

FACT BOOK

For the Three Months Ended June 30, 2020

August 6, 2020



1-1, Nihonbashi Muromachi 2-chome, Chuo-Ku, Tokyo, 103-0022, Japan

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

Corporate Data

(As of June 30, 2020)

Head Office:

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

Date of Establishment:

July 15, 1941

Share Capital:

¥339,766 million

Number of Issued and Outstanding Shares:

979,250,227

Stock Exchange Listings:

Tokyo (Code: 8801)

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Forward-Looking Statements

In this Fact Book, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks and uncertainties related to internal and external factors that may cause actual results and achievements to differ from those anticipated in these statements. Therefore, we do not advise potential investors to base investment decisions solely on this Fact Book.

CONSOLIDATED BUSINESS OVERVIEW

Results of Operations	Three Months Ended June 30		Change
	2020	2019	
Revenue from Operations	¥407,025	¥427,171	¥(20,146)
Leasing	134,548	155,024	(20,476)
Property Sales	136,587	107,576	29,010
Management	90,248	100,111	(9,862)
Other	45,641	64,458	(18,817)
Operating Income	36,861	50,885	(14,024)
Leasing	28,649	39,737	(11,087)
Property Sales	25,531	11,880	13,651
Management	4,648	12,389	(7,740)
Other	(10,157)	(2,290)	(7,867)
Elimination or Corporate	(11,810)	(10,830)	(980)
Non-Operating Income/Expenses	(7,158)	(1,548)	(5,609)
Equity in Net Income/Loss of Affiliated Companies	(312)	2,944	(3,257)
Interest Income/Expense, in Net	(6,856)	(6,963)	106
Other, in Net	11	2,470	(2,459)
Ordinary Income	29,703	49,337	(19,634)
Extraordinary Gains/Losses	(5,552)	-	(5,552)
Extraordinary Gains	6,268	-	6,268
Extraordinary Losses	11,820	-	11,820
Income before Income Taxes	24,151	49,337	(25,186)
Income Taxes	10,531	15,921	(5,390)
Profit	13,619	33,415	(19,796)
Profit (Loss) Attributable to Non-Controlling Interest:	(150)	234	(385)
Profit Attributable to Owners of Parent	¥13,770	¥33,180	¥(19,410)

◆ Overview

● In addition to taking such steps as the closure of retail facilities and hotels as well as stores in the brokerage business for individuals, Mitsui Fudosan implemented various measures, including the reduction and waiver of rent for retail facilities owned by the Company that had been closed with a view to harmonious coexistence during the three-month period under review. This was largely in response to the spread of COVID-19 and requests by the government and local administrative authorities, while reflecting our efforts as a company to actively prevent further spread of the pandemic. Operations resumed on a progressive basis from mid-May with priority given to the safety and security of customers and employees at each facility and the implementation of infection prevention measures.

In the office building leasing category, leasing and other revenue from existing office buildings increased. In the Property Sales (Domestic) category, the Company reported progress in the handover of such properties as The Tower Yokohama Kitanaka and PARK CITY MUSASHI-KOYAMA THE TOWER. (Note: In newly constructed condominiums in Japan, the Company's contract rate as of June 30, 2020 was 83% of the 3,800 units projected for the fiscal year.)

In overall terms, revenue from operations decreased ¥20.1 billion, or 4.7%, compared with the corresponding period of the previous fiscal year operating income declined ¥14.0 billion, or 27.6%, and profit attributable to owners of parent fell ¥19.4 billion, or 58.5% year on year. Meanwhile, business results are progressing within the scope of underlying assumptions for consolidated forecasts announced at the beginning of the period.

Progress Comparison with Full Year Forecasts	Three Months Ended June 30, 2020		3-Month Results / Full-Year Forecast (%)
	Year to March 2021		
Revenue from Operations	¥407,025	¥1,850,000	22.0
Operating Income	36,861	200,000	18.4
Ordinary Income	29,703	169,000	17.6
Profit Attributable to Owners of Parent	13,770	120,000	11.5

Extraordinary Gains/Losses

【Extraordinary Gains】	(¥ millions)
Gain on Sales of Investment Securities	¥6,268
Total	¥6,268

【Extraordinary Losses】

Loss Related to COVID-19	11,820
Total	¥11,820

Consolidated Statements of Comprehensive Income

	Three Months Ended June 30	
	2020	2019
Profit	¥13,619	¥33,415
Other Comprehensive Income	27,454	18,592
Valuation Difference on Available-For-Sale Securities	39,280	16,380
Deferred Gains or Losses on Hedges	(107)	(102)
Foreign Currency Translation Adjustment	(5,849)	674
Remeasurements of Defined Benefit Plans, Net of Tax	(63)	(215)
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(5,805)	1,855
Comprehensive Income	¥41,074	¥52,008
(Comprehensive Income Attributable to Owners of the Parent)	41,457	51,801
(Comprehensive Income Attributable to Non-Controlling Interests)	(383)	207

【Reference】 Nonconsolidated Operating Income/Expenses (Mitsui Fudosan)

	Three Months Ended June 30		Change	
	2020	2019		
Revenue from Operations	Leasing	¥114,819	¥141,665	¥(26,845)
	Property Sales	791	6,795	(6,004)
	Other	9,978	7,636	2,342
	Total	125,589	156,097	(30,507)
Gross Profit Margin (%)	Leasing	13.6	20.1	(6.5)pt
	Property Sales	-	33.0	-
	Other	30.2	15.6	14.6 pt
Operating Income	¥8,296	¥22,870	¥(14,574)	

SEGMENT RESULTS

[1] LEASING

	Three Months Ended June 30		Change
	2020	2019	
Revenue from Operations	¥134,548	¥155,024	¥(20,476)
Operating Income	28,649	39,737	(11,087)

	Year to March 2021	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2020
	Revenue from Operations	¥600,000	22.4
Operating Income	113,000	25.4	145,893

● In the “Leasing” segment, overall revenue from operations declined ¥20.4 billion and operating income decreased ¥11.0 billion. Despite an increase in leasing and other revenue from existing office buildings as well as contributions from MITSUI OUTLET PARK YOKOHAMA BAYSIDE, which opened during the fiscal year under review, this downturn in revenue and earnings was mainly due to the closure of retail facilities as a result of COVID-19 and the reduction and waiver of rent payments for certain facilities owned by the Company.

The vacancy rate for the Company’s office buildings located in the Tokyo metropolitan area was 2.1% on a non-consolidated basis as of June 30, 2020.

【Reference】 Non-consolidated Results

(Revenue from operations)

- Newly on-stream and full-term contribution projects: ¥3.2 billion year-on-year increase in revenue
- Existing properties: ¥29.3 billion year-on-year decrease in revenue
- Shifting, terminations, etc.: ¥2.6 billion year-on-year decrease in revenue

Breakdown of Leasing Operations (Non-consolidated)

		At June 30					
		2020		2019		2020	
		Total	Tokyo Metropolitan Area	Regional Areas			
Office Buildings	Number of Buildings	147	135	119	107	28	28
	Leased Floor Space (1,000m ²)	2,948	2,805	2,623	2,479	325	326
	Leasing Revenue (¥ millions)	77,166	76,088	71,699	70,684	5,467	5,403
	Vacancy Rate (%)	2.1	2.0	2.1	2.0	1.6	2.0
Retail Facilities	Number of Buildings	93	87	67	62	26	25
	Leased Floor Space (1,000m ²)	2,120	2,049	1,397	1,379	723	671
	Leasing Revenue (¥ millions)	31,656	57,138	22,176	39,828	9,480	17,309
	Vacancy Rate (%)	1.3	0.9	1.5	1.1	1.1	0.4

Leased Floor Space

		At June 30		Change	
		2020	2019		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥89,737	¥87,767	¥1,969
		Retail Facilities	33,464	59,223	(25,759)
	Total Leased Floor Space (1,000 m ²):		5,652	5,329	323
	Office Buildings	Owned	2,137	1,981	156
		Managed	1,277	1,245	32
	Retail Facilities	Owned	1,698	1,573	125
Managed		540	530	10	
Other	Revenue	11,347	8,033	3,313	
Total Revenue		¥134,548	¥155,024	¥(20,476)	

Vacancy Rate

	6/2020	3/2020	3/2019	3/2018	3/2017	3/2016
Consolidated						
Office Buildings and Retail Facilities (including overseas)	2.1	2.3	1.8	2.4	3.1	2.2
Non-consolidated						
Tokyo Metropolitan Area Office Buildings	2.1	1.9	1.7	2.2	3.4	2.6
Regional Area Office Buildings	1.6	1.3	1.8	2.3	2.3	3.1

Major Projects during the Period (three-month total)

(NEWLY OPENED)

BUNKYO GARDEN GATETOWER (Bunkyo-ku, Tokyo)	Office building completed in April 2020
MITSUI OUTLET PARK YOKOHAMA BAYSIDE (Yokohama, Kanagawa)	Retail facility opened in June 2020

(FULL-TERM CONTRIBUTION)

LaLaport NUMAZU (Numazu, Shizuoka)	Retail facility opened in October 2019
Otemachi One (Chiyoda-ku, Tokyo)	Office building completed in February 2020
TOYOSU BAYSIDE CROSS TOWER (Koto-ku, Tokyo)	Office building completed in March 2020

[2] PROPERTY SALES

	(¥ millions)		
	Three Months Ended June 30		Change
	2020	2019	
Revenue from Operations	¥136,587	¥107,576	¥29,010
Operating Income	25,531	11,880	13,651

	Year to March 2021	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2020
	Revenue from Operations	¥540,000	25.3
Operating Income	103,000	24.8	123,745

● For the three-month period under review, revenue and earnings in the Property Sales (Domestic) category improved. This was mainly due to progress in the handover of such properties as The Tower Yokohama Kitanaka and PARK CITY MUSASHI-KOYAMA THE TOWER. In contrast, revenue and earnings in the Property Sales to Investors (Overseas) category decreased. This largely reflected corrections following the sale of properties during the corresponding period of the previous fiscal year. Overall, revenue from operations in the “Property Sales” segment climbed ¥29.0 billion and operating income increased ¥13.6 billion.

In newly constructed condominiums in Japan, the Company’s contract rate as of June 30, 2020 was 83% of the 3,800 units projected for the fiscal year.

Major Projects Undertaken during the Period (three-month total)

(Property Sales to Individuals (Domestic))

THE TOWER YOKOHAMA KITANAKA (Yokohama, Kanagawa)	Condominiums
Park City Musashi-Koyama The Tower (Shinagawa-ku, Tokyo)	Condominiums
THE COURT Jingu-Gaien (Shibuya-ku, Tokyo)	Condominiums
Park Court MINAMIAZABU (Minato-ku, Tokyo)	Condominiums
Fine Court Komazawa Park (Setagaya-ku, Tokyo)	Detached Housing

(Property Sales to Investors and Individuals (Overseas))

MFLP Sakai (Sakai, Osaka)	Logistics
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	(¥ millions)									
	Three Months Ended June 30						Change			
	2020			2019			Change			
	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	
Property Sales to Individuals (Domestic)	Condominiums	¥124,405	1,398	¥8,899	¥52,699	523	¥10,076	¥71,705	875	¥(1,177)
	Detached Housing	3,299	51	6,470	8,950	134	6,680	(5,651)	(83)	(210)
	Subtotal	127,705	1,449	8,813	61,650	657	9,384	66,054	792	(571)
	Operating Income	24,943		5,612		19,330				
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	8,881		45,926		(37,044)				
	Operating Income	588		6,267		(5,679)				
Total Revenue	136,587			107,576			29,010			
Total Operating Income	¥25,531			¥11,880			¥13,651			

Breakdown for the Revenue from the Property Sales to Individuals (Domestic) (¥ millions)

	Three Months Ended June 30						
	2020		2019		Change		
	Revenue	Units	Revenue	Units	Revenue	Units	
Condominiums	Tokyo Metropolitan Area	¥121,463	1,322	¥47,879	421	¥73,583	901
	Other	2,942	76	4,820	102	(1,877)	(26)
	Total	124,405	1,398	52,699	523	71,705	875
Detached Housing	Tokyo Metropolitan Area	3,299	51	8,805	131	(5,506)	(80)
	Other	-	-	144	3	(144)	(3)
	Total	¥3,299	51	¥8,950	134	¥(5,651)	(83)

Inventories of Property Sales to Individuals (Domestic) (Units)

	6/2020	3/2020	3/2019	3/2018	3/2017	3/2016
Condominiums	260	128	141	108	321	88
Detached Housing	66	58	30	40	69	127
Total	326	186	171	148	390	215

Contracted for Sale from the Property Sales to Individuals (Domestic) (Units)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Condominiums	3,673	221	3,894	1,398	2,496	298
Detached Housing	64	19	83	51	32	21
Total	3,737	240	3,977	1,449	2,528	319

[3] MANAGEMENT

	Three Months Ended June 30		Change
	2020	2019	
	(¥ millions)		
Revenue from Operations	¥90,248	¥100,111	¥(9,862)
Operating Income	4,648	12,389	(7,740)

	Year to March 2021	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2020
	Revenue from Operations	¥410,000	22.0
Operating Income	50,000	9.3	55,670

● In the “Property Management” category, revenue and earnings declined owing mainly to the drop in occupancy rates in the “Repark” business (car park leasing business) following requests for self-restraint by the government and local administrative authorities as a result of the spread of COVID-19. In the “Brokerage and Asset Management, etc.” category, revenue and earnings also decreased. This was due to a variety of factors including a drop in the number of brokerage units handled in light of the closure of stores in the “Mitsui Rehouse” business (brokerage business for individuals). Accordingly, overall revenue from operations in the “Management” segment fell ¥9.8 billion and operating income declined ¥7.7 billion.

		Three Months Ended June 30		Change
		2020	2019	
		(¥ millions)		
Property Management	Revenue	¥70,311	¥76,249	¥(5,938)
	Operating Income	1,379	7,787	(6,408)
Brokerage, Asset Management, etc.	Revenue	19,937	23,861	(3,924)
	Operating Income	3,268	4,601	(1,332)
Total	Revenue	¥90,248	¥100,111	¥(9,862)
	Operating Income	4,648	12,389	(7,740)

Property Management Business: Car Park Leasing (including “Property Management” category)

	Three Months Ended June 30		Change
	2020	2019	
(Units)			
	At June 30, 2020	At June 30, 2019	
Total Managed Units	273,515	251,562	21,953

Brokerage Business: Mitsui Fudosan Realty (including “Brokerage and Asset Management, etc.” category)

	Three Months Ended June 30				Change	
	2020		2019		Transaction Volume	Units
	(¥ millions)					
Brokerage	Transaction Volume	Units	Transaction Volume	Units		
	¥318,187	8,134	¥405,780	10,326	¥(87,593)	(2,192)

Consignment Sales Business: Mitsui Fudosan Residential (including “Brokerage and Asset Management, etc.” category)

	Three Months Ended June 30				Change	
	2020		2019		Transaction Volume	Units
	(¥ millions)					
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units		
	¥29,399	261	¥13,665	173	¥15,734	88

[4] OTHER

(¥ millions)

	Three Months Ended June 30		Change
	2020	2019	
Revenue from Operations	¥45,641	¥64,458	¥(18,817)
Operating Income	(10,157)	(2,290)	(7,867)

	Year to March 2021	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2020
Revenue from Operations	¥300,000	15.2	¥324,001
Operating Income	(13,000)	78.1	2,291

● The “Facilities Operations” category was impacted by the spread of COVID-19. This included the closure of hotel and resort facilities in light of requests by the government and local administrative authorities. For the segment overall, revenue decreased ¥18.8 billion and operating income declined ¥7.8 billion.

(¥ millions)

	Three Months Ended June 30		Change
	2020	2019	
New Construction under Consignment	¥22,769	¥28,177	¥(5,408)
Facility Operations	4,907	16,081	(11,173)
Other	17,964	20,198	(2,234)
Total Revenue	¥45,641	¥64,458	¥(18,817)

	Three Months Ended June 30		Change
	2020	2019	
Revenue from New Construction under Consignment Orders Received	¥22,257	¥29,918	¥(7,660)

Major Projects Undertaken during the Period (three-month total) (FULL-TERM CONTRIBUTION)

Mitsui Garden Hotel Fukuoka Gion (Fukuoka, Fukuoka)	Hotel opened in June 2019
Halekulani Okinawa (Kunigami-gun, Okinawa)	Hotel opened in July 2019
Mitsui Garden Hotel Kyoto Station Front (Kyoto, Kyoto)	Hotel opened in August 2019
Mitsui Garden Hotel Ginza-gochome (Chuo-ku, Tokyo)	Hotel opened in September 2019
Mitsui Garden Hotel Jingugaien Tokyo Premier (Shinjuku-ku, Tokyo)	Hotel opened in November 2019
Mitsui Garden Hotel Roppongi Premier (Minato-ku, Tokyo)	Hotel opened in January 2019
Mitsui Garden Hotel Sapporo West (Sapporo, Hokkaido)	Hotel opened in February 2020

[REFERENCE] OVERSEAS BUSINESS

(¥ millions)

		Three Months Ended June 30		Change
		2020	2019	
Leasing	Revenue	¥17,016	¥16,054	¥961
	Operating Income	4,922	5,359	(437)
Property Sales	Revenue	3,724	12,782	(9,058)
	Operating Income	(33)	(356)	323
Management, Other, etc.	Revenue	3,283	3,240	43
	Operating Income	11	93	(82)
Pro forma Operating Income of Overseas Affiliates *1		1,586	2,870	(1,283)
Total Overseas Income		6,486	7,967	(1,481)
Overseas Income Ratio *2		16.9%	14.8%	2.1 pt

* 1: The sum of the following amounts:

- Calculated by multiplying the operating income or the amount equivalent to operating income of each overseas equity-method affiliated company by the Company's equity interest

Note: The amount equivalent to operating income is the amount of profit calculated on a simplified basis after taking into consideration the tax burden.

- Gain on sale of shares of overseas equity-method affiliated companies

(Limited to overseas equity-method affiliated companies whose principal business is the sale of real estate)

* 2: Total overseas income / (Operating income + Proforma operating income of overseas affiliates) × 100

CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
ASSETS:	June 30, 2020	March 31, 2020	Change
Cash and Time Deposits	¥253,224	¥183,412	¥69,812
Accounts Receivable—Trade	29,683	38,908	(9,225)
Marketable Securities	105	219	(113)
Real Property for Sale	1,072,720	1,043,889	28,831
Real Property for Sale in Process	548,174	516,997	31,177
Real Property for Development	309,958	318,411	(8,452)
Expenditure on Contracts in Progress	26,789	17,149	9,639
Other Inventories	5,286	5,308	(22)
Advance Payments—Trade	16,236	28,541	(12,305)
Short-Term Loans	17,217	18,543	(1,325)
Equity Investments in Properties for Sale	7,324	6,682	641
Other	225,578	215,803	9,775
Allowance for Doubtful Accounts	(285)	(300)	14
Current Assets	2,512,014	2,393,566	118,447
Buildings and Structures	2,000,680	1,965,266	35,413
Accumulated Depreciation—Buildings and Structures	(771,014)	(757,561)	(13,453)
Buildings and Structures, Net	1,229,665	1,207,705	21,959
Machinery, Equipment and Vehicles	100,158	99,723	435
Accumulated Depreciation—Machinery, Equipment and Vehicles	(42,364)	(40,943)	(1,421)
Machinery, Equipment and Vehicles	57,793	58,780	(986)
Land	2,180,035	2,175,707	4,327
Construction in Progress	197,514	177,433	20,081
Other	158,974	155,755	3,218
Accumulated Depreciation	(100,269)	(97,772)	(2,497)
Other, Net	58,704	57,983	721
Tangible Fixed Assets	3,723,713	3,677,609	46,103
Leaschold Interests in Land	39,544	40,993	(1,448)
Other	34,626	34,539	87
Intangible Fixed Assets	74,170	75,532	(1,361)
Investment Securities	956,637	888,056	68,581
Long-Term Loans	9,493	7,586	1,907
Lease Deposits	145,483	145,413	69
Net Defined Benefit Asset	28,618	28,994	(375)
Deferred Income Taxes	28,480	25,943	2,536
Deferred Tax Assets on Land Revaluation	2	2	-
Other	176,258	153,717	22,540
Allowance for Doubtful Accounts	(1,063)	(1,065)	1
Investments and Other Assets	1,343,910	1,248,650	95,260
Total Non-Current Assets	5,141,794	5,001,792	140,002
Total Assets	¥7,653,809	¥7,395,359	¥258,449

[Real Property for Sale]

		(¥ millions)		
(a) Breakdown by Company		At June 30, 2020	March 31, 2020	Change
Mitsui Fudosan Residential		¥693,053	¥717,860	¥(24,807)
Mitsui Fudosan		635,303	582,181	53,121
Mitsui Fudosan America Group		373,230	355,724	17,506
SPCs Total		190,148	192,689	(2,541)
Mitsui Fudosan UK Group		41,550	46,072	(4,521)
Other and Elimination		13,803	13,310	493
Consolidated Total		¥1,947,090	¥1,907,839	¥39,250

(b) Accounts of Real Property for Sale						(¥ millions)
Three Months Ended June 30	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period	
2020	¥1,907,839	¥150,032	¥(98,587)	¥(12,193)	¥1,947,090	
2019	¥1,630,558	¥107,860	¥(74,476)	¥(290)	¥1,663,652	

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥24.4 billion for the three-month period under review.
* New investments include the increase in real property for sale at subsidiaries in which the Company invested during the period.

[Tangible and Intangible Fixed Assets]

The consolidated balance of tangible and intangible fixed assets stood at ¥3,797.8 billion as of June 30, 2020, up ¥44.7 billion compared with the end of the previous fiscal year. This largely reflects new investments in such projects as RAYARD MIYASHITA PARK by Mitsui Fudosan and 50 Hudson Yards by Mitsui Fudosan America Group.

Foreign currency exchange rates:
¥108.83:US\$1 as of June 30, 2020, ¥109.56:US\$1 as of March 31, 2020;
¥133.32:£1 as of June 30, 2020, ¥143.48:£1 as of March 31, 2020

		(¥ millions)		
(a) Breakdown by Company		At June 30, 2020	March 31, 2020	Change
Mitsui Fudosan		¥2,842,308	¥2,815,017	¥27,290
Mitsui Fudosan America Group		433,379	421,554	11,824
SPCs Total		228,188	228,744	(556)
Mitsui Fudosan Residential		64,687	64,600	87
Mitsui Fudosan UK Group		53,942	58,365	(4,422)
Other and Elimination		175,377	164,859	10,517
Consolidated Total		¥3,797,883	¥3,753,141	¥44,741

Above figures include revaluation reserve for land.

(b) Accounts of Tangible and Intangible Fixed Assets						(¥ millions)
Three Months Ended June 30	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period	
2020	¥3,753,141	¥80,891	¥(21,337)	¥(14,811)	¥3,797,883	
2019	¥3,500,482	¥80,319	¥(21,218)	¥(93)	¥3,559,489	

* New investments include the increase in tangible and intangible fixed assets at subsidiaries in which the Company invested during the period.

CONSOLIDATED BALANCE SHEETS

(¥ millions)

LIABILITIES:	June 30, 2020	March 31, 2020	Change
Accounts Payable—Trade	¥85,024	¥147,075	¥(62,050)
Short-Term Debt	371,845	143,025	228,819
Non-Recourse Short-Term Debt	88,846	21,416	67,430
Commercial Papers	173,000	173,000	-
Bond Redeemable Within One Year	20,000	55,000	(35,000)
Non-Recourse Bond Redeemable Within One Year	7,600	47,500	(39,900)
Income Taxes Payable	12,040	36,905	(24,864)
Advances from Contracts in Progress	25,487	21,635	3,851
Allowance for Completed Project Indemnities	759	797	(38)
Allowance for Possible Guarantee Losses	1	3	(2)
Other	379,613	393,401	(13,788)
Current Liabilities	1,164,219	1,039,761	124,457
Corporate Bonds	696,410	612,603	83,807
Non-Recourse Corporate Bonds	89,485	81,935	7,550
Long-Term Debt	1,939,431	1,893,813	45,618
Non-Recourse Deposits from Tenants	420,365	452,823	(32,457)
Deposits from Tenants	436,976	436,595	381
Deferred Income Taxes	164,781	147,786	16,995
Deferred Tax Liabilities on Land Revaluation	151,544	151,544	-
Net Defined Benefit Liability	46,497	46,196	301
Allowance for Directors' and Corporate Auditors' Retirement Benefits	805	800	4
Other	45,050	44,973	76
Long-Term Liabilities	3,991,349	3,869,071	122,278
Total Liabilities	5,155,569	4,908,833	246,735
NET ASSETS:			
Common Stock	339,766	339,766	-
Capital Surplus	372,162	372,162	-
Retained Earnings	1,062,646	1,070,239	(7,593)
Treasury Stock	(21,183)	(14,364)	(6,819)
Total Shareholders' Equity	1,753,391	1,767,804	(14,413)
Net Unrealized Holding Gains on Securities	359,281	319,993	39,288
Deferred Gains or Losses on Hedges	(215)	(222)	7
Reserve on Land Revaluation	330,305	330,305	-
Foreign Currency Translation Adjustment	(26,364)	(14,793)	(11,571)
Remeasurements of Defined Benefit Plans	5,554	5,592	(37)
Total Accumulated Other Comprehensive Income	668,561	640,875	27,686
New Share Subscription Rights	1,507	1,454	53
Non-Controlling Interests	74,778	76,391	(1,613)
Total Net Assets	2,498,239	2,486,525	11,714
Total Liabilities and Net Assets	¥7,653,809	¥7,395,359	¥258,449

Note: Debt-Equity Ratio 1.57 times (1.45 times at March 31, 2020)

Interest-Bearing Debt:	3,806,985	3,481,117	325,868
Non-Recourse Debt	606,296	603,674	2,622
Surplus lease deposits/guarantee deposits	291,493	291,181	312

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash outflow from purchase of real estate for sale of ¥123.7 billion and a cash outflow from investing activities of ¥112.1 billion on the back of such factors as new investments in tangible and intangible assets. The cash outflow attributable to cash dividends paid came to ¥21.1 billion. Owing to the net increase in cash and cash equivalents of ¥72.4 billion, interest-bearing debt stood at ¥3,806.9 billion as of June 30, 2020, up ¥325.8 billion compared with the end of the previous fiscal year.

Breakdown by Company

	(¥ millions)		
	At June 30, 2020	March 31, 2020	Change
Mitsui Fudosan	¥2,939,504	¥2,630,106	¥309,397
Mitsui Fudosan America Group	677,132	681,207	(4,074)
Mitsui Fudosan Residential	613,000	594,900	18,100
SPCs Total	348,505	345,355	3,150
Mitsui Fudosan Asia Group	90,533	81,735	8,797
Mitsui Fudosan UK Group	47,394	51,909	(4,514)
Loans to Subsidiaries	(1,029,417)	(990,427)	(38,990)
Other and Elimination	120,332	86,330	34,002
Consolidated Total	¥3,806,985	¥3,481,117	¥325,868
(Non-recourse Debt of Total)	606,296	603,674	2,622

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Three Months Ended June 30	
	2020	2019
Revenue from Operations	¥407,025	¥427,171
Cost of Revenue from Operations	326,081	330,002
Gross Operating Profit	80,943	97,168
Selling, General and Administrative Expenses	44,082	46,282
Operating Income	36,861	50,885
Interest Income	486	317
Dividend Income	3,245	3,406
Equity In Net Income of Affiliated Companies	-	2,944
Other Non-Operating Income	1,022	515
Non-Operating Income	4,755	7,184
Interest Expenses	7,343	7,281
Share of Loss of Entities Accounted For Using Equity Method	312	-
Other Non-Operating Expenses	4,257	1,451
Non-Operating Expenses	11,913	8,733
Ordinary Income	29,703	49,337
Gain on Sales of Investment Securities	6,268	-
Extraordinary Income	6,268	-
Loss Related to COVID-19 *	11,820	-
Extraordinary Losses	11,820	-
Income Before Income Taxes	24,151	49,337
Income Taxes	10,531	15,921
Profit	13,619	33,415
Profit (Loss) Attributable to Non-Controlling Interests	(150)	234
Profit Attributable to Owners of Parent	¥13,770	¥33,180

* Losses attributable to COVID-19 mainly comprise fixed costs, including land and rental fees applicable to retail facilities, hotels, and other properties for the duration of closure as well as depreciation and amortization.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Three Months Ended June 30	
	2020	2019
Cash Flows From Operating Activities		
Income before Income Taxes	¥24,151	¥49,337
Depreciation and Amortization	21,337	21,218
Interest and Dividend Income Receivable	(3,732)	(3,724)
Interest Expense	7,343	7,281
(Gain) Loss on Equity-Method Investments	312	(2,944)
(Gain) Loss on Sales of Investment Securities	(6,268)	-
Loss Related to COVID-19	11,820	-
(Increase) Decrease in Accounts Receivable	9,504	9,645
Increase (Decrease) in Accounts Payable	(20,387)	(19,729)
(Increase) Decrease in Real Property for Sale	(93,554)	(54,069)
Other	(24,264)	(23,713)
Subtotal	(73,738)	(16,698)
Cash Receipts of Interest and Dividend Income	6,023	6,386
Cash Payments of Interest Expense	(5,538)	(5,099)
Payments Related to COVID-19	(9,898)	-
Income Taxes Paid	(40,586)	(33,186)
Net Cash Provided by (Used in) Operating Activities	(123,737)	(48,597)
Cash Flows From Investing Activities		
Purchase of Tangible and Intangible Fixed Assets	(88,763)	(182,676)
Proceeds from Sale of Tangible and Intangible Fixed Assets	89	1,140
Purchase of Investment Securities	(26,295)	(6,448)
Proceeds from Sale of Investment Securities	4,293	35
Payment of Lease Deposits	(2,648)	(1,818)
Proceeds from Collection of Lease Deposits	2,196	1,619
Repayment of Deposits from Tenants	(6,692)	(10,120)
Proceeds from Deposits from Tenants	7,591	12,295
Payment of Loan Receivable	(5,290)	(6,189)
Collection of Loan Receivable	2,743	3,917
Proceeds from Withdrawal of Time Deposits	2,602	1,341
Other	(2,008)	(5,528)
Net Cash Provided by (Used in) Investing Activities	¥(112,181)	¥(192,432)

(¥ millions)

	Three Months Ended June 30	
	2020	2019
Cash Flows From Financing Activities		
Proceeds from Short-Term Debt	¥379,592	¥620,635
Repayment of Short-Term Debt	(162,624)	(432,105)
Proceeds from Long-Term Debt	134,145	193,089
Repayment of Long-Term Debt	(31,012)	(96,744)
Proceeds from Issuance of Bonds	130,050	30,500
Redemption of Bonds	(112,400)	(39,200)
Cash Dividends Paid	(21,108)	(23,286)
Proceeds from Share Issuance to Non-Controlling Shareholders	1,885	3,786
Dividends Paid to Non-Controlling Shareholders	(1,279)	(1,154)
Repayment to Non-Controlling Shareholders	(379)	-
Repayment of Finance Lease Obligations	(1,125)	(1,075)
(Increase) Decrease in Treasury Stocks	(6,819)	(16,002)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	-	(2,650)
Net Cash Provided by (Used in) Financing Activities	308,925	235,793
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(514)	(1,098)
Net Increase (Decrease) in Cash and Cash Equivalents	72,491	(6,334)
Cash and Cash Equivalents at Beginning of the Period	179,472	157,682
Cash and Cash Equivalents at End of the Period	¥251,963	¥151,348

CONTINGENT LIABILITIES

In response to concerns regarding the faulty installation of foundation piles at a condominium complex located in Yokohama and sold by Mitsui Fudosan Residential Co., Ltd., a consolidated subsidiary of Mitsui Fudosan, the company received a report confirming that a portion of the piling used in construction failed to reach the necessary depth and required bearing layer from Sumitomo Mitsui Construction Co., Ltd., the building contractor, on April 11, 2016. Furthermore, Mitsui Fudosan Residential received a notice from the City of Yokohama that the subject condominium complex violated the Building Standards Law and a request that the company take all responsible measures to address and correct the situation in line with discussions with condominium owners on August 26, 2016.

In outlining its stance toward corrective measures including the reconstruction of the condominium complex impacted by faulty installation as well as compensation, Mitsui Fudosan Residential executed an agreement with the condominium association on May 8, 2016, confirming that the company would shoulder all expenses. Later, on September 19, 2016, the condominium association resolved that it would seek the complete reconstruction of the entire condominium complex in accordance with the Act on Building Unit Ownership, etc.

According to the report issued by Sumitomo Mitsui Construction, which noted that construction records had been diverted and modified in connection with the installation of foundation piles and that certain foundation piles failed to reach the necessary depth and required bearing layer, the condominium complex was deemed to be in violation of the Building Standards Law. As a result, and in accordance with the aforementioned agreement, Mitsui Fudosan Residential has decided to seek damages including reconstruction costs as well as expenses relating to the temporary housing of residents during the period of construction under such remedies as tort liability and warranties against defects from Sumitomo Mitsui Construction, as well as Hitachi High-Technologies Corporation and Asahi Kasei Construction Materials Corporation, who installed the foundation piles. Based on this decision to seek damages, Mitsui Fudosan Residential filed a lawsuit for total compensation amounting to around ¥50.9 billion against the three companies identified above on November 28, 2017. Mitsui Fudosan has posted all related temporary payments undertaken by Mitsui Fudosan Residential up to the end of the first quarter of the fiscal year under review as current assets on its consolidated quarterly balance sheet.

Depending on the flow of future events, any incidence of expenditure may impact the consolidated results of the Mitsui Fudosan Group. At this stage, however, the Company is unable to provide a reasonable estimate of any such impact.

ADDITIONAL INFORMATION

The Mitsui Fudosan Group assumes that the spread of COVID-19 will have a certain impact on its future earnings with respect to the necessity or otherwise to post an impairment loss on fixed assets and accounting estimates in connection with such items as the valuation of real estate for sale based on information available at the time quarterly consolidated financial statements were prepared.

While economic activities remained constrained due to variety of factors including requests by the government and administrative authorities in the first quarter of the fiscal year under review, conditions are expected to gradually normalize from the second quarter and through to the end of fiscal year. There are no significant changes to the Company's assumptions from the end of the previous fiscal year.