Annual Report 2011

Year ended March 31, 2011

MITSUI FUDOSAN

The Mitsui Fudosan Group

Philosophy

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

Evolution and Value Creation

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

A Profitable and Growing Mitsui Fudosan Group

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

Contents

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

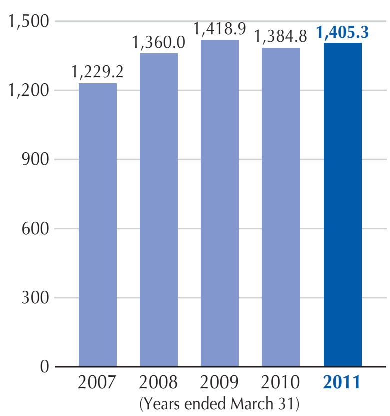
Consolidated Financial Highlights

Mitsui Fudosan Co., Ltd. and its Subsidiaries
Years ended March 31, 2011, 2010 and 2009

	Millions of yen except per share amounts			Percent change	Thousands of U.S. dollars except per share amounts (Note 1)
	2011	2010	2009	2011/2010	**2011**
For the Year					
Revenue from operations	**¥1,405,270**	¥1,384,807	¥1,418,946	1.5%	**$16,900,421**
Operating income	**120,092**	120,585	171,547	(0.4)	**1,444,281**
Net income	**49,909**	60,084	83,572	(16.9)	**600,229**
Cash dividends	**19,313**	19,317	19,324	(0.0)	**232,267**
At Year-End					
Total assets	**¥3,780,700**	¥3,710,424	¥3,758,387	1.9%	**$45,468,431**
Total net assets	**1,042,386**	1,029,226	999,860	1.3	**12,536,212**
Interest-bearing debt	**1,740,048**	1,746,719	1,733,559	(0.4)	**20,926,615**
	Yen			Percent change	U.S. dollars (Note 1)
Per Share Data					
Net income (Basic)	**¥ 56.8**	¥ 68.4	¥ 95.1	(17.0)%	**$ 0.683**
Cash dividends	**22.0**	22.0	22.0	0.0	**0.265**
Key Indicators					
Net income/revenue from operations (%)	**3.6**	4.3	5.9		
Total net assets/total assets (%)	**27.6**	27.7	26.6		
Debt/equity ratio (times) (Note 2)	**1.71**	1.73	1.77		
ROA (%) (Note 3)	**3.39**	3.41	5.06		
ROE (%) (Note 4)	**4.92**	6.05	8.57		

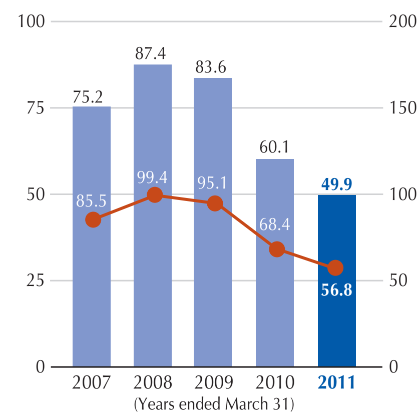
Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥83.15 = U.S.$1.00, the approximate exchange rate at March 31, 2011.
2. Debt/equity ratio = Interest-bearing debt / (Net assets – Subscription rights to shares – Minority interests)
3. ROA = (Operating income + Interest, dividends and 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 Masanobu Komoda

Masanobu Komoda
President and
Chief Executive Officer

On Becoming President and CEO

Being Chairman Iwasa's right-hand man in establishing Mitsui Fudosan Residential Co., Ltd. and getting it on a growth track was one of the many management challenges you have taken on over your long career with Mitsui Fudosan before becoming president and CEO in June 2011. Overall, what are your aspirations as Mitsui Fudosan's new president and CEO?

First we will overcome the challenges posed by the Great East Japan Earthquake, and then steadily implement the Mitsui Fudosan Group's medium-term growth strategy.

I have a good understanding of the direction the Mitsui Fudosan Group has targeted and the issues it faces from my time as the general manager of the Corporate Planning Department and my involvement in management with then-president, now Chairman Iwasa.

As the new president and CEO of Mitsui Fudosan, I intend to work with Chairman Iwasa to overcome the challenges posed by the Great East Japan Earthquake, and then formulate a new medium-to-long-term management plan that will be the blueprint for new growth.

While I will cover the direction of the new medium-to-long-term management plan in detail shortly, we will be decisive in responding to Japan's maturing society and the globalizing economy, in determining how we want our businesses to evolve, and in dealing with the changes in our operating environment following the earthquake. Basically, we will be focusing with even greater urgency on how to provide safety, security and sustainability in people's lives.

Overview of Fiscal 2010

Basically, Mitsui Fudosan achieved the forecast targets it announced at the beginning of fiscal 2010, the year ended March 2011. Please provide an overview of fiscal 2010.

The Mitsui Fudosan Group prepared for the next phase of growth during fiscal 2010. We exceeded our capital expenditure plan at the beginning of the fiscal year for investing in quality assets that will contribute to future earnings.

I would like to offer once again our deepest sympathies and our prayers for swift recovery for the victims of the Great East Japan Earthquake. The earthquake seriously damaged Japan's society and economy. While it has undeniably had a short-term impact on the real estate industry in which we operate and on our profitability, over the medium-term we see the trend toward recovery that has been in place since the financial crisis. Mitsui Fudosan did not suffer substantial harm to personnel or property, and overall, the impact on our results for fiscal 2010 was light because it was largely limited to suspended operations or shortened operating hours at certain retail facilities.

Despite the impact of the earthquake, our results moved steadily upward on a track to slightly exceed our forecast at the beginning of the fiscal year. Consolidated revenue from operations increased 1.5 percent year on year to ¥1,405.3 billion. Operating income was essentially unchanged year on year, decreasing 0.4 percent to ¥120.1 billion. Net income decreased 16.9 percent year on year to ¥49.9 billion, with loss on disposal of property and equipment due largely to the retirement of the Hibiya Mitsui Building (Chiyoda-ku, Tokyo) pending redevelopment, loss on disaster in connection with the Great East Japan Earthquake totaling ¥4.6 billion, and provision for loss on disaster of ¥3.5 billion offsetting gain on sale of investment securities from the sale of shares in former affiliate Oriental Land Co., Ltd. Major performance indicators were generally in line with our forecast at the start of the fiscal year.

My overview of fiscal 2010 encompasses three key points.

First is the progress we made in preparing for the next phase of growth. The Mitsui Fudosan Group had positioned fiscal 2010 as a year to prepare for the next phase of growth, and we aggressively invested in property. At the start of the fiscal year we maintained our usual selectivity, anticipating new investments totaling ¥140.0 billion. However, we made new investments totaling ¥229.3 billion because of the many outstanding opportunities we had. These projects are reinforcing our rock-solid earnings base, enabling both quantitative expansion and qualitative improvement of our portfolio. We will continue to invest both aggressively and selectively in future growth.

Second, the Mitsui Fudosan Group has a business model for cooperating with investors in the real estate investment market. Ten years have passed since we listed the first Japanese real estate investment trust (J-REIT), Nippon Building Fund Inc., in 2001. During that time, corporate and individual investors from Japan and overseas have committed funds to the real estate investment market. With the convergence of finance and real estate, the Mitsui Fudosan Group has significantly broadened its operations.

In the J-REIT market, factors such as the steady progress of restructuring, the resumption of public investment unit offerings, and revitalization have resulted in steady improvement in market conditions since the establishment of the real estate market stabilization fund in 2009. In fiscal 2010, the Mitsui Fudosan Group demonstrated its development and operations capabilities by selling properties valued at ¥80.0 billion to the three J-REITs that it sponsors. In addition, we sold properties to external corporate customers as well as to private funds and investment corporations structured and managed by Mitsui Fudosan Investment Advisors, Inc. This model for cooperating with investors is a core strategy of the Mitsui Fudosan Group, and our approaches to developing it further will include establishing relationships with new investors and expanding the types of assets we manage.

Third is property sales to individuals. I believe we have much room for improvement in this category. Operating revenues in the property sales to individuals category were robust during fiscal 2010, with a substantial increase in contracts during the term to 6,609 from 4,805 for the previous fiscal year. Units booked also increased by 900 units year on year to 6,380. Our performance in this business therefore exceeded our projections at the beginning of the fiscal year. The operating margin, however, was low at 3.1 percent because we booked sales of many properties on land acquired when real estate prices were high during fiscal 2006 and fiscal 2007. Also, high-value-added properties and large-scale properties that create their own environment, which are both highly profitable and a Mitsui Fudosan strength, contributed less to operating income than in the previous fiscal year. Over the past several years, profitability has decreased in the property sales to individuals category because we have largely been selling higher-cost properties we acquired prior to the collapse of Lehman Brothers, but selling prices have been soft. Going forward, we will primarily be selling properties acquired at more favorable prices after the so-called Lehman Shock, so I expect gradual improvement in profitability, although it may take some time. In addition, the Mitsui Fudosan Group has a strong pipeline of properties, which also gives shareholders and investors reason to expect improved profitability in the future.

Operating Environment

The ultimate impact of the Great East Japan Earthquake on Japan's economy remains unclear. What is your view of the operating environment?

We need to carefully monitor the impact of the earthquake, but we are looking ahead to the future as fundamentals are becoming more sound.

I would like to explain real estate market conditions in fiscal 2010 and in the future by segment.

Leasing – Office Buildings: The central Tokyo office building market has largely bottomed. Overall, base office vacancy rates in central Tokyo are level and the downward trend of asking rents for new contracts has also moderated. Even with ongoing moves among tenants to consolidate office space to reduce operating costs, we see demand improving because some tenants are now moving to larger offices or expanding the floor space they lease. While we forecast that the volume of new supply will increase in fiscal 2011 and fiscal 2012, we also expect that improved demand will allow the market to absorb it and lease rates will remain at current levels. We are not seeing obvious effects from the Great East Japan Earthquake at the moment, but we do need to carefully monitor any future impact it may have on the economic trends that drive demand for office space.

Leasing – Retail Facilities: Following the Great East Japan Earthquake, sales of discretionary consumer goods such as clothing and jewelry dropped sharply as consumers turned conservative. Since April 2011, however, shoppers have been relaxing their sense of voluntary restraint and purchasing activity has generally reverted to normal levels.

Property Sales to Individuals: Recovery in the property sales to individuals category has been steady despite developments such as a temporary halt in sales activity. Prior to the earthquake, the initial contract rate in the market for new condominium units in the Tokyo metropolitan area from January to March 2011 was 73 percent to 85 percent. Also, it had been over 70 percent, generally considered an indicator of a strong market, for 16 consecutive months from December 2009. Other indicators such as inventory of unsold condominiums in metropolitan Tokyo below 4,700 units as of March 31, 2011 point to steady market recovery. The initial contract rates for April and May 2011 were also strong, which kept inventory down. We forecast that the market will remain strong and the impact of the earthquake on customer sentiment will be mild due to factors such as low interest rates on loans and government policies including tax breaks for mortgages.

Property Sales to Investors (Real Estate Investment Market): The earthquake caused limited damage to properties in Tokyo, where the real estate market is stable. This was particularly true in the J-REIT market, which drew stability from the minimal impact of the earthquake on properties owned by J-REITs and the effect of measures including an increase in the budget for J-REIT purchases under the Bank of Japan's asset purchase program to ¥100.0 billion from ¥50.0 billion. The Tokyo Stock Exchange J-REIT Index was firm. Moreover, in May 2011 J-REITs began regularly issuing new investment units and acquiring assets for the first time since the earthquake, indicating that active fund procurement and property acquisition will continue in the J-REIT market

Strategies for Fiscal 2011

What are the Mitsui Fudosan Group's strategies for fiscal 2011?

While we forecast that both revenue from operations and operating income will decrease, in the post-earthquake environment the Mitsui Fudosan Group will exercise its resilience and competitiveness with the objective of improving results year on year.

We had planned to start a new medium-term management plan during fiscal 2011, but we postponed it because the effects of the earthquake were unclear. At the same time, fundamentals are becoming more sound in office building and retail facility leasing and property sales to individuals and investors, so we forecast that earnings will be stable in these core businesses. While we will continue to carefully monitor the external environment and market conditions, during fiscal 2011 our strategy of continuing to respond to the social and economic changes brought on by accelerating maturity and globalization will not change. We have also reaffirmed commitments such as strengthening earnings from property sales to individuals, where the operating margin has been basically flat, and will proceed with re-engineering to enhance operations.

In April 2011, we announced our performance forecast for fiscal 2011, including a decrease of 0.4 percent in revenue from operations to ¥1,400.0 billion, a decrease of 4.2 percent in operating income to ¥115.0 billion, and a decrease of 5.8 percent in net income to ¥47.0 billion. This performance forecast is predicated on the risk factors of the resolution of the nuclear power plant accident, an electricity shortage in the Tokyo area during summer 2011, recovery of corporate supply chains, and the impact of these factors on corporate activity and consumer sentiment. These risks in the external environment may well turn out better than expected, so I feel strongly that the Mitsui Fudosan Group's resilience and competitiveness will support results that meet or exceed performance in the previous fiscal year.

Medium-to-Long-Term Growth Strategy

The operating environment has changed significantly since Mitsui Fudosan formulated New Challenge Plan 2016. What are your thoughts concerning your medium-to-long-term growth strategy?

We will strengthen competitiveness and earnings by continuing to respond to the changes brought on by accelerating maturity and globalization while deploying the tangibles and intangibles at our disposal with even greater sophistication to meet the desire of Japanese society following the Great East Japan Earthquake for safety, security and sustainability.

Before explaining the strategic orientation of the Mitsui Fudosan Group, I would like to reiterate our two perspectives on the structural changes in Japan's society and economy.

The first is accelerating maturity. Customers and their needs are changing and becoming more diverse even more quickly than in the past. Throughout its history, Mitsui Fudosan has responded to markets and customers that are changing because of social and economic growth and maturity, and we continue to do so today. Our March 2011 decision to take an equity stake in Mitsui Home Remodeling Co., Ltd. is representative. We moved to strengthen and expand remodeling operations because they make use of Group resources in what we see as a growing business that accommodates diverse customer values.

The second is accelerating globalization. A critical issue in every industry is that markets and customers are becoming more global and borderless. The Mitsui Fudosan Group is deploying its core skills in multiple projects in the East Asian growth market of China, including the Shanjing Outlet Plaza·Ningbo, Shanghai New Town Development, House Huang Ma Yuen (Malu Project), Tianjin Eco-City and Dalian Software Park Phase 2. We are also strengthening our ability to meet the cross-border needs of Japanese and foreign customers by providing solutions

as partners with foreign customers operating in Japan and Japanese customers operating overseas.

In addition to these two perspectives, we believe that the experience of the Great East Japan Earthquake, an unprecedented disaster, will further strengthen the desire of Japanese society as a whole for safety, security and sustainability. The Mitsui Fudosan Group will therefore enhance its competitiveness and profitability by creating business models that deliver tangible and intangible products and services with even more sophisticated levels of safety, security and sustainability.

The Mitsui Fudosan Group's strategic direction is predicated on the above assumptions. We intend to reinforce, evolve and grow our existing businesses in Japan and to concretely develop businesses in new growth sectors.

Reinforce, evolve and grow our existing businesses in Japan: We will build on our core skill of generating value by creating entire neighborhoods while promoting the evolution of our business model of cooperating with investors. Recognizing increasing maturity in our markets, we will also strengthen our involvement in housing-related businesses on a Group basis. In addition, we will concentrate on responding to the values emerging in the aftermath of the Great East Japan Earthquake that I mentioned earlier. These will entail numerous considerations including the priority of customer needs, optimum cost effectiveness, and regulations.

Concretely develop businesses in new growth sectors: We have already launched specific initiatives to enhance our ability to respond to the cross-border needs of customers as they continue to accelerate business development in China and other East Asian countries. Moreover, we intend to meaningfully expand into new asset classes in Japan.

At the same time, a sound financial structure is essential to our ability to invest in our core businesses and take on the challenge of new businesses, so we will maintain the financial position we have built to date.

Corporate Governance

Under your leadership, new executives joined the Mitsui Fudosan Group's management team in June 2011. How will the Group strengthen corporate governance?

We will further enhance soundness, transparency and efficiency while enhancing our risk management system so that we can handle unforeseen contingencies quickly.

The Mitsui Fudosan Group is improving management soundness, transparency and efficiency in order to earn the trust of all stakeholders. In 2011, two new outside directors joined the Board of Directors: Eiji Hosoya, Chairman and Representative Executive Officer of Resona Holdings, Inc., and Masayuki Matsushima, Chairman of Credit Suisse Securities (Japan) Limited (formerly Executive Director, Bank of Japan). Their participation in the management of the Mitsui Fudosan Group puts their broad management insight and experience at the service of customers and shareholders. With their appointment, Mitsui Fudosan now has 13 Members of the Board, 4 of whom are outside directors.

The Great East Japan Earthquake reaffirmed the importance of risk management. Mitsui Fudosan already had a business continuity plan (BCP) in place for a large-scale earthquake with the Group companies responsible for managing properties and had conducted training based on it. We immediately established an emergency response headquarters in confirming the status of damage and implementing countermeasures. Scheduled blackouts and the nuclear power plant accident were beyond the assumptions of our BCP, but we collected the information that we could and used it as the basis for flexibly managing facilities and quickly notifying tenants, thus avoiding major disorder. We will employ this experience in revising our BCP to enhance our risk management systems for all types of disasters.

Shareholder Returns

What is Mitsui Fudosan's stance regarding shareholder returns?

We will work to maintain and increase dividends as we further expand corporate value.

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, investment demand and our financial condition into account in working to maintain and increase dividends.

Mitsui Fudosan comprehensively considered its performance in fiscal 2010, outlook for the future and dividend policy in paying cash dividends per share totaling ¥22.00, consisting of interim and year-end cash dividends of ¥11.00 per share. We expect cash dividends per share to be the same in fiscal 2011.

Message to Shareholders

In closing, what message do you have for shareholders?

While the Great East Japan Earthquake has impacted our operating environment, we will exercise our resilience and competitiveness to the fullest to achieve the next phase of growth.

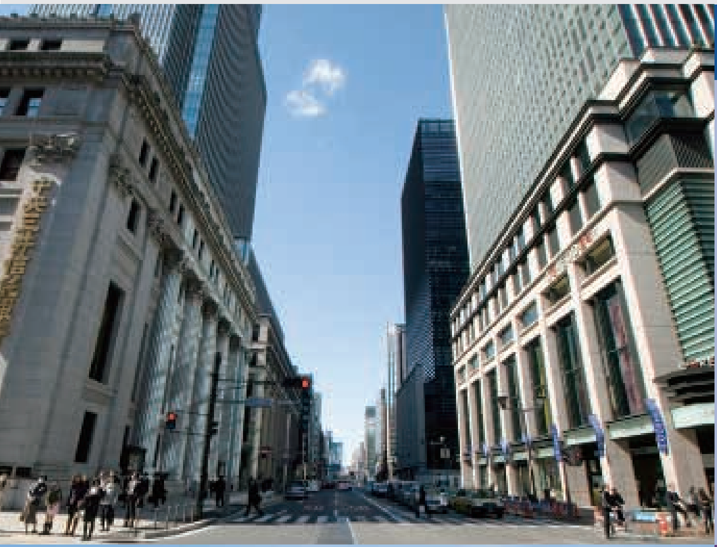
Our operating environment is fraught with uncertainties, including those associated with the Great East Japan Earthquake. While difficult conditions lie ahead, my predecessor created a Mitsui Fudosan Group that is resilient and competitive. We will exercise these qualities to the fullest to quickly achieve the next phase of growth and increase corporate value.

As we do so, we will be counting on the continued support of our shareholders and investors.

Mitsui Fudosan at a Glance

Stable

Mitsui Fudosan is adapting to changing markets and emerging customer needs. Seeking to provide safety, security and sustainability, 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.



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 office buildings, retail facilities and rental condominiums 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

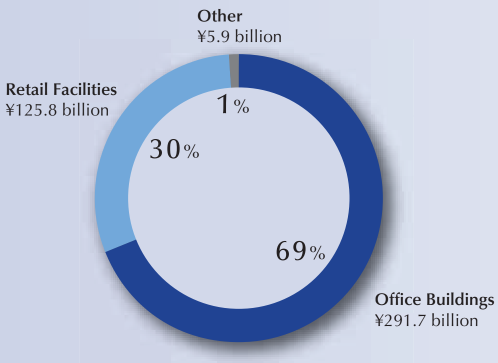
The management business encompasses property management and asset management for J-REITs and private funds. Our strategy centers on expanding assets under management and increasing fee income. This business contributes to increased ROE. Subsidiaries play a key role in generating fee income from providing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

Value Creation

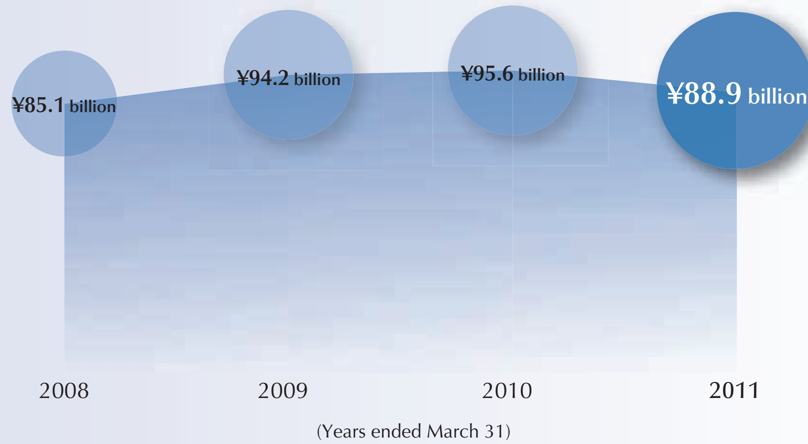
From the fiscal year ended March 31, 2011, Mitsui Fudosan has changed its reportable segments to the five segments of Leasing, Property Sales, Management, Mitsui Home and Other, based on its management accounting classifications. Accordingly, the former management accounting segments of Holding, Trading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

Composition of Leasing Segment Revenue
(Year ended March 31, 2011)

Leasing segment revenue: ¥423.5 billion

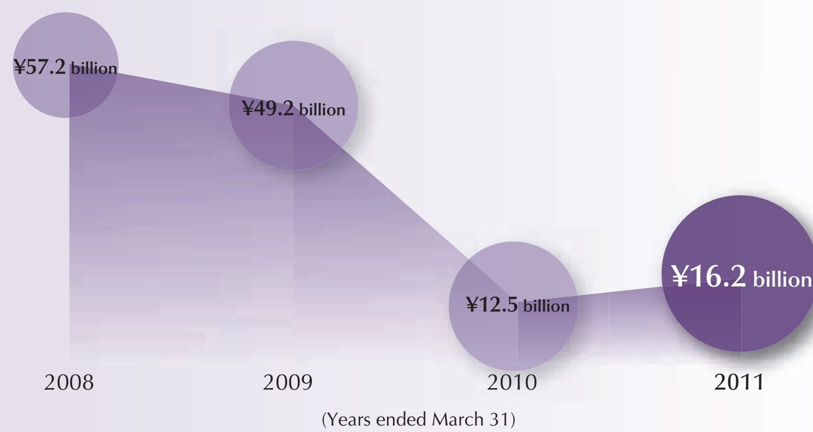


Operating Income
(Billions of yen)

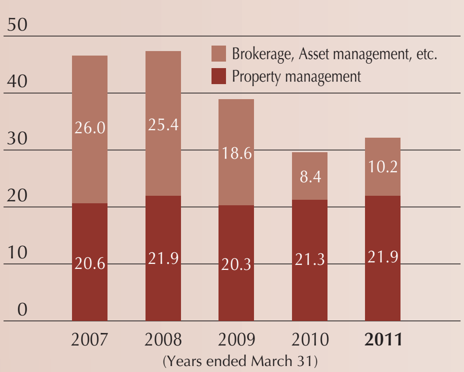


Composition of Operating Income
(Billions of yen)

Operating Income
(Billions of yen)

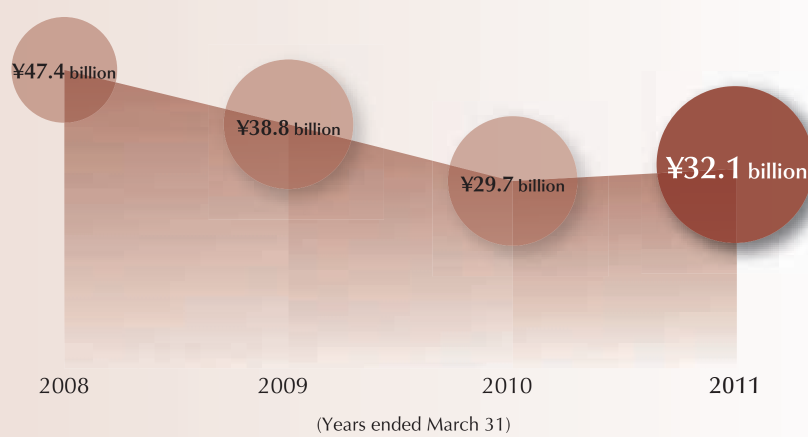


Composition of Operating Income
(Billions of yen)



Note: Figures for the years ending March 2007 through 2009 are for reference.

Operating Income
(Billions of yen)

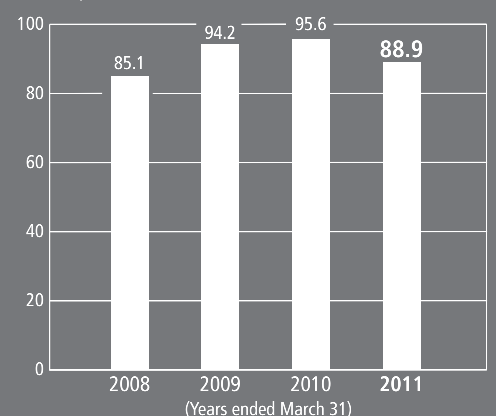


Leasing Business

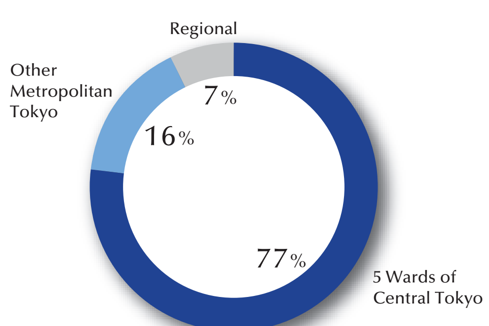
Segment revenue from operations decreased 1.7 percent year on year, or ¥7.5 billion, to ¥423.5 billion. Segment operating income decreased 6.9 percent year on year, or ¥6.6 billion, to ¥88.9 billion.

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

Operating Income
(Billions of yen)



Office Building Revenue by Area
(Year ended March 31, 2011)

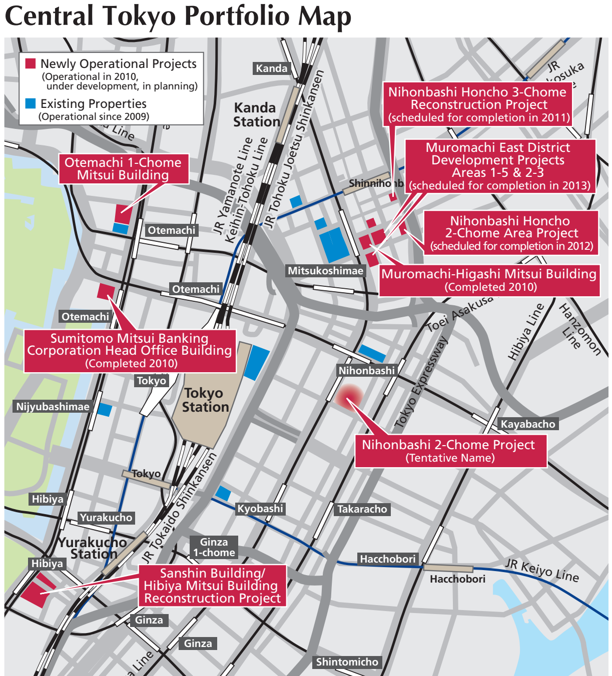


A Portfolio Balanced between Office Buildings and Retail Facilities

The leasing business rents floor space in office buildings and retail facilities to tenants. Retail facilities complement office buildings to add diversity to our leasing portfolio, which effectively limits overall revenue volatility in the leasing segment. For fiscal 2010, office buildings generated approximately 69 percent of segment revenue from operations, or ¥291.7 billion, while retail facilities generated approximately 30 percent, or ¥125.8 billion.

Our fundamental strategy involves maintaining and improving competitiveness and profitability by enhancing the quality of assets in our portfolio. We execute urban renaissance projects to enhance asset quality. One example is the Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda-ku, Tokyo), which was completed in July 2010. In addition, redevelopment of existing assets to generate strong return on investment is central our strategy of enhancing asset quality. Current redevelopment projects include the Muromachi East District Development Project (Chuo-ku, Tokyo). The first phase of this project was the Muromachi-Higashi Mitsui Building, which was completed in October 2010.

Central Tokyo Portfolio Map



Major Newly Operational Projects (Office Buildings)

FY Completed	Project Name (* indicates master-leased or jointly owned property)	Location	Rentable Floor Space
2010	Sumitomo Mitsui Banking Corporation Head Office Building	Chiyoda-ku, Tokyo	46,000m²
	Muromachi-Higashi Mitsui Building	Chuo-ku, Tokyo	14,000m²
2011	Hiroshima Kamiyacho Project*	Naka-ku, Hiroshima	14,000m²
	Nagoya Mitsui Building New Building	Nakamura-ku, Nagoya	11,000m²
	Shimbashi M-SQUARE	Minato-ku, Tokyo	5,000m²
	Onarimon M-SQUARE	Minato-ku, Tokyo	6,000m²
	Nihonbashi Honcho 3-Chome Project*	Chuo-ku, Tokyo	8,000m²
	Hamarikyu Mitsui Building*	Chuo-ku, Tokyo	12,000m²
	Yokohama Mitsui Building	Nishi-ku, Yokohama	49,000m²
2012	Nihonbashi Honcho 2-Chome Project*	Chuo-ku, Tokyo	14,000m²
	Aomi Q Area Project*	Koto-ku, Tokyo	44,000m²
2013	Muromachi East District Development Projects Area 2-3*	Chuo-ku, Tokyo	19,000m²
	Muromachi East District Development Projects Area 1-5*	Chuo-ku, Tokyo	8,000m²

Scheduled for completion in FY2014 and after	Sapporo Mitsui Building Reconstruction Project (Sapporo) Chiyoda Fujimi 2-Chome Project (Chiyoda-ku, Tokyo) Kita-Shinagawa 5-Chome Area 1 Redevelopment Project (Shinagawa-ku, Tokyo) Sanshin Building/Hibiya Mitsui Building Reconstruction Project (Chiyoda-ku, Tokyo) Nihonbashi 2-Chome Project (Chuo-ku, Tokyo) Otemachi 1-Chome Mitsui Building (Chiyoda-ku, Tokyo)

FY completed and rentable floor space may change in the future. Some project names are tentative.

Concentration in Central Tokyo and Relationships with Quality Tenants

Moreover, approximately 77 percent of our portfolio is concentrated in the five central wards of Tokyo, with approximately 300,000m² of floor space in Chuo-ku, 200,000m² in Chiyoda-ku, 100,000m² in both Shinjuku-ku and Minato-ku, and 30,000m² in Shinagawa-ku. Similarly, our project pipeline concentrates on central Tokyo properties as well.

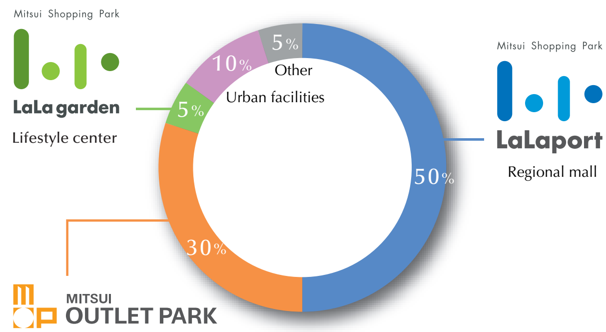
The leasing business emphasizes top-grade properties in outstanding locations. Occupancy rates at these properties are typically near 100 percent, which supports stable rents. Furthermore, Mitsui Fudosan limits volatility in rent revenues by maintaining long-term relationships with its tenants and through programs to enhance asset quality. Stable, long-term relationships with approximately 3,000 tenant companies support Mitsui Fudosan's performance in the leasing business. In addition, Mitsui Fudosan has well-developed leasing capabilities that help keep the vacancy rate for its properties below that of the market and fill newly developed space with tenants.

Mitsui Fudosan will continue to stay abreast of tenant demand trends and factors that influence them such as the overall economy and newly developed properties that come onto the market. At the same time, we will

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

MITSUI OUTLET PARK Shiga Ryuo
(Retail facilities / Opened in July 2010)

Retail Facility Revenue by Category
(Year ended March 31, 2011)



continue to enhance the quality of assets in our portfolio to maintain and increase their competitiveness.

Mitsui Fudosan expects to add 105,000m² of office space to its portfolio during fiscal 2011.

Diverse Expertise Generates Growth from Retail Facility Leasing

Although growth in consumer spending has been weak in Japan for the past several years, Mitsui Fudosan generated revenue growth at its retail facilities during fiscal 2010. This success is the direct result of a comprehensive approach to retail facility development and management that maximizes value for both Mitsui Fudosan and tenants.

Mitsui Fudosan has been developing and operating retail facilities for three decades since opening LaLaport Funabashi (now LaLaport TOKYO-BAY) in 1981. Using the management experience we have acquired and relationships with more than 1,900 tenant companies, Mitsui Fudosan operates in a diverse

Major Newly Operational Projects (Retail Facilities)

FY Opened	Project Name (* indicates master-leased or jointly owned property)	Location	Store Floor Space (approximate)
2010	Ginza Trecious*	Chuo-ku, Tokyo	4,500m²
	MITSUI OUTLET PARK Sapporo Kita-Hiroshima	Kita-Hiroshima, Hokkaido	23,000m²
	MITSUI OUTLET PARK Shiga Ryuo	Gamo-gun, Shiga	27,000m²
	Ginza Yanagidori Building (formerly G1 Project)*	Chuo-ku, Tokyo	8,000m²
	COREDO Muromachi	Chuo-ku, Tokyo	3,600m²
2011	Ginza Komatsu Reconstruction Project*	Chuo-ku, Tokyo	8,000m²
	Shanjing Outlet Plaza • Ningbo*	Ningbo, Zhejiang, China	16,000m²
	MITSUI OUTLET PARK Jazz Dream Nagashima (Phase 4)	Kuwana, Mie	9,000m²
	MITSUI OUTLET PARK Kurashiki Project	Kurashiki, Okayama	20,000m²
2012	Aomi Q Area Project*	Koto-ku, Tokyo	49,000m²
	MITSUI OUTLET PARK Kisarazu Kaneda Project	Kisarazu, Chiba	25,000m²

FY opened and store floor space may change in the future. Some project names are tentative.

MITSUI OUTLET PARK
Sapporo Kita-Hiroshima
(Retail facilities / Opened in April 2010)

Muromachi-Higashi Mitsui Building
(Office building / Completed in October 2010)

array of facility categories, from LaLaport regional shopping centers and MITSUI OUTLET PARK outlet malls to LaLagarden neighborhood retail facilities known as lifestyle parks and urban retail facilities. We further enhance solid tenant relationships through our "Growing Together" approach, which has proven highly effective in helping stores increase sales. Rents from the overall retail facility portfolio are structured for stable earnings, with approximately 80 percent fixed and 20 percent linked to store performance.

With a portfolio that centers on metropolitan Tokyo, we continue to add shopping centers that we own and manage in areas with good potential to generate profitable growth.

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.

We plan to add 53,000m^2 to our retail facility portfolio during fiscal 2011. This will include two MITSUI OUTLET PARK properties totaling approximately 29,000m^2 in Japan and a 16,000m^2 retail facility in China.

The Nihonbashi East Muromachi District Development Project

Mitsui Fudosan completed the Nihonbashi 1-Chome Building and COREDO Nihonbashi in fiscal 2003, followed by Nihonbashi Mitsui Tower in fiscal 2005. In fiscal 2010, we completed the Muromachi-Higashi Mitsui Building and COREDO Muromachi. Our portfolio of recently completed, high-quality assets in Nihonbashi has thus expanded from one to several locations, and now to whole neighborhoods.

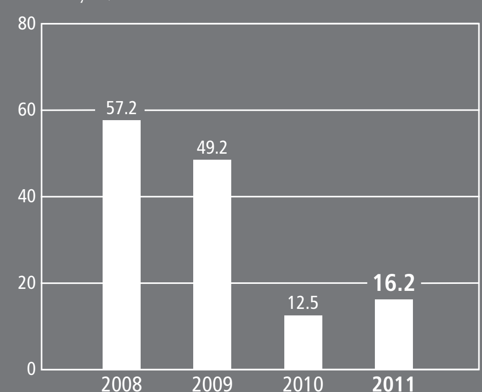
We are redeveloping the Nihonbashi area under a concept of preserving and revitalizing the past while creating the future. Mitsui Fudosan is not simply constructing boxes for office and retail facility space. Instead, we are working to revitalize the area by creating a bustling venue for venerable shops, refurbishing streets, and considering the streetscape and scenery. We believe this will also enhance the competitiveness of our buildings and raise their value as assets. Since the Edo era, companies involved in industries such as textiles, pharmaceuticals and finance have operated in Nihonbashi. Mitsui Fudosan is working in an alliance with leading companies in these and other industries in Nihonbashi to structure mutually beneficial relationships with them as tenants of our buildings. The overall project is scheduled for completion in 2014.

Property Sales Business

Segment revenue operations increased 4.9 percent year on year, or ¥19.0 billion, to ¥405.2 billion. Segment operating income increased 29.6 percent year on year, or ¥3.7 billion, to ¥16.2 billion.

Portfolio Growth Strategy:
Build earnings in a robust market

Operating Income
(Billions of yen)



(Years ended March 31)

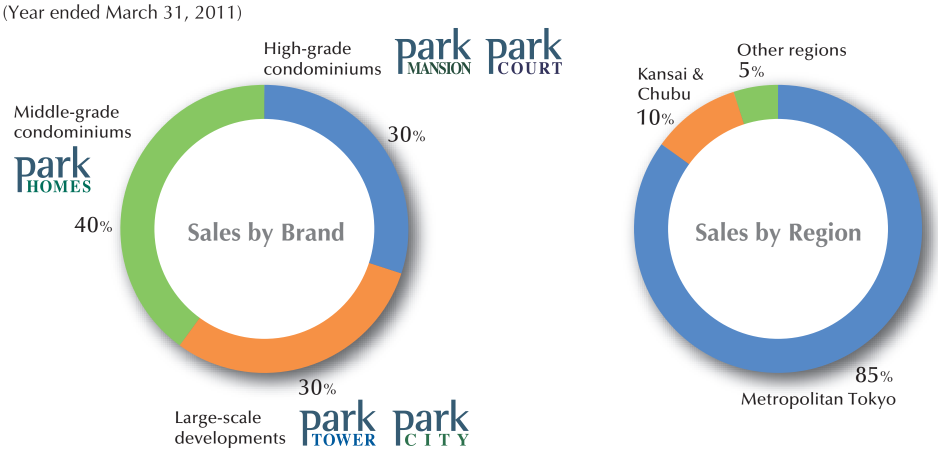
A Rebound in Performance and Earnings

The property sales business encompasses two categories: property sales to individuals and property sales to investors. Fiscal 2010 operating income in the property sales business increased 29.6 percent, or ¥3.7 billion, compared with the previous fiscal year to ¥16.2 billion as the real estate market continued to recover from the negative effects of the financial crisis of 2008.

Property Sales to Individuals: Solid Performance in a Robust Market

The sales environment in the property sales to individuals category is robust, and the operating margin has bottomed out. The operating margin was comparatively low at 3.1 percent for fiscal 2010 because Mitsui Fudosan sold many properties constructed on higher-cost land purchased in fiscal 2006 and 2007. The number of units sold increased from the previous period because the revenue from operations remained strong, but the operating income declined partly because many highly profitable large-scale properties were accounted in the previous period. Mitsui Fudosan's brands range from high-grade and middle-grade condominiums to large-scale

Sales by Brand & Region
(Year ended March 31, 2011)



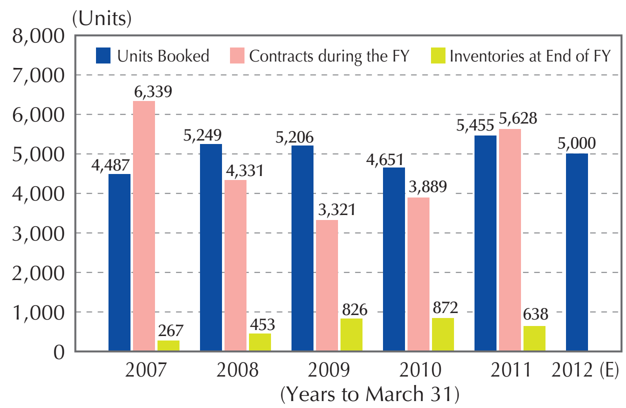
developments. Contracts during the term increased substantially to 6,609 from 4,805 for the previous fiscal year. We also believe that the strength of our brands will support improved profitability as the housing market continues its recovery. Properties completed during the fiscal year included Park Tower GranSky (Shinagawa-ku, Tokyo), Park Court Azabu-Juban The Tower (Minato-ku, Tokyo) and Park Court Tower Ikenohata (Taito-ku, Tokyo).

The housing sales market has benefited from 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, increased tax breaks for interest on home loans and the creation of the Eco-Point system for housing. Cost recovery was therefore a key theme of fiscal 2010 in this category as we moved to benefit from a solid market, and we reduced completed units in inventory to 684 as of March 31, 2011 from 912 a year earlier. Mitsui Fudosan remains committed to the property sales to individuals category, and is maintaining acquisitions at

Park Court Azabu-Juban The Tower
(Property sales to individuals / Completed in May 2010)

Park Court Ueno Ikenohata
(Property sales to individuals / Completed in August 2010)

Condominium Units Booked, Contracts during the Year and Inventories at End of the Fiscal Year



Major Projects for Future Booking (Property Sales to Individuals)

Booking Year	Property Name	Location	Total Units (Mitsui Fudosan Share)
2011	Park City Minami Senrioka	Settsu-shi, Osaka	586 (100%)
	Park City Kashiwanoha Campus Nibangai	Kashiwa, Chiba	880 (100%)
	THE ROPPONGI TOKYO	Minato-ku, Tokyo	611 (45%)
	Park Homes Meguro The Residence	Meguro-ku, Tokyo	237 (100%)
	Park City Kokubunji	Kokubunji, Tokyo	331 (100%)
2012	Park Court Roppongi Hill Top	Minato-ku, Tokyo	211 (100%)
	Park Homes Okurayama	Yokohama, Kanagawa	177 (100%)
	Nakano Mark Twin Tower	Nakano-ku, Tokyo	234 (40%)
	Park Tower Shibakouen	Minato-ku, Tokyo	98 (100%)
2013	Hiroo Garden Forest (Tsubaki Residence)	Shibuya-ku, Tokyo	193 (50%)
	Grand Terminal Tower Motoyawata	Ichikawa, Chiba	381 (44%)
	Musashikosugi Station South Exit Area Redevelopment Project	Kawasaki, Kanagawa	To be determined

FY2014 and after	Iidabashi Station West Exit Redevelopment Project Kita-Shinagawa 5-Chome Area Redevelopment Project Kashimada Station West Area Redevelopment Project Sakurajosui Apartment Houses Reconstruction Project Tsukishima 1-Chome 3, 4, 5 Redevelopment Project Chuo-ku Harumi 2-Chome Project

Units become available for sale over multiple fiscal years at some properties. Moreover, the fiscal year in which units become available for sale may change in the future. Some project names are tentative.

a stable level. Acquisitions of real property for sale totaled ¥118.4 billion during fiscal 2010, compared with ¥107.4 billion in the previous fiscal year. As of March 31, 2011, the Mitsui Fudosan Group had a land bank sufficient for approximately 18,000 units, with approximately 10,000 total units before sharing in the project stage, including redevelopment projects.

Although Japan's population is projected to contract, Mitsui Fudosan's focus on high-grade properties in metropolitan Tokyo will support stable performance in the property sales to individuals category. Moreover, Group company Mitsui Fudosan Residential Co., Ltd. integrates the entire residential value chain from land acquisition through sales, carefully studying market trends and customer needs in order to offer an attractive portfolio of brands that

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

meet the needs of prospective homeowners. A key strength differentiating Mitsui Fudosan Residential is that it handles all phases from planning and construction through sales, which supports its ability to consistently provide competitive properties.


Park City Hamadayama
(Property sales to individuals / Completed in April 2010)

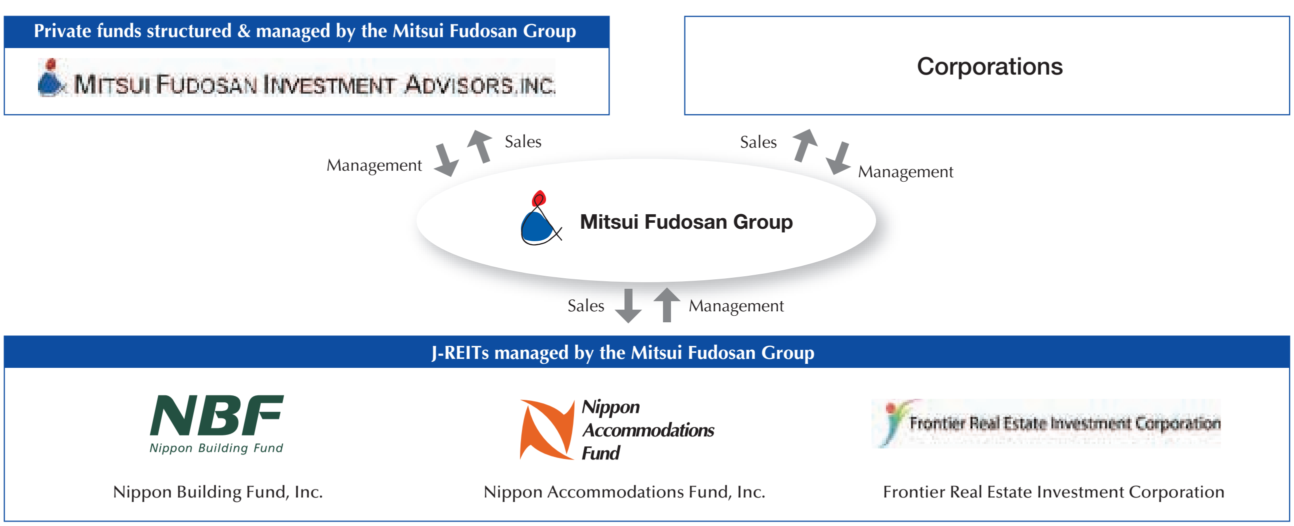
Property Sales to Investors: Improved Performance in a Recovering Market

A core Mitsui Fudosan strength is its relationships with a broad range of investors through channels including the three J-REITs for which the Mitsui Fudosan Group provides asset management services as well as private funds and investment corporations. Together, these channels provide a variety of exit options Mitsui Fudosan can use for developed projects.

In fiscal 2010, J-REITs acquired a number of properties from Mitsui Fudosan. Nippon Building Fund, Inc. acquired office buildings including River City M-SQUARE (Chuo-ku, Tokyo) and Nihonbashi Kabutocho M-SQUARE (Chuo-ku, Tokyo), while Nippon Accommodations Fund Inc. acquired 10 rental housing properties including Park Axis Utsubo Park (Osaka, Osaka) and Park Axis Itabashi Honcho Nibankan (Itabashi-ku, Tokyo). In addition, acquisitions by Frontier Real Estate Investment Corporation included the retail facilities LaLaport IWATA (Iwata, Shizuoka) and Ginza Glasse (Chuo-ku, Tokyo).

Our strategy involves an integrated value chain that

Multiple Exit Strategies and a Model for Cooperation with Investors



offers a number of advantages for institutional investors because they can rely on 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 for the properties 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 ¥442.0 billion, with ¥228.0 billion on the balance sheet and approximately ¥214.0 billion in SPCs. As of March 31, 2011, properties planned and under development accounted for approximately 45 percent of these inventories, with operating office buildings, retail facilities and rental housing accounting for the remainder. 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.

Inventory of Property for Sales to Investors

Jingumae M-SQUARE

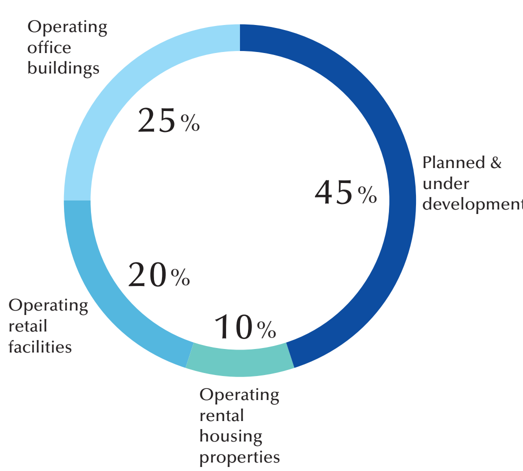
Completed in 2009

LaLaport SHIN MISATO

Opened in 2009

Total: ¥442.0 billion (As of March 31, 2011)

On balance sheet: ¥228.0 billion
Off balance sheet: ¥214.0 billion



Shibaura Island Air Tower

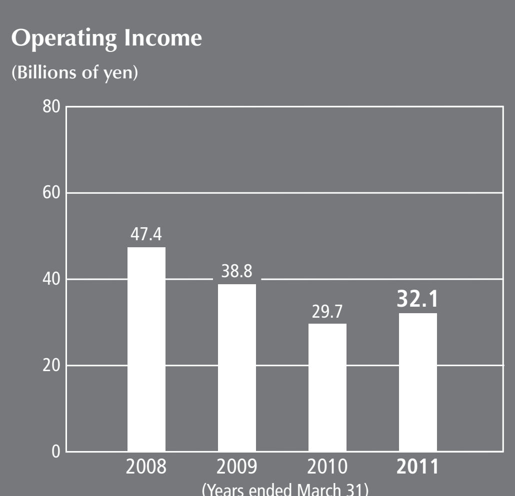
Completed in 2007

Note: Consolidated basis. On-balance sheet real properties for sale including advances paid for purchases, and assets held by SPCs for the property sales business

Management Business

Segment revenue from operations increased 4.2 percent year on year, or ¥11.3 billion, to ¥277.9 billion. Segment operating income increased 8.1 percent year on year, or ¥2.4 billion, to ¥32.1 billion.

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



Leveraging Core Competencies to Increase Assets under Management and Fee Income

The management business consists of two main businesses: 1) the property management category, which generates stable revenue growth from increases in properties under management; and 2) the brokerage and asset management, etc. category, which uses Mitsui Fudosan Group expertise to generate fee income in ways such as providing asset management services for J-REITs and for private funds, including those that Mitsui Fudosan structures and manages, along with brokerage services for individuals and corporations. Comprehensive capabilities covering diverse asset classes ranging from office buildings to retail facilities and housing is a source of strength in the management business.

Property Management and Asset Management Generate Stable Fee Income

Mitsui Fudosan is well able to meet client needs in the property management business because of its ability to handle a broad range of responsibilities in diverse asset classes. For example, in the office building sector Mitsui Fudosan Building Management Co., Ltd. has 663 buildings under management, while First Facilities Co., Ltd. has 355 buildings under management. In the retail facility sector, LaLaport Management Co., Ltd. has 55 facilities. In the housing sector, Mitsui Fudosan Housing Lease Co., Ltd. has 44,215 subleased and consigned units under management, while Mitsui Fudosan Housing Service Co., Ltd. has 210,000 units under management. Growth in consigned properties and the number of rental housing units under management are supporting steady earnings.

In asset management, Mitsui Fudosan is emphasizing its capabilities as a trustee and contract service provider on behalf of investors and originators, which has supported growth in assets under management and stable fee income. The Mitsui Fudosan Group also includes the management companies for three listed J-REITs. Mitsui Fudosan is one supplier of properties to these J-REITs, which are also 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.

Private funds and other investors complement J-REITs as acquirers of properties that the Mitsui Fudosan Group has developed, and then contract with the Mitsui Fudosan Group for property management services. Businesses such as subleasing and development management for external clients also generate fee income.

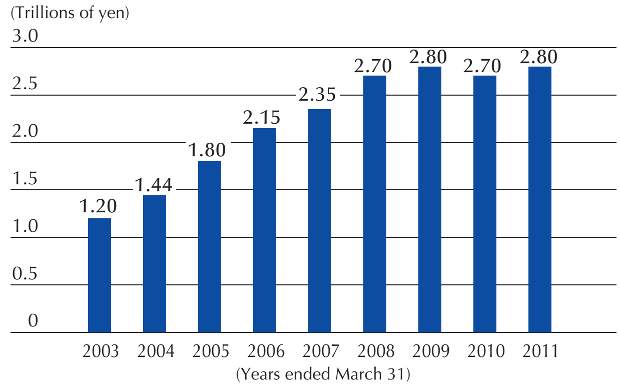
Fee Income Supports ROE

Mitsui Fudosan's skills as a solutions provider are the core of the management business. The fee income these skills generate enhances ROE because it does not require an increase in assets. Consequently, fee income has been steady despite the downturn in the real estate investment market in recent years.

Diverse Fee Opportunities

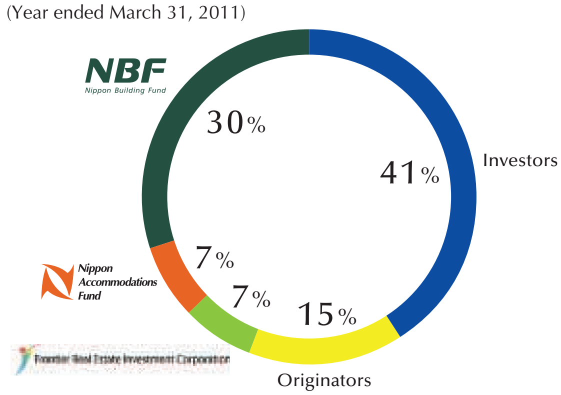
Group company Mitsui Real Estate Sales Co., Ltd. provides brokerage services within the management business. Transaction volume in the Japanese secondary market relative to the primary market is low compared to the corresponding ratio in the U.S. and Europe, which suggests that future growth potential of Japan's brokerage market is significant. 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 25 consecutive years since 1986. Having cut its costs while enhancing responsiveness and its focus on urban markets, the individual brokerage business achieved a second consecutive year of record transaction volume in fiscal 2010. This ongoing success indicates solid potential in an attractive sector of the real estate market.

Assets under Management: Track Record

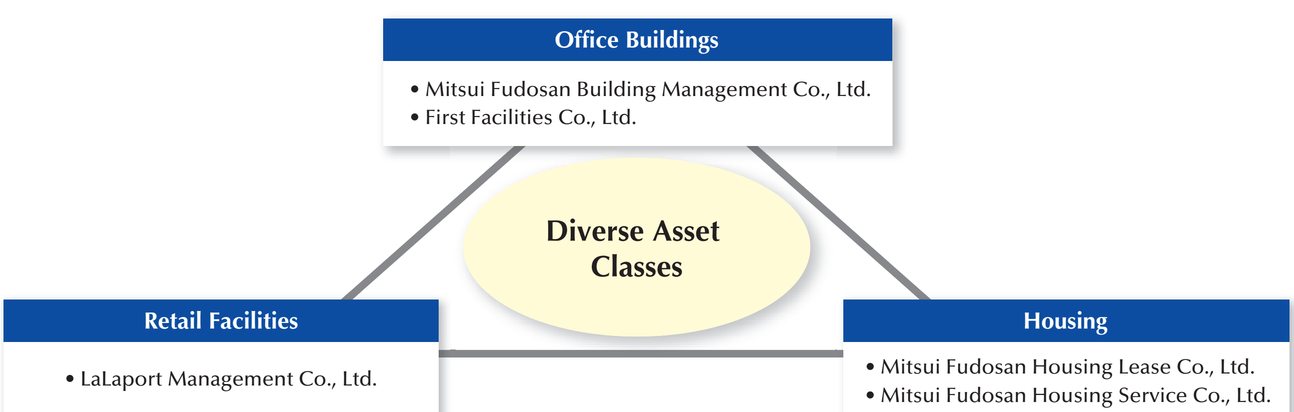


Assets under Management

(Year ended March 31, 2011)



Comprehensive Management Capabilities Covering Diverse Asset Classes



Mitsui Fudosan Group Growth Strategy

Response to Accelerating Maturity

Customers and their needs are becoming more diverse

Mitsui Home Remodeling Co., Ltd.

Began operations in 2002; owned 70% by Mitsui Fudosan

While customers and their needs are changing and becoming more diverse more quickly than ever, Mitsui Fudosan consistently succeeds in adapting to markets and customers that are evolving because of social and economic growth and maturity. For example, we are strengthening and expanding remodeling operations because they make use of Group resources in a growing business that accommodates diverse customer values in a mature market.

Response to Accelerating Globalization

Markets and customers are globalizing and becoming borderless

Adapting to increasingly global and borderless markets and customers, the Mitsui Fudosan Group is deploying its core skills in multiple projects in China, complementing business opportunities such as property sales in Singapore. We are working with strong partners as we expand internationally to control risk. We are also strengthening our ability to meet the cross-border needs of Japanese and foreign customers by providing solutions as partners with foreign customers operating in Japan and Japanese customers operating overseas.

Shanjing Outlet Plaza·Ningbo
Ningbo, Zhejiang, China
Start of operations in fall 2011
Rentable floor space: 16,000m²

Shanghai New Town Development, House Huang Ma Yuen (Malu Project)
Shanghai, China
720 units in southern district will be completed in December 2011
460 units in northern district will be completed in December 2012

Tianjin Eco-City
Tianjin, China
Full completion in February 2014
2,250 condominiums,
400 detached houses

Dalian Software Park Phase 2
Dalian, Liaoning, China
Full completion in October 2014
1,900 housing units/retail facility with floor area of 47,000m²

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 2010, 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 thirteen members including four 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 LLC 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 four outside directors and three outside auditors.

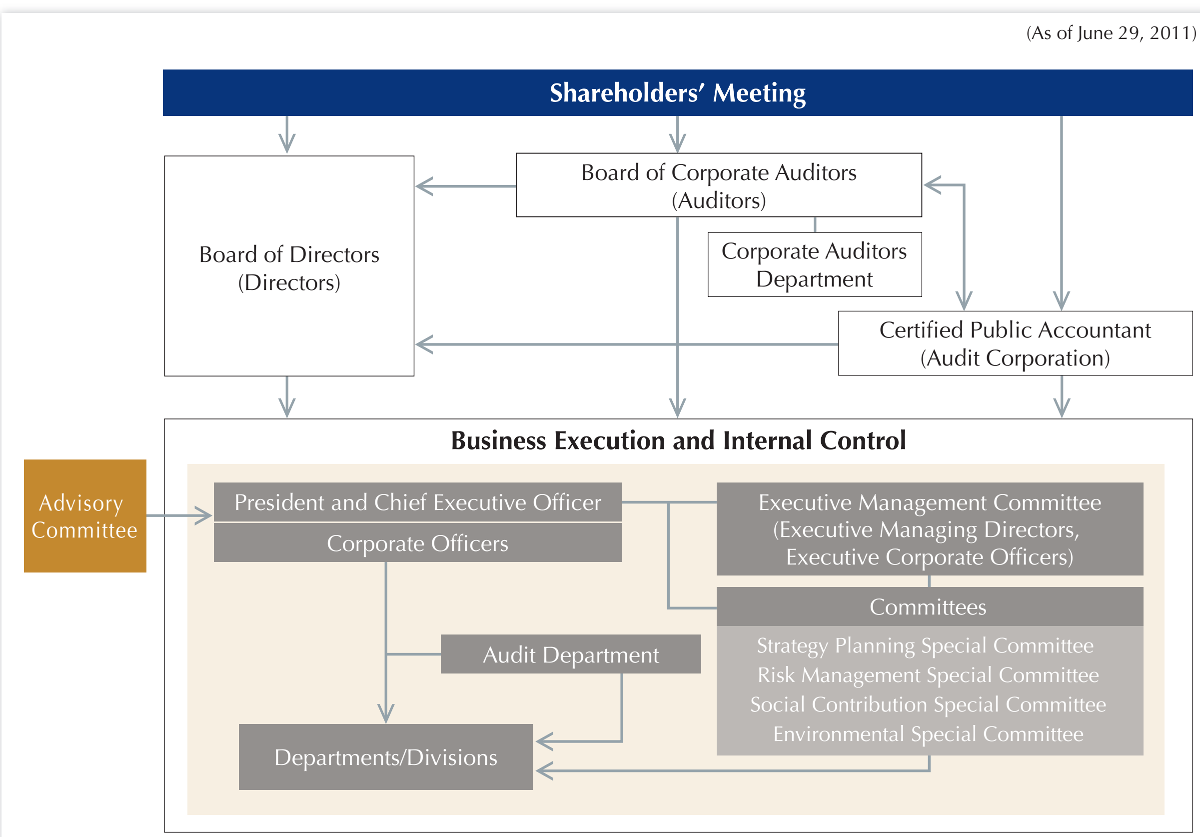
Outside Directors

Mitsui Fudosan has appointed Yoshiharu Hayakawa, Mitsudo Urano, Eiji Hosoya and Masayuki Matsushima after a comprehensive evaluation of their characters, capabilities, experience and other factors. None of the four has a conflict of interest with general shareholders.

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.

Corporate Governance Organization



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 four 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 LLC 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 2010 was ¥399.0 million, of which ¥394.0 million was used for audit certification compensation. Mitsui Fudosan America, Inc., a consolidated subsidiary, paid ¥27.0 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)	756	461	68	225	8
Corporate Auditors (Excluding outside directors)	84	84	–	–	2
Outside directors	66	66	–	–	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	170	99	15	56
Executive Vice President Koichi Omuro	102	61	9	31
Executive Vice President Tatsuo Soda	106	65	9	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.

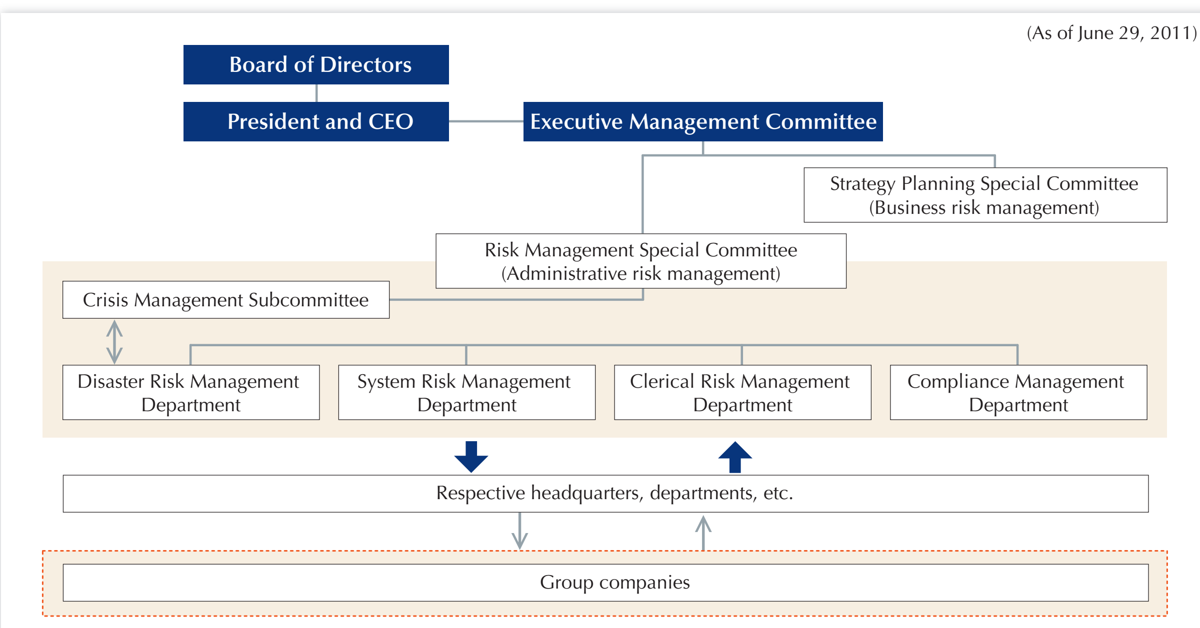
Under the Executive Management Committee, which supervises overall risk management for Mitsui Fudosan and the Mitsui Fudosan Group, the Strategy Planning Special Committee and Risk Management Special Committee manage business risk and administrative risk, respectively, delineate and apprehend risk issues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



Management Team

(As of July 1, 2011)

Front row, from left: Eiji Hosoya, Yoshiharu Hayakawa, Hiromichi Iwasa, Masanobu Komoda, Mitsudo Urano, Masayuki Matsushima
Back row, from left: Kenji Iino, Toshihide Ichikawa, Yoshiaki Iinuma, Mitsuhiro Matsumoto, Hitoshi Saito, Yoshikazu Kitahara, Hiroshi Asai

Members of the Board

Chairman of the Board and Chief Executive Officer

Hiromichi Iwasa

President and Chief Executive Officer

Masanobu Komoda

Senior Executive Managing Directors

Mitsuhiro Matsumoto

Yoshiaki Iinuma

Executive Managing Directors

Hitoshi Saito

Toshihide Ichikawa

Yoshikazu Kitahara

Hiroshi Asai

Kenji Iino

Managing Directors (Outside Directors)

Yoshiharu Hayakawa

Mitsudo Urano

Eiji Hosoya

Masayuki Matsushima

Auditors

Senior Corporate Auditor

Seizo Kuramoto

Corporate Auditor

Masayuki Isobe

Corporate Auditors (Outside Auditors)

Akishige Okada

Keiu Nishida

Toshiaki Hasegawa

Corporate Officers

Chairman and Chief Executive Officer

Hiromichi Iwasa

President and Chief Executive Officer

Masanobu Komoda

In charge of Audit Department, Corporate Planning Department

Senior Executive Managing Officers

Mitsuhiro Matsumoto

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

Eiichi Sawai

In charge of Planning and Research Department, Space & Environment Institute

Yoshiaki Iinuma

In charge of Toyosu-Project Development Planning Department,
Kashiwanoha Campus City Project Development Planning Department,
Development Planning Department, Gotanda Project Department, Branch Offices;
Chief Operating Officer, Retail Properties Division

Executive Managing Officers

Hitoshi Saito

In charge of International Department

Toshihide Ichikawa

In charge of Tokyo Midtown Development Department;
Chief Operating Officer, Accommodations Business Division

Yoshikazu Kitahara

In charge of Architectural and Construction Services Department,
Nihonbashi Urban Planning and Development Department;
Chief Operating Officer, Office Building Division

Hiroshi Asai

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

Kenji Iino

In charge of Executive Secretarial Department, Corporate Communications Department,
Personnel Department, Appraisal Department, Affiliated Business Department

Yasuhiko Yamashiro

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

Yasuo Onozawa

Deputy Chief Operating Officer, Office Building Division

Managing Officers

Hiroyuki Ishigami

Deputy Chief Operating Officer, Retail Properties Division

Masatoshi Satou

General Manager, International Department

Takashi Yamamoto

General Manager, Tokyo Midtown Development Department;
President, Tokyo Midtown Management Co., Ltd.

Akihiko Funaoka

General Manager, Planning and Research Department

Shuji Tomikawa

Chief Operating Officer, Real Estate Solution Services Division

Takashi Ueda

Deputy Chief Operating Officer, Office Building Division;
General Manager, Office Building Project Planning Department

Group Officers

Group Senior Officers

Hidehisa Takei

Mitsui Real Estate Sales Co., Ltd.

Shogo Nakai

Mitsui Fudosan Investment Advisors, inc.

Masatoshi Ozaki

Mitsui Home Remodeling Co., Ltd.

Kiyotaka Fujibayashi

Mitsui Fudosan Residential Co., Ltd.

Group Officers

Takeshi Suzuki

Mitsui Fudosan Residential Co., Ltd.

Yoichi Arita

Mitsui Fudosan Building Management Co., Ltd.

Tadashi Ando

LaLaport Management Co., Ltd.

Tooru Inoue

Mitsui Fudosan Residential Co., Ltd.

Mitsui Fudosan Group's Social and Environmental Initiatives*

We consider that the social responsibilities that the Mitsui Fudosan Group aims to fulfill are to contribute to socio-economic development as well as global environmental conservation. In order to achieve the practice and realization of "Urban Enrichment and Comfort," as stated in the Group Statement, we have set the three themes of "environment," "quality" and "challenges for creating new values and markets."

Environment

Mitsui Fudosan Group's initiatives for the environment

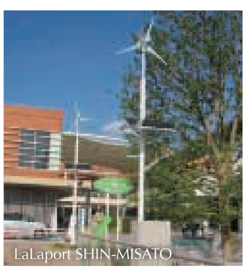
Along with providing buildings and services with a light environmental load, we are also working on reducing the environmental load of management operations.

&EARTH

Mitsui Fudosan Group's environmental communication word, " &EARTH," expresses the fact that our activities are always done together with the Earth, based on the concept of "harmonious coexistence" as symbolized by the " " mark.

▶▶ To reduce CO_2

Rather than merely using energy-saving devices, heat insulation and heat shielding performance at the planning stage, we are also working actively on reducing the amount of CO_2 we produce during the management and operation phases.


LaLaport SHIN-MISATO

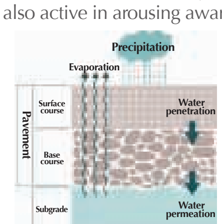

Park Axis Tatsumi Stage

Wind and Solar Power Generation

We are also introducing these power generation systems for retail and other properties.

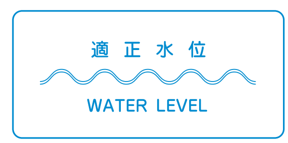
▶▶ To preserve the water environment

In addition to working on designs that take into account water saving, the effective use of water, and subterranean water recharging, we are also active in arousing awareness of water saving.



Returning Rainfall to the Soil

We are introducing permeable paving and permeable drains.

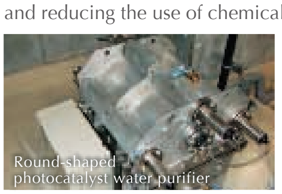


Suggested Water Level Sticker

We provide suggested water level marks for hotel bathtubs.

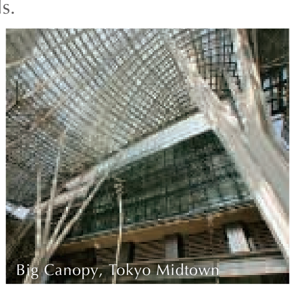
▶▶ To reduce toxic substances

We are moving ahead with the use of materials and machinery that do not include toxic substances, checking for soil pollution, and reducing the use of chemicals.


Round-shaped photocatalyst water purifier

Photocatalyst Water Purifiers

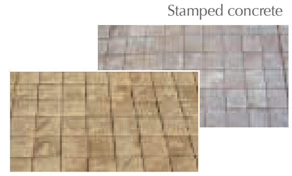
We are introducing chemical-free purifiers in waterscapes and glass surfaces of office buildings.


Big Canopy, Tokyo Midtown

▶▶ To reduce waste and conserve resources

In order to reduce building resources and prolong their life, we also use the "3R" (reduce, reuse and recycle) approach.

Stamped concrete



Reduction of Waste During Construction

We use stamped concrete that does not generate waste remnants.

Initiatives at the Mitsui Garden Hotels

We are changing to refillable containers for shampoo and other liquids.

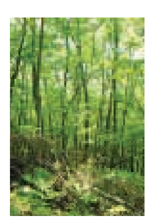
▶▶ For preserving greenery

Along with preserving and creating greenery, precious homes to living things, we are also maintain and manage it, as well as make use of it.


Fine Court LaLa City

Greenery Complementing Building Features

At Fine Court LaLa City, we have created a landscape rich in greenery using a large number of trees.



Forests Owned by the Group

We are active in preserving and making use of our forests.

This conference room table was made from wood from a forest we own.

* From Mitsui Fudosan's Corporate Profile 2010

CSR's Ideas

Group Statement Urban Enrichment and Comfort

CSR's Themes

Environment	Quality	Challenges for new value and the creation of markets
We contribute to the global environment based on the concept of "harmonious coexistence," as symbolized by our "♣" mark.	We are constantly looking at things from our customers' points of view, aiming to provide safe and secure goods and services that will satisfy them.	We are constantly contributing to the development of society through the creation of new value in accordance with social and economic changes.

We are involved in a number of initiatives that aim for a town where we can live in harmony with nature.

"Eco Hello!" for retail properties

At retail properties of the Mitsui Fudosan Group, we hold a number of various ecology-related events and contributions to society.

Keeping Air-Cooling Temperatures Mild

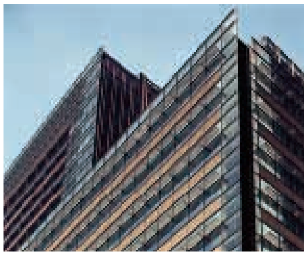
We have a campaign for milder air conditioning in summer, to combat global warming.

Clothing Support Project

We collect unwanted household clothing, and donate it to refugees and disaster victims around the world.

Tokyo Midtown initiatives

Tokyo Midtown is a town where detailed consideration of the environment reaches to every corner, thanks to "the value and aesthetics one finds only in Japan."

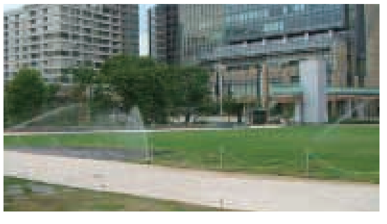


Louvers

To effectively shut out sunlight.

Saving Water

By processing waste water from daily life, we can save an amount of water equivalent to that consumed by about 416 households annually.



Rooftop Greenery

Some 2,300m^2 of greenery alleviates the heat island effect.

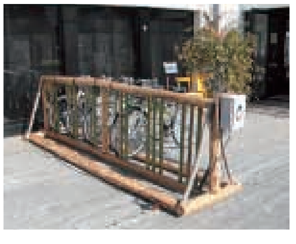
Kashiwanoha Campus City Initiatives

With the theme of "the environment, healthy living, creativity, and communication," research between the public, private, and academic sectors is moving ahead.

CO_2 Visualization Project

This Project increases environmental awareness.

Eco Monitors to measure and record CO_2 emissions



The Kashiwanoha Smart Cycle

A rental cycle returnable to a different location.

Mirai Hatake (Future Fields)

A small-scale plant nursery of about 6.5 m^2 set in the middle of LaLaport KASHIWANOHA.

Quality

An insistence on the quality needed to support the satisfying, secure, and pleasant lifestyle of our customers

We continually work to sustain customer aspirations, increase customer satisfaction, and provide quality management.

▸▸ Initiatives to increase Customer Satisfaction (CS)

Making each one of our customers satisfied is something we consider vital in improving our quality.

Happy Smile Campaign

A campaign at Mitsui Garden Hotels.

Customer Opinions Boxes

Set up at our retail properties.

▸▸ Initiatives for quality management

In each of our projects, we set directions and guidelines for our quality management.

TQPM (Total Quality Project Management)

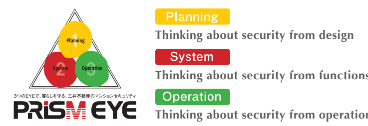
Full quality management is practiced at all our condominiums.

▸▸ Initiatives for safety and security

We realize that socially there are an increasing number of unstable elements in terms of safety, and are strengthening our approaches.

PRISM EYE

A condominium security system that that provides all-round protection of your lifestyle.



Challenges for new value and the creation of markets

Linking in harmony with society, taking on the challenge of creation and spreading the word about new market values

We are constantly creating new values from changes in society and the economy, contributing to the development of society.

▸▸ Creating new value

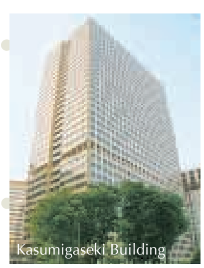
Values change as society changes.
We continue to work to increase still further the values of the local community.

Mitsui Main Building

80 years ago

Rising from the rubble of the great earthquake

The Mitsui Main Building was completed in 1929, about six years after the Great Kanto Earthquake.



Kasumigaseki Building

40 years ago

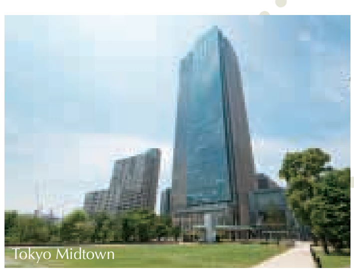
A humanness returns to the megacity

In 1968, the Kasumigaseki Building, at 36 floors, was the first ultra-high rise completed in Japan.

Today

Bringing together and fusing "knowledge" and promoting "health" among people and the earth

At Tokyo Midtown, we are building a unique town, creating new Japanese values, and showcasing them for the world to see.



Tokyo Midtown

Tokyo Midtown Award

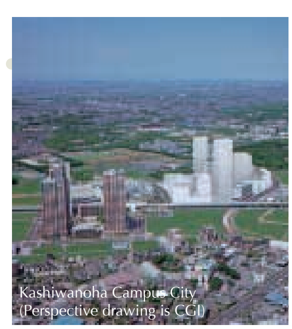
Award Committee and Recipients for 2009

Trophy

To the Future

Co-existing in harmony with the natural environment and the local community

Kashiwanoha Campus City Project aims to create a sustainable town.



Kashiwanoha Campus City (Perspective drawing is CGI)

▸▸ Co-existing with the local community

Based on our concepts of “harmonious coexistence” and “linking diverse value perceptions,” when we carry out large-scale residential developments we shall work to create a community that responds to the special nature of its area.

Roppongi Mission Uchimizu

A Tokyo Midtown event in collaboration with the local community.

Self-governing Body for Shibaura Island

A cause that we support.

Pinocchio Project

A project in the Kashiwanoha Campus area providing children with the chance to look at how communities work.

Iwata City Community Center

Inside LaLaport IWATA, the center spreads information about local bodies.

▸▸ Social contributions and support for cultural activities

As a member of society charged with the creation of towns, we are active in supporting culture and exchange to revitalize the local area.

“The cat who wished to be a man” Photo: Ken Arai

Kokoro no Gekijo (Theater of the Heart)

A project by the Shiki Theatre Company held for children all over the country. (Our support started in 2008)

Sumida River Fireworks Festival

A favorite Tokyo summer festival. (Restarted in 1978, and supported and sponsored by us since 1985)

Sanno Festival and the Kanda Festival

We take part in the mikoshi parades.

Atrium Concerts

We hold free concerts in the atrium of Nihonbashi Mitsui Tower.

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 2011	2010	2009	2008	2007	2006	Thousands of U.S. dollars except per share amounts (Note 1) 2011
FOR THE YEAR							
Revenue from operations	**¥1,405,270**	¥1,384,807	¥1,418,946	¥1,360,023	¥1,229,194	¥1,159,280	**$16,900,421**
Interest, dividends and miscellaneous	**27,044**	31,152	9,389	27,509	23,946	16,949	**325,243**
Costs and expenses (including tax)	**1,382,293**	1,356,870	1,349,178	1,305,778	1,180,528	1,121,676	**16,624,088**
Equity in net income of affiliated companies	**689**	2,027	5,980	7,064	4,410	3,155	**8,286**
Minority interests	**(801)**	(1,032)	(1,565)	(1,440)	(1,808)	(1,167)	**(9,633)**
Net income	**49,909**	60,084	83,572	87,378	75,214	56,541	**600,229**
AT YEAR-END							
Total assets	**¥3,780,700**	¥3,710,424	¥3,758,387	¥3,634,489	¥3,294,190	¥2,986,502	**$45,468,431**
Shareholders' equity and accumulated other comprehensive income	**1,019,941**	1,007,811	978,667	971,310	944,196	858,364	**12,266,278**
Common stock	**174,296**	174,296	174,296	174,296	174,296	174,296	**2,096,164**
Number of employees	**16,288**	15,922	15,476	14,788	13,299	13,053	
PER SHARE DATA							
Net income (basic)	**¥ 56.8**	¥ 68.4	¥ 95.1	¥ 99.4	¥ 85.5	¥ 67.5	**$ 0.683**
Cash dividends applicable to the year	**22.0**	22.0	22.0	20.0	14.0	10.0	**0.265**
RATIOS							
Equity ratio (%) (Note 2)	**27.0**	27.2	26.0	26.7	28.7	28.7	
Return on assets (%) (Note 3)	**3.39**	3.41	5.06	5.53	5.50	4.92	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥83.15 = U.S.$1.00, the approximate exchange rate at March 31, 2011.
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, excluding extraordinary gains + Equity in net income of affiliated companies) / Average total assets over the period

Income Analysis

(Billions of yen, %)

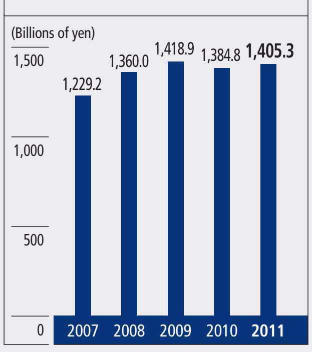
Years ended March 31	2011		2010		2009	
Revenue from operations	¥1,405.3	100.0%	¥1,384.8	100.0%	¥1,418.9	100.0%
Cost of revenue from operations	1,138.0	81.0	1,120.1	80.9	1,098.4	77.4
Selling, general and administrative expenses	147.2	10.5	144.1	10.4	149.0	10.5
Operating income	120.1	8.5	120.6	8.7	171.5	12.1
Other revenues	27.0	2.0	31.1	2.2	9.4	0.7
Interest expenses	27.5	2.0	29.5	2.1	29.8	2.1
Other expenses	36.6	2.6	26.5	1.9	41.1	2.9
Equity in net income of affiliated companies	0.7	0.1	2.0	0.1	6.0	0.4
Income before income taxes and minority interests	83.7	6.0	97.7	7.0	116.0	8.2
Income taxes	33.0	2.3	36.6	2.6	30.8	2.2
Minority interests	(0.8)	(0.1)	(1.0)	(0.1)	(1.6)	(0.1)
Net income	¥ 49.9	3.6	¥ 60.1	4.3	¥ 83.6	5.9

Revenue from Operations

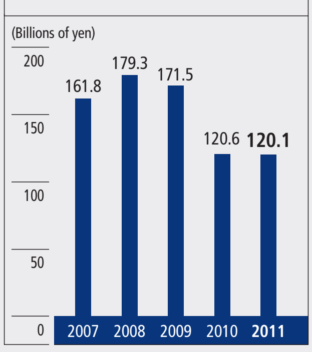
For fiscal 2010, the year ended March 31, 2011, consolidated revenue from operations increased 1.5 percent year on year, or ¥20.4 billion, to ¥1,405.2 billion.

The "Leasing" segment benefited from new projects and those that made a contribution for the entire period. These included projects that came on-stream during the period, notably Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda-ku, Tokyo) and Mitsui Outlet Park Shiga Ryuo (Gamou-gun, Shiga). Meanwhile, the vacancy rate of the existing office buildings throughout the period was up from the previous period, Hibiya Mitsui Building (Chiyoda-ku, Tokyo) was suspended for reconstruction, and the Great East Japan Earthquake caused some retail facilities to be suspended or to reduce open hours. In the "Property Sales" segment, the number of units sold in the "Property Sales to Individuals" category increased from the previous period because the revenue from operations remained strong. In the "Property Sales to Investors" category, revenue increased due to property sales to the listed J-REITs such as Nippon Building Fund, Nippon Accommodations Fund, and Frontier Real Estate Investment Corporation. In the "Management" segment, revenue increased. This was mainly due to the increased number of consigned properties with contribution of newly on-stream outlet and other retail facilities as well as the increased number of rental housing units under management in the "Property Management" category. "Brokerage and Asset Management, etc." category also reported improved revenue, due mainly to a higher number of properties handled in our brokerage business for individuals including Mitsui Rehouse.

Revenue from Operations



Operating Income



Cost of Revenue from Operations and SGA Expenses

Cost of revenue from operations increased 1.6 percent year on year, or ¥18.0 billion, to ¥1,138.0 billion. Cost of properties booked in the "Property Sales" segment increased because of higher sales volume in both the "Property Sales to Individuals" category and the "Property Sales to Investors "category. However, cost of revenue from operations included only approximately ¥1.0 billion in nonrecurring loss on devaluation of real property for sale, compared with the amount recognized in the previous fiscal year. As a result, gross profit from operations increased 0.9 percent year on year, or ¥2.5 billion, to ¥267.2 billion, and the gross margin decreased to 19.0 percent from 19.1 percent for the previous fiscal year.

Selling, general and administrative (SGA) expenses increased 2.1 percent year on year, or ¥3.0 billion, to ¥147.2 billion because advertising expenses rose in tandem with the increase in unit sales in the "Property Sales to Individuals" category.

Operating Income

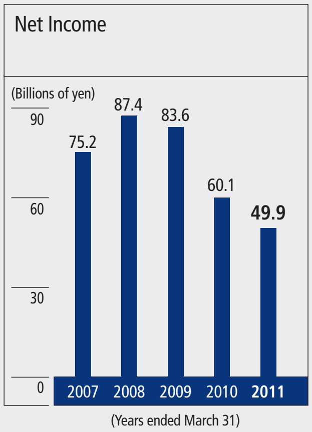
The accompanying consolidated financial statements do not include operating income as a discrete line item. Calculated as revenue from operations less cost of revenue from operations and SGA expenses, operating income was essentially unchanged year on year at ¥120.1 billion.

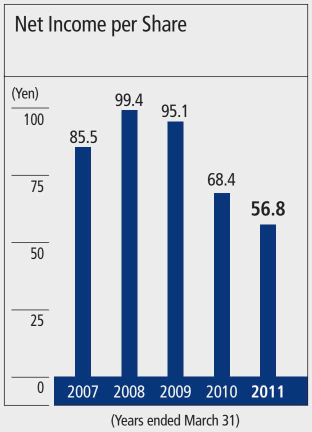
Interest, Dividends and Miscellaneous Income, and Other Costs and Expenses

Interest, dividends and miscellaneous revenue decreased 13.2 percent, or ¥4.1 billion, to ¥27.0 billion. This decrease reflected reduced gain on sale of investment securities, which totaled ¥21.0 billion for fiscal 2010 compared with ¥25.7 billion for fiscal 2009. Gain on sale of investment securities for both fiscal years was primarily the result of the sale of shares in former affiliate Oriental Land Co., Ltd. in response to share buyback offers from that company. Note 20 of the Notes to Consolidated Financial Statements provides additional information. Interest expenses decreased 7.1 percent, or ¥2.1 billion, to ¥27.5 billion because Mitsui Fudosan has steadily replaced maturing debt with lower-cost funding. The interest coverage ratio, calculated as the sum of operating income and interest, dividends and miscellaneous revenue divided by interest expenses, was 5.4 times compared with 5.1 times for the previous fiscal year. Other costs and expenses increased 38.3 percent, or ¥10.2 billion, to ¥36.7 billion. While impairment loss on fixed assets decreased to ¥4.1 billion from ¥18.9 billion in the previous fiscal year, Mitsui Fudosan recognized loss on disposal of property and equipment of ¥12.3 billion, due largely to the retirement of the Hibiya Mitsui Building pending redevelopment, and impairment loss on investment securities of ¥6.2 billion. Moreover, loss on disaster in connection with the Great East Japan Earthquake totaled ¥4.6 billion, and Mitsui Fudosan also recognized provision for loss on disaster of ¥3.6 billion. Notes 19 and 21 of the Notes to Consolidated Financial Statements provide additional information.

Income before Income Taxes and Minority Interests and Net Income

Equity in net income of affiliated companies decreased 66.0 percent year on year, or ¥1.3 billion, to ¥0.7 billion, in part because units booked by a property sales affiliate in Singapore decreased year on year. Income before income taxes and minority interests decreased 14.3 percent year on year, or ¥14.0 billion, to ¥83.7 billion, primarily reflecting the increase in other costs and expenses related to the Great East Japan Earthquake. Income taxes net of deferrals decreased 9.8 percent, or ¥3.6 billion, to ¥33.0 billion. Consequently, net income decreased 16.9 percent year on year, or ¥10.2 billion, to ¥49.9 billion. Net income per share decreased to ¥56.8 from ¥68.4 for the previous fiscal year. Although net income decreased, Mitsui Fudosan maintained annual cash dividends per share at ¥22.0.





Segment Information

Leasing

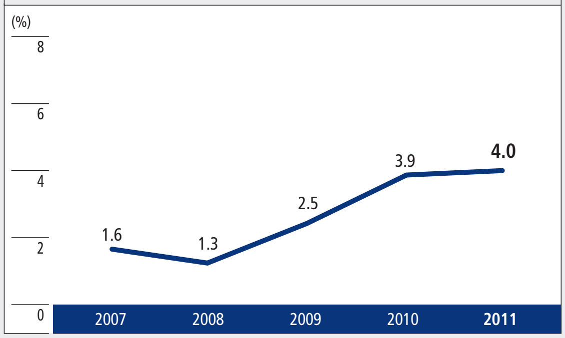
(Millions of yen)

Years ended March 31			2011	2010
Office Buildings and Retail Facilities	Revenue	Office Buildings	**291,721**	303,093
		Retail Facilities	**125,810**	121,920
	Total Leased Floor Space (1,000 m²):		**4,383**	4,411
	Office Buildings	Owned	**1,240**	1,278
		Managed	**1,531**	1,544
	Retail Facilities	Owned	**971**	1,007
		Managed	**640**	583
Other	Revenue		**5,936**	5,961
Total Revenue			**423,468**	430,976
Operating Income			**88,929**	95,554

This segment projects that came on-stream during the period, notably Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda-ku, Tokyo) and Mitsui Outlet Park Shiga Ryuo (Gamou-gun, Shiga), as well as projects that were completed in the previous fiscal year and made a full-term contribution in the period under review, namely Mitsui Shopping Park LaLaport Shin-Misato (Misato, Saitama). However, the segment revenue was down ¥7.5 billion and operating income down ¥6.6 billion from the previous fiscal year. This was due to the impact of increasing vacancy rates in existing office buildings that were up from the previous period throughout the period, as well as the suspension of operations at Hibiya Mitsui Building (Chiyoda-ku, Tokyo) for planned reconstruction and the influence of the Great East Japan Earthquake that caused Mitsui Outlet Park Sendai Port (Sendai, Miyagi) and some other retail facilities to be suspended or reduce open hours.

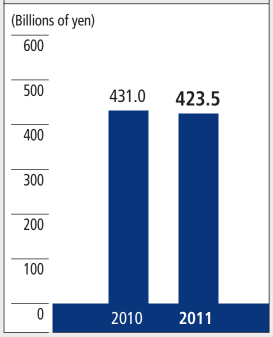
On a nonconsolidated basis, the vacancy rate of the Company's office buildings in the Tokyo Metropolitan Area rose to 4.9 percent at the end of the third quarter but declined to 4.0 percent at the fiscal year end by later recovery efforts.

Vacancy Rate for Tokyo Metropolitan Area Office Buildings (Nonconsolidated)



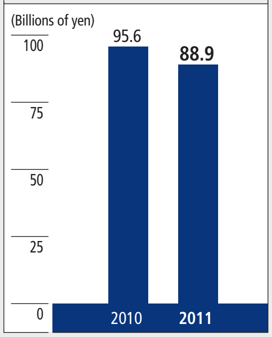
(As of March 31)

Revenue from Operations



(Years ended March 31)

Operating Income



(Years ended March 31)

Property Sales

Property Sales to Individuals and Investors

(Millions of yen)

Years ended March 31/As of March 31			2011			2010		
			Revenue	Units	Average Unit Price	Revenue	Units	Average Unit Price
Property Sales to Individuals	Condominiums	Tokyo Metropolitan Area	**218,013**	**4,048**	**54**	233,190	3,941	59
		Other	**48,037**	**1,407**	**34**	23,305	710	33
		Subtotal	**266,051**	**5,455**	**49**	256,495	4,651	55
	Detached Housing	Tokyo Metropolitan Area	**45,098**	**825**	**55**	40,483	751	54
		Other	**5,187**	**100**	**52**	3,988	78	51
		Subtotal	**50,285**	**925**	**54**	44,472	829	54
		Revenue	**316,336**	**6,380**	**50**	300,967	5,480	55
		Operating Income	**9,735**			11,366		
Property Sales to Investors		Revenue	**88,905**			85,288		
		Operating Income	**6,458**			1,126		
Total		Revenue	**405,243**			386,256		
		Operating Income	**16,193**			12,493		

Inventories (Property Sales to Individuals)

(Units)

As of March 31	2011	2010	2009	2008	2007
Condominiums	**638**	872	826	453	267
Detached Housing	**46**	40	93	115	109
Total	**684**	912	919	568	376

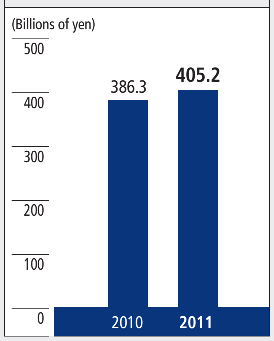
In the "Property Sales to Individuals" category, the number of residential units increased 900 from the previous period and the revenue increased ¥15.3 billion year on year due to strong sales. The operating income, however, was down ¥1.6 billion due mainly to the large number of highly profitable, large-scale properties sold in the previous period.

In the "Property Sales to Investors" category, the revenue was up ¥3.6 billion year on year and earnings increased ¥5.3 billion from the previous period, owing mainly to the sale of properties to J-REITs, such as Nippon Building Fund, Nippon Accommodations Fund, and Frontier Real Estate Investment Corporation.

In the entire segment, revenue was up ¥18.9 billion and operating income was up ¥3.7 billion from the previous year.

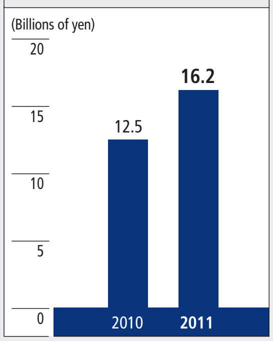
As a result of favorable market sales conditions in the "Property Sales to Individuals" category, the completed housing inventories of residential units declined to 684 from 912 at the end of the previous period.

Revenue from Operations



(Years ended March 31)

Operating Income



(Years ended March 31)

Management

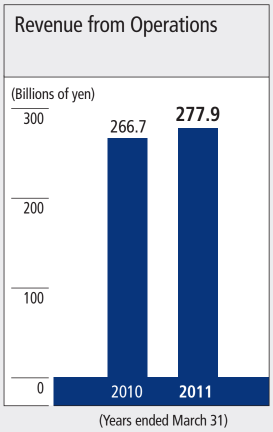
(Millions of yen)

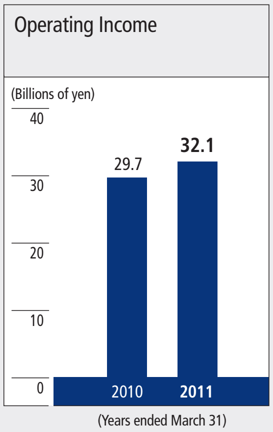
Years ended March 31		2011	2010
Property Management	Revenue	**206,085**	199,305
	Operating Income	**21,905**	21,275
Brokerage, Asset Management, etc.	Revenue	**71,860**	67,356
	Operating Income	**10,215**	8,439
Total	Revenue	**277,947**	266,662
	Operating Income	**32,121**	29,714

In the current period, revenue increased in the "Property Management" category due mainly to the increased number of consigned properties with contribution of newly on-stream outlet and other retail facilities as well as the higher number of rental housing units under management.

"Brokerage and Asset Management, etc." category also reported improvrd revenue, due mainly to a higher number of properties handled in our brokerage business for individuals including Mitsui Rehouse.

In the entire segment, revenue increased ¥11.2 billion from the previous period and operating income was also up ¥2.4 billion.





Mitsui Home

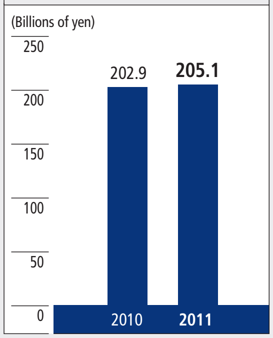
(Millions of yen)

Years ended March 31		2011	2010
New Construction	Revenue	**152,816**	152,435
	Orders	**142,753**	137,725
Reform/Renewal	Revenue	**26,901**	26,658
	Orders	**31,235**	29,692
Lease Management		**17,223**	16,289
Other		**8,189**	7,481
Total Revenue		**205,131**	202,865
Operating Income		**3,764**	3,640

Note: The above revenue figures differ from those disclosed by Mitsui Home, because sales to the Mitsui Fudosan Group are deducted from Mitsui Home's consolidated revenue from operations.

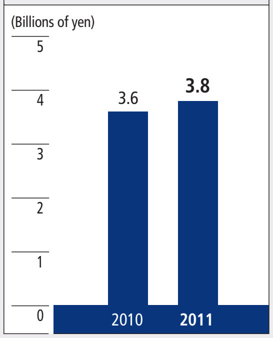
In the current period, although, the time of delivery was late under the impact of the Great Eastern Japan Earthquake for some newly constructed housing operated by our Company in the northeastern and Tokyo Metropolitan areas, revenue was up ¥2.2 billion and operating income was up ¥0.1 billion with the increase of the number of buildings sold for the entire segment.

Revenue from Operations



(Years ended March 31)

Operating Income



(Years ended March 31)

Other

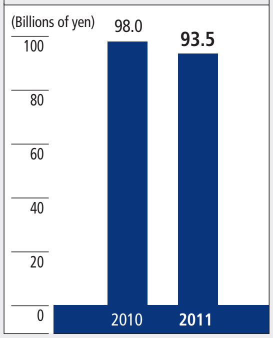
(Millions of yen)

Years ended March 31	2011	2010
Facility Operations	**49,923**	48,540
Merchandise	**40,272**	41,827
Other	**3,284**	7,678
Total Revenue	**93,481**	98,048
Operating Income	**1,002**	228

In the "Merchandise" category, revenue declined due to the closing of retail stores by a subsidiary. In the "Facility Operations" category, however, new hotels were opened in Mitsui Garden Hotel chain and the operating ratio was improved.

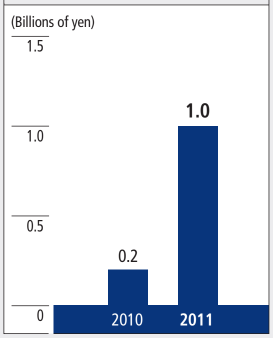
For the entire segment, therefore, revenue was down ¥4.5 billion and operating income was up ¥0.7 billion from the previous year.

Revenue from Operations



(Years ended March 31)

Operating Income



(Years ended March 31)

Liquidity, Capital Resources and Financial Position

Assets

(Billions of yen, %)

As of March 31	2011		2010		2009	
Cash and cash equivalents	¥ 56.7	1.5%	¥ 62.7	1.7%	¥ 62.9	1.7%
Inventories	651.2	17.2	684.8	18.4	773.9	20.6
Other current assets	221.3	5.9	240.0	6.5	290.7	7.7
Investments and other assets	612.8	16.2	630.6	17.0	596.6	15.9
Net property and equipment	2,238.7	59.2	2,092.3	56.4	2,034.3	54.1
Total	¥3,780.7	100.0%	¥3,710.4	100.0%	¥3,758.4	100.0%

Liabilities and Net Assets

(Billions of yen, %)

As of March 31	2011		2010		2009	
Interest-bearing debt—Short term	¥ 296.7	7.8%	¥ 313.4	8.5%	¥ 226.2	6.0%
Interest-bearing debt—Long term	1,443.3	38.2	1,433.3	38.6	1,507.3	40.1
Total interest-bearing debt	1,740.0	46.0	1,746.7	47.1	1,733.5	46.1
Other current liabilities[1]	359.1	9.5	280.0	7.5	398.3	10.6
Other long-term liabilities[2]	639.2	16.9	654.5	17.6	626.7	16.7
Minority interests	21.9	0.6	21.0	0.6	21.0	0.6
Net assets (other than minority interests)	1,020.5	27.0	1,008.2	27.2	978.9	26.0
Total	¥3,780.7	100.0%	¥3,710.4	100.0%	¥3,758.4	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 5.9 percent from the previous fiscal year-end, or ¥58.4 billion, to ¥929.2 billion. Cash and cash equivalents decreased 9.7 percent from the previous fiscal year-end, or ¥6.1 billion, to ¥56.7 billion, reflecting an increase in the proportion of internal cash used to fund investing activities. Inventories decreased 4.9 percent from a year earlier, or ¥33.6 billion, to ¥651.2 billion. Factors included a year-on-year increase in cost recovery. Equity investments in properties for sale, which primarily represent securitized interests in properties for sale, decreased 10.5 percent, or ¥7.7 billion, to ¥65.7 billion. Factors included the liquidation and impairment of investments in SPCs and other vehicles for distributing properties to external investors. Working capital decreased 30.7 percent from a year earlier to ¥273.3 billion, and the current ratio was 1.42 times, compared with 1.66 times at the end of the previous fiscal year.

Investments and Other Assets

Investments and other assets decreased 2.8 percent from a year earlier, or ¥17.8 billion, to ¥612.8 billion. Investments in unconsolidated subsidiaries and affiliated companies decreased 1.4 percent, or ¥1.6 billion, to ¥113.8 billion. Investment securities decreased 4.9 percent, or ¥13.6 billion, to ¥263.7 billion due to factors including the sale of Oriental Land shares and a decline in the fair value of securities holdings during the fiscal year.

Property and Equipment

Net property and equipment increased 7.0 percent from a year earlier, or ¥146.5 billion, to ¥2,238.7 billion. Acquisition of properties by the parent company and subsidiaries totaled ¥215.5 billion, reflecting investments such as the acquisition of 50-percent joint ownership in the Otemachi Pal Building. Consequently, capital expenditures increased 3.7 times year on year, or ¥167.4 billion, to ¥229.4 billion, while depreciation totaled ¥53.0 billion.

Current Liabilities

Current liabilities increased 10.5 percent from a year earlier, or ¥62.5 billion, to ¥655.8 billion. The increase was in large part the result of timing issues involved in the increase in other current liabilities. 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.

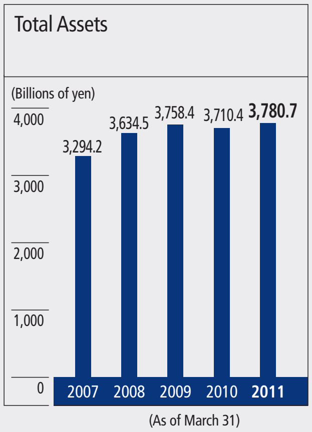
Long-term Liabilities

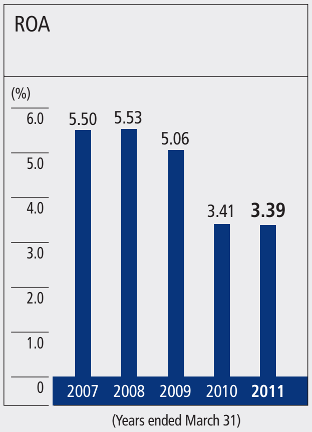
Long-term liabilities decreased marginally from a year earlier to ¥2,082.5 billion. Long-term debt due after one year increased 0.7 percent from a year earlier, or ¥10.0 billion, to ¥1,443.3 billion. While making the substantial capital investments discussed earlier, Mitsui Fudosan stressed sound finances and selectivity in investing in opportunities for growth, and supplemented funds for investment through cost recovery from property sales. Interest-bearing debt decreased 0.4 percent, or ¥6.7 billion, to ¥1,740.0 billion. Mitsui Fudosan also raised ¥50.0 billion through four issues of notes due 2020, with respective interest rates of 1.50 percent, 1.19 percent, 1.06 percent and 1.32 percent, and one issue of notes due 2030 with an interest rate of 2.30 percent.

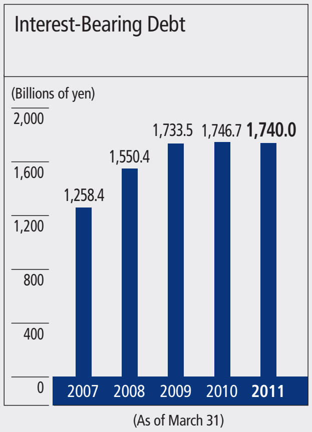
Net Assets and Total Capital

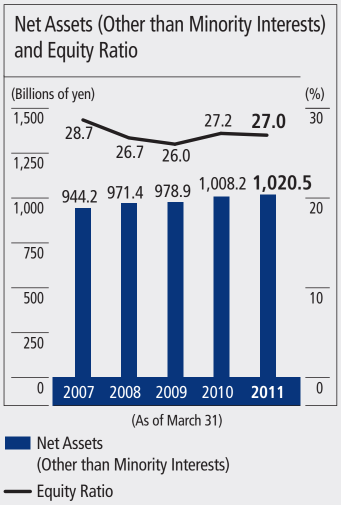
For fiscal 2010, net assets increased 1.3 percent from a year earlier, or ¥13.2 billion, to ¥1,042.4 billion. Retained earnings increased 10.2 percent, or ¥30.7 billion, to ¥332.3 billion. Reserve on land revaluation, which is recorded as a component of net assets under Japanese GAAP, was essentially unchanged. Net unrealized holding gains on securities, which is recorded as a component of net assets under Japanese GAAP, decreased 19.1 percent, or ¥9.9 billion, to ¥42.0 billion, largely as a result of the sale of Oriental Land shares. 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 ¥42.5 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 ¥6.5 billion to ¥2,782.4 billion from ¥2,775.9 billion a year earlier. Net assets increased while interest-bearing debt decreased. Consequently, net assets represented 37.5 percent of total capital, compared with 37.1 percent at the previous fiscal year-end. The debt / equity ratio[1] decreased to 1.71 times from 1.73 times as a result. Return on assets (ROA)[2] was 3.39 percent, compared with 3.41 percent a year earlier. Return on equity (ROE)[3] was 4.92 percent, compared to 6.05 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)









Cash Flows

(Billions of yen)

Years ended March 31	2011	2010	2009
Cash flows from operating activities	¥ 185.1	¥ 84.4	¥ (41.0)
Cash flows from investing activities	(170.6)	(64.8)	(141.6)
Cash flows from financing activities	(20.4)	(19.8)	182.2
Effect of exchange rate changes on cash and cash equivalents	(0.2)	0.1	(0.2)
Net (decrease) increase in cash and cash equivalents	(6.0)	(0.2)	(0.6)
Cash and cash equivalents at beginning of year	62.7	62.9	63.5
Cash and cash equivalents at end of year	¥ 56.7	¥ 62.7	¥ 62.9

Cash Flows

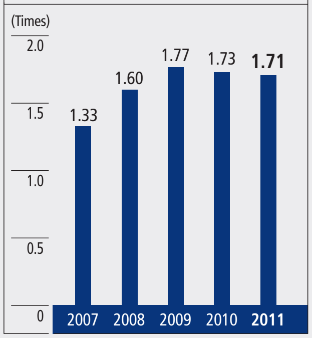
Despite the decrease in income before income taxes, net cash provided by operating activities totaled ¥185.1 billion, compared with ¥84.4 billion in the previous fiscal year. The main factor in the year-on-year change was that net decrease in inventories provided cash totaling ¥46.3 billion, while in the previous fiscal year net increase in inventories used cash totaling ¥50.2 billion. The line item "Decrease (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. Depreciation and amortization increased to ¥53.0 billion.

Net cash used in investing activities totaled ¥170.6 billion, compared with ¥64.8 billion for the previous fiscal year. Mitsui Fudosan continues to acquire properties with long-term potential when circumstances are favorable. Purchases of property and equipment totaled ¥179.0 billion, compared with ¥70.7 billion for the previous fiscal year. This included outlays to complete the Muromachi-Higashi Mitsui Building (Chuo-ku, Tokyo), and the joint acquisition with Mitsui & Co., Ltd. of the Otemachi Pal Building. Net changes in deposits from tenants and in lease deposits used cash totaling ¥9.0 billion, compared with ¥0.6 billion for the previous fiscal year. Net proceeds from sale of marketable and investment securities totaled ¥9.7 billion, compared with net proceeds of ¥12.2 billion for the previous fiscal year.

(Millions of yen)

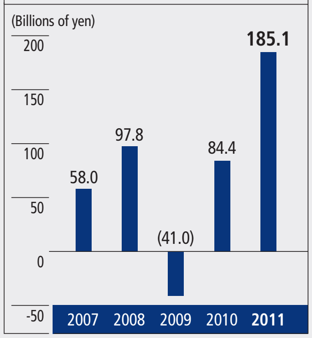
Years ended March 31	2011	2010
Increase in deposits from tenants	¥ 52,669	¥ 50,164
Decrease in deposits from tenants	(64,805)	(53,797)
Increase in lease deposits	(8,395)	(12,261)
Decrease in lease deposits	11,557	15,339
Total	¥ (8,974)	¥ (555)

Debt/Equity Ratio



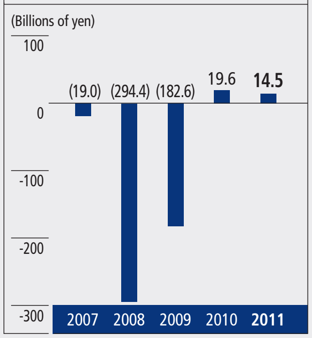
(As of March 31)

Cash Flows from Operating Activities



(Years ended March 31)

Free Cash Flow



(Years ended March 31)

Net cash used in financing activities totaled ¥20.4 billion, primarily representing cash dividends paid of ¥19.3 billion. In the previous fiscal year, financing activities used net cash totaling ¥19.8 billion. Net repayments of bank loans and commercial paper totaled ¥1.5 billion, compared with ¥11.0 billion for the previous fiscal year. Proceeds from long-term debt totaled ¥217.6 billion, compared with ¥133.0 billion for the previous fiscal year. Repayments of long-term debt, consisting primarily of long-term bank loans, totaled ¥254.0 billion, compared with ¥119.3 billion for the previous fiscal year. Proceeds from issuance of bond totaling ¥50.0 billion represented four issues of notes due 2020, with respective interest rates of 1.50 percent, 1.19 percent, 1.06 percent and 1.32 percent, and one issue of notes due 2030 with an interest rate of 2.30 percent., while payments for redemption of bond totaled ¥10.0 billion. Net proceeds from long-term debt and bonds therefore totaled ¥3.6 billion on a cash basis, compared with ¥13.7 billion in the previous fiscal year. Mitsui Fudosan maintains a conservative level of operating leverage and largely drew on internal capital resources in investing for future growth during fiscal 2010. Cash dividends paid were essentially unchanged year on year.

(Millions of yen)

Years ended March 31	2011	2010
Proceeds from long-term debt	¥ 217,597	¥ 133,014
Repayments of long-term debt	(253,952)	(119,267)
Proceeds from issuance of bond	50,000	40,000
Payments for redemption of bond	(10,000)	(40,000)
Total	¥ 3,645	¥ 13,747

Outlook for Fiscal 2011
(Year Ending March 31, 2012)

As for the forecast for the next period, we believe that the business conditions which surround our company are at present unclear due to the following points originating in Great Eastern Japan Earthquake, and we shall calculate their impact on certain assumptions as a basis.

- The prospects of resolution of the accident at the nuclear power station in Fukushima
- The impact of the shortage of electric power supply in the Tokyo metropolitan area during this summer
- The state of recovery of supply chain
- The changes of the business activities and changes in the customers' minds regarding personal consumption originating in the above

As a result of the above, in the next period we forecast a ¥1,400.0 billion in revenue from operations at almost the same level as the current period, and forecast a ¥5.0 billion decrease in operating income to ¥115.0 billion. We also forecast a ¥4.2 billion decrease in ordinary income to ¥92.0 billion due to a decrease in operating income. Net income is likely to decrease by ¥2.9 billion to ¥47.0 billion as a result of posting of a ¥10.0 billion net extraordinary gains and losses.

As for the year ending March, 2012, we have omitted to list the forecast of performance results for the six months as we are presently carrying out management of business results on the annual basis.

Segment Forecasts

Leasing: While there is profit increase due to the contribution by such office buildings operating full year that was completed and started operation in the current term as Sumitomo Mitsui Banking Corporation Head Office Building and Muromachi East Mitsui Building, taking into consideration the impact of the decrease in revenue from the existing buildings and the impact of the earthquake to retail facilities, for the entire segment we expect an increase of revenue by ¥0.5 billion and we expect operating income to remain on the same level.

Property Sales: In "Property Sales to Individuals" category, we expect a decrease both in revenue and operating income since the number of houses posted will decline due to a delay in completion under the impact of the earthquake. In "Property Sales to Investors" category, on the other hand, we expect increased operating income. For the entire segment, a ¥35.2 billion decrease in revenue and ¥0.8 billion increased operating income are expected.

Management: Although there will be an increase of revenue due to an increase in the number of building entrusted for property management, there will also be a decrease in revenue from development management fee of Mitsui Fudosan etc., thus we expect a decrease in revenue by ¥1.9 billion and a decrease of operating income by ¥1.1 billion in the entire segment.

Other: Although there will be an increase of revenue by reporting revenue from the reform business reclassified from Mitsui Home segment accompanying the corporate reorganization in the group, etc., taking into consideration the impact of the earthquake to the hotel/resort business, we expect an increase of revenue by ¥10.5 billion and a decrease of operating income by ¥5.0 billion in the entire segment.

Mitsui Fudosan plans to pay total cash dividends of ¥22.00 per share, consisting of an ¥11.00 interim dividend and an ¥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, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 4)	¥ 56,676	¥ 62,740	$ 681,612
Marketable securities (Notes 4, 5)	—	244	—
Notes and accounts receivable — trade (Note 4)	24,042	24,478	289,140
Short-term loans receivable	11,511	9,321	138,437
Allowance for doubtful accounts	(1,245)	(1,303)	(14,973)
Inventories (Note 8)	651,178	684,753	7,831,365
Advances paid for purchases (Note 9)	3,452	14,449	41,515
Equity investments in properties for sale (Notes 4, 5, 24)	65,739	73,412	790,607
Deferred income taxes (Note 11)	46,946	43,771	564,594
Other current assets	70,867	75,708	852,279
Total current assets	929,166	987,573	11,174,576
INVESTMENTS and OTHER ASSETS			
Investments in unconsolidated subsidiaries and affiliated companies	113,832	115,430	1,368,996
Investment securities (Notes 4, 5, 24)	263,688	277,315	3,171,233
Non-current loans and accounts receivable	45,533	42,747	547,601
Allowance for doubtful accounts	(6,917)	(7,138)	(83,187)
Lease deposits (Notes 4, 10)	171,556	175,775	2,063,211
Deferred income taxes (Note 11)	10,104	11,494	121,515
Deferred tax assets on land revaluation	1,451	1,406	17,450
Other	13,564	13,566	163,127
Total investments and other assets	612,811	630,595	7,369,946
PROPERTY and EQUIPMENT, at cost:			
Land (Notes 7, 13)	1,605,148	1,484,260	19,304,245
Buildings and structures (Notes 7, 13)	1,045,763	1,001,729	12,576,825
Machinery and equipment	104,936	99,963	1,262,008
Construction in progress	34,611	33,845	416,249
	2,790,458	2,619,797	33,559,327
Accumulated depreciation	(551,735)	(527,541)	(6,635,418)
Net property and equipment	2,238,723	2,092,256	26,923,909
	¥3,780,700	¥3,710,424	$45,468,431

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Bank loans (Notes 4, 13)	¥ 36,322	¥ 38,852	$ 436,825
Commercial paper (Notes 4, 13)	24,000	24,000	288,635
Long-term debt due within one year (Notes 4, 13)	236,390	250,551	2,842,934
Notes and accounts payable — trade (Note 4)	87,138	76,750	1,047,962
Accrued expenses	21,557	21,809	259,254
Income taxes payable	24,250	6,807	291,642
Advances and deposits received	133,630	131,425	1,607,096
Deferred income taxes (Note 11)	486	456	5,845
Other current liabilities (Note 14)	92,048	42,706	1,107,011
Total current liabilities	655,821	593,356	7,887,204
LONG-TERM LIABILITIES			
Allowance for employees' retirement benefits (Note 12)	31,494	31,529	378,761
Allowance for directors' and corporate auditors' retirement benefits	1,186	1,087	14,263
Long-term debt due after one year (Notes 4, 13)	1,443,336	1,433,316	17,358,220
Deposits from tenants (Notes 4, 15)	354,858	366,770	4,267,685
Deferred income taxes (Note 11)	20,048	26,375	241,106
Deferred tax liabilities on land revaluation	192,374	192,238	2,313,578
Other long-term liabilities (Note 14)	39,197	36,527	471,402
Total long-term liabilities	2,082,493	2,087,842	25,045,015
CONTINGENT LIABILITIES (Note 26)			
NET ASSETS (Notes 16, 17)			
Shareholders' equity			
Common stock	174,296	174,296	2,096,164
Authorized — 3,290,000,000 shares			
Issued — 881,424,727 shares in 2011 and 2010			
Capital surplus	248,310	248,320	2,986,290
Retained earnings	332,336	301,654	3,996,825
Treasury stock — 3,087,750 shares in 2011 and 2,946,614 shares in 2010	(5,397)	(5,190)	(64,907)
Total shareholders' equity	749,545	719,080	9,014,372
Accumulated other comprehensive income (loss)			
Net unrealized holding gains on securities	41,995	51,914	505,051
Net unrealized losses on hedging derivatives	(371)	(588)	(4,462)
Reserve on land revaluation	271,242	271,337	3,262,081
Foreign currency translation adjustments	(42,470)	(33,932)	(510,764)
Total accumulated other comprehensive income	270,396	288,731	3,251,906
Subscription rights to shares (Note 18)	521	378	6,266
Minority interests	21,924	21,037	263,668
Total net assets	1,042,386	1,029,226	12,536,212
	¥3,780,700	¥3,710,424	$45,468,431

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2011	2010	2009	**2011**
REVENUES				
Revenue from operations (Note 25)	**¥1,405,270**	¥1,384,807	¥1,418,946	**$16,900,421**
Interest, dividends and miscellaneous (Note 20)	**27,044**	31,152	9,389	**325,243**
	1,432,314	1,415,959	1,428,335	**17,225,664**
COSTS AND EXPENSES				
Cost of revenue from operations	**1,138,048**	1,120,091	1,098,425	**13,686,687**
Selling, general and administrative expenses	**147,129**	144,130	148,973	**1,769,441**
Interest	**27,456**	29,544	29,768	**330,198**
Other (Notes 19, 21)	**36,681**	26,530	41,168	**441,142**
	1,349,314	1,320,295	1,318,334	**16,227,468**
EQUITY IN NET INCOME OF AFFILIATED COMPANIES	**689**	2,027	5,980	**8,286**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**83,689**	97,691	115,981	**1,006,482**
INCOME TAXES (Note 11)				
Current	**34,046**	28,014	24,785	**409,453**
Deferred	**(1,067)**	8,561	6,059	**(12,833)**
Total	**32,979**	36,575	30,844	**396,620**
NET INCOME BEFORE MINORITY INTERESTS	**50,710**	61,116	85,137	**609,862**
MINORITY INTERESTS	**(801)**	(1,032)	(1,565)	**(9,633)**
NET INCOME	**¥ 49,909**	¥ 60,084	¥ 83,572	**$ 600,229**

Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the year ended March 31, 2011

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2011	2011
Net income before minority interests	**¥ 50,710**	**$ 609,862**
Other comprehensive income (loss):		
Net unrealized holding losses on securities	**(9,832)**	**(118,244)**
Net unrealized gains on hedging derivatives	**189**	**2,273**
Foreign currency translation adjustments	**(7,223)**	**(86,867)**
Reserve on land revaluation	**43**	**517**
Equity in other comprehensive loss of affiliated companies	**(1,315)**	**(15,815)**
Total other comprehensive loss	**(18,138)**	**(218,136)**
Total comprehensive income	**¥ 32,572**	**$ 391,726**
Comprehensive income attributable to:		
Shareholders of the Company	**¥ 31,693**	**$ 381,155**
Minority interests	**879**	**10,571**
Total	**¥ 32,572**	**$ 391,726**

See Note 22.

PER SHARE INFORMATION	Yen			U.S. dollars (Note 1)
	2011	2010	2009	**2011**
Net assets per share*	**¥ 1,161.2**	¥ 1,147.2	¥ 1,113.9	**$ 13.965**
Net income per share				
— Basic	**56.8**	68.4	95.1	**0.683**
— Diluted	**56.8**	68.4	95.1	**0.683**
Cash dividends	**22.0**	22.0	22.0	**0.265**

* 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, 2011, 2010 and 2009

		Millions of yen										
		Shareholders' equity				Accumulated other comprehensive income (loss)						
	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, 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 losses on securities	—	—	—	—	—	(30,783)	—	—	—	—	—	(30,783)
Net unrealized losses on hedging derivatives	—	—	—	—	—	—	(353)	—	—	—	—	(353)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	(19,761)	—	—	(19,761)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	134	—	134
Minority interests	—	—	—	—	—	—	—	—	—	—	366	366
Other	—	—	—	(1)	—	—	—	—	—	—	—	(1)
BALANCE AT MARCH 31, 2009	881,425	174,296	248,332	332,334	(5,003)	1,793	(459)	263,063	(35,689)	220	20,973	999,860
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 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
Decrease in number of affiliated companies	—	—	—	(20)	—	—	—	—	—	—	—	(20)
Cash dividends paid	—	—	—	(19,327)	—	—	—	—	—	—	—	(19,327)
Net income	—	—	—	49,909	—	—	—	—	—	—	—	49,909
Reversal of reserve on land revaluation, net of tax	—	—	—	120	—	—	—	(95)	—	—	—	25
Purchase of treasury stock	—	—	—	—	(268)	—	—	—	—	—	—	(268)
Sales of treasury stock	—	—	(10)	—	61	—	—	—	—	—	—	51
Net unrealized holding losses on securities	—	—	—	—	—	(9,919)	—	—	—	—	—	(9,919)
Net unrealized gains on hedging derivatives	—	—	—	—	—	—	217	—	—	—	—	217
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	(8,538)	—	—	(8,538)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	143	—	143
Minority interests	—	—	—	—	—	—	—	—	—	—	887	887
BALANCE AT MARCH 31, 2011	881,425	¥174,296	¥248,310	¥332,336	¥(5,397)	¥ 41,995	¥(371)	¥271,242	¥(42,470)	¥521	¥21,924	¥1,042,386

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Reserve on land revaluation	Foreign currency translation adjustments	Subscription rights to shares	Minority interests	Total net assets
BALANCE AT MARCH 31, 2010	$2,096,164	$2,986,410	$3,627,829	$(62,417)	$ 624,342	$(7,072)	$3,263,223	$(408,082)	$4,546	$253,001	$12,377,944
Decrease in number of affiliated companies	—	—	(241)	—	—	—	—	—	—	—	(241)
Cash dividends paid	—	—	(232,435)	—	—	—	—	—	—	—	(232,435)
Net income	—	—	600,229	—	—	—	—	—	—	—	600,229
Reversal of reserve on land revaluation, net of tax	—	—	1,443	—	—	—	(1,142)	—	—	—	301
Purchase of treasury stock	—	—	—	(3,223)	—	—	—	—	—	—	(3,223)
Sales of treasury stock	—	(120)	—	733	—	—	—	—	—	—	613
Net unrealized holding losses on securities	—	—	—	—	(119,291)	—	—	—	—	—	(119,291)
Net unrealized gains on hedging derivatives	—	—	—	—	—	2,610	—	—	—	—	2,610
Foreign currency translation adjustments	—	—	—	—	—	—	—	(102,682)	—	—	(102,682)
Subscription rights to shares	—	—	—	—	—	—	—	—	1,720	—	1,720
Minority interests	—	—	—	—	—	—	—	—	—	10,667	10,667
BALANCE AT MARCH 31, 2011	$2,096,164	$2,986,290	$3,996,825	$(64,907)	$ 505,051	$(4,462)	$3,262,081	$(510,764)	$6,266	$263,668	$12,536,212

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2011	2010	2009	2011
Cash flows from operating activities:				
Income before income taxes	¥ 83,689	¥ 97,691	¥ 115,981	$ 1,006,482
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortization	52,955	50,287	48,891	636,861
Equity in net income of affiliated companies	(689)	(2,027)	(4,510)	(8,286)
Loss on impairment of fixed assets	4,115	18,938	—	49,489
Cumulative effect of initial application of new accounting standards for asset retirement obligations	1,425	—	—	17,138
Loss on disposal of property and equipment	8,374	—	3,595	100,710
Loss on devaluation of real property for sale	—	19,797	15,896	—
Interest and dividend income	(3,410)	(2,755)	(3,044)	(41,010)
Interest expense	27,456	29,544	29,768	330,198
Gain on sales of marketable securities, net	(20,965)	(25,713)	—	(252,135)
Impairment loss on investment securities	6,212	—	17,559	74,708
Decrease in accounts receivable	299	6,840	2,534	3,596
Decrease (increase) in real property for sale and advances paid for purchases	46,320	(50,241)	(125,796)	557,066
Decrease (increase) in equity investments in properties for sale	(4,921)	(2,876)	509	(59,182)
Increase (decrease) in accounts payable	(2,647)	(2,942)	345	(31,834)
Increase in allowance for casualty loss	3,571	—	—	42,946
Interests and dividends received	5,334	4,810	4,902	64,149
Interests paid	(27,775)	(29,640)	(28,732)	(334,035)
Income taxes paid	(14,740)	(21,821)	(62,664)	(177,270)
Other, net	20,452	(5,503)	(56,231)	245,965
Net cash provided by (used in) operating activities	185,055	84,389	(40,997)	2,225,556
Cash flows from investing activities:				
Purchases of property and equipment	(178,966)	(70,658)	(152,972)	(2,152,327)
Proceeds from sale of property and equipment	3,364	595	2,887	40,457
Increase in deposits from tenants	52,669	50,164	55,020	633,422
Decrease in deposits from tenants	(64,805)	(53,797)	(43,198)	(779,375)
Increase in lease deposits	(8,395)	(12,261)	(11,126)	(100,962)
Decrease in lease deposits	11,557	15,339	27,760	138,990
Purchases of marketable and investment securities	(11,950)	(13,896)	(36,987)	(143,716)
Proceeds from sale of marketable and investment securities	21,624	26,134	5,327	260,060
Increase in non-current loans and accounts receivable	(12,055)	(11,266)	(11,514)	(144,979)
Decrease in non-current loans and accounts receivable	12,106	10,908	13,788	145,592
Other, net	4,298	(6,096)	9,381	51,689
Net cash used in investing activities	(170,553)	(64,834)	(141,634)	(2,051,149)
Cash flows from financing activities:				
Proceeds from long-term debt	217,597	133,014	389,452	2,616,921
Repayments of long-term debt	(253,952)	(119,267)	(119,354)	(3,054,143)
Proceeds from bank loans and commercial paper	1,524,501	1,264,417	1,625,544	18,334,348
Repayments of bank loans and commercial paper	(1,526,031)	(1,275,426)	(1,670,745)	(18,352,748)
Proceeds from issuance of bond	50,000	40,000	10,000	601,323
Payments for redemption of bond	(10,000)	(40,000)	(30,000)	(120,265)
Cash dividends paid	(19,313)	(19,317)	(19,324)	(232,267)
Payments of dividends to minority shareholders	(803)	(1,007)	(958)	(9,657)
Repayments of lease obligations	(2,175)	(1,977)	(1,767)	(26,158)
Net increase in treasury stocks	(224)	(199)	(632)	(2,694)
Net cash (used in) provided by financing activities	(20,400)	(19,762)	182,216	(245,340)
Effect of exchange rate changes on cash and cash equivalents	(166)	55	(189)	(1,995)
Net decrease in cash and cash equivalents	(6,064)	(152)	(604)	(72,928)
Cash and cash equivalents at beginning of year	62,740	62,892	63,496	754,540
Cash and cash equivalents at end of year	¥ 56,676	¥ 62,740	¥ 62,892	$ 681,612

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, 2011, which was ¥83.15 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.

Commencing from the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16; March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24; March 10, 2008). Those standards require unification of accounting policies applied to affiliated companies accounted for under the equity method. There is no impact on the consolidated financial statements as of and for the year ended March 31, 2011 as a result of adopting those standards.

(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 accumulated other comprehensive income 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 fair values are stated at fair value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income under net assets section. Realized gains and losses on sale of such securities are computed using moving-average cost.

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

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

If the net realizable value of the securities without fair 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 consolidated 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 and ¥15,896 million for the years ended March 31, 2010 and 2009 which was charged to cost of revenue from operations. Loss on devaluation of real property for sale was not significant for the year ended March 31, 2011.

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 a 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 were 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 consolidated 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 accumulated other comprehensive income under the 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 the 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 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 CASUALTY LOSSES

The Company and its consolidated subsidiaries have estimated restoration expenses to recover tangible fixed assets and inventories damaged due to the Great East Japan Earthquake and provided allowance for casualty losses as a component of other current liabilities on the consolidated balance sheets at March 31, 2011, which amounts to ¥3,571 million ($42,946 thousand).

(N) 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 (Part 3)" (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 that arose in the current year are to be amortized starting in the next fiscal year.

(O) 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.

(P) ACCOUNTING FOR LEASE TRANSACTIONS

Effective from the year ended March 31, 2009, the Company and its consolidated 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).

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 the straight-line method, over the 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.

(Q) INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of 30%, an inhabitants 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, 2011, 2010 and 2009.

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.

(R) 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 swaps. 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.

(S) 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".

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

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

(U) DIRECTORS' BONUS

The Company and its consolidated 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.

(V) SHARE-BASED PAYMENTS

The Company and its consolidated subsidiaries have followed 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.

(W) COMPREHENSIVE INCOME

Commencing the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25; June 30, 2010). Amounts of "accumulated other comprehensive income (loss)" and "total accumulated other comprehensive income" for the prior year represent those of "valuation and translation adjustments" and "total valuation and translation adjustments", respectively. Refer to Note 22 for the prior-year information.

(X) ASSET RETIREMENT OBLIGATIONS

Commencing the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18; March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (Guidance No. 21; March 31, 2008). According to the standards, obligations associated with the retirement of tangible fixed assets are recorded as liabilities when those obligations are incurred, with the amount of the liability initially measured by discounting the future cash flows. The associated asset retirement costs are capitalized as part of the carrying amount of the fixed asset and allocated as period expenses.

As a result of adopting the standards, income before income taxes and minority interests decreased by ¥1,944 million ($23,379 thousand) of which ¥1,425 million ($17,138 thousand) represents the cumulative effect of initially applying the standards.

(Y) 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.

(Z) RECLASSIFICATIONS

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

3 BUSINESS REORGANIZATIONS

The Company and its consolidated 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, 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.

2. Business reorganizations for the years ended March 31, 2011 and 2010

There were no significant business reorganizations for the years ended March 31, 2011 and 2010.

4 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 20 years from the balance sheet date, are mainly used for capital expenditures. Debt with floating interest rates is 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 swaps. Refer to Note 2 (R) 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, 2011 and 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		
	2011			2010			2011		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets									
Cash and bank deposits *1	¥ 57,223	¥ 57,223	¥ —	¥ 63,292	¥ 63,292	¥ —	$ 688,190	$ 688,190	$ —
Notes and accounts receivable–trade	24,042	24,042	—	24,478	24,478	—	289,140	289,140	—
Marketable and investment securities	167,794	167,807	13	183,344	183,338	(6)	2,017,968	2,018,124	156
Liabilities									
Notes and accounts payable–trade	87,138	87,138	—	76,750	76,750	—	1,047,962	1,047,962	—
Bank loans and long-term debt due within one year	272,712	273,697	985	289,403	290,591	1,188	3,279,759	3,291,605	11,846
Commercial paper	24,000	24,000	—	24,000	24,000	—	288,635	288,635	—
Long-term debt due after one year	1,443,336	1,478,892	35,556	1,433,316	1,465,025	31,709	17,358,220	17,785,833	427,613
Derivative instruments *2	4,984	4,984	—	2,859	2,859	—	59,940	59,940	—

*1. Carrying amount of cash and bank deposits consists of ¥56,676 million ($681,612 thousand) and ¥62,740 million of cash and cash equivalents and ¥547 million ($6,578 thousand) and ¥552 million of bank deposits with maturities exceeding 3 months, which are included in other current assets in the accompanying consolidated balance sheets as of March 31, 2011 and 2010, respectively.

*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 is based on quoted market prices. Refer to Note 5 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 amounts based on quoted market prices and amounts 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

For 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 the difficulty in estimating future cash flows. Thus, information on those instruments is not presented in the above table.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Assets:			
Equity investments in properties for sale	**¥ 65,739**	¥ 73,412	**$ 790,607**
Other securities			
Unlisted stocks (excluding OTC securities)	**16,534**	16,413	**198,845**
Other (TK investments, preferred securities and others)	**76,267**	75,757	**917,222**
Lease deposits *	**171,556**	175,775	**2,063,211**
Liabilities:			
Deposits from tenants *	**354,858**	366,770	**4,267,685**

* 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, 2011 and 2010 is as follows.

Refer to Note 13 for redemption schedule for long-term debt.

	Millions of yen			
	2011			
	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 *	**¥57,223**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable–trade	**24,042**	**—**	**—**	**—**
Other securities				
National and local government bonds, etc.	**—**	**589**	**908**	**—**
Total	**¥81,265**	**¥589**	**¥908**	**¥ 0**

	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			
	2011			
	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 *	$688,190	$ —	$ —	$—
Notes and accounts receivable–trade	289,140	—	—	—
Other securities				
National and local government bonds, etc.	—	7,084	10,920	—
Total	$977,330	$7,084	$10,920	$—

* Carrying amount of cash and bank deposits consists of ¥56,676 million ($681,612 thousand) and ¥62,740 million of cash and cash equivalents and ¥547 million ($6,578 thousand) and ¥552 million of bank deposits with maturities exceeding 3 months, which are included in other current assets in the accompanying consolidated balance sheets as of March 31, 2011 and 2010, respectively.

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

(1) The following tables summarize historical cost, book value and fair value of securities as of March 31, 2011 and 2010:

(a) Held-to-maturity securities:

	Millions of yen						Thousands of U.S. dollars		
	2011			2010			2011		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities whose fair value exceeds book value									
National and local government bonds, etc.	¥ 991	¥1,007	¥16	¥ 322	¥ 324	¥ 2	$11,918	$12,111	$193
Securities whose fair value does not exceed book value									
National and local government bonds, etc.	506	503	(3)	762	754	(8)	6,086	6,049	(37)
Total	¥1,497	¥1,510	¥13	¥1,084	¥1,078	¥(6)	$18,004	$18,160	$156

(b) Other securities:

	Millions of yen						Thousands of U.S. dollars		
	2011			2010			2011		
	Book value (Fair value)	Historical cost	Difference	Book value (Fair value)	Historical cost	Difference	Book value (Fair value)	Historical cost	Difference
Securities whose book value (fair value) exceeds historical cost									
Stocks	¥107,875	¥38,524	¥69,351	¥131,611	¥45,170	¥86,441	$1,297,354	$ 463,307	$834,047
Other	31,744	25,217	6,527	25,623	21,033	4,590	381,768	303,271	78,497
Subtotal	139,619	63,741	75,878	157,234	66,203	91,031	1,679,122	766,578	912,544
Securities whose book value (fair value) does not exceed historical cost									
Stocks	26,678	31,641	(4,963)	21,964	25,274	(3,310)	320,842	380,530	(59,688)
Other	—	—	—	3,062	3,300	(238)	—	—	—
Subtotal	26,678	31,641	(4,963)	25,026	28,574	(3,548)	320,842	380,530	(59,688)
Total	¥166,297	¥95,382	¥70,915	¥182,260	¥94,777	¥87,483	$1,999,964	$1,147,108	$852,856

(2) The following table summarizes other securities sold in the years ended March 31, 2011 and 2010:

	Millions of yen						Thousands of U.S. dollars		
	2011			2010			2011		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	¥21,374	¥20,965	¥(1)	¥26,028	¥25,713	¥(88)	$257,054	$252,135	$(12)
Total	¥21,374	¥20,965	¥(1)	¥26,028	¥25,713	¥(88)	$257,054	$252,135	$(12)

(3) The following table summarizes other securities sold in the year ended March 31, 2009:

Millions of yen		
2009		
Sales amount	Gains	Losses
¥5,311	¥1,328	¥(684)

(4) The Company and its consolidated subsidiaries recognized ¥6,212 million ($74,708 thousand) of impairment loss on investment securities for the year ended March 31, 2011.

(5) 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, investment securities increased by ¥5,580 million, and net unrealized holding gains on securities increased by ¥40,646 million during the year ended March 31, 2010.

6 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2011 and 2010:

		Millions of yen		
		2011		
		Nominal amount		
	Hedged items	Total	Due after 1 year	Fair value
Interest rate swap *1				
Pay: fixed rate				
Receive: floating rate	Long-term debt	¥670,500	¥537,500	*1
Foreign currency swap *2	Long-term debt	30,000	30,000	¥4,978
Foreign exchange forward *3	Forecasted transactions denominated in foreign currencies	1,085	—	6
Total		¥701,585	¥567,500	¥4,984

		Millions of yen		
		2010		
		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		
		2011		
		Nominal amount		
	Hedged items	Total	Due after 1 year	Fair value
Interest rate swap *1				
Pay: fixed rate				
Receive: floating rate	Long-term debt	$8,063,740	$6,464,221	*1
Foreign currency swap *2	Long-term debt	360,794	360,794	$59,868
Foreign exchange forward *3	Future transactions denominated in foreign currencies	13,049	—	72
Total		$8,437,583	$6,825,015	$59,940

*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. Future transactions denominated in foreign currencies will be recorded using the contracted forward rate, and no gains and losses on the foreign exchange forward contract are recognized.

*4. 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 loss on disposal of property and equipment regarding those investment and leasing properties are ¥76,486 million ($919,856 thousand) and ¥10,931 million ($131,461 thousand) for the year ended March 31, 2011. Net rent income and impairment loss regarding those investment and leasing properties were ¥79,447 million and ¥12,970 million for the year ended March 31, 2010. Gross rent revenue is included in revenue from operations and gross cost for rent is included in cost of revenue from operations. Impairment loss and loss on disposal of property and equipment are included in other costs and expenses (see Note 21).

The carrying amounts, net changes in the carrying amounts and the fair value of the investment and leasing properties as of and for the years ended March 31, 2011 and 2010 are stated below:

Millions of yen			
2011			
Carrying amount			Fair value
Beginning of year	Net increase during the year	End of year	End of year
¥1,845,886	¥140,980	¥1,986,866	¥2,827,636

Millions of yen			
2010			
Carrying amount			Fair value
Beginning of year	Net increase during the year	End of year	End of year
¥1,785,512	¥60,374	¥1,845,886	¥2,599,878

Thousands of U.S. dollars			
2011			
Carrying amount			Fair value
Beginning of year	Net increase during the year	End of year	End of year
$22,199,471	$1,695,490	$23,894,961	$34,006,446

Carrying amount represents acquisition cost less accumulated depreciation and accumulated loss on impairment.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amount to ¥201,515 million ($2,423,512 thousand) and ¥39,581 million, for the years ended March 31, 2011 and 2010, respectively.

Estimated fair value was calculated internally based on Japanese Real Estate Appraisal Standards.

8 INVENTORIES

Inventories at March 31, 2011 and 2010 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Real property for sale			
Completed	¥249,236	¥328,844	$2,997,426
In progress	207,221	164,511	2,492,135
Land held for development	174,570	174,732	2,099,459
Expenditure on contracts in progress	11,228	8,336	135,033
Other	8,923	8,330	107,312
Total	¥651,178	¥684,753	$7,831,365

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 15).

11 INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Allowance for loss on devaluation of real property held for sale	¥ 16,128	¥ 21,777	$ 193,963
Unrealized inter-company transactions	5,796	5,539	69,705
Allowance for loss on valuation of securities	9,178	7,811	110,379
Net operating loss carryforwards	2,597	5,570	31,233
Excess allowance for retirement benefits	13,372	12,947	160,818
Accrued employees' bonuses	6,238	6,265	75,021
Unrealized loss on valuation of other securities	2,021	1,404	24,305
Excess depreciation expense	3,700	3,447	44,498
Loss on impairment of fixed assets	30,241	31,590	363,692
Unrealized loss on valuation of lease deposits	4,747	4,580	57,090
Loss on disposal of property and equipment	3,245	—	39,026
Accrued enterprise tax	2,619	—	31,497
Other	24,654	20,827	296,500
Total	¥124,536	¥121,757	$ 1,497,727
Deferred tax liabilities:			
Deferred gain on sale of land and buildings for tax purposes	¥ (24,532)	¥ (24,691)	$ (295,033)
Unrealized loss on valuation of shares held in consolidated subsidiaries	(3,921)	(3,921)	(47,156)
Unrealized inter-company transactions	(449)	(430)	(5,400)
Unrealized gain on valuation of securities	(30,847)	(37,004)	(370,980)
Consolidation difference in real property	(424)	(541)	(5,099)
Unrealized gain on valuation of lease deposits	(4,625)	(4,447)	(55,622)
Unrealized gain on contribution of securities to retirement benefit trust	(1,656)	(1,656)	(19,916)
Other	(21,566)	(20,633)	(259,363)
Total	¥ (88,020)	¥ (93,323)	$(1,058,569)
Net deferred tax assets	¥ 36,516	¥ 28,434	$ 439,158

Amounts of total deferred tax assets as of March 31, 2011 and 2010 are presented net of valuation allowances of ¥16,345 million ($196,572 thousand) and ¥16,685 million, respectively.

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

	2010	2009
Statutory tax rate	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
Equity in net income of affiliated companies	(0.84)	(2.11)
Permanent differences:		
Entertainment expenses and other	0.89	1.09
Dividend income and other		—
Other	1.31	1.27
Effective tax rate	37.44%	26.59%

Information as of March 31, 2011 has not been disclosed as the differences are insignificant.

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. 9 consolidated subsidiaries have adopted tax qualified pension plans. 65 consolidated subsidiaries have adopted lump-sum pension plans. One consolidated subsidiary has adopted employees' pension funds. 9 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
	2011	2010	**2011**
1. Projected benefit obligation	**¥(110,097)**	¥(104,230)	**$(1,324,077)**
2. Fair value of plan assets	**63,923**	59,207	**768,767**
3. Unaccrued projected benefit obligation (1+2)	**¥ (46,174)**	¥ (45,023)	**$ (555,310)**
4. Unrecognized actuarial differences	**14,442**	13,907	**173,686**
5. Unrecognized prior service costs	**333**	281	**4,005**
6. Prepaid pension expenses	**95**	694	**1,142**
7. Allowance for employees' retirement benefits (3+4+5–6)	**¥ (31,494)**	¥ (31,529)	**$ (378,761)**

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
	2011	2010	2009	**2011**
1. Service costs–benefits earned during the year	**¥ 5,053**	¥ 4,929	¥ 5,066	**$ 60,770**
2. Interest costs on projected benefit obligation	**2,453**	2,376	2,265	**29,501**
3. Expected return on plan assets	**(1,388)**	(1,119)	(1,228)	**(16,693)**
4. Amortization of actuarial differences	**3,334**	3,890	2,878	**40,096**
5. Amortization of prior service costs	**(17)**	(5)	212	**(204)**
6. Supplemental benefits	**107**	3	180	**1,287**
7. Retirement benefit expenses (1+2+3+4+5+6)	**¥ 9,542**	¥10,074	¥ 9,373	**$114,757**

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:

	2011		2010		2009	
1. Allocation method for the projected retirement benefits	**Straight-line method**		Straight-line method		Straight-line method	
2. Discount rates	**1.2-2.5%**		1.2 - 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, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Bank loans, with the weighted average interest rates of 0.46% in 2011 and 0.58% in 2010	¥36,322	¥38,852	$436,825
Commercial paper, with the weighted average interest rates of 0.15% in 2011 and 0.13% in 2010	24,000	24,000	288,635

(2) Long-term debt

Long-term debt at March 31, 2011 and 2010 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Long-term loans, principally from banks and insurance companies:			
Loans secured by collateral or bank guarantees	¥ 9,772	¥ 21,089	$ 117,523
Unsecured loans	1,384,954	1,417,778	16,656,091
Total long-term loans, principally from banks and insurance companies	1,394,726	1,438,867	16,773,614
Bonds and debentures			
Domestic:			
3.00% yen notes due 2013	10,000	10,000	120,265
2.25% yen notes due 2012	5,000	5,000	60,130
2.04% yen notes due 2010	—	10,000	—
1.04% yen notes due 2013	10,000	10,000	120,265
1.81% yen notes due 2014	10,000	10,000	120,265
1.64% yen notes due 2014	10,000	10,000	120,265
1.65% yen notes due 2015	10,000	10,000	120,265
1.81% yen notes due 2016	20,000	20,000	240,528
1.99% yen notes due 2016	10,000	10,000	120,265
1.91% yen notes due 2016	20,000	20,000	240,528
1.54% yen notes due 2014	20,000	20,000	240,528
1.84% yen notes due 2017	10,000	10,000	120,265
2.06% yen notes due 2017	20,000	20,000	240,528
1.65% yen notes due 2014	10,000	10,000	120,265
1.97% yen notes due 2017	20,000	20,000	240,528
1.92% yen notes due 2018	10,000	10,000	120,265
2.09% yen notes due 2019	10,000	10,000	120,265
1.72% yen notes due 2019	10,000	10,000	120,265
1.63% yen notes due 2019	10,000	10,000	120,265
1.49% yen notes due 2019	10,000	10,000	120,265
1.50% yen notes due 2020	10,000	—	120,265
1.19% yen notes due 2020	10,000	—	120,265
1.06% yen notes due 2020	10,000	—	120,265
1.32% yen notes due 2020	10,000	—	120,265
2.30% yen notes due 2030	10,000	—	120,265
Total bonds and debentures	285,000	245,000	3,427,540
Less amount due within one year	236,390	250,551	2,842,934
Long-term debt due after one year	¥1,443,336	¥1,433,316	$17,358,220

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year, with the weighted average interest rates of 1.23% in 2011 and 1.63% in 2010	¥ 236,390	¥ 240,551	$ 2,842,934
Due after one year, with the weighted average interest rates of 1.61% in 2011 and 1.63% in 2010	1,158,336	1,198,316	13,930,680
Total	¥1,394,726	¥1,438,867	$16,773,614

The following assets are pledged as collateral for secured loans:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Collateralized assets			
Land	¥15,927	¥16,931	$191,546
Buildings and structures and others	23,215	25,949	279,194
Total	¥39,142	¥42,880	$470,740

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, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within 1 year	¥ 236,390	¥ 250,551	$ 2,842,934
Due after 1 to 2 years	231,433	236,400	2,783,319
Due after 2 to 3 years	211,072	238,681	2,538,449
Due after 3 to 4 years	193,349	202,080	2,325,304
Due after 4 to 5 years	181,753	159,862	2,185,845
Thereafter	625,729	596,293	7,525,303
Total	¥1,679,726	¥1,683,867	$20,201,154

14 ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2011

The Company and its consolidated subsidiaries, in connection with operating commercial facilities and parking business (Mitsui Repark), have entered into real estate lease contracts with terms ranging from several months to 20 years. Asset retirement obligations have been recognized in respect of the obligation of the Company and its consolidated subsidiaries to the landlords to remove the facilities from leased real estate at the end of those contracts. The liability has been calculated with expected useful lives ranging from several months to 20 years and discount rates ranging from 0 to 2.5%.

Asset retirement obligations are included in other current liabilities and other long-term liabilities on the consolidated balance sheets.

The following table summarizes the changes in the aggregate carrying amount of asset retirement obligations for the year ended March 31, 2011:

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Beginning of year *1	¥ 2,418	$ 29,080
Net increase due to revisions to original estimate *2	1,561	18,773
Decrease due to settlement	(1,598)	(19,218)
Other	230	2,766
End of year	¥ 2,611	$ 31,401

Notes: 1. Balance at beginning of the year under initial application of new accounting standards. Refer to Note 2 (X).
2. Increased mainly due to additions of asbestos removal costs that have become reasonably measurable.

(2) Asset retirement obligations not recognized in the consolidated balance sheets as of March 31, 2011

The Company and its consolidated subsidiaries own properties containing asbestos material and are obligated to remove those materials upon disposition of the properties. However, since sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the method and timing of settlement, asset retirement obligation is not recognized for the obligations to remove asbestos materials.

The Company and its consolidated subsidiaries, in connection with some commercial facilities, hotels and retail premises, have entered into real estate lease contracts and are obligated to the landlords to dismantle the facilities upon exit. However, sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the timing of settlement or lack of plan to settle. Thus asset retirement obligation regarding reestablishing the status quo is not recognized except for those mentioned in *1 above.

15 DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2011 and 2010 comprise the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Non-interest-bearing	¥345,467	¥358,974	$4,154,745
Interest-bearing	9,391	7,796	112,940
Total	¥354,858	¥366,770	$4,267,685
Average interest rate	1.30%	1.47%	

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 interest over certain periods of time commencing after the grace periods, depending on the terms of the contracts.

16 NET ASSETS

Net assets comprises four subsections, which are shareholders' equity, accumulated other comprehensive income, 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 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.

17 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, 2011, 2010 and 2009 are as follows:

	(Thousands)	
	Issued	Treasury stock
	Common stock	Common stock
Numbers of shares as of March 31, 2008	881,425	2,493
Numbers of shares increased *1	—	429
Numbers of shares decreased *2	—	(102)
Numbers of shares as of March 31, 2009	881,425	2,820
Numbers of shares increased *3	—	176
Numbers of shares decreased *2	—	(49)
Numbers of shares as of March 31, 2010	881,425	2,947
Numbers of shares increased *3	—	175
Numbers of shares decreased *4	—	(34)
Numbers of shares as of March 31, 2011	881,425	3,088

*1. 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 an affiliated company.
*2. Treasury stock decreased due to sale of odd shares.
*3. Treasury stock increased due to purchase of odd shares.
*4. Treasury stock decreased due to sale of 31 thousand odd shares and exercise of 3 thousand shares of subscription rights.

(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, 2009	¥220	—	¥220			
Balance as of March 31, 2010	¥378	—	¥378			
Balance as of March 31, 2011	¥520	—	¥520	$6,254	—	$6,254

Number of shares regarding stock options as of March 31, 2011, 2010 and 2009 and number 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 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 ($116,224 thousand)	¥9,665 million	¥9,668 million
Per share amount	¥11 ($0.132)	¥11	¥11
Record date	March 31, 2010	March 31, 2009	March 31, 2008
Effective date	June 30, 2010	June 29, 2009	June 30, 2008

The following resolution was approved by the Board of Directors' meeting held on October 29, 2010, October 29, 2009 and October 30, 2008:

Date of board of directors' meeting	October 29, 2010	October 29, 2009	October 30, 2008
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,663 million ($116,211 thousand)	¥9,664 million	¥9,667 million
Per share amount	¥11 ($0.132)	¥11	¥11
Record date	September 30, 2010	September 30, 2009	September 30, 2008
Effective date	December 2, 2010	December 2, 2009	December 2, 2008

(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, 2011, June 29 2010 and June 26, 2009:

Date of shareholders' meeting	June 29, 2011	June 29, 2010	June 26, 2009
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,662 million ($116,200 thousand)	¥9,664 million	¥9,665 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥11 ($0.132)	¥11	¥11
Record date	March 31, 2011	March 31, 2010	March 31, 2009
Effective date	June 30, 2011	June 30, 2010	June 29, 2009

18 STOCK OPTION PLANS

The following table summarizes the stock option plans introduced by the Company.

Stock option expenses charged to income for the years ended March 31, 2011, 2010 and 2009 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	**2011**
Cost of revenue from operations	**¥ 34**	¥ 34	¥ 43	**$ 409**
Selling, general and administrative expenses	**115**	124	91	1,383
Total	**¥149**	¥158	¥134	**$1,792**

The following table summarizes the contents and activity of stock options as of March 31, 2011 and for the year then ended:

	2010 plan	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; 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	140,420 shares of common stock	109,650 shares of common stock	71,250 shares of common stock	48,880 shares of common stock
Grant date	August 13, 2010	August 14, 2009	August 15, 2008	September 18, 2007
Vesting conditions	*2	*2	*2	*2
Requisite service period	Not specified	Not specified	Not specified	Not specified
Exercise period *2	August 14, 2010 - August 13, 2040	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	—	109,650	71,250	48,880
Granted	140,420	—	—	—
Forfeited	—	—	—	—
Vested	—	—	(1,960)	(1,330)
Outstanding at end of year	140,420	109,650	69,290	47,550
Vested options (number of shares):				
Outstanding at beginning of year	—	—	—	—
Vested	—	—	1,960	1,330
Exercised	—	—	(1,960)	(1,330)
Expired	—	—	—	—
Outstanding at end of year	—	—	—	—

	Yen	U.S. dollars	Yen	Yen	Yen
Exercise price	¥ 1	$ 0.01	¥ 1	¥ 1	¥ 1
Average stock price on exercise date	—	—	—	1,407	1,407
Grant-date fair value	¥1,029	$12.38	¥1,493	¥1,967	¥2,357

*1. Grantees consist of 8 directors (excluding outside directors), 9 corporate officers (non-directors) and 8 group managing officers for 2010 plan and 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 the 2007 plan.

*2. Vesting conditions and exercise period:
Stock options granted are exercisable on the day following grantees leaving the positions of director, corporate officer or group managing officer, and for 5 years commencing on that date.

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

	2010 plan	2009 plan	2008 plan
Expected volatility *1	40%	40%	36%
Expected life *2	15 years	15 years	15 years
Expected dividend *3	¥22 ($0.26) per share	¥22 per share	¥22 per share
Risk-free rate *4	1.41%	1.88%	1.83%

*1. Expected volatility is calculated based on the historical stock price for the 15-year period ending on the grant date.
*2. Options are assumed to be exercised at the midpoint of the 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 bonds 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.

19 IMPAIRMENT LOSS ON FIXED ASSETS

During the year ended March 31, 2011, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties	Buildings, land, etc.	Chuo Ward, Tokyo, etc.
Operating facilities	Buildings, land, etc.	Usuki City, Oita, etc

For the purpose of identifying fixed assets that are impaired, the Company and certain consolidated 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 headquarters' facilities are treated as common assets.

In the light of a significant decrease in the projected recoverable amount due to the Company's decision to sell the leasing properties early, the Company recorded impairment loss on those properties. In addition, considering significant deterioration of profitability due to a 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 ¥4,115 million ($49,489 thousand) are comprised of ¥1,885 million ($22,670 thousand) of land, ¥1,134 million ($13,638 thousand) of buildings and structures, and ¥1,096 million ($13,181 thousand) of others.

Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal values calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows, using a discount rate of 5%.

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

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 certain consolidated 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 headquarters' facilities are treated as common assets.

In the light of a significant decrease in the projected recoverable amount due to the Company's decision to sell the leasing properties early, the Company recorded impairment loss on those properties. In addition, considering significant deterioration of profitability due to a 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 are comprised of ¥8,425 million of land, ¥9,783 million of buildings and structures, and ¥730 million of others.

Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal values calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows, using a discount rate of 5%.

20 MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	**2011**	2010	2009	**2011**
Interest income	**¥ 209**	¥ 301	¥ 520	**$ 2,513**
Dividend income	**3,201**	2,454	2,524	**38,497**
Gain on sale of investment securities	**20,965**	25,713	—	**252,135**
Other	**2,669**	2,684	6,345	**32,098**
Total	**¥27,044**	¥31,152	¥9,389	**$325,243**

21 MAJOR COMPONENTS OF COSTS AND EXPENSES — OTHER

Years ended March 31,	Millions of yen 2011	2010	2009	Thousands of U.S. dollars 2011
Impairment loss on fixed assets	¥ 4,115	¥18,938	¥ —	$ 49,489
Loss on disposal of property and equipment	12,325	—	6,095	148,226
Impairment loss on investment securities	6,212	—	17,559	74,708
Casualty losses	4,628	—	—	55,658
Provision for casualty losses	3,571	—	—	42,946
Other	5,830	7,592	17,514	70,115
Total	¥36,681	¥26,530	¥41,168	$441,142

22 COMPREHENSIVE INCOME

Comprehensive income and other comprehensive income for the year ended March 31, 2010 are stated below. Refer to Note 2 (W).

	Millions of yen 2010
Other comprehensive income (loss):	
Net unrealized holding gains on securities	¥ 49,862
Net unrealized losses on hedging derivatives	(184)
Reserve on land revaluation	(718)
Foreign currency translation adjustments	1,039
Equity in other comprehensive income of affiliated companies	984
Total other comprehensive income	50,983
Comprehensive income attributable to:	
Shareholders of the Company	¥111,038
Minority interests	1,061
Total comprehensive income	¥112,099

23 LEASES

As described in Note 2 (P), effective from the year ended March 31, 2009, the Company and its consolidated 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, 2011 and 2010 consist mainly of Parking Facilities (Mitsui Repark). Commencing the year ended March 31, 2009, such assets are capitalized as assets and depreciated using the straight-line method over their 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, 2011 and 2010:

	Millions of yen 2011			2010		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥4,593	¥1,653	¥6,246	¥4,792	¥1,763	¥6,555
Accumulated depreciation	2,174	1,375	3,549	1,919	1,132	3,051
Net book value	¥2,419	¥ 278	¥2,697	¥2,873	¥ 631	¥3,504

	Thousands of U.S. dollars		
	2011		
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	$55,238	$19,879	$75,117
Accumulated depreciation	26,146	16,536	42,682
Net book value	$29,092	$ 3,343	$32,435

(2) Future lease payment inclusive of interest at March 31, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amount due within one year	¥ 671	¥ 790	$ 8,070
Amount due after one year	2,026	2,714	24,365
Total	¥2,697	¥3,504	$32,435

(3) Lease expense and the pro forma amount of depreciation expense for the years ended March 31, 2011, 2010 and 2009:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Lease expense	¥749	¥800	¥973	$9,008
Depreciation expense	749	800	973	9,008

(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, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amount due within one year	¥ 59,340	¥ 61,793	$ 713,650
Amount due after one year	170,382	203,536	2,049,092
Total	¥229,722	¥265,329	$2,762,742

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amount due within one year	¥ 36,421	¥ 42,099	$ 438,016
Amount due after one year	183,930	187,127	2,212,026
Total	¥220,351	¥229,226	$2,650,042

24 BUSINESS TRANSACTIONS WITH SPECIAL PURPOSE ENTITIES

The Company invests in 30, 32 and 35 special purpose entities (SPEs) for securitizing its customers' real estate as of March 31, 2011, 2010 and 2009, respectively. SPEs utilized consist mainly of tokurei-yugen-kaisha, or limited liability companies, and tokutei-mokuteki-kaisha, or specific purpose companies ("TMK") under Securitization Law. The SPEs mainly acquire real estate and develop real estate projects, and developed properties are sold to investors.

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

The Company plans to collect the appropriate amount of its investments at the exit of those projects referred to above. As of March 31, 2011 and 2010, 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, 2011 and 2010 and for the years ended March 31, 2011, 2010 and 2009.

	Millions of yen					
	Balance		Revenues and costs			
	2011	2010		2011	2010	2009
Investments *1	¥112,684	¥120,157	Revenue from operations *2	¥8,254	¥24,925	¥31,176
			Cost of revenue from operations *3	342	143	38
Management	—	—	Revenue from operations *4	1,401	1,252	6,698

	Thousands of U.S. dollars		
	Balance	Revenues and costs	
	2011		2011
Investments *1	$1,355,189	Revenue from operations *2	$99,266
		Cost of revenue from operations *3	4,113
Management	—	Revenue from operations *4	16,849

*1. Consists of ¥59,921 million ($720,637 thousand) and ¥68,291 million of "equity investments in properties for sale" and ¥52,763 million ($634,552 thousand) and ¥51,866 million of "investment securities" as of March 31, 2011 and 2010, 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 ¥5,044 million ($60,661 thousand) for leasing segment and ¥3,210 million ($38,605 thousand) for property sales segment for the year ended March 31, 2011. Consists of ¥5,227 million and ¥5,527 million for the leasing segment and ¥19,698 million and ¥25,649 million for the sales of housing, office buildings and land segment for the years ended March 31, 2010 and 2009, respectively.
*3. Costs and losses incurred by the Company in connection with the investment such as costs incurred during development of real estate, and consists of ¥322 million ($3,872 thousand) for the leasing segment and ¥20 million ($241 thousand) for the property sales segment for the year ended March 31, 2011.
Consists of ¥143 million and ¥nil million for the leasing segment and ¥nil million and ¥38 million for the sales of housing, office buildings and land segment for the years ended March 31, 2010 and 2009, respectively.
*4. Asset management fees earned by the Company and Mitsui Fudosan Investment Advisers, Inc., and are included in the management segment for the year ended March 31, 2011, and in the brokerage, consignment sales and consulting segment for the years ended, March 31, 2010 and 2009.

It should be noted that segments mentioned above for the year ended March 31, 2011 refer to those under the new standards while segments mentioned above for the years ended March 31, 2010 and 2009 refer to the former segments. See Note 25 for details.
The Company has no directors and/or employees dispatched to any SPE as of March 31, 2011 and 2010.

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
	2011	2010	2009
Assets			
Real property	¥464,946	¥482,179	$5,591,654
Other	39,947	52,611	480,421
Total	¥504,893	¥534,790	$6,072,075

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2009
Liabilities and net assets			
Borrowings *5	¥341,552	¥392,746	$4,107,661
Capital *6	161,855	134,160	1,946,542
Other	1,486	7,884	17,872
Total	¥504,893	¥534,790	$6,072,075

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

25 SEGMENT INFORMATION

Effective from the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17; March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20; March 21, 2008).

Reportable Segment Information:

The reportable segments of the Company represent its components for which operating results are regularly reviewed, utilizing separately available financial information, by the management in deciding how to allocate resources and assessing segment performance.

The Company's Head Office organizes its business units based on products and services, with each unit controlling subsidiaries with related business, mainly consisting of leasing, property sales and management.

The Company employs a matrix form of segment categorized by business unit organized by Head Office and by services provided. The Company's segments have been aggregated based on the nature of products and services into the 5 reportable segments of "Leasing", "Property Sales", "Management", "Mitsui Home", a listed subsidiary, and "Other".

Descriptions of reportable segments are stated below.

(1) Leasing

Leasing of office buildings and commercial facilities, etc.

(2) Property Sales

Sales of condominiums and detached housing to individuals, and sales of rental housing and office buildings, etc. to investors.

(3) Management

Property management and brokerage and asset management, etc.

(4) Mitsui Home

New housing construction and renovation, etc.

(5) Other

Facility operations and merchandise sales, etc.

Financial information about reportable segments for the years ended March 31, 2011 and 2010 is summarized in the following tables. The accounting policies of segments are almost the same as those described in Note 2. Segment operating income is based on revenue from operations, cost of revenue from operations and selling, general and administrative expenses. Transactions and transfers between segments are made at amounts based on prevailing market prices.

	Millions of yen						
Year ended March 31, 2011	(1)	(2)	(3)	(4)	(5)	Adjustments *1	Consolidated
Revenue from operations:							
Outside customers	¥ 423,468	¥405,243	¥277,947	¥205,131	¥ 93,481	¥ —	¥1,405,270
Inter-segment	15,849	—	41,168	8,999	3,551	(69,567)	—
Total revenue from operations	¥ 439,317	¥405,243	¥319,115	¥214,130	¥ 97,032	¥ (69,567)	¥1,405,270
Segment operating income	¥ 88,929	¥ 16,193	¥ 32,121	¥ 3,764	¥ 1,002	¥ (21,916)	¥ 120,093
Segment assets	2,427,493	745,625	207,064	114,366	107,543	178,609	3,780,700
Depreciation	36,610	1,438	5,858	3,876	3,775	1,398	52,955
Loss on impairment of fixed assets	1,743	—	95	—	2,277	—	4,115
Additions to property and equipment and intangible assets	210,597	1,530	8,208	3,354	4,924	781	229,394

	Millions of yen						
Year ended March 31, 2010	(1)	(2)	(3)	(4)	(5)	Adjustments *2	Consolidated
Revenue from operations:							
Outside customers	¥ 430,976	¥386,256	¥266,662	¥202,865	¥ 98,048	¥ —	¥1,384,807
Inter-segment	16,837	14	41,002	7,059	3,973	(68,885)	—
Total revenue from operations	¥ 447,813	¥386,270	¥307,664	¥209,924	¥102,021	¥ (68,885)	¥1,384,807
Segment operating income	¥ 95,554	¥ 12,493	¥ 29,714	¥ 3,640	¥ 228	¥ (21,043)	¥ 120,586
Segment assets	2,273,046	796,794	208,325	113,068	110,112	209,079	3,710,424
Depreciation	34,538	1,177	5,308	3,840	3,985	1,439	50,287
Loss on impairment of fixed assets	14,056	—	836	—	4,046	—	18,938
Additions to property and equipment and intangible assets	38,877	4,216	5,875	2,777	7,377	2,850	61,972

Year ended March 31, 2011	Thousands of U.S. dollars						
	(1)	(2)	(3)	(4)	(5)	Adjustments *1	Consolidated
Revenue from operations:							
Outside customers	$ 5,092,821	$4,873,638	$3,342,718	$2,466,999	$1,124,245	$ —	$16,900,421
Inter-segment	190,607	—	495,105	108,226	42,706	(836,644)	—
Total revenue from operations	$ 5,283,428	$4,873,638	$3,837,823	$2,575,225	$1,166,951	$ (836,644)	$16,900,421
Segment operating income	$ 1,069,501	$ 194,744	$ 386,302	$ 45,268	$ 12,051	$ (263,573)	$ 1,444,293
Segment assets	29,194,143	8,967,228	2,490,247	1,375,418	1,293,361	2,148,034	45,468,431
Depreciation	440,289	17,294	70,451	46,615	45,400	16,812	636,861
Loss on impairment of fixed assets	20,962	—	1,143	—	27,384	—	49,489
Additions to property and equipment and intangible assets	2,532,736	18,400	98,713	40,337	59,218	9,393	2,758,797

*1. Adjustments to segment operating income of ¥(21,916) million ($(263,573) thousand) consists of ¥230 million ($2,766 thousand) of inter-segment elimination and ¥(22,146) million ($(266,339) thousand) of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥178,609 million ($2,148,034 thousand) consists of ¥(721,668) million ($(8,679,110) thousand) of inter-segment elimination, ¥786,445 million ($9,458,148 thousand) of corporate assets and investments in affiliated companies of ¥113,832 million ($1,368,996 thousand).

*2. Adjustments to segment operating income of ¥(21,043) million consists of ¥908 million of inter-segment elimination and ¥(21,951) million of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥209,079 million consists of ¥(718,189) million of inter-segment elimination, ¥812,332 million of corporate assets and investments in affiliated companies of ¥114,936 million.

Reportable segment information regarding carrying amount and amortization of goodwill and income recognized from negative goodwill has been omitted due to their immateriality.

Products and Services Information:
Refer to reportable segment information.

Geographic Area Information:
Geographic area information has been omitted since revenue from outside customers in the Japan area and property and equipment located in the Japan area accounted for more than 90% of revenue from operations on the consolidated income statements and property and equipment on the consolidated balance sheets, respectively.

Customer Information:
Customer information has been omitted since revenue from no single customer exceeded 10% of revenue from operations on the consolidated income statements.

Segment information under the prior accounting standards for the years ended March 31, 2010 and 2009:

(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

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

The 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.

26 CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Loans guaranteed	¥48,837	¥58,383	$587,336

27 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, 2011 and 2010, the related consolidated statements of income and comprehensive income for the year ended March 31, 2011, statements of income for each of the years in the two-year period ended March 31, 2010, and statements of changes in net assets and cash flows for each of the years in the three-year period ended March 31, 2011, 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, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2011, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to Note 22 to the consolidated financial statements, in which the comprehensive income for the year ended March 31, 2010 is disclosed.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 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 LLC

Tokyo, Japan
June 29, 2011

Corporate Information

Contents

Overview of Development Projects

Office Buildings

Mitsui Fudosan operates approximately 200 office buildings that are occupied by more than 3,000 corporate tenants. Strong in Tokyo's central business district, Mitsui Fudosan's office portfolio also covers Japan's other major urban areas.

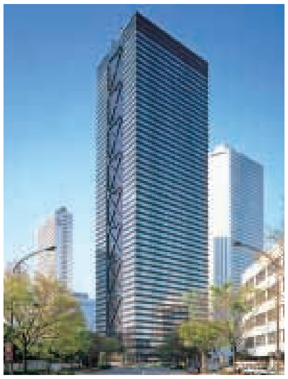
Mitsui Main Building

The Mitsui Main Building was designated a Registered Important Cultural Property in 1998.
(Completed in 1929 / 36,000m²)

Kasumigaseki Building

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

Shinjuku Mitsui Building



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

Nihonbashi 1-chome Building

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

Nihonbashi Mitsui Tower

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

Tokyo Midtown

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

GranTokyo North Tower

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

Akasaka Biz Tower

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

Sumitomo Mitsui Banking Corporation Head Office Building

A state-of-the-art office building serving as a business base in an outstanding location.
(Completed in 2010 / 80,000m²)

Muromachi-Higashi Mitsui Building

The first phase of the Muromachi East District Development Project, this complex encompasses office space, retail facilities and a multi-purpose hall.
(Completed in 2010 / 41,000m²)

1251 Avenue of the Americas

This midtown Manhattan skyscraper towers above Rockefeller Center.
(Completed in 1986 / 214,000m²)

20 Old Bailey

A high-quality office building in the global financial center of the City of London.
(Completed in 1989 / 23,000m²)

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 Shiga Ryuo

The first outlet mall in the Keiji area.
(Opened in 2010 / 27,000m² / 165 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 Court Azabu-Juban The Tower

Superb views abound at this high-rise condominium in the heart of Tokyo.
(Completed in 2010 / 440 units)

Park Tower GranSky

A high-rise condominium with a residential environment in touch with the four seasons.
(Completed in 2010 / 613 units)

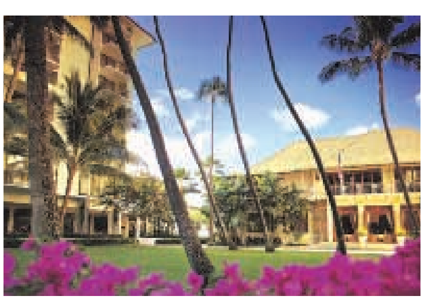
Park City Yokohama Nakayama

A large-scale development of detached housing in a location with abundant water and greenery.
(Completed in 2011 / 117 houses)

Other

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

Halekulani Hotel

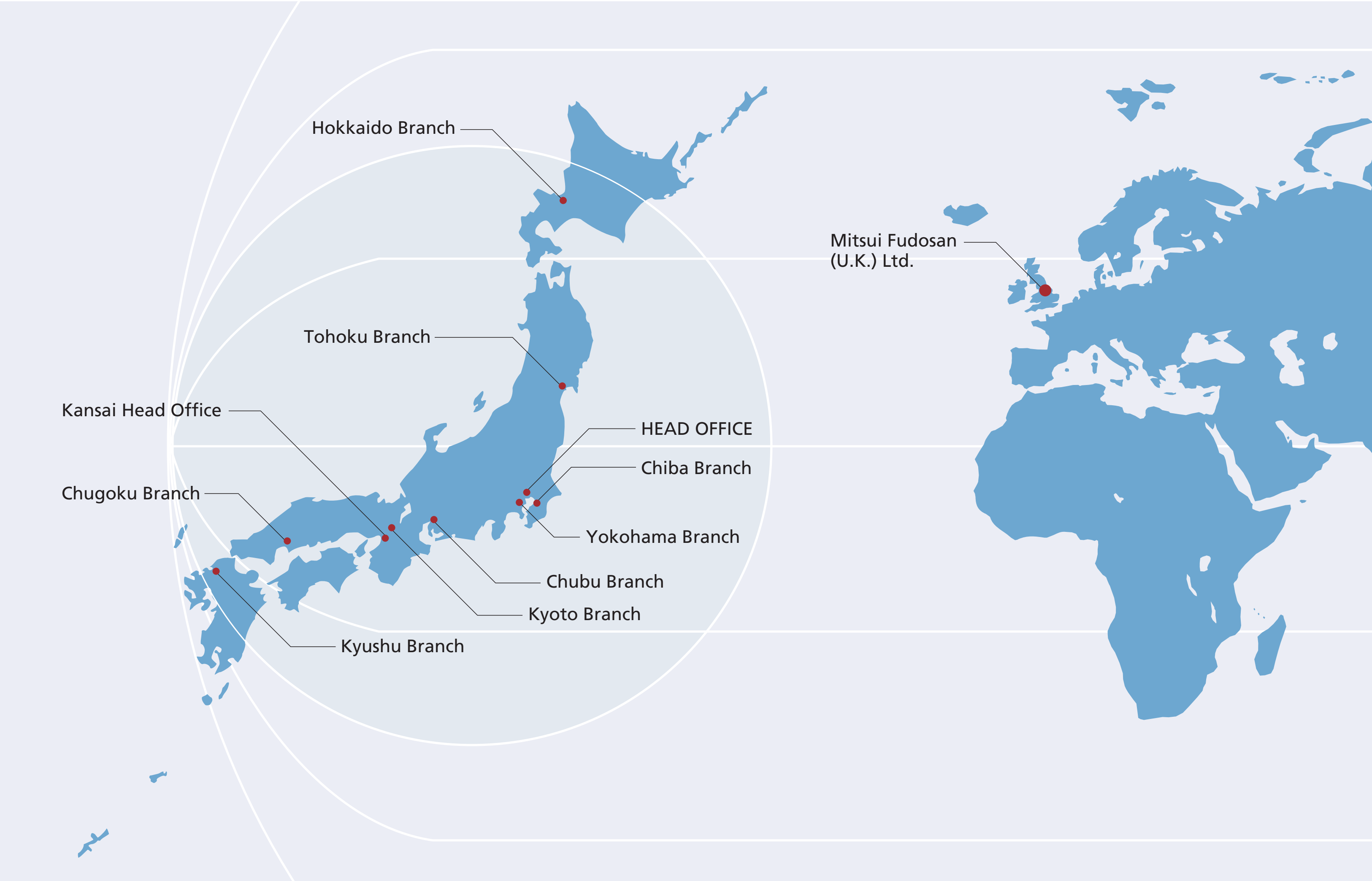


A luxury hotel on Waikiki Beach in Honolulu, Hawaii, the Halekulani Hotel is known for comfort and fine service.
(Opened in 1984 / 453 rooms)

Mitsui Garden Hotel Ginza Premier

The Garden Hotel chain operates approximately 4,500 hotel rooms at 17 locations throughout Japan.
(Completed in 2005 / 361 rooms)

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
Nagoya Mitsui Main Building
24-30, Meieki Minami 1-chome,
Nakamura-ku, Nagoya-shi, Aichi
450-0003

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,
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812-0036

Overseas Network

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Mitsui Fudosan Consulting (Guangzhou) Co., Ltd.
Room 1405, R&F CENTRE No.10
Huaxia Road, Zhujiang New Town,
Guangzhou, 510623, China
Tel: 86-20-2802-3188

History*

1673 Opening of the Echigo-ya clothing store in Nihonbashi by Takatoshi Mitsui, founder of the House of Mitsui

1914 Establishment of **Mitsui Company**and its real estate section

1929 Completion of **Mitsui Main Building** A

1941 Separation of real estate division from the Mitsui Company, establishment of **Mitsui Fudosan Co., Ltd**. with 3 million yen in capital, wholly owned by the Mitsui family

1949 Listing of stock

1951 Foundation of **Daiichi Engei Co., Ltd.**

1956 Liquidation and absorption of the **Mitsui Company** by Mitsui Fudosan

1959 Capital participation in **Fuji Sogo Development** (now **Cany Corporation**)

1960 Foundation of **Oriental Land Co., Ltd.**

1961 Start of development and sales of residential and vacation property

1968 Start of development and sales of condominiums

Completion of **Kasumigaseki Building** (Tokyo), the first skyscraper in Japan B

1969 Start of construction and sales of houses

Establishment of **Mitsui Real Estate Sales Co., Ltd.**

1971 Completion of **Mita Tsunamachi Park Mansion** (Tokyo)

1972 Completion of **Ginza Mitsui Building** (Tokyo)

1973 Foundation of **Mitsui Fudosan America, Inc.**

1974 Completion of **Shinjuku Mitsui Building** (Tokyo) C

Establishment of **Mitsui Home Co., Ltd**

1975 Foundation of **Mashiko Country Club** (Tochigi)

1976 Foundation of **Uniliving Co., Ltd.**

1980 Establishment of " ***Let's*** " system of joint development

1981 Opening of **LaLaport** (now **LaLaport TOKYO-BAY**), Japan's first large-scale regional shopping center (Chiba) D

1983 Opening of **Tokyo Disneyland** (Chiba)

1984 Opening of **Mitsui Garden Hotel Osaka** (now **Mitsui Garden Hotel Osaka Yodoyabashi**), Mitsui Fudosan's first hotel in Japan (Osaka)

Opening of **Halekulani** Hotel in Hawaii E

1986 Acquisition of **Exxon Building**, (now **1251 Avenue of the Americas**) (New York)

1987 Opening of **Waikiki Parc Hotel** (Hawaii)

1990 Opening of **Alpark** (Hiroshima)

50th anniversary of Mitsui Fudosan;
1991 Creation of new corporate logo " "

1993 Full completion of **Okawabata River City 21**, West Block (Tokyo)

Full completion of **Bell Park City** (Osaka)

1994 Listing of **Mitsui Home Co., Ltd.** on Tokyo Stock Exchange

Opening of **Shonan Village** (Kanagawa)

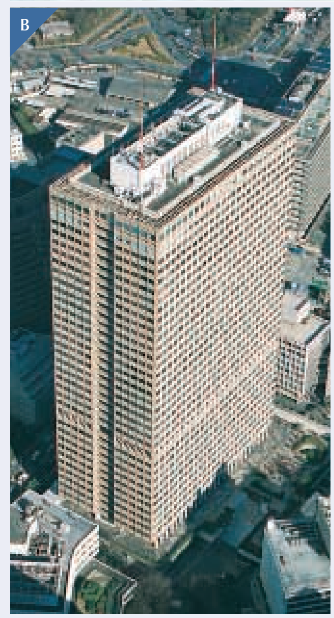
1995 Opening of **Tsurumi Hanaport Blossom** (now **MITSUI OUTLET PARK OSAKA TSURUMI**), the first factory outlet mall in Japan (Osaka)

1998 Registration of Mitsui Main Building as Important Cultural Property

Completion of **Yokohama Bayside Marina Shops and Restaurants** (now **MITSUI OUTLET PARK YOKOHAMA BAYSIDE**) (Kanagawa)

1999 Establishment of the **Mitsui Fudosan Group Vision and Mission**


A


B

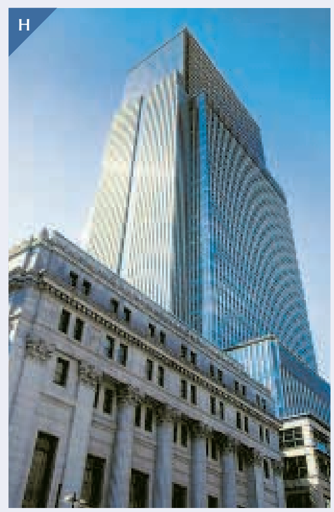

C


D


E

* From Mitsui Fudosan's Corporate Profile 2010

	Completion of **Gate City Osaki** (Tokyo)
	Completion of **MARINE PIA KOBE PORTO BAZAR Factory Outlets** (now **MITSUI OUTLET PARK MARINE PIA KOBE**) (Hyogo)
2000	Start of Office Building Fund operation
	Completion of **La Fete Tama Minami Osawa** (now **MITSUI OUTLET PARK TAMA MINAMI OSAWA**) (Tokyo)
	Completion of **Mitsui Garden Hotel Okayama** (Okayama)
	Completion of **Garden Walk Makuhari** (now **MITSUI OUTLET PARK MAKUHARI**) (Chiba)
2002	Completion of **Nakanoshima Mitsui Building** (Osaka) F
	Completion of **JAZZ DREAM NAGASHIMA** (now **MITSUI OUTLETPARK JAZZ DREAM NAGASHIMA**) (Mie)
2003	Completion of **Shiodome City Center** (Tokyo) G
	Establishment of **Challenge Plan 2008**, Mitsui Fudosan Group's long-term business strategy
	Completion of **Roppongi T-CUBE** (Tokyo)
	Completion of **Aoyama Park Tower** (Tokyo)
	Completion of **Goodwood Gardens** (Singapore)
2004	Opening of **Nihonbashi 1-Chome Building** (**COREDO Nihonbashi**) (Tokyo)
2005	Opening of office in Shanghai, China
	Completion of **Nihonbashi Mitsui Tower** (Tokyo) H
	Opening of **Mitsui Garden Hotel Ginza Premier** (Tokyo) I
	Establishment of **Mitsui Fudosan Residential Co. Ltd.**
2006	Opening of **Urban Dock LaLaport TOYOSU** (Tokyo)
	Opening of **LAZONA Kawasaki plaza** (Kanagawa)
	Opening of **LaLaport KASHIWANOHA** (Chiba)
2007	Opening of **LaLaport YOKOHAMA** (Kanagawa)
	Opening of **Tokyo Midtown** (Tokyo) J
	Establishment of **New Challenge Plan 2016**, Mitsui Fudosan Group's long-term business strategy
	Completion of **Gran Tokyo North Tower** (Tokyo)
2008	Completion of **Akasaka Biz Tower** (in akasaka Sacas)(Tokyo)
	Completion of **Yodoyabashi Mitsui Building** (**Yodoyabashi odona**)(Osaka)
	Opening of **MITSUI OUTLET PARK IRUMA** (Saitama)
	Opening of **MITSUI OUTLET PARK SENDAI PORT** (Miyagi)
2009	Opening of **Mitsui Garden Hotel Yotsuya** (Tokyo)
	Completion of **Sendai Hon-cho Mitsui Building** (Miyagi)
	Opening of **LaLaport IWATA** (Shizuoka)
	Opening of **LaLaport SHIN-MISATO** (Saitama)
2010	Opening of **MITSUI OUTLET PARK SAPPORO KITA HIROSHIMA** (Hokkaido)
	Opening of **Mitsui Garden Hotel Sapporo** (Hokkaido)
	Full Completion of **Tokyo Southern Garden** (Tokyo)
	Opening of **MITSUI OUTLET PARK SHIGA RYUO** (Shiga)



Investor Information (Parent company; as of March 31, 2011)

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:
35,104

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

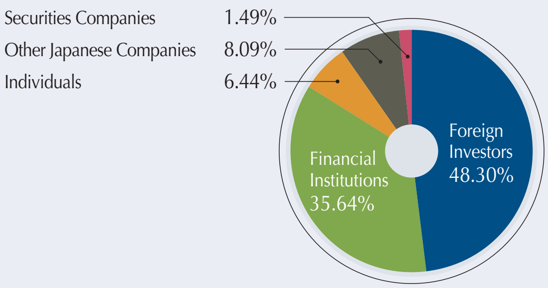
Number of Employees:
1,213 (Consolidated 16,288)

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

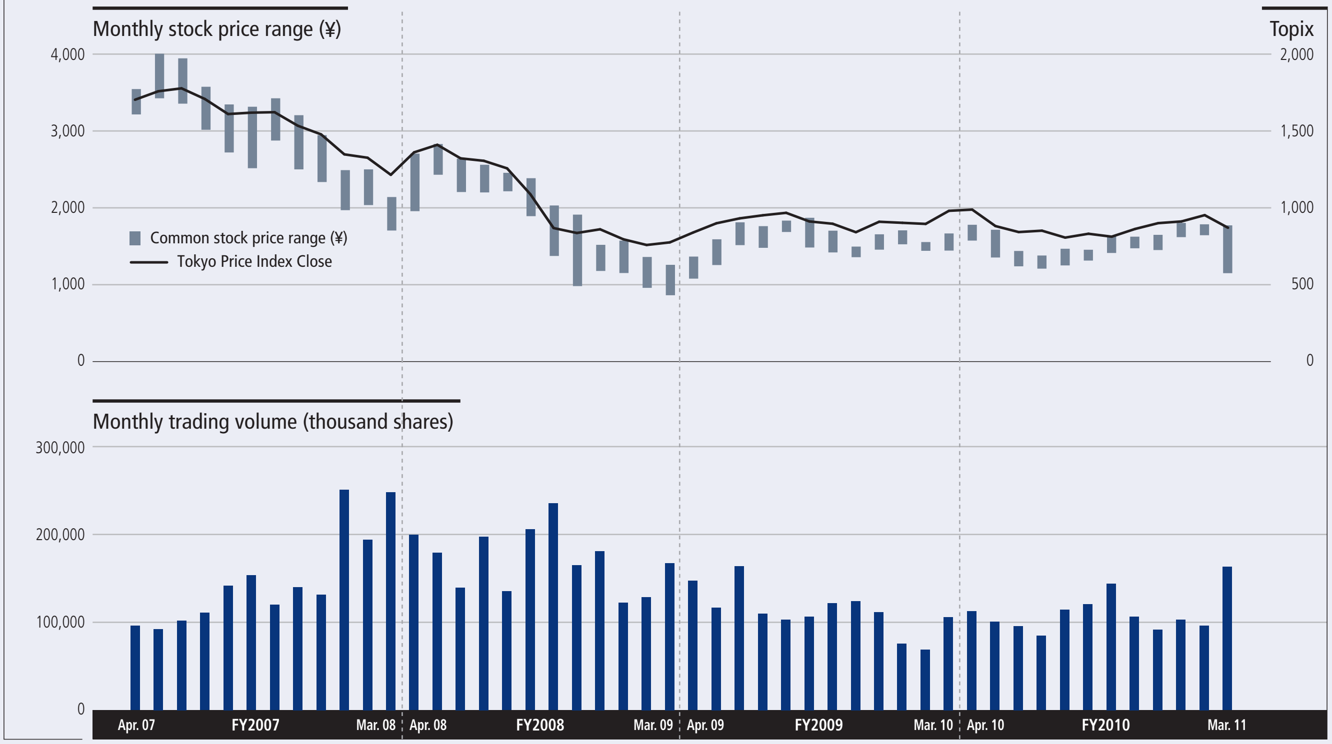
E-mail:
mfir@mitsuifudosan.co.jp

Major Shareholders:	Number of shares held (Thousands)	Percentage of total shares in issue
The Master Trust Bank of Japan, Ltd. (Trust account)	72,119	8.18
Japan Trustee Services Bank, Ltd. (Trust account)	57,569	6.53
Cbldn Stichting PGGM Depository	22,354	2.54
Sumitomo Mitsui Banking Corporation	18,546	2.10
The Chuo Mitsui Trust & Banking Co., Ltd.	17,565	1.99
SSBT ODO5 OMNIBUS ACCOUNT - TREATY CLIENTS	16,932	1.92
State Street Bank and Trust Company	16,046	1.82
State Street Bank and Trust Company 505223	13,459	1.53
Kajima Corporation	13,362	1.52
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	12,885	1.46
Total	260,840	29.59

Composition of Shareholders:



Monthly Stock Data (TSE):



MITSUI FUDOSAN

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