Quality, Diversity and Discipline

Annual Report 2010

Year ended March 31, 2010

MITSUI FUDOSAN

The

Philosophy

Evolution and Value Creation

A Profitable and Growing 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.

2.64 million
square meters of leased office building floor space
(March 31, 2010)

3.9%
vacancy rate of Tokyo metropolitan area office buildings, nonconsolidated
(March 31, 2010)

19,000 units
equivalent inventory of land for housing
(March 31, 2010)

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

Mitsui Fudosan Group

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

¥2.7 trillion
in assets under management (March 31, 2010)

14.5%
compound annual growth in net income per share over the past five years

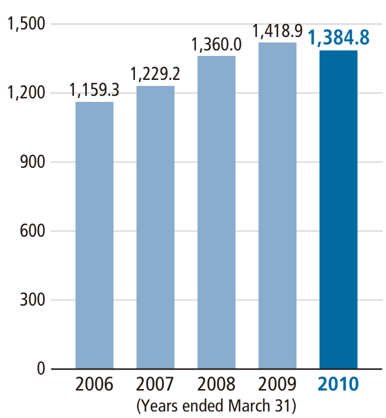
Consolidated Financial Highlights

Mitsui Fudosan Co., Ltd. and its Subsidiaries
Years ended March 31, 2010, 2009 and 2008

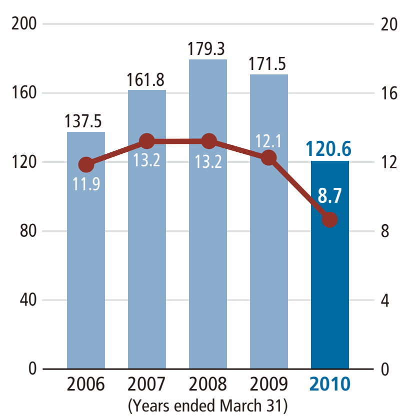
	Millions of yen except per share amounts			Percent change	Thousands of U.S. dollars except per share amounts (Note 1)
	2010	2009	2008	2010/2009	**2010**
For the Year					
Revenue from operations	**¥1,384,807**	¥1,418,946	¥1,360,023	(2.4)%	**$14,883,996**
Operating income	**120,585**	171,547	179,282	(29.7)	**1,296,055**
Net income	**60,084**	83,572	87,378	(28.1)	**645,787**
Cash dividends	**19,317**	19,324	15,812	0.0	**207,620**
At Year-End					
Total assets	**¥3,710,424**	¥3,758,387	¥3,634,489	(1.3)%	**$39,879,880**
Total net assets	**1,029,226**	999,860	992,003	2.9	**11,062,188**
Interest-bearing debt	**1,746,719**	1,733,559	1,550,421	0.8	**18,773,850**
		Yen		Percent change	U.S. dollars (Note 1)
Per Share Data					
Net income (Basic)	**¥ 68.4**	¥ 95.1	¥ 99.4	(28.1)%	**$ 0.735**
Cash dividends	**22.0**	22.0	20.0	0.0	**0.236**
Key Indicators					
Net income/revenue from operations (%)	**4.3**	5.9	6.4		
Total net assets/total assets (%)	**27.7**	26.6	27.3		
Debt/equity ratio (times) (Note 2)	**1.73**	1.77	1.60		
ROA (%) (Note 3)	**3.41**	5.06	5.53		
ROE (%) (Note 4)	**6.05**	8.57	9.12		

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥93.04 = U.S.$1.00, the approximate exchange rate at March 31, 2010.
2. Debt/equity ratio = Interest-bearing debt / (Net assets – Subscription rights to shares – Minority interests)
3. ROA = (Operating income + Interest, dividends and miscellaneous revenues + Equity in net income of affiliated companies - Extraordinary gains) / Average total assets over the period
4. ROE = Net income / (Net assets – Subscription rights to shares – Minority interests, Average over the period)

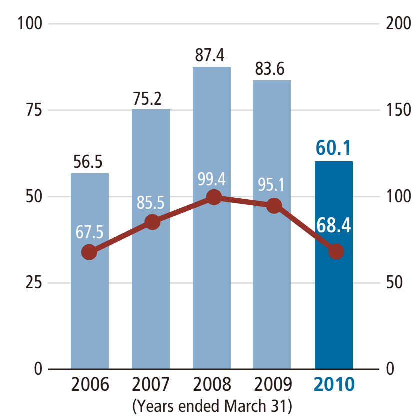
Revenue from Operations
(Billions of yen)



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



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

The Mitsui Fudosan Group's operating environment has changed significantly since the financial crisis in the second half of 2008. We are targeting growth over the medium-to-long term as we accommodate the upheavals in our operating environment to initiate a new phase of growth.

Hiromichi Iwasa
President and Chief Executive Officer

Earnings decreased year on year in fiscal 2009, the year ended March 2010, and Mitsui Fudosan did not achieve its quantitative targets under its long-term business plan, New Challenge Plan 2016. What factors influenced performance?

The leasing business is a relatively steady source of earnings, and its performance was solid. However, earnings in the property sales business decreased substantially with the impact of upheaval in the external environment and deteriorating conditions in the real economy.

In fiscal 2009, the third year of New Challenge Plan 2016, the impact of drastic changes in the external environment and deteriorating conditions in the real economy caused earnings in the property sales business to decrease substantially. Unfortunately, both revenue and income decreased as a result. Consolidated revenue from operations decreased 2.4 percent, or ¥34.1 billion, year on year to ¥1,384.8 billion. Operating income decreased 29.7 percent, or ¥51.0 billion, year on year to ¥120.6 billion, while net income decreased 28.1 percent, or ¥23.5 billion, year on year to ¥60.1 billion.

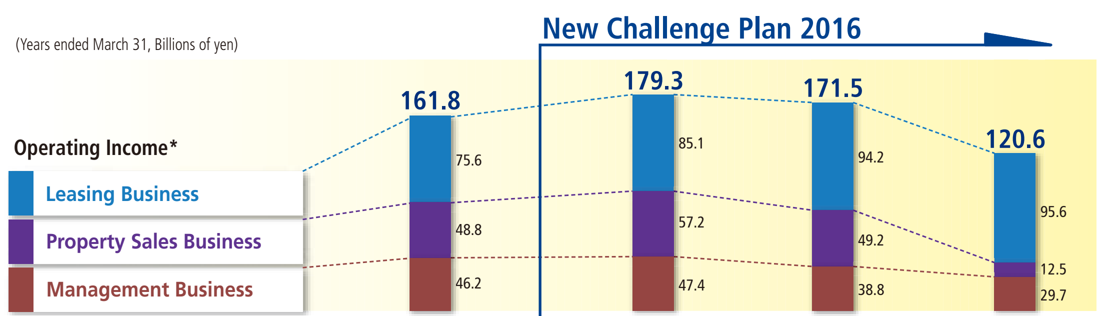
Moreover, we did not achieve the quantitative targets for fiscal 2009 under New Challenge Plan 2016 of ¥220 billion for operating income and 9.5 percent for return on equity (ROE). Looking back on the three years ended March 2010, results have been solid in the leasing business, while earnings have decreased significantly in the property sales business because of disarray and dysfunction in the real estate investment market following the financial crisis of autumn 2008, and the slump in the housing sales market due to the deterioration of the real economy.

We reorganized our former management accounting segments Holding, Trading and Management into the new segments Leasing, Property Sales and Management as of April 1, 2010. Operating income increased slightly in the leasing business, but was essentially flat compared with the previous fiscal year. The contribution of newly developed properties such as LaLaport SHIN MISATO compensated for negative factors including an increase in the vacancy rate at existing office buildings.

In the property sales business, we completed highly profitable large-scale projects in the property sales to individuals category including Park Court Akasaka The Tower. However, we booked fewer units than in the previous fiscal year and reduced profitability cut into earnings. Earnings from property sales to investors decreased substantially due to factors including a loss on transfer of rental housing assets and a decline in dividends from special purpose companies (SPC). Also, application of the lower-of-cost-or-market method, mainly for inventory of real property for sale to individuals, resulted in a loss on devaluation of real property for sale totaling ¥19.7 billion. Together, these factors caused operating income in the property sales business to decrease by a substantial ¥36.7 billion.

The management business, encompassing stable fee-based operations such as asset management and property management, remained solid. Operating income decreased, however, because reduced liquidity in the real estate investment market lowered earnings from brokerage for institutions.

ROE was 6.05 percent.



	2007	2008	2009	2010
ROA** (%)	5.50	5.53	5.06	3.41
Debt/equity ratio (times)	1.33	1.60	1.77	1.73
ROE*** (%)	8.35	9.12	8.57	6.05

* After inter-segment eliminations.
** ROA = (Operating income + Interest, dividends and miscellaneous revenues + Equity in net income of affiliated companies - Extraordinary gains) / Average total assets over the period
*** ROE = Net income / (Net assets – Subscription rights to shares – Minority interests, average over the period)

Note: From the fiscal year ending March 31, 2011, Mitsui Fudosan has changed its reportable segments to the five segments of Leasing, Property Sales, Management, Mitsui Home and Other, based on its management accounting classifications. Accordingly, the former management accounting segments of Holding, Trading and Management have been reorganized as Leasing, Property Sales and Management.

Both the global and the Japanese economies appear to have bottomed and are starting to recover. What is your perception of the real estate market, particularly the real estate investment market, which has borne the brunt of the financial crisis?

We are seeing the conditions necessary for the recovery of the real estate investment market with the recovery of the J-REIT market as its starting point. We also believe that the overall real estate market cycle has basically bottomed, and that positive indicators in certain sectors presage change for the better.

Advanced economies contracted during 2009, but appear likely to grow moderately during 2010. Emerging economies, particularly in Asia, have led the global economy out of recession, and are forecast to generate comparatively strong growth.

In Japan’s economy, the income and employment conditions that support consumer spending remain unfavorable, but business sentiment is improving among both large and small companies. While the situation is not especially optimistic, the worst of the recession seems to have passed and recovery has begun.

The overall real estate market cycle appears to have basically bottomed and some sectors are now recovering, although the speed of recovery varies widely in each business segment.

The **real estate investment market** has suffered the greatest impact from the financial crisis, but confidence in the J-REIT market has recovered following the September 2009 establishment of a J-REIT safety net in the form of a real estate market stabilization fund. Moreover, the funding environment has improved and some J-REITs have once again started to acquire new properties to support external growth, while others have merged or restructured. Moreover, with the recovery of the J-REIT market as the starting point, we believe the conditions are in place to support a rebound in the real estate investment market, including the establishment of private funds by domestic and foreign financial institutions.

Housing sales to individuals have basically bottomed and are already recovering. Customers are more willing to buy because prices have moderated and the government has extended tax breaks on home loans, expanded gift tax exemptions and taken other steps to support housing sales. Evidence of recovery is emerging in the metropolitan Tokyo market. Since spring 2009, the initial monthly contract rate has been over 70 percent, which is regarded as the cutoff point between a weak and a strong market, and inventory of unsold condominiums in metropolitan Tokyo decreased to about 6,000 units at the end of April 2010.

In the **office leasing market** as a whole, the vacancy rate has continued to increase while rents have decreased. However, the increase in the vacancy rate began to slow in summer 2009, and we expect the leasing market to turn around as macroeconomic indicators improve. Space requirements are already increasing among certain tenant companies that have improved their performance, and other positive signs are beginning to appear as well. Nonetheless, with new supply forecast to come onto the market in 2011 and 2012 in areas peripheral to central Tokyo such as Shinjuku and the Tokyo Bay area, we must remain circumspect and monitor supply and demand trends closely.

The **brokerage market** was busy during fiscal 2009 because the number of excellent properties available increased and more customers favored home ownership. Transactions involving pre-owned condominiums in metropolitan Tokyo increased about 8 percent year on year to approximately 31,000, reaching a scale similar to the new condominium market. We expect this market to remain energetic.

Transaction volume remains low in the brokerage market targeting institutions. However, we expect it to rise in tandem with the full-fledged recovery in the real estate investment market.

How did Mitsui Fudosan counter the effects of upheaval in the external environment and deteriorating conditions in the real economy during fiscal 2009? Which of your strengths did you reaffirm? Also, what are your management strategies for generating growth in each business segment in fiscal 2010 and beyond?

We dealt with the aftermath of the financial crisis and prepared for the next phase of growth during fiscal 2009. We will complete our crisis response in fiscal 2010 with the aim of restarting growth in fiscal 2011.

Our operating environment changed significantly following the financial crisis in the second half of 2008, and we have been in crisis response mode since then. At the start of fiscal 2009 we positioned the three years ending March 2012 as a time to deal with the crisis and prepare for the next phase of growth. We have shortened that period by a year. In fiscal 2010, we now intend to wrap up our crisis response and complete the foundation we will use to restart growth in fiscal 2011. Specifically, we will re-examine and restructure core businesses, respond to maturity and globalization, and maintain sound finances to support future growth.

Leasing: This is a Mitsui Fudosan Group core business and generates stable earnings. We will maintain good relationships with our tenants while strengthening our ability to make proposals, and will also re-engineer operations to control costs and establish clear marketing policies.

Short-term market volatility will not affect our pipeline. We will selectively concentrate sustained investment in projects that will contribute to stable, long-term earnings.

Office building development, leasing and management is a Mitsui Fudosan Group strength. Approximately 75 percent of our office building portfolio is balanced among the five wards of central Tokyo, and we have the development capabilities needed for steady progress in redevelopment projects. We also have stable, longstanding relationships with approximately 3,000 tenant companies. We therefore have both tangible and intangible strengths that contribute to stable earnings. Consequently, our vacancy rate is well below that of the market, and we believe that our relatively favorable position will continue in the future.

We did not rush to make capital expenditures as the market rose in 2006 and 2007 and price competition caused real estate to overheat, which is part of the reason for our relatively favorable position today. Nor will we be swayed by short-term market trends. We will continue to emphasize superior urban locations in raising the quality of our portfolio by focusing sustained investment on development projects with strong returns in which we can leverage our strengths, such as redevelopment and reconstruction of existing assets.

Retail facilities are another Mitsui Fudosan Group strength, and we have about 30 years of experience in this business. We are not a retailer – we are a developer and operator that is free to design properties according to the tenant mix and customer needs at each facility. We operate in diverse facility categories in addition to our core LaLaport (regional shopping centers) and Mitsui Outlet Park (outlet malls) brands, and are therefore able to respond to the needs of various stores. Moreover, having retail facilities in our leasing portfolio is a strength that adds stability to earnings in the leasing business.

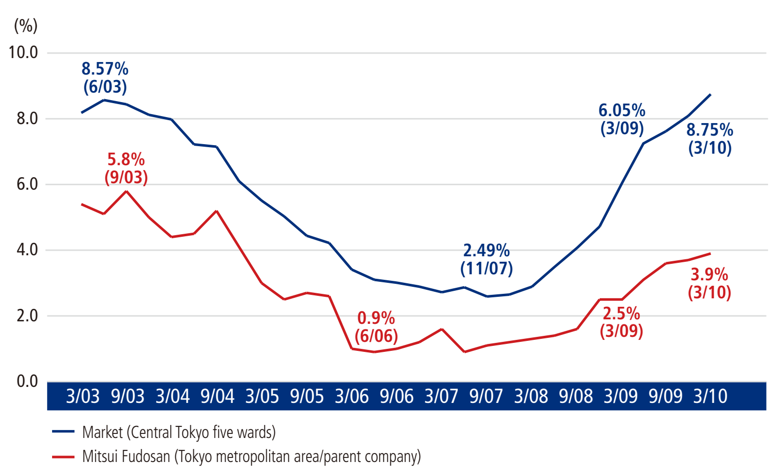
The Mitsui Fudosan Group made a smooth start in operating new retail facilities despite the upheaval in our operating environment following the financial crisis, and we will continue to concentrate sustained investment in competitive retail facilities.

Property Sales: In property sales to individuals, we will further enhance the competitiveness of our products while accelerating the cash-to-cash cycle. In property sales to investors, we will develop current projects while monitoring the real estate investment market to determine if a full-scale recovery has begun.

In **property sales to individuals**, Mitsui Fudosan is known and respected among customers for high-value-added properties, including the large-scale properties and redevelopments that are its strength. We will further enhance and differentiate these product offerings and further enhance their competitiveness during fiscal 2010, while accelerating the cash-to-cash cycle. We did not suspend acquisitions of new land for development following the financial crisis, and we intend to maintain regular purchases going forward because that is a source of future earnings as we use the land to develop buildings that generate income.

Property sales to investors have borne the brunt of the financial crisis. In the second half of fiscal 2009, the Mitsui Fudosan Group sold

Office Vacancy Rate Trends



Data: Miki Shoji Co., Ltd.

Park Axis rental condominiums to Nippon Accommodations Fund Inc. after its first post-crisis increase of capital through a public offering of units. The transaction was painful in the short term as Mitsui Fudosan incurred a loss on the sale and also had to recognize a revaluation loss on application of the lower-of-cost-or-market method. On the other hand, it has great significance because it contributed to the revitalization of the J-REIT market and the real estate investment market as a whole, and thus to restoring momentum to our business model.

We see a trend toward recovery in the real estate investment market, and are at the point in our business cycle where we can expect to spring into action in tandem with the revitalization of the overall market. Also, the current market bottom is a good time to act on the many excellent opportunities to invest for future growth and look for attractive projects.

Mitsui Fudosan's strength lies in its strong relationships with J-REITs, private funds, corporations and other vehicles that provide multiple exit strategies.

Management: We expect continued growth in our fee-based property management business, while re-engineering in fiscal 2008 revitalized brokerage for individuals. We also expect a full recovery of brokerage for institutions.

The **management business** includes the property management business, in which Mitsui Fudosan Group companies employ their expertise to generate the stable fee income that is a bedrock component of earnings.

In the **Rehouse business of brokerage for individuals**, during fiscal 2008 we executed re-engineering that included reorienting responsibility for sales areas, reorganizing Rehouse companies, and revising administrative categories to strengthen sales. The resulting response was excellent – in fiscal 2009 Mitsui Real Estate Sales Co., Ltd. generated more than 33,000 transactions in total, the most in its history. The brokerage market for individuals is strong, and we aim to further improve results in coming fiscal years. Meanwhile, signs of a turnaround are apparent in the market of **brokerage for institutions**, and we expect it to recover fully.

What are Mitsui Fudosan's strategies for maintaining and enhancing sound finances?

Maintaining sound finances is strategically critical, and will remain a priority for us in devoting our full efforts to new investments for future growth.

Maintaining sound finances is strategically critical for Mitsui Fudosan. Since the financial crisis, we have been selective in making capital expenditures and acquiring real property for sale, while continuously revising our balance sheet. In revising our balance sheet during fiscal 2009, we sold equity holdings while taking a number of steps to optimize portfolio and trading assets.

Total interest-bearing debt as of March 31, 2010 increased marginally from a year earlier to ¥1,746.7 billion as Mitsui Fudosan generated cash through cost recovery of real property for sale while reducing capital expenditures. Our debt equity/ratio decreased slightly to 1.73 times from 1.77 times.

We will maintain sound finances so that we can invest in opportunities that will support future growth.

Environmental protection is now a global issue. What are Mitsui Fudosan's environmental initiatives?

We believe that urban development must coexist with the Earth. We are energetically working with stakeholders on environmental initiatives that are economically sensible.

CO_2 reduction is currently the main concern of environmental protection, but the Mitsui Fudosan Group is not stopping at conserving energy and reducing CO_2. Our environmental initiatives cover a broad range from resource conservation, waste reduction, and providing safety, security and comfort to landscaping, cityscaping, concern for water and air, greenery and biodiversity.

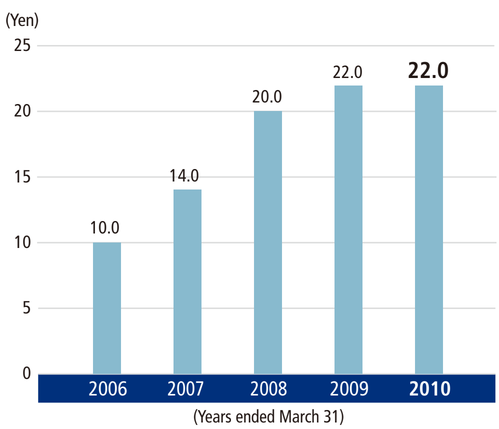
In March 2010, based on our corporate logo symbolizing our philosophy of harmonious coexistence, we created the slogan and symbol &EARTH to give expression to our commitment to operating in harmony with the Earth. This slogan affirms our desire to cooperate with the people who lease, buy and use our properties to create urban developments that offer a comfortable, pleasant future in harmony with the Earth.

We will energetically work with stakeholders on environmental initiatives that are economically sensible.

What is Mitsui Fudosan's policy regarding shareholder returns?

We aim to further increase corporate value, and will enhance our internal reserves so that we can invest in highly profitable business opportunities. At the same time, we will take the operating environment, our performance and our financial condition into account in working to maintain and increase dividends.

Cash Dividends per Share



Shareholder returns are a top management priority for Mitsui Fudosan, and we want to meet the expectations of our shareholders. We aim to further increase corporate value, and will enhance our internal reserves so that we can invest in highly profitable business opportunities. At the same time, we will take the operating environment, our performance and our financial condition into account in working to maintain and increase dividends.

Under New Challenge Plan 2016, the Mitsui Fudosan Group links shareholder returns to performance by targeting a consolidated payout ratio of 20 percent. The fiscal 2009 operating environment was exceptionally challenging, but we considered both our outlook for the future and the above dividend policy in paying cash dividends of ¥22.00 per share for the fiscal year. The consolidated payout ratio was therefore 32.2 percent. We forecast cash dividends of ¥22.00 per share for fiscal 2010 as well.

In closing, do you have a message for Mitsui Fudosan's shareholders?

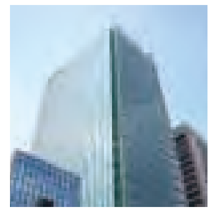
We ask for your continued support as we complete the foundation we need to restart growth.

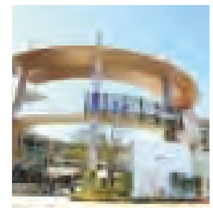
At the start of fiscal 2009 we positioned the three years ending March 2012 as a time to deal with the crisis and prepare for the next phase of growth. While we are not especially optimistic, our outlook is improving.

During fiscal 2010 we will wrap up our response to the financial crisis and complete the foundation we need to restart growth. We are now reconsidering the kind of company the Mitsui Fudosan Group should be in fiscal 2016 in formulating a management plan we will start in fiscal 2011.

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

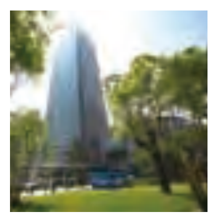
Quality





Diversity

and Discipline



Like most markets, real estate is cyclical. Yet Mitsui Fudosan performs strongly in up markets or down because of its commitment to quality, diversity and discipline, thus generating solid, stable returns for shareholders. Moreover, a consistent focus on core strengths positions Mitsui Fudosan to emerge from the challenging stage of the current market cycle in a strong position to build on its leadership of Japan’s real estate market.

Quality

Quality differentiates Mitsui Fudosan and supports performance. Our strategy is customer driven. We focus on tangibles such as product quality as well as intangibles such as customer desire for safety and security to deliver the quality and services that customers truly want. The Mitsui Fudosan Group aims to bring the very best in affluence and comfort to urban living. Our commitment to customer satisfaction as we work to achieve the aim of our Group statement has been central to our stable performance in a difficult operating environment.

Top-Quality Office Buildings Retain Tenants

In the office leasing market, Mitsui Fudosan derives a significant competitive advantage from the systems it has developed to ensure consistently high levels of quality throughout its operations. This competitive advantage is not simply a function of developing office buildings in prime urban locations. Tenants know that Mitsui Fudosan's top-class office buildings help them optimize productivity at every level, and that property management is consistently outstanding. As a result, Mitsui Fudosan has established strong, long-term relationships with approximately 3,000 tenants.

Our expertise in product planning and operational management is codified in our Office Building Design Manual, while detailed operational flowcharts guide office building management from the planning stage to the completion of construction. We cover every detail including the design of signage that is helpful and easy to understand. Moreover, Mitsui Fudosan has systematized standard finishings, specifications and other aspects of the mechanical rooms and common-use areas of office buildings.

Mitsui Fudosan incorporates the concept of universal design for office buildings to make its properties accessible for people with physical disabilities. Security at our properties is rigorous, but not intrusive. Our Security Planning Manual codifies security procedures in areas including ways to enter and exit office buildings, security of a typical office floor, surveillance cameras, IC cards and card readers. Each of our office buildings also has systems in place for crime and disaster prevention, monitoring suspicious individuals, and safely and efficiently operating elevators. Smoking areas are separate and comfortable, while restroom facilities are pleasant and clean.

Retail Facilities that Generate Quality Cash Flow

People enjoy coming to Mitsui Fudosan retail facilities. Rather than simply creating places that sell things, we meticulously plan and operate our retail facilities to offer experiences and lifestyle ideas that are in tune with customers and their local communities. As a result, our retail facility portfolio has maintained nearly full occupancy and strong cash flow despite the downturn in the overall economy.

Mitsui Fudosan captures the benefits of quality from the design stage. We have systematized planning and design by organizing and combining our expertise in product planning and operational management. We also employ universal design guidelines that take all relevant laws and regulations into full account. Our Interior Design Manual for tenants helps to ensure a quality experience for visitors as well as strong synergy with the facility as a whole. This supports the success of individual tenants and the overall property. We further ensure quality by employing clear rules for issues such as signage, store lighting and interior finish.

Close attention to customer needs is part of the quality that drives sound performance at Mitsui Fudosan retail facilities. Women are a significant customer demographic, and they appreciate design standards that focus on important details such as pleasant, comfortable restroom facilities and spacious areas for nursing babies and changing diapers.

Like all Mitsui Fudosan properties, the Nihonbashi 1-chome Building offers superior quality in an outstanding location.

Leading Brands Drive Stable Residential Revenue

Japan’s residential housing market has become increasingly polarized, and Mitsui Fudosan housing brands dominate the high end because they offer outstanding quality and value. Consequently, property sales to individuals have been steady in a difficult market.

Third-party surveys consistently highlight the leadership of our brands and their innovative quality, and today’s rigorously selective consumers appreciate the excellent location and quality of the properties we provide. Our housing brands center on Mitsui Fudosan Residential Co., Ltd., which is a one-stop source of housing that is integrated from development and sales to after-sales service. Mitsui Fudosan Residential manages the quality of everything from the design and construction stages to completion and delivery of condominium developments based on the Total Quality Project Management (TQPM) process it introduced in 2002.

Shibaura Island Bloom Homes offers quality rental housing geared to the needs of seniors.

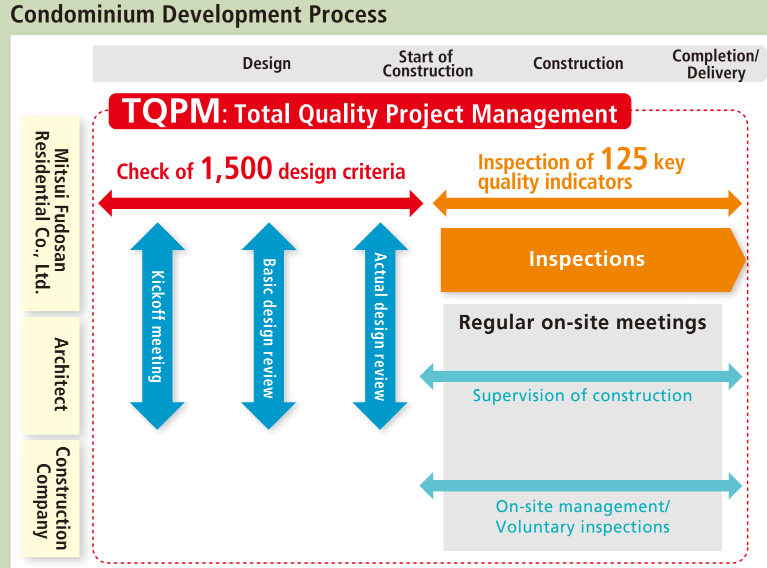
Sophistication differentiates LaLaport YOKOHAMA, which is Kanagawa Prefecture's largest retail facility.

We also used the ISO 9001 series of international quality standards to create approximately 1,500 design criteria and a list of roughly 125 key quality indicators for inspection at the residential properties we sell. Our commitment to quality goes beyond the individual site or supervisor level. TQPM quantifies quality practices, which enables the Mitsui Fudosan Group to achieve consistent quality at all properties and sites throughout Japan using a number of highly reliable designers and contractors. Similarly, we have formulated our proprietary Detached Housing Design Standards to ensure quality in that product category as well.

We complement these quality systems by collecting feedback on the performance of every new condominium unit we sell, and have implemented service quality management procedures for our mid- and high-rise residential buildings. 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.

In the rental housing business, we use our Quality Management Manual, which we regularly update to accommodate changing markets and technologies. By the same token we also employ a frequently updated design and inspection checklist for rental properties to introduce new technologies and enhance quality. User-friendliness is a core issue.

Condominium Development Process



TQPM is a key to Mitsui Fudosan’s strength in high-end condominium sales.

Diversity

The diversity of our portfolio positions us throughout the real estate value chain, which supports stable revenue and earnings. The many options that we have to accelerate the cash-to-cash cycle are another form of diversity that generates steady shareholder returns.

Multiple Revenue Streams

Mitsui Fudosan's core leasing business encompasses both office buildings and retail facilities. This uniquely structured portfolio allows Mitsui Fudosan to generate revenues from different sectors of the economy, while also taking advantage of synergies from relationships with approximately 3,000 tenant companies for offices and approximately 1,900 tenants for retail facilities. Decades of experience in both of these sectors gives Mitsui Fudosan the focused expertise that has made it a leader in each.

Outside of the leasing business, Mitsui Fudosan derives operating revenue from businesses ranging from property sales and brokerage to fee-based businesses including asset and property management. As a result, we are better able to accommodate changing market conditions than many competitors – and better able to maintain steady shareholder returns. The Mitsui Fudosan Group is a leading developer of new properties for sale to individuals, and also operates Japan's leading brokerage business for individuals serving the growing secondary market. The Group also leases residential properties and manages parking lots. Fee-based asset and property management businesses as well as the brokerage business have been stable sources of revenue during the recent recession, supporting strong cash flow without requiring Mitsui Fudosan to add assets to its balance sheet.

As a result, Mitsui Fudosan leverages its expertise throughout the real estate value chain to generate stable revenue and earnings. We are also carefully expanding overseas, working closely with local partners to add geographic diversity to our revenue stream. Pilot projects in the fields of residential and retail facility development in China are now under way with strong partners, and we intend to continue seeking opportunities to deploy our expertise overseas, mainly in China and elsewhere in East Asia.

Geographic and Brand Diversity Contributes to Stability

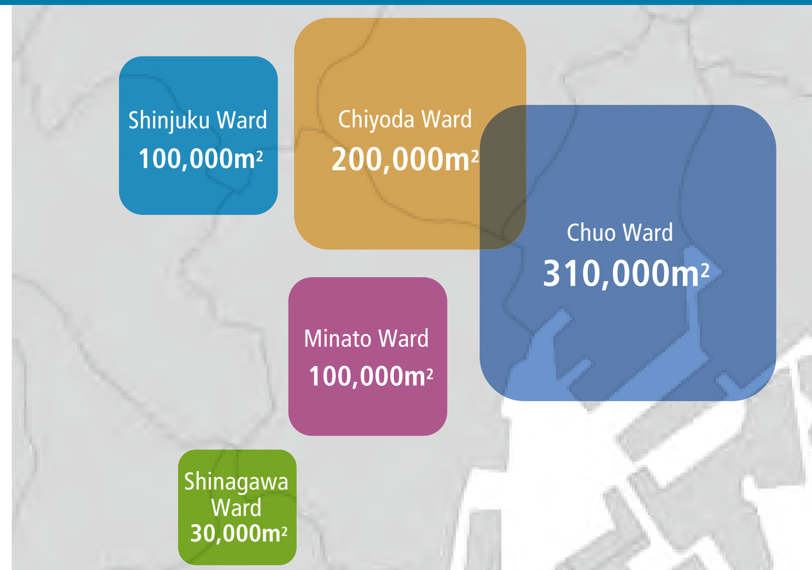
Our office building properties are located throughout the five wards of central Tokyo, where a large proportion of Japanese companies and foreign firms operating in Japan want to have office space. This gives us the best of two worlds: concentration in an attractive market as well as diverse coverage of multiple sectors within that market. We complement our diversified presence in Tokyo with select office buildings in Japan's other major urban centers.

Our retail facility portfolio centers on the heavily populated Tokyo area, with broad coverage of the areas surrounding the city center, where tens of millions of people live and work. At the same time, we have been adding large-scale projects in regions throughout Japan, including MITSUI OUTLET PARK Sendai Port in the northern city of Sendai and MITSUI OUTLET PARK Shiga Ryuo in Shiga Prefecture. Our retail facility portfolio therefore supports stable revenue while simultaneously providing opportunities for profitable growth.

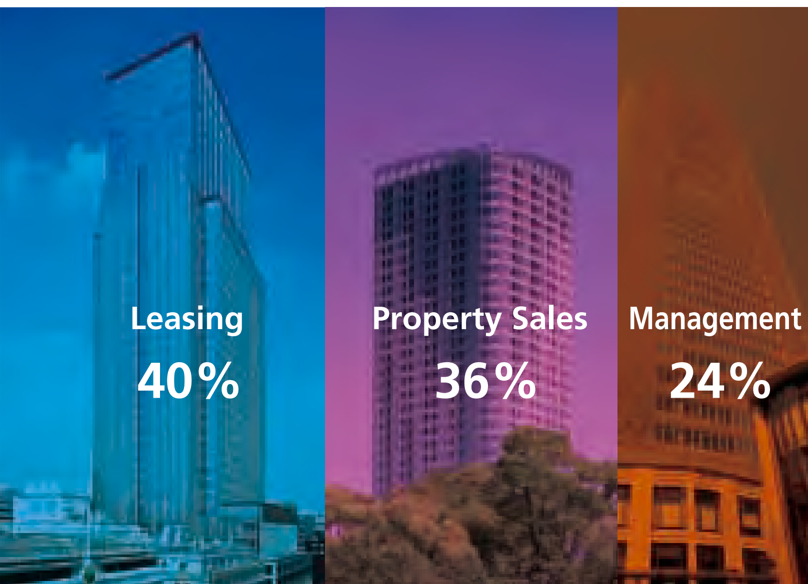
Brand diversity is another strength. Mitsui Fudosan delivers retail facility brands that are in step with various

Well-balanced earnings from both office buildings and retail facilities support stable performance in the leasing business.
Note: Excluding housing and other properties

customer segments. LaLaport is a regional shopping center brand. Mitsui Outlet Park is an outlet mall brand that offers shopping and entertaining facilities. GINZA TRECIOUS exemplifies our urban retail facility brands that create luxurious city shopping experiences, while LaLagarden is our neighborhood retail facility brand. This broadly based portfolio allows us to serve numerous consumer segments and tenant needs for retail stores, which supports stable cash flow as we continue to enhance the strength and competitiveness of our retail facility brands.



Floor space of Mitsui Fudosan properties in the five wards of central Tokyo
Note: Consolidated basis, including jointly owned properties

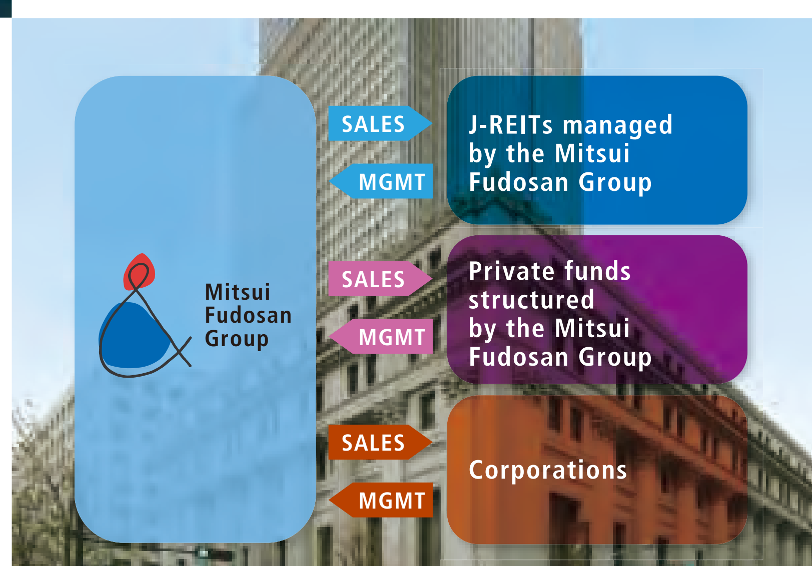


Our three core businesses generate profitable revenues throughout the real estate value chain.

Numerous Exit Options Support Cash Flow

Growth in cooperation with a wide range of investors remains a core strategic emphasis. A leader throughout the real estate value chain, Mitsui Fudosan is able to take on projects according to the exit option that offers the best profitability. In addition to developing prime projects to own and lease, Mitsui Fudosan develops superior properties for sale to investors, including the three J-REITs for which the Mitsui Fudosan Group provides asset management. These J-REITs provide a diverse array of options because they cover the Group's core asset classes – office buildings, retail facilities and residential properties. In addition, the Mitsui Fudosan Group structures and manages private funds, companies and other vehicles to which it can sell the properties it develops. Consequently, we are able to cycle capital more quickly in some deals while making investments in long-term cash flow in others. This balance supports stable cash flow and value creation.

Mitsui Fudosan develops properties for direct sale to investors, and also excels at securitizing properties by structuring and managing private funds to allow a wide range of investors to participate in attractive Japanese real estate leasing markets. In addition to profiting by developing properties for these funds, Mitsui Fudosan also generates fees from providing asset and property management services for them. Thus the diverse, comprehensive capabilities of the Mitsui Fudosan Group support stable returns throughout the real estate value chain.



A model for growing in cooperation with a diverse array of investors

Discipline

Mitsui Fudosan takes a long-term view of its business, adjusting it as necessary in the short-term to quickly accommodate market change. Our disciplined focus on long-term value, sound finances and leadership is a core strength that supports stable performance today and positions the Group for future growth.

The Rigor to Succeed in Redevelopment

Mitsui Fudosan's disciplined approach to massive urban redevelopment projects has made it a global leader in this field – and the partner of choice for premier projects in Tokyo. In projects ranging from the redevelopment of Tokyo's waterfront to the landmark Tokyo Midtown project, property owners and originators in both the public and private sector turn to Mitsui Fudosan to make redevelopment projects a success. The benefits are numerous. We are able to control risk by working with outstanding partners, while gaining access to land for development that is typically more advantageous than open market acquisitions. Our disciplined approach to property and asset management after projects are completed also ensures that we will be able to continue generating earnings from redevelopment projects long after their completion.

Our approach offers numerous benefits to our partners. We developed Tokyo Midtown on an underutilized site formerly used by the Self Defense Agency, creating an effective partnership that included major Japanese institutional investors with a vested interest in making the project succeed. We managed construction on schedule and on budget, and since completing development have been generating fee income by handling leasing and property management. All project stakeholders achieved their objectives, and the surrounding neighborhood is bustling with new energy.

Our rigorous approach to redevelopment illustrates how we have built relationships with the three core real estate customer groups: the end users who are tenants of our office buildings and commercial 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. Each customer group relies on Mitsui Fudosan because it delivers on its promises.

Quality People Drive Quality Earnings

Mitsui Fudosan employees are disciplined professionals who take pride in their creativity and 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 business partners and customers truly want and then delivering it. This disciplined commitment to excellence embraces the highest levels of corporate ethics and legal compliance.

Mitsui Fudosan has set up systematic and diversified programs to fully develop each employee's individual skills. Employees also have many opportunities to meet their own career needs and aspirations through discussions with the Personnel Department and senior employees. We systematically pass on the experience and skills that define our corporate culture with several innovative programs. MEET21 Training is a program in which directors serve as professors to discuss management issues in seminar style

Tokyo Midtown exemplifies the benefits of our disciplined approach to urban redevelopment.

with several employees from every age group to transcend roles and age in imparting knowledge. Cross Expert Training helps employees find their own role model through lectures that reflect upon the lives of those who head departments.

Disciplined Approach to Cash Flow

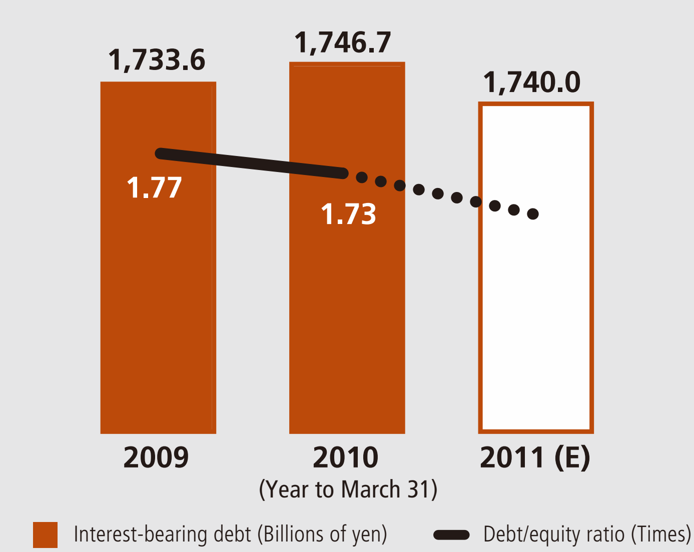
Mitsui Fudosan focuses on strong cash flow. Leverage is a necessary component of the real estate business, and we make sure to manage it to support long-term value creation. Our debt/equity ratio consistently compares favorably with our peers, as do the earnings per share we generate in relation to our leverage. This is the result of a clear focus on deploying our skills and capabilities to generate the strongest returns.

With the real estate market recovering from the financial crisis of 2008, Mitsui Fudosan has maintained sound finances. We have selectively added property for future development while selectively liquidating inventory to generate cash. In fiscal 2009, net cash provided by operations increased strongly year on year as a result. We continue to participate in large-scale redevelopment projects such as the Muromachi East District Development Project that will be completed in stages through fiscal 2013, while taking a conservative approach to leverage and off-balance-sheet debt. We also exercise discipline in developing properties, using fixed-term leaseholds and masterleasing to reduce capital requirements and increase return on assets.

Consequently, global capital markets trust the Mitsui Fudosan brand. Throughout the turbulence of the past two years, Mitsui Fudosan has 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.

Meticulous planning supports our ability to consistently create value.

The first phase of the Muromachi East District Development Project is scheduled for completion in 2010.



We focus on generating cash flow in managing interest-bearing debt and the debt/equity ratio.

Mitsui Fudosan at a Glance

Stable Value Creation

Leasing Business

The leasing 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.

Property Sales Business

The property sales 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 property sales to individuals. Relationships with a broad range of investors and high-quality assets are strengths in property sales to investors.

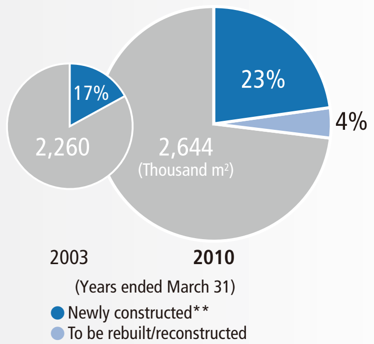
Management Business

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.

Under New Challenge Plan 2016, Mitsui Fudosan is adapting to changing markets and emerging customer needs. Over the coming seven years, 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.

From the fiscal year ending March 31, 2011, Mitsui Fudosan has changed its reportable segments to the five segments of Leasing, Property Sales, Management, Mitsui Home and Other, based on its management accounting classifications. Accordingly, the former management accounting segments of Holding, Trading and Management have been reorganized as Leasing, Property Sales and Management.

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



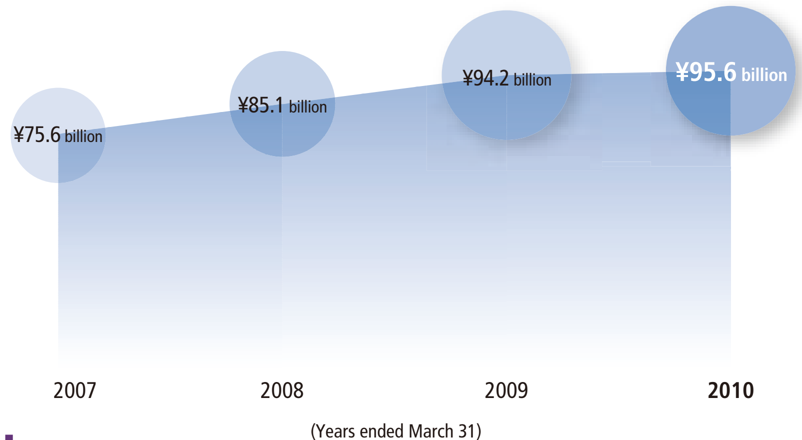
* Total floor area of buildings owned and masterleased

** "Newly constructed" includes buildings constructed within the past 5 years

Note: Nonconsolidated basis, including subleased properties

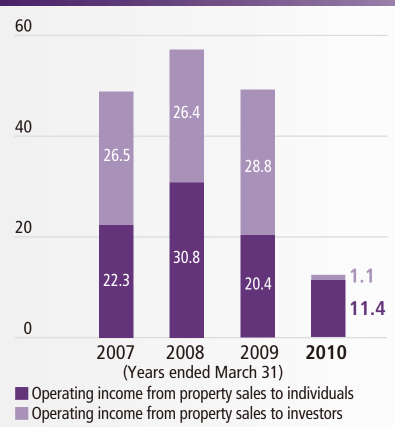
Operating Income

(Billions of yen)



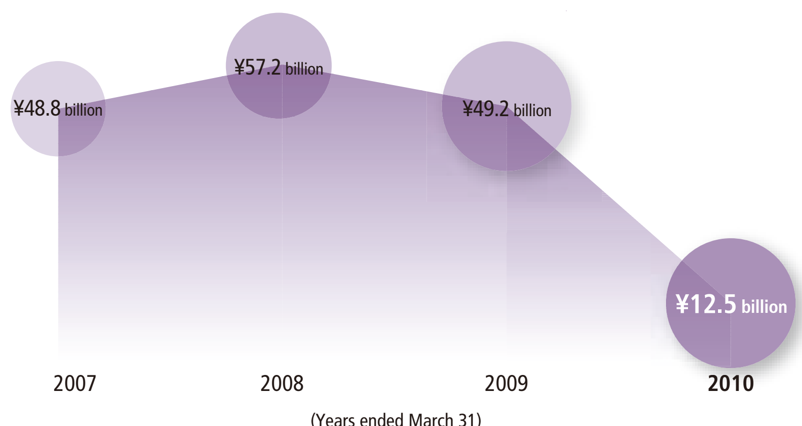
Composition of Operating Income

(Billions of yen)

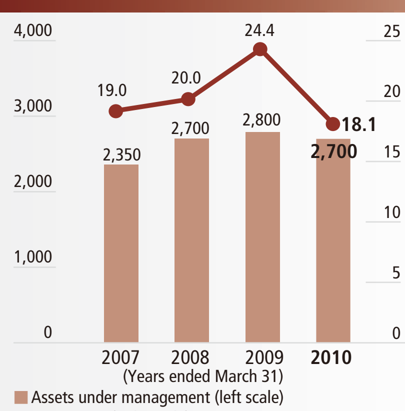


Operating Income

(Billions of yen)

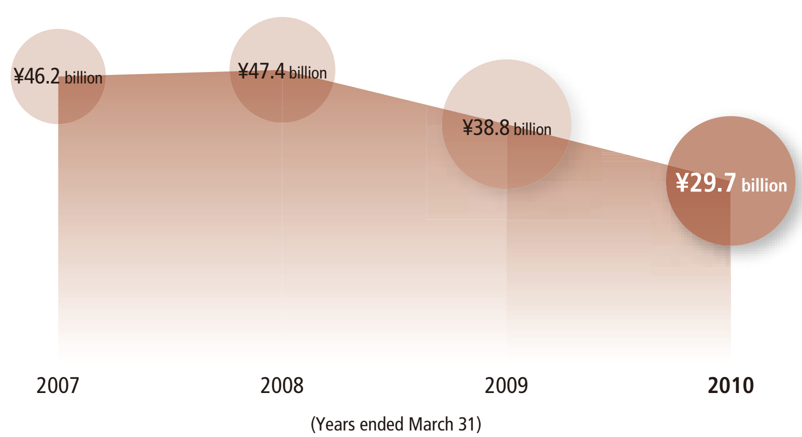


Expansion in Assets under Management & Fee Income (Billions of yen)



Operating Income

(Billions of yen)

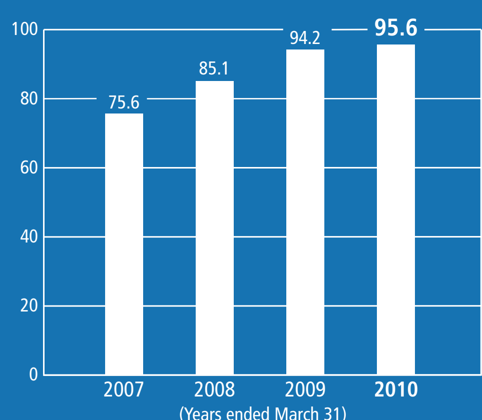


Leasing Business

Leasing of office buildings and retail facilities

Portfolio Growth Strategy:
Sustained improvement in asset quality and selective investment in growth

Operating Income
(Billions of yen)



Sumitomo Mitsui Banking Corporation Head Office Building
(Office building / Completed in July 2010)

A High-Quality Office Building Portfolio Supports Steady Earnings

The leasing business rents floor space in office buildings and retail facilities to tenants. Our ongoing strategy is to maintain and increase competitiveness and profitability by enhancing the quality of assets in our portfolio. A key component of this strategy is the redevelopment of existing assets to generate strong ROI. Current redevelopment projects include the Muromachi East District Development Project (Chuo-ku, Tokyo). The first phase of this project is the Muromachi-Higashi Mitsui Building, which is scheduled for completion in September 2010. Urban renaissance projects are another means we use to enhance asset quality. These include flagship projects such as the Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda-ku, Tokyo), completed in July 2010.

Performance during fiscal 2009, the year ended March 2010, benefited from the full-year contribution of office buildings including Jingumae M-SQUARE (Shibuya-ku, Tokyo) and the start of operations at office buildings including Higashi Gotanda Square (Shinagawa-ku, Tokyo) in April 2009.

As a result, fiscal 2009 operating income in the leasing business increased 1.4 percent year on year to ¥95.6 billion. Negative factors included an increase in Mitsui Fudosan's vacancy rate in the Tokyo metropolitan area on a nonconsolidated basis to 3.9 percent from 2.5 percent for fiscal 2008 and 1.3 percent for fiscal 2007, and lower rents at existing properties. However, the impact of the new properties described above compensated for these negative factors, resulting in operating income at generally the same level as the previous fiscal year. While the financial crisis that began in the second half of 2008 has affected the leasing business, Mitsui Fudosan has minimized decreases in operating income by maintaining and improving asset quality and its stable, long-term relationships with approximately 3,000 tenant companies.

Moreover, Mitsui Fudosan continues to improve its portfolio. As of March 31, 2003, our office building portfolio encompassed 2.26 million square meters of floor space, with 17 percent in new properties built within the past five years. As of March 31, 2010, our portfolio encompassed 2.64 million square meters of floor space, with 23 percent in new properties, 14 percent built within the past six to ten years, and 4 percent undergoing reconstruction.

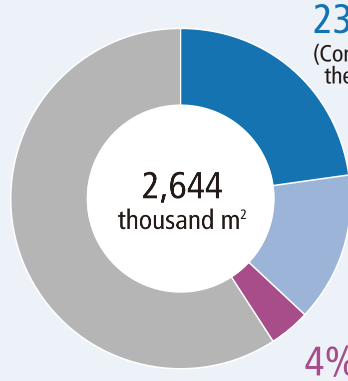
The leasing business primarily operates top-grade properties in superior locations. In general, occupancy rates at these properties are near 100 percent, which supports stable rents. Mitsui Fudosan maintains long-term relationships with its tenants, which in conjunction with programs to raise asset quality has limited volatility in rent revenues. Strong sales capabilities have helped Mitsui Fudosan keep the vacancy rate for its properties well below that of the market and bring tenants to newly developed space.

Going forward, Mitsui Fudosan will closely monitor changes in tenant demand due to factors including the overall economy and new supply coming onto the market. Concurrently, we will continue to execute our strategy of maintaining and increasing competitiveness and profitability by enhancing the quality of assets in our portfolio.

Solid Earnings from an Outstanding Retail Facility Portfolio

Retail facility operations benefited from the full year contribution of four facilities – MITSUI OUTLET PARK Iruma

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



* Total floor area of buildings owned and masterleased
Note: Nonconsolidated basis, including subleased properties

Jingumae M-SQUARE
(Office building / Completed in February 2009)

MITSUI OUTLET PARK Sendai Port
(Retail facilities / Opened in September 2008)

(Iruma, Saitama), MITSUI OUTLET PARK Sendai Port (Sendai, Miyagi), LaLagarden Kawaguchi (Kawaguchi, Saitama), and Ginza Glasse (Chuo-ku, Tokyo) – and the start of operations at three facilities: the regional shopping centers LaLaport IWATA (Iwata, Shizuoka) in June 2009 and LaLaport SHIN MISATO (Misato, Saitama) in September 2009, and the neighborhood retail facility LaLagarden Nagamachi (Sendai, Miyagi) in October 2009.

While consumer spending has continued to decrease year on year, Mitsui Fudosan has made the most of its capabilities in a challenging market environment to largely maintain sales at its retail facilities. Retail facilities complement office buildings to add diversity to our leasing portfolio, which effectively limits revenue volatility.

Mitsui Fudosan has been developing retail facilities for nearly 30 years since opening LaLaport Funabashi (now LaLaport TOKYO-BAY) in 1981. We deploy the management experience we have acquired and relationships with more than 1,900 tenant companies to offer a broad range of shopping options, from regional shopping centers and neighborhood retail facilities known as lifestyle parks to outlet malls and urban retail facilities.

Our Growing Together program further supports strong tenant relationships by helping stores increase sales. Moreover, we continue to expand shopping centers that we own and manage in areas with good potential to generate profitable growth. The 23,000m^2 MITSUI OUTLET PARK Sapporo Kita-Hiroshima (Kita-Hiroshima, Hokkaido) opened in April 2010, and other outlet malls scheduled to begin operating during fiscal 2010 include the 27,000m^2 MITSUI OUTLET PARK Shiga Ryuo (Gamo-gun, Shiga). Outlet malls have performed strongly during the recession compared with other types of retail facilities, and together these new properties represent a significant addition to the retail facilities business. GINZA TRECIOUS (Chuo-ku, Tokyo), a

LaLaport SHIN MISATO
(Retail facilities / Opened in September 2009)

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

4,500m^2 urban retail facility in Tokyo's most prestigious shopping area, also began operating in April 2010. Mitsui Fudosan employs fixed-term leaseholds and mixed-use development in this business to enhance investment efficiency and add appeal to residential and office building properties. In addition, rents from the overall retail facility portfolio are approximately 80-percent fixed and 20-percent linked to store performance, a structure that rewards Mitsui Fudosan's consistently effective efforts to support tenant stores.

Mitsui Fudosan's strengths in leasing retail facilities are its broad menu of facility formats, its development capabilities and its ability to operate retail facilities directly using the management resources of the Mitsui Fudosan Group. A 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.

Sustained Investment in Select Projects

Our office building pipeline remains strong, and we will soon add several large-scale properties to our portfolio. These include the Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda-ku, Tokyo), the Muromachi-Higashi Mitsui Building (Chuo-ku, Tokyo), and the first phase of the Muromachi East District Development Project (Chuo-ku, Tokyo), all slated for completion in fiscal 2010. The current leasing environment is challenging, but all of these buildings will be almost fully leased upon completion.

During fiscal 2010, Mitsui Fudosan will begin operating several retail facilities, including MITSUI OUTLET PARK Sapporo Kita-Hiroshima (Kita-Hiroshima, Hokkaido) and MITSUI OUTLET PARK Shiga Ryuo (Gamo-gun, Shiga), in addition to two urban retail facilities in the Ginza area of central Tokyo. We also plan to complete a number of properties in prime locations in fiscal 2011 and beyond, including Mitsui Outlet Parks in Kurashiki and Kisarazu Kaneda, Japan and Ningbo, China. While we are approaching future projects prudently, we intend to continue investing in the outstanding projects that support future growth.

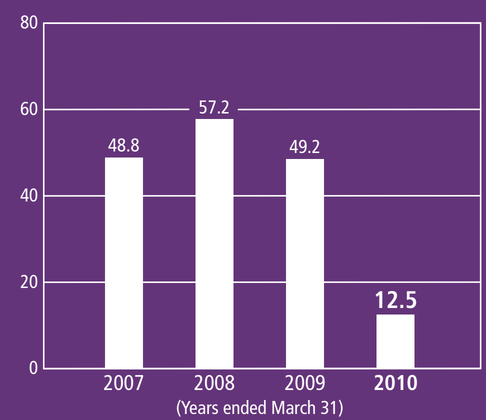
Muromachi East District Development Project
(Completion scheduled in stages, FY2010-FY2013)

Property Sales Business

Housing sales to individuals and property sales to investors

Portfolio Growth Strategy:
Accelerate the cash-to-cash cycle to rebuild earnings

Operating Income
(Billions of yen)



Rebuilding Performance and Earnings

Fiscal 2009 operating income in the property sales business decreased 74.6 percent to ¥12.5 billion from ¥49.2 billion for the previous fiscal year, reflecting turbulence and dysfunction in the real estate investment market since the financial crisis of autumn 2008 and the reduced profitability of property sales to individuals. In addition, application of the lower-of-cost-or-market method resulted in a devaluation loss of ¥19.7 billion for fiscal 2009, up substantially from ¥15.8 billion in fiscal 2008. This devaluation loss largely completes the recognition of the reduced value of real property for sale acquired for current projects when land prices were higher in fiscal 2006 and fiscal 2007.

Park City Musashi Kosugi
(Property sales to individuals / Completed in April 2009)

In property sales to individuals, Mitsui Fudosan aims to rebuild earnings by accelerating the cash-to-cash cycle as it works to differentiate its products to further enhance their competitiveness. In the real estate investment market, the J-REIT market is spurring recovery. In property sales to investors, we will therefore move our current development projects toward completion with the objective of generating earnings from property sales when the real estate investment market has begun a full-fledged recovery.

Property Sales to Individuals: Strength in High-Value-Added Properties in Metropolitan Tokyo

In fiscal 2009, high-end, value-added properties under the Park Mansion and Park Court brands, such as Park Court Akasaka The Tower (Minato-ku, Tokyo), accounted for approximately 35 percent of sales. In addition, large-scale, high-rise properties under the Park City and Park Tower brands, such as Park City Musashi Kosugi (Kawasaki, Kanagawa), accounted for approximately 30 percent of sales. This highly competitive product mix, complemented by industry-leading quality control, is a core Mitsui Fudosan strength, and a key factor supporting strong sales relative to the market.

While booking these high-value-added properties in fiscal 2009, Mitsui Fudosan recognized a devaluation loss of ¥12.1 billion on real property for sale to individuals due to the application of the lower-of-cost-or-market method. However, we acquired ¥107.4 billion in real property for sale with the objective of rebuilding earnings in the future.

The housing sales market generally rebounded in fiscal 2009 from the difficult market bottom of fiscal 2008. Customers are more willing to buy because of price adjustments and government measures to stimulate the housing market, including enhanced and extended home loan tax reductions, expanded gift tax exemptions for housing purchases, expanded tax breaks for interest on home loans and the creation of the Eco-Point system for housing.

While Japan's population is projected to decrease, people continue to move to Tokyo. Mitsui Fudosan's focus on superior properties in metropolitan Tokyo will therefore support stable performance in the housing business. Moreover, Group company Mitsui Fudosan Residential Co., Ltd. integrates the entire residential value chain from land acquisition through sales. Mitsui

Park Axis Toyosu
(Rental condominiums / Completed in March 2008)

Fudosan Residential carefully studies customer needs in order to offer a diverse array of brands that are in tune with customer lifestyles. However, its greatest strength is that it handles all phases from planning and construction through sales, which enables it to provide highly competitive properties that meet customer needs.

Property Sales to Investors: Current Projects Continue in Anticipation of Real Estate Investment Market Recovery

The financial crisis has profoundly affected sales of properties to investors by removing both liquidity and buyers from the real estate investment market. The reduced availability of capital has greatly affected J-REITs, causing difficulties in procuring debt financing and declines in J-REIT investment unit prices that inhibit equity financing. However, the worst of the credit crunch has passed and a real estate market stabilization fund was established in September 2009, which has helped restore confidence among investors. J-REITs with strong fundamentals are demonstrating an increasing ability to obtain financing through share issues and investment corporation bond issues, indicating that Japan's real estate investment market has the potential to recover fully.

In fiscal 2009, J-REIT Nippon Accommodations Fund Inc. became the first in its market to conduct an increase of capital through a public offering of units since the financial crisis. It used the proceeds to purchase 18 Park Axis rental housing properties for approximately ¥42.5 billion from the Mitsui Fudosan Group. The transaction was costly in the short term because Mitsui Fudosan incurred a loss on the sale and also had to recognize a devaluation loss on application of the lower-of-cost-or-market method. On the other hand, it has great significance because it contributed to the revitalization of the J-REIT market and the real estate investment market as a whole, and thus to restoring momentum to our business model.

One of our core strengths is our relationships with a

Park Tower GranSky
(Property sales to individuals / Completed in July 2010)

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. Together, these channels provide numerous exit options Mitsui Fudosan can use for developed projects.

Our business model involves growing in cooperation with a diverse array of investors. While operating income in this business was down in fiscal 2009 because of devaluation loss due to application of the lower-of-cost-or-market method, we expect property sales to investors to remain a strategic component of consolidated earnings.

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 management business. After selling properties to funds, we typically receive the management contract as well. Our integrated value chain therefore provides opportunities to benefit well after the development process is complete.

Mitsui Fudosan maintains ample inventories of properties for sale to investors totaling ¥519 billion, with ¥281 billion on the balance sheet and approximately ¥238 billion in SPCs. These are prime assets that are recognized as superior relative to the market. Mitsui Fudosan's successful efforts to enhance the attractiveness of properties to investors will continue to support competitiveness.

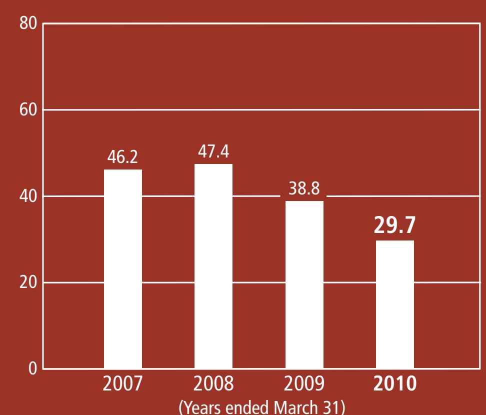
Park Court Akasaka The Tower
(Property sales to individuals / Completed in June 2009)

Management Business

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

Portfolio Growth Strategy:
Use expertise to enhance fee-based businesses that support ROE

Operating Income
(Billions of yen)



Core Strategy: Leverage Core Competencies to Increase Assets under Management and Fee Income

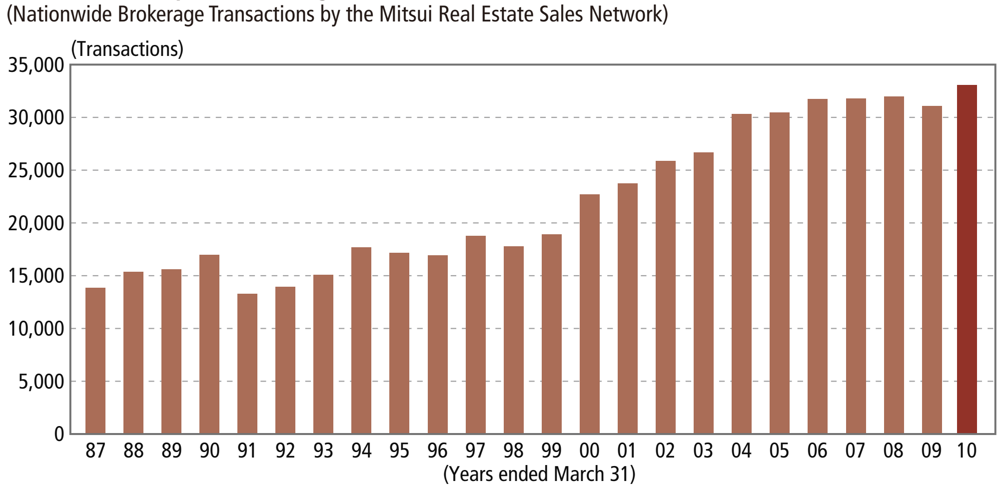
The management business provides property and asset management for J-REITs and private funds, and brokerage services. Emphasizing its role as a trustee and contract service provider on behalf of investors and originators, it has expanded assets under management and increased fee income. Mitsui Fudosan 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 has developed, and then contract with the Mitsui Fudosan Group for management services. Revenues from subleasing and development management are another source of fee income.

Fee Income Contributes to ROE

The management business centers on Mitsui Fudosan's skills as a solutions provider, and the fee income it

The Leader of Japan's Brokerage Market for Individuals for 24 Years
(Nationwide Brokerage Transactions by the Mitsui Real Estate Sales Network)



Source: Ministry of Justice

With a total of 33,040 brokerage transactions throughout Japan in the year ended March 2010, the Mitsui Real Estate Sales network has been number one for 24 consecutive years. Transactions have remained above 30,000 for each of the seven years since the year ended March 2004.

generates enhances ROE because it does not require an increase in assets. A key to Mitsui Fudosan's success in the management businesses is the ability to cover the entire real estate value chain using subsidiaries to handle a broad range of responsibilities. Consequently, fee income has been steady despite the impact of the financial crisis.

Multiple Capabilities Expand Fee Opportunities

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 for individuals in terms of transaction volume for 24 consecutive years since 1986. A recent re-engineering program to cut costs, raise responsiveness and reorient sales and the earnings structure toward urban markets resulted in record transaction volume in brokerage for individuals, indicating strong potential in an attractive sector of the real estate market.

Our masterleasing and development management operations are making an increasingly significant contribution to results. Mitsui Fudosan's emergence as one of the largest operators of retail facilities in Tokyo's Ginza area is representative of growth strategies in this business. In addition, we will strengthen asset redevelopment operations in city centers and regional areas, and build on the synergy that exists with the leasing and property sales businesses in such projects.

Brokerage for institutions is another component of the management business. This business has been difficult since the financial crisis because it is closely linked to the real estate investment market. We expect brokerage for institutions to rebound in the future in tandem with the recovery of the real estate investment market, supported by programs to enhance our brokerage capabilities.

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

GINZA TRECIOUS
(Retail facilities / Completed in April 2010)

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 2009, 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. Fulltime 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, the Social Contribution 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 Social Contribution Special Committee and Environmental Special Committee are responsible for reviewing overall social contribution activities and environmental activities.

Board of Directors and Board of Corporate Auditors

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 opinions 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 that audits the Company.

Outside Directors and Outside Auditors

Mitsui Fudosan has three outside directors and three outside auditors.

Outside Directors

Mitsui Fudosan has appointed Toshiharu Aoki, Yoshiharu Hayakawa and Mitsudo Urano after a comprehensive evaluation of their characters, capabilities, experience and other factors. None of the three has a conflict of interest with general shareholders.

Mr. Aoki attended all 13 Board of Directors' meetings held in fiscal 2009, where he used his knowledge and experience to make various proposals for agenda items and other discussions. Mr. Hayakawa attended 12 of the 13 Board of Directors' meetings held in fiscal 2009, where he used his knowledge and experience to make various proposals for agenda items and other discussions. Mr. Urano attended 10 of the 11 Board of Directors' meetings held during his term of appointment in fiscal 2009, where he used his knowledge and experience to make various proposals for agenda items and other discussions.

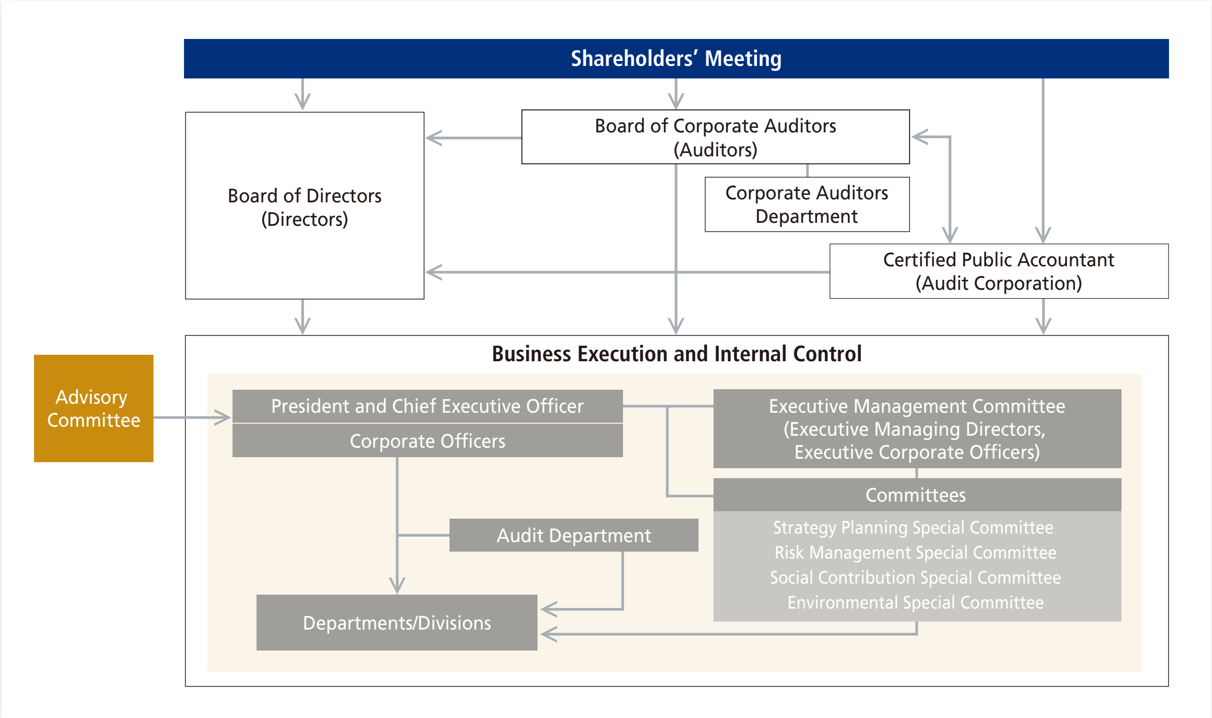
Outside Auditors

Mitsui Fudosan has appointed Akishige Okada, Keiu Nishida and Toshiaki Hasegawa after a comprehensive evaluation of their characters, capabilities, experience and other factors. None of the three has a conflict of interest with general shareholders.

Mr. Okada attended 12 of the 13 Board of Directors' meetings and 12 of the 13 Board of Corporate Auditors' meetings held in fiscal 2009, where he used his knowledge and experience to express his opinions as necessary on agenda items and other discussions. Mr. Nishida attended all 13 Board of Directors' meetings and all 13 Board of Corporate Auditors' meetings held in fiscal 2009, where he used his knowledge and experience to express his opinions as necessary on agenda items and other discussions. Mr. Hasegawa attended all 13 Board of Directors' meetings and all 13 Board of Corporate Auditors' meetings held in fiscal 2009, where he used his knowledge and experience to express his opinions as necessary on agenda items and other discussions.

Corporate Governance Organization

(As of June 29, 2010)



Revisions to the Tokyo Stock Exchange Securities Listing Regulations in December 2009 made it obligatory for listed companies to secure independent officers to act from the point of view of protecting general shareholders. Mitsui Fudosan has appointed the aforementioned three outside directors and three outside auditors as independent officers.

Compensation for Officers and Corporate Auditors

The amount of compensation for officers and the method of its calculation utilize the basic compensation in a total amount within the scope set and approved by resolution of the 95th Ordinary General Meeting of Shareholders, a bonus paid as a short-term incentive that comprehensively takes into consideration such things as business results achieved in each fiscal year and must be approved by resolution at the Ordinary General Meeting of Shareholders, and stock options paid as medium-term incentive in an amount within the scope set and approved by resolution of the 95th Ordinary General Meeting of Shareholders.

Internal Audit System

As an internal auditing system, the Audit Department, with a staff of 16, 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 that audits the Company.

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.

Total audit compensation for fiscal 2009 was ¥385 million, of which ¥382 million was used for audit certification compensation. Mitsui Fudosan America, Inc., a consolidated subsidiary, paid ¥32 million in compensation to KPMG LLP, a member of the same network as Mitsui Fudosan's certified public accountant.

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.

Compensation for Directors and Corporate Auditors

Title	Total Compensation (Millions of yen)	Amount of Compensation by Type (Millions of yen)			Number of Applicable Officers
		Basic Compensation	Stock Options	Bonus	
Directors (Excluding outside directors)	724	435	69	219	9
Corporate Auditors (Excluding outside directors)	84	84	—	—	2
Outside directors	63	63	—	—	6

Compensation of Directors Exceeding ¥100 Million	Total Compensation (Millions of yen)	Amount of Compensation by Type (Millions of yen)		
		Basic Compensation	Stock Options	Bonus
President and Chief Executive Officer Hiromichi Iwasa	171	99	16	56
Executive Vice President Koichi Omuro	103	61	10	31
Executive Vice President Tatsuo Soda	107	65	10	31

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.

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.

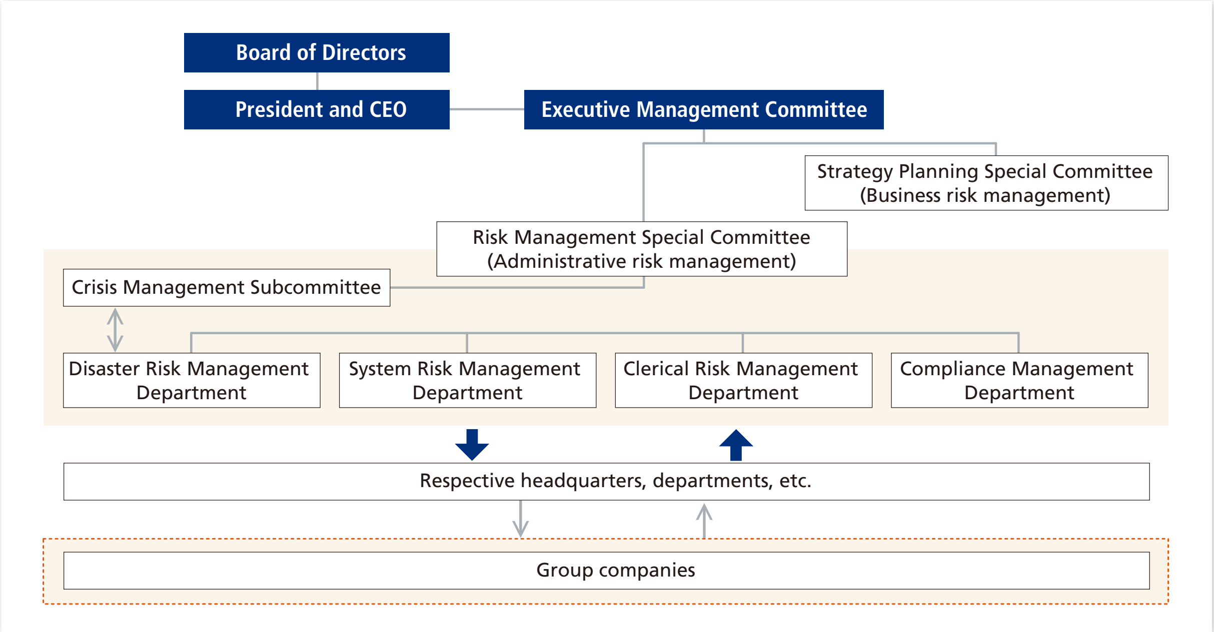
In addition, the Crisis Management Subcommittee, as a subordinate body of the Risk Management Special Committee, apprehends the circumstances of accidents or other incidents that occur and determines response policies and other matters as necessary.

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.

Risk Management Organization

(As of June 29, 2010)



Management Team

(As of July 1, 2010)

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
Masanobu Komoda

Executive Managing Directors
Yoshiaki Iinuma
Seizo Kuramoto

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
In charge of Corporate Planning Department

Executive Vice Presidents
Koichi Omuro
Assistant to the President and CEO

Tatsuo Soda
Assistant to the President and CEO;
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, Nihonbashi Urban Planning and Development Department;
Chief Operating Officer, Office Building Division

Eiichi Sawai
In charge of Planning and Research Department, Space & Environment Institute, Land Development Department

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

Executive Managing Officers
Yoshiaki Iinuma
In charge of Branch Offices;
Chief Operating Officer,
Retail Properties Division

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

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

Kenji Iino
In charge of Personnel Department;
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 Management Department, Office Building Division

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.

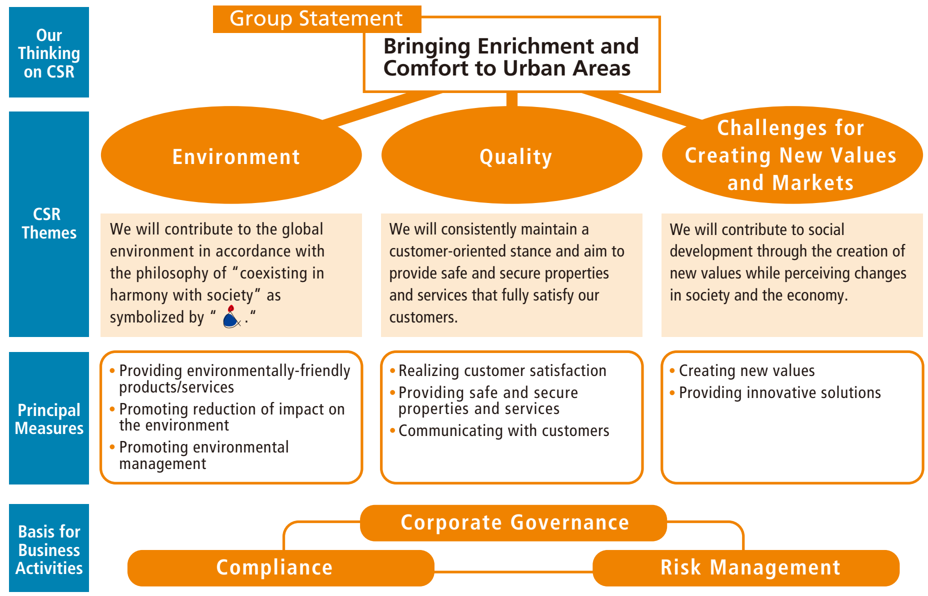
Yoichi Arita
Mitsui Fudosan Building Management Co., Ltd.

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 Group Policies and Goals

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. The Environmental Special Committee works together with 14 Group companies to develop and implement environmental initiatives under the Group Environmental Policy.

In March 2010, we reaffirmed our commitment to operating in harmony with the Earth by creating the slogan and symbol &EARTH based on our corporate logo symbolizing our philosophy of harmonious coexistence. This new slogan and symbol affirms our desire to cooperate with the people who lease, buy and use our properties to create urban developments that offer a comfortable, pleasant future in harmony with the Earth.

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 2010, a total of four divisions and six facilities in Mitsui Fudosan Co., Ltd. and six Group companies had obtained ISO 14001 certification.

Education and Communication to Protect the Environment

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.

The Mitsui Fudosan Group uses the Certification Test for Environmental Specialists (Eco Test) organized by the Tokyo Chamber of Commerce and Industry in providing environmental education to employees. Group company First Facilities Co., Ltd. has been encouraging employees to take the Eco Test since it was first offered in fiscal 2006, and about half of its regular, temporary and contract employees have received certification. From fiscal 2009, Mitsui Fudosan also recommends that all employees obtain Eco Test certification. In addition, Tokyo Midtown Management Co., Ltd. is moving toward making Eco Test certification a requirement.

A Comprehensive Approach to Reducing Environmental Impact

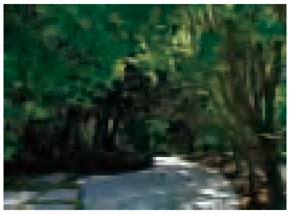
Our initiatives to reduce environmental impact include preventing pollution, rigorously complying with environmental laws and implementing our own independent standards to ensure the highest level of environmental compatibility. For example, the Mitsui Fudosan Group has established eco-specifications 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. In April 2009, the Retail Facility Division amended the "Retail Facilities Design Request Form," adding a statement on its stance for reducing CO_2 emissions and a list of environmentally-friendly equipment and materials. Instructions for designers and builders indicate whether items are compulsory or recommended. Another core initiative is designing buildings to increase energy efficiency and reduce CO_2 emissions throughout each building's lifecycle. 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 office buildings, retail facilities and rental condominiums at the design stage. Since fiscal 2008, Mitsui Fudosan has targeted CASBEE certification of A or higher for office buildings, S for large properties, and A for rental condominiums. We also use CASBEE rankings for self-assessment of hotels.

Creating Forests that Absorb CO_2 and Give People Pleasure

Mitsui Fudosan has been planting trees 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 forests are both aesthetically and environmentally important. As of 2008, they had absorbed and fixed a cumulative 5,935 tons of CO_2. In urban redevelopment, Mitsui Fudosan preserves existing trees and woodlands to create enjoyable places for people where other living organisms can thrive as well.

Park Court Jingumae (Shibuya-ku, Tokyo) is a for-sale condominium Mitsui Fudosan developed in a joint public-private project that preserved an important green space contiguous to the forest of Meiji Jingu Shrine, a Tokyo landmark. Mitsui Fudosan added a 140m walking trail surrounded by newly planted flowers and trees to create a forest within the forest. Overall, the development project has preserved about 7,000m² of green space, including about 1,000m² of rooftop greenery.



Park Court Jingumae

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. This approach is part of a comprehensive quality management system that involves building design, building operation, signage and utilities.

Housing of the Highest Quality

Mitsui Fudosan Residential Co., Ltd. is devoted to enhancing the level of satisfaction of the customers who purchase its condominium and detached housing properties. It uses rigorous quality standards throughout the construction process, and continues its commitment to quality during and after purchase. Mitsui Fudosan Residential's Customer Support Center primarily handles inquiries in areas such as loan and contract details, while the After-Sales Service Centers mainly handle issues after customers move into their new homes.

Status of CASBEE Certification

Type	Building Name	Location	Date of Acquisition	Certification
Office Buildings	Gate City Ohsaki	Shinagawa-ku, Tokyo	September 2005	S
	Ginza Mitsui Building	Chuo-ku, Tokyo	May 2006	S
	Nihonbashi Mitsui Tower	Chuo-ku, Tokyo	October 2006	S
	Mita M-SQUARE	Minato-ku, Tokyo	July 2009	A
	Yodoyabashi Mitsui Building	Chuo-ku, Osaka City	March 2008	S
	Aoyama OM-SQUARE	Minato-ku, Tokyo	August 2009	S
Retail Facilities	LaLaport KASHIWANOHA	Kashiwa-shi, Chiba Prefecture	August 2006	S

Retail Facilities that Offer Quality Experiences

As in the office building business, Mitsui Fudosan creates retail facilities according to a detailed and comprehensive quality management system. This attitude extends to tenant relationships after facilities start operating. Growing Together is the brand concept that embodies our commitment to a quality relationship with customers and tenants to create value. Retail facility operator LaLaport Management Co., Ltd. executes 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.

Community: Focus on Safety, Peace of Mind and Quality of Life

Our logo symbolizes our two key principles: to coexist in harmony with society, and to link diverse values. The Mitsui Fudosan Group therefore conducts urban development in harmony and collaboration with the community as well as society at large. In the development of large condominiums and residential districts, we engage in community development that addresses area characteristics, development size and other elements based on our responsibility as a premium developer to support and cooperate with both the community of new residents and the existing communities in the area.

Customers and tenants have expressed their desire for security and peace of mind. At office buildings, we have a comprehensive security protocol that ranges from patrolling and monitoring properties to emergency preparedness. In the residential housing business, Mitsui Fudosan has introduced the Prism Eye security system, mainly in the Tokyo metropolitan area. Prism Eye comprehensively enhances security at condominium properties, including measures to prevent suspicious individuals from unauthorized access and emergency response.

Quality of life is another focus. Mitsui Fudosan sponsors several annual events including 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.

Tokyo Midtown: The Center of a Vibrant Community

Tokyo Midtown is based on the concept of Diversity on the Green, which aims to fuse extensive greenery with an array of urban amenities. This concept also celebrates uniquely Japanese values, sensitivities and talents through art-, design- and ecology-themed events, including the Tokyo Midtown Award. In 2008, Tokyo Midtown's Art Competition and Design Competition attracted nearly 1,600 entries. Tokyo Midtown also helped two of the Design Competition award winners to commercialize their work.

Inauguration and Support of Shibaura Island Jichikai

Mitsui Fudosan developed four rental and for-sale condominium towers on Shibaura Island in Minato-ku, Tokyo, and chairs the local urban development association. Building on its role in this community, Mitsui Fudosan played a key role in establishing a community association for the condominiums, the Shibaura Island Jichikai. This organization supports interaction among the residents of the condominiums and other local residents through various events, and provides other programs in areas such as disaster prevention. Organized and operated by residents, the Shibaura Island Jichikai focuses on security, safety, enjoyment and comfort in drawing up disaster prevention plans for Shibaura Island.

Pinocchio Project

The Pinocchio Project, which is held in Kashiwanoha Campus, is an urban development event aimed at providing an opportunity for children to learn about society and build the local community. In November 2008, as part of the Project, 31 local elementary school children participated in a work-experience program at LaLaport KASHIWANOHA (Kashiwa, Chiba). With the cooperation of tenants, the participants learned about what it is like in a retail store by greeting actual customers as attendants, among other things.

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.

The Muromachi Fukutokujuku, a center for disseminating the culture of Nihonbashi operated by Mitsui Fudosan, has been holding events for non-Japanese tourists and other visitors to enjoy Japanese culture and traditions since February 2009.

Many Mitsui Fudosan Group employees join local town council members, employees of businesses in Nihonbashi and others in a major cleanup of Nihonbashi Bridge every July under the auspices of the Preservation Society for the Famed Nihonbashi Bridge.

Officials from the Netherlands Embassy and local elementary students were among the participants of a fiscal 2009 tulip-planting event Mitsui Fudosan sponsored.

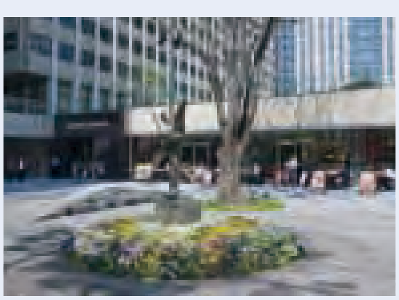
We sponsor the creation of wooden planters in urban areas made from trees culled during forest and urban arboreal management.

A Development Model that Cuts Greenhouse Gases

In fiscal 2009, Japan's Ministry of Land, Infrastructure, Transport and Tourism selected the Kashiwanoha Campus City Project as a business model that reduces greenhouse gases. Mitsui Fudosan and STB Research Institute Co., Ltd. proposed this real estate development model, which is premised on the use of bicycles. Mitsui Fudosan conducted surveys by mail and in person to get resident input in formulating the plan to promote the use of bicycles at Kashiwanoha Campus. This approach cuts energy use among residents of this large-scale project while reducing traffic, both of which cut down on the emission of greenhouse gases. The City of Kashiwa is interested in this low-carbon model, and is recommending it in the comprehensive traffic plan it is now formulating.

Five Good Design Awards in 2009

Five Mitsui Fudosan projects received 2009 Good Design Awards. This was the tenth consecutive year that Mitsui Fudosan has received Good Design awards since the 2000 competition, when it became the first in the industry to receive an award for a condominium property.



The Lower Level Renovation of the Kasumigaseki Building (Chiyoda-ku, Tokyo) updated Japan's first skyscraper, which Mitsui Fudosan developed 40 years ago. Coordinated with the construction and renewal of contiguous buildings, the project created two open plazas, the Kasumi Terrace and the Keyaki Plaza. Mitsui Fudosan enhanced traffic flows to the building and in the commercial zone while installing fountains and planting seasonal flowers to create a relaxing area that is green and refreshing.

Mitsui Fudosan provided project management services in the creation of Akasaka Sacas (Minato-ku, Tokyo) through the Akasaka 5-Chome TBS Redevelopment Project. Encompassing the TBS broadcast center, an office building, retail facilities, cultural facilities and rental housing, Akasaka Sacas brings new vigor to the rich history and culture of the Akasaka area.

The Shibaura Island Area Project is a public-private partnership centered on the development of approximately 3,800 units of housing. Mitsui Fudosan developed Shibaura Island Bloom Homes (Minato-ku, Tokyo) as part of this project, creating rental housing geared to the needs of seniors that features nursing care facilities and a clinic mall. Residents can therefore conveniently care for their health and receive medical attention. Tenants also have access to an adjacent health club.

Mitsui Fudosan held its fifth annual housing design competition under the theme of housing for parents and their children, and used the winning design for Park Homes Narimasu Mark Residence (Itabashi-ku, Tokyo). The design includes built-in desks that form a locus for natural family communication.

Hapapa Gymnasium is located in Kashiwanoha Campus (Kashiwa, Chiba) on the Tsukuba Express line, and provides opportunities for members of the local community to exercise and enjoy themselves. Offering sophisticated fitness and dance facilities, it meets the needs of users ranging from children to seniors. Its design incorporates the input of award-winning artists.

Financial Section

Contents

Six-Year Summary

Mitsui Fudosan Co., Ltd. and its Subsidiaries

Years ended March 31	Millions of yen except per share amounts and number of employees 2010	2009	2008	2007	2006	2005	Thousands of U.S. dollars except per share amounts (Note 1) 2010
FOR THE YEAR							
Revenue from operations	**¥1,384,807**	¥1,418,946	¥1,360,023	¥1,229,194	¥1,159,280	¥1,111,359	**$14,883,996**
Interest, dividends and miscellaneous	**31,152**	9,389	27,509	23,946	16,949	11,320	**334,824**
Costs and expenses (including tax)	**1,356,870**	1,349,178	1,305,778	1,180,528	1,121,676	1,096,075	**14,583,727**
Equity in net income of affiliated companies	**2,027**	5,980	7,064	4,410	3,155	3,596	**21,786**
Minority interests	**(1,032)**	(1,565)	(1,440)	(1,808)	(1,167)	(1,507)	**(11,092)**
Net income	**60,084**	83,572	87,378	75,214	56,541	28,693	**645,787**
AT YEAR-END							
Total assets	**¥3,710,424**	¥3,758,387	¥3,634,489	¥3,294,190	¥2,986,502	¥2,928,199	**$39,879,880**
Shareholders' equity and valuation and translation adjustments	**1,007,811**	978,667	971,310	944,196	858,364	687,718	**10,832,019**
Common stock	**174,296**	174,296	174,296	174,296	174,296	134,433	**1,873,345**
Number of employees	**15,922**	15,476	14,788	13,299	13,053	12,707	
PER SHARE DATA							
Net income (Basic)	**¥ 68.4**	¥ 95.1	¥ 99.4	¥ 85.5	¥ 67.5	¥ 34.7	**$ 0.735**
Cash dividends	**22.0**	22.0	20.0	14.0	10.0	7.0	**0.236**
RATIOS							
Equity ratio (%) (Note 2)	**27.2**	26.0	26.7	28.7	28.7	23.5	
Return on assets (%) (Note 3)	**3.41**	5.06	5.53	5.50	4.92	4.30	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥93.04 = U.S.$1.00, the approximate exchange rate at March 31, 2010.
2. Equity ratio = (Net assets – Subscription rights to shares – Minority interests) / Total assets
3. Return on assets (ROA) = (Operating income + Interest, dividends and miscellaneous revenues + Equity in net income of affiliated companies - Extraordinary gains) / Average total assets over the period

Income Analysis

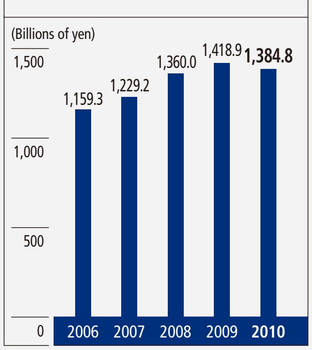
(Billions of yen, %)

Years ended March 31	2010		2009		2008	
Revenue from operations	**¥1,384.8**	**100.0%**	¥1,418.9	100.0%	¥1,360.0	100.0%
Cost of revenue from operations	**1,120.1**	**80.9**	1,098.4	77.4	1,039.3	76.4
Selling, general and administrative expenses	**144.1**	**10.4**	149.0	10.5	141.4	10.4
Operating income	**120.6**	**8.7**	171.5	12.1	179.3	13.2
Other revenues	**31.1**	**2.2**	9.4	0.7	27.5	2.0
Interest expenses	**29.5**	**2.1**	29.8	2.1	26.0	1.9
Other expenses	**26.5**	**1.9**	41.1	2.9	32.8	2.4
Equity in net income of affiliated companies	**2.0**	**0.1**	6.0	0.4	7.1	0.5
Income before income taxes and minority interests	**97.7**	**7.0**	116.0	8.2	155.1	11.4
Income taxes	**36.6**	**2.6**	30.8	2.2	66.2	4.9
Minority interests	**(1.0)**	**(0.1)**	(1.6)	(0.1)	(1.4)	(0.1)
Net income	**¥ 60.1**	**4.3**	¥ 83.6	5.9	¥ 87.4	6.4

Revenue from Operations

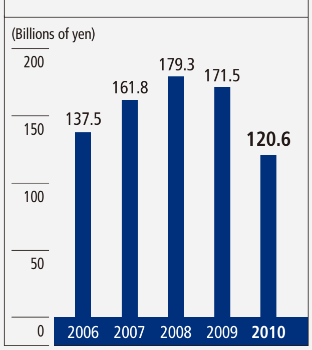
For fiscal 2009, the year ended March 31, 2010, consolidated revenue from operations decreased 2.4 percent year on year, or ¥34.1 billion, to ¥1,384.8 billion. Revenue increased in the Leasing segment because of the full-year contribution of office buildings such as Jingumae M-SQUARE (Shibuya-ku, Tokyo), and also benefited from the start of operations at retail facilities completed during fiscal 2009, such as LaLaport SHIN MISATO (Misato, Saitama). Unit prices increased for properties sold to individuals in the Sales of Housing, Office Buildings and Land segment, but segment revenue decreased slightly because of a drop in the number of condominiums sold. Revenue from sales of properties to investors was essentially unchanged year on year. Revenue in the Brokerage, Consignment Sales and Consulting segment decreased despite strong year-on-year growth in transaction volume in brokerage for individuals because incentive fees were lower in the consulting business, and transaction volume remained weak in brokerage for institutions. 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 2.0 percent year on year, or ¥21.7 billion, to ¥1,120.1 billion. The cost of properties booked in the Sales of Housing, Office Buildings and Land segment was higher than in the previous fiscal year, and Mitsui Fudosan also recognized loss on devaluation of real property for sale that is included in cost of revenue under Japanese GAAP. As a result, gross profit from operations decreased 17.4 percent year on year, or ¥55.8 billion, to ¥264.7 billion, and the gross margin decreased to 19.1 percent from 22.6 percent for the previous fiscal year.

Selling, general and administrative (SGA) expenses decreased 3.3 percent year on year, or ¥4.9 billion, to ¥144.1 billion because reduced expenses in areas such as advertising more than compensated for higher employee compensation and benefits.

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 29.7 percent year on year, or ¥51.0 billion, to ¥120.6 billion.

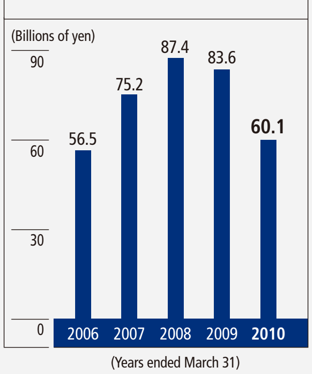
Interest, Dividends and Miscellaneous Income, and Expenses and Interest Expenses

Interest, dividends and miscellaneous revenue more than tripled year on year, increasing ¥21.8 billion to ¥31.2 billion. This increase reflected gain on sale of investment securities of ¥25.7 billion for fiscal 2009 associated with the sale of shares in former affiliate Oriental Land Co., Ltd. in response to a share buyback offer from that company. Mitsui Fudosan did not generate a corresponding gain in the previous fiscal year. Note 19 of the Notes to Consolidated Financial Statements provides additional information.

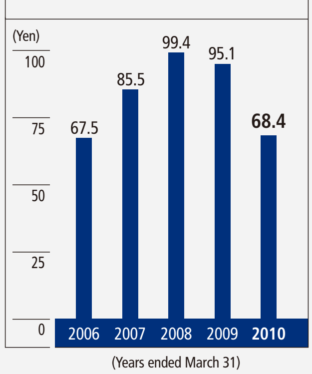
Interest income decreased 42.1 percent, or ¥219 million, while dividend income decreased 2.8 percent, or ¥70 million. Interest expenses decreased marginally to ¥29.5 billion because Mitsui Fudosan emphasized selectivity in investment. The interest coverage ratio, calculated as the sum of operating income and interest, dividends and miscellaneous revenue divided by interest expenses, was 5.1 times compared to 6.1 times for the previous fiscal year.

Other expenses decreased 35.5 percent, or ¥14.6 billion, to ¥26.5 billion. This year-on-year change reflected the nonrecurrence of impairment loss on investment securities and disposal of property and equipment recognized in the previous fiscal year, which more than offset impairment loss on fixed assets of ¥18.9 billion recognized in fiscal 2009. Notes 18 and 20 of the Notes to Consolidated Financial Statements provide additional information.

Net Income



Net Income per Share



Income before Income Taxes and Minority Interests and Net Income

Equity in net income of affiliated companies decreased 66.1 percent, or ¥4.0 billion, year on year to ¥2.0 billion, in part because Mitsui Fudosan reduced its shareholding in former affiliate Oriental Land. In conjunction with reduced operating income, income before income taxes and minority interests decreased 15.8 percent year on year, or ¥18.3 billion, to ¥97.7 billion. Income taxes net of deferrals increased 18.6 percent, or ¥5.7 billion, to ¥36.6 billion.

Consequently, net income decreased 28.1 percent year on year, or ¥23.5 billion, to ¥60.1 billion. Net income per share decreased to ¥68.4 from ¥95.1 for the previous fiscal year. Although net income decreased, Mitsui Fudosan maintained annual cash dividends per share at ¥22.0.

Segment Information

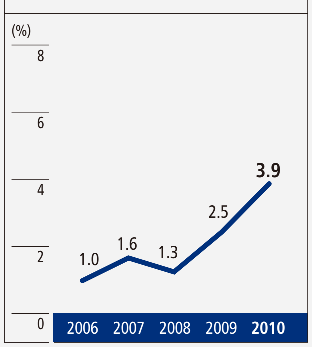
Leasing

Years ended March 31		2010 Floor space (m²)	2010 Revenue (Millions of yen)	2009 Floor space (m²)	2009 Revenue (Millions of yen)
Office buildings and retail facilities:	Owned	**2,288,326**		2,093,443	
	Managed	**2,159,686**		2,099,718	
	Office buildings		**¥305,454**		¥303,467
	Retail facilities		**122,471**		107,375
	Total	**4,448,012**	**¥427,925**	4,193,161	¥410,843
		Units		Units	
Residential:	Owned	**455**		314	
	Managed	**81,117**		75,042	
	Total	**81,572**	**¥ 80,611**	75,356	¥ 78,462
Other (car parks, etc.)			**38,225**		40,449
Total revenue			**¥546,762**		¥529,756
Operating income			**¥ 99,787**		¥ 99,529

Segment revenue increased 3.2 percent year on year, or ¥17.0 billion, to ¥546.8 billion. Performance benefited from the full-year contribution of office properties such as Jingumae M-SQUARE (Shibuya-ku, Tokyo). Performance in the retail facilities category benefited from the start of operations at retail facilities completed during fiscal 2009, such as LaLaport SHIN MISATO (Misato, Saitama). Segment revenue also drew strength from the full-year contribution of operations at Ginza Glasse (Chuo-ku, Tokyo), MITSUI OUTLET PARK Sendai Port (Sendai, Miyagi) and LaLagarden Kawaguchi (Kawaguchi, Saitama). In addition, the residential leasing business increased units under management.

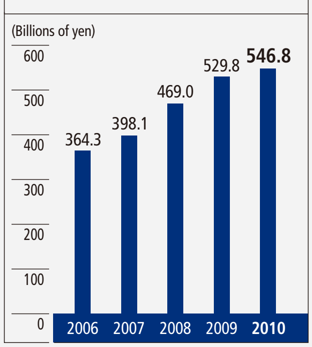
Segment operating income was marginally higher at ¥99.8 billion. An increase in vacancies in existing office buildings and a one-time increase in repair costs for an existing building restrained growth in operating income. Mitsui Fudosan's vacancy rate for office buildings in the Tokyo metropolitan area on a nonconsolidated basis was 3.9 percent as of March 31, 2010, compared to 2.5 percent at the previous fiscal year-end. On a consolidated basis including overseas operations, the vacancy rate for office buildings and retail facilities was 3.1 percent as of March 31, 2010, compared to 2.2 percent as of March 31, 2009 and 1.3 percent as of March 31, 2008.

Vacancy Rate for Tokyo Metropolitan Area Office Buildings



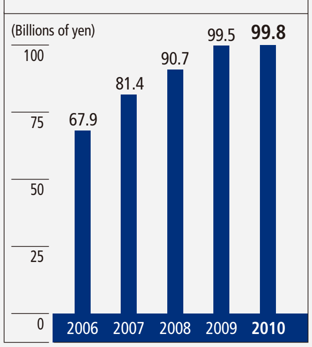
(As of March 31)

Revenue from Operations



(Years ended March 31)

Operating Income



(Years ended March 31)

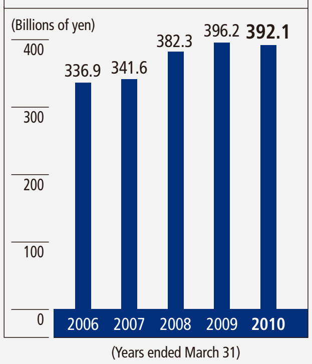
Sales of Housing, Office Buildings and Land

Years ended March 31		2010 Units	2010 Revenue (Millions of yen)	2010 Average unit price (Millions of yen)	2009 Units	2009 Revenue (Millions of yen)	2009 Average unit price (Millions of yen)
Condominiums:	Tokyo metropolitan area	**3,941**	**¥233,190**	**¥59**	4,372	¥248,917	¥57
	Other	**710**	**23,305**	**33**	834	25,987	31
	Total	**4,651**	**¥256,495**	**¥55**	5,206	¥274,904	¥53
Detached housing:	Tokyo metropolitan area	**751**	**¥ 40,483**	**¥54**	534	¥ 28,418	¥53
	Other	**78**	**3,988**	**51**	38	1,772	47
	Total	**829**	**¥ 44,472**	**¥54**	572	¥ 30,191	¥53
Total housing sales:	Tokyo metropolitan area	**4,692**	**¥273,673**	**¥58**	4,906	¥277,335	¥57
	Other	**788**	**27,293**	**35**	872	27,759	32
	Total	**5,480**	**¥300,967**	**¥55**	5,778	¥305,095	¥53
Property sales to investors		**¥ 91,119**			¥ 91,143		
Total revenue		**¥392,087**			¥396,239		
Operating income		**¥ 12,085**			¥ 48,611		

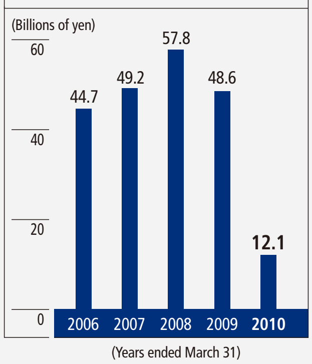
Segment revenue decreased 1.0 percent year on year, to ¥392.1 billion. Total units of housing sold to individuals decreased by 298 to 5,480 units. Revenue from sales of condominiums to individual customers decreased 6.7 percent, or ¥18.4 billion, to ¥256.5 billion because of higher unit prices and the completion of large-scale properties including Park Court Akasaka The Tower (Minato-ku, Tokyo) did not fully compensate for the decrease in sales volume. The number of units sold decreased to 4,651 from 5,206 in the previous fiscal year. Sales of detached houses to individual customers increased to 829 units from 572 units in the previous fiscal year. Revenue from property sales to investors was essentially unchanged at ¥91.1 billion. As of March 31, 2010, Mitsui Fudosan Residential Co., Ltd., which centers on sales of housing to individuals, had 912 units in completed inventories, consisting of 872 condominium units and 40 detached houses, down from 919 units a year earlier, which consisted of 826 condominium units and 93 detached houses.

Segment operating income decreased 75.1 percent year on year, or ¥36.5 billion, to ¥12.1 billion. Several factors contributed to this decrease. In sales of properties to investors, the transfer of Park Axis series and other rental housing assets to Nippon Accommodations Fund Inc. incurred a loss. Also, Mitsui Fudosan recognized a devaluation loss of ¥7.6 billion due to application of the lower-of-cost-or-market method to rental housing assets (property sales to investors), and dividends from SPCs declined. In sales of housing to individuals, profitability decreased because highly profitable large-scale properties accounted for a lower proportion of sales, and Mitsui Fudosan recognized a devaluation loss of ¥12.1 billion on housing for sale to individuals due to application of the lower-of-cost-or-market method.

Revenue from Operations



Operating Income

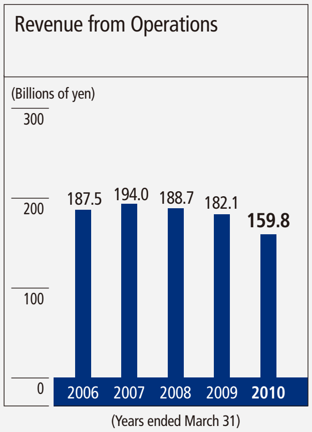


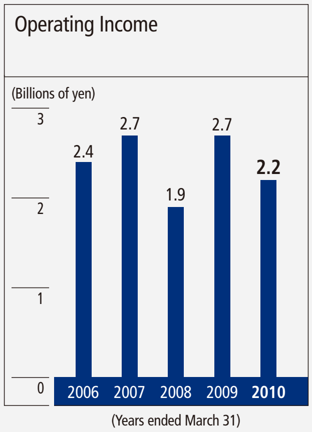
Construction

(Millions of yen)

Years ended March 31	2010	2009
Orders:		
Work-on-hand at beginning of period	¥ 88,195	¥103,205
Orders during period	165,454	172,156
Total	¥253,649	¥275,362
Net sales	¥164,481	¥186,269
Work-on-hand at end of period	¥ 89,168	¥ 89,093
Total revenue	¥159,802	¥182,074
Operating income	¥ 2,203	¥ 2,731

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

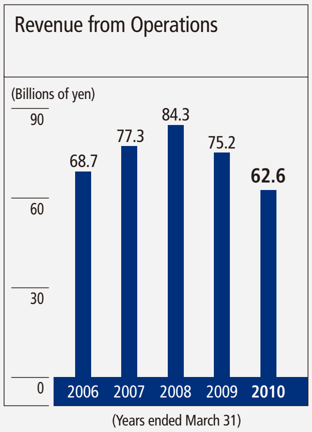


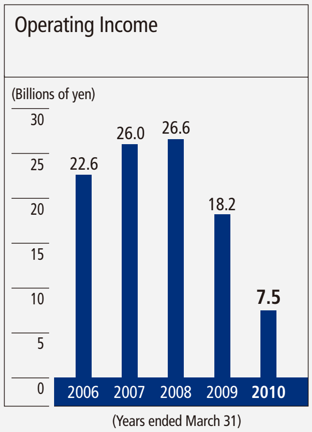


Segment revenue decreased 12.2 percent year on year, or ¥22.3 billion, to ¥159.8 billion. Mitsui Home Co., Ltd., a consolidated subsidiary, handles operations in this segment. It is one of Japan's leading builders of two-by-four wood-frame homes, and specializes in high-quality, upscale housing and the renovation market. The order backlog at the end of the fiscal year was marginally higher year on year, although orders received decreased. Segment operating income decreased 19.3 percent year on year, or ¥0.5 billion, to ¥2.2 billion.

Brokerage, Consignment Sales and Consulting

Years ended March 31	2010 Units	2010 Revenue (Millions of yen)	2009 Units	2009 Revenue (Millions of yen)
Revenue:				
Brokerage	31,887	¥49,032	30,338	¥52,799
Consignment sales	2,780	4,682	3,143	7,000
Consulting	—	8,870	—	15,394
Total revenue		¥62,584		¥75,195
Operating income		¥ 7,491		¥18,151





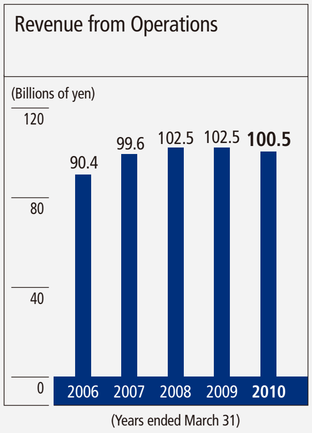
Segment revenue decreased 16.8 percent year on year, or ¥12.6 billion, to ¥62.6 billion. Despite growth in transaction volume in brokerage for individuals, conditions remained weak in the market for brokerage for institutions. In addition, large-scale incentive fees generated in the consulting business in the previous year did not recur.

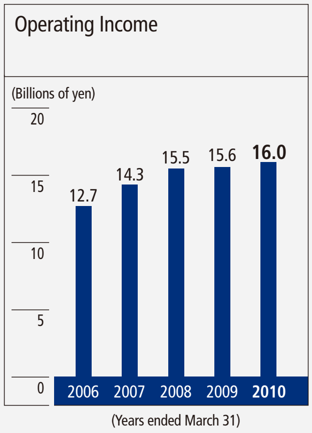
Segment operating income decreased 58.7 percent year on year, or ¥10.7 billion, to ¥7.5 billion. Earnings in this segment benefited from stable fee income from asset, project and investment fund management. However, the decrease in earnings from brokerage for institutions impacted segment operating income, as did the absence of incentive fees in the previous fiscal year.

Property Management

(Millions of yen)

Years ended March 31	2010	2009
Revenue: Property management ...	¥ 79,254	¥ 77,151
Tenant improvement......	21,281	25,339
Total revenue..............................	¥100,536	¥102,491
Operating income........................	¥ 15,972	¥ 15,574





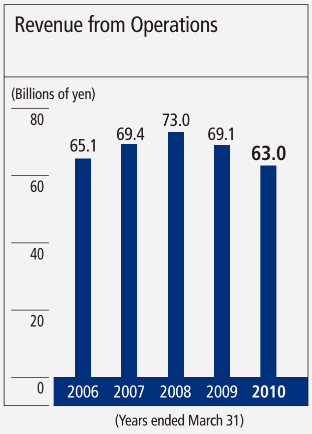
Segment revenue decreased 1.9 percent year on year, or ¥2.0 billion, to ¥100.5 billion. Revenue from property management operations increased because of growth in assets under management with the completion and start of operations at a number of office buildings and residential units during fiscal 2009. However, revenue was down in tenant improvement operations due to a decrease in orders from building owners and tenants. 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.

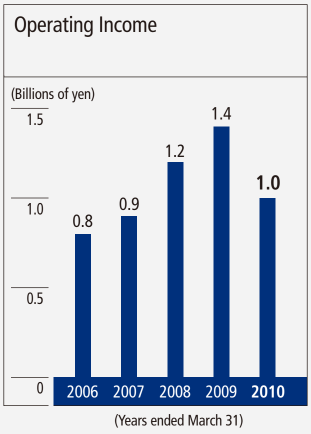
Segment operating income increased 2.6 percent year on year, or ¥0.4 billion, to ¥16.0 billion. Earnings drew stable support from management of office buildings, retail facilities and other properties completed in the previous fiscal year.

Sales of Housing Materials and Merchandise

(Millions of yen)

Years ended March 31	2010	2009
Revenue: Housing materials..........	¥21,190	¥24,791
Merchandise	41,827	44,322
Total revenue..............................	¥63,017	¥69,115
Operating income........................	¥ 985	¥ 1,423





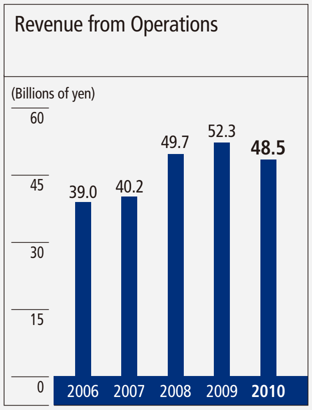
Segment revenue decreased 8.8 percent year on year, or ¥6.1 billion, to ¥63.0 billion. Segment operating income decreased 30.8 percent year on year, or ¥0.4 billion, to ¥1.0 billion.

Facility Operations

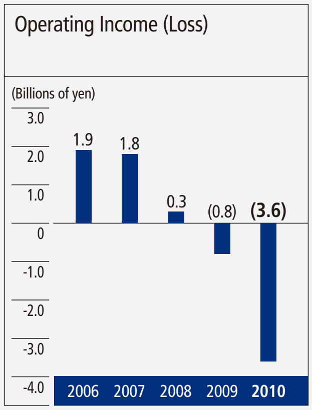
(Millions of yen)

Years ended March 31	2010	2009
Revenue: Hotels	**¥36,747**	¥40,029
Other	**11,770**	12,288
Total revenue	**¥48,518**	¥52,318
Operating income	**¥ (3,554)**	¥ (792)

Segment revenue decreased 7.3 percent year on year, or ¥3.8 billion, to ¥48.5 billion. Factors included a decline in occupancy rates at hotels as the recession caused business and leisure travel to decrease and room prices to fall. Segment operating loss increased to ¥3.6 billion from ¥0.8 billion for the previous fiscal year.



(Years ended March 31)



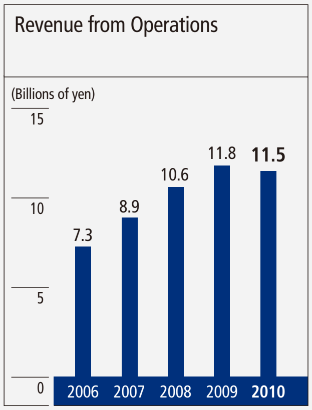
(Years ended March 31)

Other

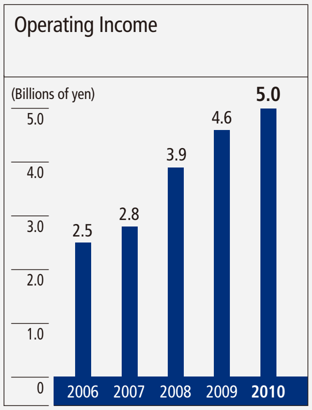
(Millions of yen)

Years ended March 31	2010	2009
Revenue: Finance and lease	**¥ 1,412**	¥ 1,595
Other	**10,085**	10,161
Total revenue	**¥11,497**	¥11,757
Operating income	**¥ 5,017**	¥ 4,611

Segment revenue decreased 2.2 percent year on year, or ¥0.3 billion, to ¥11.5 billion. Segment operating income increased 8.8 percent year on year, or ¥0.4 billion, to ¥5.0 billion.



(Years ended March 31)



(Years ended March 31)

Liquidity, Capital Resources and Financial Position

Assets

(Billions of yen, %)

As of March 31	2010		2009		2008	
Cash and cash equivalents	**¥ 62.7**	**1.7%**	¥ 62.9	1.7%	¥ 63.5	1.8%
Inventories	**684.8**	**18.4**	773.9	20.6	662.3	18.2
Other current assets	**240.0**	**6.5**	290.7	7.7	290.4	8.0
Investments and other assets	**630.6**	**17.0**	596.6	15.9	669.3	18.4
Net property and equipment	**2,092.3**	**56.4**	2,034.3	54.1	1,949.0	53.6
Total	**¥3,710.4**	**100.0%**	¥3,758.4	100.0%	¥3,634.5	100.0%

Liabilities and Net Assets

(Billions of yen, %)

As of March 31	2010		2009		2008	
Interest-bearing debt—Short term	**¥ 313.4**	**8.5%**	¥ 226.2	6.0%	¥ 263.2	7.2%
Interest-bearing debt—Long term	**1,433.3**	**38.6**	1,507.3	40.1	1,287.2	35.4
Total interest-bearing debt	**1,746.7**	**47.1**	1,733.5	46.1	1,550.4	42.7
Other current liabilities[1]	**280.0**	**7.5**	398.3	10.6	453.9	12.5
Other long-term liabilities[2]	**654.5**	**17.6**	626.7	16.7	638.2	17.6
Minority interests	**21.0**	**0.6**	21.0	0.6	20.6	0.6
Net assets (other than minority interests)	**1,008.2**	**27.2**	978.9	26.0	971.4	26.7
Total	**¥3,710.4**	**100.0%**	¥3,758.4	100.0%	¥3,634.5	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 decreased 12.4 percent from the previous fiscal year-end, or ¥139.9 billion, to ¥987.6 billion. Cash and cash equivalents were essentially unchanged from a year earlier at ¥62.7 billion, as cash provided by operations was roughly equivalent to the use of cash to invest in future growth and reduce debt. Inventories decreased 11.5 percent from a year earlier, or ¥89.1 billion, to ¥684.8 billion. Factors included a year-on-year reduction in acquisitions of real property and a concurrent increase in cost recovery. Transfers to fixed assets, mainly by Mitsui Fudosan America, Inc., also reduced current assets. Equity investments in properties for sale, which primarily represent securitized interests in properties for sale, decreased 18.2 percent, or ¥16.4 billion, to ¥73.4 billion. Factors included the liquidation of investments in SPCs and other vehicles for distributing properties to external investors. Working capital decreased 21.6 percent from a year earlier to ¥394.2 billion, and the current ratio was 1.66 times, compared with 1.81 times at the end of the previous fiscal year.

Investments and Other Assets

Investments and other assets increased 5.7 percent from a year earlier, or ¥34.0 billion, to ¥630.6 billion. Investments in unconsolidated subsidiaries and affiliated companies decreased 34.0 percent, or ¥59.6 billion, to ¥115.4 billion because of the sale of shares in former affiliate Oriental Land discussed above. Investment securities increased 64.6 percent, or ¥108.8 billion, to ¥277.3 billion due to factors including an increase in the fair value of Oriental Land shares that Mitsui Fudosan retained and a recovery in the market value of securities holdings during the fiscal year.

Property and Equipment

Net property and equipment increased 2.8 percent from a year earlier, or ¥58.0 billion, to ¥2,092.3 billion. Capital expenditures totaled ¥62.0 billion, which was offset by depreciation totaling ¥50.3 billion. Acquisition of properties by the parent company and subsidiaries totaled ¥46.4 billion. Capital expenditures decreased 62.4 percent, or ¥103.1 billion, year on year to ¥61.9 billion and depreciation totaled ¥50.2 billion.

Current Liabilities

Current liabilities decreased 5.0 percent from a year earlier, or ¥31.2 billion, to ¥593.4 billion. Decreases in items including notes and accounts payable–trade and advances and deposits more than offset the increase in current liabilities resulting from pending repayment of long-term debt during fiscal 2010, including ¥30.0 billion in bonds. Mitsui Fudosan has established committed lines of credit totaling ¥230.0 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.

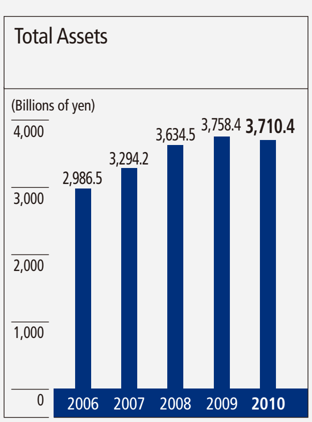
Long-term Liabilities

Long-term liabilities decreased 2.2 percent from a year earlier, or ¥46.2 billion, to ¥2,087.8 billion. Long-term debt due after one year decreased 4.9 percent from a year earlier, or ¥74.0 billion, to ¥1,433.3 billion, as Mitsui Fudosan stressed sound finances and selectivity in investing in opportunities for growth, while supplementing funds for investment through cost recovery from property sales. Interest-bearing debt increased 0.8 percent, or ¥13.2 billion, to ¥1,746.7 billion. Mitsui Fudosan also raised ¥40.0 billion through four issues of notes due 2019, with respective interest rates of 2.09 percent, 1.72 percent, 1.63 percent and 1.49 percent.

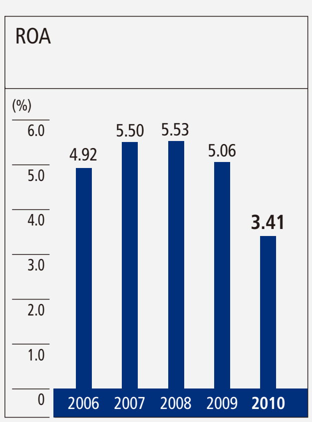
Net Assets and Total Capital

For fiscal 2009, net assets increased 2.9 percent from a year earlier, or ¥29.4 billion, to ¥1,029.2 billion. Retained earnings decreased 9.2 percent, or ¥30.7 billion, to ¥301.7 billion despite net income for the fiscal year due to the impact of removing former affiliate Oriental Land from the scope of application of the equity method. However, reserve on land revaluation, which is recorded as a component of net assets under Japanese GAAP, increased by ¥8.3 billion. An increase in the fair value of Oriental Land shares that Mitsui Fudosan retained as well as higher financial asset prices during the fiscal year increased net assets as net unrealized holding gains on securities, which is recorded as a component of net assets under Japanese GAAP, increased to ¥51.9 billion. Negative foreign currency translation adjustments 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 ¥33.9 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 ¥42.5 billion to ¥2,775.9 billion from ¥2,733.4 billion a year earlier. Growth in net assets outpaced the increase in interest-bearing debt. Consequently, net assets represented 37.1 percent of total capital, compared with 36.6 percent at the previous fiscal year-end. The debt / equity ratio[1] decreased to 1.73 times from 1.77 times as a result. Return on assets (ROA)[2] was 3.41 percent, compared with 5.06 percent a year earlier. Return on equity (ROE)[3] was 6.05 percent, compared to 8.57 percent a year earlier.

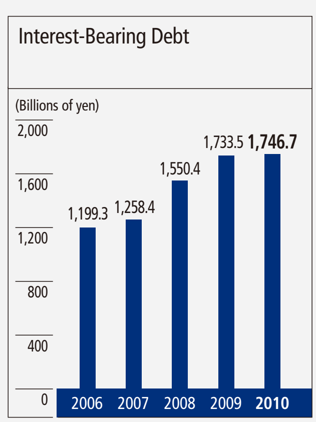
Notes: 1. Debt / equity ratio = Interest-bearing debt / (Net assets - Subscription rights to shares - Minority interests)
2. Return on assets (ROA) = (Operating income + Interest, dividends and miscellaneous revenues + Equity in net income of affiliated companies - Extraordinary gains*) / Average total assets
*Extraordinary gains totaling ¥26.3 billion for fiscal 2009 are included in Interest, dividends and miscellaneous revenues, which totaled ¥31.2 billion for fiscal 2009.
3. Return on equity (ROE) = Net income / (Net assets - Subscription rights to shares - Minority interests, Average over the period)



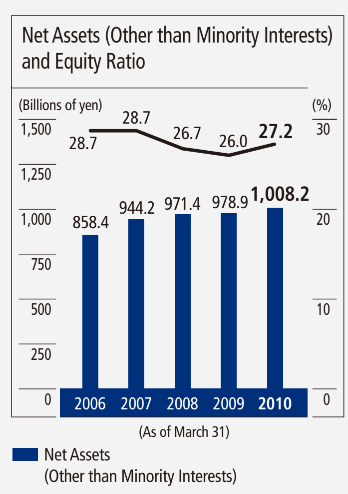
(As of March 31)



(Years ended March 31)



(As of March 31)



(As of March 31)

Cash Flows

(Billions of yen)

Years ended March 31	2010	2009	2008
Cash flows from operating activities	¥ 84.4	¥ (41.0)	¥ 97.8
Cash flows from investing activities	(64.8)	(141.6)	(392.2)
Cash flows from financing activities	(19.8)	182.2	276.1
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.2)	(0.1)
Net (decrease) increase in cash and cash equivalents	(0.2)	(0.6)	(18.3)
Cash and cash equivalents at beginning of year	62.9	63.5	81.8
Cash and cash equivalents at end of year	¥ 62.7	¥ 62.9	¥ 63.5

Cash Flows

Net cash provided by operating activities totaled ¥84.4 billion. In the previous fiscal year, operating activities used net cash totaling ¥41.0 billion. A key factor in the year-on-year change was that net increase in inventories used cash totaling ¥50.2 billion, down from ¥125.8 billion in the previous fiscal year. 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. Moreover, the use of cash for return of deposits for properties sold on consignment to Mitsui Fudosan Residential in the previous fiscal year, included in the line item "Other, net," did not recur. Income taxes paid also decreased substantially. Depreciation and amortization increased to ¥50.3 billion.

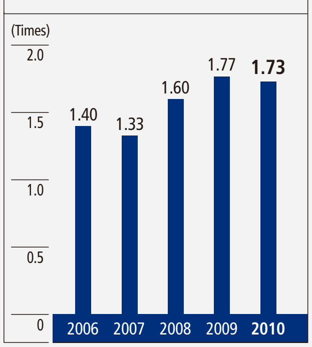
Net cash used in investing activities totaled ¥64.8 billion, compared to ¥141.6 billion for the previous fiscal year. Mitsui Fudosan is carefully controlling asset growth given the current environment. Purchases of property and equipment totaled ¥70.7 billion, compared to ¥153.0 billion for the previous fiscal year. This included outlays for the Muromachi East District Development Project (Chuo-ku, Tokyo), which is nearing completion and is highly likely to generate profitable growth in the future, and for LaLagarden Nagamachi (Sendai, Miyagi), which opened in October 2009. Net changes in deposits from tenants and in lease deposits used cash totaling ¥0.6 billion, while in the previous fiscal year these changes provided cash totaling ¥28.5 billion. Net proceeds from sale of marketable and investment securities totaled ¥12.2 billion, compared to net purchases of ¥31.7 billion for the previous fiscal year.

(Billions of yen)

Years ended March 31	2010	2009
Increase in deposits from tenants	¥ 50,164	¥ 55,020
Decrease in deposits from tenants	(53,797)	(43,198)
Increase in lease deposits	(12,261)	(11,126)
Decrease in lease deposits	15,339	(27,760)
Total	(555)	¥ 28,456

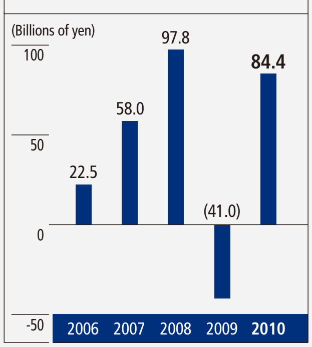
Net cash used in financing activities totaled ¥19.8 billion, primarily representing cash dividends paid of ¥19.3 billion. In the previous fiscal year, financing activities provided net cash totaling ¥182.2 billion. Net repayments of bank loans and commercial paper totaled ¥11.0 billion, compared with ¥45.2 billion for the previous fiscal year, reflecting reduction in working capital. Proceeds from long-term debt totaled ¥133.0 billion, down from ¥389.5 billion for the previous fiscal year. Repayments of long-term debt, consisting primarily of long-term bank loans, totaled ¥119.3 billion, compared to ¥119.4 billion for the previous fiscal year. Proceeds from issuance of bond totaling ¥40.0 billion represented four domestic issues of

Debt/Equity Ratio



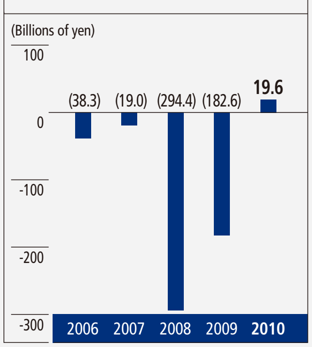
(As of March 31)

Cash Flows from Operating Activities



(Years ended March 31)

Free Cash Flow



(Years ended March 31)

yen notes due 2019 with respective interest rates of 2.09 percent, 1.72 percent, 1.63 percent and 1.49 percent, while payments for redemption of bond totaled ¥40.0 billion. Net proceeds from long-term debt and bonds therefore totaled ¥13.7 billion on a cash basis, compared to ¥250.1 billion in the previous fiscal year. Mitsui Fudosan maintains a conservative level of operating leverage and was increasingly selective in investing for future growth during fiscal 2009. Cash dividends paid were essentially unchanged year on year.

(Billions of yen)

Years ended March 31	2010	2009
Proceeds from long-term debt	¥ 133,014	¥ 389,452
Repayments of long-term debt	(119,267)	(119,354)
Proceeds from issuance of bond	40,000	10,000
Payments for redemption of bond	(40,000)	(30,000)
Total	13,747	¥ 250,098

Outlook for Fiscal 2010

From fiscal 2010, the year ending March 31, 2011, Mitsui Fudosan has changed its reportable segments to the five segments of Leasing, Property Sales, Management, Mitsui Home and Other, based on its management accounting classifications. Accordingly, the former management accounting segments of Holding, Trading and Management have been reorganized as Leasing, Property Sales and Management.

In the Leasing segment, we forecast an ¥8.0 billion decrease in segment revenue and a ¥4.6 billion decline in segment operating income. We forecast that revenue will increase because of new projects scheduled to come on stream during the year, including such office buildings as the Sumitomo Mitsui Banking Corporation Head Office Building. Retail facilities such as MITSUI OUTLET PARK Sapporo Kita-Hiroshima will also contribute. However, the segment's performance will be affected by vacancies in existing office buildings, as well as the effect of tenant replacement in a building scheduled for reconstruction.

In the Property Sales segment, we forecast a ¥33.7 billion increase in revenue and a ¥5.5 billion rise in operating income. We expect higher revenue in the housing sales category because of an increase in the number of residential units sold, but a decline in earnings due to lower profitability. By contrast, we predict higher revenue and earnings in the property sales to investors category.

In the Management segment, we forecast a ¥13.3 billion increase in revenue and a slight ¥0.3 billion increase in operating income. We expect a healthy performance in brokerage for individuals due to an increase in transactions and other factors. We also forecast a rise in properties under management at LaLaport Management, as well as expansion of the Repark business handled by Mitsui Real Estate Sales. However, we expect a decline in consignment sales from Mitsui Fudosan Residential.

In the Other segment, we expect earnings to improve despite a continuation of difficult conditions in the hotel and resort business, while we expect operating income to be essentially unchanged.

For fiscal 2010, we forecast a ¥55.2 billion year-on-year increase in revenue from operations to ¥1,440.0 billion, and a ¥0.4 billion rise in operating income to ¥121.0 billion. We also forecast that an increase in non-operating expenses will result in a ¥10.0 billion year-on-year decrease in net income to ¥50.0 billion. Furthermore, Mitsui Fudosan plans to pay total cash dividends of ¥22.00 per share, consisting of an ¥11.00 interim dividend and a ¥11.00 year-end dividend.

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.

Changes in Real Estate Taxes

Changes in real estate taxes that increase the cost of owning, acquiring or selling real estate or reduce consumer willingness to purchase housing may exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

Changes in Real Estate and Finance Laws

Future changes in laws or regulations relevant to Mitsui Fudosan's businesses, including the Building Standard Law, the City Planning Act and the Financial Instruments and Exchange Law, that reduce the value of assets or limit the scope of operations by incurring new obligations, increasing costs or limiting asset ownership rights may exert a material impact on the Mitsui Fudosan Group's performance.

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, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 4)	¥ 62,740	¥ 62,892	$ 674,334
Marketable securities (Notes 4, 5)	244	126	2,623
Notes and accounts receivable — trade (Note 4)	24,478	31,451	263,090
Short-term loans receivable	9,321	8,949	100,183
Allowance for doubtful accounts	(1,303)	(2,331)	(14,005)
Inventories (Note 8)	684,753	773,861	7,359,770
Advances paid for purchases (Note 9)	14,449	2,859	155,299
Equity investments in properties for sale (Notes 4, 5, 22)	73,412	89,776	789,037
Deferred income taxes (Note 11)	43,771	53,160	470,454
Other current assets	75,708	106,730	813,714
Total current assets	987,573	1,127,473	10,614,499
INVESTMENTS and OTHER ASSETS			
Investments in unconsolidated subsidiaries and affiliated companies	115,430	174,995	1,240,649
Investment securities (Notes 4, 5, 22)	277,315	168,529	2,980,600
Non-current loans and accounts receivable	42,747	49,490	459,448
Allowance for doubtful accounts	(7,138)	(8,522)	(76,720)
Lease deposits (Notes 4, 10)	175,775	180,870	1,889,241
Deferred income taxes (Note 11)	11,494	15,557	123,538
Deferred tax assets on land revaluation	1,406	2,280	15,112
Other	13,566	13,426	145,808
Total investments and other assets	630,595	596,625	6,777,676
PROPERTY and EQUIPMENT, at cost:			
Land (Notes 7, 13)	1,484,260	1,456,961	15,952,923
Buildings and structures (Notes 7, 13)	1,001,729	954,988	10,766,649
Machinery and equipment	99,963	99,334	1,074,409
Construction in progress	33,845	18,366	363,768
	2,619,797	2,529,649	28,157,749
Accumulated depreciation	(527,541)	(495,360)	(5,670,044)
Net property and equipment	2,092,256	2,034,289	22,487,705
	¥3,710,424	¥3,758,387	$39,879,880

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Bank loans (Notes 4, 13)	¥ 38,852	¥ 55,367	$ 417,584
Commercial paper (Notes 4, 13)	24,000	13,000	257,954
Long-term debt due within one year (Notes 4, 13)	250,551	157,847	2,692,939
Notes and accounts payable — trade (Note 4)	76,750	125,037	824,914
Accrued expenses	21,809	21,613	234,405
Income taxes payable	6,807	17,756	73,162
Advances and deposits received	131,425	179,987	1,412,564
Deferred income taxes (Note 11)	456	697	4,901
Other current liabilities	42,706	53,214	459,007
Total current liabilities	593,356	624,518	6,377,430
LONG-TERM LIABILITIES			
Allowance for employees' retirement benefits (Note 12)	31,529	29,484	338,876
Allowance for directors' and corporate auditors' retirement benefits	1,087	1,494	11,683
Long-term debt due after one year (Notes 4, 13)	1,433,316	1,507,345	15,405,374
Deposits from tenants (Notes 4, 14)	366,770	370,694	3,942,068
Deferred income taxes (Note 11)	26,375	3,129	283,480
Deferred tax liabilities on land revaluation	192,238	185,317	2,066,187
Other long-term liabilities	36,527	36,546	392,594
Total long-term liabilities	2,087,842	2,134,009	22,440,262
CONTINGENT LIABILITIES (Note 24)			
NET ASSETS (Notes 15 and 16)			
Shareholders' equity			
Common stock	174,296	174,296	1,873,345
Authorized— 3,290,000,000 shares			
Issued— 881,424,727 shares in 2010 and 2009			
Capital surplus	248,320	248,332	2,668,960
Retained earnings	301,654	332,334	3,242,197
Treasury stock— 2,946,614 shares in 2010 and			
2,820,312 shares in 2009	(5,190)	(5,003)	(55,783)
Total shareholders' equity	719,080	749,959	7,728,719
Valuation and translation adjustments			
Net unrealized holding gains on securities	51,914	1,793	557,975
Net unrealized losses on hedging derivatives	(588)	(459)	(6,320)
Reserve on land revaluation	271,337	263,063	2,916,348
Foreign currency translation adjustments	(33,932)	(35,689)	(364,703)
Total valuation and translation adjustments	288,731	228,708	3,103,300
Subscription rights to shares (Note 17)	378	220	4,063
Minority interests	21,037	20,973	226,106
Total net assets	1,029,226	999,860	11,062,188
	¥3,710,424	¥3,758,387	$39,879,880

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	2010
REVENUES				
Revenue from operations (Note 23)	¥1,384,807	¥1,418,946	¥1,360,023	$14,883,996
Interest, dividends and miscellaneous (Note 19)	31,152	9,389	27,509	334,824
	1,415,959	1,428,335	1,387,532	15,218,820
COSTS AND EXPENSES				
Cost of revenue from operations	1,120,091	1,098,425	1,039,342	12,038,811
Selling, general and administrative expenses	144,130	148,973	141,398	1,549,119
Interest	29,544	29,768	26,031	317,541
Other (Notes 18, 20)	26,530	41,168	32,758	285,146
	1,320,295	1,318,334	1,239,529	14,190,617
EQUITY IN NET INCOME OF AFFILIATED COMPANIES	2,027	5,980	7,064	21,786
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	97,691	115,981	155,067	1,049,989
INCOME TAXES (Note 11)				
Current	28,014	24,785	48,638	301,096
Deferred	8,561	6,059	17,611	92,014
Total	36,575	30,844	66,249	393,110
NET INCOME BEFORE MINORITY INTERESTS	61,116	85,137	88,818	656,879
MINORITY INTERESTS	(1,032)	(1,565)	(1,440)	(11,092)
NET INCOME	¥ 60,084	¥ 83,572	¥ 87,378	$ 645,787

	Yen			U.S. dollars (Note 1)
PER SHARE INFORMATION	2010	2009	2008	2010
Net assets per share*	¥ 1,147.2	¥ 1,113.9	¥ 1,105.1	$ 12.330
Net income per share				
— Basic	68.4	95.1	99.4	0.735
— Diluted	68.4	95.1	99.4	0.735
Cash dividends	22.0	22.0	20.0	0.236

* Net assets per share information does not include subscription rights to shares and 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, 2010, 2009 and 2008

	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 adjustments	Subscription rights to shares	Minority interests	Total net assets
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 adjustments	—	—	—	—	—	—	—	—	(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 adjustments	—	—	—	—	—	—	—	—	(19,761)	—	—	(19,761)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	134	—	134
Minority interests	—	—	—	—	—	—	—	—	—	—	366	366
Others	—	—	—	(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
Decrease in number of affiliated companies	—	—	—	(62,443)	—	—	—	—	—	—	—	(62,443)
Cash dividends paid	—	—	—	(19,329)	—	—	—	—	—	—	—	(19,329)
Net income	—	—	—	60,084	—	—	—	—	—	—	—	60,084
Reversal of reserve on land revaluation, net of tax	—	—	—	(8,992)	—	—	—	8,274	—	—	—	(718)
Purchase of treasury stock	—	—	—	—	(275)	—	—	—	—	—	—	(275)
Sales of treasury stock	—	—	(12)	—	88	—	—	—	—	—	—	76
Net unrealized holding gains on securities	—	—	—	—	—	50,121	—	—	—	—	—	50,121
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	—	(129)	—	—	—	—	(129)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	1,757	—	—	1,757
Subscription rights to shares	—	—	—	—	—	—	—	—	—	158	—	158
Minority interests	—	—	—	—	—	—	—	—	—	—	64	64
BALANCE AT MARCH 31, 2010	881,425	¥174,296	¥248,320	¥301,654	¥(5,190)	¥ 51,914	¥(588)	¥271,337	¥(33,932)	¥378	¥21,037	¥1,029,226

	Thousands of U.S. dollars (Note 1)										
BALANCE AT MARCH 31, 2009	$1,873,345	$2,669,089	$3,571,948	$(53,773)	$ 19,271	$(4,933)	$2,827,418	$(383,588)	$2,365	$225,419	$10,746,561
Decrease in number of affiliated companies	—	—	(671,141)	—	—	—	—	—	—	—	(671,141)
Cash dividends paid	—	—	(207,749)	—	—	—	—	—	—	—	(207,749)
Net income	—	—	645,787	—	—	—	—	—	—	—	645,787
Reversal of reserve on land revaluation, net of tax	—	—	(96,648)	—	—	—	88,930	—	—	—	(7,718)
Purchase of treasury stock	—	—	—	(2,956)	—	—	—	—	—	—	(2,956)
Sales of treasury stock	—	(129)	—	946	—	—	—	—	—	—	817
Net unrealized holding gains on securities	—	—	—	—	538,704	—	—	—	—	—	538,704
Net unrealized gains (losses) on hedging derivatives	—	—	—	—	—	(1,387)	—	—	—	—	(1,387)
Foreign currency translation adjustments	—	—	—	—	—	—	—	18,885	—	—	18,885
Subscription rights to shares	—	—	—	—	—	—	—	—	1,698	—	1,698
Minority interests	—	—	—	—	—	—	—	—	—	687	687
BALANCE AT MARCH 31, 2010	$1,873,345	$2,668,960	$3,242,197	$(55,783)	$557,975	$(6,320)	$2,916,348	$(364,703)	$4,063	$226,106	$11,062,188

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	2010
Cash flows from operating activities:				
Income before income taxes	¥ 97,691	¥ 115,981	¥ 155,067	$ 1,049,989
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortization	50,287	48,891	44,312	540,488
Equity in net income of affiliated companies	(2,027)	(4,510)	(7,064)	(21,786)
Loss on impairment of fixed assets	18,938	—	—	203,547
Gain on sales of property and equipment, net	—	—	(17,327)	—
Loss on disposal of property and equipment	—	3,595	—	—
Loss on disposal of property and equipment and related expenses	—	—	3,408	—
Loss on devaluation of real property for sale	19,797	15,896	—	212,779
Interest and dividend income	(2,755)	(3,044)	(2,823)	(29,611)
Interest expense	29,544	29,768	26,031	317,541
Gain on sales of marketable securities, net	(25,713)	—	(2,869)	(276,365)
Impairment loss on investment securities	—	17,559	5,417	—
Impairment loss on investment in affiliated company	—	—	12,961	—
Decrease in accounts receivable	6,840	2,534	3,474	73,517
Increase in real property for sale and advances paid for purchases	(50,241)	(125,796)	(100,419)	(539,994)
(Increase) decrease in equity investments in properties for sale	(2,876)	509	23,479	(30,911)
(Decrease) increase in accounts payable	(2,942)	345	(7,482)	(31,621)
Bonuses paid to directors	—	—	(24)	—
Interests and dividends received	4,810	4,902	4,809	51,698
Interests paid	(29,640)	(28,732)	(25,363)	(318,573)
Income taxes paid	(21,821)	(62,664)	(33,059)	(234,533)
Other, net	(5,503)	(56,231)	15,235	(59,147)
Net cash provided by (used in) operating activities	84,389	(40,997)	97,763	907,018
Cash flows from investing activities:				
Purchases of property and equipment	(70,658)	(152,972)	(346,765)	(759,437)
Proceeds from sale of property and equipment	595	2,887	35,922	6,395
Increase in deposits from tenants	50,164	55,020	78,803	539,166
Decrease in deposits from tenants	(53,797)	(43,198)	(47,226)	(578,214)
Increase in lease deposits	(12,261)	(11,126)	(28,547)	(131,782)
Decrease in lease deposits	15,339	27,760	20,702	164,865
Purchases of marketable and investment securities	(13,896)	(36,987)	(129,478)	(149,355)
Proceeds from sale of marketable and investment securities	26,134	5,327	4,531	280,890
Increase in non-current loans and accounts receivable	(11,266)	(11,514)	(4,683)	(121,088)
Decrease in non-current loans and accounts receivable	10,908	13,788	6,075	117,240
Other, net	(6,096)	9,381	18,506	(65,520)
Net cash used in investing activities	(64,834)	(141,634)	(392,160)	(696,840)
Cash flows from financing activities:				
Proceeds from long-term debt	133,014	389,452	369,351	1,429,643
Repayments of long-term debt	(119,267)	(119,354)	(154,718)	(1,281,890)
Proceeds from bank loans and commercial paper	1,264,417	1,625,544	382,052	13,590,037
Repayments of bank loans and commercial paper	(1,275,426)	(1,670,745)	(353,133)	(13,708,362)
Proceeds from issuance of bond	40,000	10,000	50,000	429,923
Payments for redemption of bond	(40,000)	(30,000)	—	(429,923)
Cash dividends paid	(19,317)	(19,324)	(15,812)	(207,620)
Payments of dividends to minority shareholders	(1,007)	(958)	(416)	(10,823)
Repayments of lease obligations	(1,977)	(1,767)	—	(21,249)
Net increase in treasury stocks	(199)	(632)	(1,188)	(2,139)
Net cash (used in) provided by financing activities	(19,762)	182,216	276,136	(212,403)
Effect of exchange rate changes on cash and cash equivalents	55	(189)	(59)	592
Net (decrease) increase in cash and cash equivalents	(152)	(604)	(18,320)	(1,633)
Cash and cash equivalents at beginning of year	62,892	63,496	81,816	675,967
Cash and cash equivalents at end of year	¥ 62,740	¥ 62,892	¥ 63,496	$ 674,334

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. In connection with adopting 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, hereafter, "PITF No. 18"), commencing from the year ended March 31, 2009, certain adjustments, which are not recorded in the statutory books of overseas subsidiaries, are incorporated in 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 ("statutory Japanese language consolidated financial statements"). The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the statutory Japanese language consolidated financial statements. 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, 2010, which was ¥93.04 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 adjustments" 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

The Company and its domestic subsidiaries have followed accounting standard, "Accounting Standard for Measurement of Inventories" (Statement No. 9 issued by the Accounting Standards Board of Japan). Under the standard, inventories are 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. Costs are determined mainly by the specific identification method and do not include interest and administrative expenses incurred during or after development of real estate, which are charged to income when incurred.

The Company and its consolidated subsidiaries recognized loss on devaluation of real property for sale of ¥19,797 million ($212,779 thousand) and ¥15,896 million for the years ended March 31, 2010 and 2009 which were charged to cost of revenue from operations.

Revenue from 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.

For the years ended on and before March 31, 2009, revenue from construction work was recognized by the completed-contract method, except long-term contracts exceeding certain amounts, which were accounted for by the percentage-of-completion method, and related costs are recognized as incurred. In the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted Accounting Standard for Construction Contracts (ASBJ Statement No. 15; December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007). The percentage-of-completion method shall be applied if the outcome of the construction activity is deemed certain during the course of the activity, otherwise the completed-contract method shall be applied. There is no significant impact on income as a result of adopting those standards.

(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, "PITF No. 18", (refer to Note 1) 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 are charged to the beginning balance of retained earnings of the year ended March 31, 2009. There was no significant impact on income for the year ended March 31, 2009 as a result of adopting the standard.

(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.

In the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted Accounting Standard "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)". (ASBJ Statement No. 19; July 31, 2008). The objective of the accounting standard is to remove the treatment which provides that an entity may use the discount rate determined taking into consideration fluctuations in the yield of bonds over a certain period. There is no impact on income for the year ended March 31, 2010 as a result of adopting the standard since actuarial differences arose in the current year are to be amortized starting in the next fiscal year.

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

Allowance for retirement benefits for directors and corporate auditors of the Company and its 36 consolidated subsidiaries are also provided at the amounts to be paid if all eligible directors and corporate auditors would have 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 for the year ended March 31, 2009 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, 2010, 2009 and 2008.

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

1. 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.

2. 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

3. Hedge policy

The Company and its consolidated subsidiaries use interest rate swap contracts to mitigate risk of fair value changes of borrowings and debentures due to fluctuating interest rates and risk of changes in cash flows. Exchange rate risk on borrowings made and debentures issued in non-functional currencies is hedged by utilizing currency swap. Exchange rate risk on forecasted transactions to be settled in non-functional currencies is hedged by using forward foreign exchange contracts.

4. Assessment of hedge effectiveness

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.

(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' BONUS

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) 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.

(V) 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 reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

(W) RECLASSIFICATIONS

Certain prior years' amounts have been reclassified to conform to the current presentation.

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, 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.

2. 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.

3. Business reorganizations for the year ended March 31, 2010

There were no significant business reorganizations for the year ended March 31, 2010.

4 FINANCIAL INSTRUMENTS

Commencing the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted "Accounting Standard for Financial Instruments" (ASBJ statement No. 10; March 10, 2008) and its implementation guidance "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ guidance No. 19; March 10, 2008), which requires the disclosure of risk management policy and estimated fair value of financial instruments.

(1) Risk management policy regarding financial instruments

a. Policy on financial instruments

The Company and its consolidated subsidiaries make fund procurements mainly through bank loans and issuance of bonds. The temporary surplus funds are invested in low-risk financial assets. Derivative instruments are used to mitigate risks referred to below, and the Company and its consolidated subsidiaries do not enter into speculative derivative transactions or transactions with high volatility on fair value.

b. Risk management

Notes and accounts receivable and lease deposits are subject to customers' credit risk. Each business division monitors due dates and balances for each counterparty to mitigate the risk of those receivables being uncollectible due to financial difficulties and other factors.

Investment in equity securities is exposed to market-price risk. The securities are mainly those of companies with business relationships. The Company and its consolidated subsidiaries periodically monitor market prices and continuously review whether the securities should be held.

Notes and accounts payable are mostly due within one year.

Short-term debt is mainly used for funding working capital. Procurement from long-term debt and bonds payable, of which the maturities are due within 15 years from the balance sheet date, are mainly used for capital expenditures. Debts with floating interest rates are subject to interest-rate risk. The Company and its consolidated subsidiaries utilize derivatives (interest rate swaps) as hedging instruments for some long-term debt with floating interest rates to fix the cash flows of interest payments. Exchange rate risk on borrowings made and bonds issued in non-functional currencies are hedged by utilizing currency swap. Refer to Note 2 (Q) for details on hedge accounting, hedge policy, assessment of hedge effectiveness and other matters.

By using derivative instruments, the Company and its consolidated subsidiaries are exposed to counterparty's credit risk and market risks such as interest rate risk and exchange rate risk. The Company and its consolidated subsidiaries manage the credit risk by carefully evaluating the financial positions of major financial institutions before entering into contracts. The derivative transactions are executed and managed by procedures set forth in the policies established in each group company and are reported periodically to directors in charge.

Payables, debt and deposits from customers are subject to liquidity risk. The risk is managed by preparing and monitoring through monthly cash schedules.

(2) Estimated fair value of financial instruments

The carrying amount, estimated fair value and the difference of financial instruments as of March 31, 2010 are summarized in the following table. Information on financial instruments for which the fair value is not reliably measurable is not included in the below table (refer to b).

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets						
Cash and bank deposits *1	¥ 63,292	¥ 63,292	¥ —	$ 680,267	$ 680,267	$ —
Notes and accounts receivable–trade	24,478	24,478	—	263,090	263,090	—
Marketable and investment securities	183,344	183,338	(6)	1,970,593	1,970,529	(64)
Liabilities						
Notes and accounts payable–trade	76,750	76,750	—	824,914	824,914	—
Bank loans and long-term debt due within one year	289,403	290,591	1,188	3,110,523	3,123,292	12,769
Commercial paper	24,000	24,000	—	257,954	257,954	—
Long-term debt due after one year	1,433,316	1,465,025	31,709	15,405,374	15,746,184	340,810
Derivative instruments *2	2,859	2,859	—	30,729	30,729	—

*1. Carrying amount of cash and bank deposits consists of ¥62,740 million ($674,334 thousand) of cash and cash equivalents and ¥552 million ($5,933 thousand) of bank deposits with maturities exceeding 3 months which is included in other current assets in the accompanying consolidated balance sheets.

*2. Carrying amount and estimated fair value of derivative instruments represent derivative assets netted against derivative liabilities.

a. Estimation of fair value
The following methods and significant assumptions were used to estimate the fair value of financial instruments for which the fair value is reasonably measurable.

Cash and bank deposits and notes and accounts receivable–trade
The carrying amount of cash and bank deposits and notes and accounts receivable–trade approximates fair value due to their relatively short maturity.
Marketable and investment securities
Fair value of those securities are based on quoted market prices. Refer to Note 4 for detailed information.
Notes and accounts payable–trade and commercial paper
The carrying amount of notes and accounts payable–trade and commercial paper approximates fair value due to their relatively short maturity.
Bank loans and long-term debt due within one year
The carrying amount of bank loans approximates fair value due to their relatively short maturity. Fair value of long-term debt and bonds payable due within one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.
Long-term debt due after one year
Fair value of long-term debt due after one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.
Derivative instruments – Refer to Note 6.

Fair value of financial instruments includes amount based on quoted market price and amount reasonably calculated. Fair value reasonably calculated, incorporating fluctuating factors, is subject to change under different assumptions. Nominal amount shown in Note 6 does not represent the market risk regarding the derivative transactions.

b. Financial instruments for which the fair value is not reliably measurable
The following financial instruments, for which there were no quoted market prices, reasonable estimates of fair values could not be made without incurring excessive costs because of difficulty to estimate future cash flows. Thus, information on those instruments is not presented in above table.

	Millions of yen	Thousands of U.S. dollars
Assets:		
Equity investments in properties for sale	¥ 73,412	$ 789,037
Other securities		
Unlisted stocks (excluding OTC securities)	16,413	176,408
Other (TK investments, preferred securities and others)	75,757	814,241
Lease deposits *	175,775	1,889,241
Liabilities:		
Deposits from tenants *	366,770	3,942,068

* While fair value accounting is applied to some of lease deposits and deposits from tenants, they are not separately disclosed since they are not material.

c. Redemption schedule
The redemption schedule on cash and cash equivalents, receivables and securities with maturities as of March 31, 2010 is as follows.
Refer to Note 13 for redemption schedule for long-term debt.

	Millions of yen			
	2010			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits *	¥63,292	¥ —	¥ —	¥ —
Notes and accounts receivable–trade	24,478	—	—	—
Other securities				
National and local government bonds, etc.	244	168	672	—
Total	¥88,014	¥168	¥672	¥ —

	Thousands of U.S. dollars			
	2010			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits *	$680,267	$ —	$ —	$—
Notes and accounts receivable–trade	263,090	—	—	—
Other securities				
National and local government bonds, etc.	2,623	1,806	7,223	—
Total	$945,980	$1,806	$7,223	$—

* Carrying amount of cash and bank deposits consists of ¥62,740 million ($674,334 thousand) of cash and cash equivalents and ¥552 million ($5,933 thousand) of bank deposits with maturities exceeding 3 months which is included in other current assets in the accompanying consolidated balance sheets.

5 FAIR VALUE INFORMATION OF MARKETABLE SECURITIES, INVESTMENT SECURITIES AND OTHERS

Information regarding the years ended March 31, 2009 and 2008:

(1) The following tables summarize historical cost, book value and market value of securities with market values as of March 31, 2009:

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

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

(b) Other securities with market values:

	Millions of yen		
	2009		
	Historical cost	Book value (Market value)	Difference
Securities whose book value (market value) exceeds historical cost			
Stocks	¥26,587	¥35,600	¥ 9,013
Other	11,264	16,205	4,941
Subtotal	37,851	51,805	13,954
Securities whose book value (market value) does not exceed historical cost			
Stocks	43,198	36,487	(6,711)
Other	13,769	9,987	(3,782)
Subtotal	56,967	46,474	(10,493)
Total	¥94,818	¥98,279	¥ 3,461

(2) The following table summarizes other securities sold in the years ended March 31, 2009 and 2008:

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

(3) The following table summarizes the book value of securities without market value as of March 31, 2009:

	Millions of yen
	2009
Equity investments in properties for sale*	¥89,776
Other securities	
Unlisted stocks (excluding OTC securities)	18,265
Other (TK investments, preferred securities and others)*	51,532

*See Note 2 (R)

(4) The redemption schedule on held-to-maturity securities as of March 31, 2009 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	¥—

Information regarding the year ended March 31, 2010:

(1) The following tables summarize historical cost, book value and fair value of securities as of March 31, 2010:

(a) Held-to-maturity securities:

	2010					
	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities whose fair value exceeds book value						
National and local government bonds, etc.	¥ 322	¥ 324	¥ 2	$ 3,460	$ 3,482	$ 22
Securities whose fair value does not exceed book value						
National and local government bonds, etc.	762	754	(8)	8,190	8,104	(86)
Total	¥1,084	¥1,078	¥(6)	$11,650	$11,586	$(64)

(b) Other securities:

	2010					
	Millions of yen			Thousands of U.S. dollars		
	Historical cost	Book value (Fair value)	Difference	Historical cost	Book value (Fair value)	Difference
Securities whose book value (fair value) exceeds historical cost						
Stocks	¥45,170	¥131,611	¥86,441	$ 485,490	$1,414,563	$929,073
Other	21,033	25,623	4,590	226,064	275,398	49,334
Subtotal	66,203	157,234	91,031	711,554	1,689,961	978,407
Securities whose book value (fair value) does not exceed historical cost						
Stocks	25,274	21,964	(3,310)	271,647	236,071	(35,576)
Other	3,300	3,062	(238)	35,469	32,911	(2,558)
Subtotal	28,574	25,026	(3,548)	307,116	268,982	(38,134)
Total	¥94,777	¥182,260	¥87,483	$1,018,670	$1,958,943	$940,273

(2) The following table summarizes other securities sold in the year ended March 31, 2010:

	2010					
	Millions of yen			Thousands of U.S. dollars		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	**¥26,028**	**¥25,713**	**¥(88)**	**$279,751**	**$276,365**	**$(946)**
Total	**¥26,028**	**¥25,713**	**¥(88)**	**$279,751**	**$276,365**	**$(946)**

(3) Reclassification

During the year ended March 31, 2010, equity securities of Oriental Land Co., Ltd., formerly classified as investments in affiliated companies, were reclassified to other securities which is a component of investment securities after which some of the securities were sold. As a result, retained earnings decreased by ¥62,443 million ($671,141 thousand), investment securities increased by ¥5,580 million ($59,974 thousand), and net unrealized holding gains on securities increased by ¥40,646 million ($436,866).

6 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2010:

		Millions of yen		
		Nominal amount		
	Hedged items	Total	Due after 1 year	Fair value
Interest rate swap *1 Pay: fixed rate Receive: floating rate	Long-term debt	¥601,500	¥512,500	*1
Interest rate swap *1 Pay: floating rate Receive: fixed rate	Long-term debt due within one year	5,000	—	*1
Foreign currency swap *2	Long-term debt	40,383	30,000	2,859
Total		¥646,883	¥542,500	¥2,859

		Thousands of U.S. dollars		
		Nominal amount		
	Hedged items	Total	Due after 1 year	Fair value
Interest rate swap *1 Pay: fixed rate Receive: floating rate	Long-term debt	$6,464,962	$5,508,383	*1
Interest rate swap *1 Pay: floating rate Receive: fixed rate	Long-term debt due within one year	53,740	—	*1
Foreign currency swap *2	Long-term debt	434,039	322,442	30,729
Total		$6,952,741	$5,830,825	$30,729

*1. 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. Thus, the fair value of the interest rate swap is included in the fair value of short-term and long-term debt.

*2. Recognition of gains or losses resulting from changes in fair value of foreign currency swap contracts are deferred until the related losses or gains on the hedged items are recognized

*3. Fair values are calculated mainly by discounting the future cash flows.

7 INVESTMENT AND LEASING PROPERTIES

Commencing the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20; November 28, 2008) and its implementation guidance "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Guidance No. 23, November 28, 2008) which require explanations on investment and leasing properties and disclosure of fair value of those properties. Investment and leasing properties are properties held to earn rentals or for capital appreciation, and include (1) properties classified as investment properties in the balance sheet, (2) idle properties and (3) leasing properties other than (1) and (2).

The Company and its certain subsidiaries own office buildings for rent, commercial facilities and other properties in Tokyo and other areas. Net rent income and impairment loss regarding those investment and leasing properties for the year ended March 31, 2010 are ¥79,447 million ($853,902 thousand) and ¥12,970 million ($139,402 thousand), respectively. Gross rent revenue is included in revenue from operations and gross cost for rent is included in cost of revenue from operations. Impairment loss is included in other costs and expenses (see Note 20).

The carrying amounts, net changes in the carrying amounts and the fair value of the investment and leasing properties as of and for the year ended March 31, 2010 are stated below:

Millions of yen			
Carrying amount			Fair value
March 31, 2009	Net increase	March 31, 2010	March 31, 2010
¥1,785,512	¥60,374	¥1,845,886	¥2,599,878

Thousands of U.S. dollars			
Carrying amount			Fair value
March 31, 2009	Net increase	March 31, 2010	March 31, 2010
$19,190,800	$648,903	$19,839,703	$27,943,659

Carrying amount presents acquisition cost less accumulated depreciation and accumulated loss on impairment.
The major increase in the carrying amount is acquisition of real estate which amounts to ¥39,581 million ($425,419 thousand).
Estimated fair value was calculated internally based on Japanese Real Estate Appraisal Standards.

8 INVENTORIES

Inventories at March 31, 2010 and 2009 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Real property for sale			
Completed	**¥328,844**	¥356,580	**$3,534,437**
In progress	**164,511**	217,081	**1,768,175**
Land held for development	**174,732**	182,970	**1,878,031**
Expenditure on contracts in progress	**8,336**	7,196	**89,596**
Other	**8,330**	10,034	**89,531**
Total	**¥684,753**	¥773,861	**$7,359,770**

9 ADVANCES PAID FOR PURCHASES

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

10 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 14).

11 INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Allowance for loss on devaluation of real property held for sale	¥ 21,777	¥ 22,405	$ 234,061
Unrealized inter-company transactions	5,539	5,665	59,534
Allowance for loss on valuation of securities	7,811	7,922	83,953
Net operating loss carryforwards	5,570	21,502	59,867
Excess allowance for retirement benefits	12,947	12,249	139,155
Excess allowance for doubtful accounts	—	2,390	—
Accrued employees' bonuses	6,265	5,885	67,337
Unrealized loss on valuation of other securities	1,404	4,316	15,090
Excess depreciation expense	3,447	3,097	37,049
Loss on impairment of fixed assets	31,590	16,783	339,531
Unrealized loss on valuation of lease deposits	4,580	4,411	49,226
Other	20,827	15,205	223,850
Total	¥121,757	¥121,830	$ 1,308,653
Deferred tax liabilities:			
Deferred gain on sale of land and buildings for tax purposes	¥ (24,691)	¥ (24,912)	$ (265,380)
Unrealized loss on valuation of shares held in consolidated subsidiaries	(3,921)	(3,849)	(42,143)
Unrealized inter-company transactions	(430)	(409)	(4,622)
Unrealized gain on valuation of securities	(37,004)	(5,710)	(397,721)
Consolidation difference in real property	(541)	(541)	(5,815)
Unrealized gain on valuation of lease deposits	(4,447)	(4,234)	(47,797)
Unrealized gain on contribution of securities to retirement benefit trust	(1,656)	(1,656)	(17,799)
Other	(20,633)	(15,628)	(221,765)
Total	¥ (93,323)	¥ (56,939)	$(1,003,042)
Net deferred tax assets	¥ 28,434	¥ 64,891	$ 305,611

Amounts of total deferred tax assets as of March 31, 2010 and 2009 are presented net of valuation allowances of ¥16,685 million ($179,331 thousand) and ¥12,922 million, respectively.

Significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Statutory tax rate	40.66%	40.66%	40.66%
(Adjustments)			
Amortization of goodwill	0.33%	—	—
Effect of lower tax rates on foreign subsidiaries	(1.78)	—	—
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	(0.84)	(2.11)	(1.94)
Permanent differences:			
Entertainment expenses and other	0.89	1.09	0.94
Dividend income and other	(3.13)	—	—
Other	1.31	1.27	(0.43)
Effective tax rate	37.44%	26.59%	42.72%

12 EMPLOYEES' RETIREMENT BENEFITS

(1) Outline of retirement plan:

The Company has adopted a corporate pension plan and lump-sum pension plans, both of which are defined benefit plans. The Company has also adopted a retirement benefit trust. 16 consolidated subsidiaries have adopted tax qualified pension plans. 66 consolidated subsidiaries have adopted lump-sum pension plans. One consolidated subsidiary has adopted employees' pension funds. 4 consolidated subsidiaries have adopted defined benefit corporate pension plans. One consolidated subsidiary has adopted defined contribution pension plan.

(2) Details of projected benefit obligation:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
1. Projected benefit obligation	**¥(104,230)**	¥(99,630)	**$(1,120,271)**
2. Fair value of plan assets	**59,207**	48,362	**636,361**
3. Unaccrued projected benefit obligation (1+2)	**¥ (45,023)**	¥(51,268)	**$ (483,910)**
4. Unrecognized actuarial differences	**13,907**	22,143	**149,473**
5. Unrecognized prior service costs	**281**	114	**3,020**
6. Prepaid pension expenses	**(694)**	(473)	**(7,459)**
7. Allowance for employees' retirement benefits (3+4+5+6)	**¥ (31,529)**	¥(29,484)	**$ (338,876)**

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

(3) Details of retirement benefit expenses:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
1. Service costs—benefits earned during the year	**¥ 4,929**	¥ 5,066	¥ 4,738	**$ 52,977**
2. Interest costs on projected benefit obligation	**2,376**	2,265	2,165	**25,538**
3. Expected return on plan assets	**(1,119)**	(1,228)	(1,292)	**(12,027)**
4. Amortization of actuarial differences	**3,890**	2,878	2,110	**41,810**
5. Amortization of prior service costs	**(5)**	212	2	**(54)**
6. Supplemental benefits	**3**	180	10	**32**
7. Retirement benefit expenses (1+2+3+4+5+6)	**¥10,074**	¥ 9,373	¥ 7,733	**$108,276**

Notes: 1. Retirement benefit expenses of consolidated subsidiaries adopting the simplified method are included in service costs.

2. Supplemental benefits for the year ended March 31, 2009 includes ¥180 million of premium retirement benefits paid specifically for early retirement of employees of a consolidated subsidiary which is included in "Other" as a component of "COSTS AND EXPENSES".

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

	2010		2009		2008	
1. Allocation method for the projected retirement benefits	**Straight-line method**		Straight-line method		Straight-line method	
2. Discount rates	**1.2-2.5%**		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

13 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, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Bank loans, with the weighted average interest rates of 0.58% in 2010 and 1.27% in 2009	¥38,852	¥55,367	$417,584
Commercial paper, with the weighted average interest rates of 0.13% in 2010 and 0.23% in 2009	24,000	13,000	257,954

(2) Long-term debt

Long-term debt at March 31, 2010 and 2009 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Long-term loans, principally from banks and insurance companies:			
Loans secured by collateral or bank guarantees	¥ 21,089	¥ 57,049	$ 226,666
Unsecured loans	1,417,778	1,363,143	15,238,371
Total long-term loans, principally from banks and insurance companies	1,438,867	1,420,192	15,465,037
Bonds and debentures			
Domestic:			
3.00% yen notes due 2013	10,000	10,000	107,481
2.08% yen notes due 2009	—	10,000	—
2.20% yen notes due 2009	—	10,000	—
2.33% yen notes due 2009	—	10,000	—
2.29% yen notes due 2009	—	10,000	—
2.25% yen notes due 2012	5,000	5,000	53,737
2.04% yen notes due 2010	10,000	10,000	107,481
1.04% yen notes due 2013	10,000	10,000	107,481
1.81% yen notes due 2014	10,000	10,000	107,481
1.64% yen notes due 2014	10,000	10,000	107,481
1.65% yen notes due 2015	10,000	10,000	107,481
1.81% yen notes due 2016	20,000	20,000	214,961
1.99% yen notes due 2016	10,000	10,000	107,481
1.91% yen notes due 2016	20,000	20,000	214,961
1.54% yen notes due 2014	20,000	20,000	214,961
1.84% yen notes due 2017	10,000	10,000	107,481
2.06% yen notes due 2017	20,000	20,000	214,961
1.65% yen notes due 2014	10,000	10,000	107,481
1.97% yen notes due 2017	20,000	20,000	214,961
1.92% yen notes due 2018	10,000	10,000	107,481
2.09% yen notes due 2019	10,000	—	107,481
1.72% yen notes due 2019	10,000	—	107,481
1.63% yen notes due 2019	10,000	—	107,481
1.49% yen notes due 2019	10,000	—	107,481
Total bonds and debentures	245,000	245,000	2,633,276
Less amount due within one year	250,551	157,847	2,692,939
Long-term debt due after one year	¥1,433,316	¥1,507,345	$15,405,374

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Due within one year, with the weighted average interest rates of 1.63% in 2010 and 3.11% in 2009	¥ 240,551	¥ 117,847	$ 2,585,458
Due after one year, with the weighted average interest rates of 1.63% in 2010 and 1.61% in 2009	1,198,316	1,302,345	12,879,579
Total	¥1,438,867	¥1,420,192	$15,465,037

The following assets are pledged as collateral for secured loans:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Collateralized assets			
Land	¥16,931	¥ 35,755	$181,975
Real property for sale	—	28,523	—
Buildings and structures and others	25,949	66,905	278,902
Total	¥42,880	¥131,183	$460,877

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, 2010 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥ 250,551	$ 2,692,939
2012	236,400	2,540,843
2013	238,681	2,565,359
2014	202,080	2,171,969
2015	159,862	1,718,207
Thereafter	596,293	6,408,996
Total	¥1,683,867	$18,098,313

14 DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2010 and 2009 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Non-interest-bearing	¥358,974	¥359,697	$3,858,276
Interest-bearing	7,796	10,997	83,792
Total	¥366,770	¥370,694	$3,942,068
Average interest rate	1.47%	1.59%	

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.

15 NET ASSETS

Net assets comprises four subsections, which are the shareholders' equity, valuation and translation adjustments, subscription rights to shares and minority interests, as applicable.

Under the Japanese Company Law (the "Law"), 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 Law, legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit, or may be capitalized by the resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, 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.

16 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, 2010, 2009 and 2008 are as follows:

	(Thousands)	
	Issued	Treasury stock
	Common stock	Common stock
Numbers of shares as of March 31, 2007	881,425	2,137
Numbers of shares increased *1	—	374
Numbers of shares decreased *2	—	(18)
Numbers of shares as of March 31, 2008	881,425	2,493
Numbers of shares increased *3	—	429
Numbers of shares decreased *2	—	(102)
Numbers of shares as of March 31, 2009	881,425	2,820
Numbers of shares increased *4	**—**	**176**
Numbers of shares decreased *2	**—**	**(49)**
Numbers of shares as of March 31, 2010	**881,425**	**2,947**

*1. 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.

*2. Treasury stock decreased due to sale of odd shares.

*3. 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.

*4. Treasury stock increased due to purchase of odd shares.

(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					
Balance as of March 31, 2008	¥ 86	—	¥ 86			
Balance as of March 31, 2009	¥220	—	¥220			
Balance as of March 31, 2010	**¥378**	**—**	**¥378**	**$4,063**	**—**	**$4,063**

Numbers of shares regarding stock options as of March 31, 2010, 2009 and 2008 and numbers of such shares increased and decreased during the years then ended 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 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 ($103,880 thousand)	¥9,668 million	¥7,914 million
Per share amount	¥11 ($0.118)	¥11	¥9
Record date	March 31, 2009	March 31, 2008	March 31, 2007
Effective date	June 29, 2009	June 30, 2008	June 29, 2007

The following resolution was approved by the board of directors' meeting held on October 29, 2009, October 30, 2008 and October 31, 2007:

Date of board of directors' meeting	October 29, 2009	October 30, 2008	October 31, 2007
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,664 million ($103,869 thousand)	¥9,667 million	¥7,911 million
Per share amount	¥11 ($0.118)	¥11	¥9
Record date	September 30, 2009	September 30, 2008	September 30, 2007
Effective date	December 2, 2009	December 2, 2008	December 4, 2007

(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 29, 2010, June 26, 2009 and June 27, 2008:

Date of shareholders' meeting	June 29, 2010	June 26, 2009	June 27, 2008
Type of stock	Common stock	Common stock	Common stock
Total amount	¥ 9,664 million ($103,869 thousand)	¥ 9,665 million	¥ 9,668 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥ 11 ($ 0.118)	¥ 11	¥ 11
Record date	March 31, 2010	March 31, 2009	March 31, 2008
Effective date	June 30, 2010	June 29, 2009	June 30, 2008

17 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, 2010, 2009 and 2008 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
Cost of revenue from operations	**¥ 34**	¥ 43	¥ 27	**$ 365**
Selling, general and administrative expenses	**124**	91	59	**1,333**
Total	**¥158**	¥134	¥86	**$1,698**

The following table summarizes the contents and activity of stock options as of March 31, 2010 and for the year then ended:

	2009 plan		2008 plan	2007 plan
Grantees	Directors, corporate officers and group managing officers; 25 in total *1		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	109,650 shares of common stock		71,250 shares of common stock	48,880 shares of common stock
Grant date	August 14, 2009		August 15, 2008	September 18, 2007
Vesting conditions	*2		*2	*2
Requisite service period	Not specified		Not specified	Not specified
Exercise period (*2)	August 15, 2009 - August 14, 2039		August 16, 2008 - August 15, 2038	September 19, 2007 - September 18, 2037
Non-vested options (number of shares):				
Outstanding at beginning of year	—		71,250	48,880
Granted	—		—	—
Forfeited	109,650		—	—
Vested	—		—	—
Outstanding at end of year	109,650		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	Yen
Exercise price	¥ 1	$ 0.01	¥ 1	¥ 1
Average stock price on exercise date	—	—	—	—
Grant-date fair value	¥1,493	$16.05	¥1,967	¥2,357

*1. Grantees consist of 8 directors (excluding outside directors), 9 corporate officers (non-directors) and 8 group managing officers for 2009 plan, 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:

	2009 plan	2008 plan	2007 plan
Expected volatility *1	40%	36%	35%
Expected life *2	15 years	15 years	15 years
Expected dividend *3	¥22 ($0.24) per share	¥22 per share	¥18 per share
Risk-free rate *4	1.88%	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 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.

18 IMPAIRMENT LOSS ON FIXED ASSETS

The Company and its certain consolidated domestic subsidiaries recognized impairment losses for the following groups of assets in the year ended March 31, 2010.

Primary use	Type of assets	Location
Leasing properties	Buildings, land, etc.	Minato Ward, Tokyo, etc.
Operating facilities	Buildings, land, etc.	Yoichi County, Hokkaido, etc.

For the purpose of identifying fixed assets that are impaired, the Company and its certain consolidated domestic subsidiaries grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or groups of assets. The corporate headquarter facilities are treated as common assets.

In the light of significant decrease in projected recoverable amount due to the Company's decision to sell early the leasing properties, the Company recorded impairment loss on those properties. In addition, considering significant deterioration of profitability due to decline in current rental rates, adverse changes in market conditions and other factors, the Company reduced the book values of operating facilities to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥18,938 million ($203,547 thousand) are comprised of ¥8,425 million ($90,552 thousand) of land, ¥9,783 million ($105,148 thousand) of buildings and structures, and ¥730 million ($7,847 thousand) of others, respectively.

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, using discount rate of 5%.

19 MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	2010	2009	2008	2010
Interest income	¥ 301	¥ 520	¥ 660	$ 3,235
Dividend income	2,454	2,524	2,163	26,376
Gain on sale of property and equipment	—	—	18,871	—
Gain on sale of investment securities	25,713	—	2,869	276,365
Other	2,684	6,345	2,946	28,848
Total	¥31,152	¥9,389	¥27,509	$334,824

20 MAJOR COMPONENTS OF COSTS AND EXPENSES — OTHER

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	2010	2009	2008	2010
Impairment loss on fixed assets	¥18,938	¥ —	¥ —	$203,547
Loss on disposal of property and equipment	—	6,095	7,479	—
Loss on sale of property and equipment	—	—	1,544	—
Impairment loss on investment in affiliated company	—	—	12,961	—
Impairment loss on investment securities	—	17,559	5,417	—
Other	7,592	17,514	5,357	81,599
Total	¥26,530	¥41,168	¥32,758	$285,146

21 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, 2010 and 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, 2010 and 2009:

	Millions of yen					
	2010			2009		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥4,792	¥1,763	¥6,555	¥5,089	¥2,391	¥7,480
Accumulated depreciation	1,919	1,132	3,051	1,752	1,246	2,998
Net book value	¥2,873	¥ 631	¥3,504	¥3,337	¥1,145	¥4,482

	Thousands of U.S. dollars		
	2010		
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	$51,505	$18,949	$70,454
Accumulated depreciation	20,626	12,167	32,793
Net book value	$30,879	$ 6,782	$37,661

(2) Future lease payment inclusive of interest at March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Amount due within one year	¥ 790	¥ 900	$ 8,491
Amount due after one year	2,714	3,582	29,170
Total	¥3,504	¥4,482	$37,661

(3) Lease expense and the pro forma amount of depreciation expense for the years ended March 31, 2010, 2009 and 2008:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Lease expense	¥800	¥973	¥2,657	$8,598
Depreciation expense	800	973	2,657	8,598

(4) Calculation of the 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, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Amount due within one year	¥ 61,793	¥ 61,974	$ 664,155
Amount due after one year	203,536	227,708	2,187,618
Total	¥265,329	¥289,682	$2,851,773

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, 2010 are not presented in the table below as they are not significant. Investments in leased assets as of March 31, 2009 consist of the following:

	Millions of yen
Minimum lease payments receivable	¥2,008
Unearned lease income	(296)
	¥1,712

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:

Lease revenue and depreciation expense for the years ended March 31, 2008:

	Millions of yen
Lease revenue	¥694
Depreciation expense	583

(B) Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Amount due within one year	**¥ 42,099**	¥ 40,283	**$ 452,483**
Amount due after one year	**187,127**	177,177	**2,011,253**
Total	**¥229,226**	¥217,460	**$2,463,736**

22 BUSINESS TRANSACTIONS WITH SPECIAL PURPOSE ENTITIES

The Company invests in 32, 35 and 38 special purpose entities (SPEs) for securitizing its customers' real estates as of March 31, 2010, 2009 and 2008, 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 estates 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, 2010 and 2009, 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, 2010 and 2009 and for the years ended March 31, 2010, 2009 and 2008.

	Millions of yen					
	Balance		Revenues and costs			
	2010	2009		2010	2009	2008
Investments *1	¥120,157	¥110,809	Revenue from operations *2	¥24,925	¥31,176	¥10,390
			Cost of revenue from operations *3	143	38	1,013
Management	—	—	Revenue from operations *4	1,252	6,698	1,516
Brokerage	—	—	Revenue from operations *5	—	—	37

	Thousands of U.S. dollars		
	Balance	Revenues and costs	
	2010		2010
Investments *1	$1,291,455	Revenue from operations *2	$267,896
		Cost of revenue from operations *3	1,537
Management	—	Revenue from operations *4	13,457

*1. Consists of ¥68,291 million ($733,996 thousand) and ¥82,964 million of "equity investments in properties for sale" and ¥51,866 million ($557,459 thousand) and ¥27,845 million of "investment securities" as of March 31, 2010 and 2009, 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 ¥5,227 million ($56,181 thousand), ¥5,527 million and ¥5,073 million for leasing segment and ¥19,698 million ($211,715 thousand), ¥25,649 million and ¥5,317 million for sales of housing, office buildings and land segment for the years ended March 31, 2010, 2009 and 2008, respectively.
*3. Costs and losses incurred by the Company in connection with the investment such as costs incurred during development of real estates, and consists of ¥143 million ($1,537 thousand), ¥nil million and ¥567 million for leasing segment and ¥nil million ($nil thousand), ¥38 million and ¥446 million for sales of housing, office buildings and land segment for the years ended March 31, 2010, 2009 and 2008, respectively.
*4. Asset management fees earned by the Company and Mitsui Fudosan Investment Advisers, Inc., and are included in brokerage, consignment sales and consulting segment.
*5. Brokerage fees earned by Mitsui Real Estate Sales Co., Ltd., and are included in brokerage, consignment sales and consulting segment.
The Company has no directors and/or employees dispatched to any SPE as of March 31, 2010 and 2009.

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
	2010	2009	2010
Assets			
Real property	¥482,179	¥507,725	$5,182,491
Other	52,611	46,024	565,467
Total	¥534,790	¥553,749	$5,747,958

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Liabilities and net assets			
Borrowings *6	¥392,746	¥411,413	$4,221,260
Capital *7	134,160	129,150	1,441,960
Other	7,884	13,186	84,738
Total	¥534,790	¥553,749	$5,747,958

*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.)

23 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, golf courses and resort facilities, etc.

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

Millions of yen

Year ended March 31, 2010	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
Revenue from operations:										
Outside customers	¥ 546,763	¥392,087	¥159,802	¥62,585	¥100,536	¥ 63,018	¥48,519	¥11,497	¥ —	¥1,384,807
Inter-segment	8,159	13	6,696	3,184	37,595	32,506	400	9,924	(98,477)	—
Total revenue from operations	554,922	392,100	166,498	65,769	138,131	95,524	48,919	21,421	(98,477)	1,384,807
Costs and expenses *1	455,134	380,015	164,295	58,278	122,159	94,539	52,474	16,402	(79,075)	1,264,221
Operating income (loss)	¥ 99,788	¥ 12,085	¥ 2,203	¥ 7,491	¥ 15,972	¥ 985	¥ (3,555)	¥ 5,019	¥ (19,402)	¥ 120,586
Assets	¥2,402,916	¥808,451	¥ 53,170	¥59,894	¥ 87,080	¥ 42,096	¥96,535	¥23,054	¥137,228	¥3,710,424
Depreciation	37,533	1,181	2,848	909	1,458	846	3,492	583	1,437	50,287
Impairment loss on fixed assets	14,082	—	—	810	—	—	4,046	—	—	18,938
Capital expenditures	40,932	4,216	2,307	1,301	2,411	677	6,730	549	2,849	61,972

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)	—
Total revenue from operations	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)	—
Total revenue from operations	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

	Thousands of U.S. dollars									
Year ended March 31, 2010	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Elimination or Corporate	Consolidated
Revenue from operations:										
Outside customers	**$ 5,876,644**	**$4,214,177**	**$1,717,562**	**$672,668**	**$1,080,567**	**$ 677,322**	**$ 521,485**	**$123,571**	**$ —**	**$14,883,996**
Inter-segment	**87,692**	**140**	**71,969**	**34,222**	**404,074**	**349,377**	**4,299**	**106,664**	**(1,058,437)**	**—**
Total revenue from operations	**5,964,336**	**4,214,317**	**1,789,531**	**706,890**	**1,484,641**	**1,026,699**	**525,784**	**230,235**	**(1,058,437)**	**14,883,996**
Costs and expenses *1	**4,891,810**	**4,084,426**	**1,765,853**	**626,376**	**1,312,973**	**1,016,111**	**563,993**	**176,290**	**(849,902)**	**13,587,930**
Operating income (loss)	**$ 1,072,526**	**$ 129,891**	**$ 23,678**	**$ 80,514**	**$ 171,668**	**$ 10,588**	**$ (38,209)**	**$ 53,945**	**$ (208,535)**	**$ 1,296,066**
Assets	**$25,826,698**	**$8,689,284**	**$ 571,475**	**$643,745**	**$ 935,942**	**$ 452,451**	**$1,037,564**	**$247,786**	**$ 1,474,935**	**$39,879,880**
Depreciation	**403,407**	**12,693**	**30,610**	**9,770**	**15,671**	**9,093**	**37,532**	**6,266**	**15,446**	**540,488**
Impairment loss on fixed assets	**151,354**	**—**	**—**	**8,706**	**—**	**—**	**43,487**	**—**	**—**	**203,547**
Capital expenditures	**439,940**	**45,314**	**24,796**	**13,983**	**25,914**	**7,276**	**72,334**	**5,901**	**30,621**	**666,079**

*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 all 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.

24 CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Loans guaranteed	**¥58,383**	¥68,706	**$627,504**

25 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, 2010 and 2009, 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, 2010, 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 financial position of Mitsui Fudosan Co., Ltd. and subsidiaries as of March 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2010, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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 29, 2010

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 / 36,000m^2)

Kasumigaseki Building

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

Shinjuku Mitsui Building

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

Gate City Ohsaki

Gate City Ohsaki is a large-scale, mixed-use intelligent building.
(Completed in 1999 / 291,000m^2)

Shiodome City Center

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

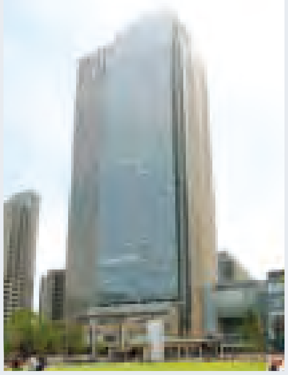
Nihonbashi 1-chome Building

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

Nihonbashi Mitsui Tower

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

Tokyo Midtown

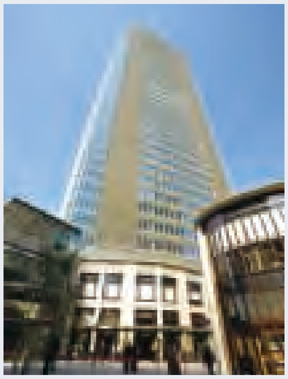


Combines office, retail and residential facilities.
(Completed in 2007 / 569,000m²)

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)

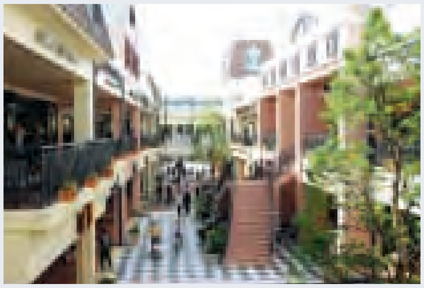
LAZONA Kawasaki plaza

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

LaLaport YOKOHAMA

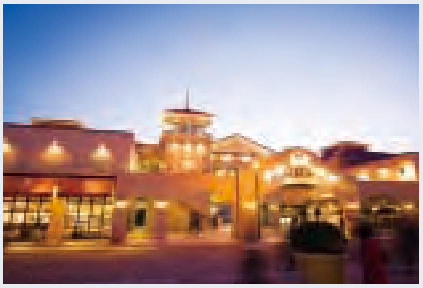
One of the largest shopping centers in Kanagawa Prefecture.
(Opened in 2007 / 227,000m² / 280 stores)

MITSUI OUTLET PARK Jazz Dream Nagashima



The largest outlet mall in Japan's Tokai region.
(Opened in 2002 / 45,000m² / 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 / 36,000m² / 130 stores)

LaLaport SHIN MISATO

A shopping center that forms the core of a large-scale joint development project.
(Opened in 2009 / 143,000m² / 180 stores)

Housing

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

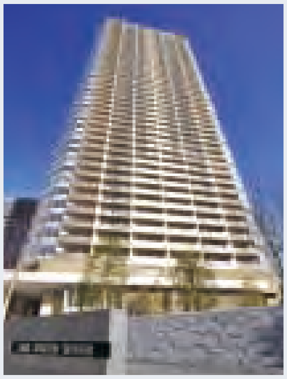
Park Court Akasaka The Tower

A high-rise condominium tower surrounded by greenery in the center of Tokyo.
(Completed in 2009 / 518 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.

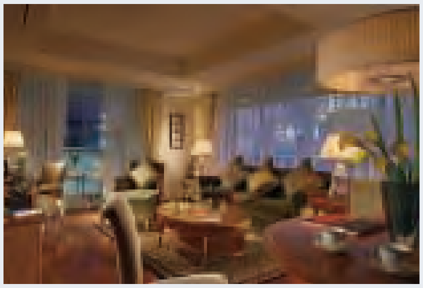
Halekulani Hotel

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

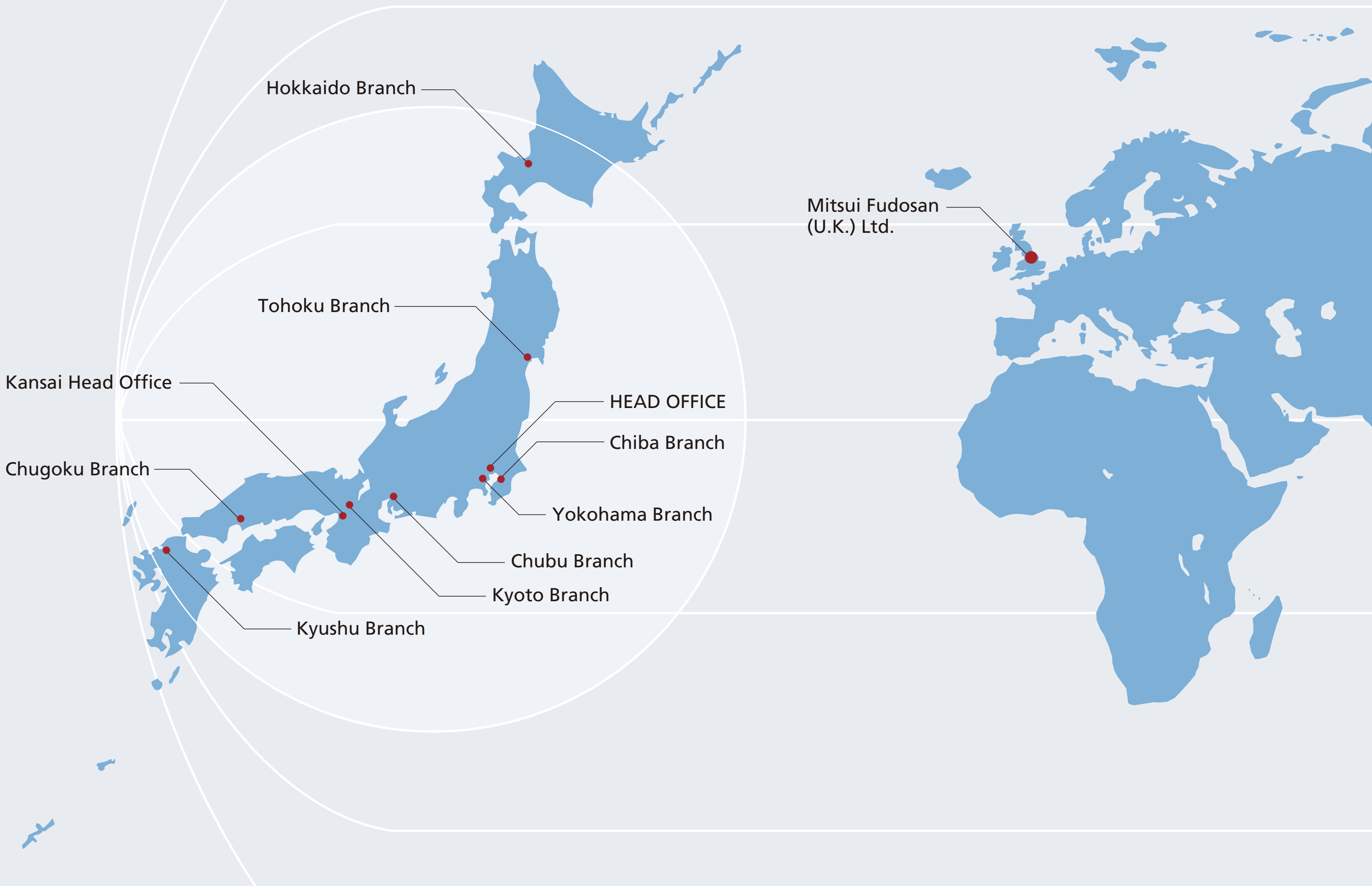
The Garden Hotel chain operates approximately 3,100 hotel rooms at 12 locations throughout Japan.
(Completed in 2005 / 361 rooms)

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,
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Tel : 1-212-403-5600
Fax: 1-212-403-5657

Halekulani Corporation
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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 (Shanghai) Consulting Co., Ltd.
Room 1805, 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.
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) and MITSUI OUTLET PARK Iruma (Iruma-shi, Saitama Prefecture)
2009	• Opening of LaLaport SHIN MISATO (Misato-shi, Saitama Prefecture) and LaLaport IWATA (Iwata-shi, Shizuoka Prefecture)

Office Buildings

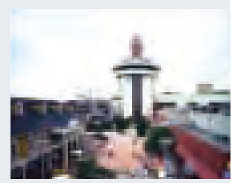
Nihonbashi in the Edo Period

Shinjuku Mitsui Building

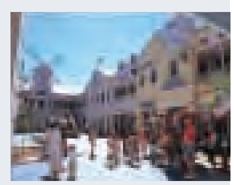
Shiodome City Center

Nihonbashi Mitsui Tower

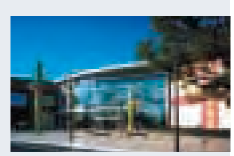
Retail Facilities



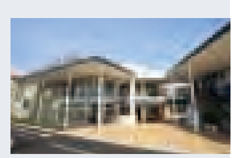
LaLaport Funabashi
(now LaLaport TOKYO-BAY)



Yokohama Bayside Marina Shops and Restaurants (now MITSUI OUTLET PARK Yokohama Bayside)



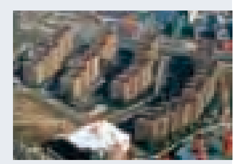
LaLaport KOSHIEN



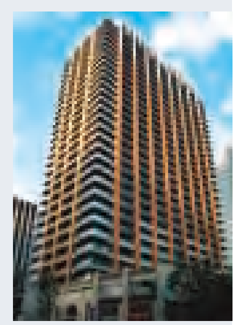
MITSUI OUTLET PARK Iruma

Housing

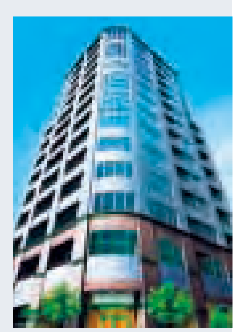
Yurigaoka



Park City Honmoku



Tokyo Park Tower



Park Axis Nihonbashi

Investor Information (Parent company; as of March 31, 2010)

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:
36,573

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

Number of Employees:
1,216 (Consolidated 15,922)

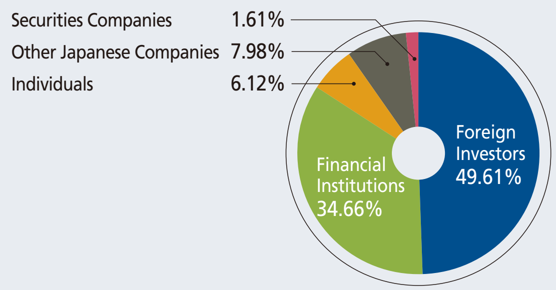
URL:
http://www.mitsuifudosan.co.jp/english

E-mail:
mfir@mitsuifudosan.co.jp

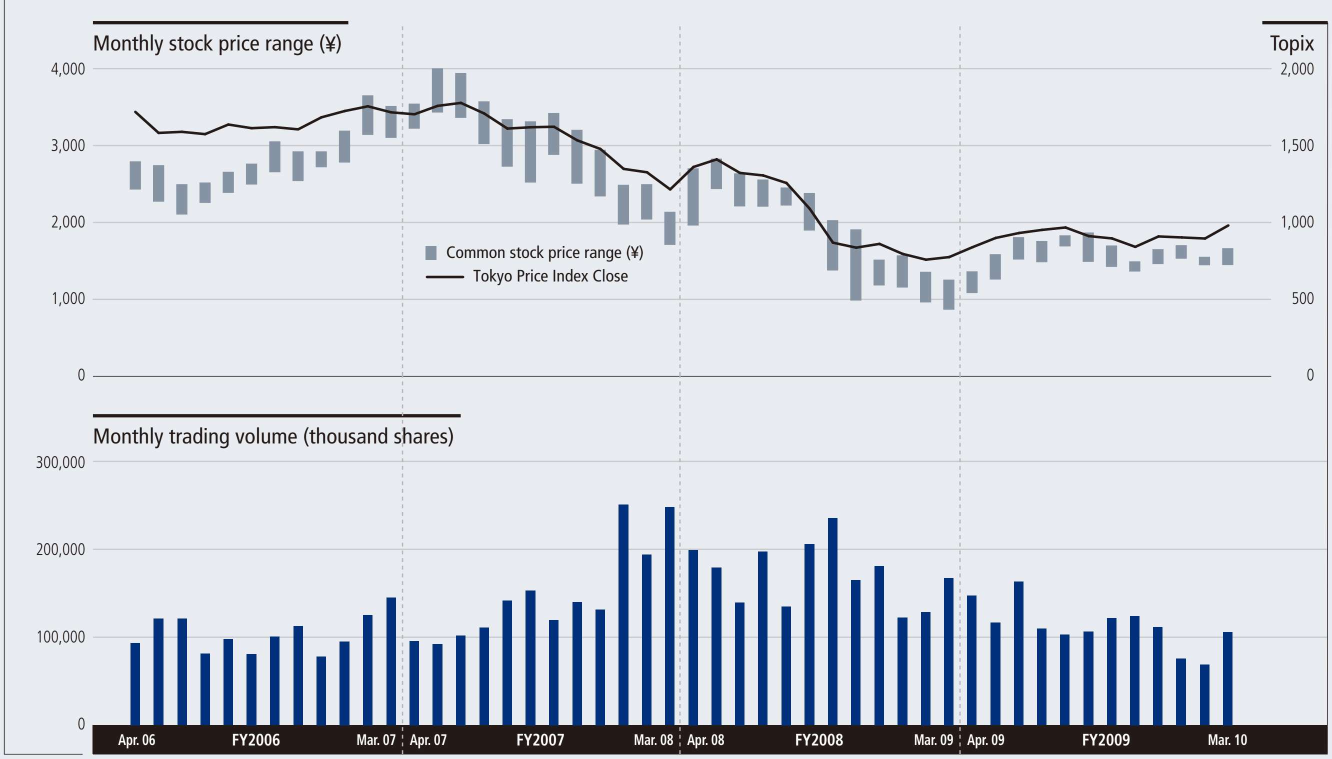
Major Shareholders:

	Number of shares held (Thousands)	Percentage of total shares in issue
The Master Trust Bank of Japan, Ltd. (Trust account)	61,884	7.02
Japan Trustee Services Bank, Ltd. (Trust account)	52,128	5.91
Cbldn Stichting PGGM Depository	27,922	3.17
The Chuo Mitsui Trust & Banking Co., Ltd.	21,965	2.49
Sumitomo Mitsui Banking Corporation	18,546	2.10
State Street Bank and Trust Company 505225	14,244	1.62
State Street Bank and Trust Company	14,084	1.60
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	13,762	1.56
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	13,595	1.54
Kajima Corporation	13,362	1.52
Total	251,495	28.53

Composition of Shareholders:



Monthly Stock Data (TSE):



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MITSUI FUDOSAN

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