as they have during soft leasing markets in the past.

We will also complete a number of properties in prime locations in fiscal 2011 and beyond. While we are approaching future projects prudently, we intend to continue investing in the outstanding projects that support future growth.

Our retail facility portfolio contains high-quality assets concentrated in the heavily populated Tokyo metropolitan area. Many of our retail facilities are linked with trains and other forms of public transportation, which helps make them environmentally sound. Projects in our pipeline as of March 31, 2009 included the large-scale LaLaport Iwata, which began operating in June 2009, and LaLaport Shin-Misato, which we will open in September 2009. We will employ our Growing Together concept in working to ensure strong relationships with tenants that support full occupancy. As in the case of our office building portfolio, we are prudently setting high hurdle rates for new projects. We intend to steadily begin operating the excellent projects we are now building while looking for outstanding opportunities to enhance our portfolio.

Mitsui Outlet Park Marine Pia Kobe
(Retail facilities / Opened in October 1999)

Trading Business

Sales of housing to end users and sales of income-producing properties to investors

Portfolio Growth Strategy:
Ample land bank and competitive lineup

Operating Income
(Billions of yen)

Sales of Housing to End Users: Stable Results from Value-Added Brands

Our competitive product lineup has supported solid sales and operating margin in the housing business in a difficult environment. In fiscal 2008, high-end, value-added properties and large-scale, high-rise properties accounted for approximately 70 percent of sales. This highly competitive product mix is a core Mitsui Fudosan strength, and a key factor supporting strong results relative to the market. Moreover, Group company Mitsui Fudosan Residential Co., Ltd. integrates the entire residential value chain from land acquisition through sales, which has helped us to understand customer needs and wants and efficiently supply the properties that increasingly selective consumers desire.

Mitsui Fudosan Residential assimilates customer needs by offering numerous brands that are in tune with customer lifestyles. However, Mitsui Fudosan Residential's greatest strength is that it is integrated from planning and construction through sales, which enables it to provide highly competitive properties that meet customer needs. Moreover, the high-quality management and operation services it provides once customers move into their new condominiums complement Mitsui Fudosan Group renovation and residential brokerage operations in the future.

Mitsui Fudosan's strategy of concentrating on superior properties in metropolitan Tokyo will lend strength to this business despite the projected decrease in Japan's popula-

THE TOYOSU TOWER
(Housing for sale / Completed in March 2009)

tion, because people continue to relocate to Tokyo. Moreover, several changes in the tax code favoring the residential real estate business are expected to support sales of housing to end users.

Operating income from sales of housing to end users is trending downward. Going forward, however, Mitsui Fudosan will focus resources on properties such as Park Court Akasaka The Tower (Minato-ku, Tokyo) that contribute strongly to overall performance in order to maintain its position of leadership in this segment.

While competition to acquire land abated to some extent during fiscal 2008, land costs remain an important factor determining 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 a land bank for approximately 18,000 units as of March 2009.

Park City Hamadayama
(Housing for sale / Completion scheduled for FY2009)

Park Court Azabujuban The Tower
(Housing for sale / Completion scheduled for FY2010)

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

Sales of Properties to Investors: Rejuvenation and Recovery of the J-REIT Market

The financial crisis has had a profound impact on sales of properties to investors as dysfunction in financial and capital markets has caused a sharp drop in the liquidity of the real estate investment market. The credit crunch that resulted from the financial crisis has greatly affected J-REITs, causing difficulties in procuring debt financing and declines in J-REIT investment unit prices that inhibit equity financing. Restoring the J-REIT market is crucial to overcoming the current adverse conditions and rejuvenating the real estate investment market.

One of our core strengths is our relationships with a broad range of investors through channels including the three J-REITs for which we provide asset management and the numerous private funds, investment corporations and other vehicles managed by Mitsui Fudosan Investment Advisors, Inc. During fiscal 2008, overall revenues in this business rose as increased sales to investors of income-producing properties such as office buildings through special purpose companies (SPCs) more than compensated for lower direct sales of properties to investors. Furthermore, while operating income in this business was down in fiscal 2008, the contribution to earnings from sales to investors has increased over the past several years, and we expect it to continue to remain a fundamental component of consolidated earnings over the course of New Challenge Plan 2016.

An integrated value chain has been a key to our strategy as investors that purchase properties typically turn to 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.

A Solid Pipeline and an Intelligent Level of Inventories

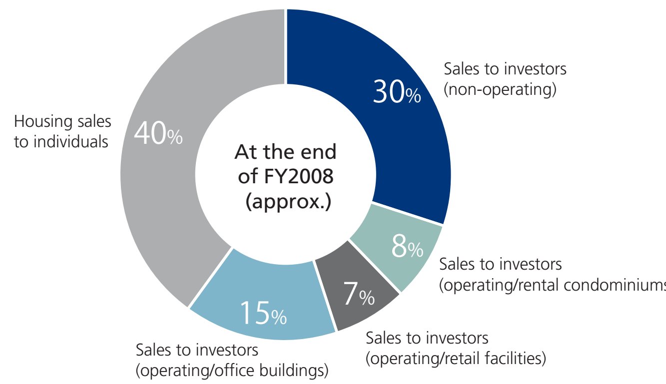
We have an inventory of land for approximately 18,000 units of residential housing, and are working on several large-scale developments. These efforts will include an integrated approach to create entire communities in a series of large-scale projects that will incorporate commercial

Mitsui Outlet Park Iruma (Retail facilities / Opened in April 2008)

and other facilities to raise competitiveness. Our land bank is a source of competitive strength because we not only acquire land on the open market, but also by continuously participating in high-value-added redevelopment and urban renaissance projects. Our large-scale redevelopment projects typically take time to complete, but they create lasting, long-term value that provides strong support to our revenues and earnings. We intend to strengthen our efforts to acquire high-quality redevelopment and urban renaissance projects while strengthening the profitability of Mitsui Fudosan Residential.

Mitsui Fudosan maintains ample inventories of properties for sale to investors, with ¥267 billion on the balance sheet and approximately ¥300 billion in SPCs. These are prime assets that are recognized as superior relative to the market. Our ability to supply properties to a broad range of investors other than J-REITs remains a core strength. As of March 31, 2009, 40 percent of total real estate inventories on the balance sheet and owned through SPCs was designated for sales of housing to end users, and 60 percent was designated for sales of properties to investors. Approximately 30 percent of these assets were not generating cash flow. However, Mitsui Fudosan expects these properties to be sold or in operation within the next three years, and the current inventory situation in no way approximates the difficult circumstances prevalent during the unwinding of Japan's bubble economy.

Breakdown of Housing Sales / Sales to Investors of Inventory Assets*
(Year ended March 31, 2009)

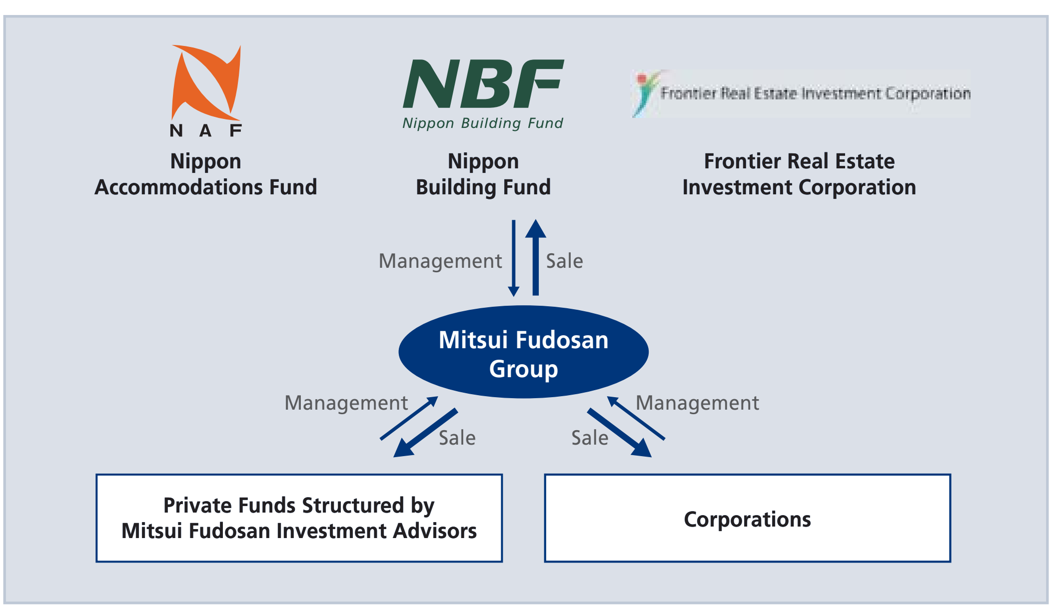


Ratio of non-operating assets for sale to investors

End of Fiscal 2008: approx. 30%
↓
End of Fiscal 2010: approx. 10% (estimate)

* Consolidated basis, real properties for sale (including advances paid for purchases) and assets held by SPCs for trading business

Model for Coexistence and Growth with REITs/Funds

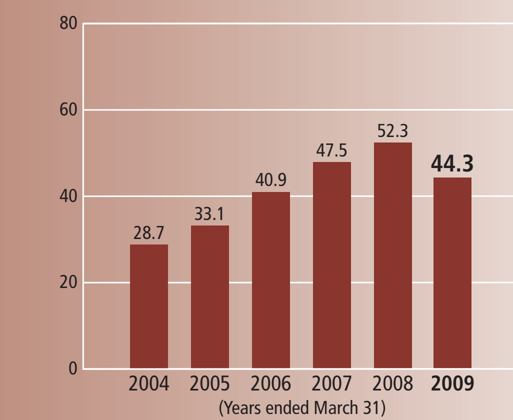


Management Business

Property management and asset management for REITs and private funds and brokerage

Portfolio Growth Strategy:
Raise ROE with fee-based businesses

Operating Income
(Billions of yen)



Core Strategy: Grow Assets under Management and Fee Income

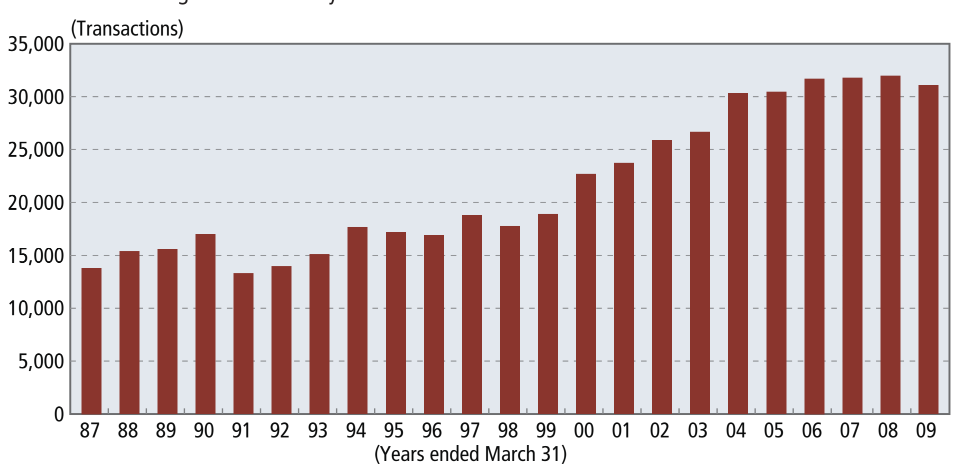
The management business entails property and asset management for J-REITs and private funds, and brokerage services. It has expanded assets under management and increased fee income by emphasizing its role as a trustee and contract service provider on behalf of investors and originators. Mitsui Fudosan 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. 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 to J-REITs, private funds also acquire properties that the Mitsui Fudosan Group developed, and contract with the Mitsui Fudosan Group for management services. Revenues from subleasing and development management are another source of fee income.

Fee Income Enhances 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 because it does not require an increase in assets. A key to Mitsui Fudosan's success in the management businesses is the ability of subsidiaries to handle a broad range of responsibilities covering the entire real estate value chain. As a result, fee income has been steady despite the impact of the financial crisis.

The Leader of Japan's Residential Brokerage Market for 23 Years
Nationwide Brokerage Transactions by the Mitsui Real Estate Sales Network



With a total of 31,084 brokerage transactions throughout Japan in the year ended March 2009, the Mitsui Real Estate Sales network has been number one for 23 consecutive years. Transactions have remained above 30,000 per year for each of the six years since the year ended March 2004.

Source: Ministry of Justice

Core Competencies Drive Fee Businesses

The brokerage services that Group company Mitsui Real Estate Sales Co., Ltd. provides in the secondary market for residential properties are central to the management business. 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, which indicates solid future growth potential. The Mitsui Fudosan Group's *Mitsui Rehouse* brand has been number one in Japan's brokerage market in terms of transaction volume for 23 consecutive years since 1986, although the turmoil in financial and real estate markets has negatively affected this business. We see the current difficult environment as an opportunity for re-engineering to cut costs, raise responsiveness and reorient sales and the earnings structure toward urban markets, and have initiated a restructuring program.

Moreover, we are energetically enhancing our masterleasing and development management operations. A representative example is Mitsui Fudosan's emergence as one of the largest operators of retail 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.

The financial crisis has had a pronounced effect on the corporate brokerage business, which is part of the management business. The recovery of this business is closely linked to the rejuvenation of the real estate investment market, which has contracted due to the financial crisis. Mitsui Fudosan is therefore moving to prepare corporate brokerage to meet needs as its markets recover.

Consistent Growth through Groupwide Cooperation

Assets under management totaled ¥2.8 trillion as of March 31, 2009. Fee income for the Mitsui Fudosan Group for fiscal 2008 totaled ¥24.3 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.

Akasaka Biz Tower (Office and retail facilities / Completed in March 2008)

Corporate Governance

The Mitsui Fudosan Group aims for sound, transparent and efficient management in building optimum corporate governance to earn the trust of all stakeholders. Measures to strengthen its internal system are one part of achieving that goal.

Sound and Efficient Management

Mitsui Fudosan has adopted a corporate officer system to build a business execution framework appropriate to its operating environment and business activities, enhancing the soundness and efficiency of management by separating and strengthening management and executive functions. In addition, the Group Corporate Officer System, in which corporate officers of both Mitsui Fudosan and its Group companies share an equal status and mission, was established to further strengthen Group management.

Improving Transparency and Expanding the Perspective of Management

Mitsui Fudosan invites and appoints outside directors in order to strengthen the oversight functions of the directors and enhance management transparency. The outside directors provide input as necessary on the reasonableness and adequacy of Mitsui Fudosan's decision making.

Furthermore, Mitsui Fudosan has established the Advisory Committee, consisting of experts from business and academia, to diversify the perspective of management by providing comprehensive and forward-looking advice from an objective viewpoint. The committee met twice in fiscal 2008, and each member offered valuable advice.

Decision-Making

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

In addition, the Strategy Planning Special Committee, the Risk Management Special Committee and the Environmental Special Committee function as advisory and strategy coordination bodies to the Executive Management Committee. The Strategy Planning Special Committee formulates and deliberates Group strategy and management plans and engages in risk management for Mitsui Fudosan and the Mitsui Fudosan Group in collaboration with the Risk Management Special Committee. The Environmental Special Committee, which is responsible for reviewing overall corporate social responsibility (CSR) efforts including environmental and social contributions, compiled the Mitsui Fudosan Group's position on CSR and its CSR themes.

Business Execution

The Board of Directors, comprising eleven members including three outside directors, makes decisions on material issues of Mitsui Fudosan and supervises the status of the directors' execution of business. The corporate auditors attend meetings of the Board of Directors and provide opinion as necessary.

In addition, Mitsui Fudosan has designated a special director who may pass judgment on the urgent acquisition or sale of assets when so empowered by the Board of Directors.

Mitsui Fudosan has adopted a corporate auditor system. The Board of Corporate Auditors, comprising five corporate auditors, including three outside auditors, formulates auditing policies and determines duty assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments. The corporate auditors receive periodic reports from the Audit Department and the certified public accountant and exchange information in working toward mutual cooperation.

As an internal auditing structure, the Audit Department carries out regular audits of all business departments and reports the results of its audits. It also works to enhance the effectiveness of internal control by identifying and providing guidance to audited divisions on areas requiring improvement.

Mitsui Fudosan has concluded an auditing contract with KPMG AZSA & Co. as its certified public accountant, which conducts appropriate audits as necessary in addition to the audit at the end of the fiscal year.

Mitsui Fudosan has no conflicts of interest with either the certified public accountant or the employees of the certified public accountant who audits the Company.

Internal Control System

While promoting the enhancement and operation of a system of internal control, Mitsui Fudosan is strengthening the system according to its basic policy on building an internal control system formulated in October 2006 to ensure the appropriateness of business including the conformance of business execution with laws and the articles of incorporation.

Response to Internal Control Report System Based on the Financial Instruments and Exchange Law (J-SOX)

The Internal Control Report System requires listed companies to establish and evaluate internal control related to financial reports, to prepare written reports, and to have auditors audit those reports. The Mitsui Fudosan Group set up a project team in April 2006 and has continued preparing for the system while integrating the opinions of outside specialists. The establishment of the Operating Administration Department in April 2007 as a J-SOX supervisory department completed a structure to enhance and operate internal control for the entire Group as well as to evaluate enhancements and operations.

During fiscal 2008, Mitsui Fudosan implemented J-SOX, evaluated upgrades and execution, and made improvements. As a result, the Company believes its internal controls relevant to consolidated financial reporting as of March 31, 2009 are effective, and has issued its Internal Control System Report pursuant to this evaluation. In addition, the auditors have audited the content of the report. Mitsui Fudosan will continue to evaluate upgrades and execution in working to strengthen its system of internal controls.

Risk Management

The Mitsui Fudosan Group believes that appropriately handling various business risks and minimizing their impact on management are the foundation for achieving sound business activities and CSR objectives.

Under the Executive Management Committee, which supervises overall risk management for Mitsui Fudosan and the Mitsui Fudosan Group, the Strategy Planning Special Committee and Risk Management Special Committee manage business risk and administrative risk, respectively, delineate and apprehend risk issues and propose response measures.

In addition, the Crisis Management Subcommittee, as a subordinate body of the Risk Management Special Committee, apprehends the circumstances of accidents or other incidents that occur and determines response policies and other matters as necessary.

Compliance

The Mitsui Fudosan Group promotes compliance that extends beyond legal compliance and adherence to corporate ethics, with a strong awareness of social norms and principles, and the social responsibilities of a company. With the establishment of the Mitsui Fudosan Group Compliance Policies as behavioral guidelines for all Group executives and employees, the Group works to prevent violations of laws and its articles of incorporation by upgrading the Compliance Rules and other internal rules and establishing the Risk Management Special Committee. Each Mitsui Fudosan Group company has also set up an Internal Consultation System on compliance for employees.

Compensation for Directors and Corporate Auditors

Compensation for directors and corporate auditors in the year ended March 31, 2009 was as follows:

Title	Number	Compensation
Directors	8	¥675 million
Corporate Auditors	7	¥13 million

The components of compensation for independent auditors are as follows in the year ended March 31, 2009:

Contractual compensation for audit certification and related responsibilities	¥402 million
Additional compensation	¥9 million

Other Significant Compensation

Mitsui Fudosan America, Inc., a consolidated subsidiary, paid ¥33 million in compensation to KPMG LLP, a member of the same network as Mitsui Fudosan's certified public accountant.

Content of Non-Audit Services of Submitting Companies Including the Certified Public Accountant

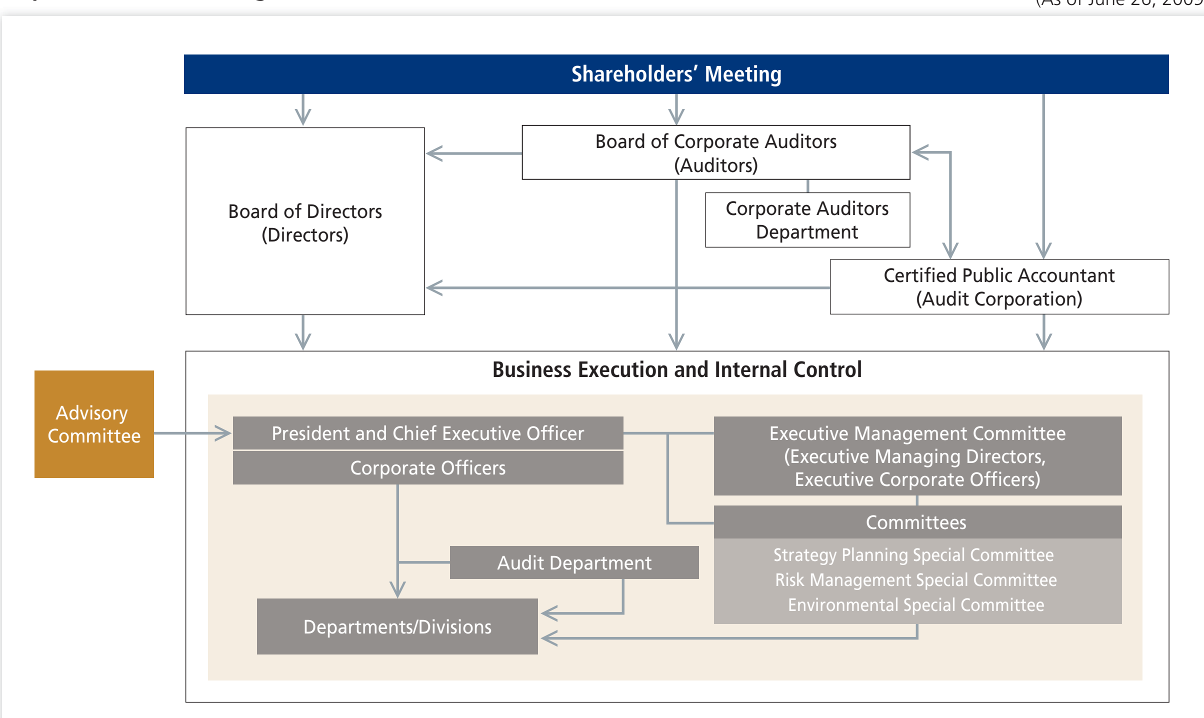
Non-audit services including those of the certified public account to which Mitsui Fudosan paid compensation consisted of advisory services related to the evaluation of internal control of financial reports.

Policy for Determining Audit Compensation

Mitsui Fudosan's policy to determine audit compensation for the certified public accountant is decided through rational consideration of factors including the number of days of auditing, the size of Mitsui Fudosan and special characteristics of its business.

Corporate Governance Organization

(As of June 26, 2009)



Management Team

(As of June 26, 2009)

Front row, from left: Mitsuhiro Matsumoto, Koichi Omuro, Hiromichi Iwasa, Tatsuo Soda, Yoshiki Kageyama
Back row, from left: Yoshiharu Hayakawa, Masanobu Komoda, Yoshiaki Iinuma, Seizo Kuramoto, Toshiharu Aoki, Mitsudo Urano

Members of the Board

President and Chief Executive Officer
Hiromichi Iwasa

Executive Vice Presidents
Koichi Omuro
Tatsuo Soda

Senior Executive Managing Directors
Mitsuhiro Matsumoto
Yoshiki Kageyama

Executive Managing Directors
Yoshiaki Iinuma
Seizo Kuramoto
Masanobu Komoda

Managing Directors (Outside Directors)
Toshiharu Aoki
Yoshiharu Hayakawa
Mitsudo Urano

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

Executive Vice Presidents

Koichi Omuro
In charge of Space & Environment Institute

Tatsuo Soda
In charge of Audit Department

Senior Executive Managing Officers

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

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

Executive Managing Officers

Yoshiaki Iinuma
In charge of Sales Offices;
General Manager, Retail Properties Division

Seizo Kuramoto
In charge of Accounting and Finance Department, Operating Administration Department, Information Systems Department

Masanobu Komoda
In charge of Executive Secretarial Department, Corporate Communications Department, Planning and Research Department, Affiliated Business Department, Toyosu-Project Development Planning Department, Kashiwanoha Campus City Project Development Planning Department, Land Development Department, Development Planning Department, Gotanda Project Department;
General Manager, Principal Investments Department

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

Hitoshi Saito
In charge of International Department

Toshihide Ichikawa
In charge of Tokyo Midtown Development Department, Resort Development Department; General Manager, Accommodations Business Division

Yoshikazu Kitahara
Deputy General Manager, Office Building Division

Shougo Nakai
In charge of Appraisal Department;
General Manager, General Administration Department

Kenji Iino
General Manager, Personnel Department

Managing Officers

Yasuhiko Yamashiro
General Manager, Office Building Development Department (I), Office Building Division;
General Manager, Mitsui Memorial Hospital Redevelopment Project

Masatoshi Ozaki
General Manager, Real Estate Solution Services Division

Yasuo Onozawa
General Manager, Chiyoda Area Development Department, Office Building Division

Group Managing Officers

Group Senior Managing Officers

Minoru Satou
Mitsui Real Estate Sales Co., Ltd.

Hidehisa Takei
Mitsui Real Estate Sales Co., Ltd.

Hiroshi Asai
Mitsui Fudosan Investment Advisors, inc.

Group Managing Officers

Takashi Ikeda
Mitsui Fudosan Housing Service Co., Ltd.

Takeshi Suzuki
Mitsui Fudosan Residential Co., Ltd.

Youichi Arita
Mitsui Fudosan Building Management Co., Ltd.

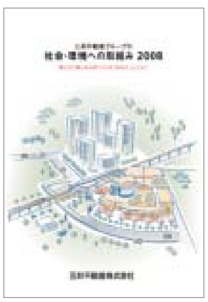
Tadashi Ando
LaLaport Management Co., Ltd.

Kiyotaka Fujibayashi
Mitsui Fudosan Residential Co., Ltd.

Corporate Social Responsibility

The Mitsui Fudosan Group is committed to contributing to environmentally responsible social and economic development under a corporate philosophy of coexisting in harmony with society and linking diverse values. Our mission is clear: bring enrichment and greater comfort to the urban environments we create while protecting the local and global environment. Our corporate social responsibility initiatives therefore center on the environment, the quality of our products and services, and the creation of value in supporting community development.

The Environment: Clear Policies and Goals for the Entire Group



The Mitsui Fudosan Group and Its Commitment to the Environment 2008

The Mitsui Fudosan Group takes a comprehensive approach to protecting the environment. In October 2008, the Mitsui Fudosan Group revised its Group Environmental Policy to enhance its emphasis on the environment from the design stage, and to support efforts to minimize the burden placed on the environment by corporate administration and the operation of properties. Moreover, the Environmental Management Committee within the Environmental Special Committee works together with 14 Group companies to develop and implement environmental initiatives under the Group Environmental Policy.

A Comprehensive Approach to Reducing Environmental Impact

Our initiatives to reduce environmental impact include preventing pollution, rigorously complying with environmental laws, and implementing our own independent standards to ensure the highest level of environmental compatibility. 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, and case studies for equipment and methods. Moreover, we regularly revise the eco-specifications to ensure that they continuously meet the requirements of customers and society.

Certification of the Group's Environmental Management System

The Mitsui Fudosan Group has a consistent program for obtaining ISO 14001 certification of the components 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 2009, a total of six divisions and seven facilities in Mitsui Fudosan Co., Ltd. and eight 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. In addition, in fiscal 2006, Mitsui Fudosan began using the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE), the assessment system recommended by the Ministry of Land, Infrastructure, Transport and Tourism, in order to evaluate the environmental efficiency of new buildings at the design stage. 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 September 2008, Mita M-Square (Minato-ku, Tokyo), and Akasaka Biz Tower (Minato-ku, Tokyo) were in the process of acquiring the certification. Moreover, Yodoyabashi Mitsui Building (Chuo-ku, Osaka City), completed in March 2008, obtained the CASBEE Osaka rank of S, joining three office buildings and a retail property that are totally or partially owned by the Mitsui Fudosan Group that have received an S from the Institute.

Education and Communication to Protect the Environment

Environmental training in progress

Mitsui Fudosan conducts environmental training every year for all new employees to provide them with basic knowledge on environmental issues and teach them the Group's Environmental Policy and environmental initiatives. In addition, the employees of each operating division receive environmental training every year. Mitsui Fudosan also uses intra-Group magazines to encourage environmental awareness through means such as intranet communication, energy conservation workshops, environmental study groups and annual seminars.

The same street corner becomes forested over time.

Creating Forests to Absorb and Fix CO_2

Mitsui Fudosan has been planting woods in the detached house residential neighborhoods it has developed since 1980. This has created tiered forests on slopes and unused land within and on the periphery of development project areas, with the use of mixed nursery-grown plants enabling biodiverse forests within in a short period of time. The woods are both aesthetically and environmentally important. As of 2008, they had absorbed and fixed a cumulative 5,935 tons of CO_2.

Quality: A Groupwide Commitment

The Mitsui Fudosan Group serves many customers in an array of fields, and believes that listening to customers is the best way to enhance their satisfaction. Therefore, we gather the opinions of customers through means including surveys and group interviews. We then incorporate this data in products, services and operations to ensure strong, long-term relationships with customers.

Office Buildings That Put Workers First

In the office building business, we are dedicated to creating secure, comfortable and convenient office environments based on the concept of Workers First. We conduct tenant satisfaction surveys that become the basis for creating an office environment where workers can work safely and securely. We also work to enhance the environment for visitors to our buildings.

Residential Housing That Satisfies

Mitsui Fudosan Residential Co., Ltd. is devoted to enhancing the level of satisfaction of the customers who purchase its condominium and detached housing properties. Its Customer Support Center primarily handles inquiries in areas such as loan and contract details, while the After-Sales Service Centers mainly handle consultations and problems relating to the facilities and equipment after customers move into their new home. In addition, Mitsui Fudosan Residential conducts multiple customer surveys after the move, typically within six months and after 18 months. We also use customer satisfaction and usage surveys in the rental housing business to improve user-friendliness and customer satisfaction.

Truly Attractive Retail Facilities

Growing Together is the brand concept that defines Mitsui Fudosan's retail facilities business. It represents our commitment to cooperating with customers and tenants to create value. Retail facility operator LaLaport Management Co., Ltd. is executing a range of initiatives to enhance the satisfaction of customers visiting the retail facilities, while promoting closer collaboration with tenants. These include patrolling properties to provide assistance to customers in need and regular meetings with tenants to create a communicative, cooperative relationship. Moreover, at LaLaport Shin-Misato, scheduled to open in September 2009, a pedestrian deck will be installed from Shin-Misato Station and a hybrid fuel cell bus will operate a shuttle service between the facility and nearby facilities.

Community: Activities That Support Vitality and Quality of Life

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 Music Festival, which introduces music from around the world, and the Sumida River Fireworks, one of the most famous fireworks displays in Tokyo. Moreover, Mitsui Fudosan has been a co-sponsor of the Special Olympics since 1995, and employees have also begun supporting this important sporting event as volunteers in areas such as providing support services to athletes at the lodging facility.

The Tokyo Summer Music Festival

Contributing to Our Home Neighborhood of 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. Today, our Eco Edo Nihonbashi project shares the intense and successful recycling culture of Edo, the former name of Tokyo. We have also presented artwork depicting historical images of the Nihonbashi area spanning nearly 400 years to beautify the exterior surface of fences enclosing construction sites.

Nihonbashi residents help in purification ceremonies for new properties

Third Japan SC Awards (2008)

Alpark

LaLaport Tokyo-Bay

The Japan Council of Shopping Centers (JCSC) announced its Third Japan SC Awards (2008) in March 2008. Four Mitsui Fudosan retail facilities won major awards. The Japan SC Awards were established in 2004 to honor those shopping centers that contribute to the overall image of the industry and contribute to society and environmental protection.

Mitsui Fudosan's goal is to develop retail facilities that are rooted in the community and grow with the neighborhoods in which they are located. We want our shopping centers to energize and contribute to their communities, and the SC Awards are positive affirmation of our success in doing so.

Arcakit Kinshicho received a Local Community Contribution SC Award because of its success at contributing to local revitalization of an urban area by regenerating the vacant stores of a department store. It also supports local disaster and crime prevention, local festivals, and other beneficial neighborhood activities.

Alpark received a Local Community Contribution SC Award because it has concluded disaster prevention agreements with local citizen organizations and local government bodies under which it holds three emergency drills annually. The award also recognized its efforts to reduce waste through the introduction of a metered charging system for refuse.

LaLaport Tokyo-Bay won a Gold Award. Among Japan's largest shopping complexes, it attracts over 20 million visitors a year. Mitsui Fudosan has executed ten renewals over the twenty years since its opening to ensure an exceptional shopping center that integrates multiple functions to contribute to a higher quality of life.

Lazona Kawasaki Plaza received a New Face SC Award as an outstanding newly opened facility designed to enhance customer satisfaction and convenience. This shopping center provides a broad range of services, and its sales performance has exceeded expectations.

Good Design Awards

Mitsui Fudosan received four 2008 Good Design awards. This was the ninth consecutive year that Mitsui Fudosan has received Good Design awards since the competition for 2000, when it became the first in the industry to receive an award for a condominium property.

Our multifaceted commitment to quality and customer satisfaction was a key factor in winning the awards. Mitsui Garden Hotel Prana Tokyo Bay won an award in the industry/office category, while Urban Dock Park City Toyosu won an award in the single-family houses and multiple dwelling units category. Mitsui Fudosan's Park Homes series also received an award in the single-family houses and multiple dwelling units category for its overall effort to create environmentally friendly housing, while Mitsui Fudosan Residential's Pinocchio Program for children received a Media award.

Financial Section

Contents

Six-Year Summary

Mitsui Fudosan Co., Ltd. and its Subsidiaries

Years ended March 31	2009	2008	2007	2006	2005	2004	2009
	Millions of yen except per share amounts and number of employees						Thousands of U.S. dollars except per share amounts (Note 1)
FOR THE YEAR:							
Revenue from operations	**¥1,418,946**	¥1,360,023	¥1,229,194	¥1,159,280	¥1,111,359	¥1,102,844	**$14,445,139**
Interest, dividends and miscellaneous	**9,389**	27,509	23,946	16,949	11,320	11,652	**95,582**
Costs and expenses (including tax)	**1,349,178**	1,305,778	1,180,528	1,121,676	1,096,075	1,103,241	**13,734,888**
Equity in net income of affiliated companies	**5,980**	7,064	4,410	3,155	3,596	3,535	**60,878**
Minority interests	**(1,565)**	(1,440)	(1,808)	(1,167)	(1,507)	(335)	**(15,932)**
Net income	**83,572**	87,378	75,214	56,541	28,693	14,455	**850,779**
AT YEAR-END:							
Total assets	**¥3,758,387**	¥3,634,489	¥3,294,190	¥2,986,502	¥2,928,199	¥2,916,583	**$38,261,091**
Shareholders' equity and valuation and translation adjustments	**978,667**	971,310	944,196	858,364	687,718	659,165	**9,963,015**
Common stock	**174,296**	174,296	174,296	174,296	134,433	134,433	**1,774,366**
Number of employees	**15,476**	14,788	13,299	13,053	12,707	12,808	
PER SHARE DATA:							
Net income (basic)	**¥ 95.1**	¥ 99.4	¥ 85.5	¥ 67.5	¥ 34.7	¥ 17.5	**$ 0.968**
Cash dividends applicable to the year	**22.0**	20.0	14.0	10.0	7.0	7.0	**0.224**
RATIOS:							
Equity ratio (%) (Note 2)	**26.0**	26.7	28.7	28.7	23.5	22.6	
Return on assets (%) (Note 3)	**5.06**	5.53	5.50	4.92	4.30	4.06	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥98.23 = U.S.$1.00, the approximate exchange rate at March 31, 2009.
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

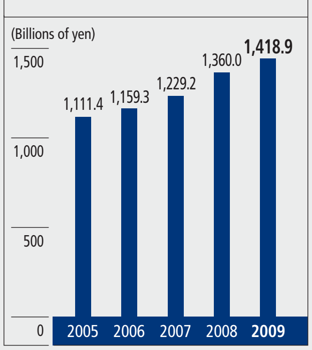
(Billions of yen, %)

Years ended March 31	2009		2008		2007	
Revenue from operations	**¥1,418.9**	**100.0%**	¥1,360.0	100.0%	¥1,229.2	100.0%
Cost of revenue from operations	**1,098.4**	**77.4**	1,039.3	76.4	942.9	76.7
Selling, general and administrative expenses	**149.0**	**10.5**	141.4	10.4	124.4	10.1
Operating income	**171.5**	**12.1**	179.3	13.2	161.8	13.2
Other revenues	**9.4**	**0.7**	27.5	2.0	23.9	1.9
Interest expenses	**29.8**	**2.1**	26.0	1.9	21.4	1.7
Other expenses	**41.1**	**2.9**	32.8	2.4	52.8	4.3
Equity in net income of affiliated companies	**6.0**	**0.4**	7.1	0.5	4.4	0.4
Income before income taxes and minority interests	**116.0**	**8.2**	155.1	11.4	116.0	9.5
Income taxes	**30.8**	**2.2**	66.2	4.9	39.0	3.2
Minority interests	**(1.6)**	**(0.1)**	(1.4)	(0.1)	(1.8)	(0.2)
Net income	**¥ 83.6**	**5.9**	¥ 87.4	6.4	¥ 75.2	6.1

Revenue from Operations

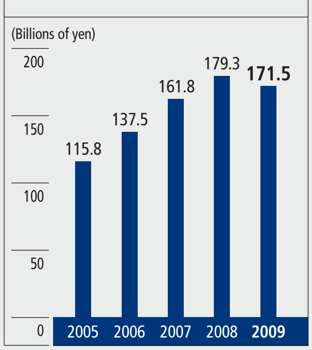
For fiscal 2008, the year ended March 31, 2009, consolidated revenue from operations increased 4.3 percent year on year, or ¥58.9 billion, to ¥1,418.9 billion. Revenue increased in the Leasing segment because of the full-year contribution of office buildings such as GranTokyo North Tower (Chiyoda-ku, Tokyo) and Akasaka Biz Tower (Minato-ku, Tokyo), and also benefited from the start of operations at retail facilities completed during fiscal 2008, such as Mitsui Outlet Park Iruma (Iruma, Saitama) and Mitsui Outlet Park Sendai Port (Sendai, Miyagi). Unit prices increased for properties sold to individuals in the Sales of Housing, Office Buildings and Land segment because of the greater proportion of sales in metropolitan Tokyo, which also contributed to higher revenue. However, revenue from sales of properties to investors decreased year on year. Solid performance in the asset management business in the Brokerage, Consignment Sales and Consulting segment revenue did not fully compensate for a significant decline in transaction volume in the corporate brokerage business. Revenue was steady year on year in the Property Management segment.

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 5.7 percent year on year, or ¥59.1 billion, to ¥1,098.4 billion. As a result, gross profit from operations was marginally lower year on year at ¥320.5 billion, and the gross margin decreased to 22.6 percent from 23.6 percent for the previous fiscal year.

Selling, general and administrative (SGA) expenses increased 5.4 percent year on year, or ¥7.6 billion, to ¥149.0 billion, reflecting increased advertising and promotion expenses as Mitsui Fudosan moved to support revenue in an increasingly competitive market environment. Personnel and retirement expenses also increased.

Operating Income

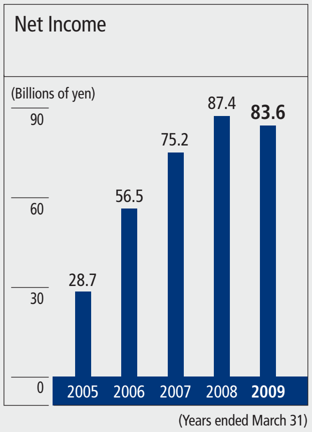
The accompanying consolidated financial statements do not include operating income as a discrete line item. Calculated as revenue from operations less cost of revenue from operations and SGA expenses, operating income decreased 4.3 percent year on year, or ¥7.7 billion, to ¥171.5 billion.

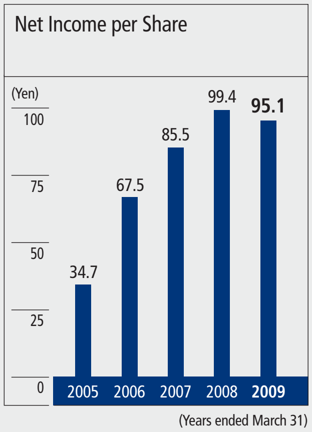
Other Revenue and Expenses and Interest Expenses

Interest, dividends and miscellaneous revenue decreased 65.9 percent, or ¥18.1 billion, to ¥9.4 billion. In fiscal 2007, a major component of this item was gain on sale of property and equipment and gain on sale of investment securities. In fiscal 2008, however, Mitsui Fudosan did not generate either of these gains.

Interest income decreased 21.2 percent, or ¥0.1 billion, while dividend income increased 16.7 percent, or ¥0.4 billion. Interest expenses increased 14.4 percent, or ¥3.7 billion, to ¥29.8 billion because Mitsui Fudosan accessed external resources to acquire property and equipment as well as inventories and to continue funding growth opportunities. The interest coverage ratio, calculated as the sum of operating income and interest, dividends and miscellaneous revenue divided by interest expenses, was 6.1 times compared to 7.9 times for the previous fiscal year.

Other expenses increased 25.7 percent, or ¥8.4 billion, to ¥41.1 billion. This year-on-year change resulted primarily from impairment loss on investment securities, reflecting in part the impact of lower securities prices. Impairment loss on investment securities totaled ¥17.6 billion, compared with ¥5.4 billion in the previous fiscal year. Loss on disposal of property and equipment resulting from redevelopment of office buildings totaled ¥6.1 billion.





Income before Income Taxes and Minority Interests and Net Income

Equity in net income of affiliated companies decreased 15.3 percent, or ¥1.1 billion, year on year to ¥6.0 billion. As a result of lower operating income and increased other expenses, income before income taxes and minority interests decreased 25.2 percent year on year, or ¥39.1 billion, to ¥116.0 billion. Income taxes net of deferrals decreased 53.4 percent, or ¥35.4 billion, to ¥30.8 billion. Consequently, net income decreased 4.4 percent year on year, or ¥3.8 billion, to ¥83.6 billion. Net income per share decreased to ¥95.1 from ¥99.4 for the previous fiscal year. Although net income decreased, Mitsui Fudosan increased annual cash dividends per share to ¥22.0 from ¥20.0 for the previous fiscal year.

Segment Information

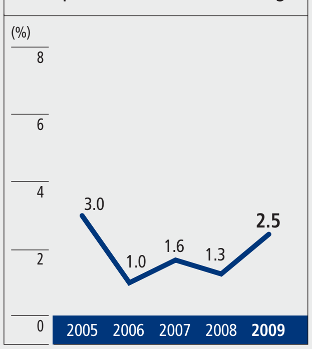
Leasing

Years ended March 31		2009 Floor space (m²)	2009 Revenue (Millions of yen)	2008 Floor space (m²)	2008 Revenue (Millions of yen)
Office buildings and retail facilities:	Owned	**2,093,443**		1,999,887	
	Managed	**2,099,718**		2,065,210	
	Office buildings		**¥303,467**		¥265,516
	Retail facilities		**107,375**		92,295
	Total	**4,193,161**	**¥410,843**	4,065,098	¥357,811
		Units		Units	
Residential:	Owned	**314**		296	
	Managed	**75,042**		69,288	
	Total	**75,356**	**¥ 78,462**	69,584	¥ 71,139
Other (car parks, etc.)			**40,449**		40,048
Total revenue			**¥529,756**		¥469,000
Operating income			**¥ 99,529**		¥ 90,666

Segment revenue increased 13.0 percent year on year, or ¥60.8 billion, to ¥529.8 billion. Performance benefited from the full-year operation of office buildings such as GranTokyo North Tower (Chiyoda-ku, Tokyo) and Akasaka Biz Tower (Minato-ku, Tokyo). Despite the increase in vacancy rates in the overall market, income from existing buildings increased, particularly in the central business districts of Tokyo. Performance in the retail facilities category benefited from the start of operations at retail facilities completed during fiscal 2008, such as Mitsui Outlet Park Iruma (Iruma, Saitama) and Mitsui Outlet Park Sendai Port (Sendai, Miyagi). Other positive factors included the full-year contribution of several new retail facilities including Ginza Velvia-kan (Chuo-ku, Tokyo) and the NITTA Building (Chuo-ku, Tokyo). The residential leasing business also increased units under management.

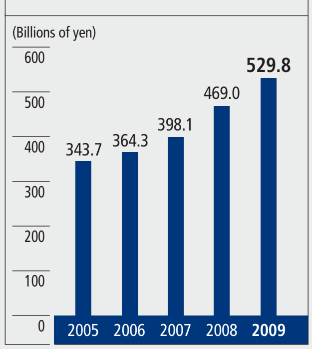
Segment operating income increased 9.8 percent year on year, or ¥8.9 billion, to ¥99.5 billion. Factors included the full-year contribution of several office building and retail facility projects that began operating during the previous fiscal year. Mitsui Fudosan’s vacancy rate for office buildings in the Tokyo metropolitan area on a nonconsolidated basis was 2.5 percent as of March 31, 2009, compared to 1.3 percent at the previous fiscal year-end. On a consolidated basis including overseas operations, the vacancy rate for office buildings and retail facilities was 2.2 percent as of March 31, 2009, compared to 1.3 percent as of March 31, 2008 and 1.4 percent as of March 31, 2007.

Vacancy Rate for Tokyo Metropolitan Area Office Buildings



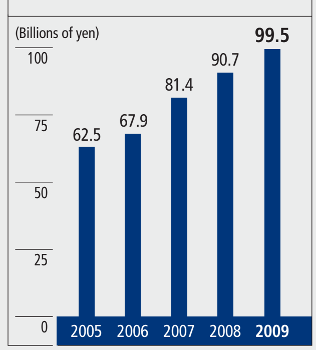
(Nonconsolidated) (As of March 31)

Revenue from Operations



(Years ended March 31)

Operating Income



(Years ended March 31)

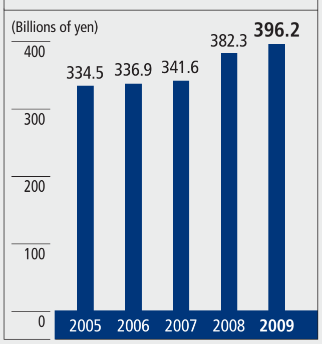
Sales of Housing, Office Buildings and Land

Years ended March 31		2009 Units	2009 Revenue (Millions of yen)	2009 Average unit price (Millions of yen)	2008 Units	2008 Revenue (Millions of yen)	2008 Average unit price (Millions of yen)
Condominiums:	Tokyo metropolitan area	**4,372**	**¥248,917**	**¥57**	4,133	¥199,318	¥48
	Other	**834**	**25,987**	**31**	1,116	35,658	32
	Total	**5,206**	**¥274,904**	**¥53**	5,249	¥234,977	¥45
Detached housing:	Tokyo metropolitan area	**534**	**¥ 28,418**	**¥53**	630	¥ 32,379	¥51
	Other	**38**	**1,772**	**46**	83	3,009	36
	Total	**572**	**¥ 30,191**	**¥53**	713	¥ 35,389	¥50
Total housing sales:	Tokyo metropolitan area	**4,906**	**¥277,335**	**¥57**	4,763	¥231,697	¥49
	Other	**872**	**27,759**	**32**	1,199	38,667	32
	Total	**5,778**	**¥305,095**	**¥53**	5,962	¥270,364	¥45
Other sales revenue			**¥ 91,143**			¥111,899	
Total revenue			**¥396,239**			¥382,267	
Operating income			**¥ 48,611**			¥ 57,810	

Segment revenue increased 3.7 percent year on year, or ¥14.0 billion, to ¥396.2 billion. Total units of condominiums and detached houses sold to individuals decreased by 184 to 5,778 units. Revenue from sales of condominiums to individual customers increased 17.0 percent, or ¥39.9 billion, to ¥274.9 billion despite slightly lower sales volume due to an increase in sales of high-value-added condominiums, which raised average unit prices. The number of units sold decreased to 5,206 from 5,249 in the previous fiscal year. Sales of detached houses to individual customers decreased to 572 units from 713 units in the previous fiscal year. Other sales revenue, comprising revenue from sales to investors of income-producing properties developed by the Company, decreased 18.5 percent, or ¥20.8 billion, to ¥91.1 billion. As of March 31, 2009, Mitsui Fudosan Residential Co., Ltd. had 919 units in completed inventories, consisting of 826 condominium units and 93 detached houses, up from 568 units a year earlier, which consisted of 453 condominium units and 115 detached houses.

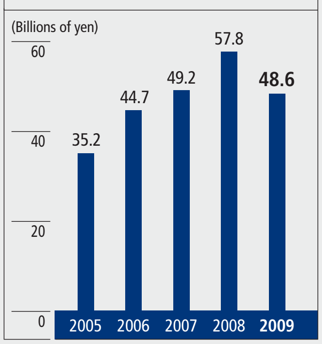
Segment operating income decreased 15.9 percent year on year, or ¥9.2 billion, to ¥48.6 billion. Sales of properties to investors decreased but remained profitable, and distributions from SPCs following the sales of office buildings and other properties were another factor that contributed to operating income. However, segment operating income decreased because of loss on devaluation of real property for sale totaling ¥15.9 billion, with ¥13.1 billion allocated to inventories for individuals and ¥2.7 billion allocated to inventories for investors.

Revenue from Operations



(Years ended March 31)

Operating Income



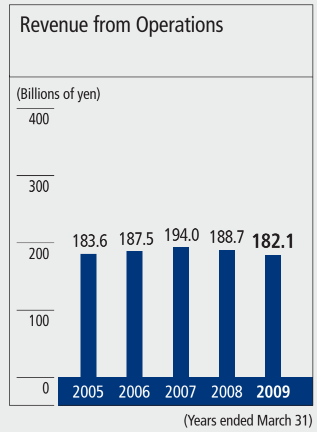
(Years ended March 31)

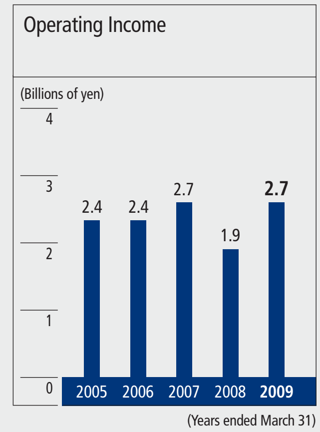
Construction

(Millions of yen)

Years ended March 31	2009	2008
Orders:		
Work-on-hand at beginning of period	**¥103,205**	¥110,841
Orders during period	**172,156**	187,441
Total	**¥275,362**	¥298,282
Net sales	**¥186,269**	¥194,219
Work-on-hand at end of period	**¥ 89,093**	¥104,062
Total revenue	**¥182,074**	¥188,659
Operating income	**¥ 2,731**	¥ 1,900

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

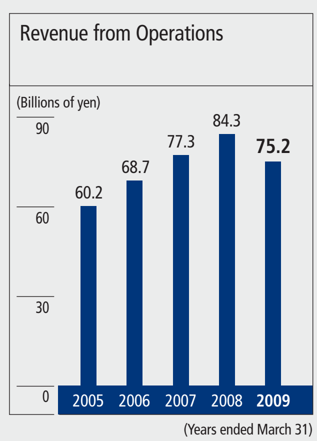


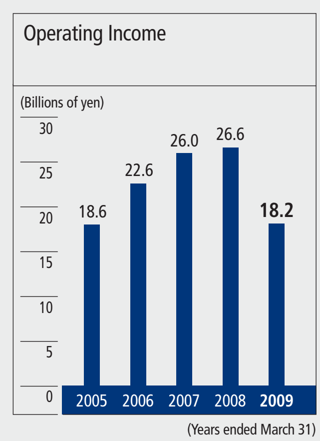


Segment revenue decreased 3.5 percent year on year, or ¥6.6 billion, to ¥182.1 billion. Mitsui Home Co., Ltd., a consolidated subsidiary, handles operations in this segment. It is one of Japan's leading builders of two-by-four wood-frame homes, and specializes in high-quality, upscale housing and the 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. However, segment operating income increased 43.7 percent year on year, or ¥0.8 billion, to ¥2.7 billion as a result of enhanced productivity.

Brokerage, Consignment Sales and Consulting

Years ended March 31	2009		2008	
	Units	Revenue (Millions of yen)	Units	Revenue (Millions of yen)
Revenue:				
Brokerage	**30,338**	**¥52,799**	31,757	¥62,097
Consignment sales	**3,143**	**7,000**	5,358	10,067
Consulting	**—**	**15,394**	—	12,104
Total revenue		**¥75,195**		¥84,269
Operating income		**¥18,151**		¥26,595





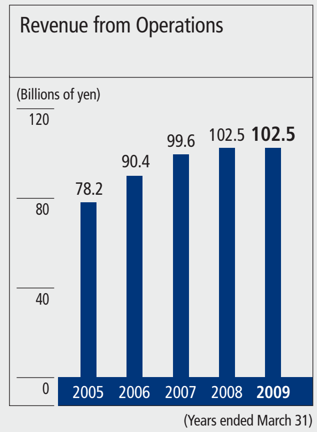
Segment revenue decreased 10.8 percent year on year, or ¥9.1 billion, to ¥75.2 billion. Steady asset management performance by Mitsui Fudosan Investment Advisors, Inc. and Nippon Building Fund Management Ltd., which provides asset management for private funds and J-REITs such as Nippon Building Fund, underpinned revenue. Mitsui Fudosan also received a substantial incentive fee during the fiscal year. 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. Difficult market conditions, particularly in the second half of the fiscal year, caused both unit prices and transaction volume to decrease. Moreover, transaction volume fell sharply in its corporate brokerage business due to the impact of the financial crisis on the real estate investment market.

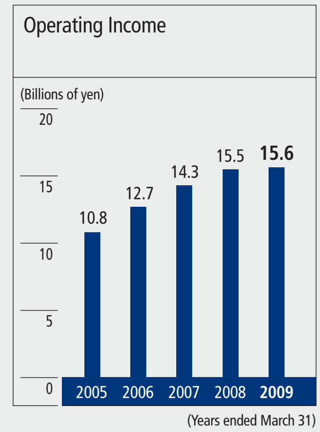
Segment operating income decreased 31.8 percent year on year, or ¥8.4 billion, to ¥18.2 billion. Earnings in this segment benefited from stable fee income from asset, project and investment fund management. However, the decrease in earnings from the brokerage business impacted segment operating income strongly. Mitsui Fudosan is currently restructuring the brokerage business to position it for recovery.

Property Management

(Millions of yen)

Years ended March 31	2009	2008
Revenue: Property management	**¥ 77,151**	¥ 73,141
Tenant improvement	**25,339**	29,322
Total revenue	**¥102,491**	¥102,464
Operating income	**¥ 15,574**	¥ 15,497





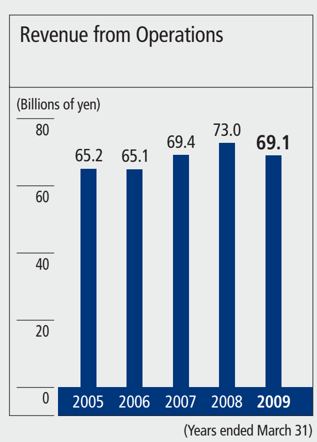
Segment revenue increased marginally year on year to ¥102.5 billion. The contribution of new Group-managed properties such as Mitsui Outlet Park Iruma (Iruma, Saitama) supported stable performance in this segment despite a turbulent external environment. However, the absence of substantial fees from a program to add tenants at Tokyo Midtown that supported results in the previous fiscal year blunted revenue growth. The Property Management segment is strategic because it allows Mitsui Fudosan to generate fee-based revenue and earnings to complement revenue derived from asset growth in other businesses. 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 Residential, and LaLaport Management Co., Ltd., which manages retail facilities.

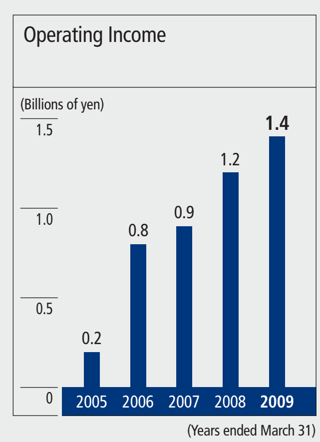
Segment operating income increased marginally year on year to ¥15.6 billion. Earnings drew stable support from management of office buildings, retail facilities and other properties completed in the previous fiscal year.

Sales of Housing Materials and Merchandise

(Millions of yen)

Years ended March 31	2009	2008
Revenue: Housing materials	**¥24,791**	¥25,496
Merchandise	**44,322**	47,478
Total revenue	**¥69,115**	¥72,975
Operating income	**¥ 1,423**	¥ 1,170





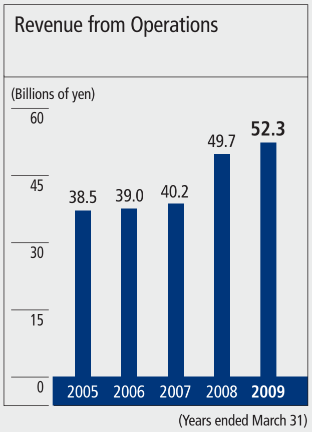
Segment revenue decreased 5.3 percent year on year, or ¥3.9 billion, to ¥69.1 billion. Factors included lower revenues at Mitsui Designtec Co., Ltd. and the impact on revenues from the decision by LaLaport Management Co., Ltd. to discontinue sales of certain unprofitable products. Segment operating income increased 21.6 percent year on year, or ¥0.3 billion, to ¥1.4 billion.

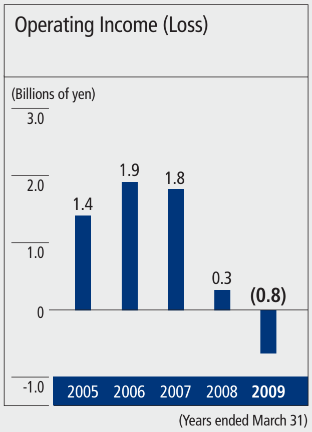
Facility Operations

(Millions of yen)

Years ended March 31	2009	2008
Revenue: Hotels	**¥40,029**	¥37,499
Other	**12,288**	12,245
Total revenue	**¥52,318**	¥49,745
Operating income	**¥ (792)**	¥ 269

Segment revenue increased 5.2 percent year on year, or ¥2.6 billion, to ¥52.3 billion. Factors increasing revenue included the full-year contribution of two hotels completed during the previous fiscal year — Mitsui Garden Hotel Shiodome Italia-gai (Minato-ku, Tokyo) and Mitsui Garden Hotel Prana Tokyo Bay (Urayasu, Chiba) — and the full-year contribution of four resort facilities acquired during the previous fiscal year, including Nemunosato (Shima, Mie). Segment operating loss totaled ¥0.8 billion compared to segment operating income of ¥0.3 billion for the previous fiscal year, as unfavorable economic conditions reduced occupancy rates at the segment's hotels and resort facilities.



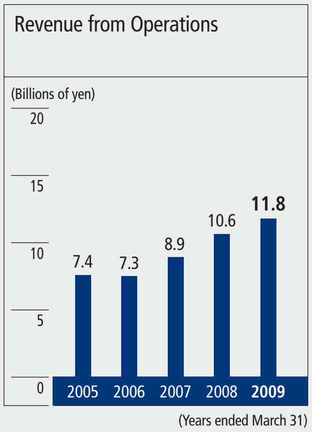


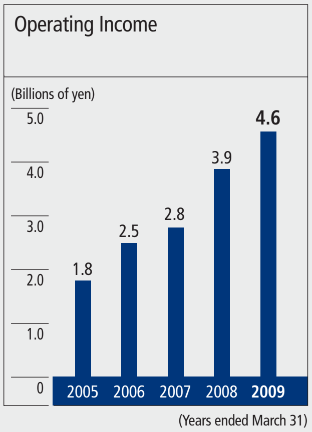
Other

(Millions of yen)

Years ended March 31	2009	2008
Revenue: Finance and lease	**¥ 1,595**	¥ 1,362
Other	**10,161**	9,281
Total revenue	**¥11,758**	¥10,644
Operating income	**¥ 4,611**	¥ 3,904

Segment revenue increased 10.5 percent year on year, or ¥1.1 billion, to ¥11.8 billion. Segment operating income increased 18.1 percent year on year, or ¥0.7 billion, to ¥4.6 billion.





Liquidity, Capital Resources and Financial Position

Assets

(Billions of yen, %)

As of March 31	2009		2008		2007	
Cash and cash equivalents	¥ 62.9	1.7%	¥ 63.5	1.8%	¥ 81.8	2.5%
Inventories	773.9	20.6	662.3	18.2	541.2	16.4
Other current assets	290.7	7.7	290.4	8.0	333.9	10.1
Investments and other assets	596.6	15.9	669.3	18.4	628.7	19.1
Net property and equipment	2,034.3	54.1	1,949.0	53.6	1,708.6	51.9
Total	¥3,758.4	100.0%	¥3,634.5	100.0%	¥3,294.2	100.0%

Liabilities and Net Assets

(Billions of yen, %)

As of March 31	2009		2008		2007	
Interest-bearing debt—Short term	¥ 226.2	6.0%	¥ 263.2	7.2%	¥ 242.8	7.4%
Interest-bearing debt—Long term	1,507.3	40.1	1,287.2	35.4	1,015.7	30.8
Total interest-bearing debt	1,733.5	46.1	1,550.4	42.7	1,258.5	38.2
Other current liabilities[1]	398.3	10.6	453.9	12.5	443.1	13.5
Other long-term liabilities[2]	626.7	16.7	638.2	17.6	629.4	19.1
Minority interests	21.0	0.6	20.6	0.6	19.0	0.5
Net assets (other than minority interests)	978.9	26.0	971.4	26.7	944.2	28.7
Total	¥3,758.4	100.0%	¥3,634.5	100.0%	¥3,294.2	100.0%

Notes: 1. Consists of current liabilities other than bank loans, commercial paper and long-term debt due within one year presented on the balance sheets.
2. Consists of long-term liabilities other than long-term debt due after one year presented on the balance sheets.

Current Assets

Current assets increased 11.0 percent from the previous fiscal year-end, or ¥111.3 billion, to ¥1,127.5 billion. Cash and cash equivalents decreased 1.0 percent, or ¥0.6 billion, from a year earlier to ¥62.9 billion, with the addition of cash from operations and financing to the balance sheet compensating for the use of cash to fund inventories and other operating activities. Inventories increased 16.9 percent from a year earlier, or ¥111.6 billion, to ¥773.9 billion. Factors included acquisition of land for housing by Mitsui Fudosan Residential. 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 7.6 percent, or ¥7.4 billion, to ¥89.8 billion as Mitsui Fudosan decreased investment in SPCs and other vehicles for distributing properties to external investors. Working capital increased 68.1 percent from a year earlier to ¥503.0 billion, and the current ratio was 1.81 times, compared with 1.42 times at the end of the previous fiscal year.

Investments and Other Assets

Investments and other assets decreased 10.9 percent from a year earlier, or ¥72.7 billion, to ¥596.6 billion. Investment securities decreased 20.9 percent, or ¥44.6 billion, to ¥168.5 billion, reflecting a decrease in net purchases of investment securities, recognition of impairment and a decrease in the market value of securities holdings during the fiscal year.

Property and Equipment

Net property and equipment increased 4.4 percent from a year earlier, or ¥85.2 billion, to ¥2,034.3 billion. Capital expenditures totaled ¥165.0 billion, which was offset by depreciation totaling ¥48.9 billion and disposal and sale of properties by the parent company and subsidiaries totaling ¥30.2 billion. Capital expenditures decreased 51.5 percent, or ¥175.4 billion, year on year.

Current Liabilities

Current liabilities decreased 12.9 percent from a year earlier, or ¥92.5 billion, to ¥624.5 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.

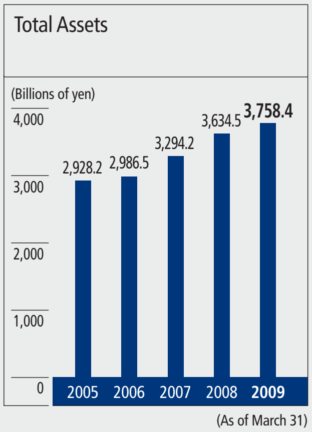
Long-term Liabilities

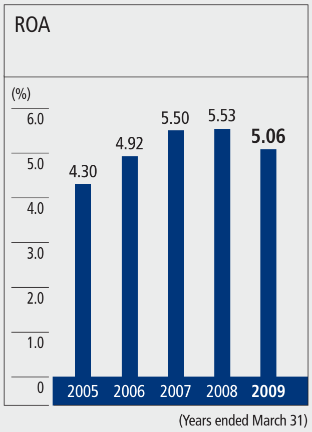
Long-term liabilities increased 10.8 percent from a year earlier, or ¥208.5 billion, to ¥2,134.0 billion. Long-term debt due after one year increased 17.1 percent from a year earlier, or ¥220.1 billion, to ¥1,507.3 billion, as Mitsui Fudosan accessed external funding to ensure liquidity while investing in opportunities for growth. Interest-bearing debt increased 11.8 percent, or ¥183.1 billion, to ¥1,733.5 billion. Mitsui Fudosan also raised ¥10.0 billion through the issue of 1.92 percent yen notes due 2018.

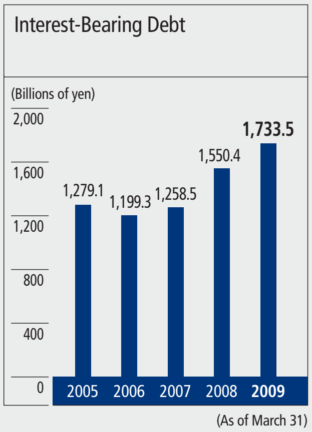
Net Assets and Total Capital

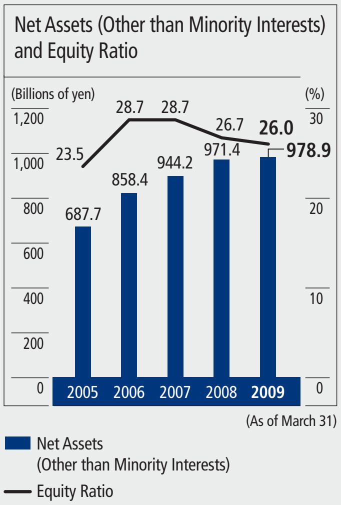
For fiscal 2008, net assets increased 0.8 percent from a year earlier, or ¥7.9 billion, to ¥999.9 billion. Retained earnings increased 19.2 percent, or ¥53.6 billion, to ¥332.3 billion as a result of net income. Moreover, reserve on land revaluation, which is recorded as a component of net assets under Japanese GAAP, increased by ¥5.3 billion, reflecting 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 ¥1.8 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 and the British pound at the fiscal year-end decreased net assets by ¥35.7 billion. 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 ¥191.0 billion to ¥2,733.4 billion from ¥2,542.4 billion a year earlier. The use of interest-bearing debt to support growth outpaced additions to net assets. Consequently, net assets represented 36.6 percent of total capital, compared to 39.0 percent at the previous fiscal year-end. The debt/equity ratio[1] increased to 1.77 times from 1.60 times as a result. Return on assets (ROA)[2] was 5.06 percent, compared with 5.53 percent a year earlier. Return on equity (ROE)[3] was 8.57 percent, compared to 9.12 percent a year earlier.

Notes: 1. Notes:Debt/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)









Cash Flows

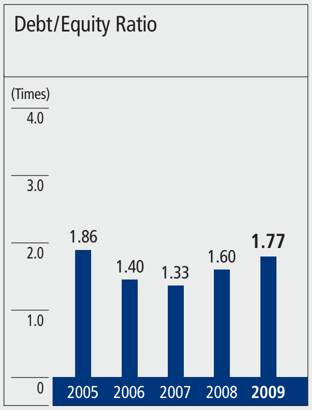
(Billions of yen)

Years ended March 31	2009	2008	2007
Cash flows from operating activities	**¥ (41.0)**	¥ 97.8	¥ 58.0
Cash flows from investing activities	**(141.6)**	(392.2)	(77.0)
Cash flows from financing activities	**182.2**	276.1	38.1
Effect of exchange rate changes on cash and cash equivalents	**(0.2)**	(0.1)	0.2
Net (decrease) increase in cash and cash equivalents	**(0.6)**	(18.3)	19.2
Cash and cash equivalents at beginning of year	**63.5**	81.8	62.6
Cash and cash equivalents at end of year	**¥ 62.9**	¥ 63.5	¥ 81.8

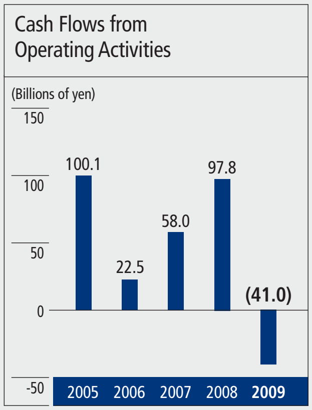
Cash Flows

Net cash used in operating activities totaled ¥41.0 billion. In the previous fiscal year, operating activities provided net cash totaling ¥97.8 billion. A key factor in the year-on-year change was the return of deposits for properties sold on consignment to Mitsui Fudosan Residential, included in the line item "Other, net." 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 ¥125.8 billion, up from ¥100.4 billion in the previous fiscal year. Income taxes paid also increased substantially. Depreciation and amortization increased to ¥48.9 billion.

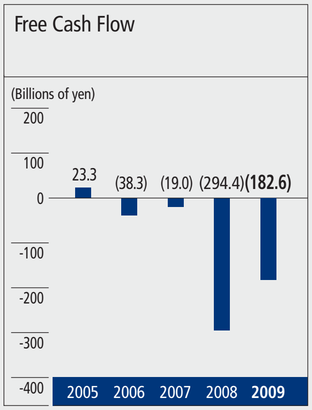
Net cash used in investing activities totaled ¥141.6 billion, compared to ¥392.2 billion for the previous fiscal year. Mitsui Fudosan is carefully controlling asset growth given the currently turbulent environment. Purchases of property and equipment totaled ¥153.0 billion, compared to ¥346.8 billion for the previous fiscal year. This included outlays associated with the Chiyoda Fujimi 2-chome Project and other new investments in redevelopment projects that are highly likely to generate profitable growth in the future. Net changes in deposits from tenants and in lease deposits provided cash totaling ¥28.5 billion, compared to ¥23.7 billion for the previous fiscal year. Net purchases of marketable and investment securities totaled ¥31.7 billion, down sharply from ¥124.9 billion for the previous fiscal year absent the impact of the acquisition of equity in Imperial Hotel, Ltd. Net cash provided by



(As of March 31)



(Years ended March 31)



(Years ended March 31)

financing activities totaled ¥182.2 billion, compared with ¥276.1 billion in the previous fiscal year. Decrease in bank loans and commercial paper totaled ¥45.2 billion, compared with an increase of ¥28.9 billion for the previous fiscal year, reflecting a shift toward longer-term maturities in funding operations. Proceeds from long-term debt totaled ¥389.5 billion, up from ¥369.4 billion for the previous fiscal year, in part because Mitsui Fudosan moved to enhance liquidity to insulate against the financial turmoil in the second half of the fiscal year. Repayments of long-term debt, consisting primarily of long-term bank loans, totaled ¥119.4 billion, compared to ¥154.7 billion for the previous fiscal year. Proceeds from issuance of bond totaling ¥10.0 billion represented the domestic issue of 1.92 percent yen notes due 2018, while payments for redemption of bond totaled ¥30.0 billion. Net proceeds from long-term debt and bonds therefore totaled ¥250.1 billion on a cash basis. Mitsui Fudosan maintains a conservative level of operating leverage and has become increasingly selective in investing for future growth. Cash dividends paid totaled ¥19.3 billion, compared to ¥15.8 billion for the previous fiscal year as a result of increased cash dividends per share for fiscal 2008.

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, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	¥ 62,892	¥ 63,496	$ 640,252
Marketable securities (Note 4)	126	95	1,283
Notes and accounts receivable — trade	31,451	34,593	320,177
Short-term loans receivable	8,949	8,170	91,103
Allowance for doubtful accounts	(2,331)	(569)	(23,730)
Inventories (Note 6)	773,861	662,259	7,878,052
Advances paid for purchases (Note 7)	2,859	16,927	29,105
Equity investments in properties for sale (Note 4)	89,776	97,152	913,937
Deferred income taxes (Note 9)	53,160	60,059	541,179
Other current assets	106,730	73,946	1,086,531
Total current assets	1,127,473	1,016,128	11,477,889
INVESTMENTS and OTHER ASSETS			
Investments in unconsolidated subsidiaries and affiliated companies	174,995	177,249	1,781,482
Investment securities (Note 4)	168,529	213,169	1,715,657
Non-current loans and accounts receivable	49,490	53,745	503,818
Allowance for doubtful accounts	(8,522)	(7,733)	(86,756)
Lease deposits (Note 8)	180,870	196,789	1,841,291
Deferred income taxes (Note 9)	15,557	15,023	158,373
Deferred tax assets on land revaluation	2,280	8,308	23,211
Other	13,426	12,763	136,679
Total investments and other assets	596,625	669,313	6,073,755
PROPERTY and EQUIPMENT, at cost:			
Land (Note 11)	1,456,961	1,380,935	14,832,139
Buildings and structures (Note 11)	954,988	931,509	9,721,959
Machinery and equipment	99,334	92,553	1,011,239
Construction in progress	18,366	13,839	186,969
	2,529,649	2,418,836	25,752,306
Accumulated depreciation	(495,360)	(469,788)	(5,042,859)
Net property and equipment	2,034,289	1,949,048	20,709,447
	¥3,758,387	¥3,634,489	$38,261,091

See accompanying notes.

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Banks loans (Note 11)	¥ 55,367	¥ 63,820	$ 563,647
Commercial paper (Note 11)	13,000	53,000	132,342
Long-term debt due within one year (Note 11)	157,847	146,354	1,606,912
Notes and accounts payable — trade	125,037	110,943	1,272,900
Accrued expenses	21,613	25,661	220,024
Income taxes payable	17,756	35,633	180,759
Advances and deposits received	179,987	232,078	1,832,302
Deferred income taxes (Note 9)	697	921	7,096
Other current liabilities	53,214	48,595	541,729
Total current liabilities	624,518	717,005	6,357,711
LONG-TERM LIABILITIES			
Allowance for employees' retirement benefits (Note 10)	29,484	28,034	300,153
Allowance for directors' and corporate auditors' retirement benefits	1,494	1,468	15,209
Long-term debt due after one year (Note 11)	1,507,345	1,287,247	15,345,058
Deposits from tenants (Note 12)	370,694	356,612	3,773,735
Deferred income taxes (Note 9)	3,129	30,310	31,854
Deferred tax liabilities on land revaluation	185,317	186,189	1,886,562
Other long-term liabilities	36,546	35,621	372,045
Total long-term liabilities	2,134,009	1,925,481	21,724,616
CONTINGENT LIABILITIES (Note 21)			
NET ASSETS (Notes 13 and 14)			
Shareholders' equity			
Common stock	174,296	174,296	1,774,366
Authorized— 3,290,000,000 shares			
Issued— 881,424,727 shares in 2009 and 2008			
Capital surplus	248,332	248,329	2,528,067
Retained earnings	332,334	278,749	3,383,223
Treasury stock	(5,003)	(4,334)	(50,931)
Total shareholders' equity	749,959	697,040	7,634,725
Valuation and translation adjustments			
Net unrealized holding gains on securities	1,793	32,576	18,253
Net unrealized losses on hedging derivatives	(459)	(106)	(4,673)
Reserve on land revaluation	263,063	257,728	2,678,031
Foreign currency translation adjustments	(35,689)	(15,928)	(363,321)
Total valuation and translation adjustments	228,708	274,270	2,328,290
Subscription rights to shares (Note 15)	220	86	2,240
Minority interests	20,973	20,607	213,509
Total net assets	999,860	992,003	10,178,764
	¥3,758,387	¥3,634,489	$38,261,091

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
REVENUES				
Revenue from operations (Note 20)	**¥1,418,946**	¥1,360,023	¥1,229,194	**$14,445,139**
Interest, dividends and miscellaneous (Note 16)	**9,389**	27,509	23,946	**95,582**
	1,428,335	1,387,532	1,253,140	**14,540,721**
COSTS AND EXPENSES				
Cost of revenue from operations	**1,098,425**	1,039,342	942,928	**11,182,175**
Selling, general and administrative expenses	**148,973**	141,398	124,423	**1,516,573**
Interest	**29,768**	26,031	21,421	**303,044**
Other (Note 17)	**41,168**	32,758	52,758	**419,098**
	1,318,334	1,239,529	1,141,530	**13,420,890**
EQUITY IN NET INCOME OF AFFILIATED COMPANIES	**5,980**	7,064	4,410	**60,878**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**115,981**	155,067	116,020	**1,180,709**
INCOME TAXES (Note 9)				
Current	**24,785**	48,638	26,044	**252,316**
Deferred	**6,059**	17,611	12,954	**61,682**
Total	**30,844**	66,249	38,998	**313,998**
NET INCOME BEFORE MINORITY INTERESTS	**85,137**	88,818	77,022	**866,711**
MINORITY INTERESTS	**(1,565)**	(1,440)	(1,808)	**(15,932)**
NET INCOME	**¥ 83,572**	¥ 87,378	¥ 75,214	**$ 850,779**

	Yen			U.S. dollars (Note 1)
PER SHARE INFORMATION	**2009**	2008	2007	**2009**
Net assets per share*	**¥ 1,113.9**	¥ 1,105.1	¥ 1,073.8	**$ 11.340**
Net income per share				
— Basic	**95.1**	99.4	85.5	**0.968**
— Diluted	**95.1**	99.4	—	**0.968**
Cash dividends	**22.0**	20.0	14.0	**0.224**

* 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, 2009, 2008 and 2007

		Millions of yen										
		Shareholders' equity				Valuation and translation adjustments						
	Shares of common stock (thousands)	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	Total net assets
BALANCE AT MARCH 31, 2006	881,425	¥174,296	¥248,295	¥199,706	¥(2,147)	¥ 63,425	¥ —	¥191,097	¥(16,308)	¥ —	¥18,447	¥876,811
Cash dividends paid (*1)	—	—	—	(8,796)	—	—	—	—	—	—	—	(8,796)
Bonuses to directors (*2)	—	—	—	(176)	—	—	—	—	—	—	—	(176)
Net income	—	—	—	75,214	—	—	—	—	—	—	—	75,214
Reversal of reserve on land revaluation, net of tax	—	—	—	(49,719)	—	—	—	56,167	—	—	—	6,448
Revaluation of property and equipment (Note 2 (H))	—	—	—	2,454	—	—	—	—	—	—	—	2,454
Purchase of treasury stock	—	—	—	—	(996)	—	—	—	—	—	—	(996)
Sales of treasury stock	—	—	13	—	17	—	—	—	—	—	—	30
Net unrealized holding gains on securities	—	—	—	—	—	8,735	—	—	—	—	—	8,735
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	—	54	—	—	—	—	54
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	2,865	—	—	2,865
Minority interests	—	—	—	—	—	—	—	—	—	—	571	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	963,214
Cash dividends paid	—	—	—	(15,825)	—	—	—	—	—	—	—	(15,825)
Net income	—	—	—	87,378	—	—	—	—	—	—	—	87,378
Reversal of reserve on land revaluation, net of tax	—	—	—	(9,780)	—	—	—	10,464	—	—	—	684
Revaluation of property and equipment (Note 2 (H))	—	—	—	(1,778)	—	—	—	—	—	—	—	(1,778)
Decrease in number of affiliated companies	—	—	—	71	—	—	—	—	—	—	—	71
Purchase of treasury stock	—	—	—	—	(1,239)	—	—	—	—	—	—	(1,239)
Sales of treasury stock	—	—	21	—	31	—	—	—	—	—	—	52
Net unrealized holding gains on securities	—	—	—	—	—	(39,584)	—	—	—	—	—	(39,584)
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	—	(160)	—	—	—	—	(160)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(2,485)	—	—	(2,485)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	86	—	86
Minority interests	—	—	—	—	—	—	—	—	—	—	1,589	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	992,003
Prior-period adjustments due to adoption of new accounting standard (Note 2 (H))	—	—	—	**(5,338)**	—	—	—	—	—	—	—	**(5,338)**
Cash dividends paid	—	—	—	**(19,335)**	—	—	—	—	—	—	—	**(19,335)**
Net income	—	—	—	**83,572**	—	—	—	—	—	—	—	**83,572**
Reversal of reserve on land revaluation, net of tax	—	—	—	**(5,313)**	—	—	—	**5,335**	—	—	—	**22**
Purchase of treasury stock	—	—	—	—	**(851)**	—	—	—	—	—	—	**(851)**
Sales of treasury stock	—	—	**3**	—	**182**	—	—	—	—	—	—	**185**
Net unrealized holding gains on securities	—	—	—	—	—	**(30,783)**	—	—	—	—	—	**(30,783)**
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	—	**(353)**	—	—	—	—	**(353)**
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	**(19,761)**	—	—	**(19,761)**
Subscription rights to shares	—	—	—	—	—	—	—	—	—	**134**	—	**134**
Minority interests	—	—	—	—	—	—	—	—	—	—	**366**	**366**
Other	—	—	—	**(1)**	—	—	—	—	—	—	—	**(1)**
BALANCE AT MARCH 31, 2009	**881,425**	**¥174,296**	**¥248,332**	**¥332,334**	**¥(5,003)**	**¥ 1,793**	**¥(459)**	**¥263,063**	**¥(35,689)**	**¥220**	**¥20,973**	**¥999,860**

	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	Total net assets
BALANCE AT MARCH 31, 2008	$1,774,366	$2,528,036	$2,837,718	$(44,121)	$ 331,630	$(1,079)	$2,623,720	$(162,150)	$ 875	$209,783	$10,098,778
Prior-period adjustments due to adoption of new accounting standard (Note 2 (H))	—	—	(54,342)	—	—	—	—	—	—	—	(54,342)
Cash dividends paid	—	—	(196,834)	—	—	—	—	—	—	—	(196,834)
Net income	—	—	850,779	—	—	—	—	—	—	—	850,779
Reversal of reserve on land revaluation, net of tax	—	—	(54,088)	—	—	—	54,311	—	—	—	223
Purchase of treasury stock	—	—	—	(8,663)	—	—	—	—	—	—	(8,663)
Sales of treasury stock	—	31	—	1,853	—	—	—	—	—	—	1,884
Net unrealized holding gains on securities	—	—	—	—	(313,377)	—	—	—	—	—	(313,377)
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	(3,594)	—	—	—	—	(3,594)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(201,171)	—	—	(201,171)
Subscription rights to shares	—	—	—	—	—	—	—	—	1,365	—	1,365
Minority interests	—	—	—	—	—	—	—	—	—	3,726	3,726
Other	—	—	(10)	—	—	—	—	—	—	—	(10)
BALANCE AT MARCH 31, 2009	$1,774,366	$2,528,067	$3,383,223	$(50,931)	$ 18,253	$(4,673)	$2,678,031	$(363,321)	$2,240	$213,509	$10,178,764

(*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, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Cash flows from operating activities:				
Income before income taxes	**¥ 115,981**	¥ 155,067	¥ 116,020	**$ 1,180,709**
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortization	**48,891**	44,312	40,122	**497,720**
Equity in net income of affiliated companies	**(4,510)**	(7,064)	(4,410)	**(45,913)**
Gain on sales of property and equipment, net	**—**	(17,327)	(7,677)	**—**
Loss on disposal of property and equipment	**3,595**	—	4,575	**36,598**
Loss on disposal of property and equipment and related expenses	**—**	3,408	—	**—**
Loss on devaluation of real property for sale	**15,896**	—	28,736	**161,824**
Interest and dividend income	**(3,044)**	(2,823)	(2,191)	**(30,988)**
Interest expense	**29,768**	26,031	21,421	**303,044**
Gain on sales of marketable securities, net	**—**	(2,869)	—	**—**
Impairment loss on investment securities	**17,559**	5,417	—	**178,754**
Impairment loss on investment in affiliated company	**—**	12,961	—	**—**
Decrease (increase) in accounts receivable	**2,534**	3,474	(11,178)	**25,797**
Increase in real property for sale and advances paid for purchases	**(125,796)**	(100,419)	(114,376)	**(1,280,627)**
Decrease (increase) in equity investments in properties for sale	**509**	23,479	(40,125)	**5,182**
Increase (decrease) in accounts payable	**345**	(7,482)	6,815	**3,512**
Bonuses paid to directors	**—**	(24)	(178)	**—**
Interests and dividends received	**4,902**	4,809	3,180	**49,903**
Interests paid	**(28,732)**	(25,363)	(20,555)	**(292,497)**
Income taxes paid	**(62,664)**	(33,059)	(22,148)	**(637,931)**
Other, net	**(56,231)**	15,235	59,939	**(572,444)**
Net cash (used in) provided by operating activities	**(40,997)**	97,763	57,970	**(417,357)**
Cash flows from investing activities:				
Purchases of property and equipment	**(152,972)**	(346,765)	(219,798)	**(1,557,284)**
Proceeds from sale of property and equipment	**2,887**	35,922	139,000	**29,390**
Increase in deposits from tenants	**55,020**	78,803	70,282	**560,114**
Decrease in deposits from tenants	**(43,198)**	(47,226)	(38,545)	**(439,764)**
Increase in lease deposits	**(11,126)**	(28,547)	(23,963)	**(113,265)**
Decrease in lease deposits	**27,760**	20,702	22,435	**282,602**
Purchases of marketable and investment securities	**(36,987)**	(129,478)	(27,493)	**(376,535)**
Proceeds from sale of marketable and investment securities	**5,327**	4,531	5,262	**54,230**
Increase in non-current loans and accounts receivable	**(11,514)**	(4,683)	(4,050)	**(117,215)**
Decrease in non-current loans and accounts receivable	**13,788**	6,075	7,700	**140,364**
Other, net	**9,381**	18,506	(7,837)	**95,502**
Net cash used in investing activities	**(141,634)**	(392,160)	(77,007)	**(1,441,861)**
Cash flows from financing activities:				
Proceeds from long-term debt	**389,452**	369,351	272,999	**3,964,695**
Repayments of long-term debt	**(119,354)**	(154,718)	(237,630)	**(1,215,046)**
Proceeds from bank loans and commercial paper	**1,625,544**	382,052	734,227	**16,548,346**
Repayments of bank loans and commercial paper	**(1,670,745)**	(353,133)	(750,226)	**(17,008,500)**
Proceeds from issuance of bond	**10,000**	50,000	60,000	**101,802**
Payments for redemption of bond	**(30,000)**	—	(30,000)	**(305,406)**
Cash dividends paid	**(19,324)**	(15,812)	(8,794)	**(196,722)**
Payments of dividends to minority shareholders	**(958)**	(416)	(1,509)	**(9,753)**
Repayments of lease obligations	**(1,767)**	—	—	**(17,989)**
Net increase in treasury stocks	**(632)**	(1,188)	(982)	**(6,434)**
Net cash provided by financing activities	**182,216**	276,136	38,085	**1,854,993**
Effect of exchange rate changes on cash and cash equivalents	**(189)**	(59)	180	**(1,924)**
Net (decrease) increase in cash and cash equivalents	**(604)**	(18,320)	19,228	**(6,149)**
Cash and cash equivalents at beginning of year	**63,496**	81,816	62,588	**646,401**
Cash and cash equivalents at end of year	**¥ 62,892**	¥ 63,496	¥ 81,816	**$ 640,252**

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, 2009, which was ¥98.23 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 equity method investees is amortized over a period of 5 years. If the amount is immaterial, it is fully recognized currently in earnings.

The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries is recorded as goodwill.

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.

(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). 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, the Company and its consolidated subsidiaries recognized loss on devaluation of real property of ¥28,736 million for the year ended March 31, 2007 which was charged to costs and expenses - other.

For the year ended March 31, 2009, the Company and its consolidated subsidiaries recognized loss on devaluation of real property for sale of ¥15,896 million ($161,824 thousand) which was charged to cost of revenue from operations.

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 — excluding leased assets

Property and equipment are carried mainly at cost.

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.

Effective from the year ended March 31, 2009, the Company adopted the accounting standard, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18 issued by the Accounting Standards Board of Japan on May 17, 2006), and as a result, land and buildings owned by consolidated subsidiary in the United Kingdom, formerly stated at fair value with unrealized gains and losses directly charged or credited to retained earnings, are stated at acquisition cost less accumulated depreciation. Prior-year depreciations and other adjustments of ¥5,338 million ($54,342 thousand) are charged to the beginning balance of retained earnings of the year ended March 31, 2009.

There is no significant impact on income as a result of adopting the standard.

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 for the year ended March 31, 2008 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) 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). 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) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets are included in "other" under caption of "investments and other assets."

Goodwill (including negative goodwill) is amortized over a period of 5 years under straight-line method. If the amount is immaterial, it is fully recognized currently in earnings.

Other intangible assets are amortized under straight-line method. Software (for internal use) is amortized over its estimated useful lives of 5 years.

(L) 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.

(M) 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.

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

Allowance for retirement benefits for directors and corporate auditors of the Company and its 37 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.

(O) ACCOUNTING FOR LEASE TRANSACTIONS

Effective from the year ended March 31, 2009, the Company and its domestic subsidiaries adopted the new accounting standards, "Accounting Standard for Lease Transactions" (Statement No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the Accounting Standards Board of Japan on March 30, 2007) and the implementation guidance on accounting standard for lease transactions (the Financial Accounting Standard Implementation Guidance No. 16 issued originally by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by the Accounting Standards Board of Japan on March 30, 2007), (collectively, "the new accounting standards").

Those standards require finance leases to be accounted for in a manner similar to the accounting treatment for ordinary sales transactions. Lessees are required to record assets and liabilities regarding finance leases with recognition of depreciation and interest expenses. Capitalized leased assets are depreciated under straight-line method, over its lease term assuming no residual value. Lessors are required to recognize lease receivables or investments in leased assets along with related lease (interest) income.

Under the previous accounting standards, finance leases which do not transfer ownership of the leased assets to lessees were accounted for as operating leases. It should be noted that such finance leases whose commencement day falls on or prior to March 31, 2008 are still accounted for as operating leases under the new standards.

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

(P) 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, 2009, 2008 and 2007.

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.

(Q) 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.

(R) 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."

(S) REVENUE FROM JAPANESE REAL ESTATE INVESTMENT TRUST (J-REIT)

Revenue from J-REIT is included in "Revenue from operations."

(T) DIRECTORS' BONUSES

The Company and its domestic subsidiaries have followed the accounting standard, "Accounting Standard for Directors' Bonus" (Statement No. 4 issued by the Accounting Standards Board of Japan). Directors' bonuses are charged to income as selling, general and administrative expenses.

(U) 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 standards, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan) 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), (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" were included in assets or liabilities, gross of applicable taxes, under the previous presentation, and therefore, "net unrealized gains on hedging derivatives" as of the beginning of the year ended March 31, 2007 is presented as "—" 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) and the implementation guidance for the accounting standard for share-based payment (the Financial Accounting Standard Implementation Guidance No. 11 issued by the Accounting Standards Board of Japan).

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 for the year ended March 31, 2008 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 year ended March 31, 2007 is not presented since no dilutive potential common shares were outstanding as of March 31, 2007.

(X) RECLASSIFICATIONS

Certain prior years' amounts have been reclassified to conform to the current presentation. On the consolidated statements of cash flows, "increase (decrease) in bank loans and commercial paper" as formerly presented under caption of cash flows from financing activities is separately disclosed on a gross basis of "proceeds from bank loans and commercial paper" and "repayments of bank loans and commercial paper" for the year ended March 31, 2009 because it became significant. Accordingly, "increase (decrease) in bank loans and commercial paper" for the years ended March 31, 2008 and 2007 are reclassified to conform to 2009 presentation. These changes had no impact on previously reported results of operations.

3 BUSINESS REORGANIZATIONS

The Company and its domestic subsidiaries have followed accounting standards, "Accounting Standards for Business Combinations" (issued by Business Accounting Council), "Accounting Standard for Business Divestitures" (Statement No. 7 issued by the Accounting Standards Board of Japan) 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) (collectively, "accounting standards for business combinations and divestitures").

1. Business reorganizations for the year ended March 31, 2007

(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

2. Business reorganizations for the year ended March 31, 2008

(1) 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.

(2) 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.

3. Business reorganizations for the year ended March 31, 2009

Reorganization of building business of Minato Estate Co., Ltd.:

On October 1, 2008, Minato Estate Co., Ltd. transferred its building business with any associated rights and obligations to the Company. The business transfer was made for the purposes of enhancing efficiency and competitiveness of the business. 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, 2009 and 2008:

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

	Millions of yen					
	2009			2008		
	Book Value	Market Value	Difference	Book Value	Market Value	Difference
Securities whose market value exceeds book value						
National and local government bonds, etc.	¥332	¥334	¥ 2	¥359	¥362	¥ 3
Securities whose market value does not exceed book value						
National and local government bonds, etc.	50	50	—	191	191	—
Total	¥382	¥384	¥ 2	¥550	¥553	¥ 3

	Thousands of U.S. dollars		
	2009		
	Book Value	Market Value	Difference
Securities whose market value exceeds book value			
National and local government bonds, etc.	$3,380	$3,400	$20
Securities whose market value does not exceed book value			
National and local government bonds, etc.	509	509	—
Total	$3,889	$3,909	$20

(b) Other securities with market values:

	Millions of yen					
	2009			2008		
	Historical Cost	Book Value (Market Value)	Difference	Historical Cost	Book Value (Market Value)	Difference
Securities whose book value (market value) exceeds historical cost						
Stocks	¥26,587	¥35,600	¥ 9,013	¥ 39,502	¥ 86,429	¥46,927
Bonds						
National and local government bonds, etc.	—	—	—	40	40	—
Other	11,264	16,205	4,941	21,033	34,710	13,677
Subtotal	37,851	51,805	13,954	60,575	121,179	60,604
Securities whose book value (market value) does not exceed historical cost						
Stocks	43,198	36,487	(6,711)	39,363	33,424	(5,939)
Other	13,769	9,987	(3,782)	4,301	4,018	(283)
Subtotal	56,967	46,474	(10,493)	43,664	37,442	(6,222)
Total	¥94,818	¥98,279	¥ 3,461	¥104,239	¥158,621	¥54,382

	Thousands of U.S. dollars		
	2009		
	Historical Cost	Book Value (Market Value)	Difference
Securities whose book value (market value) exceeds historical cost			
Stocks	$270,661	$ 362,415	$ 91,754
Bonds			
National and local government bonds, etc.	—	—	—
Other	114,669	164,969	50,300
Subtotal	385,330	527,384	142,054
Securities whose book value (market value) does not exceed historical cost			
Stocks	439,764	371,445	(68,319)
Other	140,171	101,670	(38,501)
Subtotal	579,935	473,115	(106,820)
Total	$965,265	$1,000,499	$ 35,234

(2) The following tables summarize other securities sold in the years ended March 31, 2009, 2008 and 2007:

Millions of yen								
2009			2008			2007		
Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
¥5,311	¥1,328	¥(684)	¥4,566	¥2,869	¥(6)	¥5,191	¥577	¥—

Thousands of U.S. dollars		
2009		
Sales amount	Gains	Losses
$54,067	$13,519	$(6,963)

(3) The following tables summarize the book value of securities without market value as of March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Equity investments in properties for sale*	¥89,776	¥97,152	$913,937
Held-to-maturity securities	—	17,970	—
Other securities			
Unlisted stocks (excluding OTC securities)	18,265	12,817	185,941
Other (TK investments, preferred securities and others)*	51,532	36,102	524,606

* See Note 2(R)

(4) The redemption schedule on held-to-maturity securities as of March 31, 2009 and 2008 is shown as follows:

	Millions of yen			
	2009			
	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.	¥126	¥241	¥15	¥—
Total	¥126	¥241	¥15	¥—

	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	—	—	—
Total	¥13,000	¥282	¥25	¥—

	Thousands of U.S. dollars			
	2009			
	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.	$1,283	$2,453	$153	$—
Total	$1,283	$2,453	$153	$—

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, 2009 and 2008 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Real property for sale			
Completed	**¥356,580**	¥241,066	**$3,630,052**
In progress	**217,081**	228,049	**2,209,926**
Land held for development	**182,970**	174,445	**1,862,669**
Expenditure on contracts in progress	**7,196**	8,492	**73,257**
Other	**10,034**	10,207	**102,148**
	¥773,861	¥662,259	**$7,878,052**

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, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Allowance for loss on devaluation of real property held for sale	¥ 22,405	¥ 38,334	$ 228,087
Unrealized inter-company transactions	5,665	5,359	57,671
Allowance for loss on valuation of securities	7,922	18,332	80,647
Net operating loss carryforwards	21,502	8,185	218,894
Excess allowance for retirement benefits	12,249	11,948	124,697
Excess allowance for doubtful accounts	2,390	1,505	24,331
Accrued employees' bonuses	5,885	5,942	59,910
Unrealized loss on valuation of other securities	4,316	2,529	43,938
Excess depreciation expense	3,097	2,836	31,528
Excess prepaid expense	—	1,975	—
Loss on impairment of fixed assets	16,783	12,501	170,854
Unrealized loss on valuation of lease deposits	4,411	—	44,905
Other	15,205	21,072	154,790
Total	¥121,830	¥130,518	$1,240,252
Deferred tax liabilities:			
Deferred gain on sale of land and buildings for tax purposes	¥ (24,912)	¥ (25,515)	$ (253,609)
Unrealized loss on valuation of shares held in consolidated subsidiaries	(3,849)	(14,620)	(39,184)
Unrealized inter-company transactions	(409)	(406)	(4,164)
Unrealized gain on valuation of securities	(5,710)	(24,634)	(58,129)
Consolidation difference in real property	(541)	(541)	(5,507)
Unrealized gain on valuation of lease deposits	(4,234)	—	(43,103)
Unrealized gain on contribution of securities to retirement benefit trust	(1,656)	—	(16,858)
Other	(15,628)	(20,951)	(159,096)
Total	¥ (56,939)	¥ (86,667)	$ (579,650)
Net deferred tax assets	¥ 64,891	¥ 43,851	$ 660,602

Amounts of total deferred tax assets as of March 31, 2009 and 2008 are presented net of valuation allowances of ¥12,922 million ($131,548 thousand) and ¥12,657 million, respectively.

Significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Statutory tax rate	40.66%	40.66%	40.66%
(Adjustments)			
Unrealized loss on securities	(8.17)	—	—
Allowance for doubtful accounts	(6.67)	—	—
Impairment loss on investment in affiliated company	0.52	3.49	—
Equity in net income of affiliated companies	(2.11)	(1.94)	(1.55)
Permanent differences:			
Entertainment expenses and other	1.09	0.94	1.02
Dividend income and other	—	—	(0.25)
Liquidation of subsidiaries	—	—	(3.60)
Other	1.27	(0.43)	(2.67)
Effective tax rate	26.59%	42.72%	33.61%

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.

17 consolidated subsidiaries have adopted tax qualified pension plans. 63 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
	2009	2008	**2009**
1. Projected benefit obligation	**¥(99,630)**	¥(93,900)	**$(1,014,252)**
2. Fair value of plan assets	**48,362**	52,993	**492,334**
3. Unaccrued projected benefit obligation (1+2)	**¥(51,268)**	¥(40,907)	**$ (521,918)**
4. Unrecognized actuarial differences	**22,143**	13,382	**225,420**
5. Unrecognized prior service costs	**114**	21	**1,160**
6. Prepaid pension expenses	**(473)**	(530)	**(4,815)**
7. Allowance for employees' retirement benefits (3+4+5+6)	**¥(29,484)**	¥(28,034)	**$ (300,153)**

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
	2009	2008	2007	**2009**
1. Service costs—benefits earned during the year	**¥ 5,066**	¥ 4,738	¥ 4,268	**$ 51,573**
2. Interest costs on projected benefit obligation	**2,265**	2,165	2,051	**23,058**
3. Expected return on plan assets	**(1,228)**	(1,292)	(1,088)	**(12,501)**
4. Amortization of actuarial differences	**2,878**	2,110	2,226	**29,299**
5. Amortization of prior service costs	**212**	2	(10)	**2,158**
6. Supplemental benefits	**180**	10	103	**1,832**
7. Retirement benefit expenses (1+2+3+4+5+6)	**¥ 9,373**	¥ 7,733	¥ 7,550	**$ 95,419**

Notes: 1. Retirement benefit expenses of consolidated subsidiaries adopting the simple method are included in service costs.
2. Supplemental benefits for the years ended March 31, 2009 and 2007 includes ¥180 million ($1,832 thousand) of premium retirement benefits paid specifically for early retirement of employees and ¥93 million of premium retirement benefits paid specifically for employment transfer within consolidated subsidiaries, respectively, which are included in "Other" as a component of "COSTS AND EXPENSES."

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

	2009		2008		2007	
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, COMMERCIAL PAPER AND LONG-TERM DEBT

(1) Bank loans and commercial paper

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.

The amounts and the weighted average interest rates of bank loans and commercial paper at March 31, 2009 and 2008 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Bank loans, with the weighted average interest rates of 1.27% in 2009 and 1.87% in 2008	**¥55,367**	¥63,820	**$563,647**
Commercial paper, with the weighted average interest rates of 0.23% in 2009 and 0.87% in 2008	**13,000**	53,000	**132,342**

(2) Long-term debt

Long-term debt at March 31, 2009 and 2008 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Long-term loans, principally from banks and insurance companies:			
Loans secured by collateral or bank guarantees	**¥ 57,049**	¥ 70,947	**$ 580,770**
Unsecured loans	**1,363,143**	1,097,654	**13,877,053**
	1,420,192	1,168,601	**14,457,823**
Bonds and debentures			
Domestic:			
2.45% yen notes due 2008	**—**	25,000	**—**
3.00% yen notes due 2013	**10,000**	10,000	**101,802**
2.08% yen notes due 2009	**10,000**	10,000	**101,802**
2.20% yen notes due 2009	**10,000**	10,000	**101,802**
2.33% yen notes due 2009	**10,000**	10,000	**101,802**
2.17% yen notes due 2008	**—**	5,000	**—**
2.29% yen notes due 2009	**10,000**	10,000	**101,802**
2.25% yen notes due 2012	**5,000**	5,000	**50,899**
2.04% yen notes due 2010	**10,000**	10,000	**101,802**
1.04% yen notes due 2013	**10,000**	10,000	**101,802**
1.81% yen notes due 2014	**10,000**	10,000	**101,802**
1.64% yen notes due 2014	**10,000**	10,000	**101,802**
1.65% yen notes due 2015	**10,000**	10,000	**101,802**
1.81% yen notes due 2016	**20,000**	20,000	**203,604**
1.99% yen notes due 2016	**10,000**	10,000	**101,802**
1.91% yen notes due 2016	**20,000**	20,000	**203,604**
1.54% yen notes due 2014	**20,000**	20,000	**203,604**
1.84% yen notes due 2017	**10,000**	10,000	**101,802**
2.06% yen notes due 2017	**20,000**	20,000	**203,604**
1.65% yen notes due 2014	**10,000**	10,000	**101,802**
1.97% yen notes due 2017	**20,000**	20,000	**203,604**
1.92% yen notes due 2018	**10,000**	—	**101,802**
	245,000	265,000	**2,494,147**
Less amount due within one year	**157,847**	146,354	**1,606,912**
	¥1,507,345	¥1,287,247	**$15,345,058**

Long-term loans, principally from banks and insurance companies consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Due within one year, with the weighted average interest rates of 3.11% in 2009 and 1.40% in 2008	¥ 117,847	¥ 116,354	$ 1,199,705
Due after one year, with the weighted average interest rates of 1.61% in 2009 and 1.87% in 2008	1,302,345	1,052,247	13,258,118
	¥1,420,192	¥1,168,601	$14,457,823

The following assets are pledged as collateral for secured loans:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Collateralized assets			
Land	¥ 35,755	¥ 51,692	$ 363,993
Real property for sale	28,523	—	290,370
Buildings and structures and others	66,905	103,683	681,105
Total	¥131,183	¥155,375	$1,335,468

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, 2009 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥ 157,847	$ 1,606,912
2011	246,953	2,514,028
2012	236,307	2,405,650
2013	227,401	2,314,985
2014	201,999	2,056,388
Thereafter	594,685	6,054,007
Total	¥1,665,192	$16,951,970

12 DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2009 and 2008 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Non-interest-bearing	¥359,697	¥342,173	$3,661,783
Interest-bearing	10,997	14,439	111,952
Total	¥370,694	¥356,612	$3,773,735
Average interest rate	1.59%	1.65%	

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 (U), 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 resolution of the shareholders' meeting or could be capitalized by 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, 2009, 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
Numbers of shares increased (*5)	**—**	**429**
Numbers of shares decreased (*4)	**—**	**(102)**
Numbers of shares as of March 31, 2009	**881,425**	**2,820**

(*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.
(*5) Treasury stock increased due to purchase of 313 thousand odd shares, purchase of 84 thousand shares upon appraisal remedy in connection with transfer of business from Minato Estate Co., Ltd. and purchase of 31 thousand shares of the Company's stock by affiliated company.

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

	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			
Balance as of March 31, 2009	**¥220**	**—**	**¥220**	**$2,240**	**—**	**$2,240**

Numbers of shares regarding stock options as of March 31, 2009, 2008 and 2007 and numbers of such shares increased and decreased during the years ended March 31, 2009 and 2008 are not presented as they are 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 27, 2008, June 28, 2007 and June 29, 2006:

Date of shareholders' meeting	June 27, 2008	June 28, 2007	June 29, 2006
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,668 million ($98,422 thousand)	¥7,914 million	¥4,398 million
Per share amount	¥11 ($0.112)	¥9	¥5
Record date	March 31, 2008	March 31, 2007	March 31, 2006
Effective date	June 30, 2008	June 29, 2007	June 30, 2006

The following resolution was approved by the board of directors meeting held on October 30, 2008, October 31, 2007 and October 31, 2006:

Date of board of directors meeting	October 30, 2008	October 31, 2007	October 31, 2006
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,667 million ($98,412 thousand)	¥7,911 million	¥4,398 million
Per share amount	¥11 ($0.112)	¥9	¥5
Record date	September 30, 2008	September 30, 2007	September 30, 2006
Effective date	December 2, 2008	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 26, 2009, June 27, 2008 and June 28, 2007:

Date of shareholders' meeting	June 26, 2009	June 27, 2008	June 28, 2007
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,665 million ($98,392 thousand)	¥9,668 million	¥7,914 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥11 ($0.112)	¥11	¥9
Record date	March 31, 2009	March 31, 2008	March 31, 2007
Effective date	June 29, 2009	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, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cost of revenue from operations	**¥ 43**	¥27	**$ 438**
Selling, general and administrative expenses	**91**	59	**926**
Total	**¥134**	¥86	**$1,364**

The following table summarizes the contents and activity of stock options as of March 31, 2009 and for the year then ended:

	2008 plan		2007 plan
Grantees	Directors, corporate officers and group managing officers; 26 in total (*1)		Directors, corporate officers and group managing officers; 27 in total (*1)
Type of stock and number of shares granted	71,250 shares of common stock		48,880 shares of common stock
Grant date	August 15, 2008		September 18, 2007
Vesting conditions	(*2)		(*2)
Requisite service period	Not specified		Not specified
Exercise period (*2)	August 16, 2008 – August 15, 2038		September 19, 2007 – September 18, 2037
Non-vested options (number of shares)			
Outstanding at beginning of year	—		48,880
Granted	71,250		—
Forfeited	—		—
Vested	—		—
Outstanding at end of year	71,250		48,880
Vested options (number of shares)			
Outstanding at beginning of year	—		—
Vested	—		—
Exercised	—		—
Expired	—		—
Outstanding at end of year	—		—
	Yen	U.S. dollars	Yen
Exercise price	¥ 1	$ 0.01	¥ 1
Average stock price on exercise date	—	—	—
Grant-date fair value	¥1,967	$20.02	¥2,357

(*1) Grantees consist of 6 directors (excluding outside directors), 12 corporate officers (non-directors) and 8 group managing officers for 2008 plan, and 6 directors (excluding outside directors), 13 corporate officers (non-directors) and 8 group managing officers for 2007 plan.
(*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:

	2008 plan	2007 plan
Expected volatility (*1)	36%	35%
Expected life (*2)	15 years	15 years
Expected dividend (*3)	¥22 ($0.22) per share	¥18 per share
Risk-free rate (*4)	1.83%	1.88%

(*1) Expected volatility is calculated based on historical stock price for the 15-year period ending on the grant date.
(*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 fiscal year in which the options are granted, estimated as of the grant date.
(*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

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	2009	2008	2007	2009
Interest income	¥ 520	¥ 660	¥ 783	$ 5,293
Dividend income	2,524	2,163	1,408	25,695
Gain on sale of property and equipment	—	18,871	17,320	—
Gain on sale of investment securities	—	2,869	—	—
Other	6,345	2,946	4,435	64,594
Total	¥9,389	¥27,509	¥23,946	$95,582

17 MAJOR COMPONENTS OF COSTS AND EXPENSES — OTHER

Years ended March 31,	Millions of yen 2009	2008	2007	Thousands of U.S. dollars 2009
Loss on disposal of property and equipment	¥ 6,095	¥ 7,479	¥ 4,575	$ 62,048
Loss on sale of property and equipment	—	1,544	9,643	—
Impairment loss on investment in affiliated company	—	12,961	—	—
Impairment loss on investment securities	17,559	5,417	—	178,754
Loss on devaluation of real property for sale	—	—	28,736	—
Other	17,514	5,357	9,804	178,296
Total	¥41,168	¥32,758	¥52,758	$419,098

18 LEASES

As described in Note 2 (O), effective from the year ended March 31, 2009, the Company and its domestic subsidiaries adopted the new accounting standards for leases.

As lessee:

(A) Finance leases

Assets leased under finance leases that do not transfer ownership to the lessee as of March 31, 2009 consist mainly of Parking Facilities (Mitsui Repark). Commencing the year ended March 31, 2009, such assets are capitalized as assets and depreciated under straight-line method, over its lease term assuming no residual value.

Finance leases that do not transfer ownership to the lessee whose commencement day falls on or before March 31, 2008 are accounted for as operating leases under both the previous and the new accounting standards. Information on such leases is summarized as follows:

(1) Pro forma amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2009 and 2008:

	Millions of yen					
	2009			2008		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥5,089	¥2,391	¥7,480	¥4,987	¥13,690	¥18,677
Accumulated depreciation	1,752	1,246	2,998	1,267	6,150	7,417
Net book value	¥3,337	¥1,145	¥4,482	¥3,720	¥ 7,540	¥11,260

	Thousands of U.S. dollars		
	2009		
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	$51,807	$24,341	$76,148
Accumulated depreciation	17,835	12,685	30,520
Net book value	$33,972	$11,656	$45,628

(2) Future lease payment inclusive of interest at March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Amount due within one year	¥ 900	¥ 2,677	$ 9,162
Amount due after one year	3,582	8,583	36,466
Total	¥4,482	¥11,260	$45,628

(3) Lease expense and the pro forma amount of depreciation expense for the years ended March 31, 2009, 2008 and 2007:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Lease expense	¥973	¥2,657	¥2,172	$9,905
Depreciation expense	973	2,657	2,172	9,905

(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) Operating leases
Future lease payments under non-cancellable operating leases at March 31, 2009 and 2008;

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Amount due within one year	¥ 61,974	¥ 52,082	$ 630,907
Amount due after one year	227,708	244,623	2,318,111
Total	¥289,682	¥296,705	$2,949,018

As lessor:
(A) Finance leases
Commencing the year ended March 31, 2009, assets leased under finance leases that do not transfer ownership to the lessee are accounted for as investments in leased assets, which is included in other current assets. Investments in leased assets as of March 31, 2009 consists of the following:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Minimum lease payments receivable	¥2,008	$20,442
Unearned lease income	(296)	(3,014)
	¥1,712	$17,428

Amounts of minimum lease payments receivable due in each of the next five years and thereafter as of March 31, 2009 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2009	2009
2010	¥ 642	$ 6,536
2011	494	5,029
2012	399	4,062
2013	289	2,942
2014	128	1,303
Thereafter	56	570
Total	¥2,008	$20,442

For the year ended on and prior to March 31, 2008, finance leases that do not transfer ownership to the lessee were accounted for as operating leases. Information on such leases is summarized as follows:

(1) Amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2008:

	Millions of yen		
	2008		
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥2,276	¥1,984	¥4,260
Accumulated depreciation	1,278	1,247	2,525
Net book value	¥ 998	¥ 737	¥1,735

(2) Future lease revenue inclusive of interest at March 31, 2008:

	Millions of yen
	2008
Amount due within one year	¥ 541
Amount due after one year	1,207
Total	¥1,748

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

	Millions of yen	
	2008	2007
Lease revenue	¥694	¥604
Depreciation expense	583	509

(B) Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Amount due within one year	**¥ 40,283**	¥ 41,943	**$ 410,089**
Amount due after one year	**177,177**	223,117	**1,803,695**
Total	**¥217,460**	¥265,060	**$2,213,784**

19 BUSINESS TRANSACTIONS WITH SPECIAL PURPOSE ENTITIES

The Company invests in 35, 38 and 34 special purpose entities (SPEs) for securitizing its customers' real estate as of March 31, 2009, 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, 2009 and 2008, 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 March 31, 2009 and 2008 and for the years ended March 31, 2009, 2008 and 2007.

	Millions of yen					
	Balance		Revenues and costs			
	2009	2008		2009	2008	2007
Investments(*1)	¥110,809	¥103,892	Revenue from operations(*2)	¥31,176	¥10,390	¥9,802
			Cost of revenue from operations(*3)	38	1,013	1,331
Management	—	—	Revenue from operations(*4)	6,698	1,516	1,747
Brokerage	—	—	Revenue from operations(*5)	—	37	125

	Thousands of U.S. dollars		
	Balance	Revenues and costs	
	2009		2009
Investments(*1)	$1,128,057	Revenue from operations(*2)	$317,378
		Cost of revenue from operations(*3)	387
Management	—	Revenue from operations(*4)	68,187
Brokerage	—	Revenue from operations(*5)	—

(*1) Consists of ¥82,964 million ($844,589 thousand) and ¥87,730 million of "equity investments in properties for sale" and ¥27,845 million ($283,468 thousand) and ¥16,162 million of "investment securities" as of March 31, 2009 and 2008, 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 ¥5,527 million ($56,266 thousand), ¥5,073 million and ¥1,759 million for leasing segment and ¥25,649 million ($261,112 thousand), ¥5,317 million and ¥8,043 million for sales of housing, office buildings and land segment for the years ended March 31, 2009, 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 ¥nil million ($nil thousand), ¥567 million and ¥766 million for leasing segment and ¥38 million ($387 thousand), ¥446 million and ¥565 million for sales of housing, office buildings and land segment for the years ended March 31, 2009, 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, 2009 and 2008.

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
	2009	2008	2009
Assets			
Real property	¥507,725	¥440,168	$5,168,737
Other	46,024	71,347	468,533
Total	¥553,749	¥511,515	$5,637,270

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Liabilities and net assets			
Borrowings(*6)	¥411,413	¥356,863	$4,188,262
Capital(*7)	129,150	139,516	1,314,771
Other	13,186	15,136	134,237
Total	¥553,749	¥511,515	$5,637,270

(*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.

	Millions of yen									
Year ended March 31, 2009	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
Revenue from operations:										
Outside customers	¥ 529,756	¥396,239	¥182,074	¥75,195	¥102,491	¥ 69,115	¥52,318	¥11,758	¥ —	¥1,418,946
Inter-segment	8,701	11	4,956	3,372	35,703	36,427	462	10,172	(99,804)	—
	538,457	396,250	187,030	78,567	138,194	105,542	52,780	21,930	(99,804)	1,418,946
Costs and expenses (*1)	438,928	347,639	184,299	60,416	122,620	104,119	53,572	17,319	(81,514)	1,247,398
Operating income (loss)	¥ 99,529	¥ 48,611	¥ 2,731	¥18,151	¥ 15,574	¥ 1,423	¥ (792)	¥ 4,611	¥ (18,290)	¥ 171,548
Assets	¥2,318,875	¥923,258	¥ 50,818	¥57,908	¥ 79,916	¥ 44,053	¥95,550	¥23,865	¥164,144	¥3,758,387
Depreciation	36,447	1,205	3,072	976	1,308	962	3,155	677	1,089	48,891
Capital expenditures	148,811	2,335	1,832	1,138	1,783	653	4,698	440	3,334	165,024

	Millions of yen									
Year ended March 31, 2008	(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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
	Millions of yen									
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, 2009	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
	Thousands of U.S. dollars									
Revenue from operations:										
Outside customers	**$ 5,393,016**	**$4,033,788**	**$1,853,548**	**$765,499**	**$1,043,378**	**$ 703,640**	**$532,607**	**$119,699**	**$ —**	**$14,445,139**
Inter-segment	**88,578**	**112**	**50,453**	**34,328**	**363,463**	**370,834**	**4,703**	**103,553**	**(1,016,024)**	**—**
	5,481,594	**4,033,900**	**1,904,001**	**799,827**	**1,406,841**	**1,074,438**	**537,310**	**223,252**	**(1,016,024)**	**14,445,139**
Costs and expenses (*1)	**4,468,370**	**3,539,031**	**1,876,199**	**615,046**	**1,248,295**	**1,059,952**	**545,373**	**176,311**	**(829,829)**	**12,698,748**
Operating income	**$ 1,013,224**	**$ 494,869**	**$ 27,802**	**$184,781**	**$ 158,546**	**$ 14,486**	**$ (8,063)**	**$ 46,941**	**$ (186,195)**	**$ 1,746,391**
Assets	**$23,606,587**	**$9,398,941**	**$ 517,337**	**$589,514**	**$ 813,560**	**$ 448,468**	**$972,717**	**$242,950**	**$ 1,671,017**	**$38,261,091**
Depreciation	**371,037**	**12,267**	**31,274**	**9,936**	**13,316**	**9,793**	**32,119**	**6,892**	**11,086**	**497,720**
Capital expenditures	**1,514,924**	**23,771**	**18,650**	**11,585**	**18,151**	**6,648**	**47,827**	**4,479**	**33,941**	**1,679,976**

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

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, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Loans guaranteed	**¥68,706**	¥81,606	**$699,440**

22 SUBSEQUENT EVENTS

There were no applicable items under this category.

KPMG

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, 2009 and 2008, 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, 2009, 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, 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, 2009 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 26, 2009

Corporate Information

Contents

Overview of Development Projects

Office Buildings

Mitsui Fudosan operates approximately 200 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.
(Completed in 1929 / 36,000m²)

Kasumigaseki Building

This 36-story high-rise building was Japan's first skyscraper.
(Completed in 1968 / Renewal in 2001 / 153,000m²)

Shinjuku Mitsui Building

Built more than 30 years ago, this skyscraper remains a landmark in Shinjuku, the new urban hub of Tokyo.
(Completed in 1974 / Renewal in 2000 / 180,000m²)

Gate City Ohsaki

Gate City Ohsaki is a large-scale, mixed-use intelligent building.
(Completed in 1999 / 291,000m²)

Shiodome City Center

This complex encompasses office space, retail shops and restaurants.
(Completed in 2003 / 212,000m²)

Nihonbashi 1-chome Building

This new landmark features a striking plaza and atrium.
(Completed in 2004 / 98,000m²)

Nihonbashi Mitsui Tower

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

Tokyo Midtown

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

GranTokyo North Tower

Japan's tallest office building is conveniently integrated with Tokyo Station.
(Completed in 2007 / 195,000m²)

Akasaka Biz Tower

A mixed-use skyscraper located in one of Tokyo's most prestigious business districts.
(Completed in 2008 / 218,000m²)

Retail Facilities

Mitsui Fudosan operates approximately 60 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 / 227,000m^2 / 280 stores)

Mitsui Outlet Park Jazz Dream Nagashima

The largest outlet mall in Japan's Tokai region.
(Opened in 2002 / 45,000m^2 / 190 stores)

Mitsui Outlet Park Marine Pia Kobe

A fashion outlet mall in Kobe where shoppers can gaze out on the beautiful Akashi-Kaikyo bridge.
(Opened in 1999 / 36,000m^2 / 130 stores)

Ginza Velvia-kan

Select shops abound in this high-quality retail facility for urbanites in Tokyo's Ginza district.
(Opened in 2007 / 14,000m^2 / 30 stores)

Housing

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

Park Court Toranomon Atago Tower

A high-rise condominium tower with advanced security facilities in the heart of Tokyo.
(Completed in 2008 / 231 units)

Park City Musashi Kosugi

Two high-rise condominium towers – Mid Sky Tower and Station Forest Tower – in a pleasant suburban location.
(Completed in 2009 / 1,437 units)

THE TOYOSU TOWER

A high-rise condominium tower on the Tokyo waterfront that offers outstanding convenience and comfort.
(Completed in 2009 / 825 units)

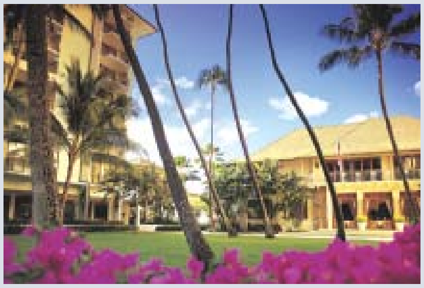
Fine Court LaLaCity

A housing development featuring energy-conserving construction and security equipment.
(Completion scheduled for FY2009 / 268 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 / 453 rooms)

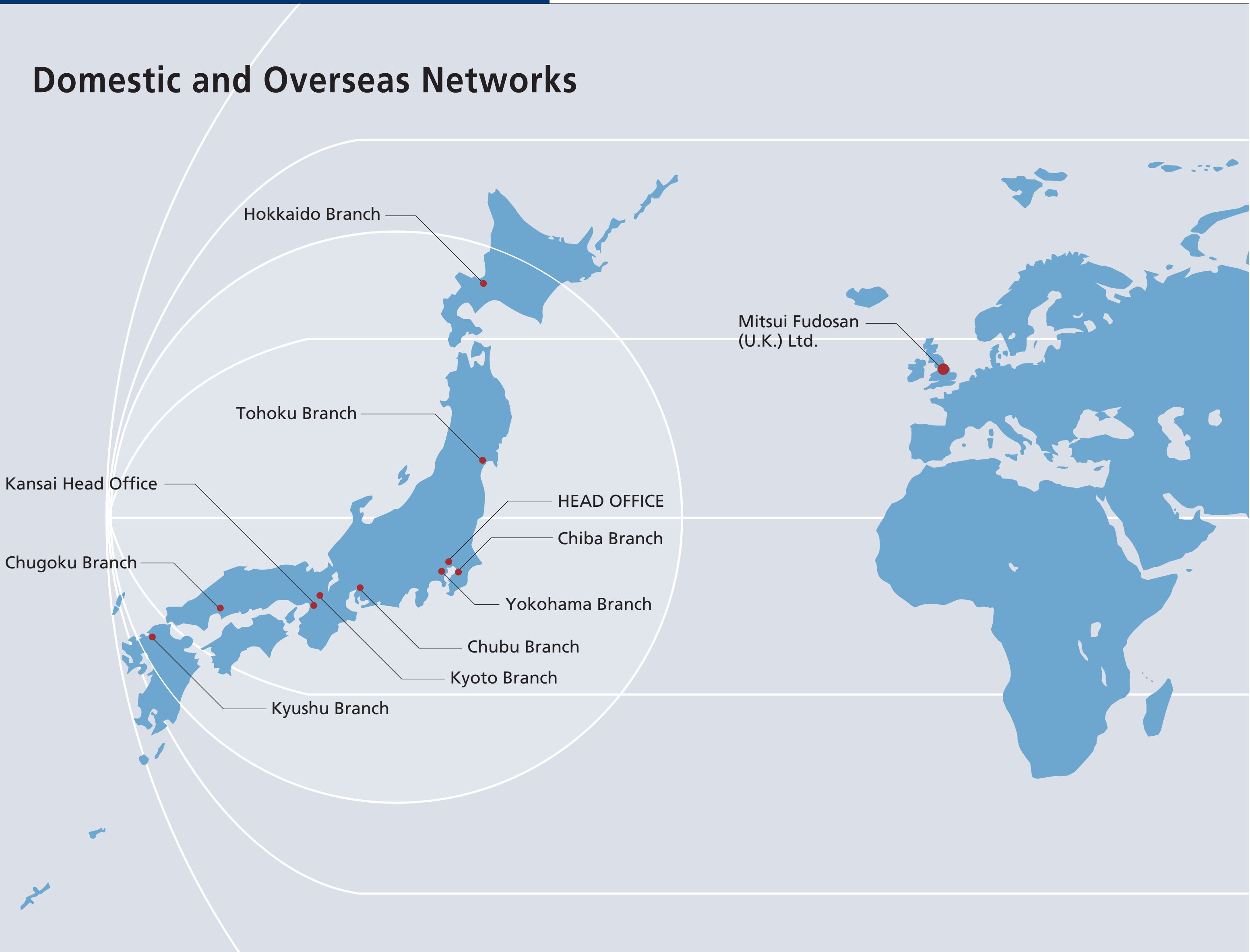
Mitsui Garden Hotel Ginza Premier

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

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
Sendai Honcho Mitsui Building
4-6, Honcho 2-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

Kyoto Branch
Kyoto Mitsui Building
8 Naginataboko-cho, Shijodori-Karasuma,
Higashiiru, Shimogyo-ku,
Kyoto-shi, Kyoto 600-8008

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.

7th Floor, Berger House, 38 Berkeley Square,
London, W1J 5AE, United Kingdom
Tel : 44-20-7318-4370
Fax: 44-20-7318-4371

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 Representative Office

Room 901, 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
- Opening of Japan's first large-scale regional shopping center, LaLaport Funabashi, now called LaLaport Tokyo-Bay (Funabashi-shi, Chiba Prefecture)

1986
- Acquired Exxon Building, now called 1251 Avenue of the Americas (New York City, U.S.A.)

1997
- Formation of consortium with overseas financial institution and successful bid for the site of Shiodome City Center (Minato-ku, Tokyo)

1998
- Opening of a factory outlet mall, Yokohama Bayside Marina Shops and Restaurants, now called Mitsui Outlet Park Yokohama Bayside (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
- Completion 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 New Challenge Plan 2016, Mitsui Fudosan Group's long-term business strategy
- Completion of GranTokyo North Tower (Chiyoda-ku, Tokyo)

2008
- Opening of Akasaka Biz Tower (Minato-ku, Tokyo), Mitsui Outlet Park Iruma (Iruma-shi, Saitama Prefecture) and Mitsui Outlet Park Sendai Port (Sendai-shi, Miyagi Prefecture)

Office Buildings

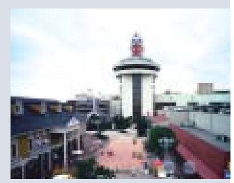

Nihonbashi in the Edo Period


Shinjuku Mitsui Building


Shiodome City Center


Nihonbashi Mitsui Tower

Retail Facilities


LaLaport Funabashi (now LaLaport Tokyo-Bay)

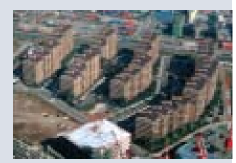

Yokohama Bayside Marina Shops and Restaurants (now Mitsui Outlet Park Yokohama Bayside)

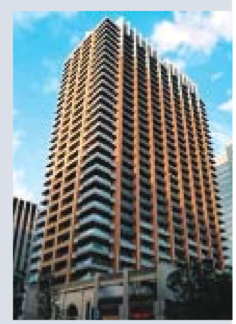

LaLaport Koshien

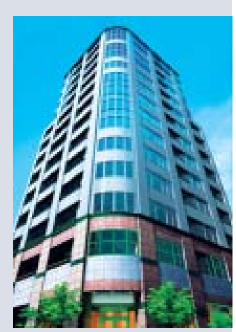

Mitsui Outlet Park Iruma

Housing


Yurigaoka


Park City Honmoku


Tokyo Park Tower


Park Axis Nihonbashi

Investor Information (Parent company; as of March 31, 2009)

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:
37,798

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

Number of Employees:
1,154 (Consolidated 15,476)

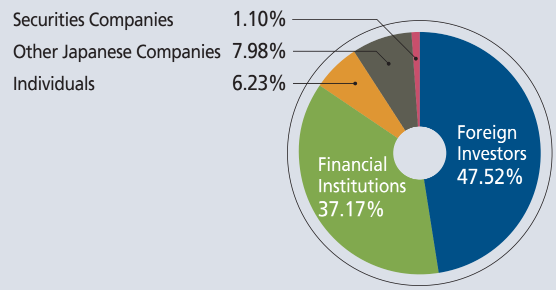
URL:
http://www.mitsuifudosan.co.jp/english

E-mail:
mfir@mitsuifudosan.co.jp

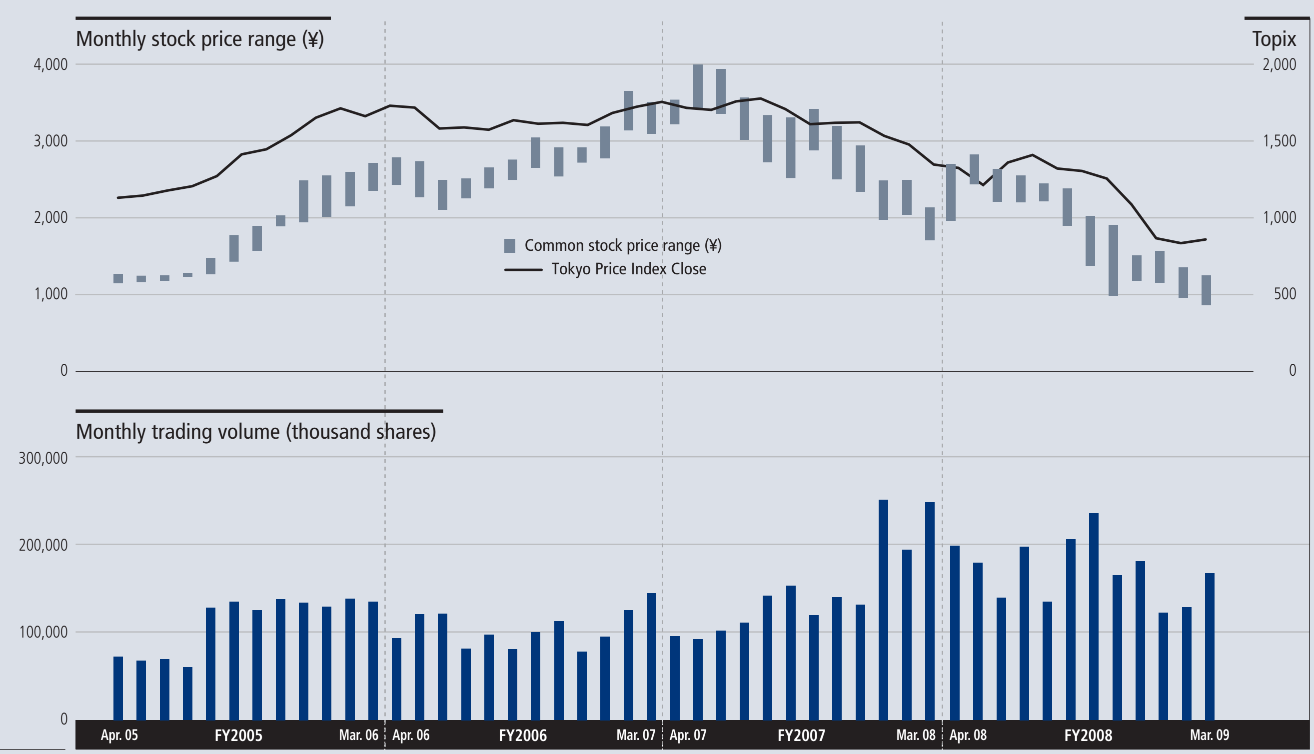
Major Shareholders:

	Number of shares held (Thousands)	Percentage of total shares in issue
The Master Trust Bank of Japan, Ltd. (Trust account)	64,875	7.36
Japan Trustee Services Bank, Ltd. (Trust account)	59,220	6.72
Japan Trustee Services Bank, Ltd. (Trust account 4G)	46,022	5.22
The Chuo Mitsui Trust & Banking Co., Ltd.	21,965	2.49
State Street Bank and Trust Company 505041	20,948	2.38
Sumitomo Mitsui Banking Corporation	18,546	2.10
State Street Bank and Trust Company	15,616	1.77
State Street Bank and Trust Company 505225	14,957	1.70
The Chase Manhattan Bank NA London SL Omnibus Account	14,407	1.63
Kajima Corporation	13,362	1.52
Total	289,922	32.89

Composition of Shareholders:



Monthly Stock Data (TSE):



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MITSUI FUDOSAN

This report was produced in August 2009.
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