

ANNUAL REPORT 2015
Year ended March 31, 2015

LAUNCHING THE NEXT STAGE





LAUNCHING THE NEXT STAGE

Editorial Policy

The Mitsui Fudosan Group has recently formulated the Medium-Term Business Plan "Innovation 2017 Stage II" to advance further toward its goal of sustaining growth into the 2020s. For stakeholders to gain a correct understanding of the strategic growth measures presented as our priority issues, in addition to financial information such as financial results, review of operations and management strategies, it is also important to gain a systematic understanding of non-financial information relating to aspects such as society, the environment, human resources and governance. Based on this belief, from fiscal 2015, our Annual Report features enhanced and integrated non-financial information. In editing the report, we referred to the International Integrated Reporting Framework ver 1.0, which was published by the International Integrated Reporting Council (IIRC) in December 2013. Moreover, the Group's activities have been selected and included based on their importance for stakeholders. For more information, please refer to the website and various other forms of communication issued.

This report is based primarily on figures disclosed in the Annual Securities Report and the Fact Book. Since the figures are rounded down to the nearest whole unit displayed, they may not necessarily match with the figures in the English language financial statements and notes, which are rounded up or down to the nearest unit.

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Websites

Mitsui Fudosan

<http://www.mitsuifudosan.co.jp/english/>

Investors

<http://www.mitsuifudosan.co.jp/english/corporate/ir/>

Social and Environmental Initiatives

<http://www.mitsuifudosan.co.jp/english/corporate/csr/>

Caution Concerning Forward-Looking Statements

This report contains figures related to the future, which are included in results forecasts and so forth. These are based on judgments made using information obtained at the time of publication, and thus contain risks and uncertainties; furthermore, Mitsui Fudosan makes no guarantee that these forecasts will be realized. Therefore, you should not rely on these forecasts alone when making investment decisions.

You should be aware that business results arise through various important factors and actual results may vary greatly from forecasts. Important factors influencing actual results include the economic situation encompassing the Group's business domains, foreign currency exchange rates including yen-U.S. dollar cross rate, and the Japanese share market.

Group Statement


The Mitsui Fudosan Group aims to bring affluence and comfort to urban living.

The Group Statement, Vision, and Mission embody the Group management's basic philosophy and its vision for the future. Since their formulation in 1999, they have guided the Mitsui Fudosan Group as an integrated management policy.

Group Vision

How we want to be

Philosophy

Seeking to link diverse values and coexist in harmony with society, as symbolized by the Mitsui Fudosan “” logo, we will work to foster social and economic development as well as global environmental preservation.

—Under “**&EARTH**,” we will aim for a society that enriches both people and the planet.

Evolution and value creation

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

A profitable and growing Mitsui Fudosan Group

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



Group Mission

What is expected of us

Provide business and lifestyle-related solutions and services

- Maximize urban value creation by providing secure, safe and attractive urban spaces and soft services that bring enrichment and comfort to urban living.
- Provide variable and innovative solutions that stimulate the real estate investment market.

Work in partnership with customers from a global perspective

- Treat customers as the business foundation on which to progress and develop the Company.
- Propose and provide products and services by deploying the collaborative strength of the Group with a multidisciplinary approach that meets the real needs of customers.
- Work in partnership with customers to raise brand value by continuously providing services that are highly valued by them.

Raise our corporate value

- Raise corporate value through sustainable profit growth and continual innovation.
- Optimize the allocation and use of available resources and pursue efficient operations.
- Conduct operations while closely monitoring and managing business risks.

Create strong corporate group by building the capabilities of individuals

- Seek to maintain a creative and pioneering spirit by integrating various skills and values.
- Cultivate and institutionalize the professional capabilities of individuals to raise our creative ability for value-added products and services.
- Maintain high awareness of ethical, disciplinary, and compliance issues, and act accordingly.



Mitsui Fudosan Group Business Domains

As one of Japan's leading real estate companies, the Mitsui Fudosan Group has expanded its business across a broad swath of the real estate industry. In promoting our business, we will continue to create new markets and grow as a leading company, while establishing a solid position as a global firm.

Premium Assets

Office Buildings



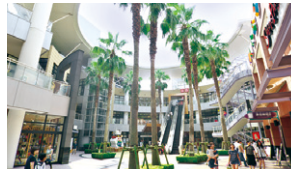
Next-Generation Offices

Under the slogan "Next-Generation Offices," we continue to create ideal Mitsui Offices, both at home and overseas. By refusing to be tied to the preconceptions of existing office buildings, we build offices that provide sustainability and security and comfort and efficiency, as well as expansion and innovation to the individuals and companies that work or gather in them.

Japan: Major cities nationwide

Overseas: U.S., U.K.

Retail Facilities



Creating relaxing gathering places that grow with their communities and those using them

We seek a new form of retail facility that is rooted in the local community and nurtured along with its customers. Under the "Growing Together" concept, we are working to develop multifaceted retail properties specifically tailored to the regions and communities in which they are built in Japan and overseas.

Japan: Major cities nationwide

Overseas: China, Taiwan, Malaysia

Property Sales to Individuals/ Residential Leasing/Existing Housing Stock Businesses, etc.



A home and a lifestyle that sets the standard for the next generation

By providing the full range of development sales and post-sale services, we offer quality and products that meet the needs of our customers. By taking advantage of the comprehensive strengths of the Mitsui Fudosan Group, we continue to expand into areas such as new home construction contracting, and existing housing stock businesses including sales and remodeling.

Japan: Major cities nationwide

Overseas: China, Malaysia, Singapore, Thailand, Indonesia

Business

Business Area

Main Data

Rentable floor space*1
2,740
thousand m²

Number of tenants
Approximately 3,000
companies

Rentable floor space*1
1,732
thousand m²

Number of tenants
Approximately 2,200
companies

Number of condominiums delivered
4,858 units

Number of detached housing units delivered
899 units

Number of brokerage properties
37,156 sales

Main Group Subsidiaries

Mitsui Fudosan Building Management

Mitsui Fudosan Facilities

Mitsui Fudosan Retail Management

Mitsui Shopping Park Lalaport

MITSUI OUTLET PARK

Mitsui Shopping Park Urban

MITSUI FUDOSAN RESIDENTIAL

Mitsui Fudosan Residential Service

MITSUI FUDOSAN REALTY

MITSUI FUDOSAN HOUSING LEASE

MITSUI HOME

Mitsui Fudosan Reform

Results
(As of March 31, 2015)

Revenue from operations
¥1,529.0 billion

Operating income
¥186.0 billion

Net income
¥100.1 billion



Hotels & Resorts



Providing comfortable spaces and services for each customer

Guided by the brand statement "Best Moments in Life," Mitsui Fudosan operates a hotel business with Mitsui Garden Hotels located in major cities throughout Japan, and the resort business to cater to the expansion of inbound tourism and leisure needs. It is dedicated to providing customers with a wide range of spaces and services to add color to the price-less moments in their lives.

Japan: Nationwide
Overseas: U.S. (Hawaii), Singapore

Mitsui Garden Hotels
18 hotels
4,809 rooms

Mitsui Fudosan Hotel Management Co., Ltd.



Logistics Facilities



Development of advanced logistics facilities in response to diverse values

As the need for high-performance logistics facilities has increased in recent years, Mitsui Fudosan has been an active participant in this market since 2012. Leveraging our strong relationships with our office and retail tenants, we continue to steadily expand this business.

Japan: Tokyo metropolitan area, Osaka metropolitan area, other areas
Overseas: —

Number of project facilities*2
16 facilities



Synergistic Business Models with Investors



Contributing to growth in the real estate investment market

Mitsui Fudosan is also active in sales to investors, involving the development and sale of office buildings, retail facilities, rental housing and other income properties. The Group is not only working to contribute to the expansion of the real estate investment market, but to expand its own corporate earnings by offering post-sale asset management and other services.

Mitsui Fudosan Group assets under management
Approximately
¥3.42 trillion

MITSUI FUDOSAN INVESTMENT ADVISORS, INC.



Other



A wide-ranging real estate solutions business

To provide office and retail facility tenants and other originators with a wide range of solutions, Mitsui Fudosan is engaged in a variety of real estate-related businesses.

Number of parking units managed by Mitsui Repark
166,752 spaces

Mega-solar business sites/ amount generated
5 sites
Approximately
72MW



* All figures are as of the end of March 2015. *1 Rentable floor space includes subleased areas. *2 Includes existing facilities and facilities under development.

Our DNA: The Source of Value Creation

The history of Mitsui Fudosan begins when Takatoshi Mitsui, founder of the House of Mitsui, first opened Echigo-ya, a clothing store, in what is now the Nihonbashi district of Tokyo. In 1941, the real estate division of Mitsui Company was separated from the parent and Mitsui Fudosan Co., Ltd. was established.

Since its founding in 1941 and through multiple transitions in the Japanese economy and real estate markets, Mitsui Fudosan has continued to seek out and provide its customers with optimal solutions for the times. Its ability to constantly create new value and lead its industry is one of the Mitsui Fudosan Group's greatest strengths, and this Mitsui DNA, the very source of value creation, is carried on today.



Mitsui Main Building (completed in 1929)



LaLaport TOKYO-BAY (opened in 1981)
A scene from the opening

Early 1990s to Early 2000s

Burst of Japan's economic bubble

Rebuilt business to achieve strategic growth amid asset deflation

- Real estate securitization and creation of the J-REIT market
- Development of Mitsui Outlet Parks in 1995
- Pioneered waterfront development



Kasumigaseki Building (completed in 1968)

Early 1970s to Early 1990s

End of the period of rapid economic growth

Moved to diversify management to achieve stable growth

- Opening of LaLaport shopping center in 1981
- Entry into the hotel business in 1984
- Full-scale engagement in overseas business



Okawabata River City 21, West Block (completed in 1993)



Chuo-ku, Chiba Prefecture reclaimed land



Halekulani (opened in 1984)



MITSUI OUTLET PARK OSAKA TSURUMI (opened in 1995)

Foundation to Early 1970s

Built the foundations of becoming a general developer against a backdrop of the **period of rapid economic growth**

- Keiyo coastal area reclamation project
- Completion of Kasumigaseki Building, the first skyscraper in Japan
- Building construction revolution
- Start of development and sales of condominiums and detached housing



1251 Avenue of the Americas (acquired in 1986)

Number of employees
(left axis: Hundreds of people)

Total assets
(right axis: Billions of yen)

1960

1965

1970

1975

1980

Market maturity and adapting to an aging society

Formulated Innovation 2017, our long-term business plan

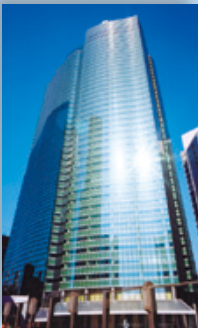
- Expand asset class and enter the logistics business
- Expand global business
- Accelerate urban-style development/create neighborhoods (Nihonbashi Revitalization Plan, Kashiwanoha Smart City)
- First public offering in 32 years

Early 2000s to Early 2010s

Urban redevelopment

Accelerated urban-style redevelopment

- Completion of Tokyo Midtown in 2007
- Expansion of retail facilities and accommodation businesses
- Expansion of efficient management and non-asset business



Shiodome City Center (completed in 2003)



Urban Dock LaLaport TOYOSU (opened in 2006)



Tokyo Midtown (opened in 2007)



Kashiwanoha Smart City



Nihonbashi Revitalization Plan

Human capital

Number of employees on a consolidated basis

16,799

Financial capital

Total assets

¥5,077.1 billion

Intellectual capital

Skills and expertise cultivated through constant innovation

1990

1995

2000

2005

2010

2014 FY

The Value Creation Process

Though it inherits a long history and an established culture, the Mitsui Fudosan Group has positioned the creation of neighborhoods as the foundation of its growth. Creating neighborhoods will involve the integration of diverse functions essential to any neighborhood—the offices, retail facilities, residences and hotels that are the Group's core business. At the same time, we believe that providing comfortable spaces and services for the people who will live in these neighborhoods not only nurtures the history and culture of these places, but is also critical to creating and sustaining their value. By taking full advantage of the many strengths the Group has acquired over its long years in business, Mitsui Fudosan will continue to lead in the creation of Tokyo's neighborhoods, while enhancing the Group's corporate value.

Strength

- ◆ Insight for identifying locations with growth potential
- ◆ The ability to offer solutions as an integrated developer
- ◆ Solid financial foundations and agile responsiveness to investment opportunity

Securing business opportunities

Mitsui Fudosan Group's Approach to Community Development —Maximizing Community Value

Operation

Strength

- ◆ Group collaboration offers superior quality facility management capabilities
- ◆ Designed to get better with age
- ◆ Numerous achievements in Smart City initiatives

Sales
(Leasing, property sales, brokerage)

Primary Assets Invested

Human capital

Number of employees
(on a consolidated basis)

16,799

Financial capital

Total assets

¥5,077.1 billion

Intellectual capital

Skills and expertise
cultivated through
constant innovation

Creation of New Value

Strength

- ◆ Optimal concept creation
- ◆ A constant spirit of innovation
- ◆ Advanced development and negotiation skills as evidenced by redevelopment projects

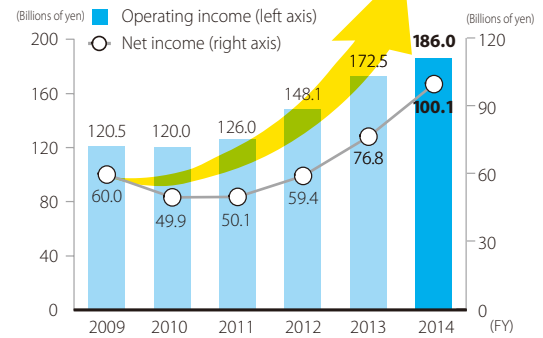
Development

Strength

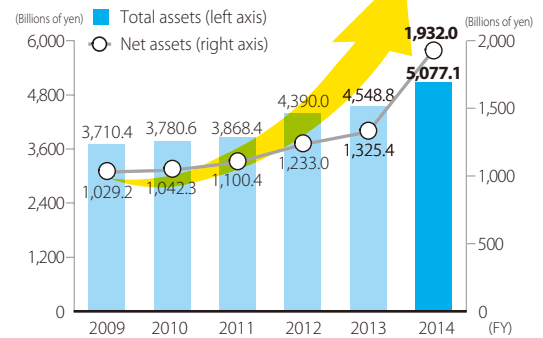
- ◆ (Leasing) Strong leasing capabilities based on Mitsui Fudosan's own sales team
- ◆ (Property Sales) A wide-ranging customer base and choice of buyers for both individuals and investors
- ◆ (Brokerage) The track record and reliability that comes from being No. 1 in Japan for the number of brokerage properties nation wide for the 29th consecutive year

Newly Created Corporate Value

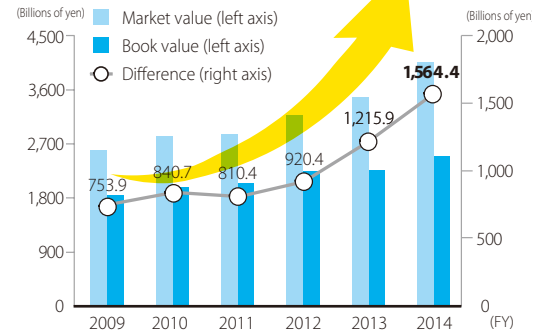
Operating Income and Net Income



Total Assets and Net Assets



Rental Property Book Value, Market Value and the Difference



Values Presented to Society

Maintenance of social capital such as public facilities and regional communities

Premium Assets ▶ P.10



Strengthening disaster readiness and BCPs in development areas

CSR ▶ P.42



Enhance added value to win contracts in urban areas and raise Tokyo's international competitiveness



Premium Assets

Premium Assets



Nihonbashi Revitalization Plan



Tokyo Midtown



Kashiwanoha Smart City

Office Buildings

Kasumigaseki Building



Gran Tokyo North Tower



Sumitomo Mitsui Banking Corporation Head Office Building



Nihonbashi 1-Chome Mitsui Building



Retail Facilities

LaLaport TOKYO-BAY



MITSUMI OUTLET PARK KISARAZU



COREDO Muromachi 1 & COREDO Muromachi 2



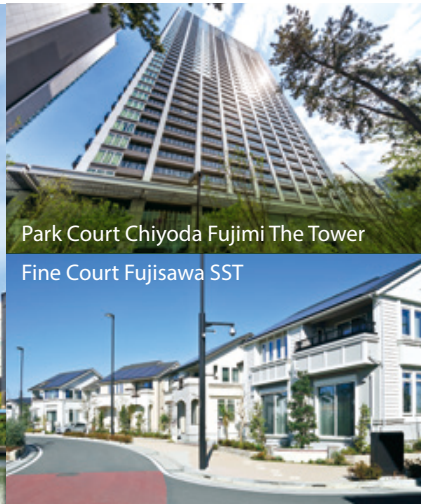
DiverCity Tokyo Plaza



Housing



SKYZ TOWER & GARDEN



Park Court Chiyoda Fujimi The Tower

Fine Court Fujisawa SST

Logistics Facilities



MFLP Sakai



MFLP Kuki

Hotels & Resorts



Mitsui Garden Hotel Ginza Premier



Millennium Mitsui Garden Hotel Tokyo

Mitsui Garden Hotel Kyoto Shinmachi Bettei



Toba Hotel International



Nemuno Sato Hotel & Resort

Overseas Properties



1251 Avenue of the Americas



527 Madison Avenue



5 Hanover Square



70 Mark Lane



St Regis Hotel & Residences



1200 17th Street



8-10 Moorgate



Halekulani



Shanjing Outlet Plaza, Ningbo

Performance Highlights

| (FY) | 2004 | 2005 | 2006 | 2007 |
|---|------------|------------|------------|------------|
| Management Results | | | | |
| Revenue from operations | ¥1,111,359 | ¥1,159,280 | ¥1,229,193 | ¥1,360,023 |
| Operating income | 115,764 | 137,543 | 161,842 | 179,282 |
| Ordinary Income | 94,637 | 118,970 | 142,324 | 162,835 |
| Net income | 28,693 | 56,541 | 75,213 | 87,378 |
| Financial State | | | | |
| Total assets | 2,928,199 | 2,986,501 | 3,294,190 | 3,634,489 |
| Real property for sale | 375,219 | 424,921 | 552,134 | 660,486 |
| Tangible and intangible assets | 1,645,205 | 1,674,277 | 1,716,832 | 1,961,811 |
| Capital expenditures | 78,898 | 92,753 | 220,357 | 340,462 |
| Depreciation and amortization | 38,512 | 40,159 | 40,122 | 44,304 |
| Interest-bearing debt | 1,279,049 | 1,199,291 | 1,258,426 | 1,550,420 |
| Shareholders' equity and accumulated other comprehensive income | 687,717 | 858,363 | 944,195 | 971,309 |
| Cash Flows | | | | |
| Cash flow from operating activities | 100,135 | 22,510 | 57,969 | 97,762 |
| Cash flow from investing activities | (76,870) | (60,833) | (77,006) | (392,160) |
| Cash flow from financing activities | (52,081) | (12,445) | 38,085 | 276,136 |
| Cash and cash equivalents at year-end | 113,078 | 62,587 | 81,816 | 63,495 |
| Indicators per Share | | | | |
| Earnings per Share (EPS) (Net income per share) (¥) | 34.7 | 67.5 | 85.5 | 99.4 |
| Book-value per Share (BPS) (Net assets per share) (¥) | 836.5 | 975.6 | 1,073.8 | 1,105.1 |
| Dividends (¥) | 7.00 | 10.00 | 14.00 | 20.00 |
| Number of outstanding shares (Thousands of shares) | 823,390 | 881,424 | 881,424 | 881,424 |
| Financial Indicators | | | | |
| ROA (%) | 4.30 | 4.92 | 5.50 | 5.53 |
| ROE (%) | 4.26 | 7.31 | 8.35 | 9.12 |
| Debt/Equity (D/E) ratio (Times) | 1.86 | 1.40 | 1.33 | 1.60 |
| Equity ratio (%) | 23.5 | 28.7 | 28.7 | 26.7 |
| Dividend payout ratio (%) | — | 14.8 | 16.4 | 20.1 |
| Group and Environmental Data | | | | |
| Consolidated companies | 121 | 120 | 132 | 139 |
| Companies accounted for by the equity method | 45 | 46 | 49 | 44 |
| No. of employees (Consolidated) | 12,707 | 13,053 | 13,299 | 14,788 |
| Energy usage (Crude oil equivalent 1,000 kl/year) | 246.2 | 275.3 | 188.1 | 342.3 |
| CO ₂ emissions (Thousands of tons) | 387.2 | 427.8 | 396.9 | 725.7 |
| Water usage (Thousand m ³) | 4,325 | 4,138 | 3,386 | 6,047 |
| Waste (Tons/year) | 39,317 | 36,046 | 26,350 | 46,834 |

* Real property for sale = Real property for sale + real property for sale in progress + land for development + advances paid for purchases

* Interest-bearing debt: Short-term debt + non-recourse short-term debt + commercial paper + bonds redeemable within one year + non-recourse bonds redeemable within one year + corporate bonds + non-recourse bonds + long-term debt + non-recourse long-term debt

* Shareholders' equity (Up to FY2005) = Shareholders' equity as of the time before enactment of the Companies Act on May 1, 2006

* ROA = (Operating income + non-operating income)/average total assets over the period

* ROE = Net income/average shareholders' equity over the period

* Debt/Equity ratio: Interest-bearing debt/shareholders' equity

* Since fiscal 2006, Mitsui Fudosan has announced its consolidated dividend payout ratio. The figures for fiscal 2005 were announced together with the disclosure for fiscal 2006.

* Energy consumption values up to and including fiscal 2008 have all been uniformly calculated with the current conversion factor (9.97 GJ / thousand kWh) to reflect a change in the conversion factor.

* Early application of accounting standards for special purpose companies from fiscal 2012 onward enabled SPCs in which Mitsui Fudosan invests to be newly eligible for consolidation.

Innovation 2017 Stage I

(Millions of yen)

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------|------------|------------|------------|------------|------------|------------|
| ¥1,418,945 | ¥1,384,806 | ¥1,405,269 | ¥1,338,102 | ¥1,445,644 | ¥1,515,252 | ¥1,529,036 |
| 171,547 | 120,585 | 120,092 | 126,038 | 148,184 | 172,567 | 186,074 |
| 146,090 | 93,901 | 96,204 | 102,509 | 123,066 | 144,587 | 163,373 |
| 83,572 | 60,084 | 49,909 | 50,129 | 59,451 | 76,843 | 100,185 |
| 3,758,386 | 3,710,423 | 3,780,699 | 3,868,411 | 4,390,074 | 4,548,822 | 5,077,148 |
| 759,489 | 682,536 | 634,479 | 642,809 | 915,222 | 961,449 | 1,031,080 |
| 2,047,715 | 2,105,822 | 2,252,287 | 2,304,809 | 2,503,977 | 2,526,139 | 2,788,633 |
| 165,023 | 61,971 | 229,394 | 111,755 | 72,355 | 148,255 | 273,487 |
| 48,890 | 50,286 | 52,954 | 53,231 | 59,022 | 56,030 | 61,242 |
| 1,733,559 | 1,746,719 | 1,740,048 | 1,743,411 | 2,120,225 | 2,040,071 | 1,976,150 |
| 978,666 | 1,007,811 | 1,019,941 | 1,078,182 | 1,181,174 | 1,274,355 | 1,871,922 |
| (40,996) | 84,389 | 185,055 | 148,161 | 99,684 | 189,903 | 30,343 |
| (141,633) | (64,834) | (170,552) | (124,353) | (71,132) | (44,056) | (261,640) |
| 182,215 | (19,762) | (20,400) | (18,649) | (7,944) | (123,713) | 221,508 |
| 62,891 | 62,739 | 56,675 | 61,726 | 101,588 | 127,337 | 118,960 |
| 95.1 | 68.4 | 56.8 | 57.1 | 67.7 | 87.5 | 103.9 |
| 1,113.9 | 1,147.2 | 1,161.2 | 1,227.5 | 1,344.9 | 1,451.2 | 1,894.4 |
| 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 25.00 |
| 881,424 | 881,424 | 881,424 | 881,424 | 881,424 | 881,424 | 991,424 |
| 5.06 | 3.41 | 3.39 | 3.55 | 3.66 | 4.07 | 4.10 |
| 8.57 | 6.05 | 4.92 | 4.78 | 5.27 | 6.26 | 6.37 |
| 1.77 | 1.73 | 1.71 | 1.62 | 1.80 | 1.60 | 1.06 |
| 26.0 | 27.2 | 27.0 | 27.9 | 26.9 | 28.0 | 36.9 |
| 23.1 | 32.2 | 38.7 | 38.5 | 32.5 | 25.1 | 24.1 |
| 133 | 130 | 135 | 140 | 174 | 181 | 201 |
| 45 | 42 | 44 | 45 | 47 | 52 | 56 |
| 15,476 | 15,922 | 16,288 | 16,666 | 16,377 | 16,585 | 16,799 |
| 367.7 | 241.2 | 240.7 | 209.3 | 210.1 | 217.7 | 226.6 |
| 783.8 | 411.6 | 392.6 | 340.1 | 393.5 | 448.4 | 469.2 |
| 6,248 | 5,256 | 5,332 | 4,931 | 4,683 | 5,176 | 4,719 |
| 46,107 | 33,542 | 33,346 | 33,354 | 34,329 | 33,783 | 35,667 |

Top Message —Innovation 2017 Stage II—



We will advance strategies to support growth into the 2020s

Masanobu Komoda

President and Chief Executive Officer
Mitsui Fudosan Co., Ltd.

Formulation of Stage II of Innovation 2017 as Mitsui Fudosan Aims to Sustain Growth into the 2020s

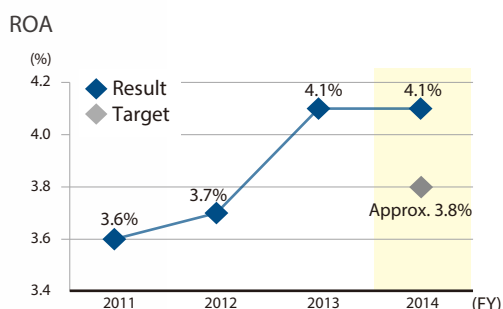
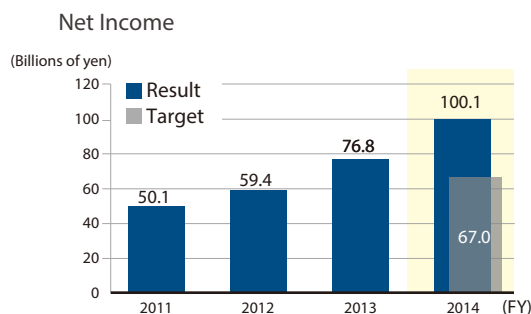
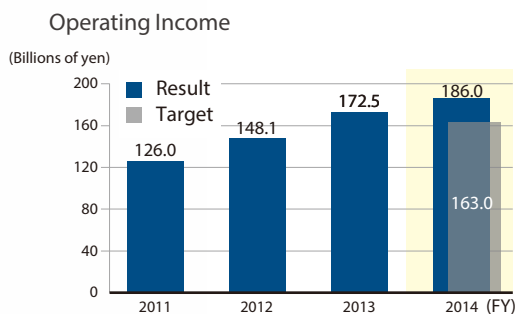
Mitsui Fudosan saw business opportunities and formulated its Long-Term Business Plan “Innovation 2017” in April 2012 to capitalize on real estate markets globalizing and a maturing market in Japan. In Stage I, or the first three years of the plan ended March 31, 2015, we made investments and prepared a foundation for the future as a “Mitsui Fudosan Group that can achieve strong growth and profitability” by accelerating initiatives to globalize and strengthen domestic competitiveness at the same time. As a result, our financial targets for fiscal 2014 were achieved a year in advance and we set a new record on profits in the fiscal year under review in this report. We also made much faster progress than we were anticipating with our investment plan and captured numerous business opportunities in Japan and overseas along the way. Having made steady progress with Stage I of Innovation 2017, we are now within reach of fulfilling the investment plan that we had initially scheduled six years to achieve.

In the three years since we formulated Innovation 2017, the economic environment in Japan has undergone radical change. Not only has the government and the Bank of Japan put forth an array of policies to stimulate the economy, but the picture has also changed for reasons including Japan being chosen to host the Tokyo 2020 Olympic and Paralympic Games. We took

advantage of this situation when, in June 2014, we went ahead with our first public offering of additional shares in 32 years to raise approximately ¥330.0 billion in capital. Mitsui Fudosan’s financial position has become stronger than ever, and this has enabled us to build a flexible framework for pursuing new business opportunities as they arise. Meanwhile, new issues have emerged that we must overcome if Mitsui Fudosan is to continue to grow well into the 2020s. For instance, greater social diversification in Japan, coupled with exponential advances in ICT, is projected to change both the workstyles and lifestyles of customers as never before. This will place demands on Mitsui Fudosan to renew its business model in just about every domain. Setting our sights overseas, the global economy has continued to grow, but with a visible increase in geopolitical risks including the spread of local conflicts and contagious diseases. We will therefore need to pay attention to such developments as we attempt to stay on top of market volatility triggered by excess financial liquidity.

Against this backdrop and with our awareness of the issues, “Innovation 2017 Stage II” was formulated as the Group’s Medium-Term Business Plan in May 2015 aiming for Mitsui Fudosan to advance further toward its goal of sustaining growth into the 2020s.

Result of Innovation 2017 Stage I (FY2012–2014)



ROA = (Operating income + non operating income) / average total assets over period

Investments (Three-year totals)

| Area & Type | | Plan | Actual |
|-------------|------------------------------|-------------|--------|
| Domestic | Capital expenditures | 300~400 | 382 |
| | Real property for sale | 1,000~1,100 | 1,197 |
| Overseas | North America, Europe & Asia | 200~300 | 197 |

Vision for the Next Decade

Be a leader that creates markets and grows continuously in Japan and secure a solid position globally

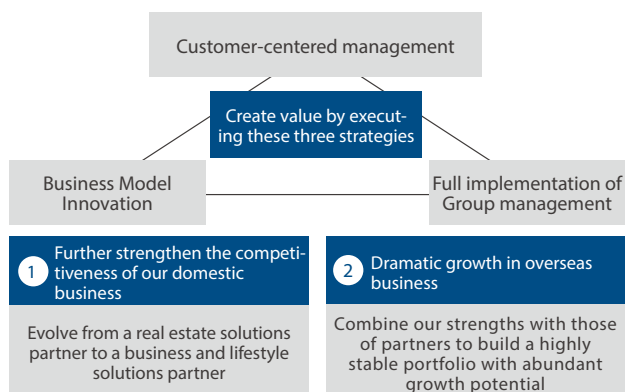
The Japanese economy is expected to continue to strengthen with the approach of the Tokyo 2020 Olympic and Paralympic Games. The government estimates that foreign tourists will increase rapidly from 20 million visitors in 2020 to 30 million visitors by 2030. Meanwhile, as a nationwide aggregate, we expect the profile of our customers in Japan to change dramatically as the population continues to simultaneously age and decline. Globally, strong growth will probably persist in the U.S. and the U.K. while, by contrast, we expect the Chinese economy to slow after its rapid ascent. Meanwhile, growth in Southeast Asia is likely to remain high and outpace the advanced industrialized nations.

With this picture in mind, the Mitsui Fudosan Group unveiled a vision for the next decade to “be a leader that creates markets and grows continuously in Japan and secures a solid position globally.” To realize this vision, the Group will strive to execute its three basic strategies of (1) customer-centered management, (2) business model innovation, and (3) full implementation of Group management to strengthen domestic competitiveness and achieve further growth overseas under Innovation 2017 Stage II.

Our domestic operations were focused on the hardware aspect of supplying real estate as facilities, but as we push for business model innovation to stay ahead of changing customer needs, the emphasis will shift toward combining the facilities with soft services providing

rich and comfortable lifestyles. In other words, we plan to strengthen competitiveness as we evolve from a real estate solutions partner to a business and lifestyle solutions partner. Meanwhile, we will also build a property portfolio comprising a broad lineup balancing growth with stability to achieve dramatic growth overseas. This will be done by combining our comprehensive capabilities as a general developer, from initial property development to the leasing and operating stage, with the market savvy of our local business partners in North America and Europe.

The three basic strategies will be advanced in the form of eight clearly defined growth strategies as the Mitsui Fudosan Group strives as one to develop business in Japan and overseas over the next three years under Stage II of Innovation 2017.



Growth Strategies

Activity 1 Create neighborhoods

As a result of the business opportunities we captured at a faster pace than expected in Stage I of Innovation 2017, we are now working on numerous urban development projects at the heart of various cities.

Mitsui Fudosan has three strengths in urban development. First, we have honed an “insight to foresee future growth locations” from our experience selecting urban areas appreciating most in value from our development capabilities. Second, from efforts to maximize the functionality and potential of urban development, we have nurtured the “ability to create optimum development concepts and steadily advance business” from obtaining the permits and approvals to incentivizing the relocation of tenant content. Third, commitment to raising the value of our projects over many years has given us the wherewithal to build “neighborhoods that get better with age.” Combining these

three strengths, we plan to continue differentiating the urban centers we develop.

The Mitsui Fudosan Group believes it can maximize the value of urban development even further by evolving the Smart City concept to the next stage. This seminal project in Kashiwa City, Chiba Prefecture, leverages mixed-use development combining a broad range of urban functions and applications. It also seeks to seamlessly integrate these hard spatial facilities with soft services providing greater convenience, enjoyment and comfort.

Along with its existing projects, the Group will ambitiously seek business opportunities for new development projects in prime locations with high growth potential going forward.

Further enhance the value of the pipeline, steadily advance business



Note: The expected completion dates indicated above are subject to change.

Activity 2 Evolve the office building business

Not satisfied with merely leasing office space, the Mitsui Fudosan Group will evolve its office building business to also provide corporate clients with comfortable settings for efficient business activities. This will entail developing office spaces matching new ways of working, brought about by employee diversification and advances in ICT, along with providing solutions and services supporting lifestyles of not only the office workers but also their family members. To be more specific, this will involve enhancing the office complexes with childcare services, as well as clinics and

schools meeting the needs of foreign nationals.

At the same time, we will strengthen initiatives to become a business partner contributing solutions to our corporate clients. We see our ability to develop office building systems and services supporting the main business lines of our clients and our aim to give rise to new demand for office space by creating new industries in collaboration with venture companies as very important elements in the office building business going forward.

Activity 3 Further develop the retail facilities business

The Mitsui Fudosan Group is also advancing many retail facility development projects on prime locations for attracting customers. While steadily completing existing projects, the Group will also make the most of its ability to cope with zonings that are complicated to develop, such as controlled urbanization areas and farmland, to capture further business opportunities. This is because we still see development potential in Japan's three main metropolitan areas and regional cities with a critical mass in market population.

Another important point for this business is the effort that goes into maintaining and enhancing competitiveness of the retail facilities after they open. The facilities need to evolve a step ahead of changing customer needs and be differentiated from the rapidly developing e-commerce retailers. Mitsui Fudosan's lifestyle solution is to develop next-generation retail facilities that provide one-stop shopping and double as a center of entertainment, leisure and relaxation for local communities.

Steadily advance our rich pipeline



MOP: Mitsui Outlet Park

The expected completion dates indicated above are subject to change.

Activity 4 Expand the logistics facilities business

The logistics facilities business we fully committed to launch in the year ended March 31, 2013 has eight facilities in operation and another eight facilities under development. The advanced logistics facilities we are developing are indispensable to the business model of e-commerce retailers who continue to expand. These facilities as a ratio of all the logistics centers in Japan are no more than around 3% and still have room to grow. The Group will therefore expand the scale of this business in the three major metropolitan areas and core regional cities of Japan as it seeks out the growth potential of e-commerce.

The Mitsui Fudosan Group's main strength in the logistics facilities business is a customer base comprising roughly 3,000 tenant

corporations of the office building business and around 2,200 leading cargo-shipping companies that are customers of the logistics facilities. Meanwhile, we are also strengthening our business relationship with third-party logistics (3PL) companies, which build and operate logistics systems on behalf of the cargo-shipping companies. While making the most of the customer base to expand business, the Mitsui Fudosan Group will also realize profit growth going forward by establishing logistics real estate investment trusts (REITs) that leverage a synergistic business model with investors, combining the holding, development, and management of logistics facility assets.

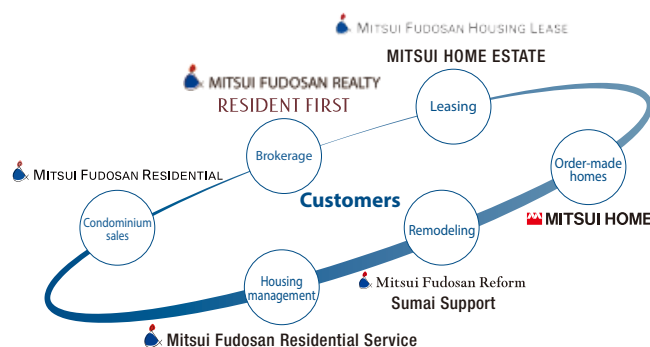
Activity 5 Strengthen the competitiveness of the housing business

Mitsui Fudosan is working on a raft of projects such as large-scale redevelopment-type condominiums, popular among customers, in the housing sales business. Moreover, we plan to further expand our strength of developing high-end residential properties in central Tokyo to increase our market share. At the same time, we will broaden the scope of the properties we are planning to include compact condominiums for working women, lavish units eying the global market of wealthy foreign nationals, and a business combining housing and nursing care for seniors as the lifestyles of our customers grow increasingly diverse and sophisticated.

Meanwhile, quality housing stock in Japan is projected to increase with each passing year as the market matures. Yet the ratio of used properties bought and sold in the housing market in Japan remains radically lower than in the U.S. We see a potential for business growth in Japanese housing stock and think that this will enable growth to continue in those of our housing businesses focused on the brokerage and renovation of used properties.

Another dramatic change in the behavior of customers that we have witnessed in recent years is the growing number of cases in which they are looking to develop condominiums for either sale or

rent. In responding to customers with such needs, in October 2015, we plan to integrate the Rental Apartment Development Department of our Accommodations Business Division in a merger with subsidiary Mitsui Fudosan Residential Co., Ltd. Initiatives like this for enhancing one-stop service in the housing business should improve our ability to propose mixed-use development projects combining condominiums for sale and for rent, as well as help streamline operations ranging from placing orders with contractors to managing the construction.



Activity 6 Expand the hotel and resort business

Inbound tourists visiting Japan have increased rapidly in recent years from tailwinds such as the choice of Japan to host the Tokyo 2020 Olympic and Paralympic Games and the yen's depreciation. Subsequently, there has been a sharp increase in demand for the Mitsui Fudosan Group's hotels and resorts. On top of that, with the need for leisure also increasing as Japanese society matures, hotels and resorts have become a business with long-term growth potential.

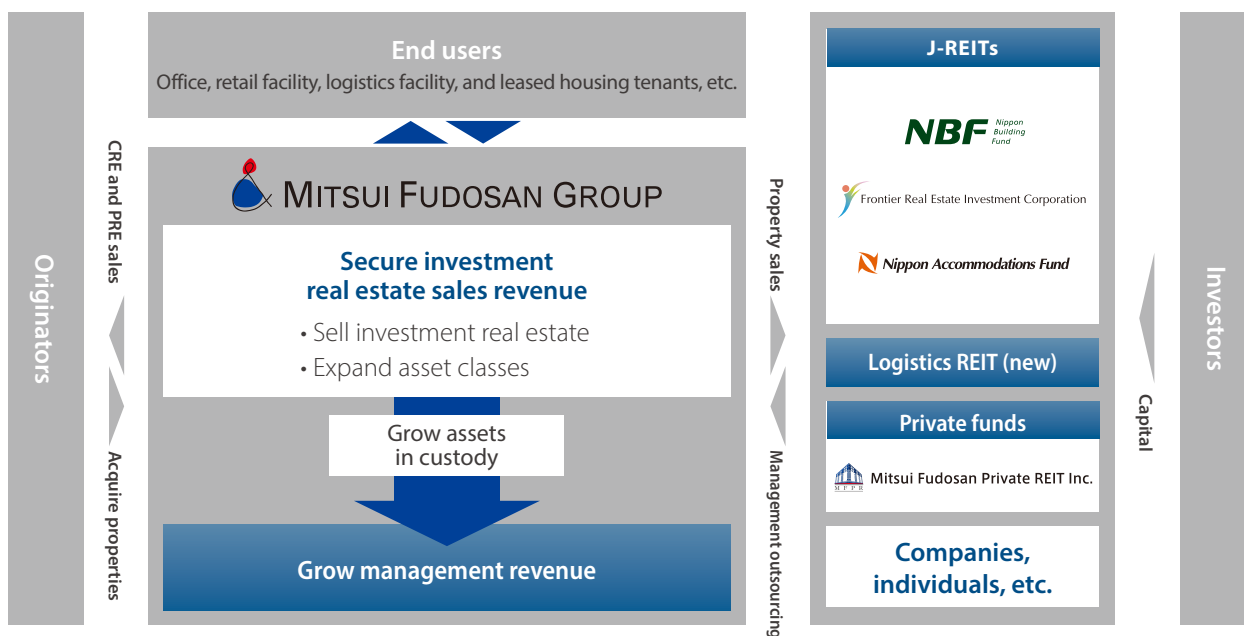
We will be seizing this business opportunity by expanding the Group's domestic hotel operations from approximately 5,400 guest rooms at present to over 10,000 guest rooms by the year

ending March 31, 2021. As we expand, we will also look to suitably broaden the location and grade of our accommodations by developing hotel brands positioned upmarket from the Mitsui Garden Hotels and incentivizing certain luxury hotels to partner with us, depending on the project. In the resort business, we selected Amanresorts, a global leader in managing luxury hotels, to operate a new hotel we are developing at our Nemuno Sato Hotel & Resort in Shima City, Mie Prefecture. We are making steady progress with this project for upgrading the resort to a benchmark level in Asia, and would like to start up new resort projects in Okinawa and other prime locations.

Activity 7 Implement a model for joint value creation with investors

Market capitalization of listed J-REITs had reached ¥12,600 billion as of March 31, 2015. If you add in private REITs and private funds, the real estate investment market in Japan has grown to where it now exceeds ¥30,000 billion. The Mitsui Fudosan Group will continue to supply properties to this market while earning a capital gain on the sales of the properties, increasing asset management

fees and other profits on the properties under management from investors. Along with broadening the asset class by initiating the syndication of logistics REITs mentioned earlier, we aim to upgrade joint value creation with investors as it grows in tandem with the real estate investment market.



Activity 8 Dramatic growth in overseas business

One of the Mitsui Fudosan Group's strengths is its ability to cross over product segments in developing a full range of real estate, including office buildings, retail facilities, residential properties and hotels. Moreover, as a general developer, our strength also includes the expertise for managing real estate projects from the initial planning stage to the leasing and operating stage. It is also important to note that because of our extensive funding capabilities we are also in a position to provide financial backup for development projects from the ground up. These strengths will also be utilized overseas to capture new business opportunities and realize profit growth in combination with the sourcing and leasing capabilities of our local business partners abroad. Already,

we have captured many projects overseas developing flagship properties for our Group. This has enabled us to make substantial progress in terms of both product expansion and area expansion in Stage I of Innovation 2017. In North America and Europe, we will continue to take advantage of the transparency, stability and scale of the market to concentrate on building a stable earnings base by persistently pursuing business opportunities for developing prime properties. In China and South East Asian countries, where a substantial middle class is emerging amid ongoing economic growth and urbanization, we will capture the rapid rise in demand for quality housing and in personal consumption as they continue to expand as expected.

Develop businesses to take advantage of each area's characteristics

North America & Europe

Real estate markets are highly transparent, large-scale, and highly liquid

Continuously secure excellent business opportunities to build a stable earnings base

China & South East Asia

Markets feature ongoing economic growth and urbanization, and a large emerging middle class

Aggressively capture rapidly growing demand for quality housing and expanding consumption to grow profit

Quantitative Targets

Before concluding this message, I want to talk for a moment about our quantitative targets for fiscal 2017, the year ending March 31, 2018.

Our aim is to achieve more than ¥130.0 billion in profit attributable to owners of the parent on operating income exceeding ¥245.0 billion in fiscal 2017. The overseas income we are aiming for is ¥30.0 billion or higher, including equity in earnings of overseas affiliates. I want our Group to attain this for certain so that Mitsui Fudosan can continue to grow in 2018 and beyond as envisioned.

The net total of domestic and overseas investments budgeted in our investment plan from fiscal 2015 through fiscal 2017 is ¥1,050.0 billion. We will move ahead with existing projects as a matter of course, while using investments to capture new

business opportunities. Consequently, the balance of interest bearing debt and debt/equity ratio should be around ¥2,500.0 billion and 1.3 times at the end of fiscal 2017, if things proceed according to plan.

The basic policy for shareholder returns at Mitsui Fudosan is to reinvest earnings to increase shareholder value over the medium to long term and return profits to shareholders based on comprehensive consideration of such factors as the business environment and the Company's performance and finances. This policy has been followed in striving to maintain the level of dividends paid to shareholders. When formulating Stage II of Innovation 2017, Mitsui Fudosan foresees paying dividends of approximately 25% of consolidated annual profit attributable to owners of the parent.

Target income levels and other benchmarks

| | (As of May, 2015) | | |
|---|---------------------|-----------------------|--|
| | FY2014 (Results) | FY2015 (Estimates) | Medium-term Business Plan FY2017 (Targets) |
| Operating income | ¥186.0 billion | ¥195.0 billion | ¥245.0 billion or higher |
| Profit attributable to owners of parent | ¥100.1 billion | ¥107.0 billion | ¥130.0 billion or higher |
| Interest-bearing debt | ¥1,976.1 billion | ¥2,240.0 billion | Approx. ¥2,500.0 billion |
| D/E ratio (times) | 1.06 | — | Approx. 1.3 |
| ROA* | 4.1% | — | Approx. 5% |
| (Reference) | | | |
| Overseas income* | ¥12.0 billion | — | ¥30.0 billion or higher |
| Overseas income ratio | 6.4% | — | Approx. 12% |
| ROE* | 6.4% | — | Approx. 7% |

Investment plan

| | Medium-Term Business Plan (2015–2017 Three-Year Totals) | | |
|---|---|------------------|----------------|
| | Investments | Recovery | NET |
| Domestic capital expenditures | ¥550.0 billion | — | ¥550.0 billion |
| Overseas investments (North America, Europe & Asia) | ¥550.0 billion | ¥100.0 billion | ¥450.0 billion |
| Domestic real property for sale | ¥1,300.0 billion | ¥1,250.0 billion | ¥50.0 billion |

Operating income by segment

| | (As of May, 2015) | | |
|----------------|---------------------|-----------------------|--|
| | FY2014 (Results) | FY2015 (Estimates) | Medium-term Business Plan FY2017 (Targets) |
| Leasing | ¥107.8 billion | ¥116.0 billion | ¥133.0 billion |
| Property sales | ¥45.4 billion | ¥50.0 billion | ¥65.0 billion |
| Management | ¥49.3 billion | ¥50.0 billion | ¥52.0 billion |
| Others | ¥(16.6) billion | ¥(21.0) billion | ¥(5.0) billion |

* ROA = (Operating income + non-operating income) / average total assets over the period

* Overseas income = Overseas operating income + equity in earnings of overseas affiliates

* ROE = Net income attributable to owners of the parent / average shareholders' equity over the period

Shareholder returns

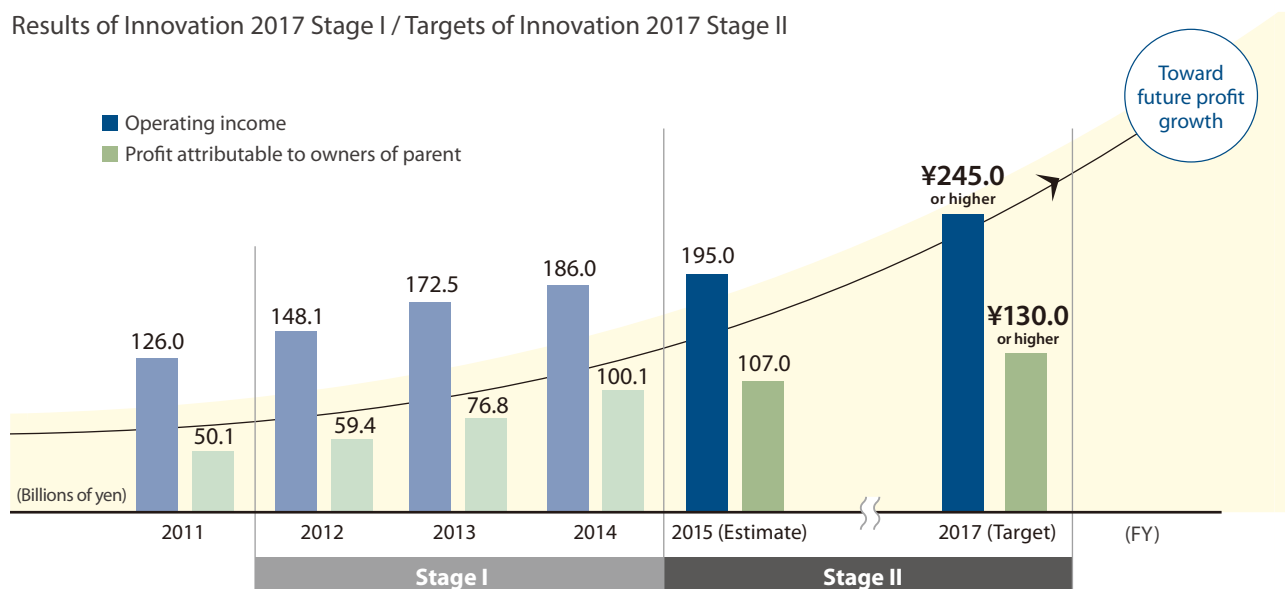
Basic policy for shareholder returns

Mitsui Fudosan reinvests earnings to increase shareholder value over the medium to long term and returns profits to shareholders based on comprehensive consideration of such factors as the business environment and the Company's performance and finances.

Dividends

Mitsui Fudosan aims to pay approximately 25% of annual profit attributable to owners of parent in dividends on a consolidated basis

Results of Innovation 2017 Stage I / Targets of Innovation 2017 Stage II



In Conclusion

At the risk of sounding repetitive, Stage II of Innovation 2017 was formulated for Mitsui Fudosan to advance further toward its goal of sustaining growth into the 2020s, in recognition of the business environment and issues the Group needs to overcome



going forward. Our vision as a company is to “be a leader that creates markets to grow continuously in Japan and secures a solid position globally.” To realize this vision, the Group will strive to execute its three basic strategies of (1) customer-centered management, (2) business model innovation, and (3) full implementation of Group management. In so doing, we vow to create value and make steady progress toward achieving Stage II of Innovation 2017.

We will also work to strengthen internal control and enhance corporate governance in light of recent developments, such as the Corporate Governance Code the Tokyo Stock Exchange established to provide guidance. At the same time, the Mitsui Fudosan Group will live up to its &EARTH Environmental Principles as we engage in urban development while protecting the environment to build a society that enriches both people and the planet. We ask for your continued understanding and support as we endeavor to increase corporate value and fulfill our social responsibilities as a corporate citizen.

Masanobu Komoda

President and Chief Executive Officer
Mitsui Fudosan Co., Ltd.

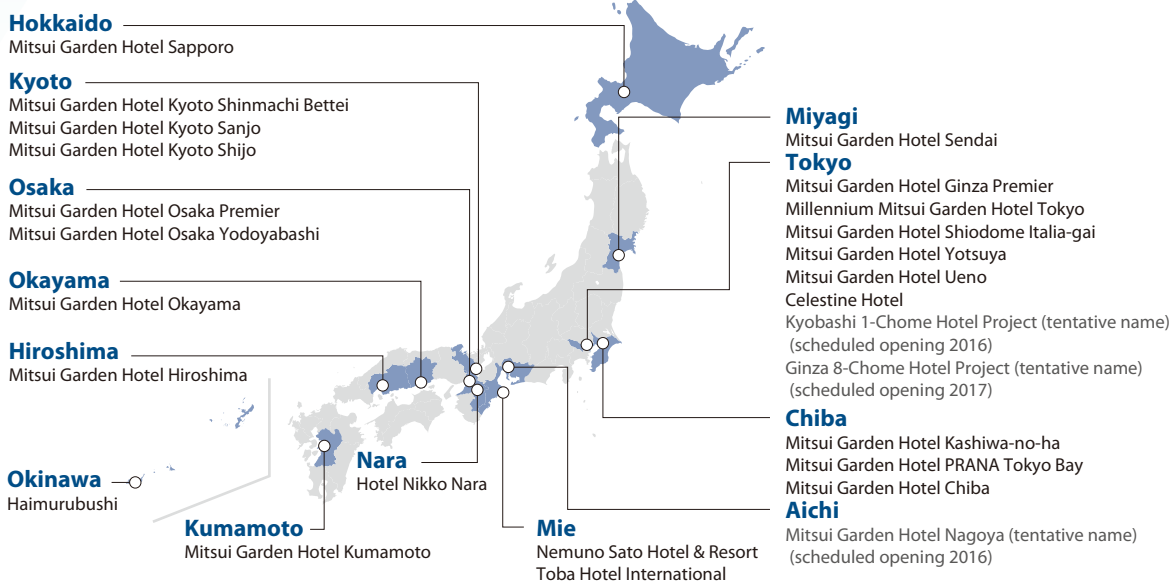
Two Initiatives for Accelerating Growth Expansion of the Hotel & Resort Business



Since its entry into the domestic hotel business in 1984, the Mitsui Fudosan Group has focused primarily on expanding its Mitsui Garden Hotels brand to major cities nationwide that draw significant business and visitor traffic. The hotel business is not only one solution for making effective use of land, but plays a critical role in the Group's efforts to promote a shift to a fusion of diverse uses and functions as part of its urban development initiatives.

Under its philosophy of creating memorable hotels that delight the senses of even the most sensitive guests, Mitsui Garden Hotels have earned a strong reputation as a higher-quality, lodging-focused hotel chain. The resort business, meanwhile, aims to offer resort lifestyles that take advantage of the special characteristics of each location. These include the Toba Hotel International and the Nemuno Sato Hotel & Resort, both nestled in the rich seasonal beauty of Ise Shima; Haimurubushi on Kohama Island in the Yaeyama Islands, surrounded by the largest coral reef in the northern hemisphere; and Halekulani, one of Hawaii's finest luxury hotels.

Mitsui Fudosan-Operated Hotels & Resorts (Japan)



Mitsui Garden Hotel Features



Comfortable lobby space
(Millennium Mitsui Garden Hotel Tokyo lobby)



Luxurious lounge areas
(Mitsui Garden Hotel Kyoto Shinmachi Bettei)



Relaxation facilities,
natural hot springs and outdoor spas
(Mitsui Garden Hotel Kashiwa-no-ha)

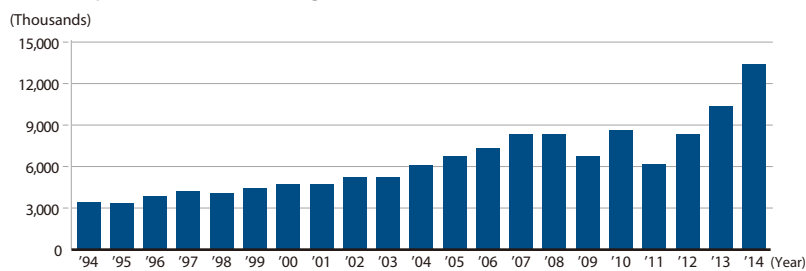
20 Million Foreign Visitors to Japan by 2020

As the Japanese economy has recovered, corporate earnings and employment conditions have also improved, and this has brought a marked recovery in domestic business, tourism and leisure travel demand. As the domestic market continues to mature and faces a full-scale aging society, leisure-related needs are expected to grow even further. Backed by global economic growth, business travelers and tourists from Europe, the U.S.,

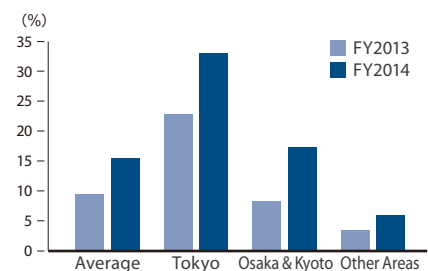
China, other Asian countries and other countries and regions are visiting Japan in increasing numbers, which exceeded 13 million in 2014, and are expected to reach 20 million annually in 2020 and grow again to 30 million annually by 2030. As a result, demand for domestic hotel and resort facilities is expected to increase dramatically as well.

Foreign Visitors to Japan

Source: Japan National Tourism Organization



Ratio of Foreign Guests/Mitsui Garden Hotels



10,000 Hotel Rooms under Management by 2020

Given this outlook, the Group will move to aggressively expand its hotel and resort business with the goal of further growth. In the hotel business, the Group will work to expand its domestic operations from its current 20 hotels with approximately 5,400 rooms to about 10,000 rooms by 2020; projects are already underway in Tokyo; in Nagoya, Aichi Prefecture; and in Kyoto Prefecture. The Group is also considering development and roll-outs of new brands, depending on site characteristics and concepts, and is working to attract luxury hotels to its urban redevelopment projects.

Meanwhile, in addition to expanding the number of new rooms, Mitsui Fudosan is also emphasizing further improvement in profitability at existing hotels. The opening of the Millennium Mitsui Garden Hotel Tokyo in 2014, for example, marked the Group's partnership with the world-renowned Millennium & Copthorne Hotels. It is hoped this and similar efforts will enhance the recognition of the Mitsui Garden Hotels brand, enabling the chain to draw further inbound demand, work to improve average daily rates by setting optimal rates through revenue management, and further improve the profitability of its existing hotels.



*The expected completion dates indicated are subject to change.

Amanresorts Selected as Partner for New Development at Nemuno Sato

Nemuno Sato Hotel & Resort, a property owned and operated by Mitsui Fudosan in Shima City, Mie Prefecture, has chosen to partner with Amanresorts, a leading owner and operator of luxury resort hotels worldwide, to operate a new hotel now under development. Taking advantage of the rich natural surroundings of the Ise Shima region and the extensive grounds available at Nemuno Sato, plans call for opening a typically Asian luxury resort that will create a kind of hospitality available nowhere else. Mitsui Fudosan is also moving ahead to consider development of other new resort facilities in Okinawa and other strong locations.



Two Initiatives for Accelerating Growth Global Business Expansion

Since the beginning of the 1970s, the Mitsui Fudosan Group has built and expanded its overseas business around office and residential development in major cities in Europe, the U.S., China, Southeast Asia and elsewhere. By taking advantage of that accumulated expertise and corporate resources, and by offering the highest quality products and services best suited to each region, the Group has continued to deliver steady results despite the constantly changing economic environment and real estate market. Today, flagship properties owned and operated by the Group include 1251 Avenue of the Americas (New York, U.S.), 5 Hanover Square (London, England), Halekulani (Hawaii, U.S.) and the St Regis Hotel & Residences (Singapore), all of which contribute to the expansion of Group earnings.

Innovation 2017, the long-term business plan established in 2012, also clarified the Group's globalization initiatives, and set forth a policy for strategic acceleration of its overseas business expansion. This has enabled the Group to go beyond its traditional focus on office buildings and residential sales, and capture a wider range of business opportunities in a variety of asset types, including mixed-use redevelopment, rental housing and retail facilities. Regions in which the Group does business have also expanded to include major U.S. cities such as Washington D.C., San Francisco, Boston and Seattle, and countries in Southeast Asia including Thailand, Malaysia and Indonesia. In terms of both product mix and geography, Mitsui Fudosan is building a solid foundation for business.

Leveraging Regional Characteristics

North America & Europe

Building a stable earnings base by continuing to expand blue-chip business opportunities in highly transparent, large-scale real estate markets with strong liquidity.

- | | |
|---|------------------------------|
| 1. 1251 Avenue of the Americas (New York) | 5. 5 Hanover Square (London) |
| 2. 1200 17th Street (Washington DC) | 6. 70 Mark Lane (London) |
| 3. 527 Madison Avenue (New York) | 7. 8-10 Moorgate (London) |
| 4. Homer Building (Washington DC) | |



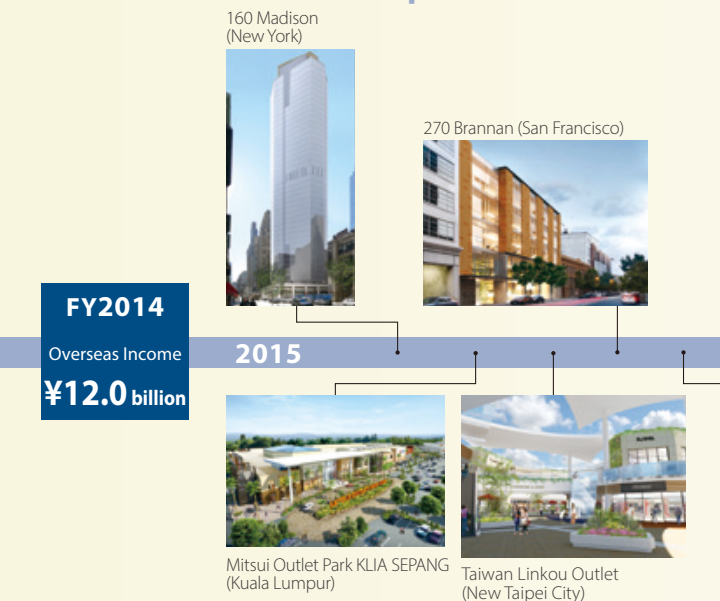
Innovation 2017 Stage II Dramatic Growth in Overseas Business

Growing to become a global company by combining the Group's strengths with those of its partners.

As Japanese society continues to mature, Mitsui Fudosan recognizes that the pace at which it can expect to grow its domestic markets will be more limited than in the past. To continue to enjoy stable profit growth and further enhance corporate value beyond 2020, it is imperative that the Group continue to expand its overseas business. Mitsui Fudosan considers further enhancement of its domestic business competitiveness and dramatic growth in its overseas business to be the twin drivers of growth for the Group as a whole, and will thus continue its aggressive moves to expand its business overseas. In promoting that effort, it will work closely with quality partners who are well versed in each market, and who have the requisite skills and expertise. By merging those partner's strengths with those of the Group, Mitsui Fudosan will work to strengthen and expand its overseas portfolio. The Group aims to become a global company by enhancing the supporting organizations needed to accommodate business expansion and strengthening the functionality of its local subsidiaries.

Acquire Rich New Pipelines through Business

North America & Europe



CHINA & SOUTHEAST ASIA

Overseas Bases

EUROPE

London

ASIA

Beijing
Shanghai
Guangzhou
Hong Kong
Taiwan
Bangkok
Kuala Lumpur
Singapore
Jakarta

U.S.A.

Seattle
San Francisco
Hawaii
New York
Washington D.C.



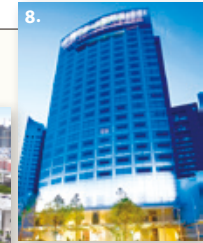
6.



7.

CHINA & SOUTHEAST ASIA

Economic growth and urbanization are moving ahead and the market has developed a sturdy middle-class, capturing growing demand for high-quality housing and expanding personal consumption



- 8. St Regis Hotel & Residences (Singapore)
- 9. Shanjing Outlet Plaza Ningbo (Ningbo)
- 10. House Huang Ma Yuan (Shanghai)

Development with Good Local Partner Relations

1 Angel Court (London)



650 Indiana (San Francisco)



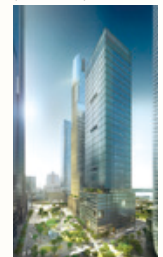
2nd & Pike (Seattle)



Television Centre (London)



55 Hudson Yards (New York)



2016

2017

FY2017
Overseas Income
¥30.0 billion
(Target)

2018

2019

2020



House Feng Xiang Yuan (Shanghai)



Ideo Q Chula-Samyian (Bangkok)



GEO Residences (Malaysia, Petaling Jaya)



THE MEWS (Kuala Lumpur)



CitraGarden City/Citra Block 6 (Jakarta)



LaLaport Shanghai Jinqiao (Shanghai)

Completion dates may change in the future. Some project names are tentative.

Business Summary

A Business and Lifestyle Solutions Partner

Mitsui Fudosan Group's FIVE SEGMENTS

Leasing

Office buildings,
Retail facilities, etc.

Property Sales

Property sales to
individuals, Property
sales to investors, etc.

Management

Property management,
Brokerage, Asset
management, etc.

Mitsui Home

Sub-contracting
construction of home
orders

Other

Hotel & Resort operation
business, Remodeling
operations, etc.

Leasing

Mitsui Fudosan owns and operates a wide range of quality office buildings, as well as shopping centers, outlet malls and other types of retail facilities nationwide, primarily in the Tokyo metropolitan area. Many of the properties are located in prime urban areas, and welcome tenants from a diverse range of industries, tenants with which Mitsui Fudosan has built strong relationships.

In the Leasing segment, overall revenue increased ¥15.1 billion compared with the previous fiscal year. In contrast, operating income decreased ¥1.3 billion year on year. The increase in revenue was mainly due to the new and full-term contributions provided by office buildings and retail facilities as well as the positive effects of increased floor space and renewals of retail facilities. On the other hand, the decrease in operating income largely reflected the increase in depreciation expenses in line with newly opened properties including Iidabashi Grand Bloom, as well as such factors as the termination of operations associated with redevelopment. The vacancy rate for the Company's office buildings located in the Tokyo metropolitan area was 3.2% as of March 31, 2015.

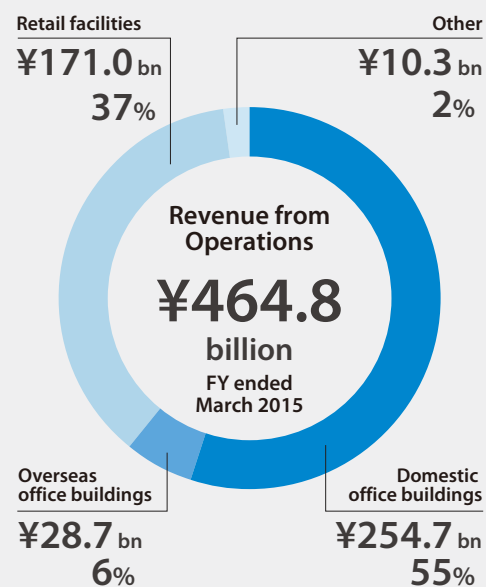
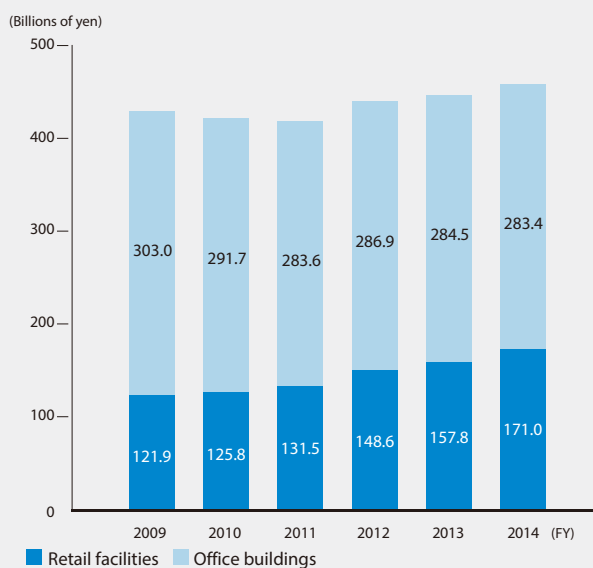
Revenue / Operating Income (FY ended March 2015)

Revenue from operations **¥464,842** million
(YoY +¥15,143 million)

Operating income **¥107,863** million
(YoY -¥1,342 million)



Analysis of Revenue



Retail facilities business represents about 37% of the Leasing segment's overall revenue, and along with the highly reliable office buildings sector's many industry-leading tenants, is positioned to provide a stable foundation for earnings in the Leasing Segment. In addition to offices and retail facilities, Mitsui Fudosan is developing a wide range of asset types, including logistics facilities and rental housing that will further accelerate growth of the Leasing segment.

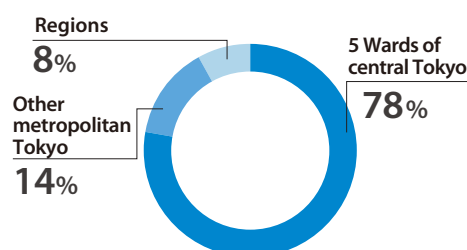
Office Buildings

Approximately 78% of non-consolidated office building revenue comprises properties in the five wards of central Tokyo (Chuo, Chiyoda, Minato, Shinagawa and Shinjuku), where demand for office space is strongest. About 92% derives from the Tokyo metropolitan area as a whole. The office portfolio consists primarily of quality office spaces with outstanding business continuity planning (BCP) capabilities. The vacancy rate for Mitsui Fudosan office buildings in metropolitan Tokyo as of the end of March 2015 was 3.2% on a non-consolidated basis, below the market average.*

* The market average vacancy rate was 5.3% in the five central wards as of the end of March 2015 (according to Miki Shoji).

Revenue by Area

(FY ended March 2015; nonconsolidated)



Major Newly Opened Projects (completed in FY2014 or FY2015)

| FY Completed | Project Name (*Jointly Owned Property) | Location | Rentable Floor Space |
|--------------|--|-------------------------|-----------------------|
| | | | (Approx.) |
| 2014 | 8-10 Moorgate | City of London, U.K. | 12,100 m ² |
| | GATE SQUARE (Kashiwanoha Campus Block 148) | Kashiwa, Chiba | 8,000 m ² |
| | Sapporo Mitsui JP Building * | Sapporo, Hokkaido | 25,400 m ² |
| | 1200 17th Street * | Washington D.C., U.S.A. | 15,600 m ² |
| | Iidabashi Grand Bloom * | Chiyoda-ku, Tokyo | 71,300 m ² |
| | 70 Mark Lane | City of London, U.K. | 16,400 m ² |
| 2015 | OSAKI BRIGHT TOWER * | Shinagawa-ku, Tokyo | 53,700 m ² |
| | OSAKI BRIGHT CORE * | Shinagawa-ku, Tokyo | 22,300 m ² |
| | 270 Brannan Project * | San Francisco U.S.A. | 16,900 m ² |

Major Development Projects (to be completed after FY2016)

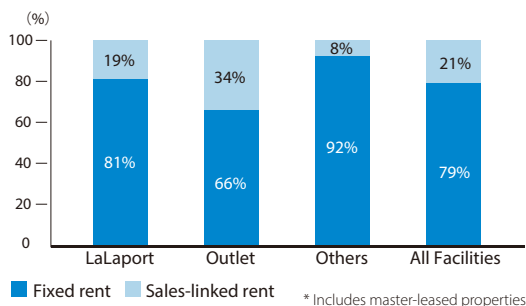
| FY Completed | Project Name (*Jointly Owned Property) | Location | Total Floor Space (Site Area) |
|--------------|--|-------------------------|-------------------------------|
| | | | (Approx.) |
| 2016 | 1 Angel Court Project | City of London, U.K. | 45,900 m ² |
| 2017 | Hibiya Project | Chiyoda-ku, Tokyo | 189,000 m ² |
| | Shin Tokyo Takeda Building * | Chuo-ku, Tokyo | 45,000 m ² |
| 2018 | White City Place Redevelopment Project * | Wood Lane, London, U.K. | 209,000 m ² |
| | Nihonbashi 2-Chome Redevelopment Project (Block C) * | Chuo-ku, Tokyo | 143,400 m ² |
| | TGMM Shibaura Project (Tower A) * | Minato-ku, Tokyo | 137,200 m ² |
| | 55 Hudson Yards * | New York, U.S.A. | 117,600 m ² |
| 2019 | Television Centre Redevelopment Project * | Wood Lane, London, U.K. | 52,000 m ² |
| | Nihonbashi Muromachi 3-Chome Urban Redevelopment Project * | Chuo-ku, Tokyo | 169,000 m ² |
| | OH-1 Project (Otemachi 1-Chome Block 2) * | Chiyoda-ku, Tokyo | 361,000 m ² |
| After 2020 | Yaesu 2-Chome Centre Block Project * | Chuo-ku, Tokyo | 380,000 m ² |
| | Yaesu 2-Chome North Block Project * | Chuo-ku, Tokyo | 293,600 m ² |
| | Nihonbashi Muromachi 1-Chome Project * | Chuo-ku, Tokyo | TBD (8,000 m ²) |
| | Nihonbashi 1-Chome Block1,2 Project * | Chuo-ku, Tokyo | TBD (7,000 m ²) |
| TBD | Nihonbashi 1-Chome Central Block (4~12 Square) Project * | Chuo-ku, Tokyo | TBD (23,000 m ²) |
| TBD | Toyosu 2-, 3-Chome Block 2 Project * | Koto-ku, Tokyo | 243,200 m ² |

Retail Facilities

Mitsui Fudosan develops, owns and operates a diverse range of retail facilities including LaLaport, Outlet Park and urban facilities. Located in major metropolitan and surrounding areas, the Company's shopping centers serve as key hubs for regional communities, offering functionality to meet the diverse lifestyles of a broad range of ages. At existing retail facilities, meanwhile, large-scale renovations and expansion in anticipation of future market needs ensures facilities remain attractive, helping to maintain their high revenue-generating capacity and profitability.

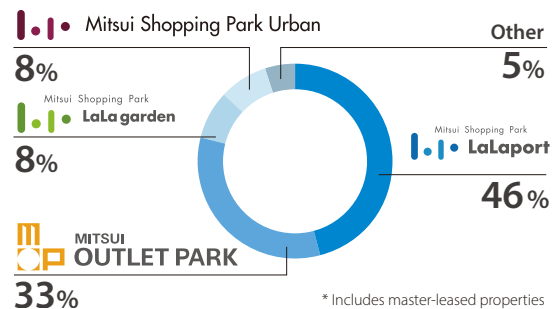
Ratio of Fixed & Sales-Linked Rent by Category

(FY ended March 2015)



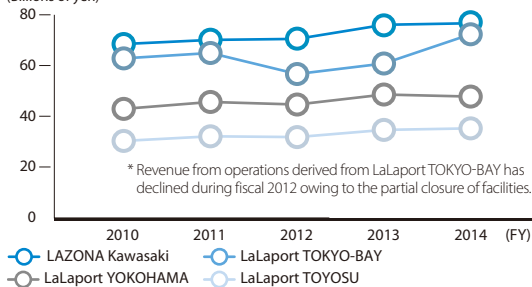
Retail Facility Revenue by Category

(FY ended March 2015)



Sales at Mitsui Fudosan Retail Facilities

(Billions of yen)



Major Development Projects (Managed)

| FY Opened | Project Name | Location | Store Floor Space |
|-----------|--|---------------------------------|--------------------------------|
| 2014 | Okachimachi Yoshiike Head Store Building | Taito-ku, Tokyo | (Approx.) 9,400 m ² |
| | SHINJUKU NAKAMURAYA BUILDING | Shinjuku-ku, Tokyo | 4,200 m ² |
| 2015 | LaLaport TACHIKAWA-TACHIHI | Tachikawa, Tokyo | 60,000 m ² |
| 2018 | LaLaport SHANGHAI JINQIAO | Pudong Jinqiao, Shanghai, China | 74,000 m ² |

Major Development Projects (Owned)

| FY Opened | Project Name (*Jointly Owned Property) | Location | Store Floor Space |
|-----------|---|--------------------------|--------------------------------|
| 2014 | LaLa Terrace MUSASHIKOSUGI * | Kawasaki, Kanagawa | (Approx.) 8,000 m ² |
| | MITSUI OUTLET PARK SAPPORO KITA-HIROSHIMA (2nd stage) | Kita-Hiroshima, Hokkaido | 7,700 m ² |
| | MITSUI OUTLET PARK KISARAZU (2nd stage) | Kisarazu, Chiba | 8,500 m ² |
| | LaLaport KASHIWANOHA (North Building) | Kashiwa, Chiba | 7,500 m ² |
| | Akarenga TERRACE * | Sapporo, Hokkaido | 8,500 m ² |
| | IIDABASHI SAKURA TERRACE * | Chiyoda-ku, Tokyo | 4,900 m ² |
| | LaLaport IZUMI | Izumi, Osaka | 55,000 m ² |
| | Shin-Kawasaki Square | Kawasaki, Kanagawa | 11,000 m ² |
| | LaLaport FUJIMI | Fujimi, Saitama | 80,000 m ² |
| | MITSUI OUTLET PARK KLIA SEPANG (1st stage) * | Kuala Lumpur, Malaysia | 24,000 m ² |
| 2015 | MITSUI OUTLET PARK HOKURIKU OYABE | Oyabe, Toyama | 26,000 m ² |
| | MITSUI OUTLET PARK MAKUHARI (3rd stage) | Chiba, Chiba | 6,500 m ² |
| | LaLaport EBINA | Ebina, Kanagawa | 54,000 m ² |
| | LaLaport EXPOCITY | Suita, Osaka | 71,000 m ² |
| 2016 | Taiwan Linkou Outlet Project * | New Taipei City, Taiwan | 45,000 m ² |
| | LaLaport HIRATSUKA | Hiratsuka, Kanagawa | 61,000 m ² |
| 2017 | Nagoya Komei Project | Nagoya, Aichi | 54,600 m ² |
| TBD | Retail Facility Development Project in Togocho, Aichi | Aichigun, Aichi | TBD |

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

Property Sales

Mitsui Fudosan's Property sales segment consists of its property sales to individuals category, which enjoys strong brand recognition domestically, and property sales to investors, which involves the sale of income properties, including offices, retail facilities, rental housing, etc., to outside investors.

Looking at the property sales to individuals category in fiscal 2014, revenue from operations declined ¥47.0 billion compared with the previous fiscal year owing mainly to the decrease in the reported number of units. Earnings, on the other hand, increased ¥3.9 billion year on year. This largely reflected the increase in profit margins. In the property sales to investors category, revenue from operation and earnings increased ¥63.0 billion and ¥14.4 billion, respectively, compared with the previous fiscal year on the back of growth in sales of properties. Accounting for each of these factors, the Property Sales segment as a whole recorded an increase in revenue from operations of ¥15.9 billion as well as an improvement in earnings of ¥18.3 billion compared with fiscal 2013.

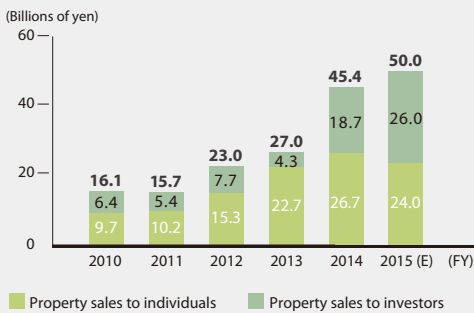


Revenue / Operating Income (FY ended March 2015)

Revenue from operations **¥425,442** million
(YoY +¥15,976 million)

Operating income **¥45,493** million
(YoY +¥18,394 million)

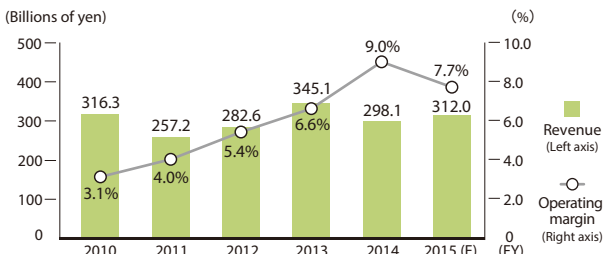
Property Sales Segment: Operating Income



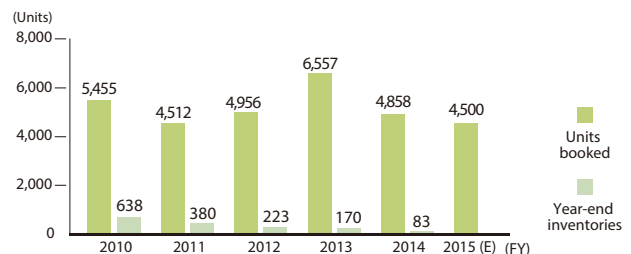
In property sales to individuals, Mitsui Fudosan is engaged in the development and sale of high-value-added condominiums and detached housing on a nationwide scale. As represented by its urban redevelopment projects, the Company is particularly strong in the development of large-scale urban redevelopment condominiums, where it enjoys significant brand recognition. Meanwhile, in property sales to investors, the Company develops office buildings, retail facilities, rental housing and other income property for sale to diverse investors including J-REITs, private funds and institutional investors. Since 2012, Mitsui Fudosan has worked to broaden its asset class and contribute to the expansion of the real estate investment market by also entering the logistics facilities business.

Property Sales to Individuals

Sales and Operating Margin



Condominiums: Units Booked and Year-End Inventories



Land Bank (Condominiums)

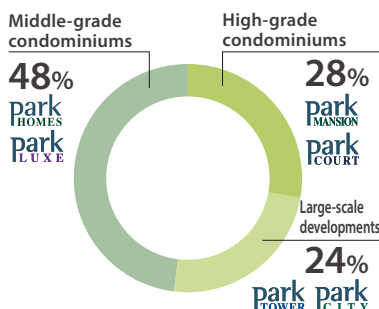
(As of March 31, 2015)

Land acquired approximately
23,000 units

(incl. redevelopment projects in the planning phase)

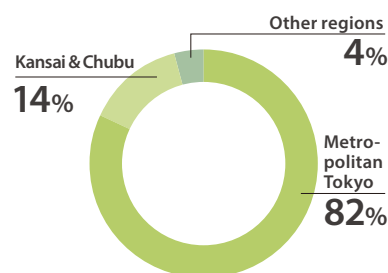
Sales by Brand

(FY ended March 2015)



Sales by Region

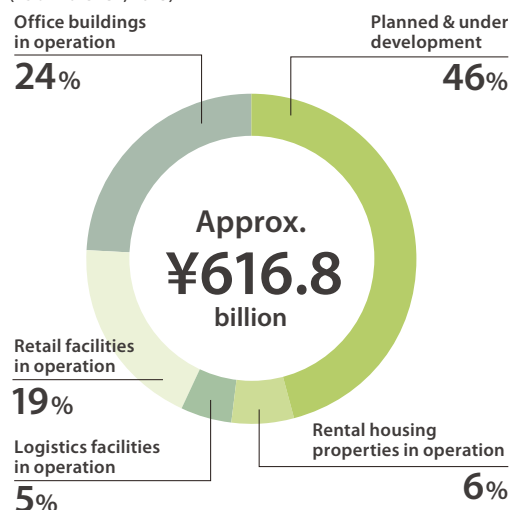
(FY ended March 2015)



Property Sales to Investors

Inventory of Property for Sales to Investors

(As of March 31, 2015)

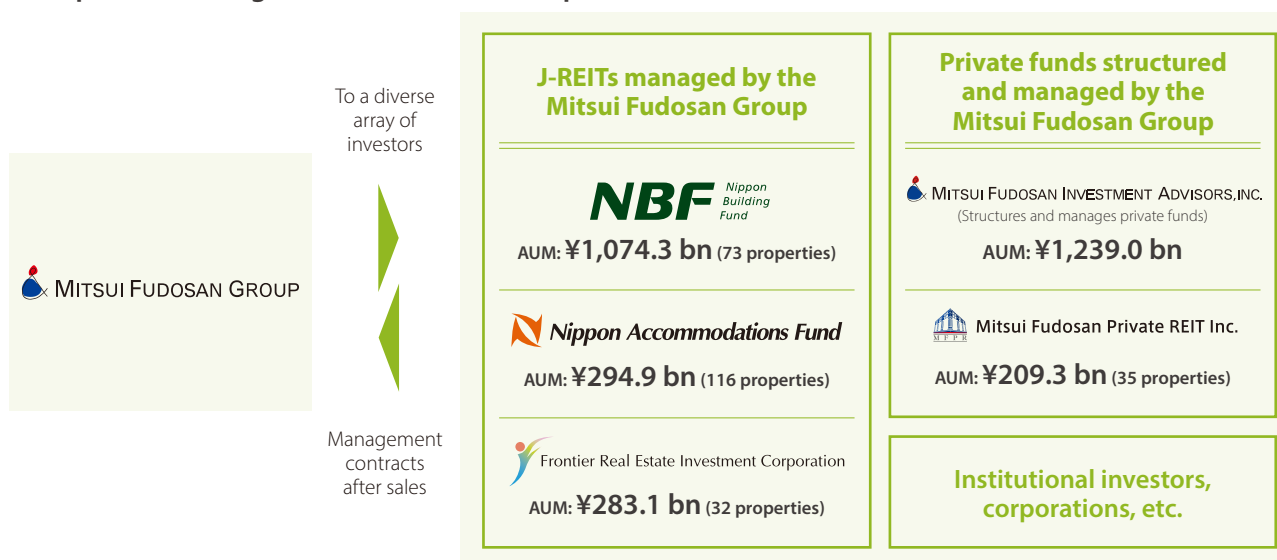


Develop New Asset Type/Logistics Facility Business

| FY Completed | Project Name (*Jointly Owned Property) | Location | Total Floor Space (Approx.) |
|------------------|--|---------------------|-----------------------------|
| Acquired in 2013 | MFLP Yokohama Daikoku * | Yokohama, Kanagawa | 131,800 m ² |
| 2013 | GLP-MFLP Ichikawa Shiohama * | Ichikawa, Chiba | 122,000 m ² |
| | MFLP Yashio | Yashio, Saitama | 41,900 m ² |
| 2014 | MFLP Kuki | Kuki, Saitama | 74,500 m ² |
| | MFLP Sakai | Sakai, Osaka | 133,300 m ² |
| | MFLP Funabashi Nishiura | Funabashi, Chiba | 31,000 m ² |
| 2015 | MFLP Atsugi | Aikogun, Kanagawa | 43,000 m ² |
| | MFLP Hino | Hino, Tokyo | 213,400 m ² |
| 2016 | MFLP Kashiwa | Kashiwa, Chiba | 31,400 m ² |
| | MFLP Funabashi I | Funabashi, Chiba | 198,000 m ² |
| | MFLP Hiratsuka | Hiratsuka, Kanagawa | 33,200 m ² |
| 2018 | MFLP Komaki | Komaki, Aichi | 38,900 m ² |
| | MFLP Hiratsuka II | Hiratsuka, Kanagawa | 43,400 m ² |
| TBD | MFLP Fukuoka | Fukuoka | TBD |

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

Multiple Exit Strategies and a Model for Cooperation with Investors



(As of March 31, 2015)

Management

The Management segment consists of the “Property management,” which involves operation and management of office buildings, retail facilities and residential properties, as well as Mitsui Repark car park leasing, and “Brokerage, asset management, etc.” which includes asset management services for J-REITs, etc., and brokerage services for individuals such as those provided under the Mitsui Rehouse brand name.

For fiscal 2014, revenue from operations and earnings in the property management category improved. While trends in the Mitsui Rehouse (brokerage business for individuals) business were steady, the number of properties handled declined. As a result, revenue from operations and earnings in the brokerage, asset management, etc. category declined. Accounting for each of these factors, revenue from operations in the Management segment as a whole increased ¥3.5 billion compared with the previous fiscal year. In contrast, operating income in this segment declined ¥0.6 billion year on year.

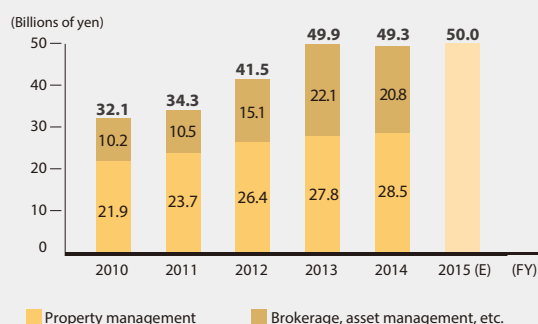


Revenue / Operating Income (FY ended March 2015)

Revenue from operations **¥317,818** million
(YoY +¥3,587 million)

Operating income **¥49,317** million
(YoY -¥627 million)

Management Business: Operating Income



Both the property management and brokerage and asset management, etc. categories are fee-based businesses that do not involve investment and are thus highly profitable. At the same time, they continue to enjoy stable growth with the increase in the number of properties under management, a more vigorous home sales market and recovery in the real estate investment market.

Property Management

Office buildings

Mitsui Fudosan Building Management Co., Ltd.
(Number of buildings under management: 635)

Mitsui Fudosan Facilities Co., Ltd.
(Number of buildings under management: 387)

Retail facilities

Mitsui Fudosan Retail Management Co., Ltd.
(Number of facilities under management: 65)

Housing

Mitsui Fudosan Housing Lease Co., Ltd.
(Number of properties handled: 55,684)

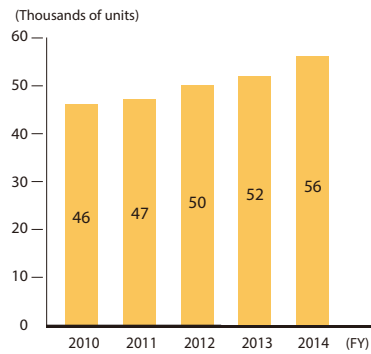
Mitsui Fudosan Residential Service Co., Ltd.
(Number of condominiums under management: 244,494)

Car park leasing

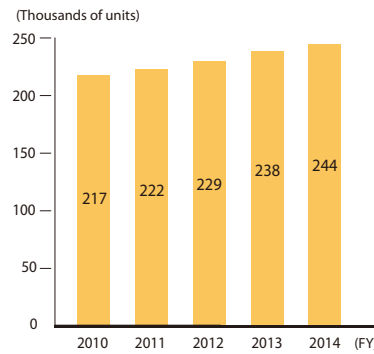
Mitsui Repark
(Number of car park units handled: 166,752)

(As of March 31, 2015)

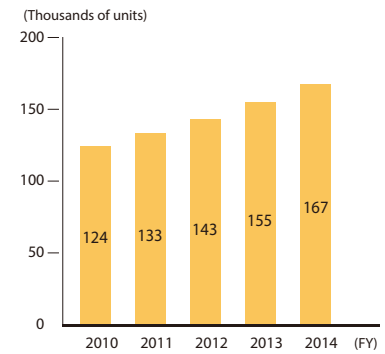
Property Management:
Condominiums for Lease



Property Management:
Condominiums for Sale

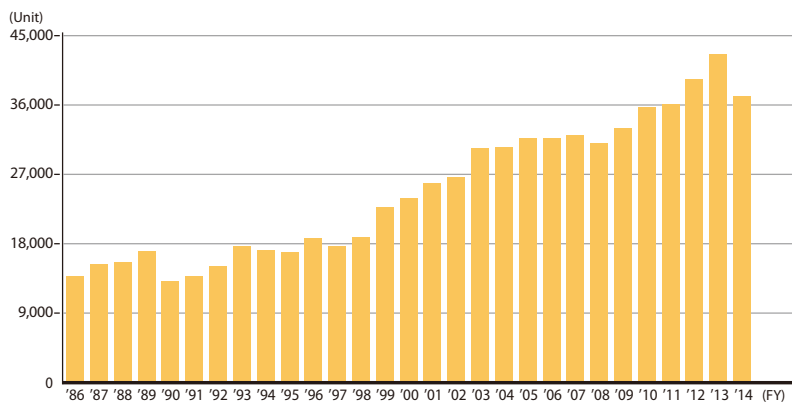


Car Park Leasing



Brokerage, Asset Management, etc.

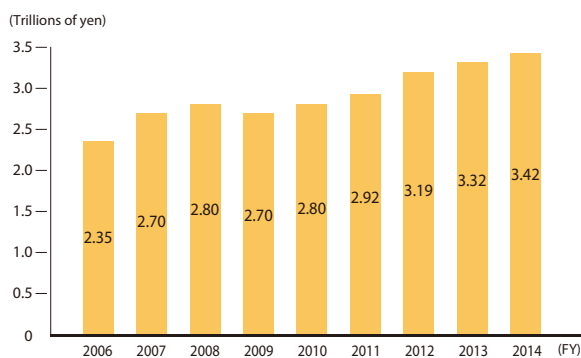
Mitsui Fudosan Realty Co., Ltd.'s Number of Real Estate Sales
Brokered Nationwide



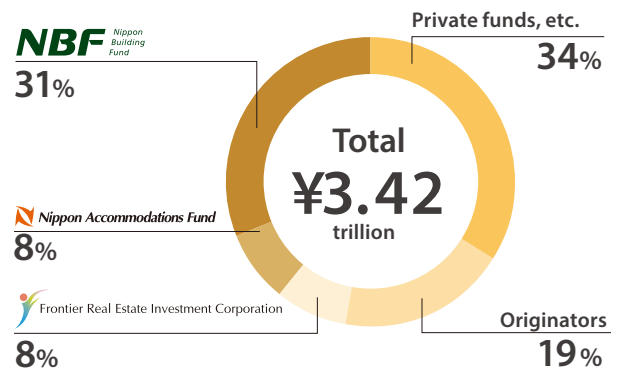
275 Stores Nationwide
(As of March 31, 2015)

With its high brand recognition, Mitsui Fudosan Realty Co., Ltd. has been No. 1 in Japan for the number of brokered sales nationwide for 29 consecutive years.

Assets under Management: Track Record



Assets under Management
(FY ended March 2015)



Mitsui Home

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. Leveraging the advanced technology and planning capabilities it has acquired over many years in the business, Mitsui Home works to build homes that offer superior quality and design.

For fiscal 2014, the amount of orders at the beginning of the period was higher than for the previous period in the new construction category. As a result, revenue for this segment as a whole climbed ¥5.0 billion compared with the previous fiscal year. Operating income declined ¥0.1 billion year on year due mainly to the deterioration in profit margins.



Revenue / Operating Income (FY ended March 2015)

Revenue from operations **¥242,150** million
(YoY +¥5,082 million)

Operating income **¥4,017** million
(YoY -¥175 million)

Analysis of Revenue

| (Millions of yen) | | FY Ended March 2015 | FY Ended March 2014 | Change |
|-----------------------------------|---------|------------------------|------------------------|---------|
| New Construction | Revenue | 178,172 | 173,188 | 4,984 |
| | Orders | 152,706 | 171,139 | -18,433 |
| Reform/ Renewal | Revenue | 27,215 | 29,673 | -2,457 |
| | Orders | 34,963 | 34,234 | 729 |
| Lease Management | Revenue | 21,454 | 20,059 | 1,395 |
| Housing-Related Material Sales | Revenue | 15,307 | 14,148 | 1,159 |
| Total | | 242,150 | 237,068 | 5,082 |

In addition to design, supervising construction and sub-contracting construction of new single-family homes, Mitsui Home provides renovation and remodeling services for previously built homes. The Company's particular strength lies in 2x4 home design and construction, and as a result Mitsui Home enjoys an excellent domestic reputation and strong brand recognition. Mitsui Designtec Co., Ltd. a consolidated subsidiary, handles residential renovation and office and retail facility remodeling projects, while MITSUI HOME ESTATE Co., Ltd. another consolidated subsidiary, offers rental housing intermediary and property management services.

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.

Other

The Other segment consists of the domestic hotel category, including the Mitsui Garden Hotel brand now expanding nationwide, and the resort hotel category, including Halekulani in Hawaii and the Nemuno Sato Hotel & Resort located in Shima City, Mie Prefecture. It also includes the remodeling category covered by Mitsui Fudosan Reform Co., Ltd., with its advanced technical capabilities, as well as golf course management and mega-solar businesses.

For fiscal 2014, revenue from operations declined due to the sale of shares of Uniliving Co., Ltd. at the beginning of the period. On a positive note, results were buoyed by such factors such as robust trends in the hotel operations business. Accounting for each of these factors, revenue from operations in the Other segment as a whole fell ¥26.0 billion while operating income climbed ¥2.1 billion compared with the previous fiscal year.

Revenue / Operating Income (FY ended March 2015)

Revenue from operations **¥78,782** million (YoY -¥26,005 million)
 Operating income **¥5,186** million (YoY +¥2,115 million)

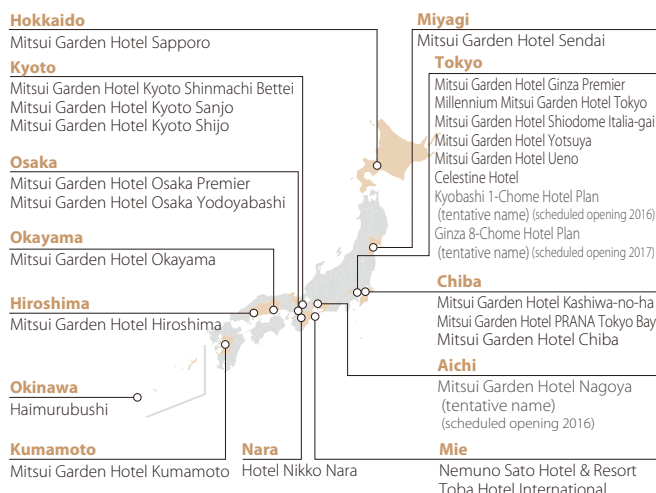
Analysis of Revenue

| (Millions of yen) | FY Ended March 2015 | FY Ended March 2014 | Change |
|---------------------|---------------------|---------------------|---------|
| Facility Operations | 51,974 | 49,781 | 2,192 |
| Others | 26,808 | 55,006 | -28,198 |
| Total | 78,782 | 104,787 | -26,005 |



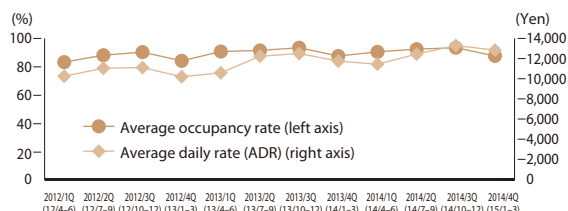
Facility Operations

Mitsui Fudosan-Operated Hotels & Resorts (Japan)



Domestically, the Mitsui Fudosan Group primarily operates lodging-focused hotels such as the Mitsui Garden Hotel chain, along with resort properties like Nemuno Sato Hotel & Resort and Haimurubushi. Overseas, the Company owns and operates the multiple award-winning Halekulani and Waikiki Parc hotels. The Company also operates six golf courses in Japan, including the Mitsuinomori Tateshina Golf Club.

Average Occupancy Rate / Average Daily Rate (ADR)



Other

The Other segment includes the remodeling business, which primarily provides remodeling across a wide range of areas from private homes through to asset regeneration projects, and the Company's five domestic mega-solar projects, which have been brought online successively since 2013.



Mitsui Fudosan Reform Co., Ltd.'s Aoyama Consulting Salon



Mitsui Fudosan's Omuta Solar Power Plant

Corporate Governance

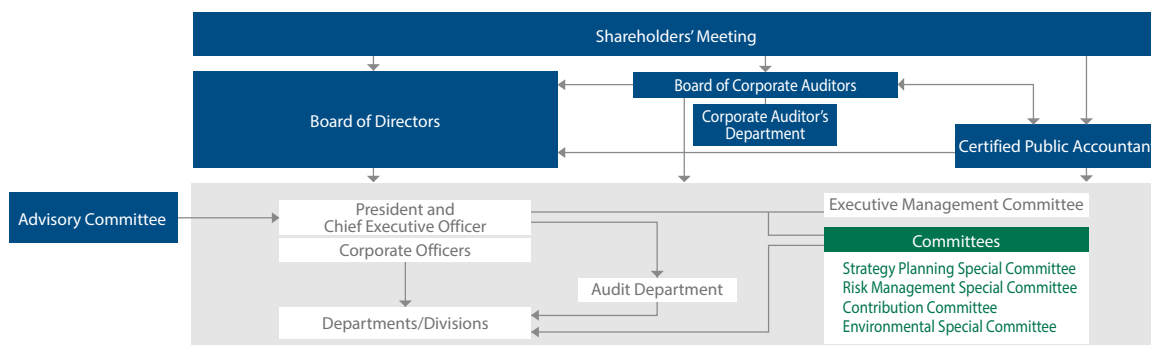
The Mitsui Fudosan Group takes a standpoint of sound, transparent and efficient management in the aim of building optimum corporate governance to earn the trust of all stakeholders.

Corporate Governance Structure

Mitsui Fudosan has both a Board of Directors and a Board of Corporate Auditors. It has also adopted a corporate officer system to enhance the soundness and efficiency of management by separating and strengthening management and executive functions. Mitsui Fudosan also invites and appoints outside directors to strengthen the oversight functions of the directors and enhance management transparency. Further, Mitsui Fudosan has established an Advisory Committee consisting of experts from business and academia to diversify the perspective of management by providing a more comprehensive viewpoint.

In addition, corporate auditors conduct audits to evaluate the status of business execution by directors while coordinating with the Corporate Auditor's Department, which serves as the Company's internal auditing department, as well as with the certified public accountant.

Moreover, steps have been taken to put in place the Mitsui Fudosan Group Compliance Policies, as well as a structure that will ensure that Group directors and employees engage in business activities in an appropriate manner.



Board of Directors

- The Board of Directors, which consists of 12 members (including 4 outside directors), decides on issues material to Mitsui Fudosan and monitors the execution of business by the directors. In addition, Mitsui Fudosan has designated a special director who, under Article 362 (4) of the Companies Act, may pass judgment on the urgent acquisition of assets via bidding, etc., when so empowered by the Board of Directors. The corporate auditors also attend meetings of the Board of Directors and provide opinions as necessary.

Board of Corporate Auditors / Corporate Auditor's Department

- The Board of Corporate Auditors, comprising five corporate auditors, including three outside auditors, formulates auditing policies and determines assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments.
- Note that the Corporate Auditor's Department has been established specifically to assist the auditors with their duties, and each corporate auditor has been assigned a single, dedicated employee.

Corporate Officer System

- Mitsui Fudosan has introduced a corporate officer system with the aim of creating a business execution framework that best suits its operating environment and activities. By promoting the separation and reinforcement of the management and executive functions, the system enhances management soundness and efficiency. In addition, seeking to further reinforce the management of the Mitsui Fudosan Group, we have also introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

Executive Management Committee

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

Advisory Committee

- Mitsui Fudosan has also established an 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.

Financial Auditing

- Mitsui Fudosan has concluded an auditing contract with KPMG AZSA LLC as its certified public accountant, which conducts appropriate audits as necessary.
- The names of the certified public accountants executing auditing duties during the fiscal year in question, along with their length of service as auditors and any assistants involved in the audit work are as follows:
 - A. Names of certified public accountants
 - Designated limited liability managing partners: Hiroyuki Takanami (2 years), Koji Kakinuma (2 years), and Kanako Ogura (6 years)
 - () indicates continuous years of audit work
 - B. Composition of assistants involved in the audit work
 - 19 certified public accountants, 8 of whom have passed the CPA exam, and 16 others.

Strategy Planning Special Committee

- Formulates and deliberates Group strategy and management plans and supervises risk management, with the goal of discussing and managing the execution of those plans and other specific management issues

Risk Management Special Committee

- Manages business risk by formulating risk management policies and plans; tracking, evaluating and formulating responses to risk issues; issuing instructions, etc.

Contribution Committee

- Promotes social contributions by formulating policies and measures related to social contribution activities and revising and evaluating objectives, targets and plans

Environmental Special Committee

- Promotes environmental activities by formulating policies and measures related to environmental activities and revising and evaluating objectives, targets and plans

Outside Directors and Outside Auditors

Mitsui Fudosan appoints its outside directors with the expectation that they will contribute their extensive experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the audit function of the Board of Directors and ensuring transparency. The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the directors in the performance of their duties, based on their expert knowledge and extensive experience. Note that, in line with Tokyo

Stock Exchange requirements for judging the independence of independent officers, the Company uses the following standards for judging said independence: whether there is a risk of conflicts of interest with any of the Company's general shareholders; whether any special interests exist with the Company; and whether in working to enhance the soundness and transparency of the Company's management, the individual is capable of making objective, fair and impartial judgments.

Appointment of Outside Directors

Mitsui Fudosan has appointed outside directors since 2005, and is working to enhance corporate value by strengthening its governance foundation.

| Year | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Number of Outside Directors | 1 | | 2 | | 3 | | | | 4 | | |

Introduction of Outside Directors (As of June 26, 2015)



Masayuki Matsushima

- April 1968: Joined Bank of Japan
- June 1998: Governor (responsible for International Relations), Bank of Japan
- June 2002: Senior Advisor, Boston Consulting Group
- February 2005: Senior Executive Advisor, Credit Suisse Securities (Japan) Limited
- June 2008: Chairman, Credit Suisse Securities (Japan) Limited
- May 2011: Senior Advisor, Boston Consulting Group
- June 2011: Managing Director, Mitsui Fudosan Co., Ltd. (current position)
- September 2014: Senior Advisor, Integral Corporation (current position)



Toru Yamashita

- April 1971: Joined Nippon Telegraph and Telephone Public Corporation
- June 1999: Director, NTT DATA Corporation
- June 2003: Executive Managing Director, NTT DATA Corporation
- June 2005: Executive Vice President and Senior Executive Manager, NTT DATA Corporation
- June 2007: Representative Director, President and Chief Executive Officer, NTT DATA Corporation
- June 2012: Counselor and Director, NTT DATA Corporation
- June 2013: Managing Director, Mitsui Fudosan Co., Ltd. (current position)
- June 2014: Chief Corporate Advisor, NTT DATA Corporation (current position)



Toshiaki Egashira

- April 1972: Joined Taisho Marine & Fire Insurance Co., Ltd.
- June 2006: President and Chief Executive Officer, Mitsui Sumitomo Insurance Co., Ltd.
- April 2008: President and Director, Mitsui Sumitomo Insurance Group Holdings, Inc.
- April 2010: President, Director and CEO, MS&AD Insurance Group Holdings, Inc. Chairman of the Board, Mitsui Sumitomo Insurance Co., Ltd. (current position)
- June 2013: Managing Director, Mitsui Fudosan Co., Ltd. (current position)
- June 2014: Representative Director and Executive Officer, MS&AD Insurance Group Holdings, Inc. (current position)



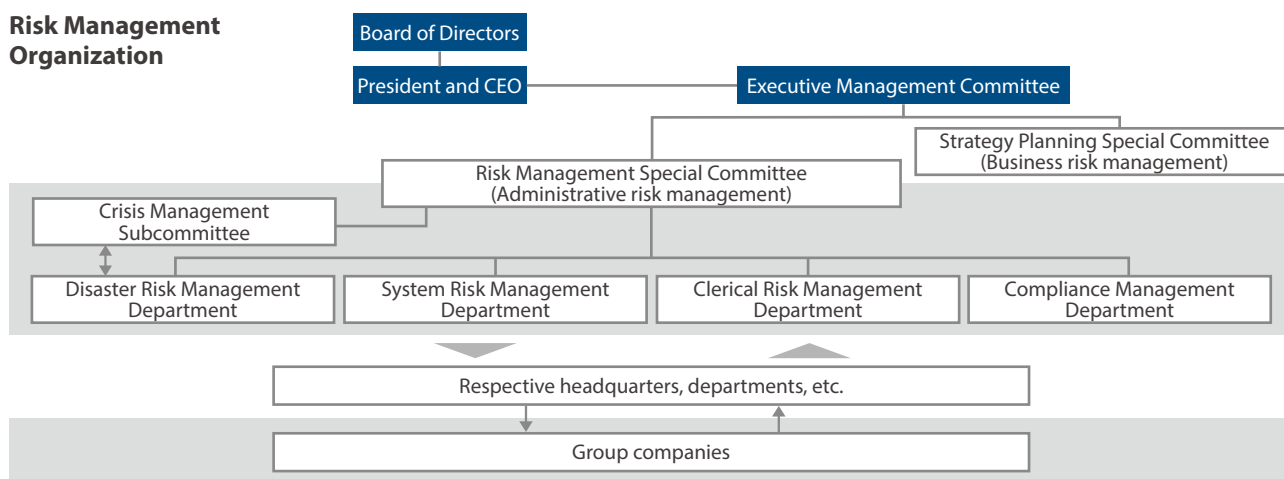
Masako Egawa

- April 1980: Joined Citibank, N.A. Tokyo Branch
- September 1986: Joined Salomon Brothers Inc. New York Head Office
- June 1988: Joined Salomon Brothers Asia Limited Tokyo Branch
- December 1993: Joined S.G. Warburg & Co. Ltd. Tokyo Branch
- November 2001: Executive Director, Harvard Business School Japan Research Center
- April 2009: Executive Vice President, The University of Tokyo
- June 2015: Managing Director, Mitsui Fudosan Co., Ltd. (current position)

Progress in Establishing Internal Control and Risk Management Systems

The internal control system is managed as follows by promoting sound operation and ensuring the adequacy of business conforms to laws and regulations and the Company's Articles of Incorporation.

Risk Management Organization



1. System to ensure that execution of business by directors conforms to laws and regulations and the Company's Articles of Incorporation

The Company is working to ensure compliance through formulation and implementation of a compliance promotion plan, based on its Compliance Rules and other internal rules. The Company has also established a Risk Management Special Committee and put in place a compliance structure to prevent violations of laws and regulations and its Articles of Incorporation.

2. System related to storage and management of information concerning the execution of business by directors

All information is appropriately stored and managed according to internal rules, including the Document Rules, the Information Management Rules and the Information System Management Rules.

3. Regulations and other frameworks related to prevention of losses

Based on Risk Management Regulations and other internal rules, the Executive Management Committee supervises and controls risk management items concerning the Company or the Mitsui Fudosan Group. It heads two committees charged with uncovering and comprehending risk issues and devising solutions for them—the Strategy Planning Special Committee, which handles business risk management, and the Risk Management Special Committee, which is responsible for management of administrative risk. In addition, the Crisis Management Subcommittee, which reports to the Risk Management Special Committee, was established to meet when necessary to respond to accidents and other highly urgent matters.

4. Framework for ensuring that the business of directors is executed efficiently

To promote the separation and strengthening of the management and executive functions for which directors are responsible, the Company has adopted a corporate officer system, part of a framework intended to ensure that the business of directors is executed efficiently.

Concerning the execution of business based on decisions of the Board of Directors, internal rules, including organizational rules and rules governing administrative authority, set forth who is in charge and their responsibilities and promote efficient business by also setting forth procedures for execution.

5. A system to ensure that the execution of business by employees conforms to laws and regulations and the Company's Articles of Incorporation

The Company is working to ensure compliance through formulation and implementation of a compliance promotion plan, based on its Compliance Rules and other internal rules. The Company has also established a Risk Management Special Committee and put in place a compliance structure to prevent violations of laws and regulations and its Articles of Incorporation. In addition, based on its Internal Control System Rules, the Company has established a point of contact for consultation regarding compliance problems both inside and outside the Company. Further, based on Internal Audit Rules, the Audit Department audits the operation of the compliance framework as well as compliance with laws and regulations, and reports to the Board of Directors and the Board of Corporate Auditors.

6. Framework for ensuring appropriate business practices by the corporate group comprising the Company and its subsidiaries

Through appropriate management of its Subsidiaries and Affiliates Administration Rules and Overseas Affiliates Administration Rules, the Company seeks to ensure the efficient execution of business by directors of its subsidiaries, while management is based on approval and monitoring by Mitsui Fudosan. Each Group company also has in place a compliance framework and Internal Control System based on the Mitsui Fudosan Group Compliance Policies. The Audit Department conducts audits of the subsidiaries' compliance frameworks and their compliance with laws and regulations, and reports to the Board of Directors and the Board of Corporate Auditors.

7. Regarding a framework for providing an employee to assist corporate auditors with their duties, and for ensuring said employee's independence from the directors and the validity of said employee's instructions

The Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and each corporate auditor has been assigned a dedicated employee.

Said employee shall be under the chain of command of the corporate auditor, who shall also evaluate the employee's performance. Transfer of said employee shall take place only upon prior discussion with the corporate auditor.

8. Frameworks for enabling directors and employees to report to the corporate auditors, for other reporting to the corporate auditors, and for ensuring that audits by the corporate auditors are conducted effectively

Corporate auditors attend meetings of the Board of Directors. Full-time corporate auditors also attend meetings of the Executive Management Committee, which oversees internal controls and risk management, receives reports when necessary, and shares these at meetings of the Board of Corporate Auditors. In addition, the corporate auditors receive regular audit reports from the Audit Department and the Company's certified public accountant, and exchange information to build cooperation.

Matters that have become subject to internal consulting are reported to the corporate auditors as appropriate via the Risk Management Special Committee, and the Internal Control System Rules contain provisions stating that the act of consulting itself will not be reason for detrimental treatment of the person requesting consultation.

9. Framework for enabling directors, auditors and employees of subsidiaries, or individuals receiving reports from those listed, to report to corporate auditors, and for ensuring that individuals providing such reports will not, by reason of having made said report, be subject to detrimental treatment as a result

Full-time corporate auditors attend meetings of the Executive Management Committee, which oversees internal controls and risk management, receives reports as necessary, and shares them with the Board of Corporate Auditors.

They also work to exchange information as appropriate with the directors and auditors of the Company's subsidiaries, either directly or through relevant departments, and receive progress reports on implementation of internal audits at subsidiaries. Matters subject to internal consulting under the internal consulting system of each Group company are also reported to the Company's corporate auditors as appropriate via the Risk Management Special Committee. Rules regarding each Group company's internal consulting system contain provisions stating that the act of consulting itself will not be reason for detrimental treatment of the person requesting consultation.

10. Policies regarding procedures for pre-payment or reimbursement of expenses arising in the execution of the corporate auditors' duties or related to processing of other expenses and liabilities arising from execution of those duties

Expenses required for the execution of the corporate auditors' duties shall be borne by the Company at cost.

Compensation for Officers and Corporate Auditors

The amount of compensation for officers consists of basic compensation in an amount within the scope set and approved by resolution of the 95th Ordinary General Meeting of Shareholders, bonuses paid as short-term incentives that comprehensively take into consideration such things as business results achieved in each fiscal year which must be approved by resolution at the Ordinary General Meeting of Shareholders, and stock options paid as medium-term incentives in an amount within the scope set and approved by resolution of the 95th Ordinary General Meeting of Shareholders.

Compensation for the Company's directors and corporate auditors for fiscal 2014 was as shown below.

Compensation by Title, Amount of Compensation by Type and Number of Applicable Officers

| 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) | 820 | 454 | 75 | 290 | 8 |
| Corporate auditors (Excluding outside auditors) | 80 | 80 | — | — | 2 |
| Outside directors and outside auditors | 79 | 79 | — | — | 7 |

Compensation of Directors Exceeding ¥100 Million

| Name | Title | Amount of Compensation by Type (Millions of Yen) | | | Total Compensation (Millions of Yen) |
|-----------------|---|--|---------------|-------|--------------------------------------|
| | | Basic Compensation | Stock Options | Bonus | |
| Hiromichi Iwasa | Chairman of the Board and Chief Executive Officer | 99 | 15 | 66 | 181 |
| Masanobu Komoda | President and Chief Executive Officer | 99 | 15 | 66 | 181 |
| Yoshiaki Iinuma | Managing Director and Executive Vice President | 62 | 9 | 37 | 109 |

Management Team (As of June 26, 2015)

Members of the Board



Back row from left: Kiyotaka Fujibayashi, Yoshikazu Kitahara, Yoshiaki Iinuma, Hitoshi Saito, Kenji Iino, Masatoshi Satou
 Front row from left: Masako Egawa, Toru Yamashita, Hiromichi Iwasa, Masanobu Komoda, Masayuki Matsushima, Toshiaki Egashira

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 Director
Hitoshi Saito

Managing Director
Yoshikazu Kitahara

Managing Director
Kenji Iino

Managing Director
Kiyotaka Fujibayashi

Managing Director
Masatoshi Satou

Managing Director (Outside Director)
Masayuki Matsushima

Managing Director (Outside Director)
Toru Yamashita

Managing Director (Outside Director)
Toshiaki Egashira

Managing Director (Outside Director)
Masako Egawa

Corporate Auditors



From left: Yasushi Manago, Toshiaki Hasegawa, Hiroshi Asai, Koichi Nishiyama, Yoshitaka Kato

Senior Corporate Auditor
Hiroshi Asai

Corporate Auditor
Koichi Nishiyama

Corporate Auditor (Outside Auditor)
Toshiaki Hasegawa

Corporate Auditor (Outside Auditor)
Yoshitaka Kato

Corporate Auditor (Outside Auditor)
Yasushi Manago

Corporate Officers

Chairman and Chief Executive Officer

Hiomichi Iwasa

President and Chief Executive Officer

Masanobu Komoda

In charge of Audit Department, Corporate Planning Department

Executive Vice President

Yoshiaki Iinuma

In charge of Affiliated Business Department

Senior Executive Managing Officer

Hitoshi Saito

Chief Operating Officer, International Division

Senior Executive Managing Officer

Yoshikazu Kitahara

In charge of Architectural and Construction Services Department, Venture Co-creation Department, overall management of Nihonbashi Urban Planning and Development Department; Chief Operating Officer, Office Building Division

Senior Executive Managing Officer

Shoichiro Kawamoto

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

Executive Managing Officer

Kenji Iino

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

Executive Managing Officer

Kiyotaka Fujibayashi

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

Executive Managing Officer

Masatoshi Satou

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

Executive Managing Officer

Shogo Nakai

Overall management of the Kansai Head Office; General Manager, Kansai Head Office

Executive Managing Officer

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

Executive Managing Officer

Hiroyuki Ishigami

Chief Operating Officer, Retail Properties Division

Executive Managing Officer

Takashi Yamamoto

Chief Operating Officer, Accommodations Business Division

Executive Managing Officer

Akihiko Funaoka

Deputy Chief Operating Officer, International Division and General Manager, Strategy Planning Department

Executive Managing Officer

Takashi Ueda

Deputy Chief Operating Officer, Office Building Division and General Manager, Strategy Planning and Administration Department

Managing Officer

Yosuke Seko

General Manager, General Administration Department

Managing Officer

Takayuki Miki

Chief Operating Officer, Logistics Properties Business Division and General Manager, Logistics Properties Project Planning Department

Managing Officer

Satoshi Hironaka

Chief Operating Officer, Real Estate Solution Services Division

Managing Officer

Wataru Hamamoto

General Manager, Corporate Planning Department

Managing Officer

Yoshihiro Hirokawa

Deputy Chief Operating Officer, Retail Properties Division and General Manager, Retail Properties Management Department

Managing Officer

Akira Ikeda

General Manager, Rental Apartment Development Department

Managing Officer

Hiroki Saito

General Manager, Personnel Department

Managing Officer

Osamu Obayashi

General Manager, International Department (II)

Group Officers

Group Senior Officer **Yasuhiko Yamashiro** Mitsui Fudosan Realty Co., Ltd.

Group Senior Officer **Masatoshi Ozaki** Mitsui Fudosan Reform Co., Ltd.

Group Officer **Tooru Inoue** Mitsui Fudosan Residential Co., Ltd.

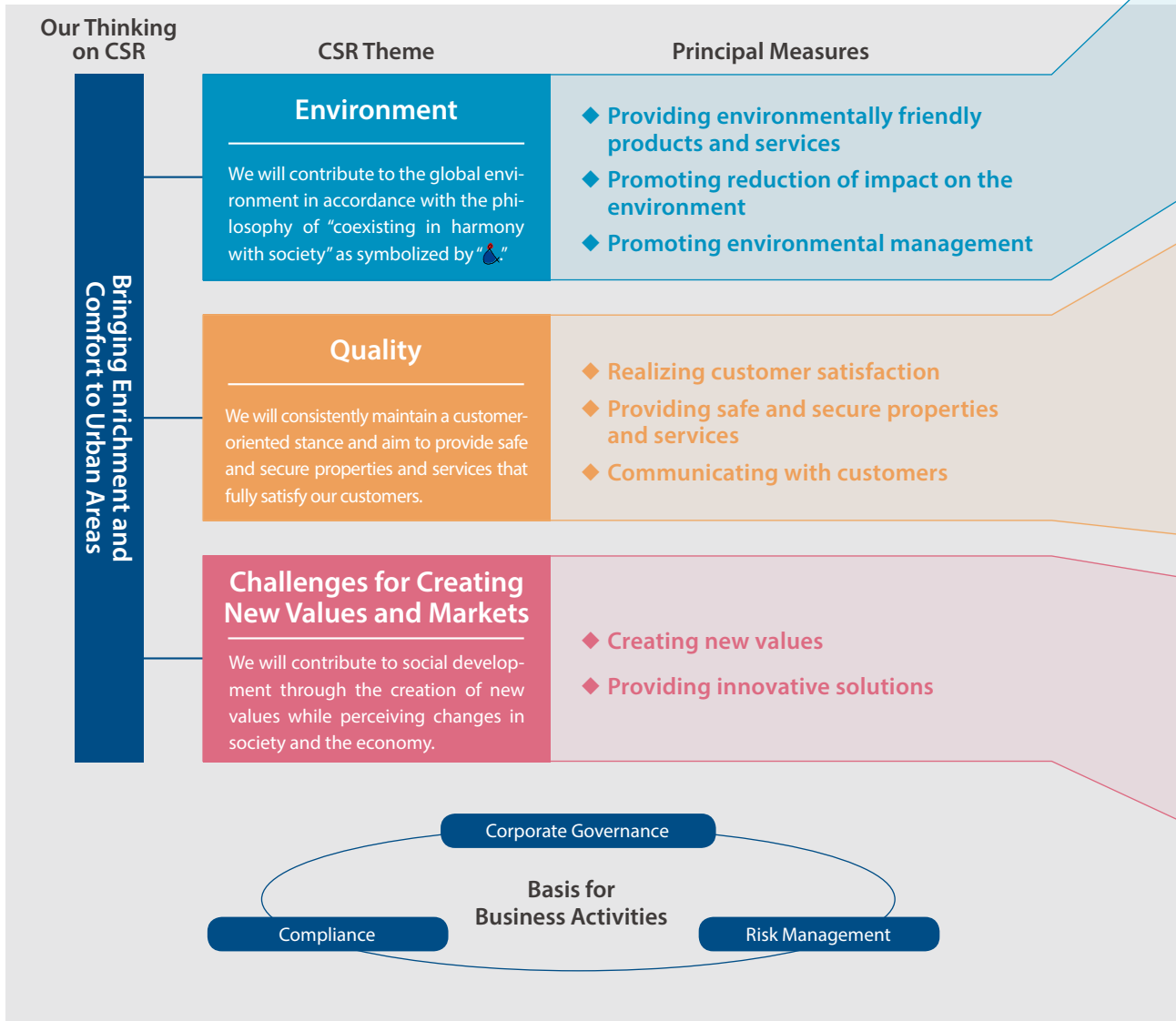
Group Officer **Shuji Tomikawa** Mitsui Fudosan Investment Advisors, Inc.

Group Officer **Hideki Moriya** Mitsui Fudosan Residential Co., Ltd.

Mitsui Fudosan Group's Approach to CSR

The social responsibilities that the Mitsui Fudosan Group seeks to fulfill entail contributing to socio-economic development while protecting the global environment in accordance with the principles symbolized by the Group's "♫" mark. The practice and realization of "bringing enrichment and comfort to urban areas," as outlined in our Group Statement, also precisely represents the crux of our CSR efforts. Taking each of the aforementioned into consideration, we have identified the three themes of "the environment," "quality" and "challenges for creating new values and markets" as the cornerstones of our CSR endeavors.

The Mitsui Fudosan Group's CSR Efforts



Basis for Business Activities

Corporate social responsibility (CSR) at the Mitsui Fudosan Group is conducted through its core business activities, with an emphasis on the environment, quality and efforts to create new value and markets. Corporate governance (see P. 36), risk management (see P. 38) and compliance (see P. 36) are the basis of our business activities, and we strive to advance and strengthen these functions.



Compliance Training

CSR Initiative Example

Contributing to the building of a society that realizes the sustainable development of human life is our corporate mission, and we consider this an important business challenge directly related to increasing corporate value. Positioning the promotion of business while addressing collaboration/cooperation with the community, reduction of environmental burden and improvement of security/safety/comfort as vital to “harmonious coexistence with the environment,” we endeavor to create urban environments of enrichment and comfort and to contribute to the global environment.

Basic Thinking on Environmental Initiatives under the Long-Term Business Plan

- 1 Realize both “earth-friendly” and “people-friendly environments”
- 2 Promote pioneering urban development in collaboration and cooperation with the community
- 3 Expand both at home and abroad smart cities that will lead the future

The Mitsui Fudosan Group equates quality with efforts to provide a level of comfort, safety and security that fully satisfies its customers and to ensure the sustainable growth and development of society. On this basis, we are committed to developing urban areas that bring to fruition people-friendly environments by further enhancing quality.

Initiatives in Office Building BCP

Given the increased need for greater safety, security and business continuity planning (BCP) among tenant firms following the Great East Japan Earthquake, we are working to enhance disaster response and preparedness by promoting initiatives related to disaster prevention and BCP at both our existing and newly constructed office buildings. Other efforts underway include putting in place a crisis management system with a crisis management center staffed 365 days a year, including overnight; distribution of stockpiles of emergency supplies to tenants; and drills for taking in ordinary stranded commuters. These and other initiatives are intended to contribute to bolstering BCP measures and community disaster preparedness in terms of both physical requirements and the ability to respond.



Crisis Management Center
(Mitsui No. 2 Building)

In creating new neighborhoods, we continue to create new value in keeping with the needs of the times. We also believe in the importance of continuing to enhance that value over time, with neighborhoods that are designed to get better with age. By offering solutions that capture current social and economic changes, we also work to create new markets.

Collaboration with the Venture Community

As part of its strategy for growth in the maturing domestic market, we have begun focusing on venture businesses. We have begun offering a variety of business support services for the venture community, including office space in projects like KOIL, in Kashiwanoha Smart City; LIAISON-STAGE Kasumigaseki, in the Kasumigaseki Building; and Clip Nihonbashi, in Tokyo’s Chuo Ward. Mitsui Fudosan is also looking to venture companies with advanced technical capabilities, with the goal of jointly developing new markets.

The Mitsui Fudosan Group’s Policy for Social Contribution Initiatives

In line with our Group Statement “Bringing affluence and comfort to urban living,” we contribute to society by revitalizing and creating urban areas, and engage in various activities from a global perspective to offer affluence and comfort, with the aim of achieving the sustained development of society and the economy.

- 1 We are primarily involved in the four areas of the global environment, local communities, culture and education, and international exchanges.
- 2 We strive to achieve harmony with local communities.
- 3 We proactively make use of our own resources, including properties, networks, and personnel.

CSR Initiatives

Mitsui Fudosan Group's Neighborhood Creation (Smart Cities)

The Mitsui Fudosan Group has a long history of innovation in the creation of neighborhoods in tune with the social needs of the times, starting with the Kasumigaseki Building, Japan's first high-rise building. As a comprehensive developer, we have continued this tradition of innovation with, among others, Okawabata River City 21, designed to revitalize waterfront property, and Tokyo Midtown, an urban redevelopment project based on coexistence with nature. These are following on from the smart cities that Mitsui Fudosan is promoting. Smart cities as proposed by Mitsui Fudosan are not just about the smart use of energy, but, in creating neighborhoods, taking on the challenge of addressing issues faced by humankind, including coexistence with the environment, safety and security, promoting health and longevity, and revitalizing industries. Mitsui Fudosan aims to create continually growing neighborhoods where people are the focus, communities that get better as they mature.



Three Concepts Behind Mitsui Fudosan Group's Smart Cities

1. Communities that address issues faced by humankind

- ▶ Issues that need to be addressed: Energy, coexisting with the environment, safety and security, promoting health and longevity, revitalizing industry, etc.

2. People as the main focus (take the customer's perspective) "work smart, live smart"

- ▶ Realize Green (energy conservation, environmental awareness) & Resilient (strength)
- ▶ Communities where customers intuitively grasp the value created by technology

3. Communities that continue to grow through mixed use premiums and town management

- ▶ Generate synergies through multipurpose use and improve value added in a sustainable manner through town management

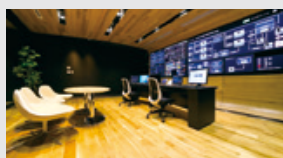
The Mitsui Fudosan Group's Smart City Projects

1 Kashiwanoha Smart City

Kashiwanoha Smart City is the first smart city in Japan built with collaboration between the public, private and academic sectors. GATE SQUARE, the centerpiece of the community, held its grand opening in July 2014. GATE SQUARE is a concentration of urban functions, including energy, disaster prevention, transportation, healthcare, business and international exchange. Kashiwanoha AEMS, an energy management system that is Japan's first inter-district electricity interchange system, has also begun operating, and the new innovation creation base, KOIL Park, has opened alongside the Town Health Station, a health support center. January 2015 also marked the start of full-scale operation of the community's smart grid, the first in Japan's energy sector capable of accommodating community electricity interchange from distributed energy sources such as solar power and storage batteries. This will not only contribute to energy savings and reduced CO₂ emissions, but will improve the community's disaster preparedness by making it possible to continue providing electricity even during natural disasters and other emergencies.



Related Facilities



Kashiwanoha Smart Center



NAS Battery



KOIL Park



Health Station in town

2 Nihonbashi Revitalization Plan 2nd Stage

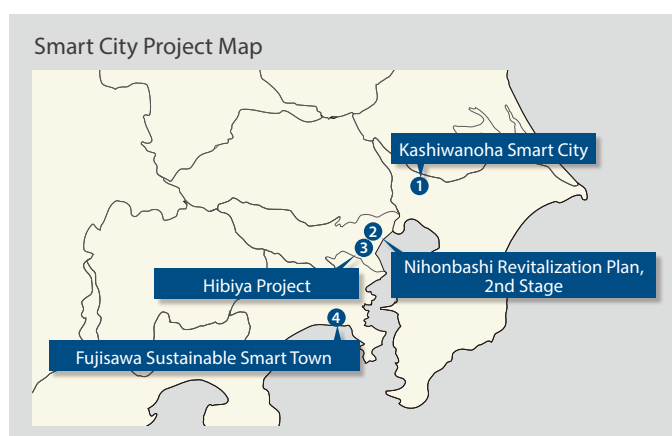
The Mitsui Group has deep connections to Nihonbashi, the stronghold of Mitsui Fudosan. The Nihonbashi Revitalization Plan is unifying the public and private sectors and local residents and businesses to create new attractions and revitalize the area. Based on the concept of creating while retaining and reviving, we are promoting initiatives to renew the area in both hard and soft terms through redevelopment.

The 2nd Stage of the Nihonbashi Revitalization Plan essentially aims to create Nihonbashi Smart City. It is a model project for presenting Mitsui Fudosan's concept of the urban smart city, a community where people are the primary focus, built on four concepts centered around spirit and fashion, the traditional values of the Nihonbashi district.



3 Hibiya Project

The Hibiya Project will function as a center for artistic and cultural events in collaboration with theaters and cinemas in and around Hibiya Park. It will also form a business hub supporting the expansion of venture companies, small- and medium-sized enterprises both domestic and foreign, and the creation of new industries. Toward the end of last year, the project was designated as the first National Strategic Special Zone in the Tokyo area. We have positioned this project as one of our urban smart city projects along with the ongoing Nihonbashi Revitalization Plan, and are moving forward with renewed vigor to strengthen Tokyo's global competitiveness through urban development of a center for international business, the arts, and culture in Hibiya.



4 Fujisawa Sustainable Smart Town

Fine Court Fujisawa SST, which is located in Fujisawa with sales conducted by Mitsui Fudosan Residential Co., Ltd., is not only designed to comply with next-generation energy conservation standards, but also has energy generation and storage capabilities based on ENE-FARM residential fuel cells, solar power generation and battery storage systems. A home energy management system is also installed to efficiently manage this equipment.



Main Initiatives for Fiscal 2014



The &EARTH Concept

The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of harmony and coexistence while working to link diverse values as represented by its “&EARTH” corporate logo.

Under our “&EARTH” principle, we recognize the need to create neighborhoods that remain in tune with global environmental concerns. This principle therefore reflects our aim to help establish a society that enriches both people and the planet.

人と地球がともに豊かになる社会をめざして



Environmental Initiatives

Under our Group Environmental Policy, we conduct environmental activities in an integrated manner through the promotion of three areas: reduction of environmental load (Load reduction); improving security, safety and comfort while ensuring sustainability (Quality improvement); and collaboration/cooperation with various stakeholders (Cooperation).



Major Initiatives

1 Load Reduction Reduction of environmental load

The Mitsui Fudosan Group has identified reducing its environmental impact as a central theme of its environmental initiatives. We work to achieve a sustainable society by reducing CO₂ emissions, conserving water resources, reducing hazardous substances and saving resources while reducing waste.

◆ Reducing CO₂/Conserving, Creating and Storing Energy

Our initiatives go beyond energy conservation efforts, as we offer buildings that reduce CO₂ and are compatible with equipment that creates energy through solar power and co-generation systems and stores it in large-scale storage batteries. We are also involved in mega-solar projects as part of our energy creation business.

Environmental Features of Iidabashi Grand Bloom

Iidabashi Grand Bloom is an office building with environmental performance equivalent to an S Rank under CASBEE for New Construction (2010 version), a comprehensive environmental performance system for buildings. The use of low-E glass and

automated angle controllers for blinds are designed to alleviate the burden on air conditioning systems and create a reliable source of natural light. All exclusive and common areas use LED lighting, automated light adjustment systems, and high-efficiency heating and air conditioning systems. We work to optimize total energy use through BEMS and E-SCAT (thermal total optimization control systems). In addition, there are solar power generation systems and two electric vehicle recharging stations.



Iidabashi Grand Bloom

◆ **Saving Resources while Reducing Waste**

We aim to conserve resources and reduce waste through the three Rs (reduce, reuse and recycle), while striving to prolong the useful life of our buildings. We also make sure our waste management subcontractors dispose of waste properly.

◆ **Introduction of a Metering System at Retail Facilities**

In an attempt to reduce waste from stores, our retail facilities feature a metering system that charges for the volume of waste generated.



Application of stickers

2 Quality Improvement Improving safety, security, and comfort as well as ensuring sustainability

◆ **Preservation and Utilization of the Natural Environment**

We are making every effort to preserve and utilize existing trees and forests in a bid to protect and employ the precious natural environment in urban areas, while at the same time passing on the memories and history of the land and striving to create new greenery. In the belief that we can get things better with age, the Group is also working to create and restore greenery and biotopes that are in harmony with the surrounding environment and preserve biodiversity. We also conserve and utilize Group-managed forests for the sustainable procurement of lumber resources.

LaLaport FUJIMI Securing Green Spaces of Approximately 42,000 m²

At LaLaport FUJIMI, an area of approximately 8,700 m² has been secured as parkland to contribute to preserving the environment of the local area. In addition, approximately 42,000 m² of land has been secured for greenery with greenery blocks being laid to create a lawn in part of the parking lot and the addition of a rooftop garden, green walls and green fences.



Parkland



A green wall

3 Cooperation Collaboration/cooperation with various stakeholders

◆ **Coexisting and Collaborating with the Community**

We seek to create communities that integrate and cooperate with the region and greater society. This is the starting point for all of our activities. We believe it is essential to create communities that are linked, and help each other while respecting the diversity of values held by our customers, tenants and other communities.

Making Retail Facilities the Center of Regional Communities

In the retail facilities business, our goal is to provide facilities that become the center of their regional communities. More than just spaces for shopping, they bring together a wide range of essential services and functions, provide a place for people and information to interact, and work to contribute to regional revitalization.

WANGAN ACTION Project

In September 2014, Mitsui Fudosan Residential Co., Ltd. launched its WANGAN ACTION Project, intended to revitalize the Tokyo Bay area, in collaboration with local businesses, industry, government and the private sector. The project is designed to revitalize communication in the area through a program of food, sports, art and music.



Japan's largest urban outdoor market, the Taiyo no Marché



MIFA Football Park, designed around football and music

(This project was recognized with a 2014 Good Design Award for Creation of town, local area or community.)

► Key Efforts in Retail Facilities

- Set up municipal information counters within the facilities
- Set up places for police officers to stop by
- Conclude agreements regarding support and cooperation during disasters
- Promote local consumption of local produce and food crop education by offering retail space to local agricultural cooperatives
- Invite participation from authorized childcare facilities and clinics to support secure living for local residents from children through to seniors



LaLaport IZUMI (Opened in October 2014)



LaLaport FUJIMI (Opened in April 2015)

Coexisting with the Local Community “Mama with LaLaport Project”

The Mitsui Fudosan Group believes it is important that retail facilities evolve under the new LaLaport concept of becoming places where people interact, offering a broad response to diversifying needs and new lifestyles. One such initiative is the “Mama with LaLaport” Project, conceived by female employees who are struggling with childcare issues.

This initiative seeks to realize LaLaport facility designs and services that reflect a mother’s various expectations for a “mother-friendly” shopping center. This initiative has been highly rated by local mothers, and represents another way LaLaport is playing a major role at the center of regional communities.



The project came about when a female employee on childcare leave actually visited Mitsui Fudosan’s and other competitor’s retail facilities and found herself wondering if any of them were really responding adequately to the needs of families with small children. This employee took note of everything that she found inconvenient, from the difficulty of trying to carry a meal in the food court while tending to a baby to restrooms that were too small for a stroller. Upon her return to work, she put together a cross-departmental team of fellow female colleagues with the goal of finding solutions

to these issues and launching a project to create the kind of facilities and services mothers would consider ideal. It happened that just as the project was getting underway, the local market saw a major influx of families with children, and as the new project developed, consideration of the “Mama with LaLaport” concept progressed, and many of the ideas that grew out of that effort were eventually used. Today, “Mama with LaLaport” has been adopted at two facilities, LaLaport FUJIMI and LaLaport IZUMI. Going forward, plans are to incorporate this project into each LaLaport.

Initiative Examples



Slightly raised seating to make it easier for mothers to eat with their infants



Food court table service



Children's meals developed with the tenant restaurants



Nursing rooms big enough to accommodate strollers



Diaper-changing rooms equipped with air purifiers



Package delivery/porter services



Mitsui Fudosan Co., Ltd.
Project Manager
Innovative Marketing Group
Retail Properties Management Department
Retail Properties Division
Miyuki Arai

A major impetus for launching this project was my own childcare experience. As I learned for myself, it can be difficult for a mother to even find time to visit a shopping center. That’s why, when she does go, she wants to make it more than just a shopping trip—she wants to enjoy the rare

outing with her child. At LaLaport IZUMI, we hoped to respond to the expectations of mothers like this, so the project team members came up with a number of ideas based on their own experiences. We also incorporated the results of surveys taken in the local market and requests and other feedback collected from information centers at our own retail facilities, and in the end, came up with over 100 ideas that we hoped to implement. With a great deal of support from both inside and outside the Company, we were able to turn most of them into a reality at LaLaport IZUMI. We look forward to making our family-friendly facilities an even more appealing part of communities.

Development of Human Resources

Mitsui Fudosan aims to evolve into a business and lifestyle solutions partner that captures changing customer needs while also providing services that make affluent, comfortable urban life possible. To achieve this goal, we are targeting the development of a diverse group of employees with both specialized, advanced business knowledge and broader perspectives not limited to a specific field of expertise.

◆ Creating Exciting, Challenging Work Environments

We seek to create workplaces that provide a lively, challenging environment for a diverse group of employees. We are putting in place the programs needed to meet the lifestyle needs of each employee, including support for childcare, family care and work-life balance, in a workplace that is comfortable for both men and women.

As part of our initiatives to promote and sustain good health, we have also established a Health Committee, which works to increase the percentage of employees getting regular health checkups. We also offer consultations with medical professionals and doctors for employees who may be working long hours or are otherwise overworked, and strive to improve working conditions overall.

Supporting Work-Life Balance

Support for Childcare

- Maternal leave before and after childbirth
- Childcare leave system
- Shortened work hour system for childcare
- In-office nurseries

Support for Family Care

- Family care leave
- Shortened work hour system for family care
- Family care consultations
- Family care seminars
- Nursing care leave

Support for Ensuring Work-Life Balance

- Special summer leave, special consecutive leave
- Refreshment leave
- Return entry system

◆ Nurturing Employees with Broad Perspectives and Specialized Skills

We have established a systematic and diverse training program for employees in order to assist the development of their skills in line with their individual capabilities and needs. All employees are trained in programs created by the Personnel Department to acquire the knowledge and skills needed as an employee of the Mitsui Fudosan Group. Employees may also advance with specialized training in programs created by each business unit to acquire the skills particular to a specific business and product.

◆ Mitsui Fudosan Obtains the Kurumin Mark

On July 30, 2014, Mitsui Fudosan obtained the Next-Generation Certification Mark from the Ministry of Health, Labour and Welfare (known as the Kurumin Mark), granted to companies that have a plan in place for supporting childcare and have met certain other goals and conditions.



Social Contribution

Based on our own Social Contribution Activity Policy, we engage in various social contribution activities, centered on the four fields of the global environment, local communities, culture and education, and international exchanges, while contributing to a greater society through our core business of creating communities.

◆ Social Contribution Activities at Retail Facilities

To offer family and friends the chance to have fun participating in social contribution and environmental activities, we offer a variety of opportunities through the &EARTH program.

Meet a Service Dog Campaign

The Meet a Service Dog Campaign has been designed as a way for more people to deepen their understanding and knowledge of guide dogs and those with vision impairments, while collecting donations needed to train more guide dogs.



Clothing Support Project

The &EARTH Clothing Support Project, which takes in clothing donations and redistributes them to refugees and victims of natural disasters around the world through the NPO Japan Relief Clothing Center, is an ongoing annual project which is run in part by volunteer employees of Mitsui Fudosan Group companies.



◆ Support for Businesses in the Disaster-Affected Tohoku Region

Since fiscal 2012, we have offered support for companies involved in marine product processing in Ishinomaki City and Kesenuma City in Miyagi Prefecture as a participant in the Yui no Ba Project that offers matching donations for reconstruction of regions affected by the Great East Japan Earthquake.



◆ Care and Use of Group-Owned Forests

We own and manage approximately 5,000 hectares of forest in Hokkaido. Through appropriate practices that help raise a healthy forest, we are creating a place for biodiversity to thrive, while also contributing to a stationary CO₂ sink, cultivating water resources, preventing damage from landslides, and otherwise preserving the land.



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Financial Analysis

OPERATING CONDITIONS AND AN OVERVIEW OF RESULTS

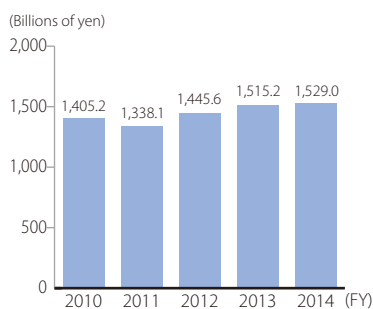
In fiscal 2014, the year ended March 31, 2015, the Japanese economy saw a temporary downturn due to a large drop in demand following a consumption tax increase in April 2014. However, from autumn 2014, the Japanese economy has tracked a moderate recovery path supported mainly by additional monetary easing by the Bank of Japan and the positive effects of the yen's depreciation, as well as falling crude oil prices.

In the real estate sector, conditions in the office building leasing market benefited from continuing improvement in vacancy rates in central Tokyo and major regional cities. Asking rents also started to show signs of recovery, primarily for office buildings in central Tokyo. Conditions in the retail facility leasing market initially saw a sluggish recovery, mainly reflecting the downturn following last-minute demand ahead of the consumption tax increase in April, along with the impact of inclement weather. However, strong market conditions were evidenced from autumn 2014, supported in part by an increase in demand from inbound tourism. Property sales in the housing market were generally strong, as the positive effects of continuing low-interest loans and government policy assistance pushed up purchasing sentiment among individual property buyers. This was despite concerns about the impact of the consumption tax increase and surging building costs on property sales in the housing market. In the real estate investment market, a broader range of investments became available with the listing of Japan's first REIT specializing in healthcare facilities. Following a steady string of other new listings in fiscal 2014, the number of J-REITs increased to 51, and the total market capitalization of J-REITs reached ¥10.7 trillion.

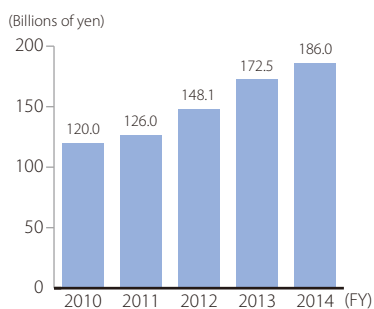
In this operating environment, the Mitsui Fudosan Group continued to carry out the three basic strategies of its Innovation 2017 long-term business plan. Specifically, the Group executed customer-centered management, drove business model innovation and pursued the full implementation of Group management. In parallel, the Group expedited efforts to strengthen the competitiveness of the Group's domestic business and develop global operations. Furthermore, the Group steadily implemented its extensive development pipeline, including (i) mixed-use development projects in central Tokyo that highlight neighborhood creation in the Nihonbashi and Yaesu areas and (ii) large-scale retail facilities in the greater Tokyo metropolitan area and other regions. The Group also decided to further enhance its financial position to seize new business opportunities that are expected to emerge in step with macro-economic changes. For these reasons, the Group procured funds totaling ¥330.9 billion through an issuance of new shares by way of public offering and an issuance of new shares by way of third-party allotment.

Taking these factors into consideration, revenue from operations in the fiscal year under review was ¥1,529.0 billion, up 0.9%, or ¥13.7 billion, compared with the previous fiscal year. This was largely attributable to a strong performance in the retail facilities business of the "Leasing" segment, along with an increase in profit margins in the "Property Sales to Individuals" category and growth in the "Property Sales to Investors" category of the "Property Sales" segment. Earnings also grew with operating income improving 7.8%, or ¥13.5 billion, year on year to ¥186.0 billion. Ordinary income rose 13.0%, or ¥18.7 billion, year on year to ¥163.3 billion. Net income climbed 30.4%, or ¥23.3 billion, from the previous fiscal year to ¥100.1 billion.

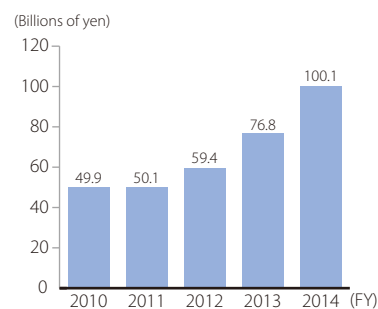
Revenue from Operations



Operating Income



Net Income



SEGMENT INFORMATION

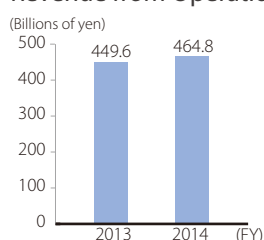
Leasing

For the period under review, overall revenue from operations in the "Leasing" segment increased ¥15.1 billion compared with the previous fiscal year. Operating income for this segment declined ¥1.3 billion year on year. The increase in revenue was mainly due to the new and full-term contributions from office buildings and retail facilities, as well as the positive effects of increased floor space and renewal of retail facilities. On the other hand, the decrease in operating income largely reflected higher depreciation expenses in line with newly opened properties, including Iidabashi Grand Bloom, as well as such factors as the termination of operations associated with redevelopment.

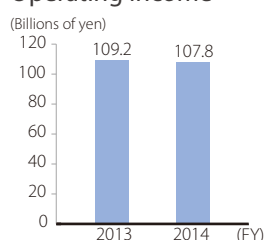
The vacancy rate for the Company's office buildings located in the Tokyo Metropolitan Area was 3.2 percent on a non-consolidated basis as of March 31, 2015.

| | | (Millions of yen) | | |
|--|--|-------------------|----------|----------|
| | | 2013 | 2014 | |
| Office Buildings and Retail Facilities | Revenue | Office Buildings | ¥284,530 | ¥283,459 |
| | | Retail Facilities | 157,887 | 171,052 |
| | Total Leased Floor Space (1,000 m ²) | 4,452 | 4,473 | |
| | Office Buildings | Owned | 1,550 | 1,598 |
| | | Managed | 1,188 | 1,142 |
| | Retail Facilities | Owned | 1,201 | 1,239 |
| Managed | | 513 | 493 | |
| Other | Revenue | 7,282 | 10,331 | |
| Total | Revenue | 449,699 | 464,842 | |
| | Operating Income | 109,205 | 107,863 | |

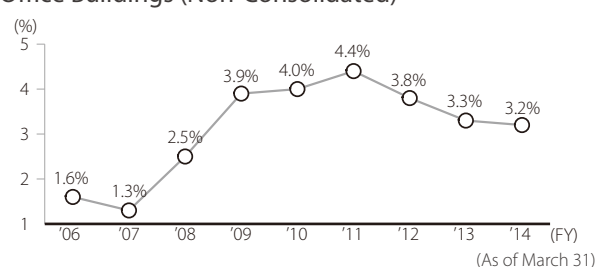
Revenue from Operations



Operating Income



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

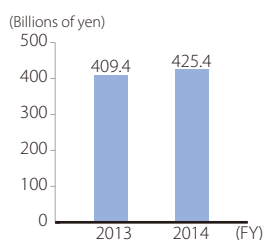


Property Sales

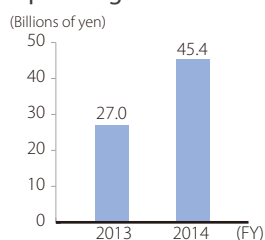
Revenue from operations in the "Property Sales to Individuals" category declined ¥47.0 billion compared with the previous fiscal year, owing mainly to the decrease in the reported number of units. Operating income in this category, on the other hand, increased ¥3.9 billion year on year. In the "Property Sales to Investors" category, revenue from operations and operating income increased ¥63.0 billion and ¥14.4 billion, respectively, compared with the previous fiscal year on the back of growth in sales of properties. Consequently, the "Property Sales" segment as a whole recorded an increase in revenue from operations of ¥15.9 billion as well as an improvement in operating income of ¥18.3 billion compared with the previous fiscal year.

| | | 2013 | | | 2014 | | | |
|-------------------------------|------------------|-------------------------|----------|--|---------|----------|--|--------|
| | | Revenue | Units | Average Unit Price (10 thousands of yen) | Revenue | Units | Average Unit Price (10 thousands of yen) | |
| Property Sales to Individuals | Condominiums | Tokyo Metropolitan Area | ¥241,517 | 5,082 | ¥4,752 | ¥206,037 | 3,744 | ¥5,503 |
| | | Other | 53,964 | 1,475 | 3,659 | 43,491 | 1,114 | 3,904 |
| | | Subtotal | 295,482 | 6,557 | 4,506 | 249,528 | 4,858 | 5,136 |
| | Detached Housing | Tokyo Metropolitan Area | 42,322 | 757 | 5,591 | 43,087 | 789 | 5,461 |
| | | Other | 7,366 | 159 | 4,633 | 5,510 | 110 | 5,010 |
| | | Subtotal | 49,689 | 916 | 5,425 | 48,598 | 899 | 5,406 |
| | | Revenue | 345,172 | 7,473 | 4,619 | 298,126 | 5,757 | 5,179 |
| | | Operating Income | 22,781 | | | 26,730 | | |
| Property Sales to Investors | | Revenue | 64,294 | | | 127,315 | | |
| | | Operating Income | 4,317 | | | 18,763 | | |
| Total | | Revenue | 409,466 | | | 425,442 | | |
| | | Operating Income | 27,099 | | | 45,493 | | |

Revenue



Operating Income



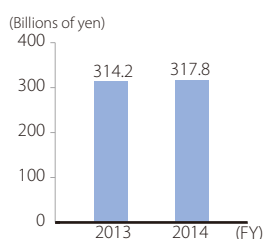
Inventories (Property Sales to Individuals)

| (FY) | 2010 | 2011 | 2012 | 2013 | 2014 (Units) |
|------------------|------|------|------|------|--------------|
| Condominiums | 638 | 380 | 223 | 170 | 83 |
| Detached Housing | 46 | 24 | 57 | 65 | 100 |
| Total | 684 | 404 | 280 | 235 | 183 |

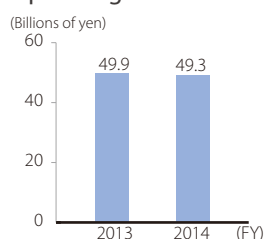
Management

Revenue from operations and operating income in the "Property Management" category increased. While trends in the "Mitsui Rehouse" (brokerage business for individuals) category were steady, the number of properties handled declined from the previous fiscal year. Consequently, revenue from operations and operating income in the "Brokerage and Asset Management, etc." category declined. As a result, revenue from operations for the segment as a whole increased ¥3.5 billion compared with the previous fiscal year, while operating income declined ¥0.6 billion year on year.

Revenue



Operating Income

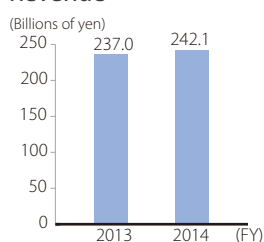


| (FY) | 2013 | 2014 (Millions of yen) |
|---|----------|------------------------|
| Property Management Revenue | ¥225,438 | ¥235,289 |
| Operating Income | 27,819 | 28,502 |
| Brokerage, Asset Management, etc. Revenue | 88,791 | 82,528 |
| Operating Income | 22,126 | 20,815 |
| Total Revenue | 314,230 | 317,818 |
| Operating Income | 49,945 | 49,317 |

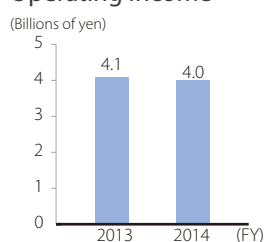
Mitsui Home

The amount of orders at the beginning of the period was higher than for the previous period in the "New Construction" category. As a result, revenue from operations for the "Mitsui Home" segment as a whole climbed ¥5.0 billion compared with the previous fiscal year. Operating income declined ¥0.1 billion year on year due mainly to deterioration in profit margins.

Revenue



Operating Income

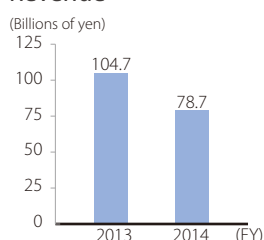


| (FY) | 2013 | 2014 (Millions of yen) |
|--|----------|------------------------|
| New Construction Revenue | ¥173,188 | ¥178,172 |
| Orders | 171,139 | 152,706 |
| Reform/Renewal Revenue | 29,673 | 27,215 |
| Orders | 34,234 | 34,963 |
| Lease Management Revenue | 20,059 | 21,454 |
| Housing-Related Material Sales Revenue | 14,148 | 15,307 |
| Total Revenue | 237,068 | 242,150 |
| Operating Income | 4,192 | 4,017 |

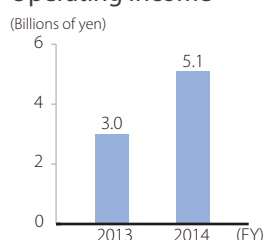
Other

Revenue from operations in the "Other" segment declined ¥26.0 billion year on year, due to the sale of shares of Uniliving Co., Ltd. at the beginning of the period. Meanwhile, operating income climbed ¥2.1 billion, mainly owing to a strong performance in hotel operations.

Revenue



Operating Income



| (FY) | 2013 | 2014 (Millions of yen) |
|-----------------------------|----------|------------------------|
| Facility Operations Revenue | ¥ 49,781 | ¥51,974 |
| Other Revenue | 55,006 | 26,808 |
| Total Revenue | 104,787 | 78,782 |
| Operating Income | 3,071 | 5,186 |

CONSOLIDATED FINANCIAL POSITION

Assets

As of March 31, 2015, total assets were ¥5,077.1 billion, an increase of ¥528.3 billion from the end of the previous fiscal year.

This increase was mainly due to an increase of ¥69.6 billion in real property for sale (including real property for sale in progress, land held for development and advances paid for purchases), and an increase of ¥262.4 billion in tangible and intangible assets due to capital expenditures.

Capital expenditures were ¥273.4 billion and depreciation was ¥61.2 billion.

Liabilities

Interest-bearing debt (the total of short-term debt, non-recourse short-term debt, bonds redeemable within one year, non-recourse bonds redeemable within one year, corporate bonds, non-recourse bonds, long-term debt, and non-recourse long-term debt) stood at ¥1,976.1 billion on an overall consolidated basis, a decrease of ¥63.9 billion from the end of the previous fiscal year.

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.

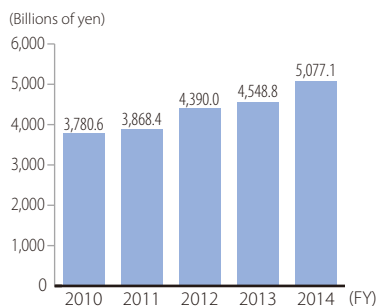
As of March 31, 2015, the current ratio had increased to 2.04 times, compared with 1.56 times at the end of the previous fiscal year.

Net Assets

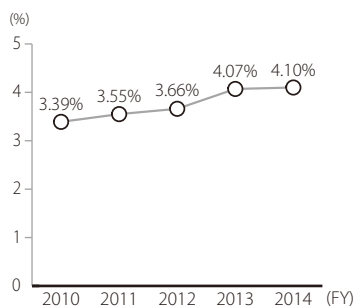
Total net assets were ¥1,932.1 billion, an increase of ¥606.6 billion compared with the end of the previous fiscal year. This increase was mainly attributable to increases of ¥165.4 billion in common stock, ¥165.5 billion in capital surplus, ¥94.9 billion in retained earnings, ¥143.9 billion in net unrealized holding gains on securities and ¥20.9 billion in foreign currency translation adjustments.

The equity ratio increased to 36.9% from 28.0% at the end of the previous fiscal year, while the debt/equity ratio decreased to 1.06 times from 1.60 times. Net assets per share increased to ¥1,894.35 from ¥1,451.18 as of the previous fiscal year-end.

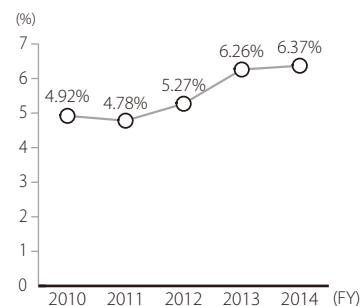
Total Assets



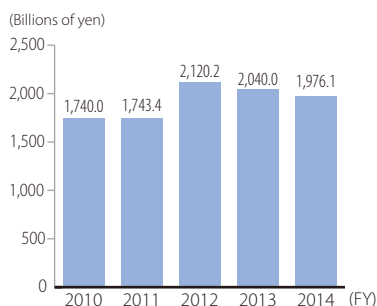
ROA



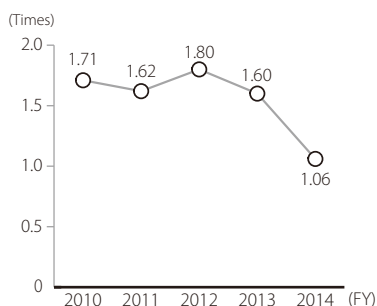
ROE



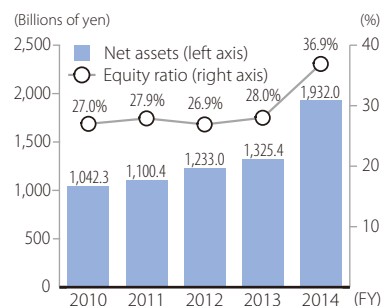
Interest-Bearing Debt



Debt/Equity Ratio



Net Assets (Other than Minority Interests) and Equity Ratio



CONSOLIDATED CASH FLOWS

As of March 31, 2015, cash and cash equivalents were ¥118.9 billion, a decrease of ¥8.3 billion from the end of the previous fiscal year.

Cash Flows from Operating Activities

Operating activities provided net cash of ¥30.3 billion. Major cash inflows included net income before income taxes and minority interests of ¥166.8 billion and depreciation and amortization of ¥61.2 billion. This more than offset principal cash outflows including an increase in real property for sale and advances paid for purchases, which used net cash of ¥141.3 billion as outlays for purchases exceeded proceeds from real property sales.

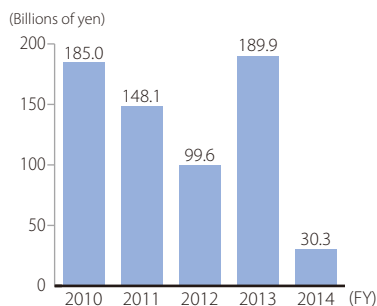
Cash Flows from Investing Activities

Investing activities used net cash of ¥261.6 billion. Cash was mainly used for purchases of property and equipment of ¥304.1 billion.

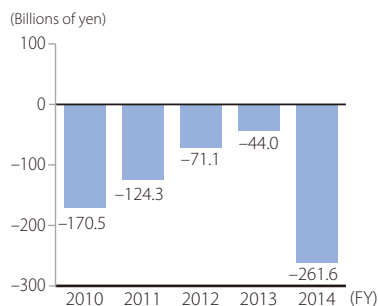
Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥221.5 billion. Cash was mainly provided by proceeds from issuance of stock of ¥329.1 billion.

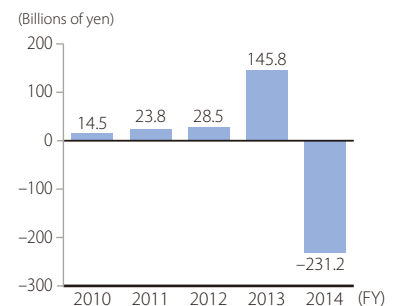
Cash Flows from Operating Activities



Cash Flows from Investing Activities



Free Cash Flows



* Free Cash Flow = Cash flows from operating activities + cash flows from investing activities

RENTAL PROPERTIES

Mitsui Fudosan and some of its consolidated subsidiaries have rental properties including office buildings and retail facilities in the Tokyo metropolitan area and other areas. In fiscal 2013, profit and loss for such properties amounted to ¥97.3 billion (rental revenue is reported in revenue from operations and rental expenses are reported in cost of revenue from operations), while gain on sales of fixed assets, impairment loss and loss on sales of fixed assets were ¥13.1 billion, ¥10.1 billion, and ¥9.0 billion, respectively (gain on sales of fixed assets is reported as an extraordinary gain, and impairment loss and loss on sales of fixed assets are reported as extraordinary losses). In fiscal 2014, profit and loss for such properties amounted to ¥103.4 billion. The carrying amount recorded on the consolidated balance sheets, the

change during the fiscal year, and the market value of these properties are as follows:

| (FY) | 2013 | 2014 |
|--|------------|-------------------|
| (Millions of yen) | | |
| Rental Properties | | |
| Carrying Amount Recorded on the Consolidated Balance Sheets | | |
| Balance as of the Beginning of the Period | ¥2,247,555 | ¥2,256,785 |
| Increase (Decrease) During the Period | 9,230 | 233,146 |
| Balance as of the End of the Period | 2,256,785 | 2,489,932 |
| Market Value at the End of the Period | 3,472,694 | 4,054,375 |
| Difference | 1,215,908 | 1,564,443 |

SHAREHOLDER RETURNS

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. The Company is targeting a dividend payout ratio of around 25% of consolidated net income effective from the fiscal year under review.

Taking into consideration a comprehensive range of factors including the Company's performance in fiscal 2014 and the aforementioned dividend policy, Mitsui Fudosan has decided to pay a fiscal year-end cash dividend of ¥14 per share, bringing the annual cash dividend to ¥25 per share for fiscal 2014. In fiscal 2013, the annual cash dividend was ¥22 per share, comprising interim and fiscal year-end cash dividends.

OUTLOOK FOR FISCAL 2015 (Year Ending March 31, 2016)

In fiscal 2015, Mitsui Fudosan is expected to report another year of historic highs in revenue from operations, operating income, and profit attributable to owners of parent.

Revenue from operations is projected to reach ¥1,610.0 billion, up ¥80.9 billion year on year. Operating income is estimated to climb ¥8.9 billion to ¥195.0 billion and net income is forecast to grow ¥6.8 billion to ¥107.0 billion.

Segment Forecasts

Leasing: Overall segment revenue from operations is forecast to climb ¥31.1 billion, and operating income is projected to increase ¥8.1 billion. These forecasts are based on contributions from retail facilities scheduled to open in fiscal 2015 including LaLaport FUJIMI, LaLaport EBINA, and LaLaport EXPOCITY, an increase in rents at existing buildings, and the full-year contribution from properties completed during fiscal 2014, including Iidabashi Grand Bloom.

Property Sales: Revenue from operations and operating income are expected to climb ¥20.5 billion and ¥4.5 billion, respectively, in this segment as a whole, factoring in higher operating income in the "Property Sales to Investors" category. Revenue from operations in the "Property Sales to Individuals" category is expected to increase on the back of continued strong sales conditions, but operating income is projected to decline in the absence of the sale of a large-scale condominium with a high

profit margin, which was recorded in fiscal 2014.

Management: Revenue from operations in this segment as a whole is projected to improve ¥19.1 billion, while operating income is forecast to increase ¥0.6 billion.

These forecast results reflect a variety of factors including ongoing robust trends in the brokerage business for individuals and the Mitsui Repark (car park leasing) business undertaken by Mitsui Fudosan Realty.

Other: Both revenue from operations and operating income are expected to increase for this segment as a whole. This outlook is mainly based on a continued strong performance in the "Hotel Operation" category.

Dividends

The Company plans to increase cash dividends per share for the fiscal year ending March 31, 2016 to ¥28 per share, comprising interim and year-end dividends of ¥14 per share.

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. These risk factors and issues are identified from among matters that may have a bearing on the Group's business performance and operating conditions, as well as financial position and other aspects. The forward-looking statements in this report were determined by the Group as of March 31, 2015.

Trends in Economic Conditions

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 or 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

Future 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, could have consequences such as producing new obligations, increasing costs and limiting asset ownership rights. These factors may exert a material impact on the Mitsui Fudosan Group's performance by reducing the value of its assets and limiting the scope of its operations.

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 affect 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 Financial Statements

Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
As of March 31, 2015, 2014 and 2013

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|------------|------------|---------------------------------------|
| | 2015 | 2014 | 2013 | 2015 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents (Note 4) | ¥ 118,960 | ¥ 127,337 | ¥ 101,589 | \$ 989,931 |
| Marketable securities (Note 4, 5) | 303 | 244 | 25 | 2,522 |
| Notes and accounts receivable—trade (Note 4) | 34,760 | 34,400 | 29,266 | 289,257 |
| Short-term loans receivable | 10,683 | 10,205 | 11,279 | 88,899 |
| Allowance for doubtful accounts | (353) | (330) | (801) | (2,938) |
| Inventories (Note 8, 13) | 1,050,478 | 978,190 | 924,708 | 8,741,599 |
| Advances paid for purchases (Note 9) | 8,177 | 11,209 | 11,212 | 68,045 |
| Equity investments in properties for sale (Note 4, 5) | 9,692 | 12,065 | 10,966 | 80,652 |
| Deferred income taxes (Note 11) | 23,620 | 28,618 | 23,918 | 196,555 |
| Other current assets | 118,573 | 114,232 | 90,692 | 986,711 |
| Total current assets | 1,374,893 | 1,316,170 | 1,202,854 | 11,441,233 |
| Property and equipment, at cost | | | | |
| Land (Note 7, 13) | 1,878,186 | 1,784,429 | 1,777,293 | 15,629,408 |
| Buildings and structures (Note 7, 13) | 1,294,480 | 1,163,108 | 1,171,258 | 10,772,073 |
| Machinery and equipment | 157,429 | 126,215 | 119,678 | 1,310,052 |
| Construction in progress | 110,960 | 55,576 | 34,682 | 923,359 |
| | 3,441,055 | 3,129,328 | 3,102,911 | 28,634,892 |
| Accumulated depreciation | (670,375) | (620,784) | (614,785) | (5,578,555) |
| Net property and equipment | 2,770,680 | 2,508,544 | 2,488,126 | 23,056,337 |
| Investments and other assets | | | | |
| Investments in unconsolidated subsidiaries and affiliated companies | 169,335 | 156,076 | 136,390 | 1,409,129 |
| Investment securities (Note 4, 5) | 531,363 | 339,650 | 329,489 | 4,421,761 |
| Non-current loans and accounts receivable | 69,336 | 64,722 | 61,670 | 576,982 |
| Allowance for doubtful accounts | (2,613) | (3,078) | (6,212) | (21,744) |
| Lease deposits (Note 4, 10) | 127,978 | 135,770 | 148,736 | 1,064,975 |
| Net defined benefit asset | 7,883 | 80 | — | 65,599 |
| Deferred income taxes (Note 11) | 10,337 | 13,287 | 11,936 | 86,020 |
| Deferred tax assets on land revaluation | 3 | 3 | 1,233 | 25 |
| Other | 17,954 | 17,598 | 15,853 | 149,404 |
| Total investments and other assets | 931,576 | 724,108 | 699,095 | 7,752,151 |
| Total assets | ¥5,077,149 | ¥4,548,822 | ¥4,390,075 | \$42,249,721 |

See accompanying notes.

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|------------|------------|---------------------------------------|
| | 2015 | 2014 | 2013 | 2015 |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities | | | | |
| Bank loans (Note 4, 13) | ¥ 47,296 | ¥ 28,566 | ¥ 27,086 | \$ 393,576 |
| Commercial paper (Note 4, 13) | — | — | 27,000 | — |
| Long-term debt due within one year (Notes 4, 13) | 199,749 | 305,583 | 212,347 | 1,662,220 |
| Notes and accounts payable—trade (Note 4) | 98,247 | 130,695 | 100,705 | 817,567 |
| Accrued expenses | 30,049 | 27,047 | 23,641 | 250,054 |
| Accrued income taxes | 32,134 | 22,374 | 26,699 | 267,405 |
| Advances and deposits received | 180,241 | 211,963 | 147,686 | 1,499,883 |
| Deferred income taxes (Note 11) | 1,212 | 2,113 | 355 | 10,086 |
| Other current liabilities (Note 14) | 83,503 | 117,971 | 86,603 | 694,873 |
| Total current liabilities | 672,431 | 846,312 | 652,122 | 5,595,664 |
| Long-term liabilities | | | | |
| Allowance for employees' retirement benefits (Note 12) | — | — | 34,324 | — |
| Net defined benefit liability | 31,192 | 37,406 | — | 259,566 |
| Allowance for directors' and corporate auditors' retirement benefits | 733 | 795 | 999 | 6,100 |
| Long-term debt due after one year (Note 4, 13) | 1,729,105 | 1,705,923 | 1,853,793 | 14,388,824 |
| Deposits from tenants (Note 4, 15) | 365,298 | 345,617 | 344,923 | 3,039,844 |
| Deferred income taxes (Note 11) | 151,848 | 79,761 | 67,684 | 1,263,610 |
| Deferred tax liabilities on land revaluation | 147,959 | 170,148 | 166,957 | 1,231,247 |
| Other long-term liabilities (Note 14) | 46,499 | 37,440 | 36,192 | 386,943 |
| Total long-term liabilities | 2,472,634 | 2,377,090 | 2,504,872 | 20,576,134 |
| Contingent liabilities (Note 26) | | | | |
| NET ASSETS (Note 16, 17) | | | | |
| Shareholders' equity | | | | |
| Common stock | 339,767 | 174,296 | 174,296 | 2,827,386 |
| Authorized—3,290,000,000 shares | | | | |
| Issued—991,424,727 shares in 2015 and 881,424,727 shares in 2014 and 2013 | | | | |
| Capital surplus | 413,798 | 248,293 | 248,299 | 3,443,438 |
| Retained earnings | 549,660 | 454,750 | 402,224 | 4,574,020 |
| Treasury stock—3,263,711 shares in 2015, 3,270,884 shares in 2014 and 3,179,938 shares in 2013 | (6,065) | (5,926) | (5,533) | (50,469) |
| Total shareholders' equity | 1,297,160 | 871,413 | 819,286 | 10,794,375 |
| Accumulated other comprehensive income (loss) | | | | |
| Net unrealized holding gains on securities | 255,074 | 111,121 | 102,694 | 2,122,610 |
| Deferred losses on hedging instruments | (879) | (840) | (1,094) | (7,315) |
| Reserve on land revaluation | 298,230 | 296,704 | 292,384 | 2,481,734 |
| Foreign currency translation adjustments | 19,553 | (1,442) | (32,096) | 162,711 |
| Accumulated adjustments for retirement benefit | 2,784 | (2,601) | — | 23,167 |
| Total accumulated other comprehensive income | 574,762 | 402,942 | 361,888 | 4,782,907 |
| Subscription rights to shares (Note 18) | 914 | 824 | 729 | 7,606 |
| Minority interests | 59,248 | 50,241 | 51,178 | 493,035 |
| Total net assets | 1,932,084 | 1,325,420 | 1,233,081 | 16,077,923 |
| Total liabilities and net assets | ¥5,077,149 | ¥4,548,822 | ¥4,390,075 | \$42,249,721 |

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2015, 2014 and 2013

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|-------------|-------------|---------------------------------------|
| | 2015 | 2014 | 2013 | 2015 |
| Revenue from operations (Note 24) | ¥ 1,529,037 | ¥ 1,515,252 | ¥ 1,445,644 | \$12,723,949 |
| Cost of revenue from operations | (1,200,736) | (1,189,743) | (1,147,139) | (9,991,978) |
| Selling, general and administrative expenses | (142,226) | (152,941) | (150,320) | (1,183,540) |
| Operating income (Note 24) | 186,075 | 172,568 | 148,185 | 1,548,431 |
| Interest, dividends and miscellaneous income (Note 20) | 14,489 | 21,387 | 15,674 | 120,571 |
| Interest expense | (26,380) | (30,864) | (29,443) | (219,522) |
| Other expenses (Notes 19, 21) | (9,722) | (37,800) | (26,320) | (80,902) |
| Equity in net income of affiliated companies | 2,379 | 1,420 | 2,850 | 19,797 |
| Income before income taxes and minority interests | 166,841 | 126,711 | 110,946 | 1,388,375 |
| Income taxes (Note 11) | | | | |
| Current | 56,544 | 43,992 | 40,770 | 470,533 |
| Deferred | 5,149 | 3,043 | 9,613 | 42,848 |
| Total | 61,693 | 47,035 | 50,383 | 513,381 |
| Net income before minority interests | 105,148 | 79,676 | 60,563 | 874,994 |
| Minority interests | (4,962) | (2,832) | (1,112) | (41,292) |
| Net income | ¥ 100,186 | ¥ 76,844 | ¥ 59,451 | \$ 833,702 |

See accompanying notes.

Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2015, 2014 and 2013

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|----------|----------|---------------------------------------|
| | 2015 | 2014 | 2013 | 2015 |
| Net income before minority interests | ¥105,148 | ¥ 79,676 | ¥ 60,563 | \$ 874,994 |
| Other comprehensive income (loss) | | | | |
| Net unrealized holding gains on securities | 143,936 | 8,360 | 52,280 | 1,197,770 |
| Deferred gains (losses) on hedging instruments | (36) | 248 | (226) | (300) |
| Reserve on land revaluation | 14,812 | (1,203) | 26 | 123,259 |
| Foreign currency translation adjustments | 14,414 | 20,564 | 8,872 | 119,947 |
| Adjustments for retirement benefit | 5,603 | — | — | 46,626 |
| Equity in other comprehensive income of affiliated companies | 6,866 | 10,438 | 5,852 | 57,135 |
| Total other comprehensive income | 185,595 | 38,407 | 66,804 | 1,544,437 |
| Total comprehensive income | ¥290,743 | ¥118,083 | ¥127,367 | \$2,419,431 |
| Comprehensive income attributable to: | | | | |
| Shareholders of the Company | ¥285,293 | ¥115,501 | ¥125,992 | \$2,374,078 |
| Minority interests | 5,450 | 2,582 | 1,375 | 45,353 |
| Total | ¥290,743 | ¥118,083 | ¥127,367 | \$2,419,431 |

See Note 22.

Per Share Information

| | Yen | | | U.S. dollars (Note 1) |
|--------------------------|----------|----------|----------|-----------------------|
| | 2015 | 2014 | 2013 | 2015 |
| Net assets per share (*) | ¥1,894.4 | ¥1,451.2 | ¥1,344.9 | \$15.764 |
| Net income per share | | | | |
| — Basic | 103.9 | 87.5 | 67.7 | 0.865 |
| — Diluted | 103.8 | 87.4 | 67.7 | 0.864 |
| Cash dividends | 25.0 | 22.0 | 22.0 | 0.208 |

(*) Net assets per share information does not include subscription rights to shares and minority interests.

Net assets per share as of March 31, 2014 decreased by ¥3.0 as a result of adopting new accounting standards on retirement benefits, which is described in Note 2 (M).

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2015, 2014 and 2013

| | 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, 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 |
| BALANCE AT APRIL 1, 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 |
| Cumulative effects of the changes in accounting policies | — | — | — | 1,973 | — | — | — | — | — | — | — | — | 1,973 |
| BALANCE AT APRIL 1, 2014, as adjusted for cumulative effects of the changes in accounting policies | 881,425 | 174,296 | 248,293 | 456,723 | (5,926) | 111,121 | (840) | 296,704 | (1,442) | (2,601) | 824 | 50,241 | 1,327,393 |
| Issuance of stock | 110,000 | 165,471 | 165,471 | — | — | — | — | — | — | — | — | — | 330,942 |
| Cash dividends paid | — | — | — | (20,530) | — | — | — | — | — | — | — | — | (20,530) |
| Net income | — | — | — | 100,186 | — | — | — | — | — | — | — | — | 100,186 |
| Reversal of reserve on land revaluation, net of tax | — | — | — | 13,285 | — | — | — | 1,526 | — | — | — | — | 14,811 |
| Purchase of treasury stock | — | — | — | — | (286) | — | — | — | — | — | — | — | (286) |
| Sales of treasury stock | — | — | 30 | — | 147 | — | — | — | — | — | — | — | 177 |
| Transfer of retained earnings to capital surplus | — | — | 4 | (4) | — | — | — | — | — | — | — | — | — |
| Net unrealized holding gains on securities | — | — | — | — | — | 143,953 | — | — | — | — | — | — | 143,953 |
| Deferred losses on hedging instruments | — | — | — | — | — | — | (39) | — | — | — | — | — | (39) |
| Foreign currency translation adjustment | — | — | — | — | — | — | — | — | 20,995 | — | — | — | 20,995 |
| Defined benefit pension plans | — | — | — | — | — | — | — | — | — | 5,385 | — | — | 5,385 |
| Subscription rights to shares | — | — | — | — | — | — | — | — | — | — | 90 | — | 90 |
| Minority interests | — | — | — | — | — | — | — | — | — | — | — | 9,007 | 9,007 |
| BALANCE AT MARCH 31, 2015 | 991,425 | ¥339,767 | ¥413,798 | ¥549,660 | ¥(6,065) | ¥255,074 | ¥ (879) | ¥298,230 | ¥ 19,553 | ¥ 2,784 | ¥914 | ¥59,248 | ¥1,932,084 |

| | Thousands of U.S. dollars (Note 1) | | | | | | | | | | | |
|--|------------------------------------|-------------|-------------|------------|-------------|-----------|-------------|------------|------------|---------|-----------|--------------|
| | | | | | | | | | | | | |
| BALANCE AT APRIL 1, 2014 | \$1,450,412 | \$2,066,181 | \$3,784,222 | \$(49,313) | \$ 924,698 | \$(6,990) | \$2,469,036 | \$(12,000) | \$(21,644) | \$6,857 | \$418,083 | \$11,029,542 |
| Cumulative effects of the changes in accounting policies | — | — | 16,418 | — | — | — | — | — | — | — | — | 16,418 |
| BALANCE AT APRIL 1, 2014, as adjusted for cumulative effects of the changes in accounting policies | 1,450,412 | 2,066,181 | 3,800,640 | (49,313) | 924,698 | (6,990) | 2,469,036 | (12,000) | (21,644) | 6,857 | 418,083 | 11,045,960 |
| Issuance of stock | 1,376,974 | 1,376,974 | — | — | — | — | — | — | — | — | — | 2,753,948 |
| Cash dividends paid | — | — | (170,841) | — | — | — | — | — | — | — | — | (170,841) |
| Net income | — | — | 833,702 | — | — | — | — | — | — | — | — | 833,702 |
| Reversal of reserve on land revaluation, net of tax | — | — | 110,552 | — | — | — | — | 12,698 | — | — | — | 123,250 |
| Purchase of treasury stock | — | — | — | (2,380) | — | — | — | — | — | — | — | (2,380) |
| Sales of treasury stock | — | 250 | — | 1,224 | — | — | — | — | — | — | — | 1,474 |
| Transfer of retained earnings to capital surplus | — | 33 | (33) | — | — | — | — | — | — | — | — | — |
| Net unrealized holding gains on securities | — | — | — | — | 1,197,912 | — | — | — | — | — | — | 1,197,912 |
| Deferred losses on hedging instruments | — | — | — | — | — | (325) | — | — | — | — | — | (325) |
| Foreign currency translation adjustment | — | — | — | — | — | — | — | 174,711 | — | — | — | 174,711 |
| Defined benefit pension plans | — | — | — | — | — | — | — | — | 44,811 | — | — | 44,811 |
| Subscription rights to shares | — | — | — | — | — | — | — | — | — | 749 | — | 749 |
| Minority interests | — | — | — | — | — | — | — | — | — | — | 74,952 | 74,952 |
| BALANCE AT MARCH 31, 2015 | \$2,827,386 | \$3,443,438 | \$4,574,020 | \$(50,469) | \$2,122,610 | \$(7,315) | \$2,481,734 | \$162,711 | \$ 23,167 | \$7,606 | \$493,035 | \$16,077,923 |

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2015, 2014 and 2013

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|---|-----------------|-------------|-------------|---------------------------------------|
| | 2015 | 2014 | 2013 | 2015 |
| Cash flows from operating activities | | | | |
| Net income before income taxes and minority interests | ¥ 166,841 | ¥ 126,711 | ¥ 110,946 | \$ 1,388,375 |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities | | | | |
| Depreciation and amortization | 61,242 | 56,030 | 59,022 | 509,628 |
| Loss on impairment of fixed assets | — | 11,557 | 7,769 | — |
| Interest and dividend income | (4,307) | (4,344) | (3,714) | (35,841) |
| Interest expense | 26,380 | 30,864 | 29,443 | 219,522 |
| Equity in net income of affiliated companies | (2,379) | (1,420) | (2,850) | (19,797) |
| Loss on disposal of property and equipment | 1,531 | 2,498 | 1,550 | 12,740 |
| (Gain) loss on sale of property and equipment | — | (4,080) | 5,947 | — |
| Gain on sales of securities | (37) | (797) | (3,440) | (308) |
| Gain on sales of investments in unconsolidated subsidiaries and affiliated companies | (5,604) | — | (2,369) | (46,634) |
| Increase in accounts receivable | (271) | (5,071) | (3,093) | (2,255) |
| Increase in accounts payable | 152 | 7,574 | 4,189 | 1,265 |
| Increase in real property for sale and advances paid for purchases | (141,399) | (3,008) | (64,740) | (1,176,658) |
| Other, net | (2,292) | 47,016 | (875) | (19,073) |
| Subtotal | 99,857 | 263,530 | 137,785 | 830,964 |
| Interests and dividends received | 5,248 | 6,062 | 5,068 | 43,671 |
| Interests paid | (26,697) | (31,513) | (29,976) | (222,160) |
| Income taxes paid | (48,064) | (48,176) | (13,192) | (399,966) |
| Net cash provided by operating activities | 30,344 | 189,903 | 99,685 | 252,509 |
| Cash flows from investing activities | | | | |
| Purchases of property and equipment | (304,188) | (123,161) | (76,665) | (2,531,314) |
| Proceeds from sale of property and equipment | 4,293 | 79,516 | 47,673 | 35,724 |
| Purchases of investment securities | (10,687) | (12,977) | (30,482) | (88,932) |
| Proceeds from sale of investment securities | 2,423 | 1,695 | 4,338 | 20,163 |
| Payments of lease deposits | (6,428) | (5,960) | (8,940) | (53,491) |
| Proceeds from collections of lease deposits | 11,876 | 18,202 | 21,518 | 98,827 |
| Repayments of deposits from tenants | (44,169) | (48,196) | (49,169) | (367,554) |
| Proceeds from deposits from tenants | 62,686 | 46,954 | 35,300 | 521,644 |
| Increase in non-current loans and accounts receivable | (14,756) | (11,948) | (14,371) | (122,793) |
| Proceeds from collections of non-current loans and accounts receivable | 24,596 | 11,065 | 10,807 | 204,677 |
| Purchases of consolidated subsidiaries | (3,690) | (3,035) | (14,388) | (30,706) |
| Proceeds from sales of consolidated subsidiaries, net | 6,127 | 4,117 | 2,953 | 50,986 |
| Other, net | 10,277 | (328) | 294 | 85,520 |
| Net cash used in investing activities | (261,640) | (44,056) | (71,132) | (2,177,249) |
| Cash flows from financing activities | | | | |
| Proceeds from bank loans and commercial paper | 906,523 | 2,170,431 | 2,176,126 | 7,543,671 |
| Repayments of bank loans and commercial paper | (886,500) | (2,202,184) | (2,191,781) | (7,377,049) |
| Proceeds from long-term debt | 162,232 | 173,450 | 464,260 | 1,350,021 |
| Repayments of long-term debt | (289,195) | (207,023) | (355,665) | (2,406,549) |
| Proceeds from issuance of bond | 88,940 | 11,420 | 61,915 | 740,118 |
| Payments for redemption of bond | (55,520) | (44,964) | (146,183) | (462,012) |
| Proceeds from issuance of stock | 329,125 | — | — | 2,738,828 |
| Cash dividends paid | (20,538) | (19,333) | (19,322) | (170,908) |
| Proceeds from minority shareholders | 1,846 | 1,023 | 6,575 | 15,362 |
| Payments of dividends to minority shareholders | (4,465) | (1,884) | (968) | (37,156) |
| Repayments of capital to minority shareholders | (7,570) | (1,383) | — | (62,994) |
| Repayments of lease obligations | (3,103) | (2,780) | (2,697) | (25,821) |
| Net increase in treasury stocks | (266) | (486) | (165) | (2,214) |
| Other, net | — | — | (40) | — |
| Net cash used in financing activities | 221,509 | (123,713) | (7,945) | 1,843,297 |
| Effect of exchange rate changes on cash and cash equivalents | 1,410 | 3,614 | 588 | 11,733 |
| Net increase (decrease) in cash and cash equivalents | (8,377) | 25,748 | 21,196 | (69,710) |
| Cash and cash equivalents at beginning of year | 127,337 | 101,589 | 61,727 | 1,059,641 |
| Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation | — | — | 18,666 | — |
| Cash and cash equivalents at end of year | ¥ 118,960 | ¥ 127,337 | ¥ 101,589 | \$ 989,931 |

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui Fudosan Co., Ltd. and its Subsidiaries

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, 2015, which was ¥120.17 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in equity method investees is amortized over a period of 5 years. If the amount is immaterial, it is fully recognized currently in earnings.

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

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

(B) USE OF ESTIMATES

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

(C) EQUITY METHOD

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

(D) TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

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

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

Differences arising from translation are presented as "Foreign currency translation adjustments" in 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) 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 benefit formula 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).

Change in accounting policies for the year ended March 31, 2015:

The Company and its consolidated subsidiaries adopted the main text of Article 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, revised on May 17, 2012) and the main text of Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on May 17, 2012) commencing from the year ended March 31, 2015.

In accordance with those standards, the Company and its consolidated subsidiaries changed an allocation method for the projected retirement benefits from the straight-line method to the benefit formula method, and discount rate determination method to be determined based on a single weighted average discount rate.

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 retained earnings as of April 1, 2014.

As a result, net defined benefit asset increased by ¥1,307 million (\$10,876 thousand), net defined benefit liability decreased ¥3,056 million (\$25,431 thousand) and retained earnings increased by ¥1,973 million (\$16,418 thousand) as of April 1, 2014. Effect of those changes on the consolidated income statements and per share information is immaterial.

Change in accounting policies for the year ended March 31, 2014:

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 was recorded at ¥37,406 million and accumulated other comprehensive income decreased by ¥2,601 million. Refer to PER SHARE INFORMATION for the effect on net assets per share.

(N) 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.

(O) 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.

(P) INCOME TAXES

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.

Tax rates:

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of approximately 26%, 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 36% for the year ended March 31, 2015.

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.

Tax reforms:

As a result of promulgation of the amended tax laws on March 31, 2015, the Company and its domestic consolidated subsidiaries are subject to the reduced effective income tax rate of 33% for the years beginning on or after April 1, 2015.

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

(Q) DERIVATIVES AND HEDGE ACCOUNTING

1. Hedge accounting

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

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

- (1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
 - (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statements in the period which includes the inception date, and
 - (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
- (2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

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

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

Hedging instruments:

- Forward foreign exchange contracts
- Foreign currency swap contracts
- Interest rate swap contracts

Hedged items:

- Expected foreign currency transactions
- Foreign currency debt
- Borrowings and debentures

3. Hedge policy

The Company and its consolidated subsidiaries use interest rate swap contracts to mitigate risk of fair value changes of borrowings 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.

(R) EQUITY INVESTMENTS REGARDING REAL ESTATE SECURITIZATION-RELATED BUSINESS

Equity investments in tokumei-kumiai, or silent partnerships ("TK"), preferred securities issued by tokutei-mokuteki-kaisha, or specific purpose companies ("TMK") and others regarding real estate securitization-related business (collectively, "equity investments") are presented in the balance sheets as follows.

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

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

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

(T) DIRECTORS' BONUS

The Company and its 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.

(U) 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.

(V) 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.

(W) ACCOUNTING CHANGES AND ERROR CORRECTIONS

The Company and its consolidated subsidiaries have followed "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.

(X) 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.

(Y) RECLASSIFICATIONS

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

(Z) 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, 2015, are as follows.

- 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, except that accounting for finalization of provisional purchase price allocation will be applied to business combinations to be conducted on and after 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, 2015, 2014 and 2013.

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 in non-functional currencies are hedged by utilizing currency swaps. Refer to Note 2 (Q) for details on hedge accounting, hedge policy, assessment of hedge effectiveness and other matters.

By using derivative instruments, the Company and its consolidated subsidiaries are exposed to counterparty's credit risk and market risks such as interest rate risk and exchange rate risk. The Company and its consolidated subsidiaries manage the credit risk by carefully evaluating the financial positions of major financial institutions before entering into contracts. The derivative transactions are executed in compliance with procedures set forth in the policies established in each group company, and transaction volumes and fair values are reported as appropriate 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, 2015, 2014 and 2013 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) | | |
|---|-----------------|----------------------|------------|--|----------------------|------------|
| | Carrying amount | Estimated fair value | Difference | Carrying amount | Estimated fair value | Difference |
| 2015 | | | | | | |
| Assets | | | | | | |
| Cash and bank deposits ^{(*)1} | ¥ 107,152 | ¥ 107,152 | ¥ — | \$ 891,670 | \$ 891,670 | \$ — |
| Certificates of deposits ^{(*)2} | 12,000 | 12,000 | — | 99,859 | 99,859 | — |
| Notes and accounts receivable—trade | 34,760 | 34,760 | — | 289,257 | 289,257 | — |
| Marketable and investment securities | 499,296 | 499,355 | 59 | 4,154,914 | 4,155,405 | 491 |
| Liabilities | | | | | | |
| Notes and accounts payable—trade | 98,247 | 98,247 | — | 817,567 | 817,567 | — |
| Bank loans and long-term debt due within one year | | | | | | |
| Non-recourse | 13,731 | 13,731 | — | 114,263 | 114,263 | — |
| Other | 233,314 | 234,843 | 1,529 | 1,941,533 | 1,954,257 | 12,724 |
| Long-term debt due after one year | | | | | | |
| Non-recourse | 257,861 | 257,984 | 123 | 2,145,802 | 2,146,826 | 1,024 |
| Other | 1,471,244 | 1,529,258 | 58,014 | 12,243,022 | 12,725,788 | 482,766 |
| Derivative instruments ^{(*)3} | 6,520 | 6,520 | — | 54,256 | 54,256 | — |

| | Millions of yen | | | | | |
|---|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | 2014 | | | 2013 | | |
| | Carrying amount | Estimated fair value | Difference | Carrying amount | Estimated fair value | Difference |
| Assets | | | | | | |
| Cash and bank deposits ^{(*)1} | ¥ 127,883 | ¥ 127,883 | ¥ — | ¥ 102,234 | ¥ 102,234 | ¥ — |
| Notes and accounts receivable—trade | 34,400 | 34,400 | — | 29,266 | 29,266 | — |
| Marketable and investment securities | 291,533 | 291,589 | 56 | 277,181 | 277,251 | 70 |
| Liabilities | | | | | | |
| Notes and accounts payable-trade | 130,695 | 130,695 | — | 100,705 | 100,705 | — |
| Bank loans and long-term debt due within one year | | | | | | |
| Non-recourse | 115,316 | 115,316 | — | 1,780 | 1,782 | 2 |
| Other | 218,833 | 219,995 | 1,162 | 237,653 | 239,083 | 1,430 |
| Commercial paper | | | | 27,000 | 27,000 | — |
| Long-term debt due after one year | | | | | | |
| Non-recourse | 120,950 | 121,079 | 129 | 234,358 | 235,482 | 1,124 |
| Other | 1,584,973 | 1,631,497 | 46,524 | 1,619,435 | 1,674,777 | 55,342 |
| Derivative instruments ^{(*)3} | 3,325 | 3,325 | — | 2,001 | 2,001 | — |

^{(*)1} Carrying amount of cash and bank deposits consists of ¥118,960 million (\$989,931 thousand) of cash and cash equivalents subtracted by ¥12,000 million (\$99,859 thousand) of certificates of deposits (refer to ^{(*)2}) and ¥192 million (\$1,598 thousand) of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2015.

Carrying amount of cash and bank deposits consists of ¥127,337 million of cash and cash equivalents and ¥546 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2014.

Carrying amount of cash and bank deposits consists of ¥101,589 million of cash and cash equivalents and ¥645 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, 2013.

^{(*)3} 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.

Certificates of deposits—Fair value of certificates of deposits is based on quoted market prices.

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) |
|---|-----------------|----------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Assets | | | | |
| Equity investments in properties for sale | ¥ 9,692 | ¥ 12,065 | ¥ 10,966 | \$ 80,652 |
| Other securities | | | | |
| Unlisted stocks (excluding OTC securities) | 13,700 | 14,731 | 14,897 | 114,005 |
| Other (TK investments, preferred securities and others) | 18,537 | 33,502 | 37,292 | 154,256 |
| Lease deposits ^(*) | 127,978 | 135,770 | 148,736 | 1,064,975 |
| Liabilities | | | | |
| Deposits from tenants ^(*) | 365,298 | 345,617 | 344,923 | 3,039,844 |

^(*) 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, 2015, 2014 and 2013 is as follows.

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

| Millions of yen | | | | |
|---|-------------------|-------------------------------------|---------------------------------------|--------------------|
| 2015 | | | | |
| | 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} | ¥107,152 | ¥ — | ¥ — | ¥— |
| Certificates of deposits ^{(*)2} | 12,000 | — | — | — |
| Notes and accounts receivable—trade | 34,760 | — | — | — |
| Other securities | | | | |
| National and local government bonds, etc. | 298 | 1,211 | 585 | — |
| | ¥154,210 | ¥1,211 | ¥585 | ¥— |

| 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 ^{(*)1} | ¥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 ^{(*)1} | ¥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 | ¥— |

| Thousands of U.S. dollars (See Note 1) | | | | |
|---|-------------------|-------------------------------------|---------------------------------------|--------------------|
| 2015 | | | | |
| | 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} | \$ 891,670 | \$ — | \$ — | \$— |
| Certificates of deposits ^{(*)2} | 99,859 | — | — | — |
| Notes and accounts receivable—trade | 289,257 | — | — | — |
| Other securities | | | | |
| National and local government bonds, etc. | 2,480 | 10,077 | 4,868 | — |
| | \$1,283,266 | \$10,077 | \$4,868 | \$— |

(*)1 Carrying amount of cash and bank deposits consists of ¥118,960 million (\$989,931 thousand) of cash and cash equivalents subtracted by ¥12,000 million (\$99,859 thousand) of certificates of deposits (refer to (*)2) and ¥192 million (\$1,598 thousand) of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2015.

Carrying amount of cash and bank deposits consists of ¥127,337 million of cash and cash equivalents and ¥546 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2014.

Carrying amount of cash and bank deposits consists of ¥101,589 million of cash and cash equivalents and ¥645 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, 2013.

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, 2015, 2014 and 2013:

(a) Held-to-maturity securities:

| | Millions of yen | | | | | | | | |
|--|-----------------|---------------|------------|---------------|---------------|------------|---------------|---------------|------------|
| | 2015 | | | 2014 | | | 2013 | | |
| | 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. | ¥1,807 | ¥1,868 | ¥61 | ¥1,815 | ¥1,874 | ¥59 | ¥1,777 | ¥1,848 | ¥71 |
| Securities whose fair value does not exceed book value | | | | | | | | | |
| National and local government bonds, etc. | 287 | 285 | (2) | 297 | 294 | (3) | 132 | 131 | (1) |
| Total | ¥2,094 | ¥2,153 | ¥59 | ¥2,112 | ¥2,168 | ¥56 | ¥1,909 | ¥1,979 | ¥70 |

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

| | 2015 | | |
|--|-----------------|-----------------|--------------|
| | Book value | Fair value | Difference |
| Securities whose fair value exceeds book value | | | |
| National and local government bonds, etc. | \$15,037 | \$15,544 | \$507 |
| Securities whose fair value does not exceed book value | | | |
| National and local government bonds, etc. | 2,388 | 2,372 | (16) |
| Total | \$17,425 | \$17,916 | \$491 |

(b) Other securities:

| | Millions of yen | | | | | | | | |
|--|-------------------------|-----------------|-----------------|-------------------------|-----------------|-----------------|-------------------------|-----------------|-----------------|
| | 2015 | | | 2014 | | | 2013 | | |
| | 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 | ¥443,102 | ¥ 89,013 | ¥354,089 | ¥227,534 | ¥ 72,964 | ¥154,570 | ¥214,972 | ¥ 74,103 | ¥140,869 |
| Other | 51,395 | 28,600 | 22,795 | 47,918 | 28,600 | 19,318 | 47,582 | 27,508 | 20,074 |
| Subtotal | 494,497 | 117,613 | 376,884 | 275,452 | 101,564 | 173,888 | 262,554 | 101,611 | 160,943 |
| Securities whose book value (fair value) does not exceed historical cost | | | | | | | | | |
| Stocks | 2,705 | 2,955 | (250) | 13,969 | 15,353 | (1,384) | 12,718 | 14,146 | (1,428) |
| Subtotal | 2,705 | 2,955 | (250) | 13,969 | 15,353 | (1,384) | 12,718 | 14,146 | (1,428) |
| Total | ¥497,202 | ¥120,568 | ¥376,634 | ¥289,421 | ¥116,917 | ¥172,504 | ¥275,272 | ¥115,757 | ¥159,515 |

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

| | 2015 | | |
|--|-------------------------|--------------------|--------------------|
| | Book value (fair value) | Historical cost | Difference |
| Securities whose book value (fair value) exceeds historical cost | | | |
| Stocks | \$3,687,293 | \$ 740,726 | \$2,946,567 |
| Other | 427,686 | 237,996 | 189,690 |
| Subtotal | 4,114,979 | 978,722 | 3,136,257 |
| Securities whose book value (fair value) does not exceed historical cost | | | |
| Stocks | 22,510 | 24,590 | (2,080) |
| Subtotal | 22,510 | 24,590 | (2,080) |
| Total | \$4,137,489 | \$1,003,312 | \$3,134,177 |

(2) The following table summarizes other securities sold in the years ended March 31, 2015, 2014 and 2013:

| | Millions of yen | | | | | | | | |
|--------|-----------------|-------|--------|--------------|-------|--------|--------------|--------|--------|
| | 2015 | | | 2014 | | | 2013 | | |
| | Sales amount | Gains | Losses | Sales amount | Gains | Losses | Sales amount | Gains | Losses |
| Stocks | ¥77 | ¥37 | ¥— | ¥1,547 | ¥85 | ¥(32) | ¥4,199 | ¥3,442 | ¥— |
| Total | ¥77 | ¥37 | ¥— | ¥1,547 | ¥85 | ¥(32) | ¥4,199 | ¥3,442 | ¥— |

| | Thousands of U.S. dollars (See Note 1) | | |
|--------|--|-------|--------|
| | 2015 | | |
| | Sales amount | Gains | Losses |
| Stocks | \$641 | \$308 | \$— |
| Total | \$641 | \$308 | \$— |

(3) The Company and its consolidated subsidiaries recognized ¥ nil million (\$ nil thousand), ¥ nil million and ¥ 4 million of impairment loss on investment securities for the years ended March 31, 2015, 2014 and 2013, respectively.

6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2015, 2014 and 2013:

| | Hedged items | Millions of yen | | |
|---|---|-----------------|------------------|---------------------------|
| | | 2015 | | |
| | | Nominal Amount | | Fair value ^(*) |
| | | Total | Due after 1 year | |
| Interest rate swap ^(*) | Long-term debt | ¥695,500 | ¥636,500 | ^(*) |
| Pay : fixed rate | | | | |
| Receive : floating rate | | | | |
| Foreign currency swap ^(*) | Long-term debt | 23,679 | 21,679 | ¥6,508 |
| Foreign exchange forward ^(*) | Forecasted transactions denominated in foreign currencies | 1,309 | — | 12 |
| Total | | ¥720,488 | ¥658,179 | ¥6,520 |

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

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

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

| | | 2015 | | |
|--|---|--------------------|--------------------|---------------------------|
| | | Nominal Amount | | |
| Hedged items | | Total | Due after 1 year | Fair value ^(*) |
| Interest rate swap ^{(*)1} | Long-term debt | \$5,787,634 | \$5,296,663 | (*)1 |
| Pay : fixed rate | | | | |
| Receive : floating rate | | | | |
| Foreign currency swap ^{(*)2} | Long-term debt | 197,046 | 180,403 | \$54,157 |
| Foreign exchange forward ^{(*)3} | Future transactions denominated in foreign currencies | 10,893 | — | 99 |
| Total | | \$5,995,573 | \$5,477,066 | \$54,256 |

(*)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 was ¥103,423 million (\$860,639 thousand)

for the year ended March 31, 2015. 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, ¥13,178 million, ¥10,131 million and ¥9,070 million 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. 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, 2015, 2014 and 2013 are stated below:

| Millions of yen | | | | | | | | | | | |
|-------------------|------------------------------|-------------|-------------|-------------------|------------------------------|-------------|-------------|-------------------|------------------------------|-------------|-------------|
| 2015 | | | | 2014 | | | | 2013 | | | |
| 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 |
| ¥2,256,786 | ¥233,147 | ¥2,489,933 | ¥4,054,376 | ¥2,247,555 | ¥9,231 | ¥2,256,786 | ¥3,472,694 | ¥2,049,667 | ¥197,888 | ¥2,247,555 | ¥3,168,024 |

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

| 2015 | | | |
|-------------------|------------------------------|--------------|--------------|
| Carrying amount | | Fair value | |
| Beginning of year | Net Increase during the year | End of year | End of year |
| \$18,779,945 | \$1,940,143 | \$20,720,088 | \$33,738,670 |

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 ¥237,573 million (\$1,976,974 thousand) and sales of real estate which amounts to ¥ 8,328 million (\$69,302 thousand) for the year ended March 31, 2015.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥112,638 million and sales of real estate which amounts to ¥83,463 million 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.

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

8. INVENTORIES

Inventories at March 31, 2015, 2014 and 2013 comprise the following:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|--------------------------------------|-----------------|----------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Real property for sale | | | | |
| Completed | ¥ 481,389 | ¥483,669 | ¥450,504 | \$4,005,900 |
| In progress | 299,837 | 270,060 | 239,301 | 2,495,107 |
| Land held for development | 241,677 | 196,512 | 214,206 | 2,011,126 |
| Expenditure on contracts in progress | 22,584 | 17,446 | 11,601 | 187,934 |
| Other | 4,991 | 10,503 | 9,096 | 41,532 |
| Total | ¥1,050,478 | ¥978,190 | ¥924,708 | \$8,741,599 |

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, 2015, 2014 and 2013 are as follows:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|------------|------------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Deferred tax assets | | | | |
| Net defined benefit liability | ¥ 11,151 | ¥ 14,049 | ¥ — | \$ 92,794 |
| Allowance for loss on valuation of securities | 8,494 | 9,153 | 8,587 | 70,683 |
| Allowance for loss on devaluation of real property held for sale | 7,543 | 9,359 | 10,965 | 62,770 |
| Loss on impairment of fixed assets | 7,493 | 10,681 | 9,098 | 62,353 |
| Unrealized inter-company transactions | 7,415 | 7,389 | 7,710 | 61,704 |
| Accrued employees' bonuses | 5,800 | 6,218 | 6,205 | 48,265 |
| Excess depreciation expense | 4,004 | 4,155 | 3,883 | 33,319 |
| Unrealized loss on valuation of lease deposits | 3,723 | 4,035 | 4,010 | 30,981 |
| Accrued enterprise tax | 3,306 | 2,730 | 2,675 | 27,511 |
| Excess allowance for retirement benefits | — | — | 12,894 | — |
| Other | 25,257 | 22,921 | 19,723 | 210,178 |
| Total | 84,186 | 90,690 | 85,750 | 700,558 |
| Deferred tax liabilities | | | | |
| Unrealized gain on valuation of securities | (121,809) | (61,965) | (57,354) | (1,013,639) |
| Deferred gain on sale of land and buildings for tax purposes | (15,500) | (17,209) | (21,321) | (128,984) |
| Consolidation difference in real property | (6,623) | (7,367) | (3,177) | (55,114) |
| Unrealized loss on valuation of shares held in consolidated subsidiaries | (4,358) | (4,805) | (3,378) | (36,265) |
| Unrealized gain on valuation of lease deposits | (3,653) | (3,967) | (3,917) | (30,399) |
| Other | (51,346) | (35,346) | (28,788) | (427,278) |
| Total | (203,289) | (130,659) | (117,935) | (1,691,679) |
| Net deferred tax assets (liabilities) | ¥(119,103) | ¥ (39,969) | ¥ (32,185) | \$ (991,121) |

Amounts of total deferred tax assets as of March 31, 2015, 2014 and 2013 are presented net of valuation allowances of ¥4,158 million (\$34,601 thousand), ¥7,177 million and ¥14,237 million, respectively.

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

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

Information as of March 31, 2015 and 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(P)).

As a result of the amendment, income taxes increased by ¥1,258 million. 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, ¥119 million, ¥40 million, ¥24 million and ¥33 million, respectively. Reserve on land revaluation increased by ¥33 million.

As a result of promulgation of the amended tax laws on March 31, 2015, the Company and its domestic consolidated subsidiaries are subject to the new income tax rates for the years beginning on

or after April 1, 2015 (Refer to Note 2 (P)).

As a result of the amendment, income taxes increased by ¥1,518 million (\$12,632 thousand). Current deferred income tax assets, non-current deferred income tax assets, current deferred income tax liabilities, non-current deferred income tax liabilities, deferred income tax assets on land revaluation and deferred income tax liabilities on land revaluation decreased by ¥2,300 million (\$19,140 thousand), ¥4,524 million (\$37,647 thousand), ¥463 million (\$3,853 thousand), ¥17,507 million (\$145,685 thousand), ¥2,819 million (\$23,458 thousand) and ¥17,632 million (\$146,725 thousand), respectively. Net unrealized holding gains on securities, reserve on land revaluation and accumulated adjustments for retirement benefit increased by ¥12,473 million (\$103,795 thousand), ¥14,813 million (\$123,267 thousand) and ¥192 million (\$1,598 thousand), respectively.

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, 2015 and 2014 and for the years then ended

(a) Change in benefit obligation, excluding plans accounted for under the simplified method, for the years ended March 31, 2015 and 2014:

| | Millions of yen | | Thousands of U.S. dollars (See Note 1) |
|---|-----------------|----------|--|
| | 2015 | 2014 | 2015 |
| Benefit obligation at beginning of year | ¥133,076 | ¥128,709 | \$1,107,398 |
| Cumulative effects of the changes in accounting policies | (4,363) | — | (36,307) |
| Benefit obligation at beginning of year, as adjusted for cumulative effects of the changes in accounting policies | 128,713 | 128,709 | 1,071,091 |
| Service cost | 6,145 | 5,800 | 51,136 |
| Interest cost | 2,097 | 2,263 | 17,450 |
| Actuarial differences | 9,921 | 215 | 82,558 |
| Prior service costs | — | (223) | — |
| Benefits paid | (4,394) | (3,764) | (36,565) |
| Other | (932) | 76 | (7,755) |
| Benefit obligation at end of year | ¥141,550 | ¥133,076 | \$1,177,915 |

(b) Change in plan assets, excluding plans accounted for under the simplified method, for the years ended March 31, 2015 and 2014:

| | Millions of yen | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|---------|--|
| | 2015 | 2014 | 2015 |
| Fair value of plan assets at beginning of year | ¥ 98,458 | ¥86,799 | \$ 819,323 |
| Expected return on plan assets | 2,133 | 1,877 | 17,750 |
| Actuarial differences | 17,174 | 4,743 | 142,914 |
| Employer contribution | 6,660 | 7,537 | 55,421 |
| Benefits paid | (2,708) | (2,567) | (22,535) |
| Other | (255) | 69 | (2,122) |
| Fair value of plan assets at end of year | ¥121,462 | ¥98,458 | \$1,010,751 |

(c) Change in net defined benefit liability under simplified method for the years ended March 31, 2015 and 2014:

| | Millions of yen | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|--------|--|
| | 2015 | 2014 | 2015 |
| Net defined benefit liability at beginning of year | ¥2,706 | ¥2,696 | \$22,518 |
| Retirement benefit expenses | 785 | 341 | 6,532 |
| Benefits paid | (263) | (272) | (2,189) |
| Contribution to the plan | (42) | (34) | (350) |
| Other | 36 | (25) | 301 |
| Net defined benefit liability at end of year | ¥3,222 | ¥2,706 | \$26,812 |

(d) Amount recognized in the consolidated balance sheets, including plans accounted for under the simplified method, at March 31, 2015 and 2014:

| | Millions of yen | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|----------|--|
| | 2015 | 2014 | 2015 |
| Benefit obligation for funded plan | ¥ 118,915 | ¥110,405 | \$ 989,556 |
| Plan assets | (121,776) | (98,737) | (1,013,364) |
| | (2,861) | 11,668 | (23,808) |
| Benefit obligation for unfunded plan | 26,170 | 25,658 | 217,775 |
| Net amount recognized on the consolidated balance sheets | ¥ 23,309 | ¥ 37,326 | \$ 193,967 |
| Net defined benefit liability | ¥ 31,192 | ¥ 37,406 | \$ 259,566 |
| Net defined benefit asset | (7,883) | (80) | (65,599) |
| Net amount recognized on the consolidated balance sheets | ¥ 23,309 | ¥ 37,326 | \$ 193,967 |

(e) Details of retirement benefit expenses for the years ended March 31, 2015 and 2014:

| | Millions of yen | | Thousands of U.S. dollars (See Note 1) |
|---|-----------------|---------|--|
| | 2015 | 2014 | 2015 |
| Service cost | ¥ 6,145 | ¥ 5,800 | \$ 51,136 |
| Interest cost | 2,097 | 2,263 | 17,450 |
| Expected return on plan assets | (2,134) | (1,877) | (17,758) |
| Actuarial differences recognized in earnings | 1,221 | 1,494 | 10,161 |
| Prior service costs recognized in earnings | (21) | 42 | (175) |
| Retirement benefit expenses under simplified method | 785 | 341 | 6,532 |
| Defined benefit expenses | ¥ 8,093 | ¥ 8,063 | \$ 67,346 |

(f) Amount recognized in other comprehensive income (pretax) at March 31, 2015 and 2014:

| | Millions of yen | | Thousands of U.S. dollars (See Note 1) |
|-----------------------|-----------------|------|--|
| | 2015 | 2014 | 2015 |
| Prior service costs | ¥ 28 | ¥— | \$ 233 |
| Actuarial differences | (8,574) | — | (71,349) |
| Total | ¥(8,546) | ¥— | \$(71,116) |

(g) Amount recognized in accumulated other comprehensive income (pretax) at March 31, 2015 and 2014:

| | Millions of yen | | Thousands of U.S. dollars (See Note 1) |
|------------------------------------|-----------------|---------|--|
| | 2015 | 2014 | 2015 |
| Unrecognized prior service costs | ¥ (111) | ¥ (139) | \$ (923) |
| Unrecognized actuarial differences | (4,057) | 4,518 | (33,761) |
| Total | ¥(4,168) | ¥4,379 | \$(34,684) |

(h) The asset allocation for the plans, excluding plans accounted for under the simplified method, at March 31, 2015 and 2014:

| | 2015 | 2014 |
|---|--------|--------|
| Domestic stocks | 28.2% | 21.7% |
| Domestic bonds | 25.9 | 25.1 |
| Foreign stocks | 12.8 | 13.2 |
| Life insurance company general accounts | 11.9 | 14.1 |
| Foreign bonds | 4.7 | 5.3 |
| Cash and bank deposits | 0.7 | 4.9 |
| Other | 15.8 | 15.7 |
| Total | 100.0% | 100.0% |

Note: The plan assets include retirement benefit trust established for corporate pension plan which accounts for 13.3% and 7.3% of the total plan assets as of March 31, 2015 and 2014, respectively.

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.

(i) Basis for actuarial calculation:

| | 2015 | 2014 |
|---|----------|----------|
| Discount rates | 0.7–1.9% | 1.2–1.9% |
| Expected long-term rates of return on plan assets | 1.5–2.5% | 1.0–2.5% |

Information at March 31, 2013 and for the year then ended

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

| | Millions of yen |
|---|-----------------|
| | 2013 |
| 1. Projected benefit obligation | ¥(131,791) |
| 2. Fair value of plan assets | 87,186 |
| 3. Unaccrued projected benefit obligation (1+2) | (44,605) |
| 4. Unrecognized actuarial differences | 10,547 |
| 5. Unrecognized prior service costs | 125 |
| 6. Prepaid pension expenses | 391 |
| 7. Allowance for employees' retirement benefits (3+4+5-6) | ¥ (34,324) |

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:

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

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:

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

(3) Defined contribution plans

Contribution made to the defined contribution plans by the Company's certain consolidated subsidiaries amounted to ¥204 million (\$1,698 thousand) and ¥88 million for the years ended March 31, 2015 and 2014, respectively.

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, 2015, 2014 and 2013 are as follows:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|---|-----------------|---------|--------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Bank loans | | | | |
| Non-recourse, with the weighted average interest rates of 0.20% in 2014 | ¥ — | ¥ 8,000 | ¥ — | \$ — |
| Other, with the weighted average interest rates of 0.49% in 2015, 0.81% in 2014 and 0.55% in 2013 | 47,296 | 20,566 | 27,086 | 393,576 |
| Commercial paper, with the weighted average interest rates of 0.11% in 2013 | — | — | 27,000 | — |

(2) Long-term debt

Long-term debt at March 31, 2015, 2014 and 2013 comprise the following:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|---|-----------------|------------|------------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Long-term loans, principally from banks and insurance companies | | | | |
| Loans secured by collateral or bank guarantees | ¥ 161,704 | ¥ 189,814 | ¥ 186,156 | \$ 1,345,627 |
| Unsecured loans | 1,387,045 | 1,475,007 | 1,499,755 | 11,542,357 |
| Total long-term loans, principally from banks and insurance companies | 1,548,749 | 1,664,821 | 1,685,911 | 12,887,984 |
| Bonds and debentures | | | | |
| 3.00% yen notes due 2013 | — | — | 10,000 | — |
| 1.04% yen notes due 2013 | — | — | 10,000 | — |
| 1.81% yen notes due 2014 | — | 10,000 | 10,000 | — |
| 1.64% yen notes due 2014 | — | 10,000 | 10,000 | — |
| 1.65% yen notes due 2015 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.81% yen notes due 2016 | 20,000 | 20,000 | 20,000 | 166,433 |
| 1.99% yen notes due 2016 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.91% yen notes due 2016 | 20,000 | 20,000 | 20,000 | 166,433 |
| 1.54% yen notes due 2014 | — | — | 20,000 | — |
| 1.84% yen notes due 2017 | 10,000 | 10,000 | 10,000 | 83,215 |
| 2.06% yen notes due 2017 | 20,000 | 20,000 | 20,000 | 166,433 |
| 1.65% yen notes due 2014 | — | 10,000 | 10,000 | — |
| 1.97% yen notes due 2017 | 20,000 | 20,000 | 20,000 | 166,433 |
| 1.92% yen notes due 2018 | 10,000 | 10,000 | 10,000 | 83,215 |
| 2.09% yen notes due 2019 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.72% yen notes due 2019 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.63% yen notes due 2019 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.49% yen notes due 2019 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.50% yen notes due 2020 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.19% yen notes due 2020 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.06% yen notes due 2020 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.32% yen notes due 2020 | 10,000 | 10,000 | 10,000 | 83,215 |
| 2.30% yen notes due 2030 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.27% yen notes due 2021 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.17% yen notes due 2021 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.00% yen notes due 2022 | 10,000 | 10,000 | 10,000 | 83,215 |
| 0.96% yen notes due 2022 | 10,000 | 10,000 | 10,000 | 83,215 |
| 1.95% yen notes due 2032 | 10,000 | 10,000 | 10,000 | 83,215 |
| 2.05% yen notes due 2033 | 10,000 | 10,000 | — | 83,215 |
| 0.10%–1.33% notes due 2015–2020 ^(*) | 110,105 | 46,685 | 50,229 | 916,243 |
| Total bonds and debentures | 380,105 | 346,685 | 380,229 | 3,163,060 |
| Less amount due within one year | (199,749) | (305,583) | (212,347) | (1,662,220) |
| Long-term debt due after one year | ¥1,729,105 | ¥1,705,923 | ¥1,853,793 | \$14,388,824 |

(*) 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) |
|---|-----------------|------------|------------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Due within one year | | | | |
| Non-recourse, with the weighted average interest rate of 0.65% in 2015, 0.56% in 2014 and 1.33% in 2013 | ¥ 6,213 | ¥ 87,216 | ¥ 1,647 | \$ 51,702 |
| Other, with the weighted average interest rate of 1.76% in 2015, 1.43% in 2014 and 1.76% in 2013 | 156,018 | 168,267 | 170,567 | 1,298,311 |
| Subtotal | 162,231 | 255,483 | 172,214 | 1,350,013 |
| Due after one year | | | | |
| Non-recourse, with the weighted average interest rate of 0.76% in 2015, 1.11% in 2014 and 1.14% in 2013 | 155,274 | 94,365 | 184,262 | 1,292,120 |
| Other, with the weighted average interest rate of 1.38% in 2015, 1.38% in 2014 and 1.37% in 2013 | 1,231,244 | 1,314,973 | 1,329,435 | 10,245,851 |
| Subtotal | 1,386,518 | 1,409,338 | 1,513,697 | 11,537,971 |
| Total | ¥1,548,749 | ¥1,664,821 | ¥1,685,911 | \$12,887,984 |

Bonds and debentures consist of the following:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|---------------------|-----------------|----------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Due within one year | | | | |
| Non-recourse | ¥ 7,518 | ¥ 20,100 | ¥ 133 | \$ 62,561 |
| Other | 30,000 | 30,000 | 40,000 | 249,646 |
| Subtotal | 37,518 | 50,100 | 40,133 | 312,207 |
| Due after one year | | | | |
| Non-recourse | 102,587 | 26,585 | 50,096 | 853,682 |
| Other | 240,000 | 270,000 | 290,000 | 1,997,171 |
| Subtotal | 342,587 | 296,585 | 340,096 | 2,850,853 |
| Total | ¥380,105 | ¥346,685 | ¥380,229 | \$3,163,060 |

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

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|---|-----------------|----------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Secured loans | | | | |
| Long-term loans, principally from banks and insurance companies | | | | |
| Non-recourse | ¥161,487 | ¥189,581 | ¥185,909 | \$1,343,821 |
| Other | 217 | 233 | 247 | 1,806 |
| Subtotal | 161,704 | 189,814 | 186,156 | 1,345,627 |
| Bonds and debentures | | | | |
| Non-recourse | 110,105 | 46,220 | 48,790 | 916,244 |
| Subtotal | 110,105 | 46,220 | 48,790 | 916,244 |
| Total | ¥271,809 | ¥236,034 | ¥234,946 | \$2,261,871 |

The following assets are pledged as collateral for secured loans:

| | Millions of yen | | | | | | Thousands of U.S. dollars (See Note 1) | |
|--------------------------|-----------------|------------------|----------|------------------|----------|------------------|--|------------------|
| | 2015 | | 2014 | | 2013 | | 2015 | |
| | Total | Non-recourse (*) | Total | Non-recourse (*) | Total | Non-recourse (*) | Total | Non-recourse (*) |
| Real property for sale | ¥191,962 | ¥191,962 | ¥213,703 | ¥213,703 | ¥199,425 | ¥199,425 | \$1,597,420 | \$1,597,420 |
| Buildings and structures | 51,656 | 47,368 | 35,742 | 31,249 | 59,151 | 54,441 | 429,858 | 394,175 |
| Land | 73,399 | 65,184 | 56,454 | 48,239 | 32,527 | 24,312 | 610,793 | 542,432 |
| Other | 65,036 | 65,020 | 36,240 | 36,222 | 28,920 | 28,899 | 541,200 | 541,067 |
| Total | ¥382,053 | ¥369,534 | ¥342,139 | ¥329,413 | ¥320,023 | ¥307,077 | \$3,179,271 | \$3,075,094 |

(*) 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, 2015, 2014 and 2013 are as follows:

| | 2015 | | | 2014 | | | 2013 | | |
|------------------------|--------------|------------|------------|--------------|------------|------------|--------------|------------|------------|
| | Non-recourse | Other | Total | Non-recourse | Other | Total | Non-recourse | Other | Total |
| Due within 1 year | ¥ 13,731 | ¥ 186,018 | ¥ 199,749 | ¥107,316 | ¥ 198,267 | ¥ 305,583 | ¥ 1,780 | ¥ 210,567 | ¥ 212,347 |
| Due after 1 to 2 years | 44,888 | 166,673 | 211,561 | 9,185 | 189,057 | 198,242 | 124,735 | 198,252 | 322,987 |
| Due after 2 to 3 years | 81,438 | 146,950 | 228,388 | 30,151 | 164,837 | 194,988 | 9,016 | 185,325 | 194,341 |
| Due after 3 to 4 years | 26,550 | 162,627 | 189,177 | 66,314 | 136,037 | 202,351 | 31,147 | 164,022 | 195,169 |
| Due after 4 to 5 years | 98,485 | 165,167 | 263,652 | 15,300 | 161,736 | 177,036 | 69,460 | 136,022 | 205,482 |
| Thereafter | 6,500 | 829,827 | 836,327 | — | 933,306 | 933,306 | — | 935,814 | 935,814 |
| Total | ¥271,592 | ¥1,657,262 | ¥1,928,854 | ¥228,266 | ¥1,783,240 | ¥2,011,506 | ¥236,138 | ¥1,830,002 | ¥2,066,140 |

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

| | 2015 | | |
|------------------------|--------------|--------------|--------------|
| | Non-recourse | Other | Total |
| Due within 1 year | \$ 114,263 | \$ 1,547,957 | \$ 1,662,220 |
| Due after 1 to 2 years | 373,538 | 1,386,977 | 1,760,515 |
| Due after 2 to 3 years | 677,690 | 1,222,851 | 1,900,541 |
| Due after 3 to 4 years | 220,937 | 1,353,308 | 1,574,245 |
| Due after 4 to 5 years | 819,547 | 1,374,444 | 2,193,991 |
| Thereafter | 54,090 | 6,905,442 | 6,959,532 |
| Total | \$2,260,065 | \$13,790,979 | \$16,051,044 |

14. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2015, 2014 and 2013
The Company and its consolidated subsidiaries, in connection with operating commercial facilities and parking business (Mitsui Repair), have entered into real estate lease contracts with terms ranging from several months to 20 years. Asset retirement obligations have been recognized in respect of the obligation of the

Company and its consolidated subsidiaries to the landlords to remove the facilities from leased real estate at the end of those contracts. The liability has been calculated with expected useful lives ranging from several months to 20 years and discount rates ranging from 0 to 2.5%.

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

The following table summarizes the changes in the aggregate carrying amount of asset retirement obligations for the year ended March 31, 2015, 2014 and 2013:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|--------|--------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Beginning of year | ¥3,475 | ¥3,146 | ¥2,945 | \$28,917 |
| Increase due to acquisition of fixed assets | 356 | 356 | 313 | 2,963 |
| Net increase due to revisions to original estimate (*) | 60 | 54 | 26 | 499 |
| Decrease due to settlement | (176) | (122) | (175) | (1,465) |
| Other | (195) | 41 | 37 | (1,622) |
| End of year | ¥3,520 | ¥3,475 | ¥3,146 | \$29,292 |

(*) Increase for the year ended March 31, 2015, 2014 and 2013 was mainly due to additions of decommissioning costs that have become measurable in a more accurate manner.

(2) Asset retirement obligations not recognized in the consolidated balance sheets as of March 31, 2015, 2014 and 2013
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, 2015, 2014 and 2013 comprise the following:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|-----------------------|-----------------|----------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Non-interest-bearing | ¥363,173 | ¥343,172 | ¥341,525 | \$3,022,161 |
| Interest-bearing | 2,125 | 2,445 | 3,398 | 17,683 |
| Total | ¥365,298 | ¥345,617 | ¥344,923 | \$3,039,844 |
| Average interest rate | 1.03% | 1.02% | 1.10% | |

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, 2015, 2014 and 2013 are as follows:

| | (Thousands) | |
|---|--------------|----------------|
| | Issued | Treasury stock |
| | Common stock | Common stock |
| Numbers of shares as of March 31, 2012 | 881,425 | 3,099 |
| Numbers of shares increased ^{(*)1} | — | 97 |
| Numbers of shares decreased ^{(*)2} | — | (16) |
| Numbers of shares as of March 31, 2013 | 881,425 | 3,180 |
| Numbers of shares increased ^{(*)1} | — | 149 |
| Numbers of shares decreased ^{(*)3} | — | (58) |
| Numbers of shares as of March 31, 2014 | 881,425 | 3,271 |
| Numbers of shares increased ^{(*)1} ^{(*)4} | 110,000 | 85 |
| Numbers of shares decreased ^{(*)5} | — | (92) |
| Numbers of shares as of March 31, 2015 | 991,425 | 3,264 |

^{(*)1} Treasury stock increased due to purchase of odd shares.

^{(*)2} Treasury stock decreased due to sale of 6 thousand odd shares and exercise of 10 thousand shares of subscription rights.

^{(*)3} Treasury stock decreased due to sale of 4 thousand odd shares and exercise of 54 thousand shares of subscription rights.

^{(*)4} Common stock increased due to issuance of new shares through public offering and third-party allotment.

^{(*)5} Treasury stock decreased due to sale of 5 thousand odd shares, exercise of 56 thousand shares of subscription rights and sale by affiliated companies of 31 thousand shares attributable to the Company.

(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, 2013 | ¥729 | ¥— | ¥729 | | | |
| Balance as of March 31, 2014 | 824 | — | 824 | | | |
| Balance as of March 31, 2015 | 914 | — | 914 | \$7,606 | \$— | \$7,606 |

Number of shares regarding stock options as of March 31, 2015, 2014 and 2013 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, 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 (\$80,386 thousand) | ¥9,661 million | ¥9,662 million |
| Per share amount | ¥11 (\$0.092) | ¥11 | ¥11 |
| Record date | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| Effective date | June 30, 2014 | June 28, 2013 | June 29, 2012 |

The following resolution was approved by the Board of Directors' meeting held on November 6, 2014, November 7, 2013 and November 1, 2012:

| | | | |
|-------------------------------------|--|--------------------|--------------------|
| Date of board of directors' meeting | November 6, 2014 | November 7, 2013 | November 1, 2012 |
| Type of stock | Common stock | Common stock | Common stock |
| Total amount | ¥10,870 million (\$90,455 thousand) | ¥9,661 million | ¥9,662 million |
| Per share amount | ¥11 (\$0.092) | ¥11 | ¥11 |
| Record date | September 30, 2014 | September 30, 2013 | September 30, 2012 |
| Effective date | December 2, 2014 | December 3, 2013 | December 4, 2012 |

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

The following resolution was approved by the ordinary general shareholders' meeting held on June 26, 2015, June 27, 2014 and June 27, 2013:

| | | | |
|-------------------------------|---|-------------------|-------------------|
| Date of shareholders' meeting | June 26, 2015 | June 27, 2014 | June 27, 2013 |
| Type of stock | Common stock | Common stock | Common stock |
| Total amount | ¥13,834 million (\$115,120 thousand) | ¥9,660 million | ¥9,661 million |
| Source | Retained earnings | Retained earnings | Retained earnings |
| Per share amount | ¥14 (\$ 0.117) | ¥11 | ¥11 |
| Record date | March 31, 2015 | March 31, 2014 | March 31, 2013 |
| Effective date | June 29, 2015 | June 30, 2014 | June 28, 2013 |

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, 2015, 2014 and 2013 are as follows:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|------|------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Cost of revenue from operations | ¥ 47 | ¥ 48 | ¥ 42 | \$ 391 |
| Selling, general and administrative expenses | 120 | 134 | 119 | 999 |
| Total | ¥167 | ¥182 | ¥161 | \$1,390 |

The following table summarizes the contents and activity of stock options as of March 31, 2015 and for the year then ended:

| | 2014 plan | 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; 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 | 52,450 shares of common stock | 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 22, 2014 | 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} | ^{(*)2} |
| Requisite service period | Not specified | Not specified | Not specified | Not specified | Not specified | Not specified | Not specified | Not specified |
| Exercise period ^{(*)2} | August 23, 2014– August 22, 2044 | 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 | — | 66,650 | 134,640 | 143,040 | 115,390 | 77,430 | 41,190 | 28,420 |
| Granted | 52,450 | — | — | — | — | — | — | — |
| Forfeited | — | — | — | — | — | — | — | — |
| Vested | — | — | (3,760) | (5,250) | (25,450) | (7,650) | (7,140) | (6,540) |
| Outstanding at end of year | 52,450 | 66,650 | 130,880 | 137,790 | 89,940 | 69,780 | 34,050 | 21,880 |
| Vested options (number of shares) | | | | | | | | |
| Outstanding at beginning of year | — | — | — | — | — | — | — | — |
| Vested | — | — | 3,760 | 5,250 | 25,450 | 7,650 | 7,140 | 6,540 |
| Exercised | — | — | (3,760) | (5,250) | (25,450) | (7,650) | (7,140) | (6,540) |
| Expired | — | — | — | — | — | — | — | — |
| Outstanding at end of year | — | — | — | — | — | — | — | — |
| | Yen/U.S. dollars (See Note 1) | | | | Yen | | | |
| Exercise price | ¥1/\$0.01 | ¥ 1 | ¥ 1 | ¥ 1 | ¥ 1 | ¥ 1 | ¥ 1 | ¥ 1 |
| Average stock price on exercise date | —/— | — | 3,448 | 3,438 | 3,426 | 3,448 | 3,448 | 3,448 |
| Grant-date fair value | ¥3,067/\$25.52 | 2,796 | 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 2014 plan and 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:

| | 2014 plan | 2013 plan | 2012 plan |
|-------------------------------------|------------------------|---------------|---------------|
| Expected volatility ^{(*)1} | 39% | 40% | 40% |
| Expected life ^{(*)2} | 15 years | 15 years | 15 years |
| Expected dividend ^{(*)3} | ¥22 (\$0.18) per share | ¥22 per share | ¥22 per share |
| Risk-free rate ^{(*)4} | 0.98% | 1.28% | 1.39% |

(*)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, 2015, there were no impairment losses recognized by the Company and its consolidated subsidiaries.

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 are comprised of ¥4,642 million of buildings and structures and ¥6,915 million 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%.

20. MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME

| Years ended March 31, | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|---------|---------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Interest income | ¥ 722 | ¥ 584 | ¥ 382 | \$ 6,008 |
| Dividend income | 3,585 | 3,760 | 3,332 | 29,833 |
| Gain on sales of investments in unconsolidated subsidiaries and affiliated companies | 5,604 | — | 2,369 | 46,634 |
| Gain on sale of property and equipment | — | 13,190 | 2,859 | — |
| Gain on sale of investment securities | — | — | 3,442 | — |
| Other | 4,578 | 3,853 | 3,290 | 38,096 |
| Total | ¥14,489 | ¥21,387 | ¥15,674 | \$120,571 |

21. MAJOR COMPONENTS OF OTHER EXPENSES

| Years ended March 31, | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|--|-----------------|---------|---------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Loss on disposal of property and equipment | ¥2,136 | ¥ 8,273 | ¥ 4,216 | \$ 17,775 |
| Loss on sale of property and equipment | — | 9,110 | 8,806 | — |
| Impairment loss on fixed assets | — | 11,557 | 7,769 | — |
| Loss on liquidation of consolidated subsidiaries | — | 2,127 | — | — |
| Other | 7,586 | 6,733 | 5,529 | 63,127 |
| Total | ¥9,722 | ¥37,800 | ¥26,320 | \$80,902 |

22. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the year ended March 31, 2015, 2014 and 2013 is presented as follows.

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|---|-----------------|---------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Net unrealized holding gains on securities | | | | |
| Unrealized holding gains arising during the year | ¥204,211 | ¥13,000 | ¥81,225 | \$1,699,351 |
| Reclassification to income for the year | (11) | — | — | (92) |
| Pretax amount | 204,200 | 13,000 | 81,225 | 1,699,259 |
| Tax (expense) benefit | (60,264) | (4,640) | (28,945) | (501,489) |
| Net-of-tax amount | 143,936 | 8,360 | 52,280 | 1,197,770 |
| Deferred gains (losses) on hedging instruments | | | | |
| Deferred losses arising during the year | (909) | (304) | (1,150) | (7,564) |
| Reclassification to income for the year | 856 | 990 | 773 | 7,123 |
| Pretax amount | (53) | 686 | (377) | (441) |
| Tax (expense) benefit | 17 | (438) | 151 | 141 |
| Net-of-tax amount | (36) | 248 | (226) | (300) |
| Reserve on land revaluation | | | | |
| Tax (expense) benefit | 14,812 | (1,203) | 26 | 123,259 |
| Foreign currency translation adjustments | | | | |
| Aggregated adjustment during the year resulting from foreign currency translation | 14,414 | 20,564 | 8,872 | 119,947 |
| Adjustments for retirement benefit | | | | |
| Adjustments for retirement benefit arising during the year | 7,347 | — | — | 61,138 |
| Reclassification to income for the year | 1,199 | — | — | 9,978 |
| Pretax amount | 8,546 | — | — | 71,116 |
| Tax (expense) benefit | (2,943) | — | — | (24,490) |
| Net-of-tax amount | 5,603 | — | — | 46,626 |
| Equity in other comprehensive loss of affiliated companies | | | | |
| Unrealized losses arising during the year | 6,866 | 10,438 | 5,852 | 57,135 |
| Total other comprehensive income | ¥185,595 | ¥38,407 | ¥66,804 | \$1,544,437 |

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 (O), 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, 2015, 2014 and 2013:

| | Millions of yen | | | | | | | | |
|--------------------------|--------------------------|-------------------------|--------|--------------------------|-------------------------|--------|--------------------------|-------------------------|--------|
| | 2015 | | | 2014 | | | 2013 | | |
| | 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 | ¥2,184 | ¥49 | ¥2,233 | ¥2,618 | ¥65 | ¥2,683 |
| Accumulated depreciation | 1,658 | 41 | 1,699 | 1,469 | 36 | 1,505 | 1,680 | 45 | 1,725 |
| Net book value | ¥ 526 | ¥ 8 | ¥ 534 | ¥ 715 | ¥13 | ¥ 728 | ¥ 938 | ¥20 | ¥ 958 |

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

| | 2015 | | |
|--------------------------|--------------------------|-------------------------|----------|
| | Buildings and structures | Machinery and equipment | Total |
| Acquisition cost | \$18,174 | \$408 | \$18,582 |
| Accumulated depreciation | 13,797 | 341 | 14,138 |
| Net book value | \$ 4,377 | \$ 67 | \$ 4,444 |

(2) Future lease payment inclusive of interest at March 31, 2015, 2014 and 2013:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|----------------------------|-----------------|------|------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Amount due within one year | ¥188 | ¥195 | ¥227 | \$1,565 |
| Amount due after one year | 346 | 533 | 731 | 2,879 |
| Total | ¥534 | ¥728 | ¥958 | \$4,444 |

(3) Lease expense and the assumed amount of depreciation expense for the years ended March 31, 2015, 2014 and 2013:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|----------------------|-----------------|------|------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Lease expense | ¥222 | ¥227 | ¥389 | \$1,847 |
| Depreciation expense | 222 | 227 | 389 | 1,847 |

(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, 2015, 2014 and 2013:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|----------------------------|-----------------|----------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Amount due within one year | ¥ 55,587 | ¥ 52,603 | ¥ 63,593 | \$ 462,570 |
| Amount due after one year | 123,708 | 108,341 | 136,866 | 1,029,442 |
| Total | ¥179,295 | ¥160,944 | ¥200,459 | \$1,492,012 |

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2015, 2014 and 2013:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|----------------------------|-----------------|----------|----------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Amount due within one year | ¥ 49,443 | ¥ 46,937 | ¥ 45,696 | \$ 411,442 |
| Amount due after one year | 293,462 | 228,777 | 216,510 | 2,442,057 |
| Total | ¥342,905 | ¥275,714 | ¥262,206 | \$2,853,499 |

24. 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, etc.

Financial information about reportable segments for the years ended March 31, 2015, 2014 and 2013 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, 2015 | (1) | (2) | (3) | (4) | (5) | Adjustments ^{(*)1} | Consolidated |
| Revenue from operations | | | | | | | |
| Outside customers | ¥ 464,843 | ¥ 425,442 | ¥317,818 | ¥242,151 | ¥78,783 | ¥ — | ¥1,529,037 |
| Inter-segment | 17,372 | — | 63,173 | 10,832 | 2,762 | (94,139) | — |
| Total revenue from operations | ¥ 482,215 | ¥ 425,442 | ¥380,991 | ¥252,983 | ¥81,545 | ¥ (94,139) | ¥1,529,037 |
| Segment operating income | ¥ 107,863 | ¥ 45,494 | ¥ 49,318 | ¥ 4,017 | ¥ 5,187 | ¥ (25,804) | ¥ 186,075 |
| Segment assets | 2,930,908 | 1,288,248 | 289,488 | 127,948 | 95,787 | 344,770 | 5,077,149 |
| Depreciation | 44,172 | 1,372 | 7,312 | 3,091 | 4,030 | 1,265 | 61,242 |
| Additions to property and equipment and intangible assets | 252,098 | 1,685 | 9,569 | 2,988 | 4,817 | 2,331 | 273,488 |

| Millions of yen | | | | | | | |
|---|-----------|-----------|----------|----------|----------|-----------------------------|--------------|
| Year ended March 31, 2014 | (1) | (2) | (3) | (4) | (5) | Adjustments ^{(*)2} | 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 ^{(*)3} | 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 |

| Thousands of U.S. dollars (See Note 1) | | | | | | | |
|---|--------------|--------------|-------------|-------------|-----------|-----------------------------|--------------|
| Year ended March 31, 2015 | (1) | (2) | (3) | (4) | (5) | Adjustments ^{(*)1} | Consolidated |
| Revenue from operations | | | | | | | |
| Outside customers | \$ 3,868,212 | \$ 3,540,335 | \$2,644,737 | \$2,015,070 | \$655,595 | \$ — | \$12,723,949 |
| Inter-segment | 144,562 | — | 525,697 | 90,139 | 22,984 | (783,382) | — |
| Total revenue from operations | \$ 4,012,774 | \$ 3,540,335 | \$3,170,434 | \$2,105,209 | \$678,579 | \$ (783,382) | \$12,723,949 |
| Segment operating income | \$ 897,587 | \$ 378,580 | \$ 410,402 | \$ 33,428 | \$ 43,163 | \$ (214,729) | \$ 1,548,431 |
| Segment assets | 24,389,681 | 10,720,213 | 2,408,987 | 1,064,725 | 797,096 | 2,869,019 | 42,249,721 |
| Depreciation | 367,579 | 11,417 | 60,847 | 25,722 | 33,536 | 10,527 | 509,628 |
| Additions to property and equipment and intangible assets | 2,097,845 | 14,022 | 79,629 | 24,865 | 40,084 | 19,398 | 2,275,843 |

(*)1 Adjustments to segment operating income of ¥(25,804) million (\$ (214,729) thousand) consists of ¥(947) million (\$ (7,880) thousand) of inter-segment elimination and ¥(24,857) million (\$ (206,849) 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 ¥344,770 million (\$2,869,019 thousand) consists of ¥(756,995) million (\$ (6,299,368) thousand) of inter-segment elimination, ¥932,430 million (\$7,759,258 thousand) of corporate assets and investments in affiliated companies of ¥169,335 million (\$1,409,129 thousand).

(*)2 Adjustments to segment operating income of ¥(20,947) million consists of ¥(362) million of inter-segment elimination and ¥(20,585) 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 ¥161,508 million consists of ¥(658,609) million of inter-segment elimination, ¥664,041 million of corporate assets and investments in affiliated companies of ¥156,076 million.

(*)3 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.

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.

25. RELATED PARTIES

Significant related party transactions for the year ended March 31, 2015 are summarized as follows:

Transaction with the Company's directors and major individual shareholders

| Type | Name | Ownership ratio of voting shares | Nature of transaction | Millions of yen | | Thousands of U.S. dollars (See Note 1) | |
|-------------|-------------------|----------------------------------|-------------------------|--------------------|---------------------------------|--|---------------------------------|
| | | | | Transaction amount | Balance outstanding at year end | Transaction amount | Balance outstanding at year end |
| 2015 | | | | | | | |
| Director | Hiroshi Asai | Directly owns 0.00% | Renovation of residence | ¥33 | ¥— | \$275 | ¥— |
| Director | Toshiaki Egashira | Directly owns 0.00% | Renovation of residence | 12 | — | 100 | — |

Policies for terms and conditions of the transaction:

The price of residence is determined in reference to market prices.

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

| Type | Name | Ownership ratio of voting shares | Nature of transaction | Millions of yen | |
|-------------|------------|----------------------------------|---------------------------|--------------------|---------------------------------|
| | | | | Transaction amount | Balance outstanding at year end |
| 2014 | | | | | |
| Director | Kenji Iino | Directly owns 0.00% | Construction of residence | ¥59 | ¥— |

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.

26. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2015, 2014 and 2013 are as follows:

| | Millions of yen | | | Thousands of U.S. dollars (See Note 1) |
|------------------|-----------------|---------|---------|--|
| | 2015 | 2014 | 2013 | 2015 |
| Loans guaranteed | ¥24,665 | ¥26,535 | ¥32,988 | \$205,251 |

27. SUBSEQUENT EVENTS

Business reorganization

On May 11, 2015, the Board of Directors of the Company and Mitsui Fudosan Residential Co. Ltd. ("MFR") adopted the resolutions to transfer the Company's residential leasing business under its leasing segment to MFR through corporate divestiture, and entered into the divestiture contract.

(1) Purposes

Integration of the Company's residential leasing business and MFR's residential sales business will enable one-stop and quick offering of solutions for various demands on housing based on diversifying life styles of customers confronting the mature society.

The business transfer aims to strengthen the ability to develop and provide variety of products such as development of new town in which residences for both sale and rent are available. It is also believed to contribute to centralize land acquisition function and strengthen construction order ability, thus enhancing the business efficiency.

(2) Outline

The Company's residential leasing business is to be transferred to MFR through corporate divestiture. The business subject to the transfer includes construction, leasing and sale of residences for leasing.

The transfer is to be approved by the shareholders' meeting of MFR, the transferee, on September 18, 2015 and to be in effect on October 1, 2015. Approval of the shareholders' meeting of the Company, the transferor, is not required under the Japanese Company Law.

The transfer is to be made in exchange for 500,000 shares of common stock issued by MFR. The Company owns 100% of common stock issued by MFR and all new shares of common stock to be issued by MFR in connection with the transfer is to be owned by the Company. Thus, there will be no change in the Company's shareholders' equity regardless of the numbers of new shares to be issued.

(3) Accounting treatment

The transfer is to be accounted for as transactions among entities under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, revised on September 13, 2013) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised on September 13, 2013).

Independent Auditors' Report



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, 2015, 2014 and 2013, 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, 2015, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 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 26, 2015
Tokyo, Japan

Major Properties

1 LEASING SEGMENT

| 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. | Mitsui Main Building (Chuo Ward, Tokyo) | Office | Steel-reinforced concrete structure 7 floors above ground 2 basement floors | Mar. 1929 | 32,245 | 14,256 | 2,936 | 122,472 | 21 | 165,099 |
| | Mitsui Building No. 2 (Chuo Ward, Tokyo) | Office | Steel-reinforced concrete structure 11 floors above ground 3 basement floors | Feb. 1985 | 26,490 | | 5,038 | | 32 | |
| | 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 | | 34,050 | | 547 | |
| | 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 | 12,681 | 25,088 | 492 | 38,262 |
| | 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 | 6,589 | 7,487 | 479 | 14,556 |
| | 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 | 3,415 | 8,398 | 257 | 12,070 |
| Mitsui Fudosan Co., Ltd. T Tower Corporation | Nihonbashi 1-Chome Mitsui Building (Chuo Ward, Tokyo) | Office, Retail facility | Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 4 basement floors | Jan. 2004 | 98,063 | 8,185 | 16,800 | 58,848 | 270 | 75,919 |
| 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 | 1,064 | 15,811 ² | 11 | 16,887 |
| | 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 | 2,636 | 7,832 | 45 | 10,514 |
| | 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 | 20,318 | 89,148 | 278 | 109,746 |
| | 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 | 17,531 | 1,356 ² | 962 | 19,849 |
| | 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 | 1,112 | 16,597 | 6 | 17,716 |
| | 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 | 1,492 | 32,292 | 16 | 33,801 |
| | Marunouchi Mitsui Building (Chiyoda Ward, Tokyo) | Office | Steel-reinforced concrete structure 11 floors above ground 2 basement floors | Feb. 1981 | 20,373 | 1,851 | 3,364 | 23,690 | 17 | 27,071 |
| | Jimbocho Mitsui Building (Chiyoda Ward, Tokyo) | Office | Steel construction / steel-reinforced concrete structure (portion) 23 floors above ground 2 basement floors | Mar. 2003 | 45,125 ¹ | 4,171 ¹ | 13,207 | 25,165 | 100 | 38,473 |
| | 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 | 1,197 | 117,309 | 6 | 118,513 |
| | 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 | 17,241 | 43,778 | 329 | 61,349 |

| | | | | | | | | | | |
|---|---|---|---|--------------|----------------------|---------------------|--------|---------|-------|---------|
| | 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 | 270 | 37,153 | 0 | 37,424 |
| | Iidabashi Grand Bloom (Chiyoda Ward, Tokyo) | Office, Retail facility | Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 30 floors above ground 2 basement floors | Jun. 2014 | 89,282 ¹ | 7,965 ¹ | 27,464 | 74,181 | 1,352 | 102,998 |
| | 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 | 2,176 | 9,468 | 11 | 11,655 |
| | 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 | 2,980 | 8,777 | 52 | 11,811 |
| 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 | 54,629 | 148,163 | 1,807 | 204,600 |
| 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 | 6,597 | 13,376 | 122 | 20,096 |
| | 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 | 13,226 | 186,668 | 342 | 200,237 |
| | 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 | 3,580 | 26,022 | 221 | 29,823 |
| | 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 | 22,818 | 7,398 | 1,361 | 31,578 |
| Mitsui Fudosan Co., Ltd. Kamoi Properties Co., Ltd. | LaLaport YOKOHAMA (Yokohama City, Kanagawa Prefecture) | Retail facility | Steel construction 6 floors above ground 1 basement floor | Feb. 2007 | 244,154 | 102,002 | 13,083 | 17,073 | 530 | 30,687 |
| Mitsui Fudosan Co., Ltd. | 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 | 1,913 | 48,919 | 18 | 77,211 |
| | 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 | | 24,052 | | 2,308 | |
| | GATE SQUARE (Kashiwa City, Chiba Prefecture) | Office, Retail facility, Residential | <i>Shop & Office</i> Steel-reinforced concrete structure 7 floors above ground 1 basement floor <i>Hotel & Residence</i> Reinforced concrete structure 14 floors above ground 1 basement floor | Apr. 2014 | 48,166 | 20,871 | 10,915 | 4,858 | 1,575 | 17,349 |

| | | | | | | | | | | |
|--|---|-------------------------|---|-----------|---------------------|----------------------|--------|--------------------|-------|--------|
| Mitsui Fudosan Co., Ltd. | LaLaport FUJIMI (Fujimi City, Saitama Prefecture) | Retail facility | <i>Retail</i> Steel construction 4 floors above ground <i>Parking Tower</i> Steel construction 5 floors above ground | Feb. 2015 | 183,858 | 152,055 | 24,122 | 10,290 | 2,241 | 36,654 |
| | Nagoya Mitsui Building Main Building (Nagoya City, Aichi Prefecture) | Office | Steel construction 18 floors above ground 2 basement floors | Mar. 1987 | 31,257 | 3,526 | 2,867 | 9,875 | 69 | 12,812 |
| | 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 | 374 | 14,242 | 7 | 14,624 |
| | 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 | 9,818 | 12,131 | 372 | 22,321 |
| | 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 | 6,916 | 14,556 | 161 | 21,634 |
| | 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 | 5,316 | 15,060 | 50 | 20,427 |
| | MITSUI OUTLET PARK MARINE PIA KOBE (Kobe City, Hyogo Prefecture) | Retail facility | <i>Factory Outlet</i> Steel construction, 3 floors above ground <i>Annex</i> Steel construction, 2 floors above ground | Jul. 1999 | 61,961 | 78,205 | 2,005 | 11,096 | 1,077 | 14,178 |
| | MITSUI OUTLET PARK SHIGA RYUO (Gamo-gun, Shiga Prefecture) | Retail facility | <i>1st Stage</i> Steel construction 2 floors above ground <i>2nd Stage</i> Steel construction 3 floors above ground | Jul. 2010 | 91,831 | 174,231 ² | 7,418 | 2,550 ² | 1,897 | 11,865 |
| | Sapporo Mitsui JP Building (Sapporo City, Hokkaido) | Office, Retail facility | Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 20 floors above ground 3 basement floors | Aug. 2014 | 47,714 ¹ | 3,861 ¹ | 12,375 | 6,707 | 471 | 19,555 |
| 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 | 38,709 | 26,995 | 18 | 65,724 |
| | 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 | 16,723 | 13,141 | — | 29,865 |
| | 1200 17th Street (Washington D.C., U.S.A.) | Office | Steel construction 11 floors above ground 2 basement floors | Sep. 2014 | 15,468 ¹ | 1,550 | 5,705 | 5,804 | 34 | 11,543 |
| | 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 | 31,611 | 4,663 ² | — | 36,274 |
| 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 | 4,695 | 11,368 | 1,377 | 17,441 |
| | 70 Mark Lane (London, U.K.) | Office | Steel construction / reinforced concrete structure (portion) 16 floors above ground 1 basement floor | Nov. 2014 | 23,217 | 1,664 ¹ | 7,595 | 4,708 ² | 4,810 | 17,114 |
| | 8-10 Moorgate (London, U.K.) | Office | Steel construction / reinforced concrete structure (portion) 9 floors above ground 1 basement floors | May 2014 | 16,750 | 2,040 ² | 5,136 | 7,047 ² | 3,147 | 15,331 |

2) Others

| | | | | | | | | | |
|---|---------------------------------------|---------------------------|---|---|-----------------------|---|----------------------|----|---------|
| Mitsui Fudosan Co., Ltd., M3 Real Estate Co., Ltd., Murosan Real Estate Co., Ltd. | Chuo Ward, Tokyo Land | Planned construction site | — | — | 3,643 | — | 54,421 | — | 54,421 |
| Mitsui Fudosan Co., Ltd. | Yurakucho, Chiyoda Ward, Tokyo Land | Planned construction site | — | — | 10,702 | — | 121,375 | — | 121,375 |
| | Funabashi City, Chiba Prefecture Land | Lot for rent | — | — | 216,006 ^{*2} | — | 10,840 ^{*2} | 19 | 10,860 |
| Mitsui Fudosan America, Inc. (Overseas subsidiary) | New York City, New York, U.S.A. Land | Planned construction site | — | — | 3,347 ^{*1} | — | 52,638 | — | 52,638 |
| Mitsui Fudosan (U.K.) Ltd. (Overseas subsidiary) | London, U.K. Land | Planned construction site | — | — | 3,925 ^{*2} | — | 15,142 ^{*2} | — | 15,142 |

Note: Land includes leasehold. Other is tangible fixed assets excluding buildings, land, and construction in progress.

*1 Data for the buildings and land is calculated based on the area in which the Group (the Company and its consolidated subsidiaries) maintains an equity interest.

*2 Land includes the area and amount corresponding to leasehold.

2 OTHERS

| 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 11 locations | Hotel | — | — | 130,279 ^{*1} | 19,562 ^{*1, *2} | 16,646 | 14,109 ^{*2} | 911 | 31,667 |
| MITSUI FUDOSAN AMERICA, INC. (Overseas subsidiary) | Halekulani One other overseas hotel in another location | Hotel | — | — | 77,172 | 20,927 ^{*2} | 8,343 | 2,966 ^{*2} | 1,967 | 13,277 |
| 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} | 1,734 | 5,135 ^{*2} | 7,198 | 14,068 |
| 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 | 1,023 | 23,571 | 233 | 24,828 |

Note: Land includes leasehold. Other is tangible fixed assets excluding buildings, land, and construction in progress.

*1 Data for the buildings and land is calculated based on the area in which the Group (the Company and its consolidated subsidiaries) maintains an equity interest.

*2 Land includes the area and amount corresponding to leasehold.

Domestic and Overseas Network

DOMESTIC NETWORK

Head Office

1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-0022
Tel: +81-3-3246-3131

Branch Offices

Kansai Head Office

Midosuji Mitsui Building
1-3, Bingo-machi 4-chome, Chuo-ku, Osaka-shi,
Osaka 541-0051
Tel: +81-6-6205-6701

Kyoto Branch

Kyoto Mitsui Building
8 Naginataboko-cho, Shijodori-Karasuma, Higashiiru,
Shimogyo-ku, Kyoto-shi, Kyoto 600-8008
Tel: +81-75-255-4733

Hokkaido Branch

Sapporo Mitsui JP Building
1, Kitaniijo Nishi 4-chome, Chuo-ku, Sapporo-shi,
Hokkaido 060-0002
Tel: +81-11-231-2481

Tohoku Branch

Sendai Honcho Mitsui Building
4-6, Honcho 2-chome, Aoba-ku, Sendai-shi,
Miyagi 980-0014
Tel: +81-22-711-1131

Chiba Branch

Chiba Chuo Twin Building No.1
11-1, Chuo 1-chome, Chuo-ku, Chiba-shi,
Chiba 260-0013
Tel: +81-43-221-1331

Yokohama Branch

Yokohama Mitsui Building
1-2, Takashima 1-chome, Nishi-ku, Yokohama-shi,
Kanagawa 220-0011
Tel: +81-45-680-5711

Chubu Branch

Nagoya Mitsui Main Building
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Aichi 450-0003
Tel: +81-52-586-1767

Chugoku Branch

Nakamachi Mitsui Building
9-12, Nakamachi, Naka-ku, Hiroshima-shi,
Hiroshima 730-0037
Tel: +81-82-240-1111

Kyushu Branch

Hakata Mitsui Building
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Tel: +81-92-271-3871

OVERSEAS NETWORK

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Mitsui Fudosan America, Inc. San Francisco Branch

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Tel: 1-415-840-2500

Halekulani Corporation

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Mitsui Fudosan (U.K.) Ltd.

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Mitsui Fudosan (Asia) Pte. Ltd.

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Tel: 65-6220-8158

Mitsui Fudosan (Asia) Pte. Ltd. Malaysia Branch

Mitsui Outlet Park KLIA Sepang, Persiaran Komersial,
64000 KLIA, Sepang, Selangor, Malaysia
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Mitsui Fudosan (Asia) Pte. Ltd. Taipei Branch

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Mitsui Fudosan (Shanghai) Consulting Co., Ltd.

Unit 2112, 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 1,
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 2015)

- 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 (Tokyo)
- 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
- 1956 • Liquidation and absorption of the Mitsui Company by Mitsui Fudosan
- 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. (now Mitsui Fudosan Realty Co., Ltd.)
- 1971 • Completion of Mita Tsunamachi Park Mansion (Tokyo)
- 1973 • Establishment of Mitsui Fudosan America, Inc.
- 1974 • Completion of Shinjuku Mitsui Building (Tokyo)
• Establishment of Mitsui Home Co., Ltd.
- 1980 • Establishment of “**Let's**” system of joint development
- 1981 • Opening of LaLaport TOKYO-BAY, Japan's first large-scale regional shopping center (Chiba)
- 1984 • Opening of Mitsui Garden Hotel Osaka Yodoyabashi, Mitsui Fudosan's first hotel in Japan (Osaka)
• Opening of Halekulani (Hawaii)
- 1986 • Acquisition of 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)
- 1994 • Opening of Shonan Village (Kanagawa)
- 1995 • Opening of MITSUI OUTLET PARK OSAKA TSURUMI, the first factory outlet mall in Japan (Osaka)
- 1998 • Registration of Mitsui Main Building as Important Cultural Property
• Opening of MITSUI OUTLET PARK YOKOHAMA BAYSIDE (Kanagawa)
- 1999 • Completion of Gate City Ohsaki (Tokyo)
• Opening of MITSUI OUTLET PARK MARINE PIA KOBE (Hyogo)
- 2000 • Start of Office Building Fund operation
• Opening of Mitsui Garden Hotel Okayama (Okayama)
• Opening of MITSUI OUTLET PARK MAKUHARI (Chiba)
- 2002 • Completion of Nakanoshima Mitsui Building (Osaka)
• Opening of MITSUI OUTLET PARK JAZDREAM NAGASHIMA (Mie)
- 2003 • Completion of Shiodome City Center (Tokyo)
• Completion of Aoyama Park Tower (Tokyo)
- 2004 • Completion of Nihonbashi 1-Chome Mitsui 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)
• Completion of Gran Tokyo North Tower (Tokyo)
- 2008 • Completion of akasaka Biz Tower (in akasaka Sacas) (Tokyo)
• Opening of MITSUI OUTLET PARK SENDAI PORT (Miyagi)
- 2009 • Opening of Mitsui Garden Hotel Yotsuya (Tokyo)
• Opening of LaLaport IWATA (Shizuoka)
• Opening of LaLaport SHIN MISATO (Saitama)
- 2010 • Opening of MITSUI OUTLET PARK SAPPORO KITA HIROSHIMA (Hokkaido)
• Opening of MITSUI OUTLET PARK SHIGA RYUO (Shiga)
• Opening of Mitsui Garden Hotel Ueno (Tokyo)
• Completion of Muromachi Higashi Mitsui Building (COREDO Muromachi 1) (Tokyo)
- 2011 • Opening of Shanjing Outlet Plaza, Ningbo (Zhejiang Province, China)
• Opening of MITSUI OUTLET PARK KURASHIKI (Okayama)
- 2012 • Completion of Yokohama Mitsui Building (Kanagawa)
• Establishment of Mitsui Fudosan Group's Long-Term business plan “Innovation 2017”
• Opening of MITSUI OUTLET PARK KISARAZU (Chiba)
• Opening of DiverCity Tokyo (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)
• Completion of 8-10 Moorgate (London)
• Completion of Iidabashi Grand Bloom (Tokyo)
• Opening of Gate Square (Chiba)
• Completion of 1200 17th Street (Washington D.C.)
• Completion of Fukutoku Shrine (Tokyo)
• Opening of LaLaport IZUMI (Osaka)
• Completion of 70 Mark Lane (London)
• Opening of Millennium Mitsui Garden Hotel Tokyo (Tokyo)
- 2015 • Opening of LaLaport FUJIMI (Saitama)
• Establishment of Mitsui Fudosan Group's Medium-Term Business Plan “Innovation 2017 Stage II (2015–2017)”
• Full completion of Park City OSAKI (Tokyo)
• Opening of MITSUI OUTLET PARK KLIA SEPANG (Kuala Lumpur)

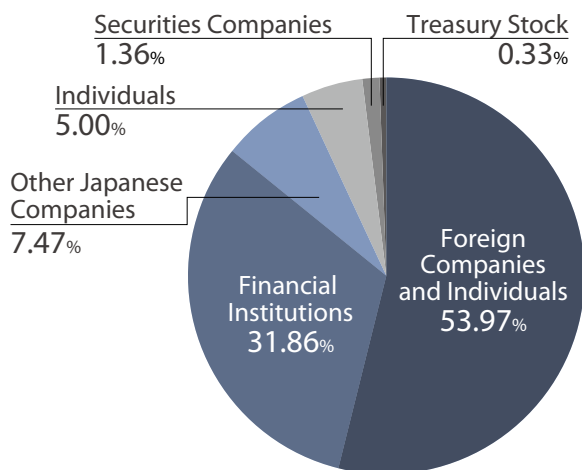
Corporate Data/Shareholders' Information

(Parent company; as of March 31, 2015)

Corporate Data

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:
 ¥339,766 million
 Listing:
 Tokyo Stock Exchange (Ticker: 8801)
 Number of Shares:
 Authorized: 3,290,000,000
 Issued and outstanding: 991,424,727
 Number of Shareholders:
 33,799
 Transfer Agent:
 Sumitomo Mitsui Trust Bank, Limited
 Number of Employees:
 1,349 (Consolidated 16,799)
 Website:
<http://www.mitsuifudosan.co.jp/english>

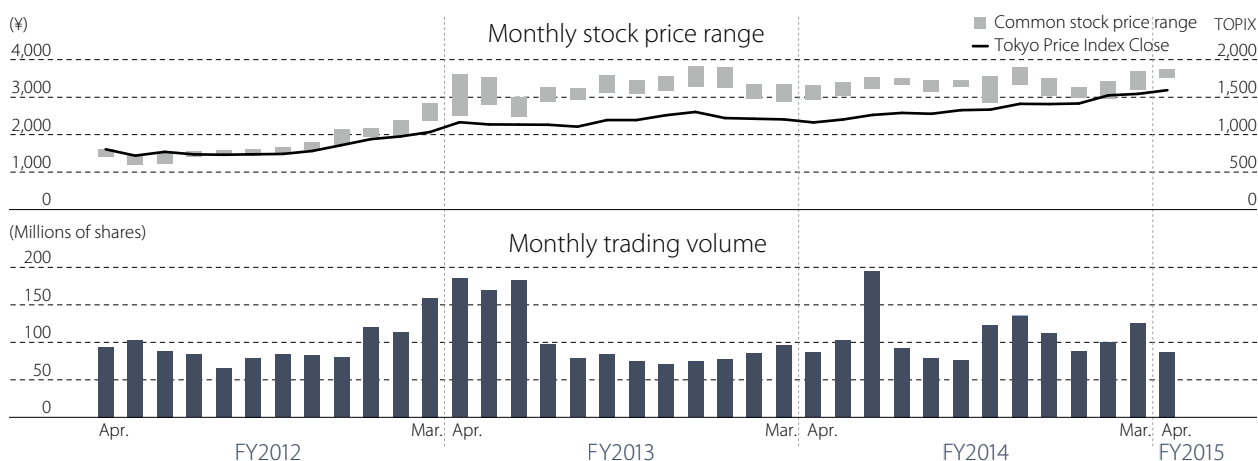
Shareholder Composition (Shareholding Ratio)



Status of Large Shareholders

| Shareholder | Number of Shares Held (Thousands) | Percentage of Total Shares Issued |
|---|-----------------------------------|-----------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 70,503 | 7.11 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 50,125 | 5.06 |
| The Bank of New York Mellon SA/NV 10 | 30,645 | 3.09 |
| State Street Bank and Trust Company 505223 | 22,153 | 2.23 |
| State Street Bank and Trust Company | 20,557 | 2.07 |
| Sumitomo Mitsui Banking Corporation | 18,546 | 1.87 |
| CBLDN – STICING PGM DEPOSITARY – LISTED REAL ESTATE PF FUND | 17,112 | 1.73 |
| State Street Bank West Pension Fund Clients Exempt 505233 | 14,428 | 1.46 |
| State Street Bank West Client – Treaty 505234 | 14,247 | 1.44 |
| Kajima Corporation | 13,362 | 1.35 |
| Total | 271,681 | 27.40 |

Monthly Stock Data (TSE)



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