

FACT BOOK

For the Six Months Ended September 30, 2020

November 5, 2020



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

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

Corporate Data

(As of September 30, 2020)

Head Office:

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

Date of Establishment:

July 15, 1941

Share Capital:

¥339,897 million

Number of Issued and Outstanding Shares:

965,281,777

Stock Exchange Listings:

Tokyo (Code: 8801)

Contents

| | |
|---|-------|
| Corporate Data, Contents | 1 |
| Consolidated Business Overview | 2 |
| Segment Results | 3 - 6 |
| [Reference] Overseas Business | 6 |
| Consolidated Balance Sheets | 7-8 |
| Consolidated Statements of Income | 9 |
| Consolidated Statements of Cash Flows | 10 |
| Consolidated Statements of Earning Forecasts | 11-12 |
| Contingent Liabilities and Additional Information | 13 |

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 | Six Months Ended September 30 | | | Change |
|---|-------------------------------|----------|-----------|--------|
| | Six Months Ended September 30 | | Change | |
| | 2020 | 2019 | | |
| Revenue from Operations | ¥797,401 | ¥888,776 | ¥(91,374) | |
| Leasing | 294,455 | 313,173 | (18,718) | |
| Property Sales | 205,288 | 222,948 | (17,659) | |
| Management | 188,952 | 206,442 | (17,489) | |
| Other | 108,705 | 146,211 | (37,506) | |
| Operating Income | 64,189 | 118,604 | (54,415) | |
| Leasing | 63,577 | 78,203 | (14,626) | |
| Property Sales | 30,600 | 34,788 | (4,188) | |
| Management | 11,644 | 28,893 | (17,249) | |
| Other | (18,299) | (1,172) | (17,126) | |
| Elimination or Corporate | (23,334) | (22,109) | (1,224) | |
| Non-Operating Income/Expenses | (16,900) | (10,775) | (6,125) | |
| Equity in Net Income/Loss of Affiliated Companies | (2,022) | 3,421 | (5,444) | |
| Interest Income/Expense, in Net | (13,481) | (14,047) | 565 | |
| Other, in Net | (1,395) | (149) | (1,246) | |
| Ordinary Income | 47,288 | 107,829 | (60,540) | |
| Extraordinary Gains/Losses | (15,155) | (1,273) | (13,881) | |
| Extraordinary Gains | 30,871 | - | 30,871 | |
| Extraordinary Losses | 46,026 | 1,273 | 44,752 | |
| Income before Income Taxes | 32,133 | 106,556 | (74,422) | |
| Income Taxes | 23,126 | 39,735 | (16,608) | |
| Profit | 9,007 | 66,820 | (57,813) | |
| Profit (Loss) Attributable to Non-Controlling Interests | (33) | 496 | (529) | |
| Profit Attributable to Owners of Parent | ¥9,040 | ¥66,324 | ¥(57,283) | |

◆ Overview

● Despite showing signs of a partial recovery in personal consumption, export activity, and production, the Japanese economy continued to confront a difficult operating environment in the first half of the fiscal year under review. Impacted by the COVID-19 pandemic, corporate sector earnings fell substantially. This in turn led to considerable weakness in such areas as capital investment and employment.

Looking at the Group's operating results against the backdrop of this harsh operating environment, both revenue and earnings declined in the first half of the fiscal year under review. Buffeted by a variety of factors including COVID-19, revenue from operations decreased ¥91.3 billion, or 10.3%, compared with the corresponding period of the previous fiscal year. From a profit perspective, operating income declined ¥54.4 billion, or 45.9% year on year. In line with efforts to control its balance sheet, the Mitsui Fudosan Group posted such items as an extraordinary loss of ¥32.8 billion in connection with the decision to dispose of the Shinjuku Mitsui Building. Accounting for these and other factors, profit attributable to owners of parent fell ¥57.2 billion, or 86.4%, year on year.

Recognizing that "Property Sales to Investors" have already exceeded initial plans*, the Mitsui Fudosan Group has decided to revise its sales projections. Revenue from operations is now anticipated to reach ¥1,950 billion, up from the previous forecast ¥1,850 billion. On the earnings front, forecasts for operating income, ordinary income, and profit attributable to owners of parent all remain unchanged.

* The contract progress rate on sales of revised "Property Sales to Investors" exceeded 90% (as of the date financial results for the first half of the fiscal year under review were announced).

| Progress Comparison with Full Year Forecasts | Six Months Ended September 30, 2020 | | | 6-Month Results / Full-Year Forecast (%) |
|--|-------------------------------------|--|--|--|
| | Six Months Ended September 30, 2020 | Year to March 2021 (Forecast as of November 5, 2020) | 6-Month Results / Full-Year Forecast (%) | |
| Revenue from Operations | ¥797,401 | ¥1,950,000 | 40.9 | |
| Operating Income | 64,189 | 200,000 | 32.1 | |
| Ordinary Income | 47,288 | 169,000 | 28.0 | |
| Profit Attributable to Owners of Parent | 9,040 | 120,000 | 7.5 | |

Extraordinary Gains/Losses

| 【Extraordinary Gains】 (¥ millions) | |
|--|----------------|
| Gain on Sales of Investment Securities | ¥28,371 |
| Gain on sales of shares of associates | 2,500 |
| Total | ¥30,871 |

【Extraordinary Losses】

| | |
|--------------------------|----------------|
| Impairment Loss* | ¥32,808 |
| Loss Related to COVID-19 | 13,217 |
| Total | ¥46,026 |

* Posted in connection with the disposition of the Shinjuku Mitsui Building.

| Consolidated Statements of Comprehensive Income | Six Months Ended September 30 | |
|---|-------------------------------|----------|
| | 2020 | 2019 |
| Profit | ¥9,007 | ¥66,820 |
| Other Comprehensive Income | 627 | 66,023 |
| Valuation Difference on Available-For-Sale Securities | 13,333 | 74,430 |
| Deferred Gains or Losses on Hedges | 340 | (134) |
| Foreign Currency Translation Adjustment | (8,117) | (7,357) |
| Remeasurements of Defined Benefit Plans, Net of Tax | (115) | (403) |
| Share of Other Comprehensive Income of Associates Accounted for Using Equity Method | (4,813) | (511) |
| Comprehensive Income | ¥9,634 | ¥132,844 |
| (Comprehensive Income Attributable to Owners of the Parent) | 9,924 | 132,795 |
| (Comprehensive Income Attributable to Non-Controlling Interests) | (290) | 48 |

| 【Reference】 Nonconsolidated Operating Income/Expenses (Mitsui Fudosan) | | Six Months Ended September 30 | | Change |
|--|-------------------------|-------------------------------|----------------|------------------|
| | | 2020 | 2019 | |
| Revenue from Operations | Leasing | ¥256,724 | ¥284,919 | ¥(28,194) |
| | Property Sales | 791 | 17,333 | (16,542) |
| | Other | 24,449 | 17,545 | 6,903 |
| | Total | 281,964 | 319,798 | (37,834) |
| Gross Profit Margin (%) | Leasing | 13.8 | 17.9 | (4.1)pt |
| | Property Sales | - | 44.6 | - |
| | Other | 41.3 | 25.5 | 15.8 pt |
| | Operating Income | ¥23,972 | ¥44,073 | ¥(20,100) |

SEGMENT RESULTS

[1] LEASING

| | Six Months Ended September 30 | | Change |
|------------------|-------------------------------|----------|----------|
| | 2020 | 2019 | |
| | Revenue from Operations | ¥294,455 | ¥313,173 |
| Operating Income | 63,577 | 78,203 | (14,626) |

| | Year to March 2021 (Forecast as of November 5, 2020) | 6-Month Results / Full-Year Forecast (%) | Year Ended March 31, 2020 |
|------------------|---|---|------------------------------|
| | Revenue from Operations | ¥620,000 | 47.5 |
| Operating Income | 128,000 | 49.7 | 145,893 |

● In the “Leasing” segment, overall revenue from operations declined ¥18.7 billion and operating income decreased ¥14.6 billion. Despite an increase in leasing and other income from existing office buildings as well as contributions from MITSUI OULET PARK YOKOHAMA BAYSIDE and LaLaport AICHI TOGO, this downturn on revenue and earnings was mainly due to the closure of retail facilities as a result of COVID-19 in the first quarter of the fiscal year under review and expenses associated with the completion of multiple new office buildings in Japan.

The vacancy rate for the Company's office buildings in the Tokyo metropolitan area was 2.6% on a non-consolidated basis as of September 30, 2020.

Breakdown of Leasing Operations (Non-consolidated)

| | | At September 30 | | | | | |
|-------------------|---|-----------------|---------|-------------------------|---------|----------------|--------|
| | | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | | Total | | Tokyo Metropolitan Area | | Regional Areas | |
| Office Buildings | Number of Buildings | 147 | 136 | 119 | 108 | 28 | 28 |
| | Leased Floor Space (1,000m ²) | 2,997 | 2,821 | 2,673 | 2,496 | 324 | 325 |
| | Leasing Revenue (¥ millions) | 156,515 | 153,493 | 145,484 | 142,573 | 11,030 | 10,920 |
| | Vacancy Rate (%) | 2.5 | 1.8 | 2.6 | 1.8 | 1.9 | 1.8 |
| Retail Facilities | Number of Buildings | 97 | 91 | 70 | 65 | 27 | 26 |
| | Leased Floor Space (1,000m ²) | 2,211 | 2,051 | 1,423 | 1,383 | 789 | 668 |
| | Leasing Revenue (¥ millions) | 87,122 | 114,687 | 59,711 | 80,173 | 27,410 | 34,513 |
| | Vacancy Rate (%) | 1.8 | 1.2 | 2.0 | 1.3 | 1.4 | 1.0 |

Leased Floor Space

| | | At September 30 | | Change | | |
|--|---------|---|-----------------|-----------------|------------------|-----|
| | | 2020 | 2019 | | | |
| Office Buildings and Retail Facilities | Revenue | Office Buildings | ¥181,608 | ¥178,155 | ¥3,453 | |
| | | Retail Facilities | 90,818 | 118,878 | (28,060) | |
| | | Total Leased Floor Space (1,000 m ²): | 5,790 | 5,349 | 441 | |
| | | Office Buildings | Owned | 2,170 | 1,991 | 179 |
| | | | Managed | 1,292 | 1,252 | 40 |
| | | Retail Facilities | Owned | 1,790 | 1,575 | 215 |
| | | Managed | 538 | 531 | 7 | |
| Other | Revenue | | 22,028 | 16,140 | 5,888 | |
| Total Revenue | | | ¥294,455 | ¥313,173 | ¥(18,718) | |

Vacancy Rate

| | 9/2020 | 6/2020 | 3/2020 | 3/2019 | 3/2018 | 3/2017 |
|---|--------|--------|--------|--------|--------|--------|
| Consolidated | | | | | | |
| Office Buildings and Retail Facilities (including overseas) | 2.4 | 2.1 | 2.3 | 1.8 | 2.4 | 3.1 |
| Non-consolidated | | | | | | |
| Tokyo Metropolitan Area Office Buildings | 2.6 | 2.1 | 1.9 | 1.7 | 2.2 | 3.4 |
| Regional Area Office Buildings | 1.9 | 1.6 | 1.3 | 1.8 | 2.3 | 2.3 |

Major Projects during the Period (six-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 |
| RAYARD MIYASHITA PARK (Shibuya-ku, Tokyo) | Retail facility opened in July 2020 |
| LaLaport AICHI TOGO (Aichi-gun, Aichi) | Retail facility opened in September 2020 |
| RAYARD Hisaya-odori Park (Nagoya, Aichi) | Retail facility opened in September 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) | | |
|-------------------------|-------------------------------|----------|-----------|
| | Six Months Ended September 30 | | Change |
| | 2020 | 2019 | |
| Revenue from Operations | ¥205,288 | ¥222,948 | ¥(17,659) |
| Operating Income | 30,600 | 34,788 | (4,188) |

| | Year to March 2021 (Forecast as of November 5, 2020) | 6-Month Results / Full-Year Forecast (%) | Year Ended March 31, 2020 |
|------------------|--|---|------------------------------|
| | Revenue from Operations | ¥660,000 | 31.1 |
| Operating Income | 114,000 | 26.8 | 123,745 |

● Despite an improvement in revenue and earnings due mainly to progress in the handover of such properties as THE TOWER YOKOHAMA KITANAKA and Park City Musashi-Koyama The Tower, revenue and earnings in the Property Sales (Domestic) category decreased as a result of such factors as corrections to the growth in property sales to investors and property sales to investors (overseas) during the corresponding period of the previous fiscal year. Overall, revenue from operations in the “Property Sales” segment declined ¥17.6 billion and operating income decreased ¥4.1 billion.

In newly constructed condominiums in Japan, the Company’s contract rate as of September 30, 2020 was 92% of the 3,800 units projected for the fiscal year compared with 94% as of September 30, 2019.

Furthermore, the contract progress rate on expected revenue from operations of “Property Sales to Investors” for the fiscal year under review exceeded 90% (as of the date financial results for the first half of the fiscal year under review were announced).

Major Projects Undertaken during the Period (six-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 |
| TSUDANUMA THE TOWER (Narashino, Chiba) | Condominiums |
| Fine Court Komazawa Park (Setagaya-ku, Tokyo) | Detached Housing |

(Property Sales to Investors and Individuals (Overseas))

| | |
|--|-----------------|
| MFLP Sakai (Sakai, Osaka) | Logistics |
| SHINBASHI M-SQUARE Bright (Minato-ku, Tokyo) | Office building |

| | (¥ millions) | | | | | | | | | |
|--|-------------------------------|----------|------------------------------|----------------|----------|------------------------------|-----------------|----------|------------------------------|---------|
| | Six Months Ended September 30 | | | | | | Change | | | |
| | 2020 | | | 2019 | | | Revenue | Units | Unit Price (¥10 thousand) | |
| Property Sales to Individuals (Domestic) | Revenue | Units | Unit Price (¥10 thousand) | Revenue | Units | Unit Price (¥10 thousand) | | | | Revenue |
| | Condominiums | ¥166,461 | 2,068 | ¥8,049 | ¥145,393 | 1,775 | ¥8,190 | ¥21,067 | 293 | ¥(141) |
| | Detached Housing | 9,231 | 150 | 6,155 | 17,659 | 261 | 6,766 | (8,427) | (111) | (611) |
| | Subtotal | 175,693 | 2,218 | 7,921 | 163,053 | 2,036 | 8,008 | 12,639 | 182 | (87) |
| Operating Income | 26,001 | | | 23,731 | | | 2,270 | | | |
| Property Sales to Investors and Individuals (Overseas), etc. | Revenue | 29,595 | | | 59,895 | | | (30,299) | | |
| | Operating Income | 4,598 | | | 11,057 | | | (6,458) | | |
| Total Revenue | 205,288 | | | 222,948 | | | (17,659) | | | |
| Total Operating Income | ¥30,600 | | | ¥34,788 | | | ¥(4,188) | | | |

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

| | Six Months Ended September 30 | | | | | | |
|------------------|-------------------------------|----------|---------|----------|---------|----------|-------|
| | 2020 | | 2019 | | Change | | |
| | Revenue | Units | Revenue | Units | Revenue | Units | |
| Condominiums | Tokyo Metropolitan Area | ¥151,664 | 1,758 | ¥134,986 | 1,546 | ¥16,677 | 212 |
| | Other | 14,796 | 310 | 10,407 | 229 | 4,389 | 81 |
| | Total | 166,461 | 2,068 | 145,393 | 1,775 | 21,067 | 293 |
| Detached Housing | Tokyo Metropolitan Area | 9,117 | 148 | 17,273 | 253 | (8,155) | (105) |
| | Other | 114 | 2 | 386 | 8 | (272) | (6) |
| | Total | ¥9,231 | 150 | ¥17,659 | 261 | ¥(8,427) | (111) |

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

| | 9/2020 | 6/2020 | 3/2020 | 3/2019 | 3/2018 | 3/2017 |
|------------------|------------|------------|------------|------------|------------|------------|
| Condominiums | 203 | 260 | 128 | 141 | 108 | 321 |
| Detached Housing | 63 | 66 | 58 | 30 | 40 | 69 |
| Total | 266 | 326 | 186 | 171 | 148 | 390 |

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 | 999 | 4,672 | 2,068 | 2,604 | 1,067 |
| Detached Housing | 64 | 225 | 289 | 150 | 139 | 233 |
| Total | 3,737 | 1,224 | 4,961 | 2,218 | 2,743 | 1,300 |

[3] MANAGEMENT

(¥ millions)

| | Six Months Ended September 30 | | Change |
|-------------------------|-------------------------------|----------|-----------|
| | 2020 | 2019 | |
| Revenue from Operations | ¥188,952 | ¥206,442 | ¥(17,489) |
| Operating Income | 11,644 | 28,893 | (17,249) |

| | Year to March 2021 (Forecast as of November 5, 2020) | 6-Month Results / Full-Year Forecast (%) | Year Ended March 31, 2020 |
|-------------------------|---|---|------------------------------|
| Revenue from Operations | ¥390,000 | 48.4 | ¥421,490 |
| Operating Income | 33,000 | 35.3 | 55,670 |

● In the “Property Management” category, revenue and earnings declined owing mainly to the drop in occupancy rates in the “Repark” (car park leasing) business as a result of the impact of COVID-19 and the decrease in consignment fees for the management of retail facility operations.

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 ¥17.4 billion and operating income declined ¥17.2 billion.

(¥ millions)

| | | Six Months Ended September 30 | | Change |
|-----------------------------------|------------------|-------------------------------|-----------------|------------------|
| | | 2020 | 2019 | |
| Property Management | Revenue | ¥148,009 | ¥156,004 | ¥(7,995) |
| | Operating Income | 6,544 | 17,534 | (10,990) |
| Brokerage, Asset Management, etc. | Revenue | 40,943 | 50,437 | (9,494) |
| | Operating Income | 5,099 | 11,358 | (6,258) |
| Total | Revenue | ¥188,952 | ¥206,442 | ¥(17,489) |
| | Operating Income | 11,644 | 28,893 | (17,249) |

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

(Units)

| | At September 30, 2020 | At September 30, 2019 | Change |
|---------------------|-----------------------|-----------------------|--------|
| Total Managed Units | 275,960 | 257,912 | 18,048 |

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

(¥ millions)

| | Six Months Ended September 30 | | | | Change | |
|-----------|-------------------------------|--------|--------------------|--------|--------------------|-------|
| | 2020 | | 2019 | | Transaction Volume | Units |
| Brokerage | Transaction Volume | Units | Transaction Volume | Units | | |
| | ¥668,387 | 16,781 | ¥863,156 | 21,835 | | |

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

(¥ millions)

| | | Six Months Ended September 30 | | | | Change | |
|-------------------|--------------------|-------------------------------|--------------------|-------|--------|--------------------|-------|
| | | 2020 | | 2019 | | Transaction Volume | Units |
| Consignment Sales | Transaction Volume | Units | Transaction Volume | Units | ¥5,320 | | |
| | ¥45,549 | 488 | ¥40,228 | 552 | | | |

[4] OTHER

| | Six Months Ended September 30 | | Change |
|-------------------------|-------------------------------|----------|-----------|
| | 2020 | 2019 | |
| | (¥ millions) | | |
| Revenue from Operations | ¥108,705 | ¥146,211 | ¥(37,506) |
| Operating Income | (18,299) | (1,172) | (17,126) |

| | Year to March 2021 (Forecast as of November 5, 2020) | 6-Month Results / Full-Year Forecast (%) | Year Ended March 31, 2020 |
|------------------|---|---|------------------------------|
| | Revenue from Operations | ¥280,000 | 38.8 |
| Operating Income | (26,000) | 70.4 | 2,291 |

● As far as the “Facility Operations” category is concerned, in addition to the closure of hotels and resorts in the first quarter of the fiscal year under review, due to the spread of COVID-19, and the decline in occupancy rates compared with the corresponding period of the previous fiscal year, results were impacted by expenses related to the opening of sequence MIYASHITA PARK and other facilities. Accordingly, revenue decreased ¥37.5 billion and operating income declined ¥17.1 billion in the “Other” segment overall.

| | Six Months Ended September 30 | | Change |
|------------------------------------|-------------------------------|-----------------|------------------|
| | 2020 | 2019 | |
| | (¥ millions) | | |
| New Construction under Consignment | ¥56,446 | ¥65,823 | ¥(9,377) |
| Facility Operations | 12,566 | 34,057 | (21,490) |
| Other | 39,691 | 46,331 | (6,639) |
| Total Revenue | ¥108,705 | ¥146,211 | ¥(37,506) |

| | Six Months Ended September 30 | | Change |
|---|-------------------------------|---------|----------|
| | 2020 | 2019 | |
| Revenue from New Construction under Consignment Orders Received | ¥59,198 | ¥68,804 | ¥(9,606) |

Major Projects Undertaken during the Period (six-month total) (NEWLY OPENED)

| | |
|--|--------------------------------|
| Mitsui Garden Hotel Fukuoka Nakasu (Fukuoka, Fukuoka) | Hotel opened in July 2020 |
| sequence MIYASHITA PARK (Shibuya-ku, Tokyo) | Hotel opened in August 2020 |
| sequence KYOTO GOJO (Kyoto, Kyoto) | Hotel opened in August 2020 |
| Mitsui Garden Hotel Toyosu BAYSIDE CROSS (Koto-ku, Tokyo) | Hotel opened in August 2020 |
| Four Seasons Hotel Tokyo Otemachi (Chiyoda-ku, Tokyo) | Hotel opened in September 2020 |
| Mitsui Garden Hotel Kyoto Kawaramachi Jokyoji (Kyoto, Kyoto) | Hotel opened in September 2020 |

(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 2020 |
| Mitsui Garden Hotel Sapporo West (Sapporo, Hokkaido) | Hotel opened in February 2020 |

[REFERENCE] OVERSEAS BUSINESS

| | | Six Months Ended September 30 | | Change |
|--|------------------|-------------------------------|---------|---------|
| | | 2020 | 2019 | |
| | | (¥ millions) | | |
| Leasing | Revenue | ¥33,151 | ¥32,560 | ¥591 |
| | Operating Income | 8,043 | 10,763 | (2,720) |
| Property Sales | Revenue | 7,192 | 15,009 | (7,816) |
| | Operating Income | 55 | (687) | 743 |
| Management, Other, etc. | Revenue | 3,288 | 6,390 | (3,101) |
| | Operating Income | (436) | 237 | (673) |
| Pro forma Operating Income of Overseas Affiliates *1 | | 5,149 | 3,724 | 1,424 |
| Total Overseas Income | | 12,812 | 14,038 | (1,225) |
| Overseas Income Ratio*2 | | 18.5% | 11.5% | 7.0 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: | September 30, 2020 | March 31, 2020 | Change |
| Cash and Time Deposits | ¥175,923 | ¥183,412 | ¥(7,489) |
| Accounts Receivable—Trade | 34,459 | 38,908 | (4,448) |
| Marketable Securities | 105 | 219 | (113) |
| Real Property for Sale | 1,157,350 | 1,043,889 | 113,461 |
| Real Property for Sale in Process | 532,608 | 516,997 | 15,611 |
| Real Property for Development | 302,179 | 318,411 | (16,231) |
| Expenditure on Contracts in Progress | 27,551 | 17,149 | 10,401 |
| Other Inventories | 4,706 | 5,308 | (602) |
| Advance Payments—Trade | 13,491 | 28,541 | (15,050) |
| Short-Term Loans | 16,597 | 18,543 | (1,945) |
| Equity Investments in Properties for Sale | 7,323 | 6,682 | 640 |
| Other | 238,482 | 215,803 | 22,678 |
| Allowance for Doubtful Accounts | (418) | (300) | (118) |
| Current Assets | 2,510,360 | 2,393,566 | 116,793 |
| Buildings and Structures | 1,975,424 | 1,965,266 | 10,157 |
| Accumulated Depreciation—Buildings and Structures | (753,493) | (757,561) | 4,067 |
| Buildings and Structures, Net | 1,221,930 | 1,207,705 | 14,225 |
| Machinery, Equipment and Vehicles | 100,361 | 99,723 | 638 |
| Accumulated Depreciation—Machinery, Equipment and Vehicles | (43,889) | (40,943) | (2,946) |
| Machinery, Equipment and Vehicles | 56,471 | 58,780 | (2,308) |
| Land | 2,159,553 | 2,175,707 | (16,154) |
| Construction in Progress | 206,995 | 177,433 | 29,562 |
| Other | 161,314 | 155,755 | 5,558 |
| Accumulated Depreciation | (100,346) | (97,772) | (2,573) |
| Other, Net | 60,968 | 57,983 | 2,984 |
| Tangible Fixed Assets | 3,705,919 | 3,677,609 | 28,309 |
| Leaschold Interests in Land | 39,517 | 40,993 | (1,476) |
| Other | 36,730 | 34,539 | 2,191 |
| Intangible Fixed Assets | 76,247 | 75,532 | 715 |
| Investment Securities | 919,229 | 888,056 | 31,172 |
| Long-Term Loans | 12,134 | 7,586 | 4,548 |
| Lease Deposits | 146,559 | 145,413 | 1,145 |
| Net Defined Benefit Asset | 28,151 | 28,994 | (842) |
| Deferred Income Taxes | 28,429 | 25,943 | 2,485 |
| Deferred Tax Assets on Land Revaluation | 2 | 2 | - |
| Other | 186,308 | 153,717 | 32,591 |
| Allowance for Doubtful Accounts | (1,064) | (1,065) | 0 |
| Investments and Other Assets | 1,319,751 | 1,248,650 | 71,101 |
| Total Non-Current Assets | 5,101,918 | 5,001,792 | 100,125 |
| Total Assets | ¥7,612,279 | ¥7,395,359 | ¥216,919 |

[Real Property for Sale]

| (¥ millions) | | | |
|------------------------------|-----------------------|-----------------------|----------------|
| (a) Breakdown by Company | At September 30, 2020 | At September 30, 2019 | Change |
| Mitsui Fudosan Residential | ¥713,085 | ¥717,860 | ¥(4,775) |
| Mitsui Fudosan | 678,271 | 582,181 | 96,090 |
| Mitsui Fudosan America Group | 385,054 | 355,724 | 29,329 |
| SPCs Total | 177,662 | 192,689 | (15,027) |
| Mitsui Fudosan UK Group | 39,167 | 46,072 | (6,905) |
| Other and Elimination | 12,389 | 13,310 | (921) |
| Consolidated Total | ¥2,005,630 | ¥1,907,839 | ¥97,790 |

| (¥ millions) | | | | | | |
|--|-------------------------------|------------------------|------------------|---------------|------------|------------------|
| (b) Accounts of Real Property for Sale | Six Months Ended September 30 | At Beginning of Period | New Investments* | Cost Recovery | Others | At End of Period |
| 2020 | ¥1,907,839 | ¥273,554 | ¥(152,009) | ¥(23,754) | ¥2,005,630 | |
| 2019 | ¥1,630,558 | ¥242,548 | ¥(152,911) | ¥(18,296) | ¥1,701,900 | |

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥35.2 billion for the six-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 ¥3,782.1 billion as of September 30, 2020, up ¥29.0 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:
¥107.74:US\$1 as of September 30, 2020, ¥109.56:US\$1 as of March 31, 2020;
¥132.51:£1 as of September 30, 2020, ¥143.48:£1 as of March 31, 2020

| (¥ millions) | | | |
|------------------------------|-----------------------|-------------------|----------------|
| (a) Breakdown by Company | At September 30, 2020 | March 31, 2020 | Change |
| Mitsui Fudosan | ¥2,926,644 | ¥2,815,017 | ¥111,627 |
| Mitsui Fudosan America Group | 441,236 | 421,554 | 19,681 |
| SPCs Total | 117,030 | 228,744 | (111,714) |
| Mitsui Fudosan Residential | 64,665 | 64,600 | 65 |
| Mitsui Fudosan UK Group | 53,394 | 58,365 | (4,970) |
| Other and Elimination | 179,195 | 164,859 | 14,335 |
| Consolidated Total | ¥3,782,166 | ¥3,753,141 | ¥29,024 |

Above figures include revaluation reserve for land.

| (¥ millions) | | | | | | |
|--|-------------------------------|------------------------|------------------|--------------|------------|------------------|
| (b) Accounts of Tangible and Intangible Fixed Assets | Six Months Ended September 30 | At Beginning of Period | New Investments* | Depreciation | Others | At End of Period |
| 2020 | ¥3,753,141 | ¥134,019 | ¥(46,148) | ¥(58,845) | ¥3,782,166 | |
| 2019 | ¥3,500,482 | ¥170,163 | ¥(43,377) | ¥(21,395) | ¥3,605,874 | |

* 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: | September 30, 2020 | March 31, 2020 | Change |
|--|-----------------------|-------------------|-----------------|
| Accounts Payable—Trade | ¥130,288 | ¥147,075 | ¥(16,786) |
| Short-Term Debt | 366,357 | 143,025 | 223,331 |
| Non-Recourse Short-Term Debt | 84,860 | 21,416 | 63,444 |
| Commercial Papers | 189,000 | 173,000 | 16,000 |
| Bond Redeemable Within One Year | 30,000 | 55,000 | (25,000) |
| Non-Recourse Bond Redeemable Within One Year | 29,235 | 47,500 | (18,265) |
| Income Taxes Payable | 15,872 | 36,905 | (21,033) |
| Advances from Contracts in Progress | 28,966 | 21,635 | 7,331 |
| Allowance for Completed Project Indemnities | 720 | 797 | (77) |
| Allowance for Possible Guarantee Losses | 1 | 3 | (2) |
| Other | 358,566 | 393,401 | (34,835) |
| Current Liabilities | 1,233,868 | 1,039,761 | 194,106 |
| Corporate Bonds | 684,283 | 612,603 | 71,679 |
| Non-Recourse Corporate Bonds | 59,750 | 81,935 | (22,185) |
| Long-Term Debt | 1,920,011 | 1,893,813 | 26,198 |
| Non-Recourse Deposits from Tenants | 419,901 | 452,823 | (32,921) |
| Deposits from Tenants | 437,385 | 436,595 | 790 |
| Deferred Income Taxes | 153,938 | 147,786 | 6,152 |
| Deferred Tax Liabilities on Land Revaluation | 151,544 | 151,544 | - |
| Net Defined Benefit Liability | 46,775 | 46,196 | 579 |
| Allowance for Directors' and Corporate Auditors' Retirement Benefits | 830 | 800 | 30 |
| Other | 46,058 | 44,973 | 1,084 |
| Long-Term Liabilities | 3,920,479 | 3,869,071 | 51,408 |
| Total Liabilities | 5,154,348 | 4,908,833 | 245,514 |
| NET ASSETS: | | | |
| Common Stock | 339,897 | 339,766 | 130 |
| Capital Surplus | 345,296 | 372,162 | (26,865) |
| Retained Earnings | 1,071,253 | 1,070,239 | 1,013 |
| Treasury Stock | (4,131) | (14,364) | 10,233 |
| Total Shareholders' Equity | 1,752,316 | 1,767,804 | (15,488) |
| Net Unrealized Holding Gains on Securities | 333,310 | 319,993 | 13,317 |
| Deferred Gains or Losses on Hedges | 138 | (222) | 360 |
| Reserve on Land Revaluation | 316,967 | 330,305 | (13,337) |
| Foreign Currency Translation Adjustment | (27,690) | (14,793) | (12,897) |
| Remeasurements of Defined Benefit Plans | 5,518 | 5,592 | (74) |
| Total Accumulated Other Comprehensive Income | 628,244 | 640,875 | (12,630) |
| New Share Subscription Rights | 1,450 | 1,454 | (3) |
| Non-Controlling Interests | 75,919 | 76,391 | (472) |
| Total Net Assets | 2,457,930 | 2,486,525 | (28,594) |
| Total Liabilities and Net Assets | ¥7,612,279 | ¥7,395,359 | ¥216,919 |

Note: Debt-Equity Ratio 1.59 times (1.45 times at March 31, 2020)

| | | | |
|--|------------------|------------------|----------------|
| Interest-Bearing Debt: | 3,783,399 | 3,481,117 | 302,282 |
| Non-Recourse Debt | 593,747 | 603,674 | (9,927) |
| Surplus lease deposits/guarantee deposits | 290,825 | 291,181 | (355) |

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash outflow from purchase of real estate for sale of ¥132.1 billion and a cash outflow from investing activities of ¥154.1 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 ¥21.3 billion. As a result, interest-bearing debt stood at ¥3,783.3 billion as of September 30, 2020, up ¥302.2 billion compared with the end of the previous fiscal year.

Breakdown by Company

| | At September 30, 2020 | At September 30, 2019 | Change |
|------------------------------|--------------------------|--------------------------|-----------------|
| Mitsui Fudosan | ¥2,912,368 | ¥2,630,106 | ¥282,261 |
| Mitsui Fudosan America Group | 693,685 | 681,207 | 12,478 |
| Mitsui Fudosan Residential | 640,100 | 594,900 | 45,200 |
| SPCs Total | 232,192 | 345,355 | (113,163) |
| Mitsui Fudosan Asia Group | 90,056 | 81,735 | 8,320 |
| Mitsui Fudosan UK Group | 49,018 | 51,909 | (2,890) |
| Loans to Subsidiaries | (945,265) | (990,427) | 45,161 |
| Other and Elimination | 111,244 | 86,330 | 24,914 |
| Consolidated Total | ¥3,783,399 | ¥3,481,117 | ¥302,282 |
| (Non-recourse Debt of Total) | 593,747 | 603,674 | (9,927) |

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

| | Six Months Ended September 30 | |
|--|-------------------------------|-----------------|
| | 2020 | 2019 |
| Revenue from Operations | ¥797,401 | ¥888,776 |
| Cost of Revenue from Operations | 642,463 | 677,610 |
| Gross Operating Profit | 154,938 | 211,165 |
| Selling, General and Administrative Expenses | 90,749 | 92,560 |
| Operating Income | 64,189 | 118,604 |
| Interest Income | 757 | 655 |
| Dividend Income | 3,274 | 3,438 |
| Equity In Net Income of Affiliated Companies | - | 3,421 |
| Other Non-Operating Income | 1,817 | 914 |
| Non-Operating Income | 5,848 | 8,430 |
| Interest Expenses | 14,238 | 14,702 |
| Share of Loss of Entities Accounted For Using Equity Method | 2,022 | - |
| Other Non-Operating Expenses | 6,487 | 4,502 |
| Non-Operating Expenses | 22,748 | 19,205 |
| Ordinary Income | 47,288 | 107,829 |
| Gain on Sales of Investment Securities | 28,371 | - |
| Gain on Sales of Shares of Subsidiaries and Associates | 2,500 | - |
| Extraordinary Income | 30,871 | - |
| Loss on Retirement of Non-Current Assets | - | 1,273 |
| Impairment Loss | 32,808 | - |
| Loss Related to COVID-19 * | 13,217 | - |
| Extraordinary Losses | 46,026 | 1,273 |
| Income Before Income Taxes | 32,133 | 106,556 |
| Income Taxes | 23,126 | 39,735 |
| Profit | 9,007 | 66,820 |
| Profit (Loss) Attributable to Non-Controlling Interests | (33) | 496 |
| Profit Attributable to Owners of Parent | ¥9,040 | ¥66,324 |

* 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)

| | Six Months Ended September 30 | |
|--|-------------------------------|-------------------|
| | 2020 | 2019 |
| Cash Flows From Operating Activities | | |
| Income before Income Taxes | ¥32,133 | ¥106,556 |
| Depreciation and Amortization | 46,148 | 43,377 |
| Impairment Loss | 32,808 | - |
| Interest and Dividend Income Receivable | (4,031) | (4,093) |
| Interest Expense | 14,238 | 14,702 |
| (Gain) Loss on Equity-Method Investments | 2,022 | (3,421) |
| (Gain) Loss on Sales of Investment Securities | (28,371) | - |
| (Gain) Loss on Sales of Shares of Associates | (2,500) | - |
| Loss on retirement of fixed assets | - | 1,273 |
| Loss Related to COVID-19 | 13,217 | - |
| (Increase) Decrease in Accounts Receivable | 4,748 | 6,075 |
| Increase (Decrease) in Accounts Payable | (20,167) | (14,497) |
| (Increase) Decrease in Real Property for Sale | (121,699) | (107,534) |
| Other | (33,636) | (30,470) |
| Subtotal | (65,086) | 11,967 |
| Cash Receipts of Interest and Dividend Income | 7,601 | 8,965 |
| Cash Payments of Interest Expense | (14,392) | (14,528) |
| Payments Related to COVID-19 | (11,162) | - |
| Proceeds from Subsidy Income | 977 | - |
| Income Taxes Paid | (50,093) | (41,422) |
| Net Cash Provided by (Used in) Operating Activities | (132,157) | (35,017) |
| Cash Flows From Investing Activities | | |
| Purchase of Tangible and Intangible Fixed Assets | (152,505) | (248,412) |
| Proceeds from Sale of Tangible and Intangible Fixed Assets | 94 | 1,243 |
| Purchase of Investment Securities | (40,276) | (28,696) |
| Proceeds from Sale of Investment Securities | 35,780 | 50 |
| Payment of Lease Deposits | (5,772) | (3,244) |
| Proceeds from Collection of Lease Deposits | 4,293 | 2,036 |
| Repayment of Deposits from Tenants | (12,961) | (15,748) |
| Proceeds from Deposits from Tenants | 14,425 | 22,858 |
| Payment of Loan Receivable | (8,772) | (9,269) |
| Collection of Loan Receivable | 6,107 | 6,924 |
| Proceeds from Withdrawal of Time Deposits | 2,648 | 17,457 |
| Other | 2,834 | (19,547) |
| Net Cash Provided by (Used in) Investing Activities | ¥(154,103) | ¥(274,349) |

(¥ millions)

| | Six Months Ended September 30 | |
|---|-------------------------------|-----------------|
| | 2020 | 2019 |
| Cash Flows From Financing Activities | | |
| Proceeds from Short-Term Debt | ¥666,247 | ¥1,381,104 |
| Repayment of Short-Term Debt | (457,334) | (1,299,664) |
| Proceeds from Long-Term Debt | 151,348 | 327,620 |
| Repayment of Long-Term Debt | (48,277) | (149,520) |
| Proceeds from Issuance of Bonds | 130,050 | 130,500 |
| Redemption of Bonds | (120,500) | (49,200) |
| Cash Dividends Paid | (21,360) | (23,576) |
| Proceeds from Share Issuance to Non-Controlling Shareholders | 3,558 | 5,007 |
| Dividends Paid to Non-Controlling Shareholders | (1,772) | (1,307) |
| Repayment to Non-Controlling Shareholders | (379) | - |
| Repayment of Finance Lease Obligations | (2,268) | (2,175) |
| (Increase) Decrease in Treasury Stocks | (16,820) | (16,006) |
| Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation | - | (2,667) |
| Net Cash Provided by (Used in) Financing Activities | 282,491 | 300,114 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (958) | (382) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (4,728) | (9,635) |
| Cash and Cash Equivalents at Beginning of the Period | 179,472 | 157,682 |
| Cash and Cash Equivalents at End of the Period | ¥174,743 | ¥148,046 |

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

(Announced on November 5, 2020)

| For the Year Ending March 31, 2021 | Year to March 31, 2021 | | | (¥ millions) |
|--|---|---|------------|---------------------------------|
| | Latest forecast (As of November 5, 2020) | Previous forecast (As of May 12, 2020) | Difference | <Reference> |
| | | | | Year to March 31, 2020 (actual) |
| Revenue from Operations | ¥1,950,000 | ¥1,850,000 | ¥100,000 | ¥1,905,642 |
| Leasing | 620,000 | 600,000 | 20,000 | 636,056 |
| Property Sales | 660,000 | 540,000 | 120,000 | 524,094 |
| Property Sales to Individuals (Domestic) | 310,000 | 310,000 | - | 268,661 |
| Property Sales to Investors and Individuals (Overseas), etc. | 350,000 | 230,000 | 120,000 | 255,433 |
| Management | 390,000 | 410,000 | (20,000) | 421,490 |
| Other | 280,000 | 300,000 | (20,000) | 324,001 |
| Operating Income | 200,000 | 200,000 | - | 280,617 |
| Leasing | 128,000 | 113,000 | 15,000 | 145,893 |
| Property Sales | 114,000 | 103,000 | 11,000 | 123,745 |
| Property Sales to Individuals (Domestic) | 33,000 | 33,000 | - | 29,624 |
| Property Sales to Investors and Individuals (Overseas), etc. | 81,000 | 70,000 | 11,000 | 94,120 |
| Management | 33,000 | 50,000 | (17,000) | 55,670 |
| Other | (26,000) | (13,000) | (13,000) | 2,291 |
| Elimination or Corporate | (49,000) | (53,000) | 4,000 | (46,982) |
| Non-Operating Income/Expenses | (31,000) | (31,000) | - | (22,107) |
| Interest Income/Expense, in Net | (30,000) | (30,000) | - | (28,009) |
| Other, in Net | (1,000) | (1,000) | - | 5,902 |
| Ordinary Income | 169,000 | 169,000 | - | 258,510 |
| Extraordinary Gains/Losses | 10,000 | 10,000 | - | 2,706 |
| Income before Income Taxes | 179,000 | 179,000 | - | 261,217 |
| Income Taxes | 58,000 | 58,000 | - | 76,522 |
| Profit | 121,000 | 121,000 | - | 184,694 |
| Profit (Loss) Attributable to Non-controlling Interests | 1,000 | 1,000 | - | 721 |
| Profit Attributable to Owners of Parent | ¥120,000 | ¥120,000 | - | ¥183,972 |

[Difference between Revised and Previous Forecasts (Announced on May 12, 2020)]

•Calculations pertaining to full fiscal year forecasts announced at the beginning of the period (May 12, 2020) reflect certain expectations. These expectations are based on the assumption that the harsh restrictions imposed on economic activity in the first quarter will continue and that the business environment will gradually normalize from the second quarter and over the end of the fiscal year under review.

•The Mitsui Fudosan Group recognizes that economic activity is heading toward a gradual recovery following steps by the government to lift its state of emergency declaration on May 25, 2020. At the same time, the Group acknowledges that while the business environment has recovered more quickly than initially expected for certain businesses, the pace of recovery for other businesses is slower than anticipated. Taking into consideration these factors as well as the Group's financial results for the first half of the fiscal year under review and current conditions, the decision has been made to partially revise the segment breakdown of revenue from operations and operating income of the initially announced full fiscal year forecasts.

•Financial results forecasts are based on the assumption that the COVID-19 pandemic will not have a major impact on economic activities in the second half of the fiscal year under review. Depending on the future status of COVID-19 and other factors. The Group will disclose details in a timely manner should the need for further revision arise in the future.

•In light of progress in "Property Sales to Investors," operating income is projected to each ¥1,950 billion, up ¥100 billion compared with previous forecasts

•Previously announced forecasts for operating income, ordinary income, and profit attributable to owners of parent remain unchanged.

•Operating income for each segment has been revised as follows:

Leasing Segment: Reflecting the shorter than anticipated period of retail facility closure compared with forecasts at the beginning of the period, and the quick recovery in facility sales after the resumption of operations, which have exceeded initial expectations, operating income is estimated to reach ¥128 billion, an improvement of ¥15 billion compared with the previous forecast.

Property Sales Segment: Reflecting expectations that the impact on the real estate sales market will be more limited than initially anticipated, and the current status of progress in the "Property Sales to Investors" category, operating income is estimated to reach ¥114 billion, an improvement of ¥1 billion compared with the previous forecast.

Management: Recognizing the moderate pace of demand recovery in the Repark (Car Park Leasing) business compared with expectations at the beginning of the year, and other factors including the substantial downturn in the "Mitsui Rehouse" business (brokerage business for individuals,) despite conditions having generally recovered to initially expected levels, operating income is estimated to come in at ¥33 billion, down ¥17 billion compared with the previous forecast.

Other Segment: Reflecting such factors as the moderate pace of accommodation demand recovery mainly in the hotel business compared with forecasts at the beginning of the period, operating loss is projected to come in at ¥26 billion, up ¥13 billion compared with the previous forecast.

•Dividend per share forecast of ¥44 (interim dividend ¥22 and period-end dividend ¥22) remains unchanged.

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

(Announced on November 5, 2020)

【Property Sales】

Revenue, Operating Margin (¥ millions)

| | Year to March (Forecast as of November 5, 2020) | Year to March (Forecast as of May 12, 2020) | YoY Change |
|--------------------------------------|---|---|------------|
| Property Sales to Individuals | | | |
| Revenue from Operations: | ¥310,000 | ¥310,000 | - |
| Condominiums | 270,000 | 270,000 | - |
| Detached Housing | 40,000 | 40,000 | - |
| Operating Income | 33,000 | 33,000 | - |
| Operating Margin (%) | 10.6 | 10.6 | - |
| Property Sales to Investors | | | |
| Revenue from Operations: | 350,000 | 230,000 | 120,000 |
| Operating Income | 81,000 | 70,000 | 11,000 |
| Total | | | |
| Revenue from Operations: | 660,000 | 540,000 | 120,000 |
| Operating Income | ¥114,000 | ¥103,000 | ¥11,000 |

Number of Domestic Housing Units (Units)

| | Year to March (Forecast as of November 5, 2020) | Year to March (Forecast as of May 12, 2020) | YoY Change |
|------------------|---|---|------------|
| Condominiums | 3,800 | 3,800 | - |
| Detached Housing | 500 | 500 | - |
| Total | 4,300 | 4,300 | - |

【Tangible and Intangible Assets】

(¥ millions)

| | Year to March (Forecast as of November 5, 2020) | Year to March (Forecast as of May 12, 2020) | YoY Change |
|-----------------|---|---|------------|
| New Investments | ¥250,000 | ¥250,000 | - |
| Depreciation | 100,000 | 100,000 | - |

【Real Property for Sale】

(¥ millions)

| | Year to March (Forecast as of November 5, 2020) | Year to March (Forecast as of May 12, 2020) | YoY Change |
|-------------------|---|---|------------|
| New Investments | ¥700,000 | ¥700,000 | - |
| Recovery of Costs | 490,000 | 380,000 | 110,000 |

【Interest-Bearing Debt】

(¥ millions)

| | Year to March (Forecast as of November 5, 2020) | Year to March (Forecast as of May 12, 2020) | YoY Change |
|-----------------------|---|---|------------|
| Interest-Bearing Debt | ¥3,800,000 | ¥3,800,000 | - |

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 second 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. Notwithstanding the aforementioned, the Group does not anticipate the pandemic will re-emerge during the fiscal year under review. As a result, the government and local administrative authorities are not expected to call for restrictions on economic activity. Taking into account these factors, conditions are projected to gradually normalize toward the end of the fiscal year. Based on these assumptions, the Mitsui Fudosan Group has revised its consolidated forecasts for the fiscal year ending March 31, 2021, announced on May 12, 2020, while taking into consideration results of the second quarter of the fiscal year under review and current conditions in each business segment.