

# FACT BOOK

*For the Three Months Ended June 30, 2021*

August 6, 2021



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

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

**Corporate Data**

(As of June 30, 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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Note: The fiscal year ending March 31, 2022, the Company will omit the disclosure of quarterly consolidated statements of cash flows for the first and third quarters.

**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)		
	Three Months Ended June 30		Change
	2021	2020	
<b>Revenue from Operations</b>	¥448,703	¥407,025	¥41,678
Leasing	156,610	134,548	22,061
Property Sales	118,798	136,587	(17,788)
Management	103,708	90,248	13,459
Other	69,586	45,641	23,945
<b>Operating Income</b>	35,120	36,861	(1,741)
Leasing	31,128	28,649	2,478
Property Sales	16,937	25,531	(8,593)
Management	11,581	4,648	6,932
Other	(13,295)	(10,157)	(3,137)
Elimination or Corporate	(11,232)	(11,810)	578
<b>Non-Operating Income/Expenses</b>	(3,978)	(7,158)	3,179
Equity in Net Income/Loss of Affiliated Companies	69	(312)	382
Interest Income/Expense, in Net	(6,816)	(6,856)	40
Other, in Net	2,768	11	2,757
<b>Ordinary Income</b>	31,141	29,703	1,438
<b>Extraordinary Gains/Losses</b>	20,939	(5,552)	26,491
Extraordinary Gains	23,579	6,268	17,310
Extraordinary Losses	2,639	11,820	(9,180)
<b>Income before Income Taxes</b>	52,081	24,151	27,930
Income Taxes	19,395	10,531	8,863
<b>Profit</b>	32,686	13,619	19,066
Profit (Loss) Attributable to Non-Controlling Interests	(1,706)	(150)	(1,555)
<b>Profit Attributable to Owners of Parent</b>	¥34,392	¥13,770	¥20,622

## ◆ Overview

● Amid the ongoing impact of COVID-19 in the first quarter of the fiscal year ending March 31, 2022, retail facilities in the “Leasing” segment as well as the “Repark” (car park leasing) and “Rehouse” (brokerage for individuals) businesses in the “Management” segment exhibited a recovery year on year. While the reported number of condominium units declined year on year in the “Property Sales” segment, results were also impacted by the consolidation of TOKYO DOME CORPORATION in the “Other” segment. Accounting for these and other factors,

overall revenue from operations increased ¥41.6 billion, or 10.2%, compared with the corresponding period of the previous fiscal year. On the earnings front, operating income decreased ¥1.7 billion, or 4.7%, while ordinary income increased ¥1.4 billion, or 4.8%, year on year.

Profit attributable to owners of parent climbed ¥20.6 billion, or 149.8%, compared with the corresponding period of the previous fiscal year due to a variety of factors including the sale of policy-holding shares posted as extraordinary gains.

Business results are progressing within the scope of underlying assumptions for consolidated forecasts announced at the beginning of the period.

Progress Comparison with Full Year Forecasts	(¥ millions)		
	Three Months Ended June 30, 2021	Year to March 2022 (Forecast as of May 14, 2021)	3-Month Results / Full-Year Forecast (%)
Revenue from Operations	¥448,703	¥2,150,000	20.9
Operating Income	35,120	230,000	15.3
Ordinary Income	31,141	205,000	15.2
Profit Attributable to Owners of Parent	34,392	160,000	21.5

## Extraordinary Gains/Losses

【Extraordinary Gains】 (¥ millions)	
Gain on Sales of Investment Securities	¥23,579
<b>Total</b>	<b>¥23,579</b>
【Extraordinary Losses】	
Loss Related to COVID-19	¥2,639
<b>Total</b>	<b>¥2,639</b>

## Consolidated Statements of Comprehensive Income (¥ millions)

	Three Months Ended June 30	
	2021	2020
Profit	¥32,686	¥13,619
Other Comprehensive Income	(4,732)	27,454
Valuation Difference on Available-For-Sale Securities	(33,429)	39,280
Deferred Gains or Losses on Hedges	(1,121)	(107)
Foreign Currency Translation Adjustment	23,507	(5,849)
Remeasurements of Defined Benefit Plans, Net of Tax	(531)	(63)
Share of Other Comprehensive Income of Associates Accounted	6,843	(5,805)
Comprehensive Income	¥27,953	¥41,074
(Comprehensive Income Attributable to Owners of the Parent)	27,568	41,457
(Comprehensive Income Attributable to Non-Controlling Interests)	385	(383)

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

	Three Months Ended June 30		
	2021	2020	Change
Revenue from Operations	¥137,171	¥114,819	¥22,351
Leasing	8,833	791	8,042
Property Sales	8,896	9,978	(1,082)
Other	154,901	125,589	29,312
<b>Total</b>	<b>154,901</b>	<b>125,589</b>	<b>29,312</b>
Gross Profit Margin (%)	13.8	13.6	0.2 pt
Leasing	3.5	-	-
Property Sales	18.6	30.2	(11.6)pt
Other	¥10,673	¥8,296	¥2,376
<b>Operating Income</b>	<b>¥10,673</b>	<b>¥8,296</b>	<b>¥2,376</b>

# SEGMENT RESULTS

## [1] LEASING

	Three Months Ended June 30		Change
	2021	2020	
Revenue from Operations	¥156,610	¥134,548	¥22,061
Operating Income	31,128	28,649	2,478

  

	Year to March 2022 (Forecast as of May 14, 2021)	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
	Revenue from Operations	¥680,000	23.0
Operating Income	128,000	24.3	120,777

● Amid the ongoing impact of COVID-19, overall revenue from operations and operating income in the “Leasing” segment grew ¥22.0 billion and ¥2.4 billion, respectively, in the first quarter of the fiscal year under review. This was mainly due to the year-on-year recovery in sales at retail facilities and the full-term contribution from Bunkyo Garden Gate Tower, which was completed during the previous fiscal year. Meanwhile, the office vacancy rate (non-consolidated basis) in the Tokyo metropolitan area was 4.7% as of June 30, 2021 (an increase of 1.6 percentage points from the end of the previous fiscal year). This was due to the temporary increase in the vacancy rate of existing office buildings.

### Breakdown of Leasing Operations (Non-consolidated)

		At June 30					
		2021	2020	2021	2020	2021	2020
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	138	147	112	119	26	28
	Leased Floor Space (1,000m <sup>2</sup> )	2,926	2,948	2,603	2,623	323	325
	Leasing Revenue (¥ millions)	80,617	77,166	74,865	71,699	5,751	5,467
	Vacancy Rate (%)	4.6	2.1	4.7	2.1	3.9	1.6
Retail Facilities	Number of Buildings	99	93	73	67	26	26
	Leased Floor Space (1,000m <sup>2</sup> )	2,216	2,120	1,470	1,397	746	723
	Leasing Revenue (¥ millions)	49,329	31,656	35,363	22,176	13,966	9,480
	Vacancy Rate (%)	2.4	1.3	2.6	1.5	2.1	1.1

### Leased Floor Space

		At June 30		Change	
		2021	2020		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥93,394	¥89,737	¥3,656
		Retail Facilities	51,266	33,464	17,802
	Total Leased Floor Space (1,000 m <sup>2</sup> ):		5,694	5,652	42
	Office Buildings	Owned	1,970	2,137	(167)
		Managed	1,412	1,277	135
	Retail Facilities	Owned	1,780	1,698	82
Managed		532	540	(8)	
Other	Revenue	11,948	11,347	601	
<b>Total Revenue</b>		<b>¥156,610</b>	<b>¥134,548</b>	<b>¥22,061</b>	

### Vacancy Rate

	6/2021	3/2021	3/2020	3/2019	3/2018	3/2017
<b>Consolidated</b>						
Office Buildings and Retail Facilities (including overseas)	3.7	2.9	2.3	1.8	2.4	3.1
<b>Non-consolidated</b>						
Tokyo Metropolitan Area Office Buildings	4.7	3.1	1.9	1.7	2.2	3.4
Regional Area Office Buildings	3.9	3.5	1.3	1.8	2.3	2.3

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

#### (FULL-TERM CONTRIBUTION)

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

## [2] PROPERTY SALES

	(¥ millions)		Change
	Three Months Ended June 30		
	2021	2020	
Revenue from Operations	¥118,798	¥136,587	¥(17,788)
Operating Income	16,937	25,531	(8,593)

  

	Year to March 2022 (Forecast as of May 14, 2021)	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
	Revenue from Operations	¥670,000	17.7
Operating Income	133,000	12.7	118,213

● Revenue and earnings in the “Property Sales to Individuals (Domestic)” category decreased. This was mainly due to the year-on-year decline in the reported number of condominium units in the three-month period under review.

In contrast, revenue and earnings in the “Property Sales to Investors and Individuals (Overseas), etc.” category increased. This largely reflected progress in the sale of properties to JREITs and other investors.

In overall terms, revenue from operations and operating income in the “Property Sales” segment declined ¥17.7 billion and ¥8.5 billion, respectively.

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 for 86% as of June 30, 2021 compared with 83% as of June 30, 2020.

### Major Projects Undertaken during the Period (three-month total) (Property Sales to Individuals (Domestic))

Park Court SHIBUYA The Tower (Shibuya-ku, Tokyo)	Condominiums
Park Holmes Nihonbashihamacho The Residence (Chuo-ku, Tokyo)	Condominiums
Park Holmes Seijyo (Setagaya-ku, Tokyo)	Condominiums
MAKUHARI BAY-PARK SKYGRAND TOWER (Chiba, Chiba)	Condominiums
Fine Court Kugahara Airy Place (Ota-ku, Tokyo)	Detached Housing

### (Property Sales to Investors and Individuals (Overseas))

Park Axis Kiba Canal West (Koto-ku, Tokyo)	Rental Housing
Park Axis Toyochi Shinsui Koen (Koto-ku, Tokyo)	Rental Housing
Park Axis Kikukawa Station Gate (Sumida-ku, Tokyo)	Rental Housing
Park Axis Kiba Canal East (Koto-ku, Tokyo)	Rental Housing
Park Cube Oimachi Residence (Shinagawa-ku, Tokyo)	Rental Housing

### Property Sales to Individuals and Investors

	(¥ millions)						Change			
	Three Months Ended June 30						Revenue	Units	Unit Price (¥10 thousand)	
	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	¥49,522	610	¥8,119	¥124,405	1,398	¥8,899	¥(74,882)	(788)	¥(780)
	Detached Housing	9,330	124	7,524	3,299	51	6,470	6,030	73	1,054
	Subtotal	58,853	734	8,018	127,705	1,449	8,813	(68,851)	(715)	(795)
	Operating Income	7,861		24,943		(17,082)				
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	59,945		8,881		51,063				
	Operating Income	9,076		588		8,488				
<b>Total Revenue</b>	<b>118,798</b>			<b>136,587</b>			<b>(17,788)</b>			
<b>Total Operating Income</b>	<b>¥16,937</b>			<b>¥25,531</b>			<b>¥(8,593)</b>			

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

		Three Months Ended June 30				Change	
		2021		2020		Revenue	Units
		Revenue	Units	Revenue	Units		
Condominiums	Tokyo Metropolitan Area	¥47,504	568	¥121,463	1,322	¥(73,958)	(754)
	Other	2,018	42	2,942	76	(924)	(34)
	Total	49,522	610	124,405	1,398	¥(74,882)	(788)
Detached Housing	Tokyo Metropolitan Area	8,987	118	3,299	51	5,688	67
	Other	342	6	-	-	342	6
	Total	¥9,330	124	¥3,299	51	¥6,030	73

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

	6/2021	3/2021	3/2020	3/2019	3/2018	3/2017
Condominiums	121	150	128	141	108	321
Detached Housing	6	17	58	30	40	69
<b>Total</b>	<b>127</b>	<b>167</b>	<b>186</b>	<b>171</b>	<b>148</b>	<b>390</b>

### 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	3,043	999	4,042	610	3,432	891
Detached Housing	145	131	276	124	152	123
<b>Total</b>	<b>3,188</b>	<b>1,130</b>	<b>4,318</b>	<b>734</b>	<b>3,584</b>	<b>1,014</b>

### [3] MANAGEMENT

(¥ millions)

	Three Months Ended June 30		Change
	2021	2020	
Revenue from Operations	¥103,708	¥90,248	¥13,459
Operating Income	11,581	4,648	6,932

	Year to March 2022 (Forecast as of May 14, 2021)	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
Revenue from Operations	¥420,000	24.7	¥402,929
Operating Income	44,000	26.3	39,969

● In the “Property Management” category, revenue and earnings increased owing mainly to a year-on-year recovery in occupancy rates in the “Repark” (car park leasing) business and continuous efforts to reduce costs.

Revenue and earnings in the “Brokerage and Asset Management, etc.” category also improved. This was due to a variety of factors including a recovery in the number of brokerage units handled in the “Rehouse” (brokerage for individuals) business to close to the level recorded in the corresponding period of the fiscal year ended March 31, 2020. Accordingly, overall revenue from operations in the “Management” segment increased ¥13.4 billion and operating income grew ¥6.9 billion.

(¥ millions)

		Three Months Ended June 30		Change
		2021	2020	
Property Management	Revenue	¥78,549	¥70,311	¥8,238
	Operating Income	6,484	1,379	5,105
Brokerage, Asset Management, etc.	Revenue	25,159	19,937	5,221
	Operating Income	5,096	3,268	1,827
<b>Total</b>	Revenue	<b>¥103,708</b>	<b>¥90,248</b>	<b>¥13,459</b>
	Operating Income	<b>11,581</b>	<b>4,648</b>	<b>6,932</b>

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

(Units)

	At June 30, 2021	At June 30, 2020	Change
Total Managed Units	270,493	273,515	(3,022)

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

(¥ millions)

	Three Months Ended June 30				Change	
	2021		2020		Transaction Volume	Units
Brokerage	Transaction Volume	Units	Transaction Volume	Units		
	¥453,944	9,967	¥318,187	8,134	¥135,756	1,833

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

(¥ millions)

		Three Months Ended June 30				Change	
		2021		2020		Transaction Volume	Units
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units	Transaction Volume		
	¥9,511	139	¥29,399	261	¥(19,887)	(122)	

#### [4] OTHER

(¥ millions)

	Three Months Ended June 30		Change
	2021	2020	
Revenue from Operations	¥69,586	¥45,641	¥23,945
Operating Income	(13,295)	(10,157)	(3,137)

  

	Year to March 2022 (Forecast as of May 14, 2021)	3-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
Revenue from Operations	¥380,000	18.3	¥266,812
Operating Income	(22,000)	-	(27,215)

● Overall revenue from operations in the “Other” segment increased ¥23.9 billion while operating income declined ¥3.1 billion. This was mainly due to the inclusion of the revenue and operating loss of TOKYO DOME CORPORATION from the first quarter of the fiscal year under review and the recovery trend exhibited by the hotel and resort business in the Facility Operations category amid the ongoing impact of COVID-19.

(¥ millions)

	Three Months Ended June 30		Change
	2021	2020	
New Construction under Consignment	¥31,247	¥22,769	¥8,478
Facility Operations	7,909	4,907	3,002
Tokyo Dome	10,443	-	10,443
Other	19,986	17,964	2,021
<b>Total Revenue</b>	<b>¥69,586</b>	<b>¥45,641</b>	<b>¥23,945</b>

	Three Months Ended June 30		Change
	2021	2020	
Revenue from New Construction under Consignment Orders Received	¥38,883	¥22,257	¥16,625

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

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

#### [REFERENCE] OVERSEAS BUSINESS

(¥ millions)

		Three Months Ended June 30		Change
		2021	2020	
Leasing	Revenue	¥17,198	¥17,016	¥182
	Operating Income	3,573	4,922	(1,349)
Property Sales	Revenue	2,492	3,724	(1,231)
	Operating Income	(199)	(33)	(166)
Management, Other, etc.	Revenue	137	3,283	(3,145)
	Operating Income	(1,123)	11	(1,134)
Pro forma Operating Income of Overseas Affiliates *1		1,520	1,586	(65)
Total Overseas Income		3,771	6,486	(2,714)
Overseas Income Ratio*2		10.3%	16.9%	(6.6)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) x 100

# CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
ASSETS:	June 30, 2021	March 31, 2021	Change
Cash and Time Deposits	¥174,469	¥189,542	¥(15,073)
Accounts Receivable—Trade	-	41,368	-
Accounts Receivable-Trade and Contract Assets	48,817	-	-
Marketable Securities	100	87	12
Real Property for Sale	1,115,449	1,080,339	35,109
Real Property for Sale in Process	553,043	536,766	16,276
Real Property for Development	295,840	297,576	(1,736)
Expenditure on Contracts in Progress	9,941	17,710	(7,769)
Other Inventories	7,062	6,204	857
Advance Payments—Trade	16,013	15,844	168
Short-Term Loans	18,233	17,186	1,046
Equity Investments in Properties for Sale	10,002	10,013	(10)
Other	244,239	243,928	311
Allowance for Doubtful Accounts	(611)	(574)	(37)
<b>Current Assets</b>	<b>2,492,601</b>	<b>2,455,996</b>	<b>36,604</b>
Buildings and Structures	2,185,597	2,166,326	19,270
Accumulated Depreciation—Buildings and Structures	(903,003)	(882,174)	(20,828)
Buildings and Structures, Net	1,282,594	1,284,152	(1,558)
Machinery, Equipment and Vehicles	116,691	117,169	(478)
Accumulated Depreciation—Machinery, Equipment and Vehicles	(58,872)	(58,129)	(743)
Machinery, Equipment and Vehicles	57,818	59,040	(1,222)
Land	2,076,550	2,058,993	17,556
Construction in Progress	291,873	249,386	42,486
Other	205,087	186,073	19,013
Accumulated Depreciation	(124,522)	(120,480)	(4,042)
Other, Net	80,564	65,593	14,970
<b>Tangible Fixed Assets</b>	<b>3,789,400</b>	<b>3,717,166</b>	<b>72,233</b>
Leasehold Interests in Land	37,229	40,952	(3,722)
Other	39,231	38,681	550
<b>Intangible Fixed Assets</b>	<b>76,461</b>	<b>79,633</b>	<b>(3,172)</b>
Investment Securities	1,009,828	1,049,085	(39,256)
Long-Term Loans	11,715	8,857	2,857
Lease Deposits	161,141	160,943	197
Net Defined Benefit Asset	50,385	50,677	(291)
Deferred Income Taxes	26,243	26,586	(342)
Other	207,356	194,222	13,134
Allowance for Doubtful Accounts	(1,200)	(1,198)	(1)
<b>Investments and Other Assets</b>	<b>1,465,471</b>	<b>1,489,174</b>	<b>(23,703)</b>
<b>Total Non-Current Assets</b>	<b>5,331,333</b>	<b>5,285,975</b>	<b>45,357</b>
<b>Total Assets</b>	<b>¥7,823,934</b>	<b>¥7,741,972</b>	<b>¥81,961</b>

## [Real Property for Sale]

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2021	At March 31, 2021	Change
Mitsui Fudosan	¥674,087	¥645,179	¥28,907
Mitsui Fudosan Residential	650,328	693,200	(42,872)
Mitsui Fudosan America Group	458,146	410,208	47,937
SPCs Total	119,436	120,010	(573)
Mitsui Fudosan UK Group	55,820	39,979	15,841
Other and Elimination	22,525	21,948	577
<b>Consolidated Total</b>	<b>¥1,980,346</b>	<b>¥1,930,528</b>	<b>¥49,818</b>

	(¥ millions)					
(b) Accounts of Real Property for Sale	Three Months Ended June 30	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2021	¥1,930,528	¥103,654	¥(92,872)	¥39,036	¥1,980,346	
2020	¥1,907,839	¥150,032	¥(98,587)	¥(12,193)	¥1,947,090	

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥19.4 billion for the three-month period under review.

\* New investments include the increase in real property for sale at subsidiaries in which the company invested during the period.

## [Tangible and Intangible Fixed Assets]

Tangible and intangible fixed assets rose ¥69.0 billion, to ¥3,865.8 billion.

Main reasons for the increase were new investments in 50 Hudson Yards by Mitsui Fudosan America and LaLaPort SHANGHAI JINQIAO in China as well as the impact of exchange rate fluctuations at overseas subsidiaries.

Foreign currency exchange rates:

¥110.71:US\$1 as of June 30, 2021, ¥103.50:US\$1 as of March 31, 2021;

¥152.23:£1 as of June 30, 2021, ¥139.82:£1 as of March 31, 2021

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2021	At March 31, 2021	Change
Mitsui Fudosan	¥2,602,671	¥2,608,459	¥(5,787)
Mitsui Fudosan America Group	523,166	469,998	53,167
Tokyo Dome Group	285,879	286,617	(737)
SPCs Total	123,739	122,968	771
Mitsui Fudosan Residential	75,855	74,856	999
Mitsui Fudosan UK Group	50,729	55,636	(4,906)
Other and Elimination	203,819	178,264	25,555
<b>Consolidated Total</b>	<b>¥3,865,862</b>	<b>¥3,796,800</b>	<b>¥69,061</b>

Above figures include revaluation reserve for land.

	(¥ millions)					
(b) Accounts of Tangible and Intangible Fixed Assets	Three Months Ended June 30	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2021	¥3,796,800	¥67,675	¥(26,603)	¥27,988	¥3,865,862	
2020	¥3,753,141	¥80,891	¥(21,337)	¥(14,811)	¥3,797,883	

\* 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)		
<b>LIABILITIES:</b>	June 30, 2021	March 31, 2021	Change
Accounts Payable—Trade	¥115,078	¥97,969	¥17,108
Short-Term Debt	318,171	231,152	87,019
Non-Recourse Short-Term Debt	102,161	75,708	26,453
Commercial Papers	99,000	99,500	(500)
Bond Redeemable Within One Year	55,110	35,042	20,067
Non-Recourse Bond Redeemable Within One Year	43,685	21,635	22,050
Income Taxes Payable	18,918	50,339	(31,421)
Advances from Contracts in Progress	-	21,566	(21,566)
Contract Liabilities	108,955	-	108,955
Allowance for Completed Project Indemnities	683	705	(22)
Allowance for Possible Guarantee Losses	0	1	0
Other	235,575	367,546	(131,970)
<b>Current Liabilities</b>	<b>1,097,340</b>	<b>1,001,167</b>	<b>96,173</b>
Corporate Bonds	698,643	733,697	(35,053)
Non-Recourse Corporate Bonds	41,300	63,350	(22,050)
Long-Term Debt	2,015,383	1,981,443	33,940
Non-Recourse Deposits from Tenants	344,835	381,909	(37,073)
Deposits from Tenants	437,647	435,929	1,718
Deferred Income Taxes	252,786	269,233	(16,446)
Deferred Tax Liabilities on Land Revaluation	94,835	94,835	-
Net Defined Benefit Liability	48,164	48,066	97
Allowance for Directors' and Corporate Auditors' Retirement Benefits	758	846	(87)
Other	99,452	75,501	23,950
<b>Long-Term Liabilities</b>	<b>4,033,808</b>	<b>4,084,813</b>	<b>(51,004)</b>
<b>Total Liabilities</b>	<b>5,131,149</b>	<b>5,085,981</b>	<b>45,168</b>
<b>NET ASSETS:</b>			
Common Stock	339,897	339,897	-
Capital Surplus	372,293	372,293	0
Retained Earnings	1,274,859	1,259,715	15,144
Treasury Stock	(5,923)	(5,920)	(2)
<b>Total Shareholders' Equity</b>	<b>1,981,127</b>	<b>1,965,986</b>	<b>15,141</b>
Net Unrealized Holding Gains on Securities	360,029	394,873	(34,843)
Deferred Gains or Losses on Hedges	3,912	5,165	(1,252)
Reserve on Land Revaluation	202,652	202,686	(34)
Foreign Currency Translation Adjustment	(4,765)	(34,524)	29,758
Remeasurements of Defined Benefit Plans	21,211	21,697	(486)
<b>Total Accumulated Other Comprehensive Income</b>	<b>583,040</b>	<b>589,898</b>	<b>(6,858)</b>
New Share Subscription Rights	1,422	1,422	-
Non-Controlling Interests	127,194	98,683	28,511
<b>Total Net Assets</b>	<b>2,692,785</b>	<b>2,655,991</b>	<b>36,793</b>
<b>Total Liabilities and Net Assets</b>	<b>¥7,823,934</b>	<b>¥7,741,972</b>	<b>¥81,961</b>

Note: Debt-Equity Ratio 1.45 times (1.42 times at March 31, 2021)

<b>Interest-Bearing Debt:</b>	3,718,291	3,623,438	94,853
Non-Recourse Debt	531,982	542,602	(10,620)
<b>Surplus lease deposits/guarantee deposits</b>	<b>276,506</b>	<b>274,986</b>	<b>1,520</b>

	(¥ millions)		
<b>Breakdown by Company</b>	At June 30, 2021	At March 31, 2021	Change
Mitsui Fudosan	¥2,693,319	¥2,650,410	¥42,908
Mitsui Fudosan America Group	771,713	688,186	83,527
Mitsui Fudosan Residential	599,100	621,000	(21,900)
SPCs Total	184,905	184,905	-
Tokyo Dome Group	158,208	167,875	(9,666)
Mitsui Fudosan Asia Group	93,978	88,850	5,127
Mitsui Fudosan UK Group	47,340	43,348	3,992
Loans to Subsidiaries	(1,010,549)	(979,603)	(30,946)
Other and Elimination	180,276	158,465	21,810
<b>Consolidated Total</b>	<b>¥3,718,291</b>	<b>¥3,623,438</b>	<b>¥94,853</b>
(Non-recourse Debt of Total)	<b>531,982</b>	<b>542,602</b>	<b>(10,620)</b>

## CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Three Months Ended June 30	
	2021	2020
<b>Revenue from Operations</b>	<b>¥448,703</b>	<b>¥407,025</b>
Cost of Revenue from Operations	365,665	326,081
<b>Gross Operating Profit</b>	<b>83,038</b>	<b>80,943</b>
Selling, General and Administrative Expenses	47,918	44,082
<b>Operating Income</b>	<b>35,120</b>	<b>36,861</b>
Interest Income	319	486
Dividend Income	3,063	3,245
Equity In Net Income of Affiliated Companies	69	-
Other Non-Operating Income	1,518	1,022
<b>Non-Operating Income</b>	<b>4,971</b>	<b>4,755</b>
Interest Expenses	7,135	7,343
Share of Loss of Entities Accounted For Using Equity Method	-	312
Other Non-Operating Expenses	1,813	4,257
<b>Non-Operating Expenses</b>	<b>8,949</b>	<b>11,913</b>
<b>Ordinary Income</b>	<b>31,141</b>	<b>29,703</b>
Gain on Sales of Investment Securities	23,579	6,268
<b>Extraordinary Income</b>	<b>23,579</b>	<b>6,268</b>
Loss Related to COVID-19 *	2,639	11,820
<b>Extraordinary Losses</b>	<b>2,639</b>	<b>11,820</b>
<b>Income Before Income Taxes</b>	<b>52,081</b>	<b>24,151</b>
<b>Income Taxes</b>	<b>19,395</b>	<b>10,531</b>
<b>Profit</b>	<b>32,686</b>	<b>13,619</b>
<b>Profit (Loss) Attributable to Non-Controlling Interests</b>	<b>(1,706)</b>	<b>(150)</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥34,392</b>	<b>¥13,770</b>

\* 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.

## NOTES TO QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

### 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 first quarter of the fiscal year under review as current assets on its consolidated quarterly balance sheet.

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

### Adoption of Specific Accounting Policies for Quarterly Consolidated Financial Statements

Tax expenses are calculated by multiplying income before income taxes by a reasonably estimated effective tax rate, after applying tax effect accounting to income before income taxes for the consolidated fiscal year that includes the first quarter under review.

### Change in accounting policies

#### Application of the Accounting Standard for Revenue Recognition, etc.

The Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) and other accounting standards effective from the start of the first quarter of the fiscal year under review and has decided to recognize the amount expected to be received in exchange for goods or services as revenue when the control of promised goods or services has been transferred to the customer. The Accounting Standard for Revenue Recognition, etc. is applied in accordance with the transitional procedures set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. Under this application method, the cumulative effect of retroactively applying the new accounting policies to before the start of the first quarter of the fiscal year under review, is added to or deducted from the retained earnings at the start of the first quarter of the fiscal year under review, and the new accounting policies are applied from said starting balance. Meanwhile, the impact of this change on the consolidated financial statements for the first quarter of the fiscal year under review is immaterial.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “Accounts Receivable-Trade,” which were presented under “Current Assets” in the consolidated balance sheet for the previous fiscal year, have been included in “Accounts Receivable-Trade and Contract Assets,” starting the first quarter of the fiscal year under review. Moreover “Advances from Contracts in Progress” and a portion of “Advances Received” included in “Other,” which were presented under “Current Liabilities,” have been included in “Contract Liabilities” from the first quarter of the fiscal year under review. In accordance with the transitional procedures set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, reclassification based on the new presentation method has not been carried out for the previous fiscal year.

#### Application of the Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019) and other standards effective from the start of the first quarter of the fiscal year under review and has decided to apply the new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. into the future in accordance with the transitional procedures stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019).

As a result, the Company changed the valuation basis for other marketable securities with market prices from the market value method based on the average market price during the month prior to the balance sheet date to the market value method as of the balance sheet date. Meanwhile, the impact of this change on the consolidated financial statements for the first quarter of the fiscal year under review is immaterial.

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## **Additional Information**

Based on the information available at the time quarterly consolidated financial statements were prepared, 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 property for sale. Specifically, in addition to the closure of certain Group facilities, shortened operating hours, and restrictions on the ability to attract customers, the Company is experiencing a downturn in the number of visitors to facilities owing to requests to refrain from going out and a decline in facility operating rates during the consolidated fiscal year under review in line with requests from the government and local governments following the states of emergency declared on April 25, 2021 and again on July 12, 2021. Moreover, conditions remain unpredictable due to the spread of virus variants. While the economic environment is expected to recover going forward owing to progress in vaccination rates as well as other factors, the speed of that recovery remains uncertain. On this basis, we assume that the impact of COVID-19 will continue to linger throughout fiscal 2021. Despite signs of a recovery in occupancy rates in the hotel business mainly due to the capture of domestic demand, we anticipate a severe economic environment that has been greatly affected by pandemic. There are no significant changes in assumptions since the end of the previous fiscal year.