Moving to THE NEXT STAGE

Annual Report 2014 Year ended March 31, 2014

MITSUI FUDOSAN

Contents

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

Accelerating innovation to move to THE NEXT STAGE

As a company marking over seventy years since its founding, Mitsui Fudosan has maintained a tradition of continuous innovation that has allowed the Company to evolve into Japan's #1 real estate company. With innovation as its cornerstone, Mitsui Fudosan has consistently read the trends of the times while developing new markets. The Company was a major player in coastal development businesses and the construction of large-scale residential zones on which post-war economic growth was founded. We built the Kasumigaseki Building, famed as the first skyscraper in Japan, and helped create the real estate securitization market. Focusing on the Nihonbashi area, the base of our operations, we are accelerating the pace of urban-type multi-use property development. Essentially, Mitsui Fudosan's DNA is about understanding new senses of value and the real nature of issues, needs, and desires, then matching the creative challenge of providing solutions.

THREE STRATEGIES TO REALIZE INNOVATION

Customer-centered management

- Provide solutions for customer needs created by maturing society and economy
- Provide solutions that meet customer needs on a global basis

Business model innovation

- Integrate tangibles and intangibles
- Create new value through collaboration with different industries
- Create communities

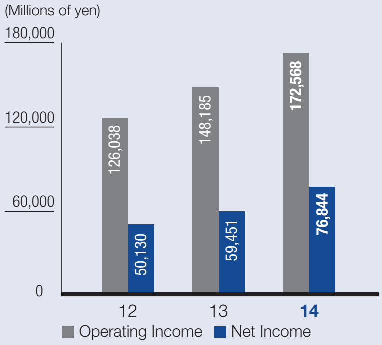
Full implementation of Group management

- Pursue economies of scale
- Offer one-stop services
- Network with partners

The Mitsui Fudosan Group is taking steps to carry out Innovation 2017, our long-term business plan. Launched with the start of fiscal 2012, this plan pursues the innovation required to create value in the coming era and to evolve into a group that can achieve strong growth and profitability. Recognizing the opportunities afforded by changes in our business environment, including the growing maturity of domestic markets and market globalization, we are accelerating the pace at which we strengthen the competitiveness of our domestic business and develop global operations. In fiscal 2013, the second year of Innovation 2017, we succeeded in achieving our profit targets one year ahead of schedule. Buoyed by the positive flow-on effects of the recovery in Japan's economy, we were also able to secure favorable results by continuing to promote our multi-faceted holding, trading, and management business strategies.

The Mitsui Fudosan Group has put forward the core strategies of customer-centered management, business model innovation, and full implementation of Group management. Working to continuously create value in Japan and overseas while securing profit growth, we aim to consistently grasp the changing needs of our customers and strive to realize further growth.

Operating Income and Net Income



Mitsui Fudosan achieved both operating income and net income targets one year in advance of the fiscal 2014 schedule identified in its long-term business plan.

Investment Plan

(Billions of yen)

Area and Type	FY2012 (Actual)	FY2013 (Actual)	FY2014 Estimates as of May 2014	3 Years Total	Long-Term Business Plan Innovation 2017 (on a April 2012 disclosure basis)		
					FY2012~ 2014	FY2015~ 2017	FY2012~ 2017 Total
Domestic capital expenditures	66.0	123.0	163	352	300~400	400~500	Approx. 800 (cost recovery 200)
Overseas capital expenditures (Europe, North America & Asia)	48.0	37.0	102	187	200~300	200~300	Approx. 500 (cost recovery 100)
Real property for sale (Domestic)	389.0	378.0	395	1,162	1,000~1,100	1,300~1,400	Approx. 2,400 (cost recovery 2,400)

The Company is making steady progress under its investment plan. Mitsui Fudosan has in fact set an investment goal of around ¥800 billion with respect to its capital expenditure in Japan on the back of the Company's rich development pipeline in such areas as urban-type redevelopment projects and nationwide retail facilities.

Core initiatives

Strengthen the competitiveness of our domestic business

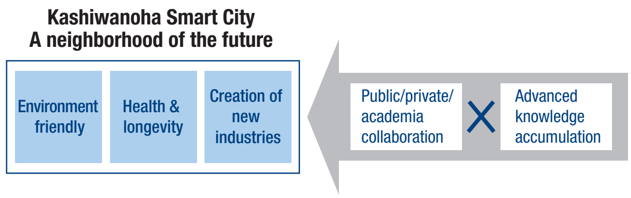
Create neighborhoods

Our basic approach involves a virtuous cycle of integrating diverse functions and features, creating communities and neighborhoods that mature with age to create high-value-added neighborhoods. Leveraging our Smart City concept, we will strive to create attractive neighborhoods by creating high-quality communities.

Creating neighborhoods in Nihonbashi

Enter the specified electricity utility business; Kick-off the Nihonbashi Smart City Initiatives

Creation of the Kashiwanoha Campus City neighborhood



Evolve the housing business

The Mitsui Fudosan Group is focusing on fee-based businesses such as housing brokerage and remodeling while developing products and services for active seniors.

- ▶ Reinforce the Group's competitive advantage by opening the Mitsui Housing Mall to offer customers a one-stop source of solutions and offering Mitsui Housing Loop, a menu of housing and lifestyle-related services
- ▶ Expand businesses related to existing homes including the housing brokerage activities undertaken by Mitsui Fudosan Realty Co., Ltd. and the remodeling endeavors carried out by Mitsui Fudosan Reform Co., Ltd.

Evolution of our model for cooperation with investors

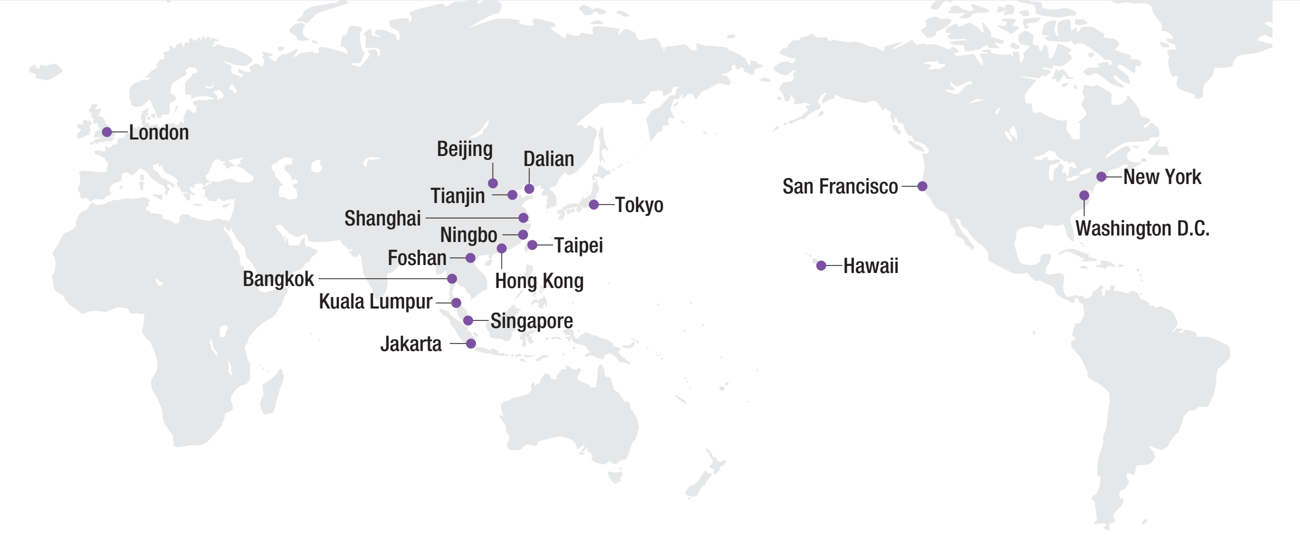
We will stimulate and expand the Japanese real estate investment market in terms of both real estate and finance by adding logistics facilities to our existing asset classes, improving liquidity in the real estate market by meeting the needs of both public and private customers, and developing new investment products.

- ▶ Expand variety by adding logistics facilities to our existing asset classes
- ▶ Make CRE, PRE, PFI and PPP proposals
- ▶ Develop attractive investment products (Mitsui Fudosan Private REIT, etc.)

Develop global operations

Overseas business development

The Mitsui Fudosan Group is building up an outstanding portfolio in North America and Europe while replacing assets and actively pursuing development-type projects. In Asia, the Group is adopting an aggressive stance toward developing a variety of properties including retail facilities, houses, and office buildings while proactively participating in city development projects. In order to achieve each of these objectives, the Group is putting in place a robust business platform through a variety of measures including the formation of alliances.



Provide solutions for cross-border needs

- ▶ Provide solutions as a partner for customers in Japan (such as tenant companies) doing business overseas
- ▶ Provide solutions for overseas customers doing business in Japan

MIXED-USE DEVELOPMENT BUSINESS

Mitsui Fudosan continues to expand the scope of its operations. In addition to the development of mixed-use properties that converge to address a wide variety of office, retail facility, housing, hotel, and entertainment needs, the Company has a keen eye on extending its operation beyond the development field to design smart communities.

GATE SQUARE
(Kashiwanoha Campus Block 148)

Tokyo Midtown

Nihonbashi Muromachi East District Development Projects

RETAIL FACILITIES

Mitsui Fudosan operates approximately 70 retail facilities throughout Japan, including regional malls, factory outlet malls and urban facilities.

LaLaport TOKYO-BAY
(Opened in 1981)

MITSUI OUTLET PARK KISARAZU
(Opened in 2012)

LaLagarden KASUKABE
(Opened in 2007)

OFFICE BUILDINGS

Mitsui Fudosan operates approximately 150 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.

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

Kasumigaseki Building
(Completed in 1968)

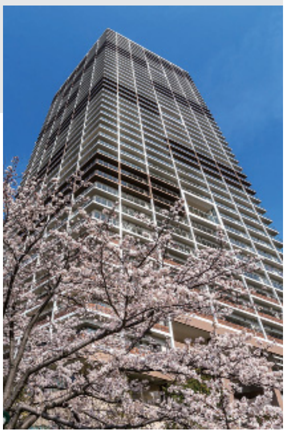
Gran Tokyo North Tower
(Completed in 2007)

1251 Avenue of the Americas Building
(Acquired in 1986)

HOUSING

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

FINE COURT SEIBU TACHIKAWA AYUMO CITY
(Completed in 2013)

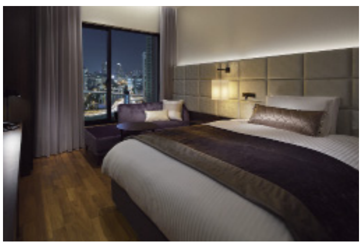


Park Tower Shinonome
(Completed in 2014)

OTHER

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

Halekulani Hotel
(Opened in 1984)



Mitsui Garden Hotel Osaka Premier
(Opened in 2014)

Masanobu Komoda
President and
Chief Executive Officer

Q.1 This past year the economy experienced a considerable transition. Please provide us with your thoughts on the market conditions faced by the Mitsui Fudosan Group in fiscal 2013.

In fiscal 2013, signs of a recovery in the Japanese economy emerged as a result of economic and monetary policies implemented by the government since the previous fiscal year. The overall economy remained firm as concerns about deflation were dispelled amid robust consumer demand. In addition, the decision that Tokyo would host the 2020 Olympics and Paralympics fanned expectations for economic growth over the longer term.

In the real estate industry, demand remained strong in the office leasing market with a focus on safety and business continuity, while tenant companies were prompted by the economic recovery and growth in corporate earnings to expand their office space or move into larger offices. The retail facility leasing market was robust overall, supported by strong consumer spending amid the opening of new properties and large-scale property renovations. The housing sales market was also strong with supply volume and contract rates higher than the previous year as individual buyers were encouraged by persistently low interest rates for mortgages and government policies that support home buyers. In the real estate investment sector, the J-REIT market continued to expand smoothly as real estate holdings exceeded ¥11 trillion at J-REITs, including those of newly listed REITs, and the Tokyo Stock Exchange REIT Index returned to levels last seen prior to the 2008 financial crisis.

We believe the economic recovery is likely to continue as the government steadily implements its growth strategy for Japan, including the National Strategic Special Zones. Mitsui Fudosan will step up its marketing activities to stay ahead of the economic recovery while remaining sensitive to changes in market conditions and consumer sentiment. The real estate industry has played a critical role in the government's growth strategy for bolstering the international competitiveness of major cities, promoting growth in the office building, retail and housing markets, and reinvigorating the real estate investment market. Moving forward, we will accelerate our activities in these areas while taking full advantage of the government's new policies.

Q.2 How would you assess the Group's performance in fiscal 2013?

In fiscal 2013, revenue from operations increased to ¥1,515.2 billion, up 4.8% from the previous fiscal year. Profits exceeded our initial forecasts with operating income rising to ¥172.6 billion, an increase of 16.5% year on year and net income surging to ¥76.8 billion, up 29.3%. This growth was attributable to stronger leasing revenues after the completion of large-scale renovations at retail facilities such as the LAZONA Kawasaki Plaza, an increase in the reported number of units in the property sales to individuals business, and an increase in the number of brokerage properties handled in the Mitsui Rehouse business. Revenue from operations reached a new record high, and targets for operating income and net income were achieved one year in advance of the fiscal 2014 deadline under the long-term business plan Innovation 2017. We believe this accomplishment was the outcome of our multi-faceted business strategy coupled with a rebound in the real estate market. We are pleased with our performance in the second year of Innovation 2017.

Q.3 What progress has been made on the core initiatives of Innovation 2017?

Mitsui Fudosan recognizes that changes in its operating environment, including the speed at which the domestic market is maturing and the manner in which markets in general are globalizing, offer new opportunities for business development and growth. With this in mind, we are working to accelerate the pace at which we strengthen the competitiveness of our domestic business and develop global operations under Innovation 2017.

To strengthen the competitiveness of our domestic business in the Leasing Segment, we plan to solidify our development pipeline and steadily improve the operational status of the urban redevelopment projects centered on office buildings. In addition, the prospect of carrying out the majority of the ¥800 billion budget allocated under Innovation 2017 for investment in domestic capital expenditure looks bright, thanks to solid progress in the acquisition of new retail facility business opportunities.

In February 2014, Mitsui Fudosan announced details of the second stage of the Nihonbashi Revitalization Plan, a neighborhood we are creating in the Nihonbashi and Yaesu areas. Most of our neighborhood creation projects are scheduled for completion after 2017, sustaining growth at Mitsui Fudosan beyond the conclusion of Innovation 2017. We believe the neighborhoods we are creating will help strengthen the global competitiveness of Tokyo. Mitsui Fudosan is negotiating with landowners and government agencies to advance these projects on schedule to commercialization.

In property sales to individuals, Mitsui Fudosan strengthened efforts to make the housing business more like a services-based business. Mitsui Housing Loop is one of these efforts. Although membership has already surpassed the 100,000 mark, we are working to enhance services even further in Mitsui Housing Loop. Mitsui Fudosan also expanded brokerage and remodeling businesses for existing housing, which it views as growth fields, and retained its first-place crown for the 28th straight year in terms of the number of residential units brokered nationwide in fiscal 2013.

In property sales to investors, asset acquisitions by J-REITs exceeded ¥2.2 trillion in the previous fiscal year, a new record that underscores the vibrant activity on the real estate investment market. Mitsui Fudosan made further inroads into the logistics business as a new asset class, steadily acquiring business opportunities with projects for nine properties in total currently underway.

With regard to the development of global operations, Mitsui Fudosan has adopted a two-pronged strategy. Operations in the advanced economies of Europe and North America primarily aim to steadily increase “Leasing” segment cash flows, while operations in the emerging economies of Asia aim to tap into growth markets. Thanks in part to the success of its partner strategy, Mitsui Fudosan saw major successes in terms of expanding both its product scope and business presence worldwide. For example, in the United States, we won the opportunity to develop a new office building in San Francisco. In the United Kingdom, we are redeveloping an office building in the City of London. And in China, we have gained the master lease to a commercial facility under development in Shanghai.

Q.4 Please give specific examples of how Mitsui Fudosan is creating neighborhoods, as shown by the second stage of the Nihonbashi Revitalization Plan.

One initiative to strengthen the competitiveness of our domestic business under Innovation 2017 is our neighborhood creation project for the Nihonbashi area. In February 2014, Mitsui Fudosan completed construction on the Muromachi Furukawa Mitsui Building (COREDO Muromachi 2) and the Muromachi Chibagin Mitsui Building (COREDO Muromachi 3), and initial feedback from tenants has been overwhelmingly positive. The retail facilities opened in March to a strong flow of customer traffic. With these buildings now open for business, the appeal of the Nihonbashi area is increasing.

In creating the Nihonbashi neighborhood, we aim higher than just the construction of modern office buildings. Neighborhoods should be places where people work, live, play, and take breaks. Nihonbashi has a strong identity as a place with a unique history, culture, waterfront space and community. By combining these various characteristics, we aim to combine the tangible and intangible qualities of Nihonbashi into a higher form, thereby increasing the appeal of Tokyo from an international perspective. Looking ahead, we expect such neighborhood creation to accelerate in the heart of Tokyo as the Japanese economy embarks on a full-fledged recovery and Tokyo's presence in the world grows.

To capitalize on this opportunity, Mitsui Fudosan raised ¥330.9 billion through the issuance of new shares in June 2014 for the purpose of reinforcing its financial foundation in order to have the ability to flexibly acquire business opportunities in the future.

To sustain growth, Mitsui Fudosan must steadily execute its existing neighborhood creation projects and aggressively seek new business opportunities. We are in an excellent position to accelerate the creation of neighborhoods that enhance the international competitiveness of Tokyo.

Q.5 What is the Group's forecast for the fiscal year ending March 31, 2015?

For fiscal 2014, management expects revenues to increase but earnings to decrease in the Leasing segment, owing to positives including full-term contributions from the office buildings and retail facilities that opened in Nihonbashi in fiscal 2013 and partial-year contributions from Iidabashi Grand Bloom and LaLaport Izumi (tentative name) that are slated to finish in fiscal 2014, but also negatives including an increase in depreciation from the opening of new buildings, the closing of operations at some properties for redevelopment, and the sales of properties in the previous fiscal year. In the Property Sales segment, Mitsui Fudosan expects weaker revenues in the property sales to individuals business owing to a decline in the reported number of units, but higher earnings owing to improvement in the operating income ratio from firm sales conditions. In the property sales to investors business, Mitsui Fudosan expects higher revenues and earnings. In all, we forecast that revenue from operations will increase by ¥24.7 billion year on year to ¥1,540.0 billion, operating income will rise by ¥10.4 billion to ¥183.0 billion, and net income will grow by ¥13.1 billion to ¥90.0 billion. These forecasts for fiscal 2014 represent record-setting levels for revenue from operations, operating income and net income.

Q.6 Please describe Mitsui Fudosan's basic stance on returning profits to shareholders.

Mitsui Fudosan makes every effort to maintain and increase dividends within the framework of business conditions, performance and its financial situation, while aiming to expand retained earnings for the purpose of investing in high-margin businesses in order to further enhance corporate value.

Taking into consideration the Company's performance in fiscal 2013 as a part of its dividend policy, Mitsui Fudosan plans to pay an annual cash dividend of ¥22.00 per share in fiscal 2014, consisting of interim and fiscal year-end cash dividends of ¥11.00 per share.

Q.7 In closing, what is your message to shareholders?

Our performance was sound in fiscal 2013 with profit targets achieved earlier than planned and steady progress made on our new business strategy. We have set ambitious record-setting targets for fiscal 2014 for both operating income and net income. We aim to solidly achieve our goals for sharp profit growth in the second half of Innovation 2017.

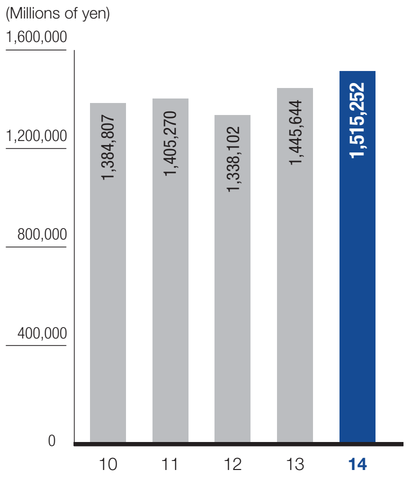
However, we project that construction costs will rise due to labor shortages and higher material prices, and that competition will heat up for land acquisitions due to the recovering real estate market. Given these circumstances, it is important that we not rely on favorable market conditions, but work to achieve strong growth and profitability by responding to these issues with speed while continuing to make every effort to strengthen earnings potential, invest in future growth and bolster our customer base.

As we work toward achieving our goals, we kindly request the continued support and understanding of our shareholders and investors.

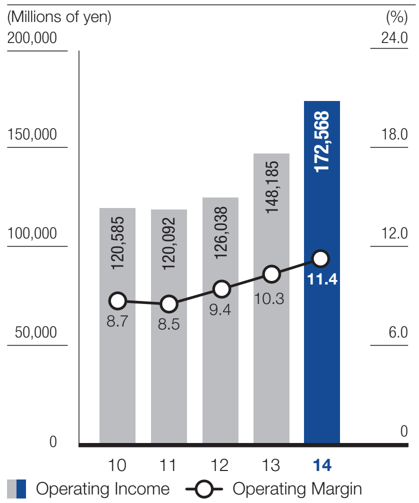
FINANCIAL HIGHLIGHTS

Years ended March 31

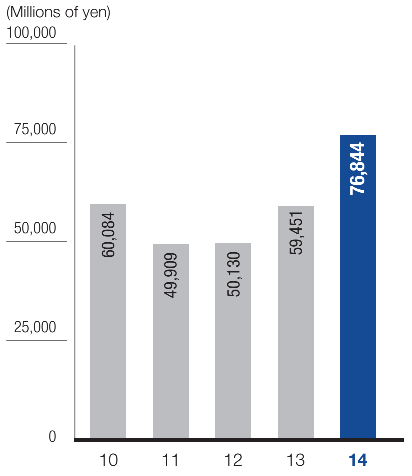
Revenue from Operations



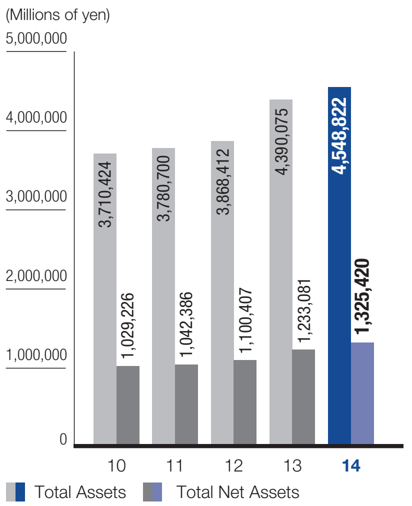
Operating Income and Operating Margin



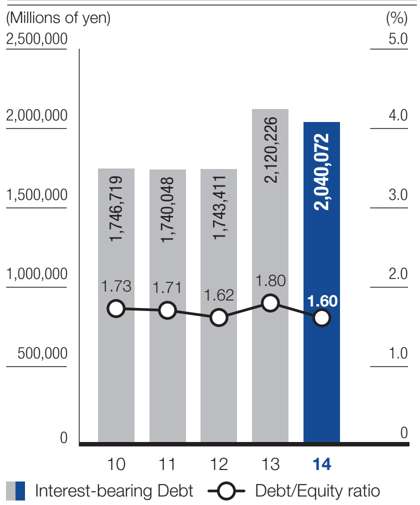
Net Income



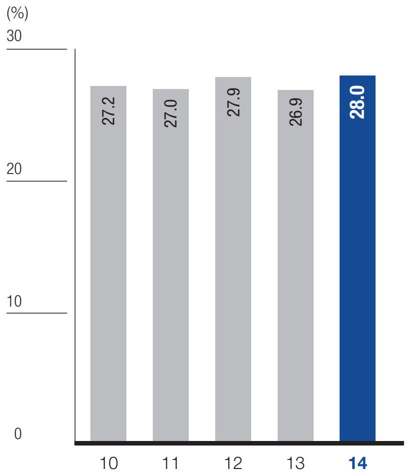
Total Assets and Total Net Assets



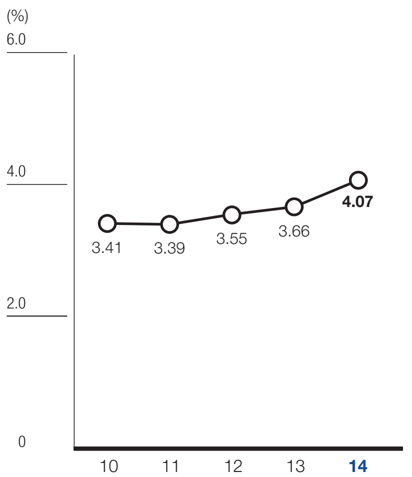
Interest-bearing Debt and Debt/Equity ratio



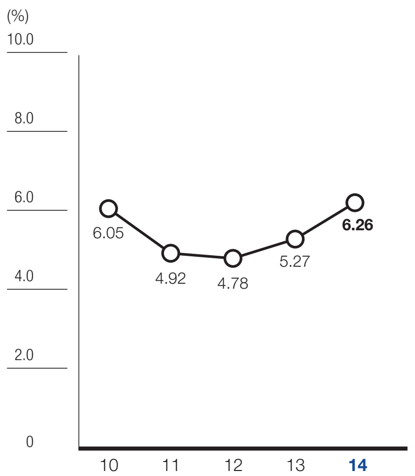
Shareholders' Equity/Total Assets



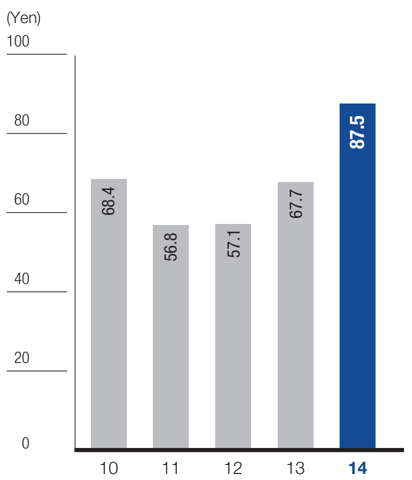
ROA



ROE



Net Income per Share



Reaffirming the Value of the Nihonbashi Area

Nihonbashi—
The Birthplace of Modern Tokyo and the Mitsui Group

The Mitsui Group traces its roots to the kimono store, "Echigo-ya," which opened its doors in the Nihonbashi area during the Edo period in 1673. Today, all five of Japan's major trunk-lines radiate from Nihonbashi, which also used to serve as a key junction for marine transportation. Nihonbashi has evolved into one of the world's pre-eminent economic zones and a strategic commercial, financial, logistics, and cultural hub.

As the birthplace of modern Tokyo, Nihonbashi exhibits an exquisite mix of tradition and the ambiance of an advanced economic metropolis that is home to financial institutions and corporate entities of the highest standing. Mitsui Fudosan is one such entity that has inherited a deep history and the fortitude to consistently lay a sound foundation for the future.

Echigo-ya, a kimono store, opened its doors in 1673.

The former Mitsui Main Building in 1902.

Stage 1 of the Nihonbashi Revitalization Plan—Creating While Retaining and Reviving

Working from its birthplace in the Nihonbashi area, Mitsui Fudosan has continued to promote a next-generation, multi-faceted urban development project that addresses the needs of the era, encompassing disaster prevention and energy efficiency, while retaining the inherent history, tradition and culture of the area. Through the completion of several key developments including Nihonbashi 1-chome Mitsui Building (COREDO Nihonbashi) in 2004, Nihonbashi Mitsui Tower in 2005 and Muromachi Higashi Mitsui Building (COREDO Muromachi) in 2010, Mitsui Fudosan is not only creating one of Tokyo's foremost office building districts, but also a center that services a multitude of office, retail, accommodation and other needs as well as entertainment and the arts.

Developments Completed During Stage 1 of the Plan (2004 to 2013)

Nihonbashi 1-chome Mitsui Building (COREDO Nihonbashi)	2004
Nihonbashi Mitsui Tower	2005
Muromachi Higashi Mitsui Building (COREDO Muromachi)	2010
Nihonbashi Astellas Mitsui Building	2013

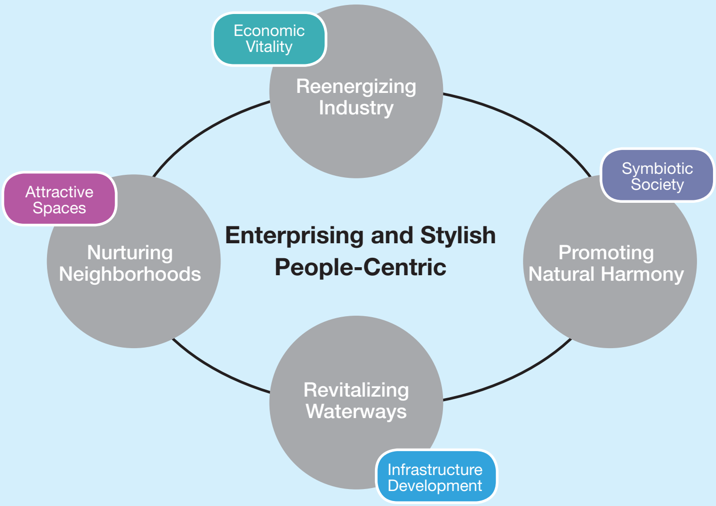
Stage 2 of the Nihonbashi Revitalization Plan

Nihonbashi entered a new phase in its development with the completion of Muromachi Furukawa Mitsui Building (COREDO Muromachi 2) and Muromachi Chibagin Mitsui Building (COREDO Muromachi 3) in February 2014. This new phase introduces a host of fresh features. In addition to a focus on entertainment facilities that include rental accommodation and cinema complexes, this second stage strives to revive the history, culture and tradition of the old Nihonbashi area. Emphasis has been placed on creating a lively atmosphere with streets facing the district lined with traditional older stores with facades based on the motifs of traditional Japanese shop curtains and lighting. These added features are expected to attract a growing number of visitors not only on weekdays, but also weekends.

Mitsui Fudosan has positioned an urban smart city concept at the heart of its Nihonbashi development activities. Drawing on the skills and know-how gained through the Kashiwanoha Campus City (Kashiwanoha Gate Square) project scheduled to open in July 2014, the Company will retain the Nihonbashi area's inherent tradition, culture, waterways and community as its base, and incorporate a variety of advanced features. While reviving and developing the tangible aspects of the area, Mitsui Fudosan will place equal weight on adding value through innovative intangible, "soft" applications to further enhance the competitiveness of Tokyo as an international destination.

Four Key Words Define the Second Stage of Development

Mitsui Fudosan has grounded second stage development activities around four key words.

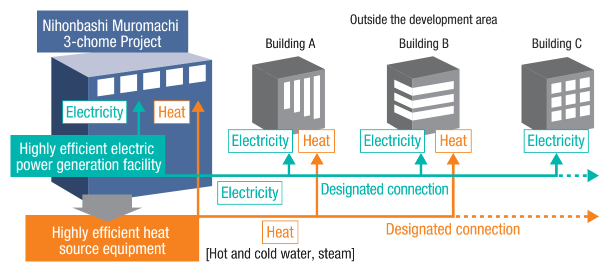


(1) Reenergizing Industry
Mitsui Fudosan is looking to position Nihonbashi as a place for companies and individuals to meet. By providing a forum for the exchange of ideas, the Company is endeavoring to help create new businesses and industry through innovation. The goals are to promote the ongoing development of existing growth industries while promoting synergy effects.

(2) Nurturing Neighborhoods
Energies are being channeled toward the creation of a combined commercial and entertainment zone with its own unique identity. By promoting collaboration throughout the area and expanding networks, Mitsui Fudosan is endeavoring to disseminate information and initiate events that will lead to increased contact and communication.

(3) Promoting Natural Harmony
Mitsui Fudosan will pursue opportunities in the electric power business and heat supply business as part of its efforts to strengthen energy management and business continuity planning (BCP) initiatives in the Nihonbashi area. The Company will introduce large-scale, highly efficient power generation facilities. Plans are in place to work beyond urban district boundaries and to supply electricity and heat to existing buildings owned and operated by other companies.

Introduction of gas cogeneration electric power facilities



(4) Revitalizing Waterways
Mitsui Fudosan will undertake a variety of initiatives aimed at maximizing the beauty of the area waterways.

Developments Completed / Planned Completion Schedule for Stage 2 (2014-)

Muromachi Furukawa Mitsui Building (COREDO Muromachi 2)	2014
Muromachi Chibagin Mitsui Building (COREDO Muromachi 3)	2014
Nihonbashi Honcho 2-Chome Specified Block Project	2017
Nihonbashi 2-Chome Redevelopment Project	2018
Nihonbashi Muromachi 3-Chome Urban Redevelopment Project	2019
Nihonbashi Muromachi 1-Chome Project	Yet to be determine
Nihonbashi 1-Chome Block 1, 2 Project	
Nihonbashi 1-Chome Central Block (4-12 Square) Project	
Yaesu 2-Chome North Block Project	
Yaesu 2-Chome Central Block Project	

Achieving GROWTH through value creation

DEFINING FEATURES AND STRENGTHS OF
MITSUI FUDOSAN'S FIVE SEGMENTS

Core Segment 1
Leasing
- Office buildings
- Retail facilities

Core Segment 2
Property sales
- Property sales to individuals
- Property sales to investors

Core Segment 3
Management
- Property management
- Brokerage, Asset management, etc.

Mitsui Home

Other

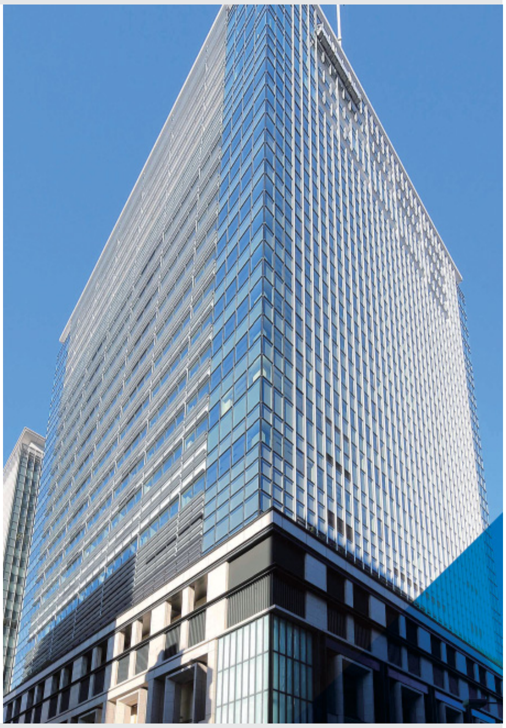
LEASING SEGMENT

In the Leasing segment, Mitsui Fudosan maintains a quality portfolio of office buildings and retail facilities including shopping centers. In addition to their prime location, properties are complemented by a broad and diverse pool of blue-chip tenants. Revenues from the Leasing segment in fiscal 2012 and 2013 were ¥441,712 million and ¥449,700 million, respectively, representing approximately 29.7% of the Company's total revenue from operations. Harnessing its development capabilities, Mitsui Fudosan will continue to enhance portfolio quality as the cornerstone of its stable revenue structure.

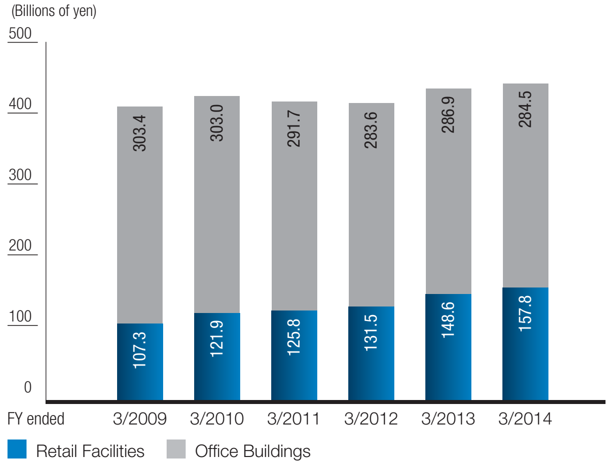
Revenue from Operations

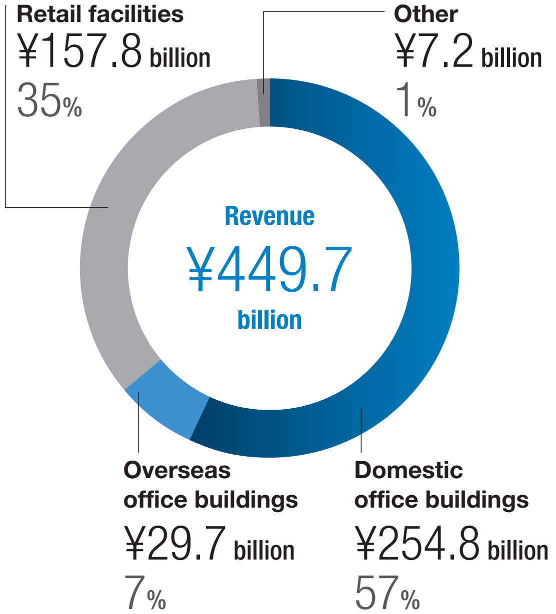
FY2012 ¥441,712 million

FY2013 ¥449,700 million



BREAKDOWN OF LEASING SEGMENT REVENUE





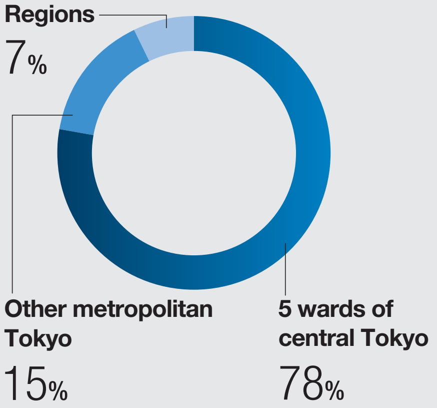
Mitsui Fudosan maintains a balanced portfolio with office buildings and retail facilities comprising 64% and 35%, respectively, of the total. In recent years, the Company has continued to accelerate the pace of overseas business development drawing on the strengths of its development, leasing, and operating know-how nurtured in Japan.

LEASING SEGMENT

Office Buildings

Office Building Revenue by Area

(FY ended March 2014; non-consolidated)



Mitsui Fudosan's strength lies in the integrity of its brand prowess in the Tokyo Metropolitan Area. This is particularly evident with more than 70% of its portfolio located in the five wards of central Tokyo, where demand for office space is highest. While office leasing vacancy rates continue to exhibit a downward trend, vacancy rates for the Company's holdings are below the market average.

Major New Projects Operational for the Full Period under Review

(Office buildings completed during FY2013 and FY2014)

FY Completed	Project Name	Location	Rentable Floor Space
2013	Muromachi Furukawa Mitsui Building*	Chuo-ku, Tokyo	≈ 19,600m^2
	Muromachi Chibagin Mitsui Building*	Chuo-ku, Tokyo	≈ 9,300m^2
2014	8-10 Moorgate	City, London	≈ 12,500m^2
	GATE SQUARE (Kashiwanoha Campus Block 148)	Kashiwa, Chiba	≈ 8,000m^2
	Sapporo Mitsui JP Building*	Sapporo, Hokkaido	≈ 25,400m^2
	1200 17th Street Project *	Washington D.C.	≈ 15,600m^2
	Iidabashi Grand Bloom*	Chiyoda-ku, Tokyo	≈ 71,300m^2
	Mark Lane Project	City, London	≈ 16,000m^2

* Jointly owned property

Completed and total floor space may change in future fiscal years. Some project names are tentative.

Major Development Projects from Fiscal 2015

FY Completed	Project Name	Location	Total Floor Space (Site area)
2015	Kita-Shinagawa 5-Chome Block 1 Redevelopment Project*	Shinagawa-ku, Tokyo	—
	270 Brannan Project*	San Francisco	≈ 16,800m^2
2017	Hibiya Project	Chiyoda-ku, Tokyo	≈ 185,000m^2
	Nihonbashi Honcho 2-Chome Specified Block Project*	Chuo-ku, Tokyo	TBD (≈4,000m^2)
2018	Nihonbashi 2-Chome Redevelopment Project (Block C)*	Chuo-ku, Tokyo	≈ 143,400m^2
2019	Nihonbashi Muromachi 3-Chome Urban Redevelopment Project*	Chuo-ku, Tokyo	≈ 165,700m^2
	OH-1 Project (Otemachi 1-Chome Block 2)*	Chiyoda-ku, Tokyo	≈ 352,000m^2
After 2020	Yaesu 2-Chome Central Block Project*	Chuo-ku, Tokyo	TBD (≈ 19,800m^2)
	Yaesu 2-Chome North Block Project*	Chuo-ku, Tokyo	TBD (≈ 14,900m^2)
	Nihonbashi Muromachi 1-Chome Project*	Chuo-ku, Tokyo	TBD (≈ 8,000m^2)
	Nihonbashi 1-Chome Block 1, 2 Project*	Chuo-ku, Tokyo	TBD (≈ 7,000m^2)
	Nihonbashi 1-Chome Central Block (4~12 Square) Project*	Chuo-ku, Tokyo	TBD (≈ 23,000m^2)
TBD	1 Angel Court Project*	City, London	≈ 27,500m^2
	Toyosu 2-, 3-Chome Block 2 Project*	Koto-ku, Tokyo	≈ 243,200m^2

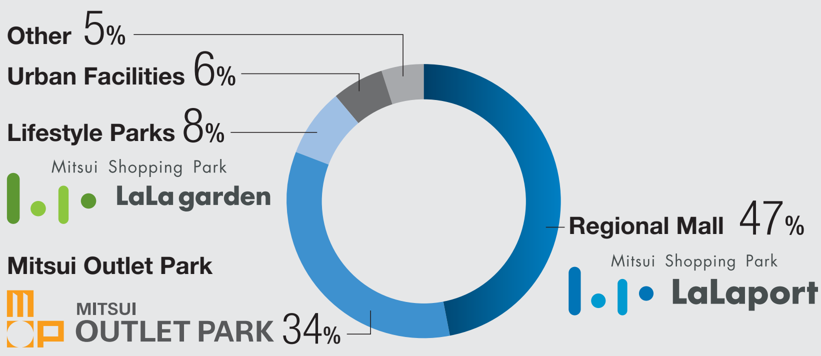
* Jointly owned property

Moving forward, Mitsui Fudosan will continue to enhance the quality of its portfolio by pushing forward the abundance of projects in which the Company can fully harness its development capabilities currently in hand. At the same time, Mitsui Fudosan will maintain its focus on bolstering long-standing ties with its approximate 3,000 corporate tenants.

Retail facilities

Retail Facility Revenue by Category (FY ended March 2014)*

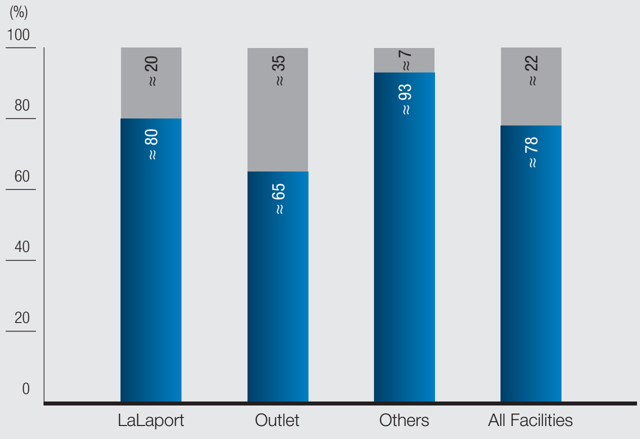
Mitsui Fudosan is engaged in the development of a diverse range of retail facilities. Located in major metropolitan and surrounding areas, the Company's shopping centers serve as key hubs of activity and entertainment for the residents of each region. In addition to facilities that epitomize the concept of "Lifestyle Parks," deeply-rooted in each community, Mitsui Fudosan is also active in the outlet park field. Moving forward, the Company is increasing its earnings by aggressively promoting the development of new facilities while at the same time anticipating market needs and engaging in large-scale renewals on an ongoing basis.



*Includes master-leased properties

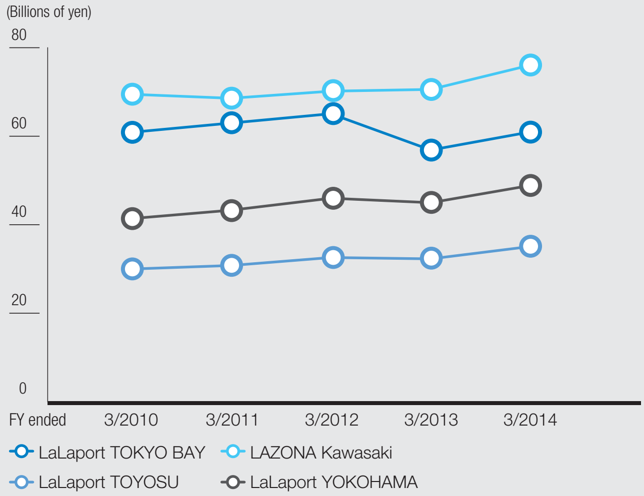
Ratio of Fixed & Sales-Linked Rent by Category

(FY ended March 2014)*



*Includes master-leased properties

Sales at Mitsui Fudosan Retail Facilities



*Revenue from operations derived from LaLaport Tokyo Bay has declined during the fiscal year ended March 31, 2013 owing to the partial closure of facilities.

Mitsui Fudosan has been developing and operating retail facilities for just over three decades since opening LaLaport Funabashi (now LaLaport TOKYO-BAY) in 1981, and currently operates in a diverse array of facility categories. Rents from the overall retail facility portfolio are structured for stable earnings, with approximately 78% fixed and 22% linked to store performance. Stable earnings are also underpinned by robust efforts to ensure that sales remain high at facilities where sales-linked rents apply.

Major Newly Opened Projects (Retail Facilities)

FY Opened	Project owned property	Location	Store Floor Space
2013	MITSUI OUTLET PARK SHIGA RYUO (2nd stage)	Gamo-gun, Shiga	≈ 10,000m²
	LoveLa2	Niigata, Niigata	≈ 11,200m²
	LaLaport TOKYO-BAY West Area (Reconstruction Project)	Funabashi, Chiba	≈ 24,000m²
	COREDO Muromachi 2	Chuo-ku, Tokyo	≈ 13,600m²
	COREDO Muromachi 3	Chuo-ku, Tokyo	≈ 5,000m²
	Ikebukuro Globe	Toshima-ku,Tokyo	≈ 4,400m²
2014	LaLaTerrace MUSASHIKOSUGI*	Kawasaki, Kanagawa	≈ 8,100m²
	MITSUI OUTLET PARK SAPPORO KITA-HIROSHIMA (2nd stage)	Kita-Hiroshima, Hokkaido	≈ 7,700m²
	MITSUI OUTLET PARK KISARAZU (2nd stage)	Kisarazu, Chiba	≈ 8,500m²
	LaLaport Kashiwanoha (North Building)	Kashiwa, Chiba	≈ 7,500m²
	Akarenga TERRACE*	Sapporo, Hokkaido	≈ 8,500m²
	IIDABASHI SAKURA TERRACE*	Chiyoda-ku, Tokyo	≈ 4,900m²
	LaLaport Izumi	Izumi, Osaka	≈55,000m²
	MITSUI OUTLET PARK KUALA LUMPUR INTERNATIONAL AIRPORT*	Kuala Lumpur, Malaysia	≈ 46,300m²
2015	LaLaport Fujimi	Fujimi, Saitama	≈ 80,000m²
	Kashimada Project	Kawasaki, Kanagawa	≈ 10,800m²
	MITSUI OUTLET PARK HOKURIKU OYABE	Oyabe, Toyama	≈ 26,000m²
	MITSUI OUTLET PARK MAKUHARI (3rd stage)	Chiba, Chiba	≈6,400m²
	LaLaport Ebina	Ebina, Kanagawa	≈54,000m²
	Osaka Expoland Site Plan	Suita, Osaka	≈ 88,000m²
	Linkou Enterprise Zone Project* (Taiwan, Outlet Project)	Linkou District, Taiwan	≈ 45,000m²
TBD	Retail Facility Development Project in Hiratsuka	Hiratsuka, Kanagawa	TBD
	Retail Facility Development Project in Nagoya	Nagoya, Aichi	TBD
	Retail Facility Development Project in Togocho, Aichi	Aichi-gun, Aichi	TBD

* Jointly owned property
Each FY opened and store floor space may change in the future. Some project names are tentative.

Major Newly Opened Projects (Managed)

FY Opened	Project Name	Location	Store Floor Space
2014	Okachimachi Yoshiike Head Store Building	Taito-ku, Tokyo	≈ 9,400m²
	SHINJUKU NAKAMURAYA BUILDING (Reconstruction Project)	Shinjuku-ku, Tokyo	≈ 4,200m²
2015	Retail Facility Development Project in Tachikawa-Tachihi	Tachikawa, Tokyo	≈ 60,000m²
2017	LaLaport SHANGHAI JINQIAO	Pudong Jinqiao, Shanghai	≈ 74,000m²

Large-scale Renewal Projects

Execution Period	Facility Name	No. of Stores Renewed / Total No. of Stores
February-September 2013	LaLaport YOKOHAMA	133/279
March-April 2013	LaLaport KASHIWANOHA	76/150
April 2013	Tokyo Midtown	42/135
February-April 2014	ALPARK (Hiroshima)	27/160
March-April 2014	LaLaport TOKYO-BAY	75/450
February-April 2014	LaLaport KOSHIEN	24/150

A diversity of facility types and stable revenue structure supported by robust relationships with 2,100 tenant companies

PROPERTY SALES SEGMENT

Mitsui Fudosan has classified its Property Sales business activities into two distinct categories: "Property Sales to Individuals" and "Property Sales to Investors." Under the Group's long-term business plan, Mitsui Fudosan has identified efforts to evolve the housing business as well as its model for cooperation with investors as important strategies aimed at strengthening the competitiveness of its domestic business.

Revenues from the Property Sales segment in fiscal 2012 and 2013 were ¥393,454 million and ¥409,466 million, respectively, representing 27.0% of the Company's total consolidated revenue from operations.

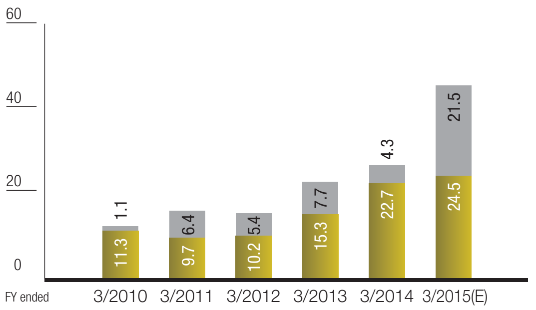
Revenue from Operations

FY2012 ¥393,454 million

FY2013 ¥409,466 million

TRENDS IN PROPERTY SALES SEGMENT OPERATING INCOME

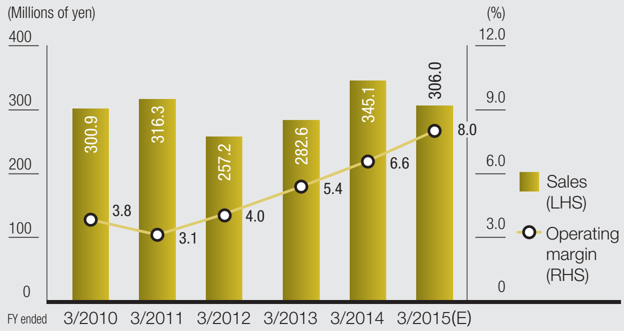
Property Sales Segment: Operating Income



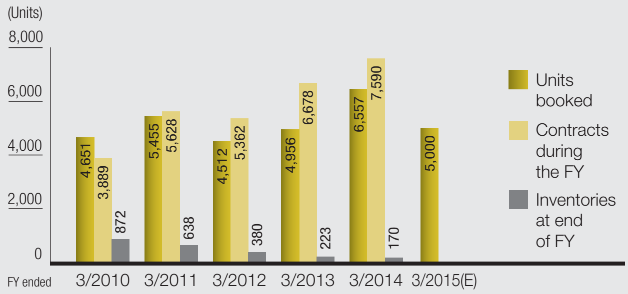
In property sales to individuals, Mitsui Fudosan is engaged in the development and sale of high value-added condominiums and detached housing. Maintaining its industry leading position in Japan, the Company is particularly strong in the development and sale of condominiums, consistently providing around 5,000 condominiums each year. In its property sales to investors endeavors, Mitsui Fudosan has established a business model based on cooperation with investors including three J-REITs managed by the Mitsui Fudosan Group. In this manner, the Company maintains a variety of exit strategies.

Property Sales to Individuals

Sales and Operating Margin



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



The bulk of Mitsui Fudosan's condominiums are located in metropolitan Tokyo.

Land Bank (Condominiums)

(As of March 31, 2014)

Land acquired equivalent to approximately

21,000units

(Includes project stage of redevelopment)

Property Sales to Investors

Business Model based on Cooperation with Investors

As a Group, Mitsui Fudosan maintains a variety of exit strategies.

MITSUI FUDOSAN GROUP

Sales to a diverse array of investors

Management contracts after sales

J-REITs managed by the Mitsui Fudosan Group

NBF Nippon Building Fund
AUM: ¥1,074.3 bn (73 properties)

Nippon Accommodations Fund
AUM: ¥287.7 bn (112 properties)

Frontier Real Estate Investment Corporation
AUM: ¥270.1 bn (30 properties)

Private funds structured and managed by the Mitsui Fudosan Group

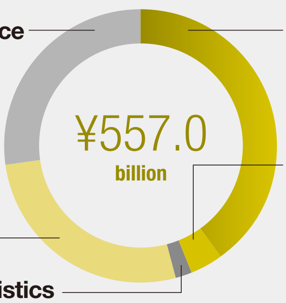
MITSUI FUDOSAN INVESTMENT ADVISORS,INC.
(Structures and manages private funds) AUM: ¥1,236.0 bn

Mitsui Fudosan Private REIT Inc.
AUM: ¥167.5 bn (31 properties)

Institutional investors, corporations, etc.

(As of March 31, 2014)

Inventory of Property for Sales to Investors



Asset Class Growth

In recent years, demand for highly functional logistics facilities has become increasingly prominent. This reflects continued growth in third-party logistics (3PL), mail-order, and e-commerce markets. To address this burgeoning demand, Mitsui Fudosan is actively engaging in the development of advanced logistics facilities that can accommodate a vast array of needs. The Company has already commenced construction on nine facilities. Mitsui Fudosan is making steady progress in implementing its investment plan that entails capital expenditures of ¥200 billion over the six-year period from 2012 to 2017.

FY Completed	Project Name	Location	Total Floor Space
Acquired in 2013	Mitsui Fudosan Logistics Park Yokohama Daikoku*1	Yokohama, Kanagawa	≈ 131,800m^2
2013	GLP MFLP Ichikawa Shiohama *1	Ichikawa, Chiba	≈ 122,000m^2
2014	Mitsui Fudosan Logistics Park Yashio	Yashio, Saitama	≈ 41,600m^2
	Mitsui Fudosan Logistics Park Kuki	Kuki, Saitama	≈ 74,500m^2
	Mitsui Fudosan Logistics Park Sakai	Sakai, Osaka	≈ 133,000m^2
2015	Mitsui Fudosan Logistics Park Funabashi Nishiura	Funabashi, Chiba	≈ 31,000m^2
	Mitsui Fudosan Logistics Park Hino	Hino, Tokyo	TBD*2
TBD	Mitsui Fudosan Logistics Park Atsugi	Aiko-gun, Kanagawa	≈ 43,700m^2
	Mitsui Fudosan Logistics Park Funabashi	Funabashi, Chiba	TBD*3

*1 Jointly owned property
*2 Site area: Approx. 97,500m^2
*3 Site area: Approx. 60,000m^2

MANAGEMENT SEGMENT

The management business consists of: 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 the Group's expertise to generate fee income in ways such as providing asset management services for J-REITs and for private funds and brokerage services for individuals and corporations. Revenues from the Management segment in fiscal 2012 and 2013 were ¥297,934 million and ¥314,230 million, respectively, representing approximately 20.7% of the Company's total revenue from operations.

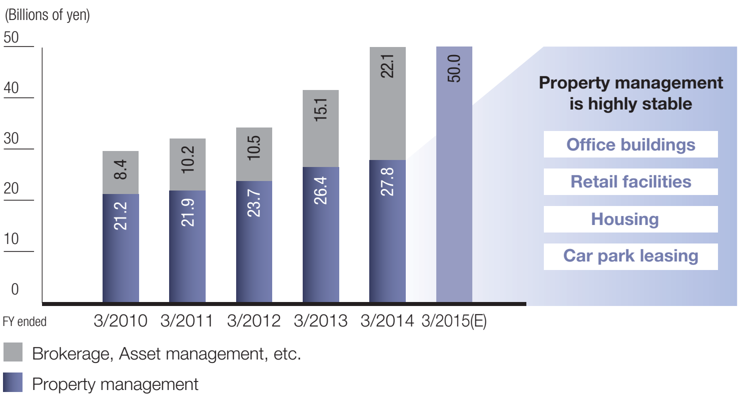
Revenue from Operations

FY2012 ¥297,934 million

FY2013 ¥314,230 million

TRENDS IN OPERATING INCOME

Management Business Operating Income



Growth in its property management activities is based on a fee income stream that is derived from stable contract management. This stability also reflects the Company's ability to cover diverse asset classes including office buildings, retail facilities, housing and car park leasing. At the same time, Mitsui Fudosan's brokerage and asset management businesses are buoyed by the overall know-how of the Group.

Property Management (FY ended March 2014)

Diverse Asset Classes

Office Buildings
- Mitsui Fudosan Building Management Co., Ltd. (635 buildings under management)
- Mitsui Fudosan Facilities Co., Ltd. (361 buildings under management)

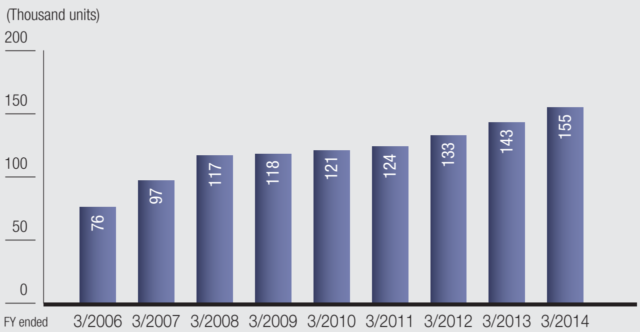
Retail Facilities
- Mitsui Fudosan Retail Management Co., Ltd. (61 facilities)

Housing
- Mitsui Fudosan Housing Lease Co., Ltd. (51,939 subleased and consigned units)
- Mitsui Fudosan Residential Service Co., Ltd. (238,027 units under management)

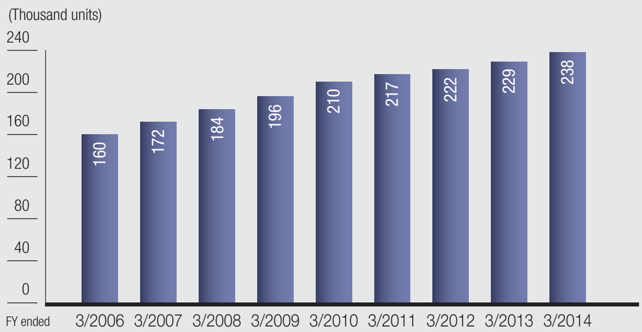
Car Park Leasing
- Mitsui Repark (154,643 parking spaces)

Mitsui Fudosan boasts comprehensive management capabilities that extend over diverse asset classes. The Company is defined by its strengths in office buildings, retail facilities housing and car park leasing.

Car Park Leasing: Track Record



Property Management (Sales condominiums): Track Record



Property Management (Leasing condominiums): Track Record

Brokerage (FY ended March 2014)

		Fee/Revenue (Billions of yen)	Transactions (Unit)	Number of stores
1	**Mitsui Fudosan Realty Co., Ltd.**	**74.6**	**42,550**	**273**
2	Sumitomo Real Estate Sales Co., Ltd.	52.6	35,455	251
3	Tokyu Livable, Inc.	40.0	19,465	138
4	Nomura Real Estate Holdings, Inc.	24.5	7,437	60
5	Sumitomo Mitsui Trust Realty Co., Ltd.	14.6	7,043	71

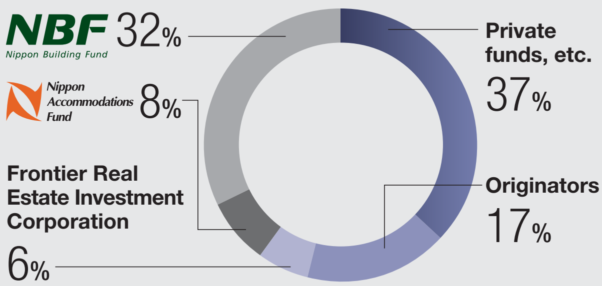
Source: Real Estate Economic Institute

Mitsui Fudosan Realty Co., Ltd., which is engaged in the arrangement and brokerage of housing sales under the Mitsui Rehouse name, has led the market in the number of properties handled in Japan for 28 consecutive periods from fiscal 1986 to fiscal 2013.

Asset Management

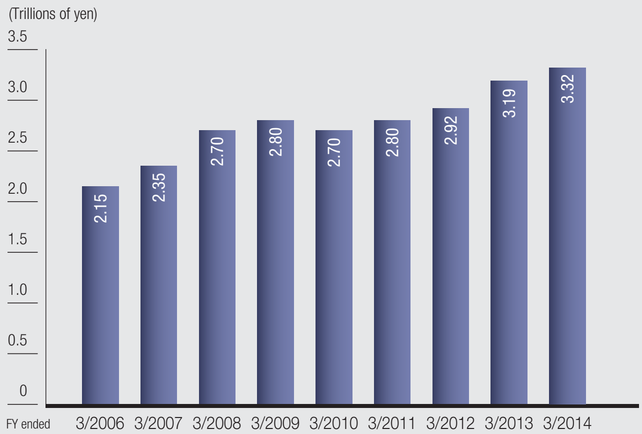
Assets under Management

(FY ended March 2014)



Another key strength of Mitsui Fudosan's management business is its ability to deliver services through three REITs and private funds.

Assets under Management: Track Record



Mitsui Fudosan continues to secure steady growth in assets under management.

MITSUI HOME SEGMENT

As Japan's premier builder of 2x4 "platform-frame" single-family homes, Mitsui Home Co., Ltd. is positioned at the core of the Group's custom-built housing business. Mitsui Home is engaged in a wide range of activities focusing on living environments.

In recent years, interest in safe and secure homes as well as energy conservation and the need to secure electric power during emergency situations has steadily mounted.

Under these circumstances, Mitsui Home has channeled its energies toward putting forward proposals that showcase the outstanding environmental properties of the wooden house 2x4 construction method. In combining these proposals with Smart 2x4 initiatives, Mitsui Home is working to further increase custom-build housing orders.

In the Mitsui Home segment, revenues in fiscal 2012 and 2013 were ¥209,029 million and ¥237,069 million, respectively, representing approximately 15.6% of the Company's total revenue from operations.

Revenue from Operations

FY2012
¥209,029 million

FY2013
¥237,069 million

Results of Mitsui Home Co., Ltd.

(Millions of Yen)

		Year Ended March 31 2014	2013	Change (amount)
New Construction	Revenue	**¥173,188**	¥156,330	¥16,857
	Orders	**171,139**	155,621	15,518
Reform/ Renewal	Revenue	**29,673**	21,634	8,038
	Orders	**34,234**	26,290	7,944
Lease Management		**20,059**	18,904	1,154
Other		**14,148**	12,159	1,989
Total Revenue		**¥237,069**	¥209,029	¥28,040

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 housing industry, the environment for orders was generally strong. In addition to the ongoing emphasis placed on housing safety and security, this favorable environment was largely attributable to the heightened awareness toward energy efficiency, the need to secure adequate supplies of energy during emergency situations, and the rush in demand in the lead to Japan's consumption tax rate hike. Under these circumstances, Mitsui Home was successful in showcasing the appeal of its design capabilities, most notably through its strengths in custom-built homes, further enhancing its brand prowess, and expanding orders.

As a result, Mitsui Home reported substantial increases in both revenue and earnings for the fiscal year ended March 31, 2014. The amount of orders at the beginning of the period was higher than for the previous period in the "New Construction" and "Reform/Renewal" categories. Buoyed also by such factors as the increase in orders for the fiscal year under review, revenue for the segment as a whole climbed ¥28.0 billion compared with the previous fiscal year.

OTHER SEGMENT

In the other segment, Mitsui Fudosan is active across a wide variety of fields. Principal fields of activity comprise facility operations, merchandise and other.

Revenue from Operations (Millions of yen)

	Fiscal 2013	Share
Facility Operations	49,781	47.5%
Merchandise	35,856	34.2%
Other	19,149	18.3%
Total	104,787	100.0%

Revenue from Operations

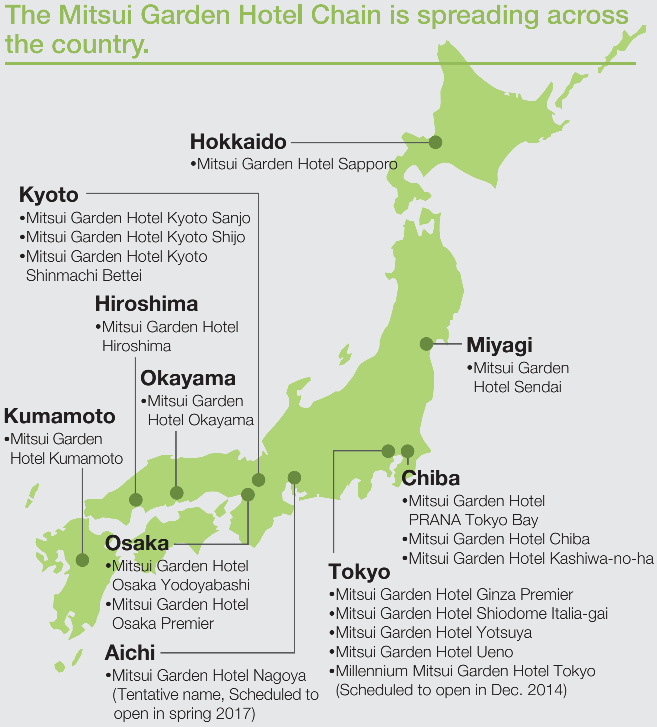
FY2012
¥103,515 million

FY2013
¥104,787 million

Facility Operations

In the facility operations field, the Mitsui Fudosan Group operates the Mitsui Garden Hotels chain, the Celestine Hotel, and resort hotels in Japan, as well as the Halekulani and other hotels in Hawaii. The Group also operates a number of golf clubs in Japan. Revenue from operations and operating income in the hotel operation business increased substantially. In addition to robust conditions in the business and leisure sectors, this largely reflected the positive impact of overseas in-bound activity.

The Mitsui Garden Hotel Chain is spreading across the country.



Merchandise

Daiichi Engei Co., Ltd.

In the merchandise field, Group company Uniliving Co., Ltd.* operates the Unidy chain of home centers located mainly in the Tokyo Metropolitan area. Another Group company, Daiichi Engei Co., Ltd. sells seasonal flowers and plants.

Note: Uniliving Co., Ltd. was sold on April 1, 2014.

Other

In the other field, Mitsui Fudosan Reform Co., Ltd. engages in remodeling operations.

Japan's housing market continues to undergo structural change in response to the ongoing maturity of both society and the economy. Against this backdrop, Mitsui Fudosan is positioning renovation services, which are projected to experience demand growth, as a key component of the Group's housing business.

Business activities will remain within Japan's three major metropolitan areas for the foreseeable future. In addition to promoting the renovation of detached housing, condominiums, medical facilities and business assets, Mitsui Fudosan will strive to secure a position as a leading high-value-added renovation brand.

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.

■ 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 twelve 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. Moreover, steps are taken to undertake a management assessment and audit concerning internal control over financial reporting as stipulated under Japan's Financial Instruments and Exchange Act.

Outside Directors and Outside Auditors

Mitsui Fudosan has four outside directors and three outside auditors.

Outside Directors

Mitsui Fudosan has appointed Mitsudo Urano, Masayuki Matsushima, Toru Yamashita and Toshiaki Egashira after a comprehensive evaluation of their characters, capabilities, experience and other factors. None of the four has a conflict of interest with general shareholders.

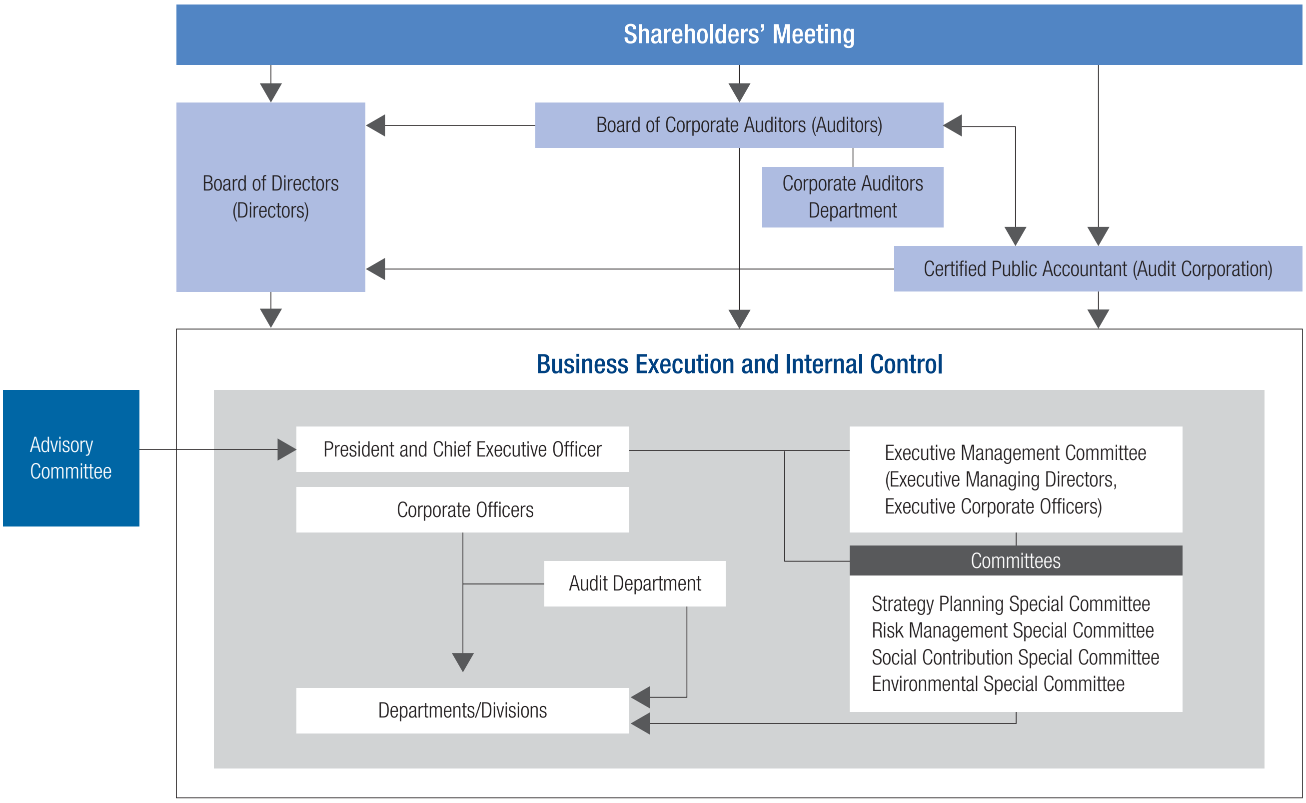
Outside Auditors

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.

Overview of Criteria concerning the Independence of Outside Directors and Outside Auditors as well as Personal, Capital or Business Relationships or Other Conflicts of Interest with the Company

Outside officers and independent officers are appointed after taking into consideration a comprehensive range of factors including personality traits, capabilities as well as personal and career history. While vested interests may exist between the Company and some of its outside directors and outside auditors, in each case a determination was made that there is no potential conflict of interest with general shareholders. As a result, outside directors and outside auditors are deemed independent.

Corporate Governance Organization (As of June 27, 2014)



With respect to outside directors, Mitsudo Urano held the position of Representative Director and Chairman at business partner NICHIREI CORPORATION until June 2013. With respect to the relationship between NICHIREI CORPORATION and Mitsui Fudosan, and any influence Mr. Urano may exert, taking into consideration the context of transactional details, it was determined that there was no potential of any impact on his decisions for shareholders and investors. Masayuki Matsushima was Chairman of Credit Suisse Securities (Japan) Limited. There are no special vested interests between Credit Suisse Securities (Japan) Limited and the Company. Toru Yamashita held the position of Representative Director, President and Chief Executive Officer at business partner NTT DATA Corporation until June 2012. With respect to the relationship between NTT DATA Corporation and Mitsui Fudosan, and any influence Mr. Yamashita may exert, taking into consideration the context of transactional details, it was determined that there was no potential of any impact on his decisions for shareholders and investors. Toshiaki Egashira holds the position of Chairman of the Board at business partner Mitsui Sumitomo Insurance Company, Limited. With respect to the relationship between Mitsui Sumitomo Insurance Company, Limited and Mitsui Fudosan, and any influence Mr. Egashira may exert, taking into consideration the context of transactional details, it was determined that there was no potential of any impact on his decisions for shareholders and investors.

Turning to outside auditors, Toshiaki Hasegawa is Representative of Toshiaki Hasegawa Law Firm, and Akishige Okada was formerly Chairman and Director of Sumitomo Mitsui Financial Group Inc. with respect to relationships between each of the aforementioned companies and Mitsui Fudosan, and in the context of transactional details, it was determined that there was no potential of any impact on the decisions for shareholders and investors. Accordingly, details have been omitted. In addition, Mitsui Fudosan has not formulated criteria concerning the independence of outside directors and outside auditors.

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 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 Ordinary General Meeting of Shareholders.

■ Internal Audit System

As an internal auditing system, the Audit Department, with a

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)	830	482	84	263	10
Corporate Auditors (Excluding outside directors)	81	81	—	—	2
Outside Directors	76	76	—	—	8

Compensation of Directors Exceeding ¥100 Million	Total Compensation (Millions of yen)	Amount of Compensation by Type (Millions of yen)		
		Basic Compensation	Stock Options	Bonus
Chairman of the Board and Chief Executive Officer Hiromichi Iwasa	177	99	17	60
President and Chief Executive Officer Masanobu Komoda	177	99	17	60
Managing Director Yoshiaki Iinuma	110	65	10	34

staff of 17, 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 audit 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 2013 was ¥412 million. Mitsui Fudosan America, Inc., a consolidated subsidiary, paid ¥76 million in compensation to KPMG LLP, a member of the same network as Mitsui Fudosan's certified public accountant.

■ Risk Management

The Mitsui Fudosan Group believes that appropriately handling various business risks and minimizing their impact on management is 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 the Risk Management Special Committee manage business risk and administrative risk, respectively, delineate and apprehend risk issues, and propose response measures.

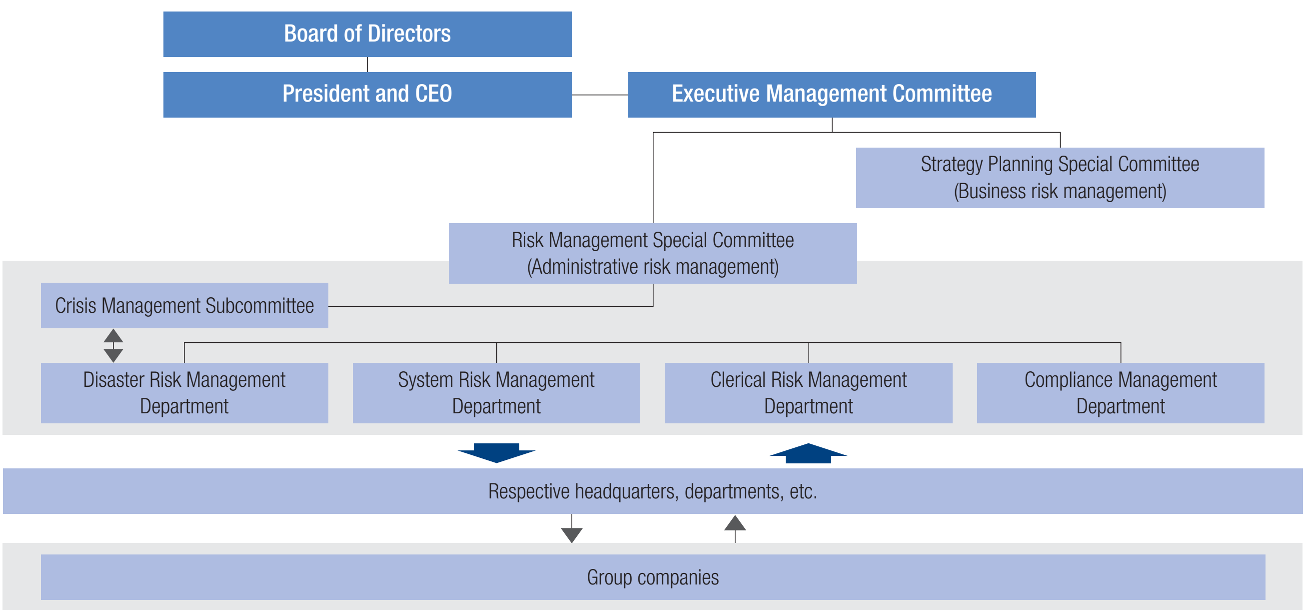
In addition, the Crisis Management Subcommittee, as a subordinate body of the Risk Management Special Committee, apprehends the circumstances of accidents or other incidents that occur and determines response policies and other matters as necessary.

■ Compliance

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

Risk Management Organization

(As of June 27, 2014)



MANAGEMENT TEAM
(As of June 27, 2014)

Front row from left: Toshiaki Egashira, Masayuki Matsushima, Hiromichi Iwasa, Masanobu Komoda, Mitsudo Urano, Toru Yamashita
Back row from left: Kenji Iino, Yoshikazu Kitahara, Yoshiaki Iinuma, Hitoshi Saito, Hiroshi Asai, Kiyotaka Fujibayashi

Members Of The Board

Chairman of the Board and Chief Executive Officer
Hiromichi Iwasa

President and Chief Executive Officer
Masanobu Komoda

Managing Director and Executive Vice President
Yoshiaki Iinuma

Managing Directors
Hitoshi Saito
Yoshikazu Kitahara
Hiroshi Asai
Kenji Iino
Kiyotaka Fujibayashi

Managing Directors (Outside Directors)
Mitsudo Urano
Masayuki Matsushima
Toru Yamashita
Toshiaki Egashira

Auditors

Senior Corporate Auditor
Seizo Kuramoto

Corporate Auditor
Koichi Nishiyama

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

Executive Vice President

Yoshiaki Iinuma

In charge of Smart City Promotion Department, Affiliated Business Department

Senior Executive Managing Officers

Hitoshi Saito

In charge of International Department

Yoshikazu Kitahara

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

Executive Managing Officers

Hiroshi Asai

In charge of General Administration Department, Information Systems Department, Space & Environment Institute

Kenji Iino

In charge of Executive Secretarial Department, Corporate Communications Department, Personnel Department, Branch Offices

Kiyotaka Fujibayashi

In charge of Housing Sales Business; President and Chief Executive Officer, Mitsui Fudosan Residential Co.,Ltd.

Yasuhiko Yamashiro

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

Yasuo Onozawa

In charge of Hibiya Urban Planning and Development Department, Tokyo Midtown Development Department, Toyosu-Project Development Planning Department, Kashiwanoha Urban Planning and Development Department, Development Planning Department, Gotanda Project Department

Takeshi Suzuki

In charge of China and Asia Business Department

Hiroyuki Ishigami

Chief Operating Officer, Retail Properties Division

Masatoshi Satou

In charge of Accounting and Finance Department, Planning and Research Department; General Manager, Accounting and Finance Department

Takashi Yamamoto

Chief Operating Officer, Accommodations Business Division

Managing Officers

Akihiko Funaoka

General Manager, Corporate Planning Department and Smart City Promotion Department

Shuji Tomikawa

Chief Operating Officer, Real Estate Solution Services Division

Takashi Ueda

Deputy Chief Operating Officer, Office Building Division

Yosuke Seko

General Manager, General Administration Department

Takayuki Miki

General Manager, Logistics Properties Department

Satoshi Hironaka

General Manager, International Department

Wataru Hamamoto

General Manager, Development Planning Department and Toyosu-Project Development Planning Department

Yoshihiro Hirokawa

General Manager, Personnel Department

Group Officers

Group Senior Officers

Hidehisa Takei

Mitsui Fudosan Realty Co., Ltd.

Shogo Nakai

Mitsui Fudosan Investment Advisors, inc.

Masatoshi Ozaki

Mitsui Fudosan Reform Co., Ltd.

Group Officers

Tadashi Ando

Mitsui Fudosan Retail Management Co., Ltd.

Tooru Inoue

Mitsui Fudosan Residential Co., Ltd.

Six-Year Summary

Mitsui Fudosan Co., Ltd. and its Subsidiaries

	Millions of yen except per share amounts and number of employees						Thousands of U.S. dollars except per share amounts (Note 1)
Years ended March 31	2014	2013	2012	2011	2010	2009	2014
FOR THE YEAR:							
Revenue from operations	¥1,515,252	¥1,445,644	¥1,338,102	¥1,405,270	¥1,384,807	¥1,418,946	$14,722,620
Interest, dividends and miscellaneous Income	21,387	15,674	5,854	27,044	31,152	9,389	207,802
Costs and expenses (including tax)	1,458,383	1,403,605	1,296,948	1,382,293	1,356,870	1,349,178	14,170,064
Equity in net income of affiliated companies	1,420	2,850	3,702	689	2,027	5,980	13,797
Minority interests	(2,832)	(1,112)	(580)	(801)	(1,032)	(1,565)	(27,517)
Net income	76,844	59,451	50,130	49,909	60,084	83,572	746,638
AT YEAR-END:							
Total assets	¥4,548,822	¥4,390,075	¥3,868,412	¥3,780,700	¥3,710,424	¥3,758,387	$44,197,649
Shareholders' equity and accumulated other comprehensive income	1,274,355	1,181,174	1,078,183	1,019,941	1,007,811	978,667	12,381,995
Common stock	¥ 174,296	174,296	174,296	174,296	174,296	174,296	$ 1,693,510
Number of employees	16,585	16,377	16,666	16,288	15,922	15,476	
PER SHARE DATA:							
Net income (basic)	¥ 87.5	¥ 67.7	¥ 57.1	¥ 56.8	¥ 68.4	¥ 95.1	$ 0.850
Cash dividends applicable to the year	22.0	22.0	22.0	22.0	22.0	22.0	0.214
RATIOS:							
Equity ratio (%) (Note 2)	28.0	26.9	27.9	27.0	27.2	26.0	
Return on assets (%) (Note 3)	4.07	3.66	3.55	3.39	3.41	5.06	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥102.92=U.S.$1.00, the approximate exchange rate at March 31, 2014.
2. Equity ratio = (Net assets – Subscription rights to shares – Minority interests) / Total assets
3. Return on assets (ROA) = (Operating income + Interest, dividends and miscellaneous income, 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	2014		2013		2012	
Revenue from operations	¥1,515.3	100.0%	¥1,445.6	100.0%	¥1,338.1	100.0%
Cost of revenue from operations	1,189.7	78.5	1,147.1	79.3	1,067.0	79.7
Selling, general and administrative expenses	152.9	10.1	150.3	10.4	145.1	10.9
Operating income	172.6	11.4	148.2	10.3	126.0	9.4
Other revenues	21.4	1.4	15.6	1.0	5.8	0.4
Interest expenses	30.9	2.0	29.4	2.0	26.7	2.0
Other expenses	37.8	2.5	26.4	1.8	14.3	1.1
Equity in net income of affiliated companies	1.4	0.1	2.9	0.2	3.7	0.3
Income before income taxes and minority interests	126.7	8.4	110.9	7.7	94.5	7.0
Income taxes	47.1	3.1	50.3	3.5	43.8	3.3
Minority interests	(2.8)	(0.2)	(1.1)	(0.1)	(0.6)	(0.0)
Net income	¥ 76.8	5.1%	¥ 59.5	4.1%	¥ 50.1	3.7%

OPERATING CONDITIONS AND AN OVERVIEW OF RESULTS

In fiscal 2013, the year ended March 31, 2014, operating conditions throughout the Japanese economy were generally firm. In addition to the fiscal and monetary policy initiatives put forward by the government as well as the Bank of Japan from April 2013, which helped to trigger expectations of an economic recovery in the short term, the decision to award Tokyo the 2020 Olympic Games gave impetus to a more prolonged positive outlook.

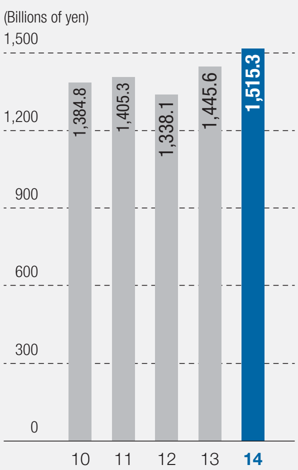
In the real estate sector, conditions in the office building leasing market were strong. This reflected the persistent focus on security and business continuity by the corporate sector, which translated into robust tenant demand, and resulted in an improvement in vacancy rates most notably in major metropolitan areas. A positive operating environment also characterized the retail facility leasing market. This was mainly attributable to the opening of new facilities and aggressive efforts to complete large-scale renovations and reflected the underlying strength of personal consumption. Property sales in the housing market benefitted from Japan's persistently low interest rate environment as well as an eagerness by individuals to pursue property purchases. The real estate investment market also exhibited an upward trend with the Tokyo Stock Exchange REIT Index rebounding to levels recorded prior to the financial crisis of 2008. Together with several new listings and existing players within Japan's real estate investment trust market, the total amount of investment property holdings in Japan surpassed ¥11 trillion.

Against the backdrop of this favorable operating environment, the Mitsui Fudosan Group continued to carry out the three core strategies of its Innovation 2017 long-term business plan. Accordingly, the Group focused on customer-centered management, took steps to promote business model innovation and pursued the full implementation of Group management. At the same time, energies were channeled toward accelerating the pace of efforts aimed at strengthening the competitiveness of the Group's domestic business and developing global operations.

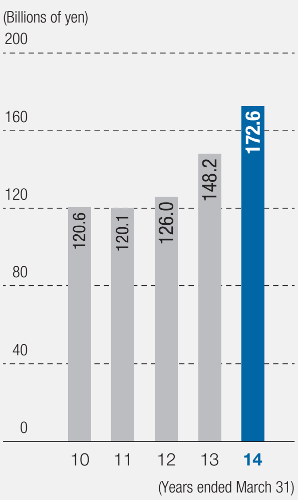
Taking these factors into consideration, revenue from operations in the fiscal year under review was ¥1,515.3 billion, up 4.8 percent, or ¥69.6 billion, compared with the previous fiscal year. This was largely attributable to increases in both the reported number of units in the "Property Sales to Individuals" category and the number of brokerage properties handled in the "Mitsui Rehouse" business. Earnings also grew with operating income improving 16.5 percent, or ¥24.4 billion year on year, to ¥172.6 billion. Net income climbed 29.3 percent, or ¥17.4 billion from the previous fiscal year, to ¥76.8 billion.

A detailed analysis of costs and expenses is presented as follows.

Revenue from Operations



Operating Income



COST OF REVENUE FROM OPERATIONS AND SG&A EXPENSES

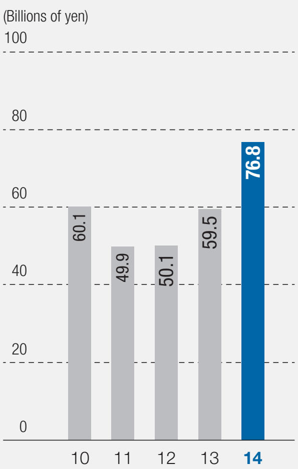
The cost of revenue from operations increased 3.7 percent year on year, or ¥42.6 billion, to ¥1,189.7 billion. Gross profit from operations grew 9.0 percent, or ¥27.0 billion, to ¥325.5 billion for a gross margin of 21.5 percent up from 20.6 percent in the previous fiscal year

Selling, general and administrative (SG&A) expenses increased 1.7 percent year on year, or ¥2.6 billion, to ¥152.9 billion. While salaries and wages as well as research and development expenses were essentially unchanged from the previous fiscal year, and retirement benefit expenses were down year on year, this increase was largely attributable to higher advertising and promotion expenses.

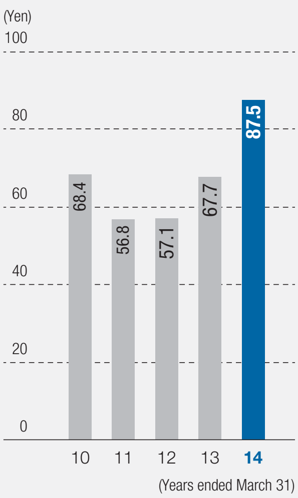
OPERATING INCOME

Operating income was ¥172.6 billion, up 16.5 percent year on year, or ¥24.4 billion. This positive result was due mainly to the overall improvement in revenue from operations across all business segments. Operating income was also up across all business segments. Of particular note were the robust conditions in the existing homes markets as well as the increase in the number of brokerage transactions.

Net Income



Net Income per Share



INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME, AND OTHER COSTS AND EXPENSES

Interest, dividends, and miscellaneous income grew 36.4 percent, or ¥5.7 billion, to ¥21.4 billion. Despite the absence of the gain on sale of investment securities and the gain on sale of investments in unconsolidated subsidiaries and affiliated companies recorded in the previous fiscal year, this growth was largely attributed to the substantial jump in gain on sale of property and equipment. Despite a year-on-year decrease in the balance of total interest-bearing debt of ¥80.2 billion, interest expense totaled ¥30.9 billion, up 4.8% year on year, or ¥1.4 billion. Other expenses jumped 43.6 percent, or ¥11.5 billion, to ¥37.8 billion. The major components were loss on sale of property and equipment, impairment loss on fixed assets, loss on disposal of property and equipment, loss on liquidation of consolidated subsidiaries, and other of ¥9.1 billion, ¥11.6 billion, ¥8.3 billion, ¥2.1 billion, and ¥6.7 billion, respectively. 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 50.2% year on year, or ¥1.4 billion, to ¥1.4 billion. Income before income taxes and minority interests climbed 14.2 percent, or ¥15.8 billion, to ¥126.7 billion. The effective tax rate for the fiscal year under review was essentially unchanged from the previous fiscal year. As a result, total income taxes came to ¥47.0 billion, down 6.6% year on year, or ¥3.3 billion. After accounting for income taxes and minority interests, net income amounted to ¥76.8 billion, up 29.3%, or ¥17.4 billion. Turning to per share information, net income per share increased to ¥87.5 from ¥67.7 in fiscal 2012. For fiscal 2013, Mitsui Fudosan maintained an annual cash dividend per share of ¥22.0.

SEGMENT INFORMATION

Leasing

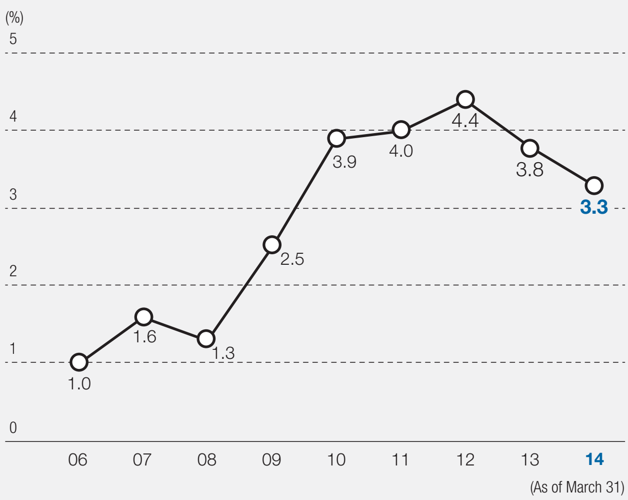
(Millions of yen)

Years ended March 31			2014	2013
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥284,530	¥286,934
		Retail Facilities	157,887	148,620
	Total Leased Floor Space (1,000 m^2):		4,452	4,594
	Office Buildings	Owned	1,550	1,662
		Managed	1,188	1,199
	Retail Facilities	Owned	1,201	1,228
		Managed	513	505
Other	Revenue		7,282	6,156
Total Revenue			449,700	441,712
Operating Income			109,206	104,352

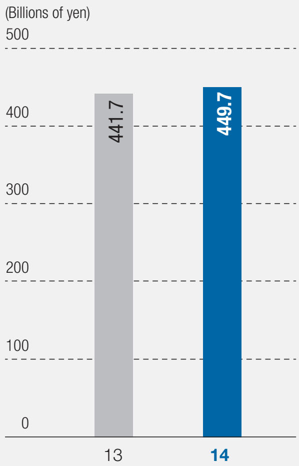
For the period under review, overall revenue from operations in the “Leasing” segment increased 1.8 percent, or ¥8.0 billion, compared with the previous fiscal year, to ¥449.7 billion. Operating income for this segment grew 4.7 percent, or ¥4.9 billion, to ¥109.2 billion. These improvements in revenue and earnings were largely due to the full-term contributions provided by Nihonbashi Astellas Mitsui Building and other properties, which were completed during the previous period, contributions from properties opened during the period under review, the positive effects of large-scale renewals at such retail facilities as LAZONA Kawasaki Plaza, and the impact of foreign currency exchange rates on the operations of the Mitsui Fudosan America Group.

Turning to vacancy rates, the office building leasing market continues to witness a steady decline in vacancy rates. The vacancy rates for the Company’s office buildings located in the Tokyo Metropolitan and regional areas were 3.3 percent and 4.3 percent, respectively, on a non-consolidated basis as of March 31, 2014. The total vacancy rate for all of the Company’s office buildings was 3.5 percent, down from 4.0 percent for the previous fiscal year. In contrast, vacancy rates for retail facilities edged up year on year. In specific terms, the retail facility vacancy rates for the Company’s properties in the Tokyo Metropolitan and regional areas were 2.1 percent and 0.9 percent, respectively. The total retail facility vacancy rate as of March 31, 2014 stood at 1.6 percent, up from 1.3 percent compared with the previous fiscal year-end. This was largely attributable to the temporary impact of property renewals.

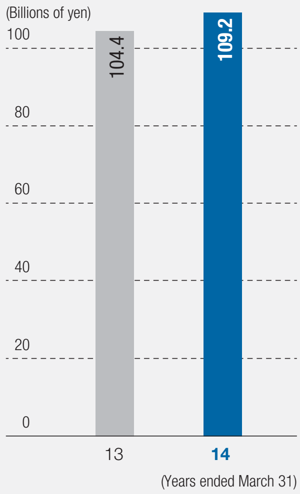
Vacancy Rate for Tokyo Metropolitan Area Office Buildings (Non-consolidated)



Revenue from Operations



Operating Income



Property Sales

Property Sales to Individuals and Investors

(Millions of yen)

Years ended March 31/As of March 31			2014			2013		
			Revenue	Units	Average Unit Price	Revenue	Units	Average Unit Price
Property Sales to Individuals	Condominiums	Tokyo Metropolitan Area	¥241,517	5,082	¥48	¥206,518	4,161	¥50
		Other	53,964	1,475	37	29,656	795	37
		Subtotal	295,482	6,557	45	236,174	4,956	48
	Detached Housing	Tokyo Metropolitan Area	42,322	757	56	38,698	636	61
		Other	7,366	159	46	7,788	159	49
		Subtotal	49,689	916	54	46,487	795	58
		Revenue	345,172	7,473	46	282,662	5,751	49
		Operating Income	22,781			15,300		
Property Sales to Investors		Revenue	64,294			110,792		
		Operating Income	4,317			7,758		
Total		Revenue	409,466			393,454		
		Operating Income	27,100			23,059		

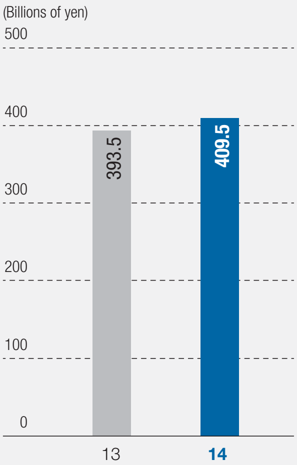
Inventories (Property Sales to Individuals)

(Units)

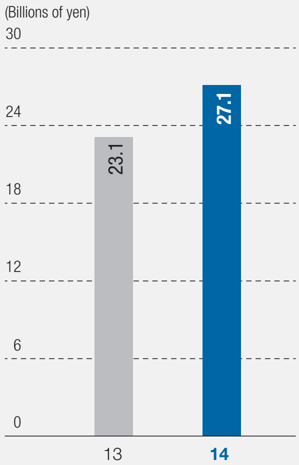
As of March 31	2014	2013	2012	2011	2010
Condominiums	170	223	380	638	872
Detached Housing	65	57	24	46	40
Total	235	280	404	684	912

In the "Property Sales" segment revenue from operations was up 4.1 percent, or ¥16.0 billion, compared with the previous fiscal year, to ¥409.5 billion. On a category basis, revenue from operations in the "Property Sales to Individuals" category climbed 22.1 percent, or ¥62.5 billion, to ¥345.2 billion. This mainly reflected an increase in the reported number of units. In specific terms, condominium sales to individuals grew 25.1 percent, or ¥59.3 billion, to ¥295.5 billion, and detached housing sales to individuals rose 6.9 percent, or ¥3.2 billion, to ¥49.7 billion. Revenue from operations in the "Property Sales to Investors" category was ¥64.3 billion, down 42.0 percent, or ¥46.5 billion compared with the previous fiscal year. Despite such factors as the sale of rental housing to Nippon Accommodations Fund Inc., this downturn was mainly due to corrections following the sale of large-scale properties during the previous period. From a profit perspective, operating income in the "Property Sales" segment increased 17.5 percent, or ¥4.0 billion, to ¥27.1 billion. Looking closer, operating income in "Property Sales to Individuals" rose 49.0 percent, or ¥7.5 billion, to ¥22.8 billion, with the profit margin climbing 1.2 percentage points to 6.6 percent. Operating income in "Property Sales to Investors" declined 44.4 percent, or ¥3.4 billion, to ¥4.3 billion. Turning to key highlights and principal benchmarks, the number of units booked climbed from 5,751 units to 7,473 units, an increase of 1,722 units. There were several major condominium projects undertaken during the fiscal year under review including Park Tower

Revenue from Operations



Operating Income



(Years ended March 31)

Shinonome in Koto Ward, Tokyo and Park City Musashikosugi the Grand Wing Tower in Kawasaki, Kanagawa Prefecture. During the period, the Mitsui Fudosan Group also undertook Fine Court Seibu Tachikawa AYUMO CITY in Tachikawa, Tokyo, a major detached housing project. In the "Property Sales to Individuals" category, contracts at the end of the term came to 5,249, up 1,067 from 4,182. This was the highest level of contracts in Japan. Total inventories of condominiums and detached housing declined from 280 units as of March 31, 2013 to 235 units as of March 31, 2014. The unit price of properties decreased ¥2,960,000 year on year to ¥46,190,000.

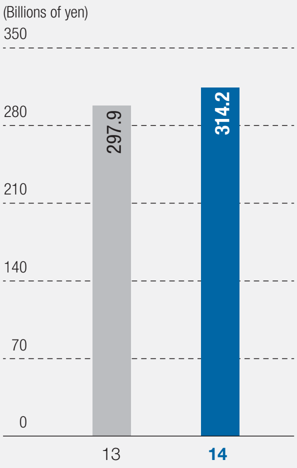
Management

(Millions of yen)

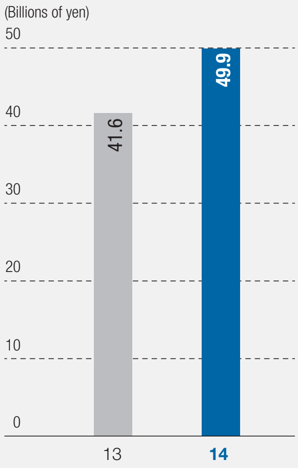
Years ended March 31		2014	2013
Property Management	Revenue	¥225,438	¥218,911
	Operating Income	27,819	26,427
Brokerage, Asset Management, etc.	Revenue	88,791	79,023
	Operating Income	22,126	15,151
Total	Revenue	314,230	297,934
	Operating Income	49,945	41,579

In fiscal 2013, revenue from operations and operating income improved in the "Management" segment due primarily to the increase in the number of managed units in the "Repark" (Car Park Leasing) business, continued healthy conditions in the existing house market in the "Brokerage and Asset Management, etc." business, and an upswing in the number of brokerage properties handled in the "Mitsui Rehouse" business. As a result revenue from operations for the segment as a whole rose 5.5 percent, or ¥16.3 billion compared with the previous fiscal year, to ¥314.2 billion, and operating income improved 20.1 percent, or ¥8.4 billion year on year, to ¥49.9 billion. Looking specifically at the "Property Management" category, the total number of car park leasing managed units climbed 11,193 units from 143,450 units as of March 31, 2013 to 154,643 units as of March 31, 2014. Revenue from operations and operating income in this category amounted to ¥225.4 billion and ¥27.8 billion, respectively, for the fiscal year under review. This was, respectively, 3.0 percent, or ¥6.5 billion, and 5.3 percent, or ¥1.4 billion higher than the previous fiscal year. In the "Brokerage" business, undertaken by the Mitsui Fudosan Realty Group, including Rehouse, an equity-method affiliate, the number of transactions came to 42,550 for the fiscal year under review, an increase of 3,166 over the previous fiscal year. In volume terms, transactions rose 10.5 percent, or ¥133.5 billion, to ¥1,401.7 billion. In the "Consignment Sales" business, the number of consignment sales units increased 455 year on year to 1,903 for a transaction volume of ¥126.8 billion, up 59.0%, or ¥47.0 billion. Accounting for these factors, revenue from operations in the "Brokerage, Asset Management, etc." category was ¥88.8 billion, an increase of 12.4 percent, or ¥9.8 billion. Operating income came to ¥22.1 billion, up 46.0 percent, or ¥6.9 billion year on year.

Revenue from Operations



Operating Income



(Years ended March 31)

Mitsui Home

(Millions of yen)

Years ended March 31		2014	2013
New Construction	Revenue	¥173,188	¥156,330
	Orders	171,139	155,621
Reform/Renewal	Revenue	29,673	21,634
	Orders	34,234	26,290
Lease Management		20,059	18,904
Housing-Related Material Sales		14,148	12,159
Total Revenue		237,069	209,029
Operating Income		4,192	566

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.

For the fiscal year ended March 31, 2014, the amount of orders at the beginning of the period was higher than for the previous period in the "New Construction" and "Reform/Renewal" businesses. In addition, orders for the fiscal year under review increased. As a result, revenue from operations for the "Mitsui Home" segment as a whole climbed 13.4 percent, or ¥28.0 billion year on year, to ¥237.1 billion. Operating income for the segment jumped 639.3 percent, or ¥3.6 billion compared with the previous fiscal year, to ¥4.2 billion. In specific terms, revenue from operations in the "New Construction" business grew 10.8 percent, or ¥16.9 billion, to ¥173.2 billion with orders climbing 10.0 percent, or ¥15.5 billion, to ¥171.1 billion. In the "Reform/Renewal" business, revenue from operations rose 37.2 percent, or ¥8.0 billion, to ¥29.7 billion with orders improving 30.0 percent, or ¥7.9 billion, to ¥34.2 billion. In the "Lease Management" business, revenue from operations increased 6.1 percent, or ¥1.2 billion, to ¥20.1 billion. In the "Housing-Related Material Sales" business, revenue from operations was up 16.4 percent, or ¥2.0 billion, to ¥14.1 billion.

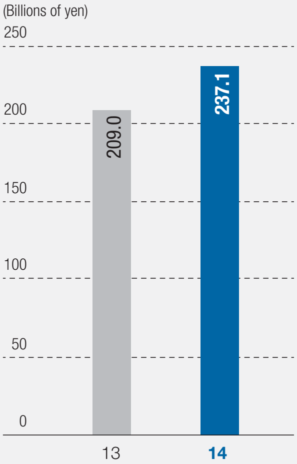
Other

(Millions of yen)

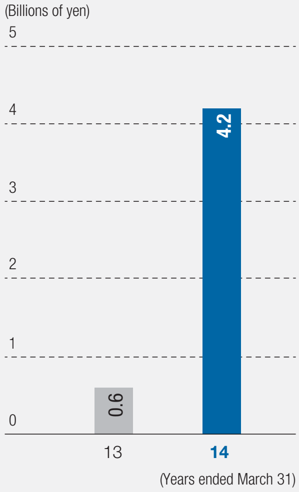
Years ended March 31	2014	2013
Facility Operations	¥ 49,781	¥ 50,672
Merchandise	35,856	38,197
Other	19,149	14,645
Total Revenue	104,787	103,515
Operating Income	3,072	(85)

In the fiscal year ended March 31, 2014, revenue from operations in the "Other" segment edged up 1.2 percent, or ¥1.3 billion year on year, to ¥104.8 billion. In the fiscal year under review, Mitsui Fudosan reported operating income of ¥3.1 billion for the "Other" segment, a positive turnaround from the operating loss of ¥0.1 billion incurred in the previous fiscal year. Looking at specific activities, hotel operations continued to perform favorably both in Japan and overseas in the "Facility Operations" business. In contrast, such factors as the sale of Cany Corporation shares in the previous period placed downward pressure on revenue.

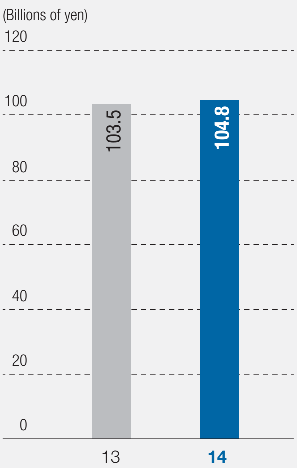
Revenue from Operations



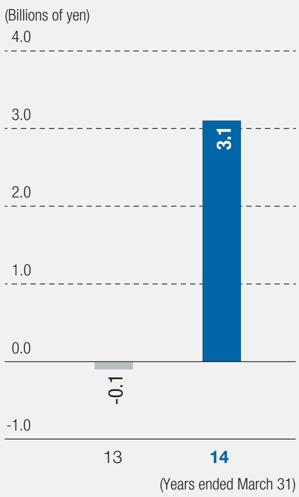
Operating Income



Revenue from Operations



Operating Income



LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Assets

(Billions of yen, %)

As of March 31	2014		2013		2012	
Cash and cash equivalents	¥ 127.3	2.8%	¥ 101.6	2.3%	¥ 61.7	1.6%
Inventories	978.2	21.5	924.7	21.1	651.0	16.8
Other current assets	210.7	4.7	176.6	4.0	229.0	5.9
Net property and equipment	2,508.5	55.1	2,488.1	56.7	2,292.9	59.3
Investments and other assets	724.1	15.9	699.1	15.9	633.8	16.4
Total	¥4,548.8	100.0%	¥4,390.1	100.0%	¥3,868.4	100.0%

Liabilities and Net Assets

(Billions of yen, %)

As of March 31	2014		2013		2012	
Interest-bearing debt—Short term	¥ 334.1	7.3%	¥ 266.4	6.1%	¥ 296.9	7.7%
Interest-bearing debt—Long term	1,705.9	37.5	1,853.8	42.2	1,446.5	37.4
Total interest-bearing debt	2,040.0	44.8	2,120.2	48.3	1,743.4	45.1
Other current liabilities *1	512.2	11.3	385.7	8.8	395.4	10.2
Other long-term liabilities *2	671.2	14.8	651.1	14.8	629.2	16.3
Minority interests	50.2	1.1	51.2	1.2	21.6	0.5
Net assets (other than minority interests)	1,275.2	28.0	1,181.9	26.9	1,078.8	27.9
Total	¥4,548.8	100.0%	¥4,390.1	100.0%	¥3,868.4	100.0%

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

CURRENT ASSETS

Current assets increased 9.4 percent, or ¥113.3 billion, compared with the end of the previous fiscal year, to ¥1,316.2 billion. Cash and cash equivalents climbed 25.3 percent, or ¥25.7 billion, to ¥127.3 billion. Inventories grew 5.8 percent, or ¥53.5 billion, to ¥978.2 billion. During the fiscal year under review, the balance of real property for sale stood at ¥961.5 billion. This represented an increase of 5.1 percent, or ¥46.2 billion compared with the previous fiscal year-end. Equity investments in properties for sale, which primarily represent securitized interests in properties for sale, increased 10.0 percent, or ¥1.1 billion, to ¥12.1 billion. Deferred income taxes rose to ¥28.6 billion, an increase of 19.7 percent, or ¥4.7 billion, year on year. Other current assets grew 26.0 percent, or ¥23.5 billion, to ¥114.2 billion. As of March 31, 2014, the current ratio declined to 1.56 times, compared with 1.84 times as of the end of the previous fiscal year.

INVESTMENTS AND OTHER ASSETS

Investments and other assets increased 3.6 percent, or ¥25.0 billion compared with the previous fiscal year-end, to ¥724.1 billion. Investments in unconsolidated subsidiaries and affiliated companies climbed 14.4 percent, or ¥19.7 billion, to ¥156.1 billion. Investment securities increased 3.1 percent, or ¥10.2 billion, to ¥339.7 billion.

TANGIBLE AND INTANGIBLE FIXED ASSETS, PROPERTY AND EQUIPMENT

The balance of tangible and intangible fixed assets stood at ¥2,526.1 billion as of March 31, 2014, up 0.9 percent, or ¥22.2 billion compared with the balance as of the end of the previous fiscal year on a consolidated basis. While Mitsui Fudosan, the Mitsui Fudosan America Group, and SPCs undertook such activities as the sale of properties, this increase stemmed partly from new investments by the Company in the Nihonbashi Muromachi 3-Chome Urban Development Project (provisional name) as well as by the Mitsui Fudosan UK Group and the impact of foreign currency exchange rates on the operations of the Mitsui Fudosan America Group. Net property and equipment edged up 0.8 percent, or ¥20.4 billion from a year earlier, to ¥2,508.5 billion. The Company and certain of its subsidiaries own office buildings for rent, commercial facilities and other properties in

Tokyo and other areas. Net rent income, gain on disposal of property and equipment, impairment loss, and loss on disposal of property and equipment regarding those investments and leasing properties were ¥97.4 billion, ¥13.2 billion, ¥10.1 billion, and ¥9.1 billion for the fiscal year ended March 31, 2014. Capital expenditures increased/decrease 54.3 percent, or ¥52.6 billion year on year, to ¥149.5 billion, while depreciation and amortization amounted to ¥56.0 billion.

CURRENT LIABILITIES

Current liabilities increased 29.8 percent, or ¥194.2 billion, compared with the end of the previous fiscal year, to ¥846.3 billion. While the balance of commercial paper declined, major increases in current liabilities during fiscal 2013 included bank loans as well as long-term debt due within one year and advances and deposits received. Mitsui Fudosan has established committed lines of credit totaling ¥250.0 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 5.1 percent, or ¥127.8 billion, compared with the previous fiscal year-end, to ¥2,377.1 billion. Long-term debt due after one year fell 8.0 percent, or ¥147.9 billion, to ¥1,705.9 billion.

INTEREST-BEARING DEBT

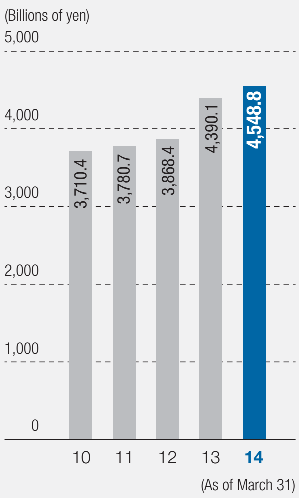
As of March 31, 2014, interest-bearing debt stood at ¥2,040.0 billion on an overall consolidated basis, a decrease of ¥80.2 billion compared with the end of the previous fiscal year. Mitsui Fudosan continues to adopt a prudent approach toward the management of its assets and debt financing. In addition to diversifying procurement sources, the Company takes all necessary measures to ensure an appropriate debt profile and maturity ladder.

NET ASSETS AND TOTAL CAPITAL

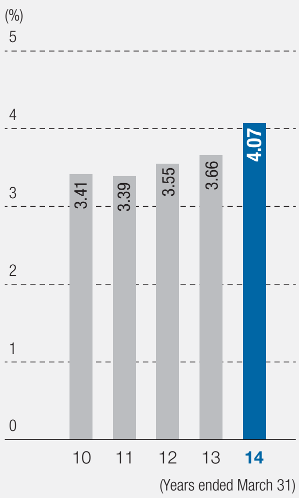
For fiscal 2013, net assets increased 7.5 percent, or ¥92.3 billion, compared with the previous fiscal year-end, to ¥1,325.4 billion. Retained earnings increased 13.1 percent, or ¥52.5 billion, to ¥454.8 billion. Reserve on land revaluation, which is recorded as a component of net assets under Japanese GAAP, edged up 1.5 percent, or ¥4.3 billion, year on year, to ¥296.7 billion. Net unrealized holding gains on securities, which are also recorded as a component of net assets under Japanese GAAP, increased 8.2 percent, or ¥8.4 billion, to ¥111.1 billion. 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 ¥1.4 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) saw a light upswing of 0.4 percent, or ¥12.2 billion, to ¥3,365.5 billion from ¥3,353.3 billion a year earlier. During the fiscal year under review net assets increased while interest-bearing debt decreased. Net assets represented 39.4 percent of total capital, compared with 36.8 percent as of the previous fiscal year-end.

Turning to key management indices, the equity ratio increased to 28.0 percent from 26.9 percent. Return on assets (ROA) rose to 4.07 percent, compared with 3.66 percent a year earlier. Return on equity (ROE) moved higher to 6.26 percent, compared with 5.27 percent a year earlier and the debt-to-equity ratio decreased to 1.6 times from 1.8 times.

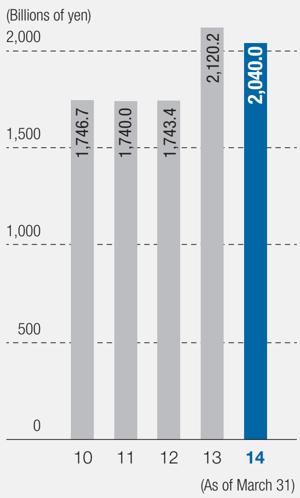
Total Assets



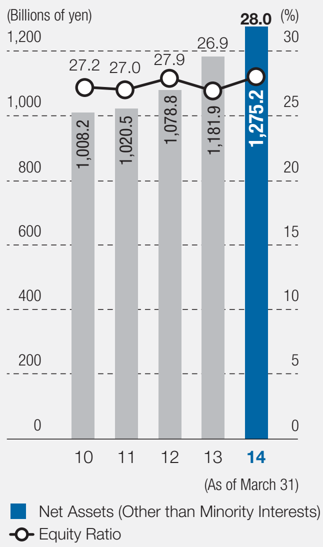
ROA



Interest-Bearing Debt



Net Assets (Other than Minority Interests) and Equity Ratio



Cash Flows

(Billions of yen)

Years ended March 31	2014	2013	2012
Cash flows from operating activities	¥ 189.9	¥ 99.7	¥ 148.2
Cash flows from investing activities	(44.1)	(71.1)	(124.4)
Cash flows from financing activities	(123.7)	(7.9)	(18.7)
Effect of exchange rate changes on cash and cash equivalents	3.6	0.5	(0.1)
Net increase (decrease) in cash and cash equivalents	25.7	21.2	5.0
Cash and cash equivalents at beginning of year	101.6	61.7	56.7
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	—	18.7	—
Cash and cash equivalents at end of year	¥ 127.3	¥101.6	¥ 61.7

CASH FLOWS

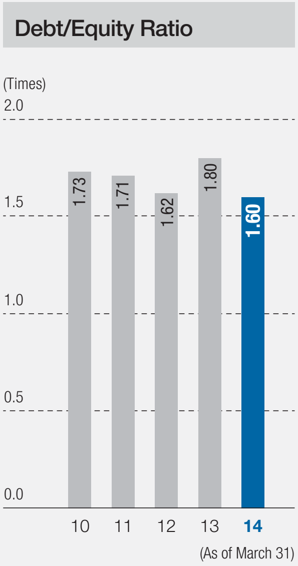
Net cash provided by operating activities came to ¥189.9 billion, compared with ¥99.7 billion in the previous fiscal year. Major cash inflows included net income before income taxes and minority interests of ¥126.7 billion and net other operating cash flows of ¥47.0 billion. This more than offset principal cash outflows including interest paid and income taxes paid of ¥31.5 billion and ¥48.2 billion, respectively.

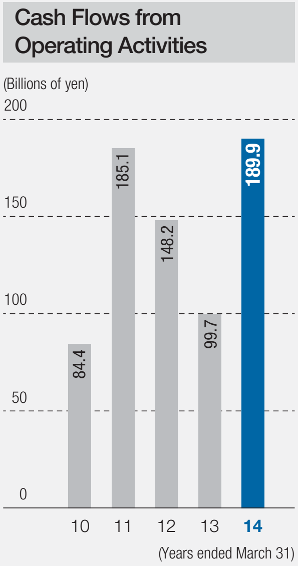
Net cash used in investing activities totaled ¥44.1 billion, down from ¥71.1 billion in fiscal 2012. Mitsui Fudosan continues to acquire properties with long-term potential when circumstances are favorable. Purchases of property and equipment totaled ¥123.2 billion, compared with ¥76.7 billion for the previous fiscal year. Purchases of investment securities totaled ¥13.0 billion, compared with ¥30.5 billion for fiscal 2012. These core outflows were more than offset by major inflows including proceeds from sale of property and equipment, proceeds from sale of investment securities, proceeds from collection of lease deposits, proceeds from deposits from tenants, and proceeds from collections of non-current loans and accounts receivable of ¥79.5 billion, ¥1.7 billion, ¥18.2 billion, ¥47.0 billion, and ¥11.1 billion, respectively.

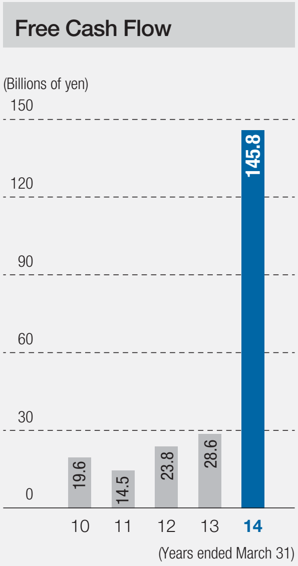
Net cash used in financing activities totaled ¥123.7 billion, which included cash dividends paid of ¥19.3 billion, essentially unchanged from the previous fiscal year. In the previous fiscal year, financing activities used net cash total-

(Millions of yen)

Years ended March 31	2014	2013
Proceeds from deposits from tenants	¥ 46,954	¥ 35,300
Repayments of deposits from tenants	(48,196)	(49,169)
Payments of lease deposits	(5,960)	(8,490)
Proceeds from collections of lease deposits	18,202	21,518
Total	¥(11,000)	¥ (841)







ing ¥7.9 billion. Reflecting the downturn in debt, repayments of bank loans and commercial paper, repayments of long-term debt, and payments for redemption of bonds of ¥2,202.2 billion, ¥207.0 billion, and ¥45.0 billion, respectively, were collectively higher than proceeds from bank loans and commercial paper, proceeds from long-term debt, and proceeds from issuance of bond of ¥2,170.4 billion, ¥173.5 billion, and ¥11.4 billion, respectively. Mitsui Fudosan maintains a conservative level of operating leverage and largely drew on internal capital resources in investing for future growth during fiscal 2013.

Accounting for each of the aforementioned activities, cash and cash equivalents at end of year amounted to ¥127.3 billion, up from ¥101.6 billion in fiscal 2012.

(Millions of yen)

Years ended March 31	2014	2013
Proceeds from long-term debt	¥ 173,450	¥ 464,260
Repayments of long-term debt	(207,023)	(355,665)
Proceeds from issuance of bond	11,420	61,915
Payments for redemption of bond	(44,963)	(146,183)
Total	¥ (67,116)	¥ 24,327

OUTLOOK FOR FISCAL 2014 (Year Ending March 31, 2015)

In the fiscal year ending March 31, 2015, Mitsui Fudosan is expected to report historic highs in revenue from operations, operating income, and net income. Revenue from operations is projected to reach ¥1,540.0 billion, up ¥24.7 billion year on year. Operating income is estimated to climb ¥10.4 billion, to ¥183.0 billion and net income is forecast to grow ¥13.2 billion, to ¥90.0 billion.

SEGMENT FORECASTS

Leasing: Overall segment revenue from operations is forecast to climb ¥8.3 billion, to ¥458.0 billion, while operating income is projected to decline ¥7.2 billion compared with the fiscal year under review, to ¥102.0 billion. Contributions from Muromachi Furukawa Mitsui Building (COREDO Muromachi 2) and Muromachi Chibagin Mitsui Building (COREDO Muromachi 3) completed during the fiscal year ended March 31, 2014 as well as Iidabashi Grand Bloom and LaLaport Izumi (provisional name) scheduled for completion during the fiscal year ending March 31, 2015 are expected to boost revenue from operations. Other factors expected to impact revenue from operations and earnings include an increase in depreciation expenses as a result of the new opening of properties, the termination of operations due mainly to redevelopment activities, and the sale of properties during the fiscal year under review.

Property Sales: Revenue from operations and operating income are expected to climb ¥32.5 billion and ¥18.9 billion, respectively, in this segment as a whole, bringing revenue from operations to ¥442.0 billion and operating income to ¥46.0 billion. Despite a forecast drop in revenue from operations attributable to a decline in the reported number of units in the “Property Sales to Individuals” category, this upswing is largely the result of an increase in earnings on the back of such factors as anticipated improvements in operating income margins as well as forecast contributions from higher revenue and earnings in the “Property Sales to Investors” category.

Management: Revenue from operations in this segment as a whole is projected to improve ¥6.8 billion, to ¥321.0 billion, while operating income forecast to remain flat at ¥50.0 billion. These forecast results reflect a variety of factors including ongoing robust trends in the brokerage business for individuals and the Repark (Car Park Leasing) business undertaken by Mitsui Fudosan Realty.

Other: Revenue from operations is anticipated to fall ¥24.8 billion, to ¥80.0 billion. Operating income, on the other hand, is projected to edge up ¥0.9 billion, to ¥4.0 billion. The drop in revenue from operations is largely attributable to the sale of Uniliving Co., Ltd, shares in the "Merchandise" category. In contrast, results are expected to be favorably impacted by ongoing robust trends in the "Hotel Operation" business.

DIVIDENDS

The Company plans to pay a year-end dividend of ¥11.00 per share for the fiscal year ended March 31, 2014 (for an annual cash dividend of ¥22.00 per share), as announced at the start of the period.

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 may still influence investor decisions.

TRENDS IN ECONOMIC CONDITIONS

The operations of the Mitsui Fudosan Group are impacted by a variety of factors. Trends in economic conditions influence demand for the office buildings and retail facilities that the Group owns and manages in Japan and overseas, while employment and economic conditions also influence demand among individuals for housing. Other factors include trends in real estate market conditions, which can trigger a slump in land and other property prices. A downturn in economic conditions in Japan and overseas may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets. Moreover, a drop in the value of investment securities held may cause the Group's financial condition to deteriorate.

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. Moreover, the interest rates applicable to interest-bearing debt may be affected by changes in the Group's credit ratings.

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, ENVIRONMENTAL ISSUES AND OTHER EXTRAORDINARY PHENOMENA

Natural disasters, environmental issues, soil contamination and other factors including any defect in real estate and property may lead to the damage of assets held by the Mitsui Fudosan Group or give rise to a performance warranty obligation. This in turn may impact the Group's performance and the value of its assets.

REAL ESTATE DEVELOPMENT AND OTHER RELATED ACTIVITIES

Instances where the Mitsui Fudosan Group engages in real estate development and other activities, excluding those cases where the Group's directors and employees are directly involved, may be affected by many factors outside of our control including contracting with third parties with specialized skills such as construction companies, increases in the price of land and development costs, and inadequacies relating to such key activities as construction. These factors may then lead to an unexpected substantial increase in expenditure or give rise to the delay or suspension of a project. Accordingly, unforeseen circumstances may exert a material impact on the Mitsui Fudosan Group's performance.

Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
As of March 31, 2014, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 4)	¥ 127,337	¥ 101,589	¥ 61,727	$ 1,237,243
Marketable securities (Note 4, 5)	244	25	15	2,371
Notes and accounts receivable - trade (Note 4)	34,400	29,266	26,539	334,240
Short-term loans receivable	10,205	11,279	9,620	99,155
Allowance for doubtful accounts	(330)	(801)	(879)	(3,206)
Inventories (Note 8, 13)	978,190	924,708	650,956	9,504,372
Advances paid for purchases (Note 9)	11,209	11,212	9,757	108,910
Equity investments in properties for sale (Note 4, 5, 24)	12,065	10,966	57,569	117,227
Deferred income taxes (Note 11)	28,618	23,918	34,544	278,061
Other current assets	114,232	90,692	91,882	1,109,909
Total current assets	1,316,170	1,202,854	941,730	12,788,282
PROPERTY and EQUIPMENT, at cost:				
Land (Note 7, 13)	1,784,429	1,777,293	1,637,381	17,338,020
Buildings and structures (Note 7, 13)	1,163,108	1,171,258	1,098,664	11,301,088
Machinery and equipment	126,215	119,678	112,615	1,226,341
Construction in progress	55,576	34,682	31,430	539,993
	3,129,328	3,102,911	2,880,090	30,405,442
Accumulated depreciation	(620,784)	(614,785)	(587,187)	(6,031,714)
Net property and equipment	2,508,544	2,488,126	2,292,903	24,373,728
INVESTMENTS and OTHER ASSETS				
Investments in unconsolidated subsidiaries and affiliated companies	156,076	136,390	122,156	1,516,479
Investment securities (Note 4, 5, 24)	339,650	329,489	275,492	3,300,136
Non-current loans and accounts receivable	64,722	61,670	58,914	628,857
Allowance for doubtful accounts	(3,078)	(6,212)	(6,529)	(29,907)
Lease deposits (Note 4, 10)	135,770	148,736	160,846	1,319,180
Net defined benefit asset	80	—	—	777
Deferred income taxes (Note 11)	13,287	11,936	9,761	129,100
Deferred tax assets on land revaluation	3	1,233	1,233	29
Other	17,598	15,853	11,906	170,988
Total investments and other assets	724,108	699,095	633,779	7,035,639
Total assets	¥4,548,822	¥4,390,075	¥3,868,412	$44,197,649

See accompanying notes.

	Millions of yen 2014	2013	2012	Thousands of U.S. dollars (Note 1) 2014
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Bank loans (Note 4, 13)	¥ 28,566	¥ 27,086	¥ 32,157	$ 277,555
Commercial paper (Note 4, 13)	—	27,000	37,000	—
Long-term debt due within one year (Note 4, 13)	305,583	212,347	227,765	2,969,131
Notes and accounts payable - trade (Note 4)	130,695	100,705	101,321	1,269,870
Accrued expenses	27,047	23,641	25,483	262,796
Accrued income taxes	22,374	26,699	11,651	217,392
Advances and deposits received	211,963	147,686	162,122	2,059,493
Deferred income taxes (Note 11)	2,113	355	396	20,531
Other current liabilities (Note 14)	117,971	86,603	94,415	1,146,240
Total current liabilities	846,312	652,122	692,310	8,223,008
LONG-TERM LIABILITIES				
Allowance for employees' retirement benefits (Note 12)	—	34,324	33,002	—
Net defined benefit liability	37,406	—	—	363,447
Allowance for directors' and corporate auditors' retirement benefits	795	999	957	7,724
Long-term debt due after one year (Note 4, 13)	1,705,923	1,853,793	1,446,489	16,575,234
Deposits from tenants (Note 4, 15)	345,617	344,923	353,837	3,358,113
Deferred income taxes (Note 11)	79,761	67,684	32,471	774,981
Deferred tax liabilities on land revaluation	170,148	166,957	168,130	1,653,206
Other long-term liabilities (Note 14)	37,440	36,192	40,809	363,778
Total long-term liabilities	2,377,090	2,504,872	2,075,695	23,096,483
CONTINGENT LIABILITIES (Note 27)				
NET ASSETS (Note 16, 17)				
Shareholders' equity				
Common stock	174,296	174,296	174,296	1,693,510
Authorized - 3,290,000,000 shares				
Issued - 881,424,727 shares in 2014, 2013 and 2012				
Capital surplus	248,293	248,299	248,297	2,412,485
Retained earnings	454,750	402,224	363,877	4,418,480
Treasury stock—3,270,884 shares in 2014, 3,179,938 shares in 2013 and 3,098,596 shares in 2012	(5,926)	(5,533)	(5,386)	(57,579)
Total shareholders' equity	871,413	819,286	781,084	8,466,896
Accumulated other comprehensive income (loss)				
Net unrealized holding gains on securities	111,121	102,694	50,355	1,079,683
Deferred losses on hedging instruments	(840)	(1,094)	(869)	(8,162)
Reserve on land revaluation	296,704	292,384	294,110	2,882,861
Foreign currency translation adjustments	(1,442)	(32,096)	(46,497)	(14,011)
Accumulated adjustments for retirement benefit	(2,601)	—	—	-25,272
Total accumulated other comprehensive income	402,942	361,888	297,099	3,915,099
Subscription rights to shares (Note 18)	824	729	588	8,006
Minority interests	50,241	51,178	21,636	488,157
Total net assets	1,325,420	1,233,081	1,100,407	12,878,158
Total liabilities and net assets	¥4,548,822	¥4,390,075	¥3,868,412	$44,197,649

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2014, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
Revenue from operations (Note 25)	¥ 1,515,252	¥ 1,445,644	¥ 1,338,102	$ 14,722,620
Cost of revenue from operations	(1,189,743)	(1,147,139)	(1,066,968)	(11,559,882)
Selling, general and administrative expenses	(152,941)	(150,320)	(145,096)	(1,486,018)
Operating income (Note 25)	172,568	148,185	126,038	1,676,720
Interest, dividends and miscellaneous income (Note 20)	21,387	15,674	5,854	207,802
Interest expense	(30,864)	(29,443)	(26,748)	(299,883)
Other expenses (Note 19, 21)	(37,800)	(26,320)	(14,345)	(367,276)
Equity in net income of affiliated companies	1,420	2,850	3,702	13,797
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	126,711	110,946	94,501	1,231,160
INCOME TAXES (Note 11)				
Current	43,992	40,770	17,611	427,439
Deferred	3,043	9,613	26,180	29,566
Total	47,035	50,383	43,791	457,005
NET INCOME BEFORE MINORITY INTERESTS	79,676	60,563	50,710	774,155
MINORITY INTERESTS	(2,832)	(1,112)	(580)	(27,517)
NET INCOME	¥ 76,844	¥ 59,451	¥ 50,130	$ 746,638

See accompanying notes.

Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2014, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
Net income before minority interests	¥ 79,676	¥ 60,563	¥50,710	$ 774,155
Other comprehensive income (loss):				
Net unrealized holding gains on securities	8,360	52,280	8,348	81,228
Deferred gains (losses) on hedging instruments	248	(226)	(531)	2,410
Reserve on land revaluation	(1,203)	26	23,503	(11,689)
Foreign currency translation adjustments	20,564	8,872	(2,775)	199,806
Equity in other comprehensive income (loss) of affiliated companies	10,438	5,852	(1,210)	101,418
Total other comprehensive income	38,407	66,804	27,335	373,173
Total comprehensive income	¥118,083	¥127,367	¥78,045	$1,147,328
Comprehensive income attributable to:				
Shareholders of the Company	¥115,501	¥125,992	¥77,551	$1,122,241
Minority interests	2,582	1,375	494	25,087
Total	¥118,083	¥127,367	¥78,045	$1,147,328

See Note 22.

	Yen			U.S. dollars (Note 1)
PER SHARE INFORMATION	2014	2013	2012	2014
Net assets per share*	¥1,451.2	¥1,344.9	¥1,227.5	$14.100
Net income per share				
— Basic	87.5	67.7	57.1	0.850
— Diluted	87.4	67.7	57.0	0.849
Cash dividends	22.0	22.0	22.0	0.214

* Net assets per share information does not include subscription rights to shares and minority interests. Net assets per share decreased by ¥3.0 as a result of adopting new accounting standards on retirement benefits, which is described in Note 2 (N).

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2014, 2013 and 2012

		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 on securities	Deferred losses on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Subscription rights to shares	Minority Interests	Total net assets
BALANCE AT APRIL 1, 2011	881,425	¥174,296	¥248,310	¥332,336	¥(5,397)	¥ 41,995	¥ (371)	¥271,242	¥(42,470)	¥—	¥521	¥21,924	¥1,042,386
Change in number of affiliated companies	—	—	—	17	—	—	—	—	—	—	—	—	17
Cash dividends paid	—	—	—	(19,324)	—	—	—	—	—	—	—	—	(19,324)
Net income	—	—	—	50,130	—	—	—	—	—	—	—	—	50,130
Reversal of reserve on land revaluation, net of tax	—	—	—	718	—	—	—	22,868	—	—	—	—	23,586
Purchase of treasury stock	—	—	—	—	(99)	—	—	—	—	—	—	—	(99)
Sales of treasury stock	—	—	(13)	—	110	—	—	—	—	—	—	—	97
Net unrealized holding gains on securities	—	—	—	—	—	8,360	—	—	—	—	—	—	8,360
Deferred losses on hedging instruments	—	—	—	—	—	—	(498)	—	—	—	—	—	(498)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(4,027)	—	—	—	(4,027)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	—	67	—	67
Minority interests	—	—	—	—	—	—	—	—	—	—	—	(288)	(288)
BALANCE AT MARCH 31, 2012	881,425	¥174,296	¥248,297	¥363,877	¥(5,386)	¥ 50,355	¥ (869)	¥294,110	¥(46,497)	¥—	¥588	¥21,636	¥1,100,407
BALANCE AT APRIL 1, 2012	881,425	174,296	248,297	363,877	(5,386)	50,355	(869)	294,110	(46,497)	—	588	21,636	1,100,407
Change in number of consolidated subsidiaries	—	—	—	(3,531)	—	—	—	—	—	—	—	20,281	16,750
Cash dividends paid	—	—	—	(19,324)	—	—	—	—	—	—	—	—	(19,324)
Net income	—	—	—	59,451	—	—	—	—	—	—	—	—	59,451
Reversal of reserve on land revaluation, net of tax	—	—	—	1,751	—	—	—	(1,726)	—	—	—	—	25
Purchase of treasury stock	—	—	—	—	(175)	—	—	—	—	—	—	—	(175)
Sales of treasury stock	—	—	2	—	28	—	—	—	—	—	—	—	30
Net unrealized holding gains on securities	—	—	—	—	—	52,339	—	—	—	—	—	—	52,339
Deferred losses on hedging instruments	—	—	—	—	—	—	(225)	—	—	—	—	—	(225)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	14,401	—	—	—	14,401
Subscription rights to shares	—	—	—	—	—	—	—	—	—	—	141	—	141
Minority interests	—	—	—	—	—	—	—	—	—	—	—	9,261	9,261
BALANCE AT MARCH 31, 2013	881,425	¥174,296	¥248,299	¥402,224	¥(5,533)	¥102,694	¥(1,094)	¥292,384	¥(32,096)	¥—	¥729	¥51,178	¥1,233,081
BALANCE AT APRIL 1, 2013	881,425	174,296	248,299	402,224	(5,533)	102,694	(1,094)	292,384	(32,096)	—	729	51,178	1,233,081
Cash dividends paid	—	—	—	(19,322)	—	—	—	—	—	—	—	—	(19,322)
Net income	—	—	—	76,844	—	—	—	—	—	—	—	—	76,844
Reversal of reserve on land revaluation, net of tax	—	—	—	(4,996)	—	—	—	4,320	—	—	—	—	(676)
Purchase of treasury stock	—	—	—	—	(498)	—	—	—	—	—	—	—	(498)
Sales of treasury stock	—	—	(6)	—	105	—	—	—	—	—	—	—	99
Net unrealized holding gains on securities	—	—	—	—	—	8,427	—	—	—	—	—	—	8,427
Deferred losses on hedging instruments	—	—	—	—	—	—	254	—	—	—	—	—	254
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	30,654	—	—	—	30,654
Defined benefit pension plans	—	—	—	—	—	—	—	—	—	(2,601)	—	—	(2,601)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	—	95	—	95
Minority interests	—	—	—	—	—	—	—	—	—	—	—	(937)	(937)
BALANCE AT MARCH 31, 2014	881,425	¥174,296	¥248,293	¥454,750	¥(5,926)	¥111,121	¥(840)	¥296,704	¥(1,442)	¥(2,601)	¥824	¥50,241	¥1,325,420

	Thousands of U.S. Dollars (Note 1)											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Deferred losses on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Subscription rights to shares	Minority Interests	Total net assets
BALANCE AT APRIL 1, 2013	$1,693,510	$2,412,544	$3,908,123	$(53,760)	$997,804	$(10,630)	$2,840,886	$(311,854)	$—	$7,083	$497,260	$11,980,966
Cash dividends paid	—	—	(187,738)	—	—	—	—	—	—	—	—	(187,738)
Net income	—	—	746,638	—	—	—	—	—	—	—	—	746,638
Reversal of reserve on land revaluation, net of tax	—	—	(48,543)	—	—	—	41,975	—	—	—	—	(6,568)
Purchase of treasury stock	—	—	—	(4,839)	—	—	—	—	—	—	—	(4,839)
Sales of treasury stock	—	(59)	—	1,020	—	—	—	—	—	—	—	961
Net unrealized holding gains on securities	—	—	—	—	81,879	—	—	—	—	—	—	81,879
Deferred losses on hedging instruments	—	—	—	—	—	2,468	—	—	—	—	—	2,468
Foreign currency translation adjustment	—	—	—	—	—	—	—	297,843	—	—	—	297,843
Defined benefit pension plans	—	—	—	—	—	—	—	—	(25,272)	—	—	(25,272)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	923	—	923
Minority interests	—	—	—	—	—	—	—	—	—	—	(9,103)	(9,103)
BALANCE AT MARCH 31, 2014	$1,693,510	$2,412,485	$4,418,480	$(57,579)	$1,079,683	$(8,162)	$2,882,861	$(14,011)	$(25,272)	$8,006	$488,157	$12,878,158

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2014, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
Cash flows from operating activities:				
Net income before income taxes and minority interests	¥ 126,711	¥ 110,946	¥ 94,501	¥ 1,231,160
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities				
Depreciation and amortization	56,030	59,022	53,231	544,403
Loss on impairment of fixed assets	11,557	7,769	—	112,291
Interest and dividend income	(4,344)	(3,714)	(3,462)	(42,208)
Interest expense	30,864	29,443	26,748	299,883
Equity in net income of affiliated companies	(1,420)	(2,850)	(3,702)	(13,797)
Loss on disposal of property and equipment	2,498	1,550	4,396	24,271
(Gain) loss on sale of property and equipment	(4,080)	5,947	—	(39,642)
Gain on sales of securities	(797)	(3,440)	—	(7,744)
Gain on sales of investments in unconsolidated subsidiaries and affiliated companies	—	(2,369)	—	—
Increase in accounts receivable	(5,071)	(3,093)	(2,601)	(49,271)
Increase in accounts payable	7,574	4,189	3,237	73,591
Increase in real property for sale and advances paid for purchases	(3,008)	(64,740)	(10,053)	(29,227)
Other, net	47,016	(875)	49,620	456,822
Subtotal	263,530	137,785	211,915	2,560,532
Interest and dividends received	6,062	5,068	4,751	58,900
Interest paid	(31,513)	(29,976)	(26,771)	(306,188)
Income taxes paid	(48,176)	(13,192)	(41,734)	(468,092)
Net cash provided by operating activities	189,903	99,685	148,161	1,845,152
Cash flows from investing activities:				
Purchases of property and equipment	(123,161)	(76,665)	(105,535)	(1,196,667)
Proceeds from sale of property and equipment	79,516	47,673	717	772,600
Purchases of investment securities	(12,977)	(30,482)	(24,986)	(126,088)
Proceeds from sale of investment securities	1,695	4,338	2,851	16,469
Payments of lease deposits	(5,960)	(8,940)	(8,157)	(57,909)
Proceeds from collections of lease deposits	18,202	21,518	17,862	176,856
Repayments of deposits from tenants	(48,196)	(49,169)	(43,110)	(468,286)
Proceeds from deposits from tenants	46,954	35,300	40,902	456,218
Increase in non-current loans and accounts receivable	(11,948)	(14,371)	(16,219)	(116,090)
Proceeds from collections of non-current loans and accounts receivable	11,065	10,807	13,077	107,511
Purchases of consolidated subsidiaries	(3,035)	(14,388)	—	(29,489)
Proceeds from sales of consolidated subsidiaries, net	4,117	2,953	—	40,002
Other, net	(328)	294	(1,756)	(3,188)
Net cash used in investing activities	(44,056)	(71,132)	(124,354)	(428,061)
Cash flows from financing activities:				
Proceeds from bank loans and commercial paper	2,170,431	2,176,126	1,358,719	21,088,525
Repayments of bank loans and commercial paper	(2,202,184)	(2,191,781)	(1,350,542)	(21,397,046)
Proceeds from long-term debt	173,450	464,260	221,832	1,685,290
Repayments of long-term debt	(207,023)	(355,665)	(245,257)	(2,011,494)
Proceeds from issuance of bond	11,420	61,915	20,000	110,960
Payments for redemption of bond	(44,964)	(146,183)	—	(436,883)
Proceeds from minority shareholders	1,023	6,575	234	9,940
Cash dividends paid	(19,333)	(19,322)	(19,317)	(187,845)
Payments of dividends to minority shareholders	(1,884)	(968)	(932)	(18,305)
Repayments of lease obligations	(2,780)	(2,697)	(2,277)	(27,011)
Net increase in treasury stocks	(486)	(165)	(70)	(4,722)
Other, net	(1,383)	(40)	(1,040)	(13,440)
Net cash used in financing activities	(123,713)	(7,945)	(18,650)	(1,202,031)
Effect of exchange rate changes on cash and cash equivalents	3,614	588	(106)	35,115
Net increase in cash and cash equivalents	25,748	21,196	5,051	250,175
Cash and cash equivalents at beginning of year	101,589	61,727	56,676	987,068
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	—	18,666	—	—
Cash and cash equivalents at end of year	¥ 127,337	¥ 101,589	¥ 61,727	¥ 1,237,243

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 compliance with the accounting standard, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, hereafter, "PITF No. 18"), 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, 2014, which was ¥102.92 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.

Commencing from the year ended March 31, 2013, the Company and its consolidated subsidiaries adopted "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on March 25, 2011), "Guidance on Disclosures about Certain Special Purpose Entities" (ASBJ Guidance No.15, revised on March 25, 2011), "Guidance on Determining a Subsidiary and an Affiliate" (ASBJ Guidance No.22, revised on March 25, 2011) and "Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations" (ASBJ PITF No.20, revised on March 25, 2011). As a result, certain special purpose entities in which the Company invests are included in scope of consolidation commencing on April 1, 2012. The assets, liabilities and minority interests of those newly consolidated subsidiaries were included in the consolidated balance sheets as of April 1, 2012 at proper book values that would have amounted to had the special purpose entities been consolidated upon their establishment. As a result of adopting those standards, the retained earnings at April 1, 2012 decreased by ¥3,531 million.

(B) USE OF ESTIMATES

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

(C) EQUITY METHOD

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

(D) TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

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

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

Differences arising from translation are presented as "Foreign currency translation adjustments" in 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" (ASBJ Statement No.9). 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.

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.

The Company and its consolidated subsidiaries have followed "Accounting Standard for Construction Contracts" (ASBJ Statement No.15; December 27, 2007) and "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.

(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.

(I) IMPAIRMENT LOSSES ON FIXED ASSETS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Impairment of Fixed Assets" ("Opinion on Establishment of Accounting Standards for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council) and "Guidance on Accounting Standard for Impairment of Fixed Assets" (ASBJ Guidance No. 6). 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 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.

(N) EMPLOYEES' RETIREMENT BENEFITS

The Company has a retirement plan which provides for lump-sum payment and annuity. Upon retirement age, 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 Company and its consolidated subsidiaries record net defined benefit asset and liability at fiscal year end based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The straight-line method is adopted as an allocation method for the projected retirement benefits. Prior service costs are allocated under the straight-line method over a certain number of years within the average remaining service years (1-10 years). Actuarial differences are allocated, beginning in the year following their occurrence, under the straight-line method over a certain number of years within the average remaining service years (5-10 years).

The Company and its consolidated subsidiaries adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, revised on May 17, 2012), except for the main text of Article 35, and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, revised on May 17, 2012), except for the main text of Article 67, at March 31, 2014. Those standards require that net defined benefit liability be recorded at an amount of projected benefit obligations less an amount of plan assets, and unrecognized actuarial differences and unrecognized prior service costs be included in net defined benefit liability.

In accordance with transitional treatment described in Article 37 of "Accounting Standard for Retirement Benefits", effects of the changes in accounting policies arising from initial application are recognized in accumulated adjustments for retirement benefit as a separate component of the net assets section.

As a result, net defined benefit liability is recorded at ¥37,406 million ($363,447 thousand) and accumulated other comprehensive income decreased by ¥2,601 million ($25,272 thousand). Refer to PER SHARE INFORMATION for the effect on net assets per share.

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

Allowance for retirement benefits for directors and corporate auditors of the Company and its 31 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

The Company and its consolidated subsidiaries have followed "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 ASBJ 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 ASBJ 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.

It should be noted that finance leases which do not transfer ownership of the leased assets to lessees whose commencement day falls on or prior to March 31, 2008 are accounted for as operating leases.

(Q) INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of approximately 28%, an inhabitants tax of approximately 5% and a deductible enterprise tax of approximately 8%, which in the aggregate resulted in a statutory income tax rate of approximately 38% for the years ended March 31, 2014 and 2013.

The Company and its consolidated domestic subsidiaries were 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 year ended March 31, 2012.

The changes in tax rates for the year ended on March 31, 2013 were due to the "Amendment to income tax law, etc. in response to the changing economic structure" and the "Special measures to secure the financial resources to implement the restoration from the Great East Japan Earthquake." promulgated on December 2, 2011. Those promulgations reduce the corporate income tax rate, with the restoration surtax charged for a certain period of time, to be applied commencing the year beginning on April 1, 2012.

As a result of promulgation of the amended tax laws on March 31, 2014, the restoration surtax referred to above was abolished a year ahead of the original schedule, reducing the effective corporate tax rate from 38% to 36% for the year beginning on or after April 1, 2014.

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” (ASBJ Statement No.4). 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” (ASBJ Statement No.8) and the “Implementation Guidance for the Accounting Standard for Share-Based Payment” ASBJ Guidance No.11).

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) ASSET RETIREMENT OBLIGATIONS

The Company and its consolidated subsidiaries have followed “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18; March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ 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.

(X) ACCOUNTING CHANGES AND ERROR CORRECTIONS

Commencing the year ended March 31, 2012, the Company and its consolidated subsidiaries adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009). Those standards require that changes in accounting policies, changes in presentations and corrections of prior period errors be accounted for retrospectively, and changes in accounting estimates be accounted for prospectively. Those requirements are applied to accounting changes and corrections of prior period errors made on and after the beginning of the year ended on March 31, 2012.

(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.

(AA) NEW ACCOUNTING STANDARDS NOT YET ADOPTED

The new accounting standards and other pronouncements that have been issued which the Company and its consolidated subsidiaries have not yet adopted as of March 31, 2014, are as follows.

1. Accounting for retirement benefits

- Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, revised on May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, revised on May 17, 2012)

Those standards have been revised in light of improvements to financial reporting and international convergence, mainly focusing on (a) treatment of actuarial differences and prior service costs, (b) determination of retirement benefit obligations and current service costs and (c) enhanced disclosures. The Company and its consolidated subsidiaries will adopt the revisions related to retirement benefit obligations and service costs at the beginning of the year commencing on April 1, 2014. The effect that the adoption of those standards will have on the consolidated financial statements is immaterial.

2. Accounting for business combinations

- Accounting Standard for Business Combinations (ASBJ Statement No.21, revised on September 13, 2013)
- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, revised on September 13, 2013)
- Accounting Standard for Business Divestitures (ASBJ Statement No.7, revised on September 13, 2013)
- Accounting Standard for Earnings Per Share (ASBJ Statement No.2, revised on September 13, 2013)
- Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, revised on September 13, 2013)
- Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4, revised on September 13, 2013)

Those standards have been revised mainly focusing on (a) accounting for the changes in a parent’s ownership interest in its subsidiary, due to a parent’s additional purchase of ownership interests in its subsidiary or other cases, while the parent retains its controlling interest in its subsidiary, (b) accounting for acquisition-related costs, (c) accounting for finalization of provisional purchase price allocation and (d) presentation of net income and name change from “minority interests” to “non-controlling interests.” The Company and its consolidated subsidiaries will adopt the revised standards at the beginning of the year commencing on April 1, 2015. The effect that the adoption of those standards will have on the consolidated financial statements is currently under evaluation.

3. BUSINESS REORGANIZATIONS

There were no significant business reorganizations for the years ended March 31, 2014, 2013 and 2012.

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 (risk related to customers' failure to perform a contract). 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 (risk of being unable to pay on a due date). The risk is managed by preparing and updating monthly cash schedules and by preserving liquidity on hand.

(2) Estimated fair value of financial instruments

The carrying amount, estimated fair value and the difference of financial instruments as of March 31, 2014, 2013 and 2012 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 (See Note 1)		
	2014					
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets						
Cash and bank deposits *1	¥ 127,883	¥ 127,883	¥ —	$ 1,242,548	$ 1,242,548	$ —
Notes and accounts receivable—trade	34,400	34,400	—	334,240	334,240	—
Marketable and investment securities	291,533	291,589	56	2,832,618	2,833,162	544
Liabilities						
Notes and accounts payable—trade	130,695	130,695	—	1,269,870	1,269,870	—
Bank loans and long—term debt due within one year						
Non—recourse	115,316	115,316	—	1,120,442	1,120,442	—
Other	218,833	219,995	1,162	2,126,244	2,137,534	11,290
Long—term debt due after one year						
Non—recourse	120,950	121,079	129	1,175,185	1,176,438	1,253
Other	1,584,973	1,631,497	46,524	15,400,049	15,852,089	452,040
Derivative instruments *2	3,325	3,325	—	32,307	32,307	—

	Millions of yen		
	2013		
	Carrying amount	Estimated fair value	Difference
Assets			
Cash and bank deposits *1	¥ 102,234	¥ 102,234	¥ —
Notes and accounts receivable-trade	29,266	29,266	—
Marketable and investment securities	277,181	277,251	70
Liabilities			
Notes and accounts payable-trade	100,705	100,705	—
Bank loans and long-term debt due within one year			
Non-recourse	1,780	1,782	2
Other	237,653	239,083	1,430
Commercial paper	27,000	27,000	—
Long-term debt due after one year			
Non-recourse	234,358	235,482	1,124
Other	1,619,435	1,674,777	55,342
Derivative instruments *2	2,001	2,001	—

	Millions of yen		
	2012		
	Carrying amount	Estimated fair value	Difference
Assets			
Cash and bank deposits *1	¥ 62,274	¥ 62,274	¥ —
Notes and accounts receivable-trade	26,539	26,539	—
Marketable and investment securities	175,733	175,770	37
Liabilities			
Notes and accounts payable-trade	101,321	101,321	—
Bank loans and long-term debt due within one year			
Non-recourse	83	84	1
Other	259,839	260,835	996
Commercial paper	37,000	37,000	—
Long-term debt due after one year			
Non-recourse	8,931	9,764	833
Other	1,437,558	1,479,005	41,446
Derivative instruments *2	4,366	4,366	—

*1 Carrying amount of cash and bank deposits consists of ¥127,337 million ($1,237,243 thousand), ¥101,589 million and ¥61,727 million of cash and cash equivalents and ¥546 million ($5,305 thousand), ¥645 million and ¥547 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, 2014, 2013 and 2012, 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 (See Note 1)
	2014	2013	2012	2014
Assets:				
Equity investments in properties for sale	¥ 12,065	¥ 10,966	¥ 57,569	$ 117,227
Other securities				
Unlisted stocks (excluding OTC securities)	14,731	14,897	16,172	143,131
Other (TK investments, preferred securities and others)	33,502	37,292	83,473	325,515
Lease deposits *	135,770	148,736	160,846	1,319,180
Liabilities:				
Deposits from tenants *	345,617	344,923	353,837	3,358,113

* While fair value accounting is applied to some 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, 2014, 2013 and 2012 is as follows.

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

	Millions of yen			
	2014			
	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 *	¥127,883	¥ —	¥ —	¥—
Notes and accounts receivable-trade	34,400	—	—	—
Other securities				
National and local government bonds, etc.	249	603	1,260	—
	¥162,532	¥603	¥1,260	¥—

	Millions of yen			
	2013			
	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 *	¥102,234	¥ —	¥ —	¥—
Notes and accounts receivable-trade	29,266	—	—	—
Other securities				
National and local government bonds, etc.	35	753	1,121	—
	¥131,535	¥753	¥1,121	¥—

	Millions of yen			
	2012			
	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 *	¥62,274	¥ —	¥ —	¥—
Notes and accounts receivable-trade	26,539	—	—	—
Other securities				
National and local government bonds, etc.	15	717	1,011	—
	¥88,828	¥717	¥1,011	¥—

	Thousands of U.S. dollars (See Note 1)			
	2014			
	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 *	$1,242,548	$ —	$ —	$—
Notes and accounts receivable-trade	334,240	—	—	—
Other securities				
National and local government bonds, etc.	2,419	5,859	12,243	—
	$1,579,207	$5,859	$12,243	$—

* Carrying amount of cash and bank deposits consists of ¥127,337 million ($1,237,243 thousand), ¥101,589 million and ¥61,727 million of cash and cash equivalents and ¥546 million ($5,305 thousand), ¥645 million and ¥547 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, 2014, 2013 and 2012, 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, 2014, 2013 and 2012:

(a) Held-to-maturity securities:

Millions of yen

	2014			2013			2012		
	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.	¥1,815	¥1,874	¥59	¥1,777	¥1,848	¥71	¥1,507	¥1,545	¥38
Securities whose fair value does not exceed book value									
National and local government bonds, etc.	297	294	(3)	132	131	(1)	236	235	(1)
Total	¥2,112	¥2,168	¥56	¥1,909	¥1,979	¥70	¥1,743	¥1,780	¥37

Thousands of U.S. dollars (See Note 1)

	2014		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds book value			
National and local government bonds, etc.	$17,635	$18,208	$573
Securities whose fair value does not exceed book value			
National and local government bonds, etc.	2,886	2,857	(29)
Total	$20,521	$21,065	$544

(b) Other securities:

Millions of yen

	2014			2013			2012		
	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	¥227,534	¥72,964	¥154,570	¥214,972	¥74,103	¥140,869	¥114,426	¥35,955	¥78,471
Other	47,918	28,600	19,318	47,582	27,508	20,074	30,241	25,842	4,399
Subtotal	275,452	101,564	173,888	262,554	101,611	160,943	144,667	61,797	82,870
Securities whose book value (fair value) does not exceed historical cost									
Stocks	13,969	15,353	(1,384)	12,718	14,146	(1,428)	29,323	33,893	(4,570)
Subtotal	13,969	15,353	(1,384)	12,718	14,146	(1,428)	29,323	33,893	(4,570)
Total	¥289,421	¥116,917	¥172,504	¥275,272	¥115,757	¥159,515	¥173,990	¥95,690	¥78,300

Thousands of U.S. dollars (See Note 1)

	2014		
	Book Value (Fair Value)	Historical Cost	Difference
Securities whose book value (fair value) exceeds historical cost			
Stocks	$2,210,785	$708,939	$1,501,846
Other	465,585	277,886	187,699
Subtotal	2,676,370	986,825	1,689,545
Securities whose book value (fair value) does not exceed historical cost			
Stocks	135,727	149,174	(13,447)
Subtotal	135,727	149,174	(13,447)
Total	$2,812,097	$1,135,999	$1,676,098

(2) The following table summarizes other securities sold in the years ended March 31, 2014, 2013 and 2012:

	Millions of yen								
	2014			2013			2012		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	¥1,547	¥85	¥(32)	¥4,199	¥3,442	¥—	¥342	¥9	¥(69)
Total	¥1,547	¥85	¥(32)	¥4,199	¥3,442	¥—	¥342	¥9	¥(69)

	Thousands of U.S. dollars (See Note 1)		
	2014		
	Sales amount	Gains	Losses
Stocks	$15,031	$826	$(311)
Total	$15,031	$826	$(311)

(3) The Company and its consolidated subsidiaries recognized ¥nil million ($nil thousand), ¥4 million and ¥1,256 million of impairment loss on investment securities for the years ended March 31, 2014, 2013 and 2012, respectively.

6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2014, 2013 and 2012:

		Millions of yen		
		2014		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value*4
Interest rate swap *1	Long-term debt			
Pay: fixed rate				
Receive: floating rate		¥775,000	¥691,500	¥ —*1
Foreign currency swap *2	Long-term debt	20,000	20,000	3,323
Foreign exchange forward *3	Forecasted transactions denominated in foreign currencies	1,607	—	2
Total		¥796,607	¥711,500	¥3,325

		Millions of yen		
		2013		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value*4
Interest rate swap *1	Long-term debt			
Pay: fixed rate				
Receive: floating rate		¥782,500	¥719,000	¥ —*1
Foreign currency swap *2	Long-term debt	30,000	20,000	1,976
Foreign exchange forward *3	Forecasted transactions denominated in foreign currencies	1,024	—	25
Total		¥813,524	¥739,000	¥2,001

		Millions of yen		
		2012		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value*4
Interest rate swap *1	Long-term debt			
Pay: fixed rate				
Receive: floating rate		¥659,000	¥515,000	¥ —*1
Foreign currency swap *2	Long-term debt	30,000	30,000	5,079
Foreign exchange forward *3	Forecasted transactions denominated in foreign currencies	743	—	30
Total		¥689,743	¥545,000	¥5,109

		Thousands of U.S. dollars (See Note 1)		
		2014		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value*4
Interest rate swap *1	Long-term debt			
Pay: fixed rate				
Receive: floating rate		$7,530,120	$6,718,810	$ —*1
Foreign currency swap *2	Long-term debt	194,326	194,326	32,288
Foreign exchange forward *3	Future transactions denominated in foreign currencies	15,614	—	19
Total		$7,740,060	$6,913,136	$32,307

* 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 long-term debt including those due within one year.

*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

The Company and its consolidated subsidiaries have followed "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, gain on disposal of property and equipment, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥97,359 million ($945,968 thousand), ¥13,178 million ($128,041 thousand), ¥10,131 million ($98,436 thousand) and ¥9,070 million ($88,127 thousand) for the year ended March 31, 2014. Net rent income, loss on disposal of property and equipment and impairment loss regarding those investments and leasing properties were ¥92,808 million, ¥8,710 million and ¥6,996 million for the year ended March 31, 2013. Net rent income and loss on disposal of property and equipment regarding those investments and leasing properties were ¥83,794 million and ¥3,969 million for the year ended March 31, 2012. Gross rent revenue is included in revenue from operations and gross cost for rent is included in cost of revenue from operations. Gain on disposal of property and equipment is included in interest, dividends and miscellaneous income (see Note 20). 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, 2014, 2013 and 2012 are stated below:

Millions of yen											
2014				2013				2012			
Carrying amount			Fair value	Carrying amount			Fair value	Carrying amount			Fair value
Beginning of year	Net Increase during the year	End of year	End of year	Beginning of year	Net Increase during the year	End of year	End of year	Beginning of year	Net Increase during the year	End of year	End of year
¥2,247,555	¥9,231	¥2,256,786	¥3,472,694	¥2,049,667	¥197,888	¥2,247,555	¥3,168,024	¥1,986,866	¥62,801	¥2,049,667	¥2,860,072

Thousands of U.S. dollars (See Note 1)			
2014			
Carrying amount			Fair value
Beginning of year	Net Increase during the year	End of year	End of year
$21,837,884	$89,691	$21,927,575	$33,741,683

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 amounts to ¥112,638 million ($1,094,423 thousand) and sales of real estate which amounts to ¥83,463 million ($810,950 thousand) for the year ended March 31, 2014.

The net increase in the carrying amounts mainly consists of adoption of "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on March 25, 2011) and other related statements which amounts to ¥234,327 million for the year ended March 31, 2013.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥86,407 million for the year ended March 31, 2012.

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

8. INVENTORIES

Inventories at March 31, 2014, 2013 and 2012 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Real property for sale				
Completed	¥483,669	¥450,504	¥241,139	$4,699,466
In progress	270,060	239,301	241,581	2,623,980
Land held for development	196,512	214,206	150,333	1,909,366
Expenditure on contracts in progress	17,446	11,601	9,235	169,510
Other	10,503	9,096	8,668	102,050
Total	¥978,190	¥924,708	¥650,956	$9,504,372

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, 2014, 2013 and 2012 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Deferred tax assets:				
Net defined benefit liability	¥ 14,049	¥ —	¥ —	$ 136,504
Excess allowance for retirement benefits	—	12,894	11,988	—
Loss on impairment of fixed assets	10,681	9,098	11,857	103,780
Allowance for loss on devaluation of real property held for sale	9,359	10,965	11,629	90,935
Allowance for loss on valuation of securities	9,153	8,587	8,610	88,933
Unrealized inter-company transactions	7,389	7,710	6,306	71,794
Accrued employees' bonuses	6,218	6,205	6,011	60,416
Excess depreciation expense	4,155	3,883	3,655	40,371
Unrealized loss on valuation of lease deposits	4,035	4,010	3,951	39,205
Accrued enterprise tax	2,730	2,675	1,102	26,525
Other	22,921	19,723	28,214	222,707
Total	¥ 90,690	¥ 85,750	¥ 93,323	$ 881,170
Deferred tax liabilities:				
Unrealized gain on valuation of securities	(61,965)	(57,354)	(29,514)	(602,070)
Deferred gain on sale of land and buildings for tax purposes	(17,209)	(21,321)	(21,362)	(167,207)
Consolidation difference in real property	(7,367)	(3,177)	(371)	(71,580)
Unrealized loss on valuation of shares held in consolidated subsidiaries	(4,805)	(3,378)	(3,444)	(46,687)
Unrealized gain on valuation of lease deposits	(3,967)	(3,917)	(3,864)	(38,545)
Other	(35,346)	(28,788)	(23,330)	(343,432)
Total	¥(130,659)	¥(117,935)	¥(81,885)	$(1,269,521)
Net deferred tax assets (liabilities)	¥(39,969)	¥(32,185)	¥11,438	$(388,351)

Amounts of total deferred tax assets as of March 31, 2014, 2013 and 2012 are presented net of valuation allowances of ¥7,177 million ($69,734 thousand), ¥14,237 million and ¥16,447 million, respectively.

Significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2013 and 2012 are as follows:

	2013	2012
Statutory tax rate	37.99%	40.66%
(Adjustments)		
Allowance for doubtful accounts	3.68	—-
Change in tax rate	—-	3.64
Higher tax rates on foreign subsidiaries	0.87	1.37
Equity in net income of affiliated companies	(0.98)	(2.07)
Entertainment expenses and other (permanent differences)	0.97	1.28
Other	2.88	1.46
Effective tax rate	45.41%	46.34%

Information as of March 31, 2014 is not disclosed as the difference is insignificant.

As a result of promulgation of the amended tax laws on March 31, 2014, the Company and its domestic consolidated subsidiaries are no longer subject to the restoration surtax for the years beginning on or after April 1, 2014 (Refer to Note 2(Q)).

As a result of the amendment, income taxes increased by ¥1,258 million ($12,223 thousand). Current deferred income tax assets, non-current deferred income tax assets, current deferred income tax liabilities, non-current deferred income tax liabilities and deferred income tax liabilities on land revaluation decreased by ¥1,202 million ($11,679 thousand), ¥119 million ($1,156 thousand), ¥40 million ($389 thousand), ¥24 million ($233 thousand) and ¥33 million ($321 thousand), respectively. Reserve on land revaluation increased by ¥33 million ($321 thousand).

12. EMPLOYEES' RETIREMENT BENEFITS

(1) Outline of retirement benefit plan

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans for employees' retirement benefits.

The Company and its consolidated subsidiaries have adopted a corporate pension plan and lump-sum pension plans as defined benefit plans, under which employees are entitled to lump-sum or annuity payments based on their respective salaries and service periods. The Company has established a retirement benefit trust for its corporate pension plan. The Company's certain consolidated subsidiaries have calculated net defined benefit liability and retirement benefit expenses using the simplified method, under which actuarial calculation is not adopted.

(2) Defined benefit plans

Information at March 31, 2014 and for the year then ended

(a) Change in benefit obligation, excluding plans accounted for under the simplified method, for the year ended March 31, 2014:

	Millions of yen	Thousands of U.S. dollars (See Note 1)
	2014	2014
Benefit obligation at beginning of year	¥128,709	$1,250,573
Service cost	5,800	56,354
Interest cost	2,263	21,988
Actuarial differences	215	2,089
Prior service costs	(223)	(2,167)
Benefits paid	(3,764)	(36,572)
Other	76	739
Benefit obligation at end of year	¥133,076	$1,293,004

(b) Change in plan assets, excluding plans accounted for under the simplified method, for the year ended March 31, 2014:

	Millions of yen	Thousands of U.S. dollars (See Note 1)
	2014	2014
Fair value of plan assets at beginning of year	¥86,799	$843,364
Expected return on plan assets	1,877	18,237
Actuarial differences	4,743	46,084
Employer contribution	7,537	73,232
Benefits paid	(2,567)	(24,942)
Other	69	671
Fair value of plan assets at end of year	¥98,458	$956,646

(c) Change in net defined benefit liability under simplified method for the year ended March 31, 2014:

	Millions of yen	Thousands of U.S. dollars (See Note 1)
	2014	2014
Net defined benefit liability at beginning of year	¥2,696	$26,195
Retirement benefit expenses	341	3,313
Benefits paid	(272)	(2,643)
Contribution to the plan	(34)	(330)
Other	(25)	(243)
Net defined benefit liability at end of year	¥2,706	$26,292

(d) Amount recognized in the consolidated balance sheets, including plans accounted for under the simplified method, at March 31, 2014:

	Millions of yen	Thousands of U.S. dollars (See Note 1)
	2014	2014
Benefit obligation for funded plan	¥110,405	$1,072,726
Plan assets	(98,737)	(959,357)
	¥11,668	$113,369
Benefit obligation for unfunded plan	25,658	249,301
Net amount recognized on the consolidated balance sheets	¥37,326	$362,670
Net defined benefit liability	37,406	363,447
Net defined benefit asset	(80)	(777)
Net amount recognized on the consolidated balance sheets	¥ 37,326	$ 362,670

(e) Details of retirement benefit expenses for the year ended March 31, 2014:

	Millions of yen	Thousands of U.S. dollars (See Note 1)
	2014	2014
Service cost	¥ 5,800	$ 56,354
Interest cost	2,263	21,988
Expected return on plan assets	(1,877)	(18,237)
Actuarial differences recognized in earnings	1,494	14,516
Prior service costs recognized in earnings	42	408
Retirement benefit expenses under simplified method	341	3,313
Defined benefit expenses	¥ 8,063	$ 78,342

(f) Amount recognized in accumulated other comprehensive income (pretax) at March 31, 2014:

	Millions of yen	Thousands of U.S. dollars (See Note 1)
	2014	2014
Unrecognized prior service costs	¥ (139)	$ (1,350)
Unrecognized actuarial differences	4,518	43,898
Total	¥4,379	$42,548

(g) The asset allocation for the plans, excluding plans accounted for under the simplified method, at March 31, 2014:

	2014
Domestic bonds	25.1%
Domestic stocks	21.7
Life insurance company general accounts	14.1
Foreign stocks	13.2
Foreign bonds	5.3
Cash and bank deposits	4.9
Other	15.7
Total	100.0%

* The plan assets include retirement benefit trust established for corporate pension plan which accounts for 7.3% of the total plan assets.

The expected long-term rate of return on plan assets is determined based on the actual return on the plan asset portfolios and the expected rate of return on those portfolios.

(h) Basis for actuarial calculation:

	2014
Discount rates	1.2 – 1.9%
Expected long-term rates of return on plan assets	1.0 – 2.5%

Information at March 31, 2013 and 2012 and for the years then ended

(a) Details of projected benefit obligation as of March 31, 2013 and 2012:

	Millions of yen	
	2013	2012
1. Projected benefit obligation	¥(131,791)	¥(126,817)
2. Fair value of plan assets	87,186	70,250
3. Unaccrued projected benefit obligation (1+2)	¥ (44,605)	¥ (56,567)
4. Unrecognized actuarial differences	10,547	23,471
5. Unrecognized prior service costs	125	143
6. Prepaid pension expenses	391	49
7. Allowance for employees' retirement benefits (3+4+5-6)	¥ (34,324)	¥ (33,002)

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

(b) Details of retirement benefit expenses for the years ended March 31, 2013 and 2012:

	Millions of yen	
	2013	2012
1. Service costs—benefits earned during the year	¥ 6,040	¥ 5,906
2. Interest costs on projected benefit obligation	2,254	2,461
3. Expected return on plan assets	(1,483)	(1,500)
4. Amortization of actuarial differences	3,602	3,465
5. Amortization of prior service costs	26	176
6. Other	(11)	36
7. Retirement benefit expenses (1+2+3+4+5+6)	¥10,428	¥10,544

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

(c) Basis for measurement of projected benefit obligation and other items for the years ended March 31, 2013 and 2012:

	2013		2012	
1. Allocation method for the projected retirement benefits	Straight-line method		Straight-line method	
2. Discount rates	1.2–1.9%		1.2–2.2%	
3. Expected rates of return on plan assets	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
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

(3) Defined contribution plans

Contribution made to the defined contribution plans by the Company's certain consolidated subsidiaries amounted to ¥88 million ($855 thousand) for the year ended March 31, 2014.

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, 2014, 2013 and 2012 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Bank loans				
Non-recourse, with the weighted average interest rates of 0.20% in 2014	¥ 8,000	—	—	$ 77,730
Other, with the weighted average interest rates of 0.81% in 2014, 0.55% in 2013 and 0.52% in 2012	20,566	¥27,086	¥32,157	199,825
Commercial paper, with the weighted average interest rates of 0.11% in 2013 and in 2012	—	27,000	37,000	—

(2) Long-term debt

Long-term debt at March 31, 2014, 2013 and 2012 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Long-term loans, principally from banks and insurance companies:				
Loans secured by collateral or bank guarantees	¥ 189,814	¥ 186,156	¥ 9,270	$ 1,844,287
Unsecured loans	1,475,007	1,499,755	1,359,984	14,331,587
Total long-term loans, principally from banks and insurance companies	1,664,821	1,685,911	1,369,254	16,175,874
Bonds and debentures				
3.00% yen notes due 2013	—	10,000	10,000	—
2.25% yen notes due 2012	—	—	5,000	—
1.04% yen notes due 2013	—	10,000	10,000	—
1.81%yen notes due 2014	10,000	10,000	10,000	97,163
1.64%yen notes due 2014	10,000	10,000	10,000	97,163
1.65%yen notes due 2015	10,000	10,000	10,000	97,163
1.81%yen notes due 2016	20,000	20,000	20,000	194,325
1.99%yen notes due 2016	10,000	10,000	10,000	97,163
1.91%yen notes due 2016	20,000	20,000	20,000	194,325
1.54%yen notes due 2014	—	20,000	20,000	—
1.84%yen notes due 2017	10,000	10,000	10,000	97,163
2.06%yen notes due 2017	20,000	20,000	20,000	194,325
1.65%yen notes due 2014	10,000	10,000	10,000	97,163
1.97%yen notes due 2017	20,000	20,000	20,000	194,325
1.92%yen notes due 2018	10,000	10,000	10,000	97,163
2.09%yen notes due 2019	10,000	10,000	10,000	97,163
1.72%yen notes due 2019	10,000	10,000	10,000	97,163
1.63%yen notes due 2019	10,000	10,000	10,000	97,163
1.49%yen notes due 2019	10,000	10,000	10,000	97,163
1.50%yen notes due 2020	10,000	10,000	10,000	97,163
1.19%yen notes due 2020	10,000	10,000	10,000	97,163
1.06%yen notes due 2020	10,000	10,000	10,000	97,163
1.32%yen notes due 2020	10,000	10,000	10,000	97,163
2.30%yen notes due 2030	10,000	10,000	10,000	97,163
1.27%yen notes due 2021	10,000	10,000	10,000	97,163
1.17%yen notes due 2021	10,000	10,000	10,000	97,163
1.00%yen notes due 2022	10,000	10,000	—	97,163
0.96%yen notes due 2022	10,000	10,000	—	97,163
1.95%yen notes due 2032	10,000	10,000	—	97,163
2.05%yen notes due 2033	10,000	—	—	97,163
0.25% — 1.35% notes due 2014 — 2017 (*1)	46,685	50,229	—	453,605
Total bonds and debentures	346,685	380,229	305,000	3,368,491
Less amount due within one year	(305,583)	(212,347)	(227,765)	(2,969,131)
Long-term debt due after one year	¥1,705,923	¥1,853,793	¥1,446,489	$16,575,234

(*1) Represents the total balance of asset backed securities issued by the Company's consolidated special purpose entities. The interest rates include both fixed rates and floating rates.

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Due within one year				
Non-recourse, with the weighted average interest rate of 0.56% in 2014 and 1.33% in 2013	¥ 87,216	¥ 1,647	¥ 83	$ 847,415
Other, with the weighted average interest rate of 1.43% in 2014 and 1.76% in 2013	168,267	170,567	222,682	1,634,930
Subtotal	¥ 255,483	¥ 172,214	¥ 222,765	$ 2,482,345
Due after one year				
Non-recourse, with the weighted average interest rate of 1.11% in 2014 and 1.14% in 2013	94,365	184,262	8,931	916,877
Other, with the weighted average interest rate of 1.38% in 2014 and 1.37% in 2013	1,314,973	1,329,435	1,137,558	12,776,652
Subtotal	1,409,338	1,513,697	1,146,489	13,693,529
Total	¥1,664,821	¥1,685,911	¥1,369,254	$16,175,874

The weighted average interest rates of long-term loans, principally from banks and insurance companies in 2012 were 1.39% for those due within one year and 1.55% for those due after one year.

Bonds and debentures consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Due within one year				
Non-recourse	¥ 20,100	¥ 133	¥ —	$ 195,297
Other	30,000	40,000	5,000	291,489
Sub-total	¥ 50,100	40,133	5,000	$ 486,786
Due after one year				
Non-recourse	26,585	50,096	—	258,308
Other	270,000	290,000	300,000	2,623,397
Sub-total	296,585	340,096	300,000	2,881,705
Total	¥346,685	¥380,229	¥305,000	$3,368,491

Long-term debt secured by collateral or bank guarantees consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Secured loans				
Long-term loans, principally from banks and insurance companies				
Non-recourse	¥189,581	¥185,909	¥ 257	$1,842,023
Other	233	247	9,013	2,264
Sub-total	189,814	186,156	9,270	1,844,287
Bonds and debentures				
Non-recourse	46,220	48,790	—	449,086
Sub-total	46,220	48,790	—	449,086
Total	¥236,034	¥234,946	¥9,270	$2,293,373

The following assets are pledged as collateral for secured loans:

	Millions of yen					
	2014		2013		2012	
	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *
Real property for sale	¥213,703	¥213,703	¥199,425	¥199,425	¥ —	¥ —
Buildings and structures	35,742	31,249	59,151	54,441	22,040	17,096
Land	56,454	48,239	32,527	24,312	15,572	7,358
Other	36,240	36,222	28,920	28,899	549	525
Total	¥342,139	¥329,413	¥320,023	¥307,077	¥38,161	¥24,979

	Thousands of U.S. dollars (See Note 1)	
	2014	
	Total	Non-recourse *
Real property for sale	$2,076,399	$2,076,399
Buildings and structures	347,279	303,624
Land	548,523	468,704
Other	352,119	351,943
Total	$3,324,320	$3,200,670

* Represents assets pledged as collateral for non-recourse loans.

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, 2014, 2013 and 2012 are as follows:

	Millions of yen								
	2014			2013			2012		
	Non-recourse	Other	Total	Non-recourse	Other	Total	Non-recourse	Other	Total
Due within 1 year	¥107,316	¥ 198,267	¥ 305,583	¥ 1,780	¥ 210,567	¥ 212,347	¥ 83	¥ 227,682	¥ 227,765
Due after 1 to 2 years	9,185	189,057	198,242	124,735	198,252	322,987	87	208,688	208,775
Due after 2 to 3 years	30,151	164,837	194,988	9,016	185,325	194,341	92	198,252	198,344
Due after 3 to 4 years	66,314	136,037	202,351	31,147	164,022	195,169	3,985	176,361	180,346
Due after 4 to 5 years	15,300	161,736	177,036	69,460	136,022	205,482	4,766	161,022	165,788
Thereafter	—	933,306	933,306	—	935,814	935,814	—	693,236	693,236
Total	¥228,266	¥1,783,240	¥2,011,506	¥236,138	¥1,830,002	¥2,066,140	¥9,013	¥1,665,241	¥1,674,254

	Thousands of U.S. dollars (See Note 1)		
	2014		
	Non-recourse	Other	Total
Due within 1 year	$1,042,712	$ 1,926,419	$ 2,969,131
Due after 1 to 2 years	89,244	1,836,932	1,926,176
Due after 2 to 3 years	292,956	1,601,603	1,894,559
Due after 3 to 4 years	644,326	1,321,774	1,966,100
Due after 4 to 5 years	148,659	1,571,473	1,720,132
Thereafter	—	9,068,267	9,068,267
Total	$2,217,897	$17,326,468	$19,544,365

14. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2014, 2013 and 2012

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 years ended March 31, 2014, 2013 and 2012:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Beginning of year	¥3,146	¥2,945	¥2,611	$30,567
Increase due to acquisition of fixed assets	356	313	269	3,459
Net increase due to revisions to original estimate*	54	26	246	525
Decrease due to settlement	(122)	(175)	(420)	(1,185)
Other	41	37	239	398
End of year	¥3,475	¥3,146	¥2,945	$33,764

* Increase for the years ended March 31, 2014 and 2013 was mainly due to additions of decommissioning costs that have become measurable in a more accurate manner. Increase for the year ended March 31, 2012 was 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, 2014, 2013 and 2012

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 previous state is not recognized except for those mentioned in (1) above.

15. DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2014, 2013 and 2012 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Non-interest-bearing	¥343,172	¥341,525	¥349,694	$3,334,357
Interest-bearing	2,445	3,398	4,143	23,756
Total	¥345,617	¥344,923	¥353,837	$3,358,113
Average interest rate	1.02%	1.10%	1.20%	

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 prices 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, 2014, 2013 and 2012 are as follows:

	(Thousands)	
	Issued	Treasury stock
	Common stock	Common stock
Numbers of shares as of March 31, 2011	881,425	3,088
Numbers of shares increased (*1)	—	74
Numbers of shares decreased (*2)	—	(63)
Numbers of shares as of March 31, 2012	881,425	3,099
Numbers of shares increased (*1)	—	97
Numbers of shares decreased (*3)	—	(16)
Numbers of shares as of March 31, 2013	881,425	3,180
Numbers of shares increased (*1)	**—**	**149**
Numbers of shares decreased (*4)	**—**	**(58)**
Numbers of shares as of March 31, 2014	**881,425**	**3,271**

(*1) Treasury stock increased due to purchase of odd shares.
(*2) Treasury stock decreased due to sale of 23 thousand odd shares and exercise of 40 thousand shares of subscription rights.
(*3) Treasury stock decreased due to sale of 6 thousand odd shares and exercise of 10 thousand shares of subscription rights.
(*4) Treasury stock decreased due to sale of 4 thousand odd shares and exercise of 54 thousand shares of subscription rights.

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	Company	Consolidated subsidiaries	Total	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option					
Balance as of March 31, 2012	¥588	—	¥588			
Balance as of March 31, 2013	¥729	—	¥729			
Balance as of March 31, 2014	**¥824**	**—**	**¥824**	**$8,006**	**—**	**¥8,006**

Number of shares regarding stock options as of March 31, 2014, 2013 and 2012 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 27, 2013, June 28, 2012 and June 29, 2011:

Date of shareholders' meeting	June 27, 2013	June 28, 2012	June 29, 2011
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,661 million ($93,869 thousand)	¥9,662 million	¥9,662 million
Per share amount	¥11 ($0.107)	¥11	¥11
Record date	March 31, 2013	March 31, 2012	March 31, 2011
Effective date	June 28, 2013	June 29, 2012	June 30, 2011

The following resolution was approved by the Board of Directors' meeting held on November 7, 2013, November 1, 2012 and October 31, 2011:

Date of board of directors' meeting	November 7, 2013	November 1, 2012	October 31, 2011
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,661 million ($93,869 thousand)	¥9,662 million	¥9,662 million
Per share amount	¥11 ($0.107)	¥11	¥11
Record date	September 30, 2013	September 30, 2012	September 30, 2011
Effective date	December 3, 2013	December 4, 2012	December 2, 2011

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

The following resolution was approved by the ordinary general shareholders' meeting held on June 27, 2014, June 27, 2013 and June 28, 2012:

Date of shareholders' meeting	June 27, 2014	June 27, 2013	June 28, 2012
Type of stock	Common stock	Common stock	Common stock
Total amount	¥9,660 million ($93,859 thousand)	¥9,661 million	¥9,662 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥11 ($0.107)	¥11	¥11
Record date	March 31, 2014	March 31, 2013	March 31, 2012
Effective date	June 30, 2014	June 28, 2013	June 29, 2012

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, 2014, 2013 and 2012 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	**2014**
Cost of revenue from operations	**¥ 48**	¥ 42	¥ 28	**$ 466**
Selling, general and administrative expenses	**134**	119	107	**1,302**
Total	**¥182**	¥161	¥135	**$1,768**

The following table summarizes the contents and activity of stock options as of March 31, 2014 and for the year then ended:

	2013 plan	2012 plan	2011 plan	2010 plan	2009 plan	2008 plan	2007 plan
Grantees	Directors, corporate officers and group managing officers; 27 in total (*1)	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; 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	66,650 shares of common stock	134,640 shares of common stock	143,040 shares of common stock	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 23, 2013	August 17, 2012	August 12, 2011	August 13, 2010	August 14, 2009	August 15, 2008	September 18, 2007
Vesting conditions	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)
Requisite service period	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified
Exercise period(*2)	August 24, 2013 – August 23, 2043	August 18, 2012 – August 17, 2042	August 13, 2011 – August 12, 2041	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	—	134,640	143,040	131,390	94,790	53,830	36,840
Granted	66,650	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	(16,000)	(17,360)	(12,640)	(8,420)
Outstanding at end of year	66,650	134,640	143,040	115,390	77,430	41,190	28,420
Vested options (number of shares):							
Outstanding at beginning of year	—	—	—	—	—	—	—
Vested	—	—	—	16,000	17,360	12,640	8,420
Exercised	—	—	—	(16,000)	(17,360)	(12,640)	(8,420)
Expired	—	—	—	—	—	—	—
Outstanding at end of year	—	—	—	—	—	—	—
	Yen/U.S. dollars (See Note 1)	Yen	Yen	Yen	Yen	Yen	Yen
Exercise price	¥1/$0.01	¥1	¥1	¥1	¥1	¥1	¥1
Average stock price on exercise date	—/—	—	—	3,166	3,147	3,185	3,187
Grant-date fair value	¥2,796/$27.17	¥1,265	¥919	¥1,029	¥1,493	¥1,967	¥2,357

(*1) Grantees consist of 8 directors (excluding outside directors), 14 corporate officers (non-directors) and 5 group managing officers for 2013 plan, 9 directors (excluding outside directors), 9 corporate officers (non-directors) and 7 group managing officers for 2012 plan, 9 directors (excluding outside directors), 8 corporate officers (non-directors) and 8 group managing officers for 2011 plan, 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:

	2013 plan	2012 plan	2011 plan
Expected volatility (*1)	40%	40%	40%
Expected life (*2)	15 years	15 years	15 years
Expected dividend (*3)	¥22 ($0.21) per share	¥22 per share	¥22 per share
Risk-free rate (*4)	1.28%	1.39%	1.58%

(*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, 2014, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties, etc.	Buildings, land, etc.	New York State, U.S.A., 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 ¥11,557 million ($112,291 thousand) are comprised of ¥4,642 million ($45,103 thousand) of buildings and structures and ¥6,915 million ($67,188 thousand) of land.

During the year ended March 31, 2013, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties, etc.	Buildings, land, etc.	Nagoya City, Aichi, etc.
Operating facilities	Buildings, land, etc.	Nara City, Nara

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 ¥7,769 million are comprised of ¥4,405 million of buildings and structures, ¥3,284 million of land and ¥80 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%.

During the year ended March 31, 2012, there were no impairment losses recognized by the Company and its consolidated subsidiaries.

20. MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME

	Millions of yen			Thousands of U.S. dollars (See Note 1)
Years ended March 31,	2014	2013	2012	2014
Interest income	¥ 584	¥ 382	¥ 241	$ 5,675
Dividend income	3,760	3,332	3,221	36,533
Gain on sale of investment securities	—	3,442	—	—
Gain on sale of property and equipment	13,190	2,859	—	128,158
Gain on sales of investments in unconsolidated subsidiaries and affiliated companies	—	2,369	—	—
Other	3,853	3,290	2,392	37,436
Total	¥21,387	¥15,674	¥5,854	$207,802

21. MAJOR COMPONENTS OF OTHER EXPENSES

	Millions of yen			Thousands of U.S. dollars (See Note 1)
Years ended March 31,	2014	2013	2012	2014
Loss on sale of property and equipment	¥ 9,110	¥ 8,806	¥ —	$ 88,515
Impairment loss on fixed assets	11,557	7,769	—	112,291
Loss on disposal of property and equipment	8,273	4,216	5,635	80,383
Loss on liquidation of consolidated subsidiaries	2,127	—	—	20,667
Other	6,733	5,529	8,710	65,420
Total	¥37,800	¥26,320	¥14,345	$367,276

22. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the years ended March 31, 2014, 2013 and 2012 is presented as follows.

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Net unrealized holding gains on securities				
Unrealized holding gains arising during the year	¥13,000	¥81,225	¥ 7,036	$126,312
Reclassification to income for the year	—	—	352	—
Pretax amount	13,000	81,225	7,387	126,312
Tax (expense) benefit	(4,640)	(28,945)	961	(45,084)
Net-of-tax amount	8,360	52,280	8,348	81,228
Deferred losses on hedging instruments				
Deferred losses arising during the year	(304)	(1,150)	(1,731)	(2,954)
Reclassification to income for the year	990	773	716	9,619
Pretax amount	686	(377)	(1,015)	6,665
Tax (expense) benefit	438	151	483	(4,255)
Net-of-tax amount	248	(226)	(531)	2,410
Reserve on land revaluation				
Tax (expense) benefit	(1,203)	26	23,503	(11,689)
Foreign currency translation adjustments				
Aggregated adjustment during the year resulting from foreign currency translation	20,564	8,872	(2,775)	199,806
Equity in other comprehensive loss of affiliated companies				
Unrealized losses arising during the year	10,438	5,852	(1,210)	101,418
Total other comprehensive income	¥38,407	¥66,804	¥27,335	$373,173

23. LEASES

As lessee:

(A) Finance leases

Assets leased under finance leases that do not transfer ownership to the lessee consist mainly of buildings and structures used in leasing business. Such assets are capitalized as assets and depreciated using the straight-line method over their lease term assuming no residual value.

As described in Note 2 (P), 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 lease. Information on such leases is summarized as follows:

(1) Assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2014, 2013 and 2012:

	Millions of yen								
	2014			2013			2012		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥2,184	¥49	¥2,233	¥2,618	¥65	¥2,683	¥4,593	¥1,124	¥5,717
Accumulated depreciation	1,469	36	1,505	1,680	45	1,725	2,602	1,064	3,666
Net book value	¥ 715	¥13	¥ 728	¥ 938	¥20	¥ 958	¥1,991	¥ 60	¥2,051

	Thousands of U.S. dollars (See Note 1)		
	2014		
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	$21,220	$476	$21,696
Accumulated depreciation	14,273	350	14,623
Net book value	$ 6,947	$126	$ 7,073

(2) Future lease payment inclusive of interest at March 31, 2014, 2013 and 2012:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Amount due within one year	¥195	¥227	¥ 391	$1,894
Amount due after one year	533	731	1,660	5,179
Total	¥728	¥958	¥2,051	$7,073

(3) Lease expense and the assumed amount of depreciation expense for the years ended March 31, 2014, 2013 and 2012:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Lease expense	¥227	¥389	¥597	$2,206
Depreciation expense	227	389	597	2,206

(4) Calculation of the assumed amount of depreciation expense:

Assumed 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, 2014, 2013 and 2012:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Amount due within one year	¥ 52,603	¥ 63,593	¥ 64,383	$ 511,106
Amount due after one year	108,341	136,866	151,417	1,052,672
Total	¥160,944	¥200,459	¥215,800	$1,563,778

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2014, 2013 and 2012:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Amount due within one year	¥ 46,937	¥ 45,696	¥ 42,800	$ 456,053
Amount due after one year	228,777	216,510	209,522	2,222,863
Total	¥275,714	¥262,206	¥252,322	$2,678,916

24. BUSINESS TRANSACTIONS WITH SPECIAL PURPOSE ENTITIES

The Company invests in special purpose entities (SPEs) for securitizing its customers' real estate. 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, 2014, 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 etc.

The Company has no directors and/or employees dispatched to any SPE.

The Company invested in 25 SPEs which are subject to disclosure as of March 31, 2012. There are no SPEs subject to disclosure as of March 31, 2014 and 2013 since SPEs referred to above are included in scope of consolidation commencing the year ended March 31, 2013, as described in Note 2 (A).

The following tables summarize transactions with the SPEs as of March 31, 2012 and for the year then ended.

	Millions of yen		
	Balance	Revenue and costs	
	2012		2012
Investments (*1)	¥96,385	Revenue from operations (*2)	¥5,232
		Cost of revenue from operations (*3)	662
Management	—	Revenue from operations (*4)	868

(*1) Consists of ¥47,211 million of "equity investments in properties for sale" and ¥49,174 million of "investment securities" as of March 31, 2012, 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 ¥5,232 million for leasing segment and ¥nil million for property sales segment for the year ended March 31, 2012.

(*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 ¥442 million for the leasing segment and ¥220 million for the property sales segment for the year ended March 31, 2012.

(*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, 2012.

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

	Millions of yen
	2012
Assets	
Real property	¥445,433
Other	32,421
Total	¥477,854

	Millions of yen
Liabilities and net assets	2012
Borrowings (*5)	¥351,003
Capital (*6)	119,210
Other	7,641
Total	¥477,854

(*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

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, 2014, 2013 and 2012 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, 2014	(1)	(2)	(3)	(4)	(5)	Adjustments (*1)	Consolidated
Revenue from operations:							
Outside customers	**¥ 449,700**	**¥ 409,466**	**¥314,230**	**¥237,069**	**¥104,787**	**¥ —**	**¥1,515,252**
Inter-segment	**17,060**	**—**	**58,296**	**10,165**	**4,480**	**(90,001)**	**—**
Total revenue from operations	**¥ 466,760**	**¥ 409,466**	**¥372,526**	**¥247,234**	**¥109,267**	**¥ (90,001)**	**¥1,515,252**
Segment operating income	**¥ 109,206**	**¥ 27,100**	**¥ 49,945**	**¥ 4,192**	**¥ 3,072**	**¥ (20,947)**	**¥ 172,568**
Segment assets	**2,670,436**	**1,189,779**	**301,105**	**135,143**	**90,851**	**161,508**	**4,548,822**
Depreciation	**39,477**	**1,214**	**6,920**	**3,079**	**4,296**	**1,044**	**56,030**
Loss on impairment of fixed assets	**10,270**	**—**	**1,287**	**—**	**—**	**—**	**11,557**
Additions to property and equipment and intangible assets	**117,284**	**1,041**	**18,688**	**3,521**	**6,698**	**1,024**	**148,256**

	Millions of yen						
Year ended March 31, 2013	(1)	(2)	(3)	(4)	(5)	Adjustments (*1)	Consolidated
Revenue from operations:							
Outside customers	¥ 441,712	¥ 393,454	¥297,934	¥209,029	¥103,515	¥ —	¥1,445,644
Inter-segment	16,644	80	50,662	9,359	3,731	(80,476)	—
Total revenue from operations	¥ 458,356	¥ 393,534	¥348,596	¥218,388	¥107,246	¥(80,476)	¥1,445,644
Segment operating income	¥ 104,352	¥ 23,058	¥ 41,579	¥ 567	¥ (85)	¥(21,286)	¥148,185
Segment assets	2,646,294	1,104,782	269,568	119,660	105,236	144,535	4,390,075
Depreciation	42,733	1,259	6,533	3,281	3,925	1,291	59,022
Loss on impairment of fixed assets	6,995	—	69	—	705	—	7,769
Additions to property and equipment and intangible assets	47,615	1,302	9,730	5,176	7,611	922	72,356

	Millions of yen						
Year ended March 31, 2012	(1)	(2)	(3)	(4)	(5)	Adjustments (*2)	Consolidated
Revenue from operations:							
Outside customers	¥ 420,528	¥321,352	¥286,639	¥207,568	¥102,015	¥ —	¥1,338,102
Inter-segment	15,680	—	42,462	9,271	3,383	(70,796)	—
Total revenue from operations	¥ 436,208	¥321,352	¥329,101	¥216,839	¥105,398	¥(70,796)	¥1,338,102
Segment operating income	¥ 95,700	¥ 15,734	¥ 34,364	¥ 4,187	¥ (807)	¥(23,140)	¥ 126,038
Segment assets	2,474,791	753,266	240,120	113,152	110,232	176,851	3,868,412
Depreciation	37,141	1,470	6,053	3,579	3,615	1,373	53,231
Additions to property and equipment and intangible assets	91,341	762	10,438	3,680	4,566	969	111,756

Year ended March 31, 2014	Thousands of U.S. dollars						
	(1)	(2)	(3)	(4)	(5)	Adjustments (*1)	Consolidated
Revenue from operations:							
Outside customers	$ 4,369,413	$ 3,978,488	$3,053,148	$2,303,430	$1,018,141	$ —	$14,722,620
Inter-segment	165,760	—	566,421	98,766	43,528	(874,475)	—
Total revenue from operations	$ 4,535,173	$ 3,978,488	$3,619,569	$2,402,196	$1,061,669	$ (874,475)	$14,722,620
Segment operating income	$ 1,061,077	$ 263,311	$ 485,280	$ 40,731	$ 29,848	$ (203,527)	$ 1,676,720
Segment assets	25,946,716	11,560,231	2,925,622	1,313,088	882,734	1,569,258	44,197,649
Depreciation	383,570	11,796	67,237	29,916	41,740	10,144	544,403
Loss on impairment of fixed assets	99,786	—	12,505	—	—	—	112,291
Additions to property and equipment and intangible assets	1,139,565	10,115	181,578	34,211	65,079	9,949	1,440,497

(*1) Adjustments to segment operating income of ¥(20,947) million ($(203,527) thousand) consists of ¥(362) million ($(3,517) thousand) of inter-segment elimination and ¥(20,585) million ($(200,010) 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 ¥161,508 million ($1,569,258 thousand) consists of ¥(658,609) million ($(6,399,232) thousand) of inter-segment elimination, ¥664,041 million ($6,452,011 thousand) of corporate assets and investments in affiliated companies of ¥156,076 million ($1,516,479 thousand).

(*2) Adjustments to segment operating income of ¥(21,286) million consists of ¥116 million of inter-segment elimination and ¥(21,402) 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 ¥144,535 million consists of ¥(728,009) million of inter-segment elimination, ¥736,154 million of corporate assets and investments in affiliated companies of ¥136,390 million.

(*3) Adjustments to segment operating income of ¥(23,140) million consists of ¥15 million of inter-segment elimination and ¥(23,155) 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 ¥176,851 million consists of ¥(730,484) million of inter-segment elimination, ¥785,179 million of corporate assets and investments in affiliated companies of ¥122,156 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.

26. RELATED PARTIES

Significant related party transactions for the year ended March 31, 2014 are summarized as follows:

Transaction with the Company's directors and major individual shareholders

				Millions of yen		Thousands of U.S. dollars (See Note 1)	
				2014			
Type	Name	Ownership ratio of voting shares	Nature of transaction	Transaction amount	Balance outstanding at year end	Transaction amount	Balance outstanding at year end
Director	Kenji Iino	Directly owns 0.00%	Construction of residence	59	—	573	—

Policies for terms and conditions of the transaction:
The price of residence is determined in reference to market prices.

There were no significant related party transaction for the years ended March 31, 2013 and 2012.

27. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2014, 2013 and 2012 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2014	2013	2012	2014
Loans guaranteed	¥26,535	¥32,988	¥42,014	$257,822

28. SUBSEQUENT EVENTS

Issuance of new shares through public offering and third-party allotment, and a secondary offering of shares

On May 27, 2014, the Board of Directors adopted the resolutions of an issuance of new shares and a secondary offering of shares. The payment for the issuance of new shares through public offering was completed on June 23, 2014. The outline is described below.

(1) Issuance of new shares through public offering
  (a) Class and number of shares to be offered
    100,000,000 shares of common stock of the Company
  (b) Issue price
    ¥3,138 ($30.490) per share
  (c) Total amount of issue price
    ¥313,800,000,000 ($3,048,970,074)
  (d) Amount paid in
    ¥3,008.56 ($29.232) per share
  (e) Total amount paid in
    ¥300,856,000,000 ($2,923,202,487)
  (f) Common stock and capital surplus increased
    Increase in common stock: ¥150,428,000,000 ($1,461,601,244)
    Increase in capital surplus: ¥150,428,000,000 ($1,461,601,244)
  (g) Method of offering
    Domestic offering and international offering
  (h) Payment date
    June 23, 2014

(2) Secondary offering of shares through over-allotment
  (a) Class and number of shares to be sold
    10,000,000 shares of common stock
  (b) Seller
    Nomura Securities Co., Ltd.
  (c) Selling price
    ¥3,138 ($30.490) per share
  (d) Total amount of selling price
    ¥31,380,000,000 ($304,897,007)
  (e) Method of secondary offering
    Nomura Securities Co., Ltd. conducted a secondary domestic offering of shares that it borrowed from a shareholder of the Company.
  (f) Delivery date
    June 24, 2014

(3) Issuance of new shares through third-party allotment
  (a) Class and number of shares to be offered
    Up to 10,000,000 shares of common stock of the Company
  (b) Amount paid in
    ¥3,008.56 ($29.232) per share
  (c) Total amount paid in
    Up to ¥30,085,600,000 ($292,320,249)
  (d) Common stock and capital surplus increased
    Increase in common stock: up to ¥15,042,800,000 ($146,160,124)
    Increase in capital surplus: up to ¥15,042,800,000 ($146,160,124)
  (e) Allottee
    Nomura Securities Co., Ltd.
  (f) Subscription due date
    Friday, July 18, 2014
  (g) Payment due date
    Tuesday, July 22, 2014

(4) Use of proceeds
  The proceeds are to be used as a part of capital investment fund.

KPMG

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014, 2013 and 2012, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries as at March 31, 2014, 2013 and 2012, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. As described in Note 2 (A) to the consolidated financial statements, commencing from the year ended March 31, 2013, Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries adopted "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on March 25, 2011) and related guidance.
2. As described in Note 28 to the consolidated financial statements, the Board of Directors adopted the resolutions of an issuance of new shares and a secondary offering of shares on May 27, 2014, and the payment for the issuance of new shares through public offering was completed on June 23, 2014.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 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

June 27, 2014
Tokyo, Japan

1 LEASING SEGMENT

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion / Acquisition	Total Floor Area (m²)	Total Land Area (m²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
1) Properties										
Mitsui Fudosan Co., Ltd.	Mitsui Main Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 7 floors above ground 2 basement floors	Mar. 1929	32,245		3,107		26	
	Mitsui Building No.2 (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 3 basement floors	Feb. 1985	26,490	14,256	4,461	122,472	38	166,439
	Nihonbashi Mitsui Tower (Chuo Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 39 floors above ground 4 basement floors	Jul. 2005	133,727		35,673		660	
	Mitsui Building Annex (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 9 floors above ground 2 basement floors	Jan. 1952	17,785	1,984	2,961	11,631	6	14,599
	Mitsui Building Annex No.2 (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 9 floors above ground 2 basement floors	Nov. 1956	14,300	1,468	1,062	12,679	10	13,752
	Muromachi Higashi-Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 22 floors above ground 4 basement floors	Oct. 2010	40,363	2,454	13,200	25,088	444	38,733
	Muromachi-Furukawa Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility, Residential	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 22 floors above ground 4 basement floors	Feb. 2014	25,439[*1]	1,534[*1]	6,980	7,487	602	15,070
	Muromachi Chibagin Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 17 floors above ground 4 basement floors	Feb. 2014	13,380[*1]	771[*1,*2]	3,573	8,395	320	12,289
Mitsui Fudosan Co., Ltd. T Tower Corporation	Nihonbashi 1-Chome Building (Chuo Ward, Tokyo)[*3]	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 4 basement floors	Jan. 2004	98,063	8,185[*1]	17,419	58,848	261	76,529
Mitsui Fudosan Co., Ltd.	Yaesu Mitsui Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 10 floors above ground 3 basement floors	Jun. 1965	22,520[*1]	1,865[*1,*2]	1,141	15,811[*2]	17	16,970
	St. Luke's Tower (Chuo Ward, Tokyo)	Office, Hotel, Residential	*Office Tower* Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 51 floors above ground 4 basement floors *Hotel, Residential Tower* Steel-reinforced concrete structure / reinforced concrete structure (portion) 38 floors above ground 1 basement floor	May 1994	72,456[*1]	5,529[*1,*2]	10,142	—	72	10,215
	Kojun Building (Chuo Ward, Tokyo)	Retail facility	Steel-reinforced concrete structure 10 floors above ground 2 basement floors	Sep. 2004	13,662[*1]	1,316[*1]	2,718	7,832	54	10,604
	Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda Ward, Tokyo)	Office	Steel construction 23 floors above ground 4 basement floors	Jul. 2010	80,047	5,430	21,778	89,148	362	111,289
	Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 36 floors above ground 3 basement floors	Apr. 1968	145,494[*1]	8,264[*1,*2]	17,432	1,356[*2]	980	19,769

	Shin-Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 3 basement floors	Feb. 1987	14,895[*1]	2,891[*1]	1,207	16,597	8	17,813
	Toranomon Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 14 floors above ground 2 basement floors	Sep. 1972	23,606	3,264	1,596	32,292	21	33,910
	Marunouchi Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Feb. 1981	20,373	1,851	3,106	23,690	23	26,820
	Jimbocho Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 23 floors above ground 2 basement floors	Mar. 2003	45,476[*1]	4,152[*1]	13,599	25,114	96	38,811
	Otemachi 1-Chome Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / reinforced concrete structure (portion) 12 floors above ground 3 basement floors	Nov. 2007	48,282	5,372	1,330	117,309	8	118,648
	Gran Tokyo North Tower (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Oct. 2007	82,001[*1]	3,723[*1]	18,105	43,778	377	62,262
	Otemachi PAL Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 9 floors above ground 3 basement floors	Mar. 2011	13,962[*1]	1,380[*1]	272	37,153	0	37,427
	Shiodome City Center (Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Jan. 2003	15,775[*1]	1,322[*1]	2,271	9,486	13	11,753
	Celestine Shiba Mitsui Building (Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 17 floors above ground 2 basement floors	Apr. 2002	18,967[*1]	2,431[*1]	3,093	8,777	60	11,931
Mitsui Fudosan Co., Ltd. RP Beta Tokutei Mokuteki Kaisha RP Gamma Tokutei Mokuteki Kaisha RP Eta Tokutei Mokuteki Kaisha RP Delta Tokutei Mokuteki Kaisha RP Epsilon Tokutei Mokuteki Kaisha	Tokyo Midtown (Minato Ward, Tokyo)	Office, Retail facility, Residential	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 54 floors above ground 5 basement floors	Jan. 2007	281,901[*1]	34,465[*1]	57,242	148,163	1,940	207,346
Mitsui Fudosan Co., Ltd.	Gate City Ohsaki (Shinagawa Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 24 floors above ground 4 basement floors	Jan. 1999	33,633[*1]	5,393[*1]	6,795	13,376	127	20,299
	Shinjuku Mitsui Building (Shinjuku Ward, Tokyo)	Office	Steel construction / reinforced concrete structure (portion) 55 floors above ground 3 basement floors	Sep. 1974	179,697	14,449	12,617	186,668	271	199,557
	Urban Dock LaLaport TOYOSU (Koto Ward, Tokyo)	Retail facility	Steel construction / steel-reinforced concrete structure (portion) 5 floors above ground 1 basement floor	Aug. 2006	164,364	67,499[*2]	8,651	—	780	9,431

Mitsui Fudosan Co., Ltd.	LAZONA Kawasaki plaza (Kawasaki City, Kanagawa Prefecture)	Retail facility	Steel construction / reinforced concrete structure (portion) 6 floors above ground 1 basement floor	Sep. 2006	69,081[*1]	72,013[*2]	3,756	26,022	261	30,041
	Yokohama Mitsui Building (Yokohama City, Kanagawa Prefecture)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 30 floors above ground 2 basement floors	Feb. 2012	90,356	7,799	24,542	7,466	1,750	33,759
	LaLaPort Mitsui Building (Funabashi City, Chiba Prefecture)	Office	Steel-reinforced concrete structure / partial steel construction 14 floors above ground 1 basement floor	Jun. 1988	23,558	157,850	1,971	48,919	22	77,884
	LaLaport TOKYO-BAY (Funabashi City, Chiba Prefecture)	Retail facility	Reinforced concrete structure / partial steel construction / steel-reinforced concrete structure (portion) 10 floors above ground 1 basement floor	Apr. 1981	280,529		24,492		2,479	
	Nagoya Mitsui Main Building (Nagoya City, Aichi Prefecture)	Office	Steel construction 18 floors above ground 2 basement floor	Mar. 1987	31,257	3,526	3,088	9,875	75	13,039
	Otemachi Tatemono Nagoya Station Building (Nagoya City, Aichi Prefecture)	Office, Retail facility	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Aug. 2007	37,834	2,976	388	14,242	11	14,642
	Nakanoshima Mitsui Building (Osaka City, Osaka Prefecture)	Office	Steel construction / steel-reinforced concrete structure (portion) 31 floors above ground 2 basement floors	Aug. 2002	71,269	4,456	10,176	12,131	247	22,554
	Yodoyabashi Mitsui Building (Osaka City, Osaka Prefecture)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 16 floors above ground 3 basement floors	Mar,. 2008	38,838[*1]	3,087[*1]	7,219	14,556	184	21,960
	Midosuji Mitsui Building (Osaka City, Osaka Prefecture)	Office	Steel-reinforced concrete structure 12 floors above ground 3 basement floors	Dec. 1976	28,715	2,724	5,545	15,060	60	20,667
	MITSUI OUTLET PARK MARINE PIA KOBE (Kobe City, Hyogo Prefecture)	Retail facility	*Factory Outlet* Steel construction, 3 floors above ground *Annex* Steel construction, 2 floors above ground	Jul. 1999	61,961	78,205	2,198	11,096	1,132	14,427
	MITSUI OUTLET PARK SHIGA RYUO (Gamo-gun, Shiga Prefecture)	Retail facility	*1st Stage* Steel construction 2 floors above ground *2nd Stage* Steel construction 3 floors above ground	Jul. 2010	91,831	174,231[*2]	7,830	2,550[*2]	2,241	12,621
MITSUI FUDOSAN AMERICA, INC. (Overseas subsidiary)	1251 Avenue of the Americas (New York City, New York, U.S.A.)	Office	Steel construction 54 floors above ground 4 basement floors	Dec. 1986	214,106	9,232	34,323	23,426	—	57,750
	527 Madison Avenue (New York City, New York, U.S.A.)	Office	Steel construction 26 floors above ground 1 basement floor	Sep. 2008	22,017	1,082	14,724	11,338	—	26,062
	Homer Building (Washington D.C., U.S.A.)	Office	Steel construction 12 floors above ground 5 basement floors	Jan. 2012	56,731	4,024[*2]	27,904	4,105[*2]	—	32,009
MITSUI FUDOSAN (U.K.) LTD. (Overseas subsidiary)	5 Hanover Square (London. U.K.)	Office	Steel construction 7 floors above ground 1 basement floor	Mar. 2012	7,957	1,122	4,003	10,561	1,441	16,006

2) Other

Mitsui Fudosan Co., Ltd., M3 Real Estate Co., Ltd., Murosan Real Estate Co., Ltd.	Chuo Ward, Tokyo Land and building	Land and building development project	—	48,385	7,455	7,028	55,148	51	62,228
Mitsui Fudosan Co., Ltd.	Fujimi, Chiyoda Ward, Tokyo Land	Planned construction site	—	—	7,928	—	74,181	—	74,181
	Yurakucho, Chiyoda Ward, Tokyo Land	Planned construction site	—	—	10,702	—	121,375	—	121,375
	Funabashi City, Chiba Prefecture Land	Lot for rent	—	—	216,229[*2]	—	10,842[*2]	24	10,866

*1 Data for the subject land, buildings, and structures is based on the area in which the Group maintains an equity interest.
*2 Includes leasehold
*3 Nihonbashi 1-Chome Building changed its name to Nihonbashi 1-Chome Mitsui Building on April 1, 2014.
Note: Land includes leasehold. Other is tangible fixed assets excluding buildings, land, and construction in progress.

2 OTHER

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion / Acquisition	Total Floor Area (m^2)	Total Land Area (m^2)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd. Celestine Hotel Co., Ltd. Mitsui Fudosan Hotel Management Co., Ltd. Hotel Management Co., Ltd.	Mitsui Garden Hotel Ginza Premier Other domestic hotels in 12 locations[*3]	Hotel	—	—	128,076[*1]	17,452[*1,*2]	17,229	14,035[*2]	1,133	32,398
MITSUI FUDOSAN AMERICA, INC. (Overseas subsidiary)	Halekulani One other overseas hotel in another location	Hotel	—	—	77,172	20,927[*2]	8,124	2,598[*2]	1,813	12,536
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Golf Properties Co., Ltd. Nippon Midori Development Co., Ltd. Kyusin Kaihatsu Inc.	Mitsuinomori Karuizawa Country Club Five other locations	Golf course	—	—	28,157	5,785,415[*2]	1,808	5,135[*2]	7,207	14,150
Mitsui Fudosan Co., Ltd.	Tsunamachi Mitsui Club (Minato Ward, Tokyo)	State guest house	Floors: reinforced concrete structure Walls: masonry construction 2 floors above ground 1 basement floor	Feb. 1913	5,427	28,563	1,095	23,571	261	24,928

*1 Data for the subject land, buildings, and structures is based on the area in which the Group maintains an equity interest.
*2 Includes leasehold
*3 Includes Mitsui Garden Hotel Kashiwa, which closed on April 30, 2014.
Note: Land includes leasehold. Other is tangible fixed assets excluding buildings, land, and construction in progress.

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

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

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 Mitsui Building
1-2, Takashima 1-chome, Nishi-ku,
Yokohama-shi, Kanagawa 220-0011

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

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

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

OVERSEAS NETWORK

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

Mitsui Fudosan America, Inc. San Francisco Branch
100 First Street, Suite 2350
San Francisco, CA 94105 U.S.A.
Tel: 1-415-840-2500

Halekulani Corporation
2222 Kalakaua Avenue, Suite 900,
Honolulu, Hawaii 96815, U.S.A.
Tel: 1-808-526-1186

Mitsui Fudosan (U.K.) Ltd.
7th Floor, Berger House, 38 Berkeley Square,
London, W1J 5AE, United Kingdom
Tel: 44-20-7318-4370

Mitsui Fudosan (Asia) Pte. Ltd.
16 Raffles Quay, #37-01 Hong Leong Building,
Singapore 048581
Tel: 65-6220-8358

Mitsui Fudosan (Asia) Pte. Ltd. Malaysia Branch
Falcon Room KL Airport Hotel SDN BHD
(Sama-Sama Hotel KL International Airport)
Jalan CTA 4B, 64000, KLIA, Sepang, Selangor
Tel: 60-3-8778-0075

Mitsui Fudosan (Asia) Pte. Ltd. Taipei Branch
15F, No.18, Nanjing East Road, Sec.4,
Taipei, 10553, Taiwan
Tel: 886-2-2570-7665

Mitsui Fudosan (Shanghai) Consulting Co., Ltd.
Unit 2101, One ICC,
Shanghai International Commerce Center,
999 Middle Huaihai Road Xuhui District Shanghai,
200031, China
Tel: 86-21-5396-6969

Mitsui Fudosan Consulting (Beijing) Co., Ltd.
17th Floor, Unit 17, China World Office Ⅰ,
No.1 Jianguomenwai Avenue, Beijing, 100004, China
Tel: 86-10-6505-3101

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

Mitsui Fudosan Co., Ltd. Hong Kong Branch
Level 3, Three Pacific Place,
1 Queen’s Road East, Admiralty, Hong Kong
Tel: 852-2855-6951

HISTORY

(From Mitsui Fudosan's Corporate Profile 2014)

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

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

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)
- 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)

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

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)

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
- Completion of Gate City Ohsaki (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)
- Completion of JAZZ DREAM NAGASHIMA (now MITSUI OUTLET PARK JAZZ DREAM NAGASHIMA) (Mie)

2003
- Completion of Shiodome City Center (Tokyo)
- 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)
- Opening of Mitsui Garden Hotel Ginza Premier (Tokyo)
- 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)
- 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)
- 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)
- Opening of Mitsui Garden Hotel Ueno (Tokyo)
- Completion of Muromachi Higashi Mitsui Building (COREDO Muromachi) (Tokyo)

2011
- Opening of Shanjing Outlet Plaza, Ningbo (Zhejiang Province, PRC)
- Opening of MITSUI OUTLET PARK KURASHIKI (Okayama)

2012
- Completion of Yokohama Mitsui Building (Kanagawa)
- Establishment of Innovation 2017, Mitsui Fudosan Group's long-term business strategy
- Opening of MITSUI OUTLET PARK KISARAZU (Chiba)
- Opening of DiverCity Tokyo (Tokyo)

2013
- Completion of Nihonbashi Astellas Mitsui Building (Tokyo)

2014
- Opening of Mitsui Garden Hotel Osaka Premier (Osaka)
- Opening of Mitsui Garden Hotel Kyoto Shinmachi Bettei (Kyoto)
- Completion of Muromachi Furukawa Mitsui Building (COREDO Muromachi 2) (Tokyo)
- Completion of Muromachi Chibagin Mitsui Building (COREDO Muromachi 3) (Tokyo)

Mitsui Fudosan Co., Ltd.

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

Date of Establishment:
July 15, 1941

Capital:
¥174,296 million

Listing:
Tokyo (Ticker: 8801)

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

Number of Shareholders:
28,112

Transfer Agent:
Sumitomo Mitsui Trust Bank, Limited

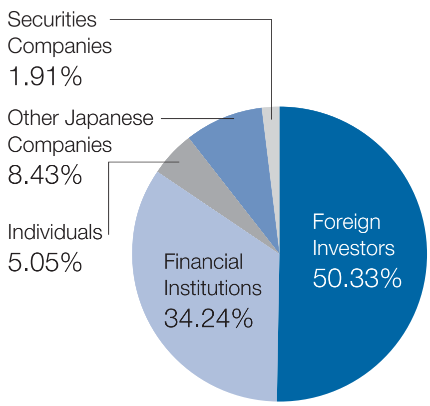
Number of Employees:
1,296 (Consolidated 16,585)

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

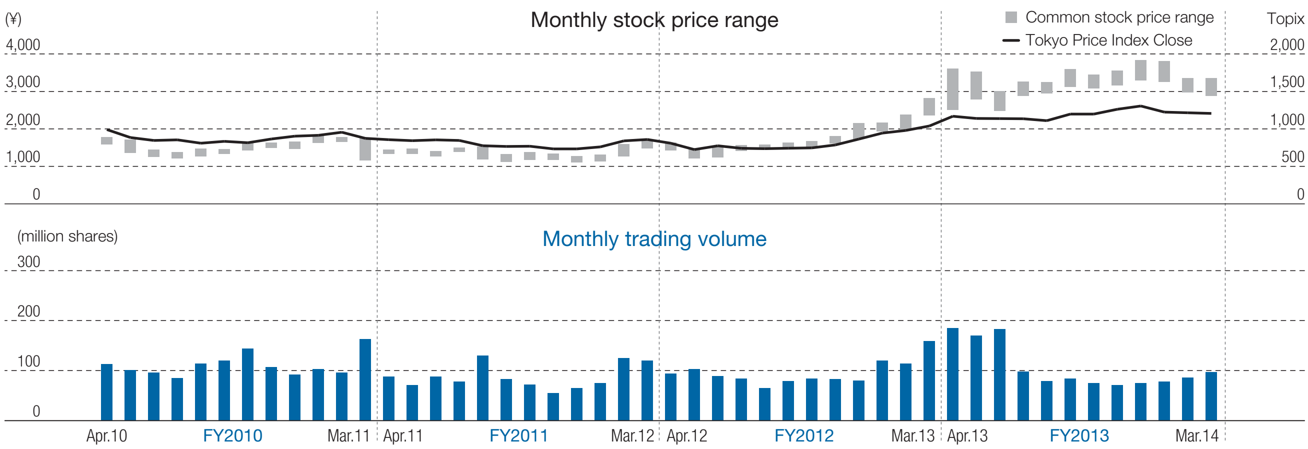
Major Shareholders

	Number of shares held (Thousands)	Percentage of total shares in issue
The Master Trust Bank of Japan, Ltd. (Trust account)	72,429	8.22
Japan Trustee Services Bank, Ltd. (Trust account)	50,494	5.73
Cbldn Stichting PGGM Depositary	23,420	2.66
The Bank of New York Treaty JASDEC Account	22,742	2.58
State Street Bank and Trust Company	19,029	2.16
Sumitomo Mitsui Banking Corporation	18,546	2.10
State Street Bank and Trust Company 505223	18,215	2.07
Kajima Corporation	13,362	1.52
Mitsui Sumitomo Insurance Company	12,727	1.44
State Street Bank and Trust Company 505225	11,925	1.35
Total	262,893	29.83

Composition of Shareholders



Monthly Stock Data (TSE)



Notice concerning social and environment activities
Details of the Mitsui Fudosan Group's efforts to contribute to society and the environment are posted on the following website.
http://www.mitsuifudosan.co.jp/english/corporate/csr/2013/index.html

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