

# FACT BOOK

*For the Six Months Ended September 30, 2021*

November 5, 2021



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

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

**Corporate Data**

(As of September 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:**

965,481,947

**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	Six Months Ended September 30			Change
	Six Months Ended September 30		Change	
	2021	2020		
<b>Revenue from Operations</b>	¥996,862	¥797,401	¥199,461	
Leasing	321,908	294,455	27,452	
Property Sales	312,861	205,288	107,572	
Management	209,483	188,952	20,530	
Other	152,609	108,705	43,904	
<b>Operating Income</b>	100,977	64,189	36,788	
Leasing	65,657	63,577	2,079	
Property Sales	57,088	30,600	26,487	
Management	25,474	11,644	13,830	
Other	(21,015)	(18,299)	(2,716)	
Elimination or Corporate	(26,226)	(23,334)	(2,892)	
<b>Non-Operating Income/Expenses</b>	(12,103)	(16,900)	4,796	
Equity in Net Income/Loss of Affiliated Companies	(55)	(2,022)	1,967	
Interest Income/Expense, in Net	(14,047)	(13,481)	(565)	
Other, in Net	1,999	(1,395)	3,395	
<b>Ordinary Income</b>	88,874	47,288	41,585	
<b>Extraordinary Gains/Losses</b>	45,426	(15,155)	60,581	
Extraordinary Gains	49,363	30,871	18,491	
Extraordinary Losses	3,936	46,026	(42,090)	
<b>Income before Income Taxes</b>	134,300	32,133	102,166	
Income Taxes	50,025	23,126	26,899	
<b>Profit</b>	84,275	9,007	75,267	
Profit (Loss) Attributable to Non-Controlling Interests	(2,051)	(33)	(2,018)	
<b>Profit Attributable to Owners of Parent</b>	¥86,326	¥9,040	¥77,286	

## ■ Overview

Amid the ongoing impact of COVID-19 in the first half 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. Taking into account these and other factors including growth in “Property Sales to Investors” in the “Property Sales” segment, overall revenue from operations increased ¥199.4 billion, or 25.0%, compared with the corresponding period of the previous fiscal year. On the earnings front, operating income climbed ¥36.7 billion, or 57.3%, and ordinary income surged ¥41.5 billion, or 87.9% year on year. Profit attributable to owners of parent jumped ¥77.2 billion, or 854.9%, compared with the corresponding period of the previous fiscal year due to a variety of factors including the sale of policy-holdings 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.

## ■ Dividends

Plans are in place to pay an interim dividend of ¥22 per share in line with forecasts announced at the beginning of the period and unchanged from the corresponding period of the previous fiscal year.

## Progress Comparison with Full Year Forecasts

	Six Months Ended September 30, 2021			6-Month Results / Full-Year Forecast (%)
	Six Months Ended September 30, 2021	Year to March 2022 (Forecast as of May 14, 2021)	6-Month Results / Full-Year Forecast (%)	
Revenue from Operations	¥996,862	¥2,150,000	46.4	
Operating Income	100,977	230,000	43.9	
Ordinary Income	88,874	205,000	43.4	
Profit Attributable to Owners of Parent	86,326	160,000	54.0	

## Extraordinary Gains/Losses

【Extraordinary Gains】		(¥ millions)
Gain on Sales of Investment Securities		¥49,363
<b>Total</b>		<b>¥49,363</b>
【Extraordinary Losses】		
Loss Related to COVID-19		¥3,936
<b>Total</b>		<b>¥3,936</b>

## Consolidated Statements of Comprehensive Income

	Six Months Ended September 30	
	2021	2020
Profit	¥84,275	¥9,007
Other Comprehensive Income	17,140	627
Valuation Difference on Available-For-Sale Securities	(11,456)	13,333
Deferred Gains or Losses on Hedges	(969)	340
Foreign Currency Translation Adjustment	23,555	(8,117)
Remeasurements of Defined Benefit Plans, Net of Tax	(1,049)	(115)
Share of Other Comprehensive Income of Associates Accounted	7,061	(4,813)
Comprehensive Income	¥101,415	¥9,634
(Comprehensive Income Attributable to Owners of the Parent)	102,128	9,924
(Comprehensive Income Attributable to Non-Controlling Interests)	(713)	(290)

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

		Six Months Ended September 30		Change
		2021	2020	
Revenue from Operations	Leasing	¥282,781	¥256,724	¥26,057
	Property Sales	103,871	791	103,080
	Other	19,807	24,449	(4,642)
	<b>Total</b>	<b>406,460</b>	<b>281,964</b>	<b>124,495</b>
Gross Profit Margin (%)	Leasing	14.5	13.8	0.7 pt
	Property Sales	29.4	-	-
	Other	26.4	41.3	(14.9)pt
<b>Operating Income</b>		¥52,152	¥23,972	¥28,179

# SEGMENT RESULTS

## [1] LEASING

	Six Months Ended September 30		Change
	2021	2020	
Revenue from Operations	¥321,908	¥294,455	¥27,452
Operating Income	65,657	63,577	2,079

  

	Year to March 2022 (Forecast as of May 14, 2021)	6-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
	Revenue from Operations	¥680,000	47.3
Operating Income	128,000	51.3	120,777

(Leasing)

Amid the ongoing impact of COVID-19, overall revenue from operations and operating income in the “Leasing” segment grew ¥27.4 billion and ¥2.0 billion, respectively, in the fiscal half of the fiscal year under review. This was mainly due to the year-on-year recovery in sales at retail facilities, the full-term contribution from Bunkyo Garden Gate Tower, which was completed during the previous fiscal year, and an increase in leasing revenue and income from existing office buildings.

The Company’s office vacancy rate (non-consolidated basis) in the Tokyo metropolitan area was 3.9% as of September 30, 2021 (non-consolidated) was 3.9% (a decrease of 0.8 of a percentage point from the end of the previous quarter).

The Company’s office vacancy rate in the Tokyo metropolitan area as of September 30, 2021 (non-consolidated) was 3.9% (a decrease of 0.8 of a percentage point from the end of the previous quarter).

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

		At September 30					
		2021	2020	2021	2020	2021	2020
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	134	147	109	119	25	28
	Leased Floor Space (1,000m <sup>2</sup> )	2,910	2,997	2,616	2,673	294	324
	Leasing Revenue (¥ millions)	164,034	156,515	152,422	145,484	11,611	11,030
	Vacancy Rate (%)	4.0	2.5	3.9	2.6	4.2	1.9
Retail Facilities	Number of Buildings	99	97	73	70	26	27
	Leased Floor Space (1,000m <sup>2</sup> )	2,220	2,211	1,473	1,423	748	789
	Leasing Revenue (¥ millions)	102,663	87,122	71,774	59,711	30,888	27,410
	Vacancy Rate (%)	2.3	1.8	2.4	2.0	2.0	1.4

### Leased Floor Space

		At September 30		Change		
		2021	2020			
Office Buildings and Retail Facilities	Revenue					
		Office Buildings	¥191,331	¥181,608	¥9,722	
		Retail Facilities	106,373	90,818	15,555	
		Total Leased Floor Space (1,000 m <sup>2</sup> ):	5,732	5,790	(58)	
		Office Buildings	Owned	1,925	2,170	(245)
			Managed	1,441	1,292	149
	Retail Facilities	Owned	1,796	1,790	6	
		Managed	570	538	32	
Other	Revenue		24,203	22,028	2,174	
<b>Total Revenue</b>			<b>¥321,908</b>	<b>¥294,455</b>	<b>¥27,452</b>	

### Vacancy Rate

	9/2021	6/2021	3/2021	3/2020	3/2019	3/2018
<b>Consolidated</b>						
Office Buildings and Retail Facilities (including overseas)	3.7	3.7	2.9	2.3	1.8	2.4
<b>Non-consolidated</b>						
Tokyo Metropolitan Area Office Buildings	3.9	4.7	3.1	1.9	1.7	2.2
Regional Area Office Buildings	4.2	3.9	3.5	1.3	1.8	2.3

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

#### (NEWLY OPENED)

LaLaport SHANGHAI JINQIAO (Shanghai, China)	Retail facility opened in April 2021
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#### (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)

	Six Months Ended September 30		Change
	2021	2020	
Revenue from Operations	¥312,861	¥205,288	¥107,572
Operating Income	57,088	30,600	26,487

  

	Year to March 2022 (Forecast as of May 14, 2021)	6-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
Revenue from Operations	¥670,000	46.7	¥714,739
Operating Income	133,000	42.9	118,213

(Property Sales)

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 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 Iidabashi Grand Bloom etc.

In overall terms, revenue from operations and operating income in the “Property Sales” segment increased ¥107.5 billion and ¥26.4 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 90% as of September 30, 2021.

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

#### (Property Sales to Individuals (Domestic))

Park Court BUNKYO KOISHIKAWA The Tower (Bunkyo-ku, Tokyo)	Condominiums
Park Court SHIBUYA The Tower (Shibuya-ku, Tokyo)	Condominiums
Park Homes Kashiwa Tower Residence (Kashiwa, Chiba)	Condominiums
Fine Court Kugahara Airy Place (Ota-ku, Tokyo)	Detached Housing

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

Iidabashi Grand Bloom (Chiyoda-ku, Tokyo)	Office building
Ginza 5-chome GLOBE (Chuo-ku, Tokyo)	Retail facility
Takeshita-dori Square (Shibuya-ku, Tokyo)	Retail facility
Park Axis Kiba Canal West (Koto-ku, Tokyo)	Rental Housing
Park Axis Toyochō Shinsui Koen (Koto-ku, Tokyo)	Rental Housing

### Property Sales to Individuals and Investors

(¥ millions)

	Six Months Ended September 30						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	¥118,324	1,624	¥7,286	¥166,461	2,068	¥8,049	¥(48,136)	(444)	¥(763)
	Detached Housing	20,441	269	7,599	9,231	150	6,155	11,209	119	1,444
	Subtotal	138,766	1,893	7,330	175,693	2,218	7,921	(36,926)	(325)	(591)
	Operating Income	18,210		26,001		(7,791)				
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	174,095		29,595		144,499				
	Operating Income	38,877		4,598		34,278				
<b>Total Revenue</b>	<b>312,861</b>		<b>205,288</b>		<b>107,572</b>					
<b>Total Operating Income</b>	<b>¥57,088</b>		<b>¥30,600</b>		<b>¥26,487</b>					

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

(¥ millions)

		Six Months Ended September 30				Change	
		2021		2020		Revenue	Units
		Revenue	Units	Revenue	Units		
Condominiums	Tokyo Metropolitan Area	¥110,427	1,431	¥151,664	1,758	¥(41,236)	(327)
	Other	7,897	193	14,796	310	(6,899)	(117)
	Total	118,324	1,624	166,461	2,068	¥(48,136)	(444)
Detached Housing	Tokyo Metropolitan Area	19,486	253	9,117	148	10,369	105
	Other	954	16	114	2	840	14
	Total	¥20,441	269	¥9,231	150	¥11,209	119

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

(Units)

	9/2021	6/2021	3/2021	3/2020	3/2019	3/2018
Condominiums	139	121	150	128	141	108
Detached Housing	3	6	17	58	30	40
<b>Total</b>	142	127	167	186	171	148

### 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	1,873	4,916	1,624	3,292	1,801
Detached Housing	145	218	363	269	94	201
<b>Total</b>	3,188	2,091	5,279	1,893	3,386	2,002

### [3] MANAGEMENT

(¥ millions)

	Six Months Ended September 30		Change
	2021	2020	
Revenue from Operations	¥209,483	¥188,952	¥20,530
Operating Income	25,474	11,644	13,830

	Year to March 2022 (Forecast as of May 14, 2021)	6-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
Revenue from Operations	¥420,000	49.9	¥402,929
Operating Income	44,000	57.9	39,969

(Management)

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 ¥20.5 billion and operating income grew ¥13.8 billion.

(¥ millions)

		Six Months Ended September 30		Change
		2021	2020	
Property Management	Revenue	¥158,181	¥148,009	¥10,172
	Operating Income	14,013	6,544	7,469
Brokerage, Asset Management, etc.	Revenue	51,301	40,943	10,358
	Operating Income	11,461	5,099	6,361
<b>Total</b>	Revenue	<b>¥209,483</b>	<b>¥188,952</b>	<b>¥20,530</b>
	Operating Income	<b>25,474</b>	<b>11,644</b>	<b>13,830</b>

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

(Units)

	At September 30, 2021	At September 30, 2020	Change
Total Managed Units	257,718	275,960	(18,242)

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

(¥ millions)

	Six Months Ended September 30				Change	
	2021		2020		Transaction Volume	Units
Brokerage	Transaction Volume	Units	Transaction Volume	Units		
	¥914,425	20,068	¥668,387	16,781	¥246,038	3,287

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

(¥ millions)

		Six Months Ended September 30				Change	
		2021		2020		Transaction Volume	Units
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units	Transaction Volume		
	¥40,016	482	¥45,549	488	¥(5,533)	(6)	

#### [4] OTHER

(¥ millions)			
	Six Months Ended September 30		Change
	2021	2020	
Revenue from Operations	¥152,609	¥108,705	¥43,904
Operating Income	(21,015)	(18,299)	(2,716)

  

	Year to March 2022 (Forecast as of May 14, 2021)	6-Month Results / Full-Year Forecast (%)	Year Ended March 31, 2021
Revenue from Operations	¥380,000	40.2	¥266,812
Operating Income	(22,000)	95.5	(27,215)

(Other)

Overall revenue from operations in the "Other" segment increased ¥43.9 billion while operating income declined ¥2.7 billion. This was mainly due to the inclusion of the revenue and operating loss of TOKYO DOME CORPORATION and the recovery trend exhibited by the hotel and resort business in the Facility Operations category amid the ongoing impact of COVID-19.

(¥ millions)			
	Six Months Ended September 30		Change
	2021	2020	
New Construction under Consignment	¥69,345	¥56,446	¥12,898
Facility Operations	19,449	12,566	6,882
Tokyo Dome	21,082	-	21,082
Other	42,733	39,691	3,041
<b>Total Revenue</b>	<b>¥152,609</b>	<b>¥108,705</b>	<b>¥43,904</b>

	Six Months Ended September 30		Change
	2021	2020	
Revenue from New Construction under Consignment Orders Received	¥73,478	¥59,198	¥14,280

#### Major Projects Undertaken during the Period (six-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)				
		Six Months Ended September 30		Change
		2021	2020	
Leasing	Revenue	¥35,030	¥33,151	¥1,878
	Operating Income	7,112	8,043	(930)
Property Sales	Revenue	3,830	7,192	(3,362)
	Operating Income	(725)	55	(781)
Management, Other, etc.	Revenue	218	3,288	(3,070)
	Operating Income	(2,491)	(436)	(2,055)
Pro forma Operating Income of Overseas Affiliates *1		2,150	5,149	(2,999)
Total Overseas Income		6,046	12,812	(6,766)
Overseas Income Ratio*2		5.9%	18.5%	(12.6)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 from net income after taking into account the tax burden.

• Gain and loss 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:	September 30, 2021	March 31, 2021	Change
Cash and Time Deposits	¥147,423	¥189,542	¥(42,119)
Accounts Receivable—Trade	-	41,368	(41,368)
Accounts Receivable—Trade and Contract Assets	¥58,887	-	58,887
Marketable Securities	100	87	13
Real Property for Sale	1,069,609	1,080,339	(10,730)
Real Property for Sale in Process	655,138	536,766	118,372
Real Property for Development	228,572	297,576	(69,004)
Expenditure on Contracts in Progress	10,247	17,710	(7,463)
Other Inventories	9,133	6,204	2,929
Advance Payments—Trade	16,064	15,844	219
Short-Term Loans	19,695	17,186	2,508
Equity Investments in Properties for Sale	10,002	10,013	(10)
Other	279,609	243,928	35,680
Allowance for Doubtful Accounts	(844)	(574)	(270)
<b>Current Assets</b>	<b>2,503,639</b>	<b>2,455,996</b>	<b>47,642</b>
Buildings and Structures	2,266,923	2,166,326	100,596
Accumulated Depreciation—Buildings and Structures	(919,776)	(882,174)	(37,602)
Buildings and Structures, Net	1,347,146	1,284,152	62,994
Machinery, Equipment and Vehicles	116,946	117,169	(223)
Accumulated Depreciation—Machinery, Equipment and Vehicles	(60,768)	(58,129)	(2,639)
Machinery, Equipment and Vehicles	56,177	59,040	(2,862)
Land	2,078,879	2,058,993	19,885
Construction in Progress	261,022	249,386	11,635
Other	206,928	186,073	20,854
Accumulated Depreciation	(127,435)	(120,480)	(6,955)
Other, Net	79,493	65,593	13,899
<b>Tangible Fixed Assets</b>	<b>3,822,719</b>	<b>3,717,166</b>	<b>105,552</b>
Leasehold Interests in Land	37,386	40,952	(3,565)
Other	37,774	38,681	(906)
<b>Intangible Fixed Assets</b>	<b>75,161</b>	<b>79,633</b>	<b>(4,472)</b>
Investment Securities	1,063,487	1,049,085	14,401
Long-Term Loans	11,606	8,857	2,748
Lease Deposits	163,662	160,943	2,718
Net Defined Benefit Asset	50,201	50,677	(475)
Deferred Income Taxes	26,329	26,586	(257)
Other	214,927	194,222	20,705
Allowance for Doubtful Accounts	(998)	(1,198)	200
<b>Investments and Other Assets</b>	<b>1,529,214</b>	<b>1,489,174</b>	<b>40,039</b>
<b>Total Non-Current Assets</b>	<b>5,427,095</b>	<b>5,285,975</b>	<b>141,120</b>
<b>Total Assets</b>	<b>¥7,930,735</b>	<b>¥7,741,972</b>	<b>¥188,762</b>

## [Real Property for Sale]

	(¥ millions)		
(a) Breakdown by Company	At September 30, 2021	At March 31, 2021	Change
Mitsui Fudosan Residential	¥667,014	¥693,200	¥(26,186)
Mitsui Fudosan	624,593	645,179	(20,586)
Mitsui Fudosan America Group	478,745	410,208	68,536
SPCs Total	118,827	120,010	(1,182)
Mitsui Fudosan UK Group	56,613	39,979	16,634
Other and Elimination	23,590	21,948	1,642
<b>Consolidated Total</b>	<b>¥1,969,385</b>	<b>¥1,930,528</b>	<b>¥38,856</b>

	(¥ 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
2021	¥1,930,528		¥241,121	¥(235,483)	¥33,218	¥1,969,385
2020	¥1,907,839		¥273,554	¥(152,009)	¥(23,754)	¥2,005,630

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥63.0 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]

Tangible and intangible fixed assets rose ¥101.0 billion, to ¥3,897.8 billion.

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

Foreign currency exchange rates:

¥110.58:US\$1 as of September 30, 2021, ¥103.50:US\$1 as of March 31, 2021

¥153.16:£1 as of September 30, 2021, ¥139.82:£1 as of March 31, 2021

	(¥ millions)		
(a) Breakdown by Company	At September 30, 2021	At March 31, 2021	Change
Mitsui Fudosan	¥2,591,860	¥2,608,459	¥(16,598)
Mitsui Fudosan America Group	540,645	469,998	70,646
Tokyo Dome Group	284,725	286,617	(1,891)
SPCs Total	126,860	122,968	3,892
Mitsui Fudosan Residential	92,424	74,856	17,568
Mitsui Fudosan UK Group	50,988	55,636	(4,647)
Other and Elimination	210,375	178,264	32,111
<b>Consolidated Total</b>	<b>¥3,897,881</b>	<b>¥3,796,800</b>	<b>¥101,080</b>

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
2021	¥3,796,800		¥128,865	¥(53,931)	¥26,145	¥3,897,881
2020	¥3,753,141		¥134,019	¥(46,148)	¥(58,845)	¥3,782,166

\* 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, 2021	March 31, 2021	Change
Accounts Payable—Trade	¥99,359	¥97,969	¥1,389
Short-Term Debt	370,571	231,152	139,419
Non-Recourse Short-Term Debt	104,449	75,708	28,740
Commercial Papers	133,000	99,500	33,500
Bond Redeemable Within One Year	40,116	35,042	5,073
Non-Recourse Bond Redeemable Within One Year	22,050	21,635	415
Income Taxes Payable	43,924	50,339	(6,415)
Advances from Contracts in Progress	-	21,566	(21,566)
Contract Liabilities	112,280	-	112,280
Allowance for Completed Project Indemnities	683	705	(22)
Allowance for Possible Guarantee Losses	0	1	(0)
Other	252,413	367,546	(115,132)
<b>Current Liabilities</b>	<b>1,178,848</b>	<b>1,001,167</b>	<b>177,681</b>
Corporate Bonds	651,265	733,697	(82,431)
Non-Recourse Corporate Bonds	48,800	63,350	(14,550)
Long-Term Debt	1,992,773	1,981,443	11,330
Non-Recourse Long-Term Debt	366,349	381,909	(15,560)
Deposits from Tenants	438,159	435,929	2,230
Deferred Income Taxes	263,948	269,233	(5,284)
Deferred Tax Liabilities on Land Revaluation	94,835	94,835	-
Net Defined Benefit Liability	48,538	48,066	471
Allowance for Directors' and Corporate Auditors' Retirement Benefits	792	846	(53)
Other	94,863	75,501	19,361
<b>Long-Term Liabilities</b>	<b>4,000,327</b>	<b>4,084,813</b>	<b>(84,486)</b>
<b>Total Liabilities</b>	<b>5,179,175</b>	<b>5,085,981</b>	<b>93,194</b>
<b>NET ASSETS:</b>			
Common Stock	340,162	339,897	265
Capital Surplus	372,647	372,293	353
Retained Earnings	1,326,798	1,259,715	67,083
Treasury Stock	(5,957)	(5,920)	(36)
<b>Total Shareholders' Equity</b>	<b>2,033,652</b>	<b>1,965,986</b>	<b>67,665</b>
Net Unrealized Holding Gains on Securities	382,692	394,873	(12,181)
Deferred Gains or Losses on Hedges	4,160	5,165	(1,005)
Reserve on Land Revaluation	202,652	202,686	(34)
Foreign Currency Translation Adjustment	(4,548)	(34,524)	29,976
Remeasurements of Defined Benefit Plans	20,709	21,697	(988)
<b>Total Accumulated Other Comprehensive Income</b>	<b>605,666</b>	<b>589,898</b>	<b>15,767</b>
New Share Subscription Rights	1,380	1,422	(42)
Non-Controlling Interests	110,860	98,683	12,176
<b>Total Net Assets</b>	<b>2,751,559</b>	<b>2,655,991</b>	<b>95,568</b>
<b>Total Liabilities and Net Assets</b>	<b>¥7,930,735</b>	<b>¥7,741,972</b>	<b>¥188,762</b>

Note: Debt-Equity Ratio 1.41 times (1.42 times at March 31, 2021)

<b>Interest-Bearing Debt:</b>	3,729,375	3,623,438	105,937
Non-Recourse Debt	541,648	542,602	(954)
<b>Surplus lease deposits/guarantee deposits</b>	<b>274,497</b>	<b>274,986</b>	<b>(488)</b>

## [Interest-Bearing Debt] Breakdown by Company

	(¥ millions)		
	At September 30, 2021	At March 31, 2021	Change
Mitsui Fudosan	¥2,830,231	¥2,650,410	¥179,821
Mitsui Fudosan America Group	822,446	688,186	134,260
Mitsui Fudosan Residential	622,800	621,000	1,800
SPCs Total	186,370	184,905	1,465
Tokyo Dome Group	157,074	167,875	(10,800)
Mitsui Fudosan Asia Group	103,227	88,850	14,376
Mitsui Fudosan UK Group	47,998	43,348	4,650
Loans to Subsidiaries	(1,187,627)	(979,603)	(208,024)
Other and Elimination	146,855	158,465	(11,610)
<b>Consolidated Total</b>	<b>¥3,729,375</b>	<b>¥3,623,438</b>	<b>¥105,937</b>
(Non-recourse Debt of Total)	<b>541,648</b>	<b>542,602</b>	<b>(954)</b>

## CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Six Months Ended September 30	
	2021	2020
<b>Revenue from Operations</b>	<b>¥996,862</b>	<b>¥797,401</b>
Cost of Revenue from Operations	795,120	642,463
<b>Gross Operating Profit</b>	<b>201,742</b>	<b>154,938</b>
Selling, General and Administrative Expenses	100,765	90,749
<b>Operating Income</b>	<b>100,977</b>	<b>64,189</b>
Interest Income	600	757
Dividend Income	3,529	3,274
Subsidy Income	2,272	1,002
Other	1,127	814
<b>Non-Operating Income</b>	<b>7,529</b>	<b>5,848</b>
Interest Expenses	14,648	14,238
Share of Loss of Entities Accounted For Using Equity Method	55	2,022
Other	4,929	6,487
<b>Non-Operating Expenses</b>	<b>19,633</b>	<b>22,748</b>
<b>Ordinary Income</b>	<b>88,874</b>	<b>47,288</b>
Gain on Sales of Investment Securities	49,363	28,371
Gain on Sales of Shares of Subsidiaries and Associates	-	2,500
<b>Extraordinary Income</b>	<b>49,363</b>	<b>30,871</b>
Impairment Loss	-	32,808
Loss Related to COVID-19 *	3,936	13,217
<b>Extraordinary Losses</b>	<b>3,936</b>	<b>46,026</b>
<b>Income Before Income Taxes</b>	<b>134,300</b>	<b>32,133</b>
<b>Income Taxes</b>	<b>50,025</b>	<b>23,126</b>
<b>Profit</b>	<b>84,275</b>	<b>9,007</b>
<b>Profit (Loss) Attributable to Non-Controlling Interests</b>	<b>(2,051)</b>	<b>(33)</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥86,326</b>	<b>¥9,040</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.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Six Months Ended September 30	
	2021	2020
<b>Cash Flows From Operating Activities</b>		
Income before Income Taxes	¥134,300	¥32,133
Depreciation and Amortization	53,931	46,148
Impairment Loss	-	32,808
Interest and Dividend Income Receivable	(4,129)	(4,031)
Interest Expense	14,648	14,238
(Gain) Loss on Equity-Method Investments	55	2,022
(Gain) Loss on Sales of Investment Securities	(49,363)	(28,371)
(Gain) Loss on Sales of Shares of Associates	-	(2,500)
Subsidy Income	(2,272)	(1,002)
Loss Related to COVID-19	3,936	13,217
(Increase) Decrease in Accounts Receivable	(11,224)	4,748
Increase (Decrease) in Accounts Payable	(11,728)	(20,167)
(Increase) Decrease in Real Property for Sale	5,348	(121,699)
Other	(37,042)	(32,634)
<b>Subtotal</b>	<b>96,459</b>	<b>(65,086)</b>
Cash Receipts of Interest and Dividend Income	6,727	7,601
Cash Payments of Interest Expense	(15,873)	(14,392)
Payments Related to COVID-19	(2,614)	(11,162)
Proceeds from Subsidy Income	2,274	977
Income Taxes Paid	(55,977)	(50,093)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>30,997</b>	<b>(132,157)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of Tangible and Intangible Fixed Assets	(109,331)	(152,505)
Proceeds from Sale of Tangible and Intangible Fixed Assets	64	94
Purchase of Investment Securities	(30,558)	(40,276)
Proceeds from Sale of Investment Securities	56,505	35,780
Payment of Lease Deposits	(8,712)	(5,772)
Proceeds from Collection of Lease Deposits	6,205	4,293
Repayment of Deposits from Tenants	(17,085)	(12,961)
Proceeds from Deposits from Tenants	18,932	14,425
Payment of Loan Receivable	(10,124)	(8,772)
Collection of Loan Receivable	5,974	6,107
Payments into Time Deposits	(2,342)	(0)
Proceeds from Withdrawal of Time Deposits	688	2,648
Other	(16,328)	2,834
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥(106,111)</b>	<b>¥(154,103)</b>

(¥ millions)

	Six Months Ended September 30	
	2021	2020
<b>Cash Flows From Financing Activities</b>		
Proceeds from Short-Term Debt	¥771,201	¥666,247
Repayment of Short-Term Debt	(597,485)	(457,334)
Proceeds from Long-Term Debt	84,304	151,348
Repayment of Long-Term Debt	(127,300)	(48,277)
Proceeds from Issuance of Bonds	7,500	130,050
Redemption of Bonds	(100,333)	(120,500)
Cash Dividends Paid	(21,160)	(21,360)
Proceeds from Share Issuance to Non-Controlling Shareholders	5,161	3,558
Dividends Paid to Non-Controlling Shareholders	(1,938)	(1,772)
Repayment to Non-Controlling Shareholders	(1)	(379)
Repayment of Finance Lease Obligations	(2,451)	(2,268)
(Increase) Decrease in Treasury Stocks	(76)	(16,820)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	(18,288)	-
Proceeds from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	24,105	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>23,236</b>	<b>282,491</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>7,960</b>	<b>(958)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(43,917)</b>	<b>(4,728)</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>187,723</b>	<b>179,472</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>¥143,806</b>	<b>¥174,743</b>

## 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 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.

### 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 second 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 second 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 second 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 repeatedly declared mainly in urban areas sinceon April 25, 2021 and again on July 12, 2021. Moreover, conditions remain unpredictable due to the spread of virus variants. Despite the government and local governments lifting the state of emergency on September 30, 2021 and expectations that the economic environment will recover in the future due to progress in vaccinations and 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. Although, we anticipate a recovery in occupancy rates in the hotel business owing mainly to successful efforts aimed at capturing domestic demand, we expect a severe economic environment that has been significantly affected by the pandemic. There are no significant changes in assumptions since the end of the previous fiscal year.