

FACT BOOK

For the Year Ended March 31, 2021

May 14, 2021



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

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

Corporate Data

(As of March 31, 2021)

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)

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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	(¥ millions)		
	Year Ended March 31		Change
	2021	2020	
Revenue from Operations	¥2,007,554	¥1,905,642	¥101,911
Leasing	623,073	636,056	(12,982)
Property Sales	714,739	524,094	190,644
Management	402,929	421,490	(18,561)
Other	266,812	324,001	(57,188)
Operating Income	203,770	280,617	(76,847)
Leasing	120,777	145,893	(25,115)
Property Sales	118,213	123,745	(5,531)
Management	39,969	55,670	(15,700)
Other	(27,215)	2,291	(29,506)
Elimination or Corporate	(47,974)	(46,982)	(992)
Non-Operating Income/Expenses	(34,904)	(22,107)	(12,797)
Equity in Net Income/Loss of Affiliated Companies	(6,157)	5,715	(11,872)
Interest Income/Expense, in Net	(26,476)	(28,009)	1,532
Other, in Net	(2,270)	187	(2,457)
Ordinary Income	168,865	258,510	(89,644)
Extraordinary Gains/Losses	22,954	2,706	20,248
Extraordinary Gains	77,337	16,710	60,626
Extraordinary Losses	54,382	14,004	40,378
Income before Income Taxes	191,820	261,217	(69,396)
Income Taxes	62,092	76,522	(14,429)
Profit	129,727	184,694	(54,966)
Profit (Loss) Attributable to Non-Controlling Interests	151	721	(570)
Profit Attributable to Owners of Parent	¥129,576	¥183,972	¥(54,396)

◆ Overview

● During the fiscal year ended March 31, 2021, property sales to investors reached a historic high. Domestic property sales to individuals were favorable, and property handovers proceeded steadily. Conversely, in the first quarter profit plunged, mainly as the result of a state of emergency declaration, which led to closures at commercial facilities, the suspension of operations at hotels and resort facilities, and lower rates of operation in the Repark business (Car Park Leasing business). Performance continued to be affected intermittently by COVID-19 from the second quarter. Overall, revenue rose 5.3% year on year, or ¥101.9 billion. Operating income declined 27.4%, or ¥76.8 billion, and ordinary income fell 34.7%, or ¥89.6 billion.

Profit attributable to owners of the parent decreased 29.6% year on year, or ¥54.3 billion. In addition to extraordinary losses stemming from COVID-19, this figure was affected by extraordinary gains and losses on the sale of assets—one move we undertook to control the balance sheet. Meanwhile, revenue reached a record high of ¥2,007.5 billion.

In terms of the total shareholder return ratio, we expect to pay dividends for the year of ¥44 per share, targeting around 35% of profit attributable to owners of the parent. We have also decided to acquire treasury stock of up to ¥15.0 billion. (This amounts to a total shareholder return ratio of 44.2%.)

Progress Comparison with Full Year Forecasts				(¥ millions)
	Year Ended March 31, 2021	Year to March 2021 (Forecast as of November 5, 2020)	Full-Year Results / Full-Year Forecast (%)	
Revenue from Operations	¥2,007,554	¥1,950,000		103.0
Operating Income	203,770	200,000		101.9
Ordinary Income	168,865	169,000		99.9
Profit Attributable to Owners of Parent	129,576	120,000		108.0

Extraordinary Gains/Losses

【Extraordinary Gains】		(¥ millions)
Gain on Sales of Investment Securities		¥45,931
Gain on Sales of Fixed Assets		20,704
Gain on Sales of Shares of Associates		10,701
Total		¥77,337
【Extraordinary Losses】		
Impairment Loss*		¥39,648
Loss Related to COVID-19		14,734
Total		¥54,382

*Including that related to the disposition of the Shinjuku Mitsui building.

Consolidated Statements of Comprehensive Income			(¥ millions)
	Year Ended March 31		
	2021	2020	
Profit	¥129,727	¥184,694	
Other Comprehensive Income	76,281	(17,690)	
Valuation Difference on Available-For-Sale Securities	74,852	(14,550)	
Deferred Gains or Losses on Hedges	5,350	(153)	
Foreign Currency Translation Adjustment	(15,179)	(711)	
Remeasurements of Defined Benefit Plans, Net of Tax	16,070	(3,982)	
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(4,812)	1,707	
Comprehensive Income	¥206,009	¥167,004	
(Comprehensive Income Attributable to Owners of the Parent)	206,395	166,471	
(Comprehensive Income Attributable to Non-Controlling Interests)	(386)	532	

【Reference】 Nonconsolidated Operating Income/Expenses (Mitsui Fudosan)				(¥ millions)
		Year Ended March 31		Change
		2021	2020	
Revenue from Operations	Leasing	¥544,566	¥577,450	¥(32,884)
	Property Sales	245,731	135,685	110,046
	Other	68,388	63,219	5,168
	Total	858,686	776,355	82,331
Gross Profit Margin (%)	Leasing	12.3	16.3	(4.0)pt
	Property Sales	20.7	50.8	(30.1)pt
	Other	54.0	54.2	(0.2)pt
Operating Income		¥110,937	¥156,551	¥(45,613)

SEGMENT RESULTS

[1] LEASING

	Year Ended March 31		Change
	2021	2020	
	(¥ millions)		
Revenue from Operations	¥623,073	¥636,056	(¥12,982)
Operating Income	120,777	145,893	(25,115)

	Year to March 2021 (Forecast as of November 5, 2020)	Full-Year Results / Full-Year Forecast (%)
	Revenue from Operations	¥620,000
Operating Income	128,000	94.4

● Although earnings from the Office Leasing business expanded, commercial facilities in particular were hit hard by the state of emergency declaration. The resulting facility closures caused profit to fall substantially in the first quarter. This factor, plus shortened hours of operation in the fourth quarter, led to an overall ¥12.9 billion decline in segment revenue and a ¥25.1 billion decrease in income. Meanwhile, the office vacancy rate (non-consolidated basis) in the Tokyo metropolitan area was 3.1% as of March 31, 2021 (a decline of 0.4 percentage point from the end of the previous quarter).

		At March 31		Change		
		2021	2020			
(¥ millions)						
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥369,256	¥360,260	¥8,995	
		Retail Facilities	208,841	240,407	(31,565)	
	Total Leased Floor Space (1,000 m ²):		5,751	5,462	289	
	Office Buildings		Owned	1,955	2,051	(96)
			Managed	1,438	1,207	231
	Retail Facilities		Owned	1,825	1,675	150
		Managed	533	529	4	
Other	Revenue		44,975	35,388	9,587	
Total Revenue			¥623,073	¥636,056	(¥12,982)	

	Vacancy Rate (%)					
	3/2021	3/2020	3/2019	3/2018	3/2017	3/2016
(%)						
Consolidated						
Office Buildings and Retail Facilities (including overseas)	2.9	2.3	1.8	2.4	3.1	2.2
Non-consolidated						
Tokyo Metropolitan Area Office Buildings	3.1	1.9	1.7	2.2	3.4	2.6
Regional Area Office Buildings	3.5	1.3	1.8	2.3	2.3	3.1

Major Projects during the Period (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
Nagoya Mitsui North Building (Nagoya, Aichi)	Office building completed in January 2021

(FULL-TERM CONTRIBUTION)

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

【Reference】 Non-consolidated Results

Breakdown of Leasing Operations (Non-consolidated)

		At March 31					
		2021	2020	2021	2020	2021	2020
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	139	139	111	111	28	28
	Leased Floor Space (1,000m ²)	2,966	2,808	2,635	2,482	332	326
	Leasing Revenue (¥ millions)	317,802	311,761	295,526	289,781	22,275	21,980
	Vacancy Rate (%)	3.1	1.9	3.1	1.9	3.5	1.3
Retail Facilities	Number of Buildings	98	89	72	64	26	25
	Leased Floor Space (1,000m ²)	2,218	2,086	1,468	1,364	750	723
	Leasing Revenue (¥ millions)	200,249	231,684	136,656	159,780	63,593	71,903
	Vacancy Rate (%)	2.4	2.2	2.7	2.7	1.8	1.3

[2] PROPERTY SALES

	Year Ended March 31		Change
	2021	2020	
	(¥ millions)		
Revenue from Operations	¥714,739	¥524,094	¥190,644
Operating Income	118,213	123,745	(5,531)

	Year to March 2021 (Forecast as of November 5, 2020)	Full-Year Results / Full-Year Forecast (%)
Revenue from Operations	¥660,000	108.3
Operating Income	114,000	103.7

● Property sales to individuals (Domestic) benefited from favorable sales and progress on the handover of The Tower Yokohama Kitanaka, boosting revenue and profit. Property Sales to Investors and Individuals (Overseas) benefited from record-high revenue, but profit was down as the result of comparison with the previous year, when the Company sold highly profitable properties.

Overall, segment revenue was up ¥190.6 billion year on year, while income fell ¥5.5 billion. Of the 3,100 new condominium units in Japan being recorded in the fiscal year ending March 31, 2022, the company had contracts in place on 65.2% as of March 31, 2021.

Major Projects Undertaken during the Period (Property Sales to Individuals (Domestic))

THE TOWER YOKOHAMA KITANAKA (Yokohama, Kanagawa)	Condominiums
THE COURT Jingu-Gaien (Shibuya-ku, Tokyo)	Condominiums
Park Court SHIBUYA The Tower (Shibuya-ku, Tokyo)	Condominiums
Park City Musashi-Koyama The Tower (Shinagawa-ku, Tokyo)	Condominiums
Fine Court Inage Kaigan Mihama-no-Mori (Chiba, Chiba)	Detached Housing

(Property Sales to Investors and Individuals (Overseas))

SHINBASHI M-SQUARE Bright (Minato-ku, Tokyo)	Office building
Nagoya Mitsui Main Building (Nagoya, Aichi)	Office building
Nagoya Mitsui New Building (Nagoya, Aichi)	Office building
OSAKI BRIGHT TOWER (Shinagawa-ku, Tokyo)	Office building
GranTokyo North Tower (Chiyoda-ku, Tokyo)	Office building
MFLP Sakai (Sakai, Osaka)	Logistics
MFLP Ibaraki (Ibaraki, Osaka)	Logistics
MFLP Kawaguchi I (Kawaguchi, Saitama)	Logistics
Park Axis Toyochō Shinsui Koen (Koto-ku, Tokyo)	Rental Housing

Property Sales to Individuals and Investors

	Year Ended March 31						Change			
	2021			2020						
	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	
Property Sales to Individuals (Domestic)	Condominiums	¥290,254	3,775	¥7,689	¥236,023	3,194	¥7,390	¥54,230	581	¥299
	Detached Housing	35,110	515	6,814	32,638	481	6,785	2,472	34	29
	Subtotal	325,364	4,290	7,584	268,661	3,675	7,311	56,703	615	273
	Operating Income	40,003		29,624		10,378				
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	389,374		255,433		133,940				
	Operating Income	78,209		94,120		(15,910)				
Total Revenue	714,739		524,094		190,644					
Total Operating Income	¥118,213		¥123,745		¥(5,531)					

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

	Year Ended March 31						Change	
	2021		2020					
	Revenue	Units	Revenue	Units	Revenue	Units		
Condominiums	Tokyo Metropolitan Area	¥268,854	3,332	¥208,144	2,515	¥60,709	817	
	Other	21,399	443	27,878	679	(6,478)	(236)	
	Total	290,254	3,775	236,023	3,194	54,230	581	
Detached Housing	Tokyo Metropolitan Area	33,183	482	31,896	466	1,287	16	
	Other	1,927	33	741	15	1,185	18	
	Total	¥35,110	515	¥32,638	481	¥2,472	34	

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

	3/2021	3/2020	3/2019	3/2018	3/2017	3/2016
Condominiums	150	128	141	108	321	88
Detached Housing	17	58	30	40	69	127
Total	167	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	3,145	6,818	3,775	3,043	3,152
Detached Housing	64	596	660	515	145	549
Total	3,737	3,741	7,478	4,290	3,188	3,701

[3] MANAGEMENT

	Year Ended March 31		Change
	2021	2020	
	(¥ millions)		
Revenue from Operations	¥402,929	¥421,490	(¥18,561)
Operating Income	39,969	55,670	(15,700)

	Year to March 2021 (Forecast as of November 5, 2020)	Full-Year Results / Full-Year Forecast (%)
	Revenue from Operations	¥390,000
Operating Income	33,000	121.1

● In the Property Management business, the Company experienced declines in revenue and income, mainly owing to lower occupancy rates in the Repark (Car Park Leasing) business due to the growing COVID-19 pandemic.

In the Brokerage and Asset Management business, revenue and income were down year on year. This downturn was due mainly to the closure of stores in the first quarter, although the number of properties handed over in the rehouse (brokerage for individuals) business recovered, increasing year on year. Segment revenue fell ¥18.5 billion year on year, and income was down ¥15.7 billion.

		Year Ended March 31		Change
		2021	2020	
(¥ millions)				
Property Management	Revenue	¥309,099	¥316,228	¥(7,128)
	Operating Income	21,888	32,776	(10,887)
Brokerage, Asset Management, etc.	Revenue	93,829	105,261	(11,432)
	Operating Income	18,081	22,894	(4,813)
Total	Revenue	¥402,929	¥421,490	¥(18,561)
	Operating Income	39,969	55,670	(15,700)

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

	Year Ended March 31		Change
	At March 31, 2021	At March 31, 2020	
(Units)			
Total Managed Units	273,704	268,771	4,933

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

	Year Ended March 31				Change	
	2021		2020		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
(¥ millions)						
Brokerage	¥1,563,891	38,507	¥1,783,232	42,818	¥(219,341)	(4,311)

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

	Year Ended March 31				Change	
	2021		2020		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
(¥ millions)						
Consignment Sales	¥95,385	1,149	¥83,840	1,127	¥11,544	22

[4] OTHER

	Year Ended March 31		Change
	(¥ millions)		
	2021	2020	
Revenue from Operations	¥266,812	¥324,001	(¥57,188)
Operating Income	(27,215)	2,291	(29,506)

	Year to March 2021	Full-Year Results /
	(Forecast as of November 5, 2020)	
Revenue from Operations	¥280,000	95.3
Operating Income	(26,000)	-

● Mainly, in the Facility Operations business, the suspension of operations affecting the hotel and resort facilities in the first quarter due to the COVID-19 pandemic and later also large drops in domestic and overseas housing demand caused overall segment revenue to decrease ¥57.1 billion year on year, and income fell ¥29.5 billion.

	Year Ended March 31		Change
	(¥ millions)		
	2021	2020	
New Construction under Consignment	¥147,222	¥165,818	¥(18,596)
Facility Operations	32,736	67,448	(34,711)
Other	86,854	90,735	(3,880)
Total Revenue	¥266,812	¥324,001	¥(57,188)

	Year Ended March 31		Change
	(¥ millions)		
	2021	2020	
Revenue from New Construction under Consignment Orders Received	¥129,875	¥138,494	¥(8,619)

Major Projects Undertaken during the Period (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 Tokyo (Koto-ku, Tokyo)	Hotel opened in August 2020
MGH Mitsui Garden Hotel Taipei Zhongxiao (Taipei, Taiwan)	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
HOTEL THE MITSUI KYOTO (Kyoto, Kyoto)	Hotel opened in November 2020
sequence SUIDOBASHI (Chiyoda-ku, Tokyo)	Hotel opened in November 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 (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

		Year Ended March 31		Change
		(¥ millions)		
		2021	2020	
Leasing	Revenue	¥67,228	¥65,004	¥2,224
	Operating Income	14,824	19,360	(4,536)
Property Sales	Revenue	17,335	28,167	(10,831)
	Operating Income	(2,126)	(434)	(1,692)
Management, Other, etc.	Revenue	3,430	14,243	(10,812)
	Operating Income	(2,095)	1,205	(3,300)
Pro forma Operating Income of Overseas Affiliates *1		17,352	7,463	9,888
Total Overseas Income		27,955	27,596	359
Overseas Income Ratio*2		12.6%	9.6%	3.0 pt

*1 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).
Note: The amount equivalent to operating income is the amount of profit calculated on a simplified basis after taking into consideration the tax burden.

*2 Total overseas income ÷ (Operating income + Pro forma operating income of overseas affiliates) x 100

CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
ASSETS:	March 31, 2021	March 31, 2020	Change
Cash and Time Deposits	¥189,542	¥183,412	¥6,130
Accounts Receivable—Trade	41,368	38,908	2,459
Marketable Securities	87	219	(131)
Real Property for Sale	1,080,339	1,043,889	36,450
Real Property for Sale in Process	536,766	516,997	19,769
Real Property for Development	297,576	318,411	(20,834)
Expenditure on Contracts in Progress	17,710	17,149	561
Other Inventories	6,204	5,308	895
Advance Payments—Trade	15,844	28,541	(12,696)
Short-Term Loans	17,186	18,543	(1,356)
Equity Investments in Properties for Sale	10,013	6,682	3,330
Other	243,928	215,803	28,125
Allowance for Doubtful Accounts	(574)	(300)	(273)
Current Assets	2,455,996	2,393,566	62,430
Buildings and Structures	2,166,326	1,965,266	201,060
Accumulated Depreciation—Buildings and Structures	(882,174)	(757,561)	(124,613)
Buildings and Structures, Net	1,284,152	1,207,705	76,446
Machinery, Equipment and Vehicles	117,169	99,723	17,446
Accumulated Depreciation—Machinery, Equipment and Vehicles	(58,129)	(40,943)	(17,185)
Machinery, Equipment and Vehicles	59,040	58,780	260
Land	2,058,993	2,175,707	(116,714)
Construction in Progress	249,386	177,433	71,953
Other	186,073	155,755	30,317
Accumulated Depreciation	(120,480)	(97,772)	(22,707)
Other, Net	65,593	57,983	7,610
Tangible Fixed Assets	3,717,166	3,677,609	39,557
Leasehold Interests in Land	40,952	40,993	(41)
Other	38,681	34,539	4,142
Intangible Fixed Assets	79,633	75,532	4,101
Investment Securities	1,049,085	888,056	161,028
Long-Term Loans	8,857	7,586	1,271
Lease Deposits	160,943	145,413	15,529
Net Defined Benefit Asset	50,677	28,994	21,682
Deferred Income Taxes	26,586	25,943	642
Deferred Tax Assets on Land Revaluation	2	2	-
Other	194,220	153,717	40,502
Allowance for Doubtful Accounts	(1,198)	(1,065)	(133)
Investments and Other Assets	1,489,174	1,248,650	240,524
Total Non-Current Assets	5,285,975	5,001,792	284,183
Total Assets	¥7,741,972	¥7,395,359	¥346,613

Note: Tokyo Dome Corporation's consolidated balance sheet is included in the Group's consolidated balance sheet as of March 31, 2021.

[Real Property for Sale]

	(¥ millions)		
(a) Breakdown by Company	At March 31, 2021	At March 31, 2020	Change
Mitsui Fudosan Residential	¥693,200	¥717,860	¥(24,659)
Mitsui Fudosan	645,179	582,181	62,998
Mitsui Fudosan America Group	410,208	355,724	54,484
SPCs Total	120,010	192,689	(72,678)
Mitsui Fudosan UK Group	39,979	46,072	(6,092)
Other and Elimination	21,948	13,310	8,637
Consolidated Total	¥1,930,528	¥1,907,839	¥22,689

	(¥ millions)					
(b) Accounts of Real Property for Sale	Year Ended March 31	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2021		¥1,907,839	¥516,702	¥(544,194)	¥50,181	¥1,930,528
2020		¥1,630,558	¥628,913	¥(341,823)	¥(9,809)	¥1,907,839

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥85.2 billion for the year ended 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]

Tangible and intangible fixed assets rose ¥43.6 billion, to ¥3,796.8 billion. Main reasons for the increase were the conversion of the Tokyo Dome Group to a consolidated subsidiary and new investment by Mitsui Fudosan America in 50 Hudson Yards. Key factors having a downward effect were Mitsui Fudosan's sale of the Shinjuku Mitsui Building and transfers to real property for sale.

Foreign currency exchange rates:
¥103.50:US\$1 as of March 31, 2021, ¥109.56:US\$1 as of March 31, 2020;
¥139.82:£1 as of March 31, 2021, ¥143.48:£1 as of March 31, 2020

	(¥ millions)		
(a) Breakdown by Company	At March 31, 2021	At March 31, 2020	Change
Mitsui Fudosan	¥2,608,459	¥2,815,017	¥(206,558)
Mitsui Fudosan America Group	469,998	421,554	48,444
Tokyo Dome Group	286,617	-	286,617
SPCs Total	122,968	228,744	(105,776)
Mitsui Fudosan Residential	74,856	64,600	10,255
Mitsui Fudosan UK Group	55,636	58,365	(2,728)
Other and Elimination	178,264	164,859	13,404
Consolidated Total	¥3,796,800	¥3,753,141	¥43,658

Above figures include revaluation reserve for land.

	(¥ millions)					
(b) Accounts of Tangible and Intangible Fixed Assets	Year Ended March 31	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2021		¥3,753,141	¥565,266	¥(98,196)	¥(423,411)	¥3,796,800
2020		¥3,500,482	¥379,279	¥(91,434)	¥(35,186)	¥3,753,141

* 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:	March 31, 2021	March 31, 2020	Change
Accounts Payable—Trade	¥97,969	¥147,075	¥(49,105)
Short-Term Debt	231,152	143,025	88,126
Non-Recourse Short-Term Debt	75,708	21,416	54,292
Commercial Papers	99,500	173,000	(73,500)
Bond Redeemable Within One Year	35,042	55,000	(19,957)
Non-Recourse Bond Redeemable Within One Year	21,635	47,500	(25,865)
Income Taxes Payable	50,339	36,905	13,434
Advances from Contracts in Progress	21,566	21,635	(69)
Allowance for Completed Project Indemnities	705	797	(92)
Allowance for Possible Guarantee Losses	1	3	(2)
Other	367,546	393,401	(25,855)
Current Liabilities	1,001,167	1,039,761	(38,594)
Corporate Bonds	733,697	612,603	121,093
Non-Recourse Corporate Bonds	63,350	81,935	(18,585)
Long-Term Debt	1,981,443	1,893,813	87,630
Non-Recourse Deposits from Tenants	381,909	452,823	(70,914)
Deposits from Tenants	435,929	436,595	(665)
Deferred Income Taxes	269,233	147,786	121,447
Deferred Tax Liabilities on Land Revaluation	94,835	151,544	(56,708)
Net Defined Benefit Liability	48,066	46,196	1,870
Allowance for Directors' and Corporate Auditors' Retirement Benefits	846	800	45
Other	75,501	44,973	30,528
Long-Term Liabilities	4,084,813	3,869,071	215,742
Total Liabilities	5,085,981	4,908,833	177,147
NET ASSETS:			
Common Stock	339,897	339,766	130
Capital Surplus	372,293	372,162	131
Retained Earnings	1,259,715	1,070,239	189,475
Treasury Stock	(5,920)	(14,364)	8,444
Total Shareholders' Equity	1,965,986	1,767,804	198,181
Net Unrealized Holding Gains on Securities	394,873	319,993	74,880
Deferred Gains or Losses on Hedges	5,165	(222)	5,388
Reserve on Land Revaluation	202,686	330,305	(127,618)
Foreign Currency Translation Adjustment	(34,524)	(14,793)	(19,731)
Remeasurements of Defined Benefit Plans	21,697	5,592	16,105
Total Accumulated Other Comprehensive Income	589,898	640,875	(50,976)
New Share Subscription Rights	1,422	1,454	(32)
Non-Controlling Interests	98,683	76,391	22,291
Total Net Assets	2,655,991	2,486,525	169,465
Total Liabilities and Net Assets	¥7,741,972	¥7,395,359	¥346,613

Note: Debt-Equity Ratio 1.42 times (1.45 times at March 31, 2020)

Interest-Bearing Debt:	3,623,438	3,481,117	142,321
Non-Recourse Debt	542,602	603,674	(61,071)
Surplus lease deposits/guarantee deposits	274,986	291,181	(16,195)

[Interest-Bearing Debt]

Interest-bearing debt rose ¥142.3 billion, to ¥3,623.4 billion. A key factor was the assumption of ¥167.8 billion in interest-bearing debt as the Tokyo Dome Group became a consolidated subsidiary.

Breakdown by Company

(¥ millions)

	At March 31, 2021	At March 31, 2020	Change
Mitsui Fudosan	¥2,650,410	¥2,630,106	¥20,303
Mitsui Fudosan America Group	688,186	681,207	6,978
Mitsui Fudosan Residential	621,000	594,900	26,100
SPCs Total	184,905	345,355	(160,450)
Tokyo Dome Group	167,875	-	167,875
Mitsui Fudosan Asia Group	88,850	81,735	7,115
Mitsui Fudosan UK Group	43,348	51,909	(8,560)
Loans to Subsidiaries	(979,603)	(990,427)	10,824
Other and Elimination	158,465	86,330	72,135
Consolidated Total	¥3,623,438	¥3,481,117	¥142,321
(Non-recourse Debt of Total)	542,602	603,674	(61,071)

DISCLOSURE OF MARKET VALUE OF RENTAL PROPERTIES

[Rental Properties]

The Company and some of its consolidated subsidiaries own office buildings for leasing, as well as commercial facilities, in Tokyo and other areas.

In the fiscal year ended March 31, 2020, profit/loss on these rental properties was a positive ¥137,951 million (rental revenues are recorded in operating revenue; rental expenses are recorded in operating costs), the impairment loss was ¥1,063 million, and the loss on retirement of fixed assets was ¥577 million. (The impairment loss and loss on retirement of fixed assets are recorded as extraordinary losses.) In the fiscal year ended March 31, 2021, profit/loss on these rental properties was ¥118,075 million (rental revenues are recorded in operating revenue; rental expenses are recorded in operating costs), the impairment loss was ¥29,795 million, and the loss on retirement of fixed assets was ¥20,668 million. (The impairment loss and loss on retirement of fixed assets are recorded as extraordinary losses.)

The consolidated balance sheet values of these rental properties, the changes in their value during the fiscal year under review and their market value at the end of the fiscal year are outlined below.

(¥ millions)

	At March 31, 2021	At March 31, 2020	Change
Amount Shown on Consolidated Balance Sheets	¥3,029,628	¥3,171,133	¥(141,505)
Market Value	5,856,124	6,089,553	(233,428)
Change	¥2,826,496	¥2,918,419	¥(91,923)

SEGMENT INFORMATION

Year Ended March 31, 2021

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Impairment Loss	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total					
(1)Leasing	¥623,073	¥21,246	¥644,319	¥120,777	¥3,854,932	¥69,426	¥37,996	¥230,443
(2)Property Sales	714,739	217	714,956	118,213	2,151,038	618	1,198	5,326
(3)Management	402,929	75,219	478,148	39,969	480,535	10,731	452	12,289
(4)Other	266,812	17,507	284,320	(27,215)	699,207	12,460	-	313,658
Elimination or Corporate	-	(114,189)	(114,189)	(47,974)	556,258	4,958	-	3,548
Consolidated	¥2,007,554	-	¥2,007,554	¥203,770	¥7,741,972	¥98,196	¥39,648	¥565,266

Note: The Company made Tokyo Dome Corporation a consolidated subsidiary during the fiscal year under review. This subsidiary is included in the reportable segment "Others" for the fiscal year under review. However, only segment assets have been included, as only the balance sheet was consolidated during the year under review.

Year Ended March 31, 2020

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Impairment Loss	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total					
(1)Leasing	¥636,056	¥21,855	¥657,911	¥145,893	¥4,055,972	¥66,730	¥1,063	¥301,853
(2)Property Sales	524,094	-	524,094	123,745	2,155,135	845	2	4,940
(3)Management	421,490	77,112	498,602	55,670	363,775	9,573	446	16,585
(4)Other	324,001	16,253	340,255	2,291	337,200	10,439	-	60,225
Elimination or Corporate	-	(115,221)	(115,221)	(46,982)	483,275	3,844	-	(4,326)
Consolidated	¥1,905,642	-	¥1,905,642	¥280,617	¥7,395,359	¥91,434	¥1,513	¥379,279

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Year Ended March 31	
	2021	2020
Revenue from Operations	¥2,007,554	¥1,905,642
Cost of Revenue from Operations	1,609,639	1,435,903
Gross Operating Profit	397,915	469,739
Selling, General and Administrative Expenses	194,144	189,121
Operating Income	203,770	280,617
Interest Income	1,302	1,373
Dividend Income	5,573	6,378
Equity In Net Income of Affiliated Companies	-	5,715
Subsidy Income	2,319	1,002
Other Non-Operating Income	2,228	1,957
Non-Operating Income	11,424	16,426
Interest Expenses	27,779	29,382
Share of Loss of Entities Accounted For Using Equity Method	6,157	-
Other Non-Operating Expenses	12,391	9,151
Non-Operating Expenses	46,328	38,533
Ordinary Income	168,865	258,510
Gain on Sales of Non-Current Assets	20,704	-
Gain on Sales of Investment Securities	45,931	16,710
Gain on Sales of Shares of Subsidiaries and Associates	10,701	-
Extraordinary Income	77,337	16,710
Loss on Retirement of Non-Current Assets	-	4,257
Impairment Loss	39,648	1,513
Loss on Valuation of Investment Securities	-	2,868
Loss on Sale of Businesses	-	2,962
Loss Related to COVID-19 *	14,734	2,402
Extraordinary Losses	54,382	14,004
Income Before Income Taxes	191,820	261,217
Income Taxes-current	89,146	77,321
Income Taxes-deferred	(27,053)	(798)
Income Taxes	62,092	76,522
Profit	129,727	184,694
Profit (Loss) Attributable to Non-Controlling Interests	151	721
Profit Attributable to Owners of Parent	¥129,576	¥183,972

* 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)

	Year Ended March 31	
	2021	2020
Cash Flows From Operating Activities		
Income before Income Taxes	¥191,820	¥261,217
Depreciation and Amortization	98,196	91,434
Impairment Loss	39,648	1,513
Interest and Dividend Income Receivable	(6,876)	(7,751)
Interest Expense	27,779	29,382
(Gain) Loss on Equity-Method Investments	6,157	(5,715)
(Gain) Loss on Sales of Investment Securities	(45,931)	(16,710)
Loss on valuation of investment securities	-	2,868
(Gain) Loss on Sales of Shares of Associates	(10,701)	-
Subsidy Income	(2,319)	(1,002)
(Gain) Loss on Sales of Fixed assets	(20,704)	-
Loss on Retirement of Fixed assets	-	4,257
Loss on Sale of Businesses	-	2,962
Loss Related to COVID-19	14,734	2,402
(Increase) Decrease in Accounts Receivable	(507)	7,414
Increase (Decrease) in Accounts Payable	(7,751)	(1,763)
(Increase) Decrease in Real Property for Sale	(4,635)	(255,846)
Other	15,919	54,106
Subtotal	294,827	168,768
Cash Receipts of Interest and Dividend Income	14,547	16,811
Cash Payments of Interest Expense	(31,538)	(28,815)
Payments Related to COVID-19	(12,080)	(282)
Proceeds from Subsidy Income	1,861	-
Income Taxes Paid	(79,755)	(69,388)
Net Cash Provided by (Used in) Operating Activities	187,862	87,094
Cash Flows From Investing Activities		
Purchase of Tangible and Intangible Fixed Assets	(276,337)	(473,818)
Proceeds from Sale of Tangible and Intangible Fixed Assets	245,956	1,908
Purchase of Investment Securities	(65,769)	(53,438)
Proceeds from Sale of Investment Securities	69,532	22,810
Payment of Lease Deposits	(23,200)	(13,539)
Proceeds from Collection of Lease Deposits	8,328	8,607
Repayment of Deposits from Tenants	(46,380)	(41,772)
Proceeds from Deposits from Tenants	44,123	54,763
Payment of Loan Receivable	(15,460)	(19,947)
Collection of Loan Receivable	11,581	18,234
Proceeds from Withdrawal of Time Deposits	2,703	28,113
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	(77,788)	-
Payments for Sales of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	(164)	-
Proceeds from Sales of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	23	-
Proceeds from Subsidy Income	307	1,945
Other	(8,493)	(66,673)
Net Cash Provided by (Used in) Investing Activities	¥(131,035)	¥(532,806)

(¥ millions)

	Year Ended March 31	
	2021	2020
Cash Flows From Financing Activities		
Proceeds from Short-Term Debt	¥1,272,236	¥2,886,795
Repayment of Short-Term Debt	(1,352,109)	(2,836,965)
Proceeds from Long-Term Debt	239,200	630,138
Repayment of Long-Term Debt	(162,585)	(230,976)
Proceeds from Issuance of Bonds	137,650	230,499
Redemption of Bonds	(142,100)	(103,300)
Cash Dividends Paid	(42,522)	(45,048)
Proceeds from Share Issuance to Non-Controlling Shareholders	8,058	6,532
Dividends Paid to Non-Controlling Shareholders	(2,413)	(7,142)
Repayment to Non-Controlling Shareholders	(379)	(136)
Payments for Equity Transactions with Non-Controlling Shareholders	-	(30,746)
Repayment of Finance Lease Obligations	(4,772)	(5,029)
(Increase) Decrease in Treasury Stocks	(16,828)	(24,193)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	-	(2,675)
Net Cash Provided by (Used in) Financing Activities	(66,565)	467,751
Effect of Exchange Rate Changes on Cash and Cash Equivalents	17,989	(249)
Net Increase (Decrease) in Cash and Cash Equivalents	8,251	21,789
Cash and Cash Equivalents at Beginning of the Period	179,472	157,682
Cash and Cash Equivalents at End of the Period	¥187,723	¥179,472

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2022

(¥ millions)

	Year to March 31		Change
	2022 (forecast)	2021 (actual)	
Revenue from Operations	¥2,150,000	¥2,007,554	¥142,446
Leasing	680,000	623,073	56,927
Property Sales	670,000	714,739	(44,739)
Property Sales to Individuals (Domestic)	270,000	325,364	(55,364)
Property Sales to Investors and Individuals (Overseas), etc.	400,000	389,374	10,626
Management	420,000	402,929	17,071
Other	380,000	266,812	113,188
Operating Income	230,000	203,770	26,230
Leasing	128,000	120,777	7,223
Property Sales	133,000	118,213	14,787
Property Sales to Individuals (Domestic)	22,000	40,003	(18,003)
Property Sales to Investors and Individuals (Overseas), etc.	111,000	78,209	32,791
Management	44,000	39,969	4,031
Other	(22,000)	(27,215)	5,215
Elimination or Corporate	(53,000)	(47,974)	(5,026)
Non-Operating Income/Expenses	(25,000)	(34,904)	9,904
Interest Income/Expense, in Net	(28,000)	(26,476)	(1,524)
Other, in Net	3,000	(8,428)	11,428
Ordinary Income	205,000	168,865	36,135
Extraordinary Gains/Losses	30,000	22,954	7,046
Income before Income Taxes	235,000	191,820	43,180
Income Taxes	75,000	62,092	12,908
Profit	160,000	129,727	30,273
Profit (Loss) Attributable to Non-controlling Interests	0	151	(151)
Profit Attributable to Owners of Parent	¥160,000	¥129,576	¥30,424

The impact of the COVID-19 continues to be unpredictable, including the spread of mutated viruses.

Our group's business has also been affected by the closure of some facilities based on requests from the government and local governments based on the emergency declaration issued on April 25, 2021, etc., shortened hours of operation and restrictions on attracting customers, as well as a decrease in the number of visitors to our facilities and a decline in operation due to requests to refrain from going out.

Under these circumstances, although the economic environment is expected to recover in the future due to the progress of vaccination and other factors, the speed of such recovery remains uncertain, and the forecast figures are calculated based on the assumption that the impact of COVID-19 will remain throughout the fiscal year.

Actual results may vary depending on the status of COVID-19 infection and other factors, and we will make an announcement as soon as possible if it becomes necessary to revise our forecasts.

The Leasing segment is expected to increase by 56.9 billion yen and profit by 7.2 billion yen, despite the impact of COVID-19, due to improved facility sales at commercial facilities and the contribution of new full-year operating properties.

In the Property Sales segment, net sales and operating income of Property Sales to Individuals (Domestic) business are expected to decrease, mainly due to fewer units of large-scale properties being delivered. Both sales and income are expected to increase in the Property for Investors business due to expected sales of real estate in response to the strong real estate investment market. Overall segment sales are expected to decrease by 44.7 billion yen and profit is expected to increase by 14.7 billion yen.

In the Management segment, revenue is expected to increase by ¥17.0 billion and profit by ¥4.0 billion, due to the contribution to earnings from an increase in the number of transactions in the brokerage business for individuals, as well as improved occupancy rates and continued cost reductions in the Re-Park (rental parking lot business).

In the Other segment, the Hotel and Resort business will continue to post losses mainly due to the impact of COVID-19, but we expect revenue to increase by 113.1 billion yen and profit to rise by 5.2 billion yen due to an expected recovery in occupancy rates, mainly driven by domestic demand.

Note: The profit and loss of the Tokyo Dome Group will be included in the "Other" segment from the first quarter of the fiscal year ending March 31, 2022.

As a result, operating revenue is expected to increase by ¥142.4 billion to ¥2,150.0 billion, and operating income is expected to increase by ¥26.2 billion to ¥230.0 billion. Ordinary income will increase by 36.1 billion yen to 205.0 billion yen, factoring in the recovery of equity in earnings of affiliates in non-operating income and expenses. Net income attributable to shareholders of the parent company will increase by 30.4 billion yen to 160.0 billion yen, taking into account extraordinary gains and losses of 30.0 billion yen.

We plan to pay an annual dividend of ¥44 per share (¥22 at the interim and ¥22 at the year-end) for the next fiscal year.

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

【Property Sales】

Revenue, Operating Margin (¥ millions)

	Year to March 2022 (Forecast)	Year Ended March 2021 (actual)	YoY Change
Property Sales to Individuals			
Revenue from Operations:	¥270,000	¥325,364	¥(55,364)
Condominiums	230,000	290,254	(60,254)
Detached Housing	40,000	35,110	4,890
Operating Income	22,000	40,003	(18,003)
Operating Margin (%)	8.1	12.3	(4.1)pt
Property Sales to Investors			
Revenue from Operations:	400,000	389,374	10,626
Operating Income	111,000	78,209	32,791
Total			
Revenue from Operations:	670,000	714,739	(44,739)
Operating Income	¥133,000	¥118,213	¥14,787

Number of Domestic Housing Units (Units)

	Year to March 2022 (Forecast)	Year Ended March 2021 (actual)	YoY Change
Condominiums	3,100	3,775	(675)
Detached Housing	550	515	35
Total	3,650	4,290	(640)

【Tangible and Intangible Assets】

(¥ millions)

	Year to March 2022 (Forecast)	Year Ended March 2021 (actual)	YoY Change
New Investments	¥230,000	¥565,266	¥(335,266)
Depreciation	110,000	98,196	11,804

【Real Property for Sale】

(¥ millions)

	Year to March 2022 (Forecast)	Year Ended March 2021 (actual)	YoY Change
New Investments	¥600,000	¥516,702	¥83,298
Recovery of Costs	490,000	544,194	(54,194)

【Interest-Bearing Debt】

(¥ millions)

	Year to March 2022 (Forecast)	Year Ended March 2021 (actual)	YoY Change
Interest-Bearing Debt	¥3,700,000	¥3,623,438	¥76,562

Additional Information

Based on the information available at the time of preparation of the consolidated financial statements, the Group assumes that the COVID-19 pandemic will have a certain impact on future earnings in accounting estimates such as determining whether or not to record impairment losses on fixed assets and valuations of real estate for sale. Specifically, in the first quarter of the next consolidated fiscal year, the Company has assumed that the spread of the COVID-19 pandemic will have a certain impact on future earnings due to requests from the government and local governments.

However, from the second quarter onward, the Company has made accounting estimates based on the assumption that economic activities and the control of the spread of infection will be balanced, and that the situation will gradually recover toward the end of the fiscal year and normalize after fiscal 2022.

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.

This reconstruction was completed on February 25, 2021.

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 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.

Business Combinations and Other Relationships

Business Combinations through Acquisitions

1. Overview of the Business Combination

(1) Name and business of the acquired company

Name: Tokyo Dome Corporation

Business: Tokyo Dome City business, secondary market business, real estate business, Atami business, bicycle race business

(2) Principal purpose of the business combination

Recognizing the critical need to take full advantage of its track record, know-how, financial strength, and other attributes nurtured through various activities in urban development and to fully benefit from the experience and expertise of the acquired company in the management of stadiums and arenas, the Company decided to acquire the shares of Tokyo Dome Corporation and implement growth measures. The Company therefore acquired the shares of the acquired company through a tender offer cognizant of the possibility that the corporate value of both companies would increase and that the acquisition would help Tokyo Dome Corporation recover from the effects of the COVID-19 pandemic.

(3) Date of the business combination

January 25, 2021

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name following the business combination

No change

(6) Ratio of voting rights acquired

Before acquisition: - %

After acquisition: 84.82%

(7) Rationale behind deciding on the company to be acquired

Due to the Company's acquisition of shares for cash

2. Period of performance of the acquired company included in the consolidated financial statements of Income of the Period

As the deemed acquisition date of the acquired company is January 31, 2021, the financial results of the acquired company are not included in the consolidated statement of income for the fiscal year ended March 31, 2021.

3. Acquisition Cost of the Acquired Company and Type of Consideration

Acquisition of shares through tender offer

Acquisition consideration: Cash ¥102,228 million

Acquisition cost: ¥102,228 million

4. Details and Amounts of Major Acquisition-Related Expenses

Advisory expenses ¥616 million

5. Reasons for Incidence of Goodwill and Amount, Amortization Method and Period

Yet to be determined at this time

6. Amounts and Key Details of Assets Acquired and Liabilities Assumed on the Date of the Business Combination

Current assets	¥40,486 million
Fixed assets	¥318,106 million
Total assets	¥358,593 million
Current liabilities	¥46,647 million
Long-term liabilities	¥191,446 million
Total liabilities	¥238,093 million

7. Amounts and Breakdown by Major Category of the Allocation of Intangible Fixed Assets Other Than Goodwill, and Weighted Average Amortization Periods, Companywide and by Major Category

Category	Trademark rights
Amount	¥4830 million
Amortization period	10 years

8. Overview of the Monetary Impact on the Consolidated Statement of Income if the Business Combination Had Concluded on the First Day of the Fiscal Year under Review and Method of Calculation

Revenue	¥39,756 million
Operating loss	¥12,952 million
Ordinary loss	¥15,785 million
Loss attributable to owners of the parent	¥17,287 million

(Method for calculating overall amount)

We have calculated the amount of impact based on information on revenue and income or losses in the acquired company's consolidated statement of income from the start of the fiscal year up to the date of the business combination, assuming the business combination was concluded on the first day of the fiscal year under review. This amount assumes that control over intangible assets commenced on the starting day of the fiscal year and includes adjustments for the amortization of intangible assets.

This note has not received audit certification.

Consolidated Financial Highlights

									[Millions of Yen]			
Fiscal Year		12	13	14	15	16	17	18	18	19	20	
Income Statement	Revenue from Operations	1,445,644	1,515,252	1,529,036	1,567,969	1,704,416	1,751,114	1,861,195	Revenue from Operations	1,861,195	1,905,642	2,007,554
	Operating Income	148,184	172,567	186,074	202,482	232,698	245,902	262,147	Operating Income	262,147	280,617	203,770
	Ordinary Income	123,066	144,587	163,373	182,521	219,607	240,341	254,106	Ordinary Income	254,106	258,510	168,865
	Profit Attributable to Owners of Parent	59,451	76,843	100,185	117,722	131,815	155,874	168,661	Profit Attributable to Owners of Parent	168,661	183,972	129,576
Revenue by Segment	Leasing	458,356	466,759	464,842	509,178	536,518	558,165	603,284	Leasing	603,284	636,056	623,073
	Property Sales	393,534	409,466	425,442	391,577	488,710	499,607	530,766	Property Sales	530,766	524,094	714,739
	Management	348,596	372,526	317,818	334,652	347,672	353,813	377,490	Management	404,346	421,490	402,929
	Mitsui Home	218,387	247,233	242,150	247,455	247,195	252,180	261,702	Other	322,797	324,001	266,812
	Other	107,245	109,267	78,782	85,104	84,320	87,346	87,950	Total Revenue from Operations	1,861,195	1,905,642	2,007,554
	Total Revenue from Operations	1,445,644	1,515,252	1,529,036	1,567,969	1,704,416	1,751,114	1,861,195				
Operating Income by Segment	Leasing	104,352	109,205	107,863	124,112	135,774	138,338	141,945	Leasing	141,945	145,893	120,777
	Property Sales	23,059	27,099	45,493	44,525	65,285	83,010	98,037	Property Sales	98,037	123,745	118,213
	Management	41,579	49,945	49,317	52,446	53,838	48,727	53,445	Management	55,180	55,670	39,969
	Mitsui Home	566	4,192	4,017	4,724	4,907	5,463	6,208	Other	9,157	2,291	(27,215)
	Other	(85)	3,071	5,186	7,163	5,994	6,849	4,681	Operating Income	262,147	280,617	203,770
	Operating Income	148,184	172,567	186,074	202,482	232,698	245,902	262,147				
Balance Sheets	Total Assets	4,390,074	4,548,822	5,067,187	5,363,477	5,551,751	6,284,723	6,802,731	Total Assets	6,802,731	7,395,359	7,741,972
	Real Property for Sale	915,222	961,449	1,031,080	1,167,745	1,334,167	1,524,863	1,630,558	Real Property for Sale	1,630,558	1,907,839	1,930,528
	Tangible and Intangible Assets	2,503,977	2,526,139	2,788,633	2,968,975	2,967,788	3,318,928	3,500,482	Tangible and Intangible Assets	3,500,482	3,753,141	3,796,800
	Capital Outlays	72,355	148,255	273,487	207,172	173,745	440,752	390,514	Capital Outlays	390,514	379,279	565,266
	Depreciation	59,022	56,030	61,242	67,460	71,357	70,167	79,034	Depreciation	79,034	91,434	(98,196)
	Interest-Bearing Debt	2,120,225	2,040,071	1,976,150	2,226,236	2,287,489	2,604,656	2,906,610	Interest-Bearing Debt	2,906,610	3,481,117	3,623,438
	Retained Earnings	402,224	454,750	549,660	640,204	722,363	834,497	962,153	Retained Earnings	962,153	1,070,239	1,259,715
	Shareholders' Equity	1,181,174	1,274,355	1,871,922	1,922,305	1,984,635	2,204,882	2,342,512	Shareholders' Equity	2,342,512	2,408,679	2,555,885
Cash Flows	Cash Flows from Operating Activities	99,684	189,903	30,343	32,154	227,432	30,143	216,709	Cash Flows from Operating Activities	216,709	87,094	187,862
	Cash Flows from Investing Activities	(71,132)	(44,056)	(261,640)	(239,719)	(201,583)	(365,464)	(388,895)	Cash Flows from Investing Activities	(388,895)	(532,806)	(131,035)
	Cash Flows from Financing Activities	(7,944)	(123,713)	221,508	201,110	15,071	289,150	231,238	Cash Flows from Financing Activities	231,238	467,751	(66,565)
	Free Cash Flow	28,552	145,847	(231,296)	(207,564)	25,848	(335,320)	(172,185)	Free Cash Flow	(172,185)	(445,712)	56,826
Key Ratios	Return on Assets (%)	3.66%	4.07%	4.10%	4.14%	4.59%	4.58%	4.44%	Return on Assets (%)	4.44%	4.18%	2.84%
	Return on Equity (%)	5.27%	6.26%	6.37%	6.20%	6.75%	7.44%	7.42%	Return on Equity (%)	7.42%	7.74%	5.22%
	Debt/Equity Ratio (times)	1.80	1.60	1.06	1.16	1.15	1.18	1.24	Debt/Equity Ratio (times)	1.24	1.45	1.42
	Equity Ratio (%)	26.9%	28.0%	36.9%	35.8%	35.7%	35.1%	34.4%	Equity Ratio (%)	34.4%	32.6%	33.0%
Scope of Consolidation	Consolidated Subsidiaries (companies)	174	181	201	211	216	242	255	Consolidated Subsidiaries (companies)	255	275	286
	Equity-Method Affiliates (companies)	47	52	56	64	67	71	78	Equity-Method Affiliates (companies)	78	90	86

* Segment Revenue: Revenue from Outside customers and inter-segment

* ROA: (Operating Income + Non-Operating Income)/Average Total Assets over period

* Segment changes have been implemented since April 2019 as follows.

* Real Property for Sale: Real Property for Sale + Real Property for Sale in Progress + Land for Development + A

* ROE: Profit Attributable to Owners of Parent/Average Shareholders' Equity over period

* Interest-Bearing Debt: Short-Term Debt + Non-Recourse Short-Term Debt + Commercial Paper

* Debt/Equity Ratio: Interest-Bearing Debt/Shareholders' Equity

+ Bond Redeemable within One Year + Non-Recourse Bond Redeemable within One Year + Corporate Bonds

+ Non-Recourse Bond + Long-Term Debt + Non-Recourse Long-Term Debt

Mitsui Fudosan Co.,Ltd.