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May 9, 2025

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: Mitsui Fudosan Co., Ltd.  
Listing: Tokyo Stock Exchange  
Securities code: 8801  
URL: <https://www.mitsui-fudosan.co.jp/>  
Representative: (Name) Takashi Ueda, (Title) President and Chief Executive Officer  
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Scheduled date of the Ordinary General Shareholders' Meeting: June 27, 2025  
Scheduled date to commence dividend payments: June 30, 2025  
Scheduled date to file annual securities report: June 25, 2025  
Preparation of supplementary material on financial results: Yes  
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted)

### 1. Consolidated financial results for the year ended March 31, 2025

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue from operations		Operating income		Business income		Ordinary income		Net income attributable to shareholders of the Company	
For the year ended	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)
March 31, 2025	2,625,363	10.2	372,732	9.7	398,688	15.2	290,262	8.4	248,799	10.8
March 31, 2024	2,383,289	5.0	339,690	11.2	346,166	—	267,890	1.0	224,647	14.0

Note: Comprehensive income For the year ended March 31, 2025: ¥160,756 million, decreased by 51.2%  
For the year ended March 31, 2024: ¥329,733 million, increased by 47.5%

Business income = Operating income + Equity in earnings/losses of affiliates (including Gain/loss on sales of shares of affiliates for the purpose of real estate sales) + Gain/loss on sales of fixed assets

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to revenue from operations
For the year ended	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2025	89.26	89.22	8.0	3.0	14.2
March 31, 2024	80.19	80.14	7.5	2.9	14.3

Reference: Equity in net income (loss) of affiliated companies

For the year ended March 31, 2025: (¥2,472) million

For the year ended March 31, 2024: ¥3,973 million

Note: The Company has conducted a three-for-one stock split of its common shares as of April 1, 2024. We have calculated the “basic earnings per share” and the “diluted earnings per share” based on the assumption that the stock split was commenced at the beginning of the previous fiscal year.

**(2) Consolidated financial position**

	<b>Total assets</b>	<b>Net assets</b>	<b>Equity ratio</b>	<b>Net assets per share</b>
As of	(Yen in millions)	(Yen in millions)	(%)	(%)
March 31, 2025	9,859,856	3,270,723	31.9	1,135.07
March 31, 2024	9,489,527	3,234,656	32.8	1,109.89

Reference: Shareholders' Equity

As of March 31, 2025: ¥3,146,837 million

As of March 31, 2024: ¥3,110,088 million

Note: The Company has conducted a three-for-one stock split of its common shares as of April 1, 2024. We have calculated the “Net assets per share” based on the assumption that the stock split was commenced at the beginning of the previous fiscal year.

**(3) Consolidated cash flows**

	<b>Cash flows from operating activities</b>	<b>Cash flows from investing activities</b>	<b>Cash flows from financing activities</b>	<b>Cash and cash equivalents at end of year</b>
For the year ended	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
March 31, 2025	599,252	(321,970)	(269,367)	163,272
March 31, 2024	241,697	(286,987)	59,988	179,249

**2. Cash dividends**

	<b>Annual dividends per share</b>					<b>Total cash dividends</b>	<b>Payout ratio, consolidated basis</b>	<b>Ratio of dividends to net assets, consolidated basis</b>
	<b>First quarter-end</b>	<b>Second quarter-end</b>	<b>Third quarter-end</b>	<b>Fiscal year-end</b>	<b>Total</b>			
For the year ended	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen in millions)	(%)	(%)
March 31, 2024	—	35.00	—	49.00	84.00	78,459	34.9	2.6
March 31, 2025	—	15.00	—	16.00	31.00	86,152	34.7	2.8
For the year ending March 31, 2026 (Forecast)	—	16.50	—	16.50	33.00		35.2	

Note: The Company has conducted a three-for-one stock split of its common shares as of April 1, 2024. For the year ended March 31, 2024, the actual dividends before the stock split are disclosed. For the year ending March 31, 2025, dividends after the stock split are disclosed. Furthermore, the annual dividends for the year ending March 31, 2026 (forecast), without considering the stock split, are forecasted to be ¥99.

### 3. Consolidated earnings forecasts for the year ending March 31, 2026

(Percentages indicate year-on-year changes)

	Revenue from operations		Operating income		Business income		Ordinary income		Net income attributable to shareholders of the Company		Basic earnings per share
For the year ending March 31, 2026 (Forecast)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen)
	2,700,000	2.8	380,000	1.9	425,000	6.6	285,000	(1.8)	260,000	4.5	93.78

\* Notes

- (1) Significant changes in consolidation scope: None  
Newly included into consolidation scope: None  
Excluded from consolidation scope: None
- (2) Changes in accounting policies, accounting estimates, and restatement
  - (i) Changes in accounting policies due to revised accounting standards: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(3) Number of shares outstanding (common shares)

	As of and for the year ended March 31,	
	2025	2024
(i) Total number of shares outstanding at the end of the year (including treasury stocks)	2,782,189,711 shares	2,810,633,721 shares
(ii) Number of treasury stocks at the end of the year	9,818,498 shares	8,481,600 shares
(iii) Average number of shares outstanding during the year	2,787,231,606 shares	2,801,512,734 shares

Note: 1. The Company conducted a 3-for-1 stock split of its common shares on April 1, 2024. We have calculated the "Net assets per share" based on the assumption that the stock split was commenced at the beginning of the previous fiscal year.

2. For the number of shares used as the basis for calculating net income per share (consolidated), please refer to page 33, "Per Share Information."

\* This report of financial results is exempt from audit by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

The earnings forecasts contained in this document are based on information available as of the date of release of this document and assumptions concerning uncertain factors that could affect future performance as of the date of release of this document. They are not intended to be our commitment to achieve. Furthermore, actual performance may differ significantly due to various factors in the future. For matters related to earnings forecasts, please refer to "1. Overview of Operating Results (4) Outlook for the Future" on page 12.

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## 1 . Overview of Operating Results

### (1) Summary of Operating Results for the Current Fiscal Year

#### ◆ Summary of Consolidated Financial Performance

(Yen in millions, except for percentage)	For the year ended March 31,		Increase/(Decrease)	
	2025	2024	Amount	Rate
Revenue from operations	2,625,363	2,383,289	242,074	10.2%
Business income	398,688	346,166	52,522	15.2%
Ordinary income	290,262	267,890	22,371	8.4%
Net income attributable to shareholders of the Company	248,799	224,647	24,152	10.8%

For the current fiscal year, revenue from operations increased by ¥242.0 billion, or 10.2%, compared to the previous fiscal year, business income increased by ¥52.5 billion, or 15.2%, ordinary income increased by ¥22.3 billion, or 8.4%, and net income attributable to shareholders of the Company increased by ¥24.1 billion, or 10.8%. Furthermore, revenue from operations, business income, ordinary income, and net income attributable to shareholders of the Company all reached record highs. Revenue from operations has achieved record highs for 13 consecutive years, while ordinary income, and net income attributable to shareholders of the Company have achieved record highs for three consecutive years.

#### ◆ Consolidated Financial Performance by Segment

	For the year ended March 31,				Increase/(Decrease)	
	2025		2024			
(Yen in millions)	Revenue from operations	Business income	Revenue from operations	Business income	Revenue from operations	Business income
Leasing	872,331	176,429	815,002	169,097	57,329	7,332
Property sales	758,069	167,078	627,611	135,187	130,458	31,891
Management	486,291	71,642	462,857	66,289	23,434	5,352
Facility operations	224,054	38,610	194,512	26,333	29,542	12,277
Others	284,616	6,569	283,306	4,151	1,310	2,417
Corporate Expenses and Eliminations	—	(61,641)	—	(54,892)	—	(6,749)
Total	2,625,363	398,688	2,383,289	346,166	242,074	52,522

◆ Overview of Performance by Segment

The revenue from operations for each segment represents revenue from operations to external customers.

① Leasing

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Revenue from operations	872,331	815,002	57,329
Business income	176,429	169,097	7,332

"Leasing" segment recorded an increase in revenue of ¥57.3 billion and an increase in income of ¥7.3 billion mainly due to the leasing revenue growth of domestic and overseas offices and the sales growth of existing Retail facilities.

The vacancy rate for our office buildings in the Tokyo metropolitan (on a non-consolidated basis) at the end of the year was 1.3% (Improved by 1.2 percentage points from 2.5% at the end of the third quarter).

< Breakdown of Revenue from Operations >

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Office	466,601	446,087	20,513
Retail facilities	299,100	286,553	12,547
Others	106,628	82,360	24,268
Total	872,331	815,002	57,329

• Leased floor space

(Square meter in thousands)		For the year ended March 31,		Increase/ (Decrease)
		2025	2024	
Office	Owned	2,059	2,060	(1)
	Subleased	1,573	1,545	28
Retail facilities	Owned	2,005	2,010	(5)
	Subleased	708	667	41

• End-of-Year Trend of Vacancy Rate

As of March 31,								
	2025	2024	2023	2022	2021	2020	2019	2018
(%)								
Office / Retail facilities, consolidated basis	3.5	3.8	4.3	3.0	2.9	2.3	1.8	2.4
Metropolitan office, non-consolidated basis	1.3	2.2	3.8	3.2	3.1	1.9	1.7	2.2
Local area office, non-consolidated basis	3.4	3.2	2.8	3.7	3.5	1.3	1.8	2.3

< Significant New and Operating Properties during the period >

• Properties Started in Operation during the Current Fiscal Year

Property name	Location	Status	Type
PARK WELLSTATE Makuhari Bay-Park	Chiba, Chiba	Opened in September 2024	Senior residence
PARK WELLSTATE Nishiazabu	Minato-ku, Tokyo	Opened in October 2024	Senior residence
PARK WELLSTATE Shonan Fujisawa SST	Fujisawa, Kanagawa	Opened in October 2024	Senior residence
MITSUI OUTLET PARK MARINE PIA KOBE	Kobe, Hyogo	Opened in November 2024	Retail facility
MITSUI OUTLET PARK LINKOU Building II	New Taipei City, Taiwan	Opened in November 2024	Retail facility

• Properties Started in Operation during the Previous Fiscal Years (and still in operation at the end of current fiscal year)

Property name	Location	Status	Type
LaLaport KADOMA • MITSUI OUTLET PARK OSAKA KADOMA	Kadoma, Osaka	Opened in April 2023	Retail facility
LaLaport TAICHUNG	Taichung City, Taiwan	Opened in May 2023	Retail facility
LaLa Terrace TOKYO-BAY	Funabashi, Chiba	Opened in November 2023	Retail facility
LaLa Terrace HARUMI FLAG	Chuo-ku, Tokyo	Opened in March 2024	Retail facility

<Breakdown of Non-consolidated Leasing Business>

• Overall

(Yen in millions, except for percentage)	For the year ended March 31,	
	2025	2024
Revenue from operations	732,733	702,491
Gross profit	132,015	121,904
Gross profit margin (%)	18.0	17.4

• Office and Retail facilities

	Office			Retail facilities		
	Metropolitan	Local area	Total	Metropolitan	Local area	Total
Revenue from operations (yen in millions)	320,873	24,075	344,948	174,165	96,454	270,620
Leased floor space (square meter in thousands)	2,581	279	2,860	1,440	915	2,355
Buildings in service (number of units)	93	22	115	70	28	98
Vacancy rate (%)	1.3	3.4	1.5	1.8	3.0	2.3

② Property Sales

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Revenue from operations	758,069	627,611	130,458
Business income	167,078	135,187	31,891

Residential property sales to individuals (domestic) experienced an increase in revenue and business income mainly due to the deliveries of properties such as "PARK TOWER KACHIDOKI SOUTH" and "Mita Garden Hills". Property sales to investors and residential property sales to individuals (overseas), etc. experienced an increase in revenue and decrease in business income mainly due to the sales of high-profit margin properties in the previous fiscal year, despite the progress in property sales by accelerating the asset turnover by capturing both real property for sale - completed and fixed assets. Overall, "Property Sales" segment reported an increase of ¥130.4 billion in revenue and ¥31.8 billion in business income.

Additionally, the contract progress rate for the 2,800 units scheduled to be recorded in the next fiscal year for new condominium developments in Japan was 88.4%.

< Breakdown of Revenue from Operations and Business Income >

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Residential property sales to individuals (domestic)			
Revenue from operations	413,574	314,400	99,174
Business income	96,431	49,788	46,643
Property sales to investors and residential property sales to individuals (overseas), etc.			
Revenue from operations	344,495	313,210	31,284
Business income	70,647	85,399	(14,752)
Total revenue from operations	758,069	627,611	130,458
Total business income	167,078	135,187	31,891

< Residential Property Sales to Individuals (Domestic) >

• Breakdown of Revenue from Operations

(Yen in millions, except for number of unit)	For the year ended March 31,				Increase/(Decrease)	
	2025		2024			
	Amount	Quantity	Amount	Quantity	Amount	Quantity
Condominiums	377,592	3,693 units	280,561	3,280 units	97,031	413 units
Metropolitan	346,925	3,182 units	253,923	2,665 units	93,002	517 units
Others	30,667	511 units	26,638	615 units	4,029	(104) units
Single-family homes	35,981	417 units	33,839	420 units	2,142	(3) units
Metropolitan	33,908	388 units	33,839	420 units	69	(32) units
Others	2,072	29 units	—	0 units	2,072	29 units
Total revenue from operations	413,574	4,110 units	314,400	3,700 units	99,174	410 units

• Status of Contracts

(Number of unit)		Condominiums	Single-family homes	Total
Contracts outstanding at beginning of year	(A)	4,425	59	4,484
Contracted during the year	(B)	3,112	401	3,513
Number of units delivered	(C)	3,693	417	4,110
Contracts outstanding at end of year	(A)+(B)−(C)	3,844	43	3,887
Completed inventory		32	22	54
Newly released during the year		3,072	402	3,474

(Note) The number of contracted units and newly released units includes units that are scheduled to be delivered in subsequent years.



• End-of-Year Trend of Completed Inventory

	As of March 31,							
(Number of unit)	2025	2024	2023	2022	2021	2020	2019	2018
Condominium	32	24	55	82	150	128	141	108
Single-family homes	22	22	0	7	17	58	30	40
Total	54	46	55	89	167	186	171	148

• Significant Properties for the Current Fiscal Year (Residential Property Sales to Individuals (Domestic))

Property name	Location	Type
PARK TOWER KACHIDOKI SOUTH	Chuo-ku, Tokyo	Condominium
Mita Garden Hills	Minato-ku, Tokyo	Condominium
PARK TOWER NISHISHINJUKU	Shinjuku-ku, Tokyo	Condominium
PARK TOWER KACHIDOKI MID	Chuo-ku, Tokyo	Condominium

• Significant Properties for the Current Fiscal Year (Property Sales to Investors and Residential Property Sales to Individuals (Overseas))

Property name	Location	Type
Yokohama Mitsui Building	Yokohama, Kanagawa	Office
Otemachi One Tower	Chiyoda-ku, Tokyo	Office
MFIP Tama	Tama, Tokyo	Data Center
Cortland	New York, U.S.A.	Condominiums
200 Amsterdam	New York, U.S.A.	Condominiums

③ Management

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Revenue from operations	486,291	462,857	23,434
Business income	71,642	66,289	5,352

Property Management experienced an increase in revenue due to improved operations in Repark (car park leasing) compared to previous year. In contrast, business income slightly decreased mainly due to the increase in system-related expenses. Brokerage and Asset Management, etc. experienced an increase in revenue and business income mainly due to the increase in unit prices in Rehouse (brokerage for individuals) and expansion of Assets Under Management (AUM). Overall, "Management" segment reported an increase of ¥23.4 billion in revenue and ¥5.3 billion in business income.

< Breakdown of Revenue from Operations and Business Income >

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Property management			
Revenue from operations (*1)	361,400	347,025	14,375
Business income	38,464	38,554	(89)
Brokerage & asset management, etc.			
Revenue from operations	124,891	115,831	9,059
Business income	33,177	27,735	5,442
Total revenue from operations	486,291	462,857	23,434
Total business income	71,642	66,289	5,352

\*1 Status of Repark (car park leasing) Management Units at the End of the Current Fiscal Year:

Repark Management Units: 247,740 units (At the End of Previous Fiscal Year: 247,046 units)

- Mitsui Fudosan Realty's Brokerage Business (included in Brokerage and Asset Management, etc.)

(Yen in millions, except for number of deal)	For the year ended March 31,				Increase/ (Decrease)	
	2025		2024		Transaction volume	Number of transactions
	Transaction volume	Number of transactions	Transaction volume	Number of transactions		
Brokerage	2,218,842	38,103 deals	1,934,599	38,680 deals	284,242	(577) deals

- Mitsui Fudosan Residential's Consignment Sales Business (included in Brokerage and Asset Management, etc.)

(Yen in millions, except for number of deal)	For the year ended March 31,				Increase/ (Decrease)	
	2025		2024		Transaction volume	Number of transactions
	Transaction volume	Number of transactions	Transaction volume	Number of transactions		
Consignment sales	116,045	1,056 deals	67,951	870 deals	48,094	186 deals

④ Facility Operations

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Revenue from operations	224,054	194,512	29,542
Business income	38,610	26,333	12,277

"Facility Operations" segment recorded an increase in revenue of ¥29.5 billion and an increase in business income of ¥12.2 billion, due to a significant rise in the ADR (average daily rate) of hotels and resorts, as well as an increase in the number of operating days and visitors at Tokyo Dome.

< Breakdown of Revenue from Operations >

(Yen in millions)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Hotel & resorts	162,105	140,577	21,528
Sports & entertainment	61,948	53,934	8,013
Total	224,054	194,512	29,542

• Hotel Occupancy Rate

	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Lodging-focused hotel	82%	83%	(1) pt

< Significant New and Operating Properties during the period >

• Properties Started in Operation during the Current Fiscal Year

Property name	Location	Status	Type
LaLa arena TOKYO-BAY	Funabashi, Chiba	Opened in May 2024	Arena
Mitsui Garden Hotel Kyoto Sanjo PREMIER	Kyoto, Kyoto	Opened in July 2024	Hotel
Mitsui Garden Hotel Ginza Tsukiji	Chuo-ku, Tokyo	Opened in September 2024	Hotel

• Properties Started in Operation during the Previous Fiscal Years (and still in operations at the end of current fiscal year)

Property name	Location	Status	Type
Bulgari Hotel Tokyo	Chuo-ku, Tokyo	Opened in April 2023	Hotel
Mitsui Garden Hotel Yokohama Minatomirai PREMIER	Yokohama, Kanagawa	Opened in May 2023	Hotel

⑤ Others

	For the year ended March 31,		Increase/ (Decrease)
(Yen in millions)	2025	2024	
Revenue from operations	284,616	283,306	1,310
Business income	6,569	4,151	2,417

< Breakdown of Revenue from Operations >

	For the year ended March 31,		Increase/ (Decrease)
(Yen in millions)	2025	2024	
New construction under consignment & renovations	244,370	245,948	(1,577)
Others	40,245	37,357	2,887
Total	284,616	283,306	1,310

• Amount of Orders Received

	For the year ended March 31,		Increase/ (Decrease)
(Yen in millions)	2025	2024	
New construction under consignment	138,680	131,792	6,888

## (2) Summary of Financial Position for the Current Fiscal Year

### ◆ Assets, Liabilities, and Net Assets at the End of the Current Fiscal Year

(Yen in millions, except for ratio)	For the year ended March 31,		Increase/ (Decrease)
	2025	2024	
Total assets	9,859,856	9,489,527	370,329
Total liabilities	6,589,133	6,254,870	334,263
Interest-bearing debt included	4,416,086	4,430,422	(14,336)
Net assets	3,270,723	3,234,656	36,066
Shareholders' equity included	3,146,837	3,110,088	36,748
D/E ratio	1.40	1.42	(0.02)

(Note) Interest-bearing debt: The total of short-term debt, non-recourse short-term debt, commercial paper, bonds payable due within one-year, non-recourse bonds payable due within one year, bonds payable, non-recourse bonds payable, long-term debt, and non-recourse long-term debt recorded on the consolidated balance sheets.

D/E ratio: Interest-bearing debt / shareholders' equity

Of the interest-bearing debt, non-recourse debt amounted to ¥462,741million at the end of the current fiscal year and ¥463,067 million at the end of the previous fiscal year.

### ◆ Overview of Significant Assets and Liabilities

#### 1. Real Property for Sale

The balance of real property for sale (including real property for sale - completed, real property for sale - in progress, real property for sale - land held for development, and advances paid for purchases) at the end of the current fiscal year was ¥2,500.7 billion, an increase of ¥125.4 billion compared to the end of the previous fiscal year. The net increase was derived from the following multiple factors: a decrease of ¥561.2 billion from cost recovery, an increase from new investments of ¥607.4 billion, as well as an increase from the impact of foreign exchange differences due to depreciation of the yen.

#### 2. Tangible and Intangible Fixed Assets

The balance of tangible and intangible fixed assets at the end of the current fiscal year was ¥4,707.4 billion, an increase of ¥301.8 billion compared to the end of the previous fiscal year. The net increase was derived from the following multiple factors: a decrease of ¥140.5 billion due to depreciation, an increase due to new investments of ¥362.7 billion in projects such as “LaLaport ANJO” by Mitsui Fudosan and “PARK WELLSTATE Nishiazabu” by Mitsui Fudosan Residential Co., Ltd., as well as the impact of foreign exchange differences due to the depreciation of the yen.

#### 3. Interest-Bearing Debt

The balance of interest-bearing debt at the end of the current fiscal year decreased by ¥14.3 billion compared to the end of the previous fiscal year, resulting in ¥4,416.0 billion. This increase was due to cash inflows of ¥599.2 billion from operating activities, cash outflows of ¥321.9 billion from investment activities such as new investments in tangible and intangible fixed assets, cash outflows of ¥129.6 billion from dividend payments and acquisition of treasury stock, and the impact of foreign exchange differences due to the depreciation of the yen.

### (3) Summary of Cash Flows for the Current Fiscal Year

#### ◆ Current Fiscal Year Cash Flows

The balance of cash and cash equivalents at the end of the current fiscal year decreased by ¥15.9 billion compared to the end of the previous fiscal year, resulting in ¥163.2 billion.

#### 1. Cash Flows from Operating Activities

In the current fiscal year, operating activities resulted in a cash increase of ¥599.2 billion. This was mainly due to the income before income taxes and non-controlling interests of ¥363.0 billion and depreciation expense of ¥140.5 billion. On the other hand, there was a decrease due to payments of income taxes of ¥100.2 billion.

#### 2. Cash Flows from Investing Activities

In the current fiscal year, investing activities resulted in a cash decrease of ¥321.9 billion. This was mainly due to payments for acquisition of tangible and intangible fixed assets of ¥271.4 billion and payments for acquisition of investment securities of ¥137.0 billion. On the other hand, there was an increase due to sale of investment securities of ¥103.5 billion, proceeds from acceptance of deposits and security deposits received of ¥49.3 billion, among others.

#### 3. Cash Flows from Financing Activities

In the current fiscal year, financing activities resulted in a cash decrease of ¥269.3 billion. This was mainly due to dividend payments and repayment of borrowings.

#### ◆ Trend of Cash Flow-Related Indicators

	For the year ended March 31,			
	2022	2023	2024	2025
Equity ratio	34.1%	32.8%	32.8%	31.9%
Fair value-based equity ratio	30.3%	26.2%	48.6%	37.4%
Cash flow to interest-bearing debt ratio	13.5 years	13.6 years	18.3 years	7.4 years
Interest coverage ratio	11.3	7.8	6.4	6.2

(Note) 1. The criteria for each indicator are as follows. All are calculated based on consolidated financial figures.

Equity ratio: Shareholders' equity / total assets

Fair value-based equity ratio: Market capitalization / total assets

Market capitalization: End-of-year closing share price × number of shares issued at year-end (after deducting treasury stocks)

Due to the application of the "Accounting Standard for Fair Value Measurement", the share price used for market capitalization has been changed from the "average share price during the month of the year-end" to the "end-of-year closing share price" starting from the year ended March 31, 2022.

Cash flow to interest-bearing debt ratio: Interest-bearing debt / operating cash flow

Interest coverage ratio: EBITDA / interest payments

EBITDA: Operating income + depreciation expense

Interest payments: Interest expense as reported on the consolidated statements of income

(4) Outlook for the Future

(Outlook for the Next Year)

◆ Outlook for Consolidated Financial Performance

(Yen in millions, except for percentage)	Projection for the year ending March 31, 2026	Actual results for the year ended March 31, 2025	Increase/(Decrease)	
			Amount	%
Revenue from operations	2,700,000	2,625,363	74,636	2.8
Operating income	380,000	372,732	7,267	1.9
Business income	425,000	398,688	26,311	6.6
Ordinary income	285,000	290,262	(5,262)	(1.8)
Net income attributable to shareholders of the Company	260,000	248,799	11,200	4.5

For the next year, revenue from operations are expected to reach ¥2.7 trillion, an increase of ¥74.6 billion compared to the current fiscal year, operating income is expected to be ¥380.0 billion, an increase of ¥7.2 billion, business income is expected to be ¥425.0 billion, an increase of ¥26.3 billion, and ordinary income is expected to be ¥285.0 billion, a decrease of ¥5.2 billion. Additionally, net income attributable to shareholders of the Company is expected to reach ¥260.0 billion, an increase of ¥11.2 billion.

◆ Outlook for Consolidated Financial Performance by Segment

(Yen in millions, except for percentage)	Outlook for the year ending March 31, 2026		Actual results for the year ended March 31, 2025		Increase/(Decrease)			
	Revenue from operations	Business income	Revenue from operations	Business income	Revenue from operations		Business income	
					Amount	%	Amount	%
Leasing	940,000	175,000	872,331	176,429	67,668	7.8	(1,429)	(0.8)
Property sales	710,000	190,000	758,069	167,078	(48,069)	(6.3)	22,921	13.7
Management	500,000	75,000	486,291	71,642	13,708	2.8	3,357	4.7
Facility operations	240,000	45,000	224,054	38,610	15,945	7.1	6,389	16.5
Others	310,000	5,000	284,616	6,569	25,383	8.9	(1,569)	(23.9)
Corporate Expenses and Eliminations	—	(65,000)	—	(61,641)	—	—	(3,358)	5.4
Total	2,700,000	425,000	2,625,363	398,688	74,636	2.8	26,311	6.6

"Leasing" segment anticipates the same income level due to the newly constructed properties and floor expansion of domestic retail facilities, such as LaLaport ANJO and MITSUI OUTLET PARK MARINEPIA KOBE, and increase in leasing revenue from TOKYO MIDTOWN YAESU, offset by the additional expenses from completion of leasing properties in the U.S.A.

"Property Sales" segment expects to achieve a significant increase in income mainly due to the residential property sales to individuals (domestic) of properties that are centrally located, high-priced and large-scaled. Also, a significant increase in overall segment income is expected from property sales to investors as a result of accelerating the asset turnover by capturing both real property for sale - completed and fixed assets.

"Management" segment anticipates an increase in revenue and business income mainly due to the increase in management fee as results of increase in number of residence management and expansion in facility sales.

In "Facility Operations" segment, revenue and business income are expected to increase mainly due to the expansion of revenue and business income resulting from robust demand at hotels and resorts.

◆ Outlook for the Financial Position for the Next Year

The full-year investment on property and equipment is expected to be ¥200.0 billion, depreciation expenses are projected to be ¥140.0 billion, and the year-end balance of interest-bearing debt is anticipated to be ¥4.6 trillion.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next year

The Company is committed to boosting shareholder value by reinvesting profits with a medium - to long-term outlook and strategically distributing earnings to shareholders after a thorough analysis of the business climate, performance, and financial health.

Regarding the redistribution of profits, we recognize the importance of a stable and continuous return policy based on sustainable growth. For the period from fiscal year 2024 to 2026, we have, and we will carry out stable dividend increases (progress dividend payout) and flexible/continuous acquisition of treasury stocks. We aim for an annual payout ratio of "50% or more" and an annual dividend payout ratio of "approximately 35%" based on the Group long-term vision "& INNOVATION 2030".

Considering the favorable performance of the current fiscal year and the above shareholder return policy, the annual dividend for the current fiscal year will be ¥ 31 per share, an increase of ¥ 1 from the annual dividend announced at the beginning of the period. The interim cash dividends have already been paid at ¥ 15 per share, and the year-end cash dividends will be ¥ 16 per share.

In the next year, we intend to distribute an annual dividend of ¥33 per share, with an interim dividend of ¥16.5 per share, after a thorough evaluation of future outlook and our shareholder return policy.

## 2. Basic Policy on the Selection of Accounting Standards

We currently apply Generally Accepted Accounting Principles in Japan (JGAAP), and we have not decided to adopt International Financial Reporting Standards (IFRS) in the future.



### 3. Consolidated Financial Statements and Accompanying Notes

#### (1) Consolidated Balance Sheets

(Yen in millions)	As of March 31,	
	2024	2025
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and deposits	184,192	164,106
Notes and accounts receivable - trade and contract assets	77,592	78,990
Marketable securities	91	60
Real property for sale - completed	1,404,141	1,474,044
Real property for sale - in progress	552,658	461,641
Real property for sale - land held for development	394,194	542,796
Expenditure on contracts in progress	8,937	11,894
Other inventories	8,184	7,723
Advances paid for purchases	24,285	22,274
Short-term loans receivable	13,760	9,396
Equity investments in properties for sale	5,524	5,516
Others	367,658	391,421
Allowance for doubtful accounts	(1,986)	(1,432)
Total current assets	3,039,235	3,168,436
NON-CURRENT ASSETS		
Tangible fixed assets		
Buildings and structures	2,842,660	3,076,819
Accumulated depreciation	(1,093,512)	(1,176,140)
Buildings and structures, net	1,749,147	1,900,679
Machinery, equipment, and vehicles	160,819	175,971
Accumulated depreciation	(83,052)	(95,571)
Machinery, equipment, and vehicles, net	77,766	80,400
Land	2,155,656	2,209,205
Construction in progress	138,603	148,932
Others	348,967	433,877
Accumulated depreciation	(169,641)	(188,728)
Other, net	179,325	245,148
Total tangible fixed assets	4,300,499	4,584,366
Intangible fixed assets		
Leasehold rights	56,532	63,555
Others	48,493	59,497
Total intangible fixed assets	105,026	123,052
Investments and other assets		
Investment securities	1,469,467	1,334,510
Long-term loans receivable	13,903	37,073
Deposits and security deposits paid	172,878	176,617
Net defined retirement benefit assets	85,445	81,361
Deferred tax assets	25,211	32,176
Deferred tax assets for land revaluation	609	349
Others	278,469	323,102
Allowance for doubtful accounts	(1,219)	(1,190)
Total investments and other assets	2,044,765	1,984,001
Total non-current assets	6,450,291	6,691,420
Total assets	9,489,527	9,859,856

(Yen in millions)	As of March 31,	
	2024	2025
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Notes and accounts payable - trade	131,202	197,043
Short-term debt	540,185	573,164
Non-recourse short-term debt	47,177	66,902
Commercial paper	27,000	108,000
Bonds payable due within one year	70,000	30,000
Non-recourse bonds payable due within one year	9,802	53,100
Accrued income taxes	63,542	75,694
Contract liabilities	196,675	210,864
Allowance for warranty repair on completed construction	846	884
Others	353,581	533,897
Total current liabilities	1,440,014	1,849,551
NON-CURRENT LIABILITIES		
Bonds payable	824,492	822,428
Non-recourse bonds payable	84,200	45,360
Long-term debt	2,505,677	2,419,751
Non-recourse long-term debt	321,887	297,379
Deposits and security deposits received	463,953	490,351
Deferred tax liabilities	308,501	248,571
Deferred tax liabilities for land revaluation	78,715	81,082
Defined retirement benefit obligations	39,106	34,996
Allowance for directors' retirement benefits	559	672
Others	187,761	298,988
Total non-current liabilities	4,814,856	4,739,581
Total liabilities	6,254,870	6,589,133
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	341,000	341,800
Capital surplus	311,428	313,835
Retained earnings	1,658,821	1,782,181
Treasury stock	(7,256)	(12,210)
Total shareholders' equity	2,303,994	2,425,606
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on securities	480,100	311,043
Deferred gains (losses) on hedging instruments	17,200	12,007
Reserve on land revaluation	167,068	165,439
Foreign currency translation adjustments	105,580	201,744
Cumulative adjustments for retirement benefit obligations	36,144	30,994
Total accumulated other comprehensive income	806,093	721,230
Subscription rights to shares	880	652
Non-controlling interests	123,688	123,234
Total net assets	3,234,656	3,270,723
Total liabilities and net assets	9,489,527	9,859,856

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income)

(Yen in millions)	Note	For the year ended March 31,	
		2024	2025
Revenue from operations		2,383,289	2,625,363
Cost of revenue from operations		1,790,164	1,990,236
Gross profit		593,124	635,126
Selling, general and administrative expenses		253,433	262,393
Operating income		339,690	372,732
Non-operating income			
Interest income		2,223	3,027
Dividend income		7,408	8,743
Equity in net income of affiliated companies		3,973	—
Foreign exchange gains		2,662	2,145
Others		5,275	3,373
Total non-operating income		21,542	17,290
Non-operating expenses			
Interest expenses		74,535	82,349
Equity in losses of affiliated companies		—	2,472
Others		18,807	14,939
Total non-operating expenses		93,342	99,761
Ordinary income		267,890	290,262
Extraordinary income			
Gain on sale of fixed assets		4,433	29,186
Gain on sale of investment securities		54,120	54,505
Pension fund subrogation return gain		7,620	—
Total extraordinary income		66,174	83,692
Extraordinary losses			
Impairment loss on fixed assets	*1	—	10,894
Total extraordinary losses		—	10,894
Income before income taxes and non-controlling interests		334,065	363,060
Income taxes – current		112,599	111,567
Income taxes – deferred		(6,221)	5,426
Total income taxes		106,377	116,994
Net income		227,687	246,066
Net income (loss) attributable to non-controlling shareholders		3,040	(2,733)
Net income attributable to shareholders of the Company		224,647	248,799

(Consolidated Statements of Comprehensive Income)

(Yen in millions)	For the year ended March 31,	
	2024	2025
Net income	227,687	246,066
Other comprehensive income		
Net unrealized holding gains (losses) on securities	52,934	(169,409)
Deferred gains (losses) on hedging instruments	732	(5,706)
Reserve on land revaluation	—	(2,321)
Foreign currency translation adjustments	13,340	52,884
Adjustments for retirement benefit obligations	9,545	(4,932)
Equity in other comprehensive income of affiliated companies	25,493	44,176
Total other comprehensive income	102,046	(85,309)
Comprehensive income	329,733	160,756
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	326,222	163,244
Comprehensive income attributable to non-controlling shareholders	3,511	(2,487)

(3) Consolidated Statements of Changes in Equity  
Previous Fiscal year (From April 1, 2023 to March 31, 2024)

(Yen in millions)	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	340,552	366,604	1,499,572	(38,354)	2,168,374
Cumulative effect of changes in accounting policies			27		27
Balance at beginning of year reflecting changes in accounting policies	340,552	366,604	1,499,599	(38,354)	2,168,401
Changes for the year					
Restricted stock compensation	447	447			895
Dividends from retained earnings			(62,563)		(62,563)
Net income attributable to shareholders of the Company			224,647		224,647
Reversal of reserve on land revaluation, net of tax			27,832		27,832
Acquisition of treasury stock				(22)	(22)
Disposal of treasury stock		(209)		635	426
Retirement of treasury stock		(30,484)		30,484	—
Changes in the Company's equity due to transactions with non-controlling shareholders		—			—
Capital transactions with non-controlling shareholders		(55,623)			(55,623)
Changes in the scope of equity method					—
Transfer of retained earnings to capital surplus		30,694	(30,694)		—
Changes in items other than shareholders' equity for the year, net					—
Total changes for the year	447	(55,175)	159,222	31,098	135,592
Balance at end of year	341,000	311,428	1,658,821	(7,256)	2,303,994

(Yen in millions)	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Cumulative adjustments for retirement benefit obligations	Total accumulated other comprehensive income			
Balance at beginning of year	426,950	16,072	194,900	67,710	26,717	732,351	1,291	129,202	3,031,220
Cumulative effect of changes in accounting policies									27
Balance at beginning of year reflecting changes in accounting policies	426,950	16,072	194,900	67,710	26,717	732,351	1,291	129,202	3,031,247
Changes for the year									
Restricted stock compensation									895
Dividends from retained earnings									(62,563)
Net income attributable to shareholders of the Company									224,647
Reversal of reserve on land revaluation, net of tax									27,832
Acquisition of treasury stock									(22)
Disposal of treasury stock									426
Retirement of treasury stock									—
Changes in the Company's equity due to transactions with non-controlling shareholders									—
Capital transactions with non-controlling shareholders									(55,623)
Changes in the scope of equity method									—
Transfer of retained earnings to capital surplus									—
Changes in items other than shareholders' equity for the year, net	53,150	1,127	(27,832)	37,870	9,426	73,741	(411)	(5,514)	67,816
Total changes for the year	53,150	1,127	(27,832)	37,870	9,426	73,741	(411)	(5,514)	203,408
Balance at end of year	480,100	17,200	167,068	105,580	36,144	806,093	880	123,688	3,234,656

Current Fiscal year (From April 1, 2024 to March 31, 2025)

(Yen in millions)	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	341,000	311,428	1,658,821	(7,256)	2,303,994
Cumulative effect of changes in accounting policies					—
Balance at beginning of year reflecting changes in accounting policies	341,000	311,428	1,658,821	(7,256)	2,303,994
Changes for the year					
Restricted stock compensation	800	800			1,600
Dividends from retained earnings			(87,563)		(87,563)
Net income attributable to shareholders of the Company			248,799		248,799
Reversal of reserve on land revaluation, net of tax			(692)		(692)
Acquisition of treasury stock				(42,094)	(42,094)
Disposal of treasury stock		(192)		420	228
Retirement of treasury stock		(36,719)		36,719	—
Changes in the Company's equity due to transactions with non-controlling shareholders		1,606			1,606
Capital transactions with non-controlling shareholders					—
Changes in the scope of equity method			(273)		(273)
Transfer of retained earnings to capital surplus		36,911	(36,911)		—
Changes in items other than shareholders' equity for the year, net					
Total changes for the year	800	2,406	123,359	(4,954)	121,612
Balance at end of year	341,800	313,835	1,782,181	(12,210)	2,425,606

(Yen in millions)	Accumulated other comprehensive income						Subscription rights to shares	Non-Controlling Interests	Total net assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Cumulative adjustments for retirement benefit obligations	Total accumulated other comprehensive income			
Balance at beginning of year	480,100	17,200	167,068	105,580	36,144	806,093	880	123,688	3,234,656
Cumulative effect of changes in accounting policies									—
Balance at beginning of year reflecting changes in accounting policies	480,100	17,200	167,068	105,580	36,144	806,093	880	123,688	3,234,656
Changes for the year									
Restricted stock compensation									1,600
Dividends from retained earnings									(87,563)
Net income attributable to shareholders of the Company									248,799
Reversal of reserve on land revaluation, net of tax									(692)
Acquisition of treasury stock									(42,094)
Disposal of treasury stock									228
Retirement of treasury stock									—
Changes in the Company's equity due to transactions with non-controlling shareholders									1,606
Capital transactions with non-controlling shareholders									—
Changes in the scope of equity method									(273)
Transfer of retained earnings to capital surplus									—
Changes in items other than shareholders' equity for the year, net	(169,056)	(5,192)	(1,628)	96,164	(5,149)	(84,863)	(228)	(453)	(85,545)
Total changes for the year	(169,056)	(5,192)	(1,628)	96,164	(5,149)	(84,863)	(228)	(453)	36,066
Balance at end of year	311,043	12,007	165,439	201,744	30,994	721,230	652	123,234	3,270,723



## (4) Consolidated Statements of Cash Flows

(Yen in millions)	For the year ended March 31,	
	2024	2025
Cash flows from operating activities		
Income before income taxes and non-controlling interest	334,065	363,060
Depreciation expenses	133,726	140,516
Impairment loss on fixed assets	—	10,894
Interest and dividend income	(9,631)	(11,770)
Interest expenses	74,535	82,349
Equity in net (income) loss of affiliated companies	(3,973)	2,472
(Gain) loss on sale of investment securities	(54,120)	(54,505)
Gain on sale of fixed assets	(4,433)	(29,186)
(Increase) decrease in notes and accounts receivable - trade and contract assets	(5,770)	1,072
Increase (decrease) in notes and accounts payable - trade	6,302	9,410
(Increase) decrease in real property for sale	(193,644)	40,302
Others	113,847	204,094
Subtotal	390,903	758,708
Interests and dividends received	15,230	19,625
Interests paid	(74,328)	(78,873)
(Payments) refunds of income taxes	(90,108)	(100,208)
Net cash provided by (used in) operating activities	241,697	599,252
Cash flows from investing activities		
Payments for acquisition of tangible fixed assets and intangible fixed assets	(220,832)	(271,480)
Proceeds from sale of tangible fixed assets and intangible fixed assets	39,544	43,965
Payments for acquisition of investment securities	(131,835)	(137,092)
Proceeds from sale of investment securities	77,370	103,574
Payments for deposits and security deposits paid	(13,093)	(11,269)
Proceeds from recovery of deposits and security deposits paid	11,823	8,678
Payments for refund of deposits and security deposits received	(39,865)	(24,836)
Proceeds from acceptance of deposits and security deposits received	46,528	49,377
Payments for execution of loans receivable	(11,352)	(72,641)
Proceeds from collection of loans	13,716	42,609
Payments for deposits to time deposits	(4,341)	(1,729)
Proceeds from withdrawal from time deposits	1,627	5,967
Payments for acquisition of subsidiary shares involving changes in scope of consolidation	(37,617)	(8,082)
Proceeds from acquisition of subsidiary shares involving changes in scope of consolidation	—	41
Proceeds from sale of subsidiary shares involving changes in scope of consolidation	—	180
Others	(18,658)	(49,232)
Net cash provided by (used in) investing activities	(286,987)	(321,970)

(Yen in millions)	For the year ended March 31,	
	2024	2025
Cash flows from financing activities		
Proceeds from short-term debt	2,535,117	4,396,385
Repayment of short-term debt	(2,486,419)	(4,364,429)
Proceeds from long-term debt	617,176	427,268
Repayment of long-term debt	(576,420)	(545,025)
Proceeds from issuance of bonds	243,360	45,060
Payments for redemption of bonds	(104,850)	(80,602)
Payments of dividends	(62,551)	(87,534)
Proceeds from contributions from non-controlling shareholders	2,870	3,780
Payments of dividends to non-controlling shareholders	(14,109)	(8,447)
Payments for refunds to non-controlling shareholders	(2,555)	(1,865)
Payments for capital transactions with non-controlling shareholders	(81,440)	—
Repayment of finance lease obligations	(10,467)	(11,862)
(Payments for acquisition of) proceeds from sales of treasury stocks	(21)	(42,093)
Others	300	—
Net cash provided by (used in) financing activities	59,988	(269,367)
Effects of exchange rate changes on cash and cash equivalents	32,240	(24,312)
Net increase (decrease) in cash and cash equivalents	46,938	(16,397)
Cash and cash equivalents at beginning of year	132,310	179,249
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	—	421
Cash and cash equivalents at end of year	179,249	163,272

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Current Income Taxes, etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022, here by referred as “Revised Accounting Standards 2022” ) etc. have been adopted from the beginning of the current fiscal year.

Regarding the revision related to the classification of income taxes (taxation on other comprehensive income), the Company has adopted the transitional provisions set forth in Paragraph 20-3 of the Revised Accounting Standards 2022 and Paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, here by referred as "Revised Guidance 2022"). The change has no impact on the consolidated financial statements.

In addition, regarding the revision related to the treatment in the financial statements when gain/loss on sales of subsidiary shares with the consolidated group companies is deferred under tax, the Revised Guidance 2022 has been adopted from the beginning of the current fiscal year. The changes in accounting policies have been retrospectively applied and consolidated financial statements for the previous fiscal year have been presented after the retrospective application. The change has no impact on the consolidated financial statements for the previous fiscal year.

(Consolidated Balance Sheets)

(Contingent liabilities)

Mitsui Fudosan Residential Co., Ltd. (hereinafter referred to as "Residential Company"), a consolidated subsidiary of the Company, presumed some defects in the piles forming the foundation of a condominium located in Yokohama City (hereinafter referred to as "the Condominium"). On April 11, 2016, the Residential Company was informed by Sumitomo Mitsui Construction Co., Ltd., the construction company, that the current condition survey revealed some of the piles failed to reach the supporting layer. Furthermore, on August 26, 2016, the Residential Company received a notice from Yokohama City stating that the Condominium was in violation of the Building Standards Act and that the Residential Company was required to discuss corrective measures for the violation with the unit owners of the Condominium and to take necessary actions to resolve the issue.

On May 8, 2016, the Residential Company entered into an agreement with the management association of the Condominium regarding several corrective plans, including the reconstruction of the Condominium due to the pile defects, and the policy on compensation, as well as an agreement that the Residential Company would bear the costs related to the incident (hereinafter referred to as "the Agreement"). Additionally, on September 19, 2016, the management association of the Condominium made a resolution based on the Act on Building Unit Ownership, as a corrective method, and decided to reconstruct the entire building, which was completed on February 25, 2021.

The Residential Company has received a report from Sumitomo Mitsui Construction Co., Ltd., the construction company, stating that the construction records were manipulated for the data of pile installation, and it has been confirmed that some of the piles did not reach the supporting layer and that the Condominium was in violation of the Building Standards Act. Therefore, the Residential Company has been seeking compensation from Sumitomo Mitsui Construction Co., Ltd., Hitachi High-Technologies Corporation (currently Hitachi High-Tech Corporation), and ASAHI KASEI CONSTRUCTION MATERIALS CORPORATION, the companies responsible for the pile installation, based on tort liability, warranty against defects, for all costs incurred, including the reconstruction costs of the Condominium and temporary housing expenses during the construction period. Following this compensation policy, on November 28, 2017, the Residential Company filed a lawsuit against the three companies for damages. The amount claimed at the end of the year is approximately ¥50.5 billion. The amount that the Residential Company has provisionally paid by the end of the year for the costs is recorded as current assets in our consolidated balance sheets.

In the future, depending on the progress of this incident, there is a possibility that it may affect the consolidated results of operations of our group. At present, however, it is difficult to reasonably estimate the amount of the impact.

(Consolidated Statements of Income)

\*1 The company has recognized impairment losses on the following asset groups.

Previous Fiscal year (From April 1, 2023 to March 31, 2024)

Not applicable.

Current Fiscal year (From April 1, 2024 to March 31, 2025)

Purpose of use	Classification	Location
Leasing facilities, others	Building, land, etc.	Chuo-ku Tokyo, others

The Company groups its assets based on the smallest cash generating unit that is largely independent of the cash flows of other assets or asset groups. The head quarter office building, etc. are categorized as common assets.

Impairment losses for an amount of ¥10,894 million were recognized as extraordinary losses by reducing the carrying amount to the recoverable amount for the asset group which expected to decrease profitability due to market conditions. The impairment losses consist of ¥385 million for land, ¥7,475 million for buildings and structures, ¥1,459 million for software, and ¥1,573 million for others.

The recoverable amount of the asset group is mainly measured by value in use. The value in use is set as zero if the value in use based on the future cash flow is negative.

(Leasing Properties)

The Company and some of its consolidated subsidiaries own properties such as office buildings and retail facilities for rent in Tokyo and other regions. Leasing revenue and expenses related to such leasing properties for the fiscal year ended March 31, 2024 amounted to ¥157,338 million (leasing revenue is recorded in revenue from operations, and leasing expenses are recorded in cost of revenue from operations), and the gain on sale of fixed assets was ¥3,516 million (gain on sale of fixed assets is recorded in extraordinary income). For the year ended March 31, 2025, the leasing revenue and expenses related to such leasing properties amounted to ¥169,456 million (leasing revenue is recorded in revenue from operations, and leasing expenses are recorded in cost of revenue from operations), and the gain on sale of fixed assets was ¥25,882 million (gain on sale of fixed assets is recorded in extraordinary income).

Furthermore, the carrying amount on the consolidated balance sheets, the increase or decrease during the year, and the fair value at the end of the year for such leasing properties are as follows.

Previous Fiscal year (From April 1, 2023 to March 31, 2024)

(Yen in millions)	Carrying amount on the consolidated balance sheets			Fair value at the end of the year
	Beginning of the year	Increase/(Decrease) during the year	End of the year	
Leasing properties	3,433,199	159,536	3,592,735	6,961,694

(Note)

1. The carrying amount on the consolidated balance sheets is the amount of acquisition cost, net of accumulated depreciation and accumulated impairment losses.
2. The increase or decrease during the year mainly comprises of an increase due to the acquisition of real estate in the amount of ¥143,062 million and a decrease due to the sale of real estate in the amount of ¥27,722 million.
3. The fair value at the end of the year is generally calculated by the company's appraisal department based on the "Real Estate Appraisal Standards".

Current Fiscal year (From April 1, 2024 to March 31, 2025)

(Yen in millions)	Carrying amount on the consolidated balance sheets			Fair value at the end of the year
	Beginning of the year	Increase/(Decrease) during the year	End of the year	
Leasing properties	3,592,735	214,520	3,807,255	7,492,787

(Note)

1. The carrying amount on the consolidated balance sheets is the amount of acquisition cost, net of accumulated depreciation and accumulated impairment losses.
2. The increase or decrease during the year mainly comprises an increase due to the acquisition of real estate in the amount of ¥216,413 million and a decrease due to the sale of real estate in the amount of ¥12,583 million.
3. The fair value at the end of the year is generally calculated by the company's appraisal department based on the "Real Estate Appraisal Standards".

(Segment Information)

**【Segment Information】**

**1. Overview of Reportable Segments**

The Company's reportable segments are components of the Company for which separate financial information is available and which are regularly reviewed by the chief operating decision maker to make decisions about resource allocation and performance assessment.

The Company has departments for each product at the head office, and together with the subsidiaries managed by each department, it conducts business activities mainly focused on "Leasing Business", "Property Sales Business", "Management Business", and "Facility Operations Business".

Therefore, the Company is composed of product-based departments and a matrix of service-based segments, and it reports five segments: "Leasing", "Property Sales", "Management", "Facility Operations", and "Others" which are aggregated by the services provided in the matrix.

The "Leasing Business" involves leasing office buildings and retail facilities. The "Property Sales Business" involves the development and sale of condominiums and single-family homes for individual customers, as well as the development and sale of leasing housing and office buildings for investors. The "Management Business" conducts non-asset businesses such as property management and brokerage and asset management, etc. The "Facility Operations Business" operates hotel and resort businesses and sports & entertainment businesses. "Others" mainly includes new construction under consignment.

**2. Method of Calculation of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment**

The accounting practices for the reported business segments are consistent with the accounting policy adopted for the preparation of Consolidated Financial Statements. Inter-segment sales or transfers are based on market prices.

"Business Income" was newly established in the group long-term vision as the profit indicator considering both real property for sale - completed and fixed assets to comprehensively capture the asset turnover and growth in oversea equity businesses. As current fiscal year being the first year of the group long-term vision, segment income was changed from operating income to business income.

Revenue from operations, income or loss, assets, liabilities and other items of each reportable segment for the previous fiscal year has been prepared and disclosed based on the calculation method after the change.

3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment

Previous Fiscal year (From April 1, 2023 to March 31, 2024)

(Yen in millions)	Leasing	Property sales	Management	Facility operations	Others	Adjustments (note)1, 2	Amount on consolidated financial statements (note)3
Revenue from operations							
Sales to external customers	815,002	627,611	462,857	194,512	283,306	—	2,383,289
Inter-segment sales or transfers	24,261	120	85,068	462	17,183	(127,096)	—
Total	839,263	627,732	547,925	194,974	300,489	(127,096)	2,383,289
Operating income or (loss)	167,805	131,969	66,289	26,333	2,185	(54,892)	339,690
Equity in net income (loss) of affiliated companies (note)4	1,291	(1,029)	—	—	1,965	—	2,228
Gain or (loss) on sale of fixed assets	—	4,246	—	—	—	—	4,246
Segment income (business income) or loss	169,097	135,187	66,289	26,333	4,151	(54,892)	346,166
Segment assets	4,676,745	3,061,755	669,789	494,851	322,811	263,573	9,489,527
Other items							
Depreciation expenses	88,357	576	10,746	20,522	7,946	5,577	133,726
Impairment loss on fixed assets	—	—	—	—	—	—	—
Investment in equity method affiliated companies	55,636	417,736	—	—	101,195	—	574,567
Increase in tangible fixed assets and intangible fixed assets	190,724	1,356	15,257	22,188	10,499	6,583	246,609

(Note) 1. Adjustments for segment income (business income) or loss of (¥54,892) million include inter-segment transaction eliminations of (¥396) million and unallocated corporate expenses of (¥54,495) million. The corporate expenses mainly consist of general and administrative expenses of the Company that are not attributable to any reportable segment.

2. Adjustments for segment assets of ¥263,573 million include inter-segment transaction eliminations of (¥1,499,542) million, and unallocated corporate assets of ¥1,763,115 million.

3. Segment income (business income) or loss is the operating income presented in the consolidated statements of income, adjusted with the equity in earnings/losses of affiliates (including gain/loss on sales of shares of affiliates for the purpose of real estate sales) and the gain/loss on sales of fixed assets.

4. Property sales segment includes gains/losses on sale of investments in equity securities of affiliated companies of (¥1,745) million.

Current Fiscal year (From April 1, 2024 to March 31, 2025)

	Leasing	Property sales	Management	Facility operations	Others	Adjustments (note)1, 2	Amount on consolidated financial statements (note)3
(Yen in millions)							
Revenue from operations							
Sales to external customers	872,331	758,069	486,291	224,054	284,616	—	2,625,363
Inter-segment sales or transfers	24,374	400	91,020	525	21,010	(137,330)	—
Total	896,705	758,469	577,311	224,579	305,626	(137,330)	2,625,363
Operating income or (loss)	176,479	142,886	71,642	38,610	4,755	(61,641)	372,732
Equity in net income (loss) of affiliated companies (note)4	(50)	(4,577)	—	—	1,813	—	(2,813)
Gain or (loss) on sale of fixed assets (note)5	—	28,769	—	—	—	—	28,769
Segment income (business income) or loss	176,429	167,078	71,642	38,610	6,569	(61,641)	398,688
Segment assets	5, 253,238	3,334,700	469,180	523,352	346,131	(66,747)	9,859,856
Other items							
Depreciation expenses	94,979	627	10,533	21,780	7,758	4,836	140,516
Impairment loss on fixed assets	5,222	243	1,748	2,379	1,300	—	10,894
Investment in equity method affiliated companies	58,440	530,668	—	—	101,678	—	690,787
Increase in tangible fixed assets and intangible fixed assets	282,833	2,706	14,503	37,392	18,396	6,928	362,760

(Note) 1. Adjustments for segment income (business income) or loss of (¥61,641) million include inter-segment transaction eliminations of (¥1,285) million and unallocated corporate expenses of (¥60,356) million. The corporate expenses mainly consist of general and administrative expenses of the Company that are not attributable to any reportable segment.

2. Adjustments for segment assets of (¥66,747) million include inter-segment transaction eliminations of (¥1,506,081) million, and unallocated corporate assets of ¥1,439,333 million.

3. Segment income (business income) or loss is the operating income presented in the consolidated statements of income, adjusted with the equity in earnings/losses of affiliates (including gain/loss on sales of shares of affiliates for the purpose of real estate sales) and the gain/loss on sales of fixed assets.

4. Property sales segment includes gains/losses on sale of investments in equity securities affiliated companies of (¥341) million.

5. The Gain or (loss) on sale of fixed assets include the impairment loss resulted from decisions made based on the property disposal policy.



【Segment Related Information】

Previous Fiscal year (From April 1, 2023 to March 31, 2024)

1. Information by Product and Service

Information by product and service is omitted because similar information is provided in "Segment Information" under "3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment."

2. Information by Geographic Area

(1) Revenue from Operations

(Yen in millions)

<b>Japan</b>	<b>Others</b>	<b>Total</b>
2,050,637	332,651	2,383,289

(2) Tangible Fixed Assets

(Yen in millions)

<b>Japan</b>	<b>U.S.A.</b>	<b>Others</b>	<b>Total</b>
3,232,341	764,286	303,871	4,300,499

### 3. Information by Major Customer

Information by major customer is omitted because revenue from operations to any specific external customer does not account for 10% or more of the revenue from operations on the consolidated statements of income.

Current Fiscal year (From April 1, 2024 to March 31, 2025)

#### 1. Information by Product and Service

Information by product and service is omitted because similar information is provided in "Segment Information" under "3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment."

#### 2. Information by Geographic Area

##### (1) Revenue from Operations

(Yen in millions)

<b>Japan</b>	<b>Others</b>	<b>Total</b>
2,306,427	318,935	2,625,363

(Change in Presentation)

The U.S.A category presented in the previous fiscal year is included in "Others" because the amount is immaterial. As a result, the ¥287,945 million and ¥44,706 million presented as "U.S.A" and "Others" respectively are classified as "Others" for an amount of ¥332,651 million.

##### (2) Tangible Fixed Assets

(Yen in millions)

<b>Japan</b>	<b>U.S.A.</b>	<b>Others</b>	<b>Total</b>
3,338,028	850,740	395,597	4,584,366

### 3. Information by Major Customer

Information by major customer is omitted because revenue from operations to any specific external customer do not account for 10% or more of the revenue from operations on the consolidated statements of income.

**【Information on Impairment Losses of Fixed Assets by Reportable Segment】**

Previous Fiscal year (From April 1, 2023 to March 31, 2024)

Information on impairment losses of fixed assets by reportable segment is omitted because it is included in "Other Items" under "3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment" in the "Segment Information."

Current Fiscal year (From April 1, 2024 to March 31, 2025)

Information on impairment losses of fixed assets by reportable segment is omitted because it is included in "Other Items" under "3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment" in the "Segment Information."

**【Information on Amortization and Unamortized Balances of Goodwill by Reportable Segment】**

Previous Fiscal year (From April 1, 2023 to March 31, 2024)

Information on the amortization and unamortized balances of goodwill by reportable segment is omitted due to immateriality.

Current Fiscal year (From April 1, 2024 to March 31, 2025)

Information on the amortization and unamortized balances of goodwill by reportable segment is omitted due to immateriality.

**【Information on Gains on Negative Goodwill by Reportable Segment】**

Previous Fiscal year (From April 1, 2023 to March 31, 2024)

Information on gains on negative goodwill by reportable segment is omitted due to immateriality.

Current Fiscal year (From April 1, 2024 to March 31, 2025)

Information on gains on negative goodwill by reportable segment is omitted due to immateriality.

## (Per Share Information)

(Yen)	As of and for the year ended March 31,	
	2024	2025
Net assets per share	1,109.89	1,135.07
Basic earnings per share	80.19	89.26
Diluted earnings per share	80.14	89.22

- (Note) 1. The Company conducted a 3-for-1 stock split of its common shares on April 1, 2024. The “Net assets per share”, “Basic earnings per share” and “Diluted earnings per share” are calculated based on the assumption that the stock split was commenced at the beginning of the previous fiscal year.
2. The basis for calculating net assets per share, net income per share, and diluted earnings per share is as follows.

(Yen in millions, except for share in thousands)	As of and for the year ended March 31,	
	2024	2025
Net assets per share		
Total net assets	3,234,656	3,270,723
Amount to be deducted from total of net assets	124,568	123,886
(Subscription rights to shares)	(880)	(652)
(Non-controlling interests)	(123,688)	(123,234)
Net assets related to common shares	3,110,088	3,146,837
Number of common shares used for calculating net assets per share	2,802,152 shares	2,772,371 shares
Basic earnings per share		
Net income attributable to shareholders of the Company	224,647	248,799
Amount not attributable to common shareholders	—	—
Net income attributable to shareholders of the Company related to common shares	224,647	248,799
Average number of common shares during the year	2,801,512 shares	2,787,231 shares
Diluted earnings per share		
Adjustment to net income attributable to shareholders of the Company	—	—
Increase in number of common shares	1,656 shares	1,234 shares
(Subscription rights to shares)	(1,656) shares	(1,234) shares
Summary of dilutive shares not included in the calculation of diluted earnings per share because they do not have dilution effect	—	—

## (Subsequent Events)

Not applicable.