

mitsui fudosan
INTEGRATED REPORT 2021
FINANCIAL SECTION

Year ended March 31, 2021

MITSUI FUDOSAN
INTEGRATED REPORT 2021
FINANCIAL SECTION
Year ended March 31, 2021

Contents

Consolidated Financial Statements	02
Notes to Consolidated Financial Statements	09
Independent Auditor's Report	43
Appendix	53
1. History	53
2. Mitsui Fudosan's Businesses	54
3. Current Subsidiaries and Affiliates	56
4. Major Properties	61
5. Strategic Shareholdings	66

Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
As of March 31, 2021, 2020 and 2019

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2021	2020	2019	2021
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 4)	¥ 187,724	¥ 179,472	¥ 157,682	\$ 1,695,637
Marketable securities (Note 4, 5)	88	219	949	795
Notes and accounts receivable - trade (Note 4)	41,368	38,908	45,276	373,661
Short-term loans receivable	17,187	18,543	18,297	155,243
Allowance for doubtful accounts	(574)	(300)	(409)	(5,185)
Inventories (Note 8, 13)	1,938,599	1,901,756	1,635,127	17,510,604
Advances paid for purchases (Note 9)	15,845	28,542	26,260	143,122
Equity investments in properties for sale (Note 4, 5)	10,013	6,683	6,701	90,444
Other current assets	245,747	219,744	227,356	2,219,736
Total current assets	2,455,997	2,393,567	2,117,239	22,184,057
PROPERTY and EQUIPMENT, at cost:				
Land (Note 7, 13)	2,099,946	2,216,701	2,146,037	18,967,989
Buildings and structures (Note 7, 13, 23)	2,166,327	1,965,267	1,796,828	19,567,582
Machinery and equipment (Note 23)	303,244	255,479	218,137	2,739,084
Construction in progress	249,386	177,433	162,122	2,252,606
	4,818,903	4,614,880	4,323,124	43,527,261
Accumulated depreciation	(1,060,784)	(896,277)	(846,732)	(9,581,646)
Net property and equipment (Note 24)	3,758,119	3,718,603	3,476,392	33,945,615
INVESTMENTS and OTHER ASSETS				
Investments in unconsolidated subsidiaries and affiliated companies	273,233	252,736	215,175	2,468,007
Investment securities (Note 4, 5)	775,852	635,320	657,511	7,007,967
Non-current loans and accounts receivable	203,078	161,304	117,167	1,834,324
Allowance for doubtful accounts	(1,199)	(1,065)	(1,139)	(10,830)
Lease deposits (Note 4, 10)	160,944	145,414	140,571	1,453,744
Net defined benefit asset (Note 12)	50,677	28,994	31,295	457,745
Deferred income taxes (Note 11)	26,587	25,944	24,428	240,150
Deferred tax assets on land revaluation	3	3	3	27
Other	38,682	34,539	24,090	349,399
Total investments and other assets	1,527,857	1,283,189	1,209,101	13,800,533
Total assets	¥7,741,973	¥7,395,359	¥6,802,732	\$69,930,205

See accompanying notes.

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2021	2020	2019	2021
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Bank loans (Note 4, 13)	¥ 39,213	¥ 46,309	¥ 55,326	\$ 354,196
Commercial paper (Note 4, 13)	99,500	173,000	114,000	898,744
Long-term debt due within one year (Note 4, 13)	324,326	220,633	283,792	2,929,510
Notes and accounts payable - trade (Note 4)	97,970	147,075	126,868	884,925
Accrued expenses	53,683	43,883	52,012	484,897
Accrued income taxes	50,340	36,906	27,625	454,701
Advances and deposits received	231,528	258,207	264,626	2,091,302
Other current liabilities (Note 13, 14)	104,607	113,749	185,110	944,874
Total current liabilities	1,001,167	1,039,762	1,109,359	9,043,149
LONG-TERM LIABILITIES				
Net defined benefit liability (Note 12)	48,067	46,196	43,504	434,170
Allowance for directors' and corporate auditors' retirement benefits	846	801	712	7,642
Long-term debt due after one year (Note 4, 13)	3,160,400	3,041,175	2,453,493	28,546,653
Deposits from tenants (Note 4, 13, 15)	435,930	436,595	424,335	3,937,585
Deferred income taxes (Note 11)	269,234	147,786	154,941	2,431,885
Deferred tax liabilities on land revaluation	94,836	151,544	151,546	856,616
Other long-term liabilities (Note 14)	75,501	44,975	44,037	681,971
Total long-term liabilities	4,084,814	3,869,072	3,272,568	36,896,522
CONTINGENT LIABILITIES (Note 26)				
NET ASSETS (Notes 16, 17)				
Shareholders' equity				
Common stock	339,897	339,767	339,767	3,070,156
Authorized - 3,290,000,000 shares				
Issued - 965,281,777 shares in 2021, 979,250,227 shares in 2020 and 991,424,727 shares in 2019				
Capital surplus	372,294	372,163	403,269	3,362,786
Retained earnings	1,259,716	1,070,240	962,154	11,378,520
Treasury stock - 3,128,170 shares in 2021, 8,148,291 shares in 2020 and 9,187,225 shares in 2019	(5,920)	(14,365)	(21,088)	(53,473)
Total shareholders' equity	1,965,987	1,767,805	1,684,102	17,757,989
Accumulated other comprehensive income (loss)				
Net unrealized holding gains on securities	394,874	319,993	334,612	3,566,742
Deferred losses on hedging instruments	5,165	(222)	72	46,654
Reserve on land revaluation	202,687	330,305	330,538	1,830,792
Foreign currency translation adjustments	(34,525)	(14,794)	(16,334)	(311,851)
Accumulated adjustments for retirement benefit	21,698	5,593	9,523	195,990
Total accumulated other comprehensive income	589,899	640,875	658,411	5,328,327
Subscription rights to shares (Note 18)	1,423	1,454	1,285	12,853
Non-controlling interests	98,683	76,391	77,007	891,365
Total net assets	2,655,992	2,486,525	2,420,805	23,990,534
	¥7,741,973	¥7,395,359	¥6,802,732	\$69,930,205

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries

For the years ended March 31, 2021, 2020 and 2019

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2021	2020	2019	2021
Revenue from operations (Note 24)	¥2,007,555	¥1,905,643	¥1,861,195	\$18,133,457
Cost of revenue from operations	(1,609,639)	(1,435,903)	(1,423,443)	(14,539,238)
Selling, general and administrative expenses	(194,145)	(189,122)	(175,604)	(1,753,635)
Operating income (Note 24)	203,771	280,618	262,148	1,840,584
Interest, dividends and miscellaneous income (Note 20)	88,761	27,422	15,112	801,743
Interest expense	(27,779)	(29,383)	(28,284)	(250,917)
Other expenses (Note 19, 21)	(66,774)	(23,155)	(21,829)	(603,143)
Equity in net income of affiliated companies	(6,158)	5,715	14,896	(55,623)
Income before income taxes	191,821	261,217	242,043	1,732,644
Income taxes (Note 11)				
Current	89,147	77,321	69,518	805,230
Deferred	(27,054)	(799)	2,388	(244,368)
Total	62,093	76,522	71,906	560,862
Net income	129,728	184,695	170,137	1,171,782
Net income attributable to non-controlling interests	(152)	(722)	(1,476)	(1,373)
Net income attributable to shareholders of the Company	¥ 129,576	¥ 183,973	¥ 168,661	\$ 1,170,409

See accompanying notes.

Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries

For the years ended March 31, 2021, 2020 and 2019

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2021	2020	2019	2021
Net income	¥129,728	¥184,695	¥170,137	\$1,171,782
Other comprehensive income (loss):				
Net unrealized holding gains (losses) on securities	74,853	(14,550)	36,383	676,118
Deferred gains (losses) on hedging instruments	5,350	(153)	322	48,324
Foreign currency translation adjustments	(15,180)	(712)	(8,405)	(137,115)
Adjustments for retirement benefit	16,071	(3,983)	7,670	145,163
Equity in other comprehensive income (loss) of affiliated companies	(4,813)	1,707	(4,569)	(43,474)
Total other comprehensive income (loss)	76,281	(17,691)	31,401	689,016
Total comprehensive income	¥206,009	¥167,004	¥201,538	\$1,860,798
Comprehensive income attributable to:				
Shareholders of the Company	¥206,396	¥166,471	¥200,524	\$1,864,294
Non-controlling interests	(387)	533	1,014	(3,496)
Total	¥206,009	¥167,004	¥201,538	\$1,860,798

See Note 22.

PER SHARE INFORMATION

	Yen			U.S. dollars (Note 1)
	2021	2020	2019	2021
Net assets per share*	¥2,656.4	¥2,480.4	¥2,384.9	\$23.994
Net income per share				
— Basic	134.4	188.4	171.3	1.214
— Diluted	134.3	188.2	171.2	1.213
Cash dividends	44.0	44.0	44.0	0.397

* Net assets per share information does not include subscription rights to shares and non-controlling interests.

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui Fudosan Co., Ltd. and its Subsidiaries

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2021	2020	2019	2021
Cash flows from financing activities:				
Proceeds from bank loans and commercial paper	1,272,237	2,886,795	3,562,943	11,491,618
Repayments of bank loans and commercial paper	(1,352,109)	(2,836,966)	(3,585,861)	(12,213,070)
Proceeds from long-term debt	239,200	630,139	448,636	2,160,600
Repayments of long-term debt	(162,585)	(230,977)	(268,840)	(1,468,567)
Proceeds from issuance of bonds	137,650	230,500	246,318	1,243,338
Payments for redemption of bonds	(142,100)	(103,300)	(97,590)	(1,283,534)
Cash dividends paid	(42,523)	(45,049)	(41,364)	(384,094)
Proceeds from non-controlling shareholders	8,059	6,533	19,070	72,794
Payments of dividends to non-controlling shareholders	(2,414)	(7,142)	(4,584)	(21,805)
Repayments of capital to non-controlling shareholders	(380)	(136)	(486)	(3,432)
Payments related to capital transaction with non-controlling shareholders	-	(30,746)	(623)	-
Repayments of lease obligations	(4,772)	(5,030)	(3,883)	(43,104)
Net increase in treasury stocks	(16,828)	(24,194)	(15,013)	(152,001)
Additional investments in consolidated subsidiaries	-	(2,675)	(27,474)	-
Other, net	-	-	(10)	-
Net cash provided by (used in) financing activities	(66,565)	467,752	231,239	(601,257)
Effect of exchange rate changes on cash and cash equivalents	17,990	(250)	(2,079)	162,497
Net increase in cash and cash equivalents	8,252	21,790	56,974	74,537
Cash and cash equivalents at beginning of year	179,472	157,682	100,708	1,621,100
Cash and cash equivalents at end of year	¥187,724	¥179,472	¥157,682	\$1,695,637

* Details of assets and liabilities of newly consolidated subsidiary acquired
TOKYO DOME CORPORATION ("TDC") has been newly consolidated in the year ended March 31, 2021 through acquisition of its stock. The following table summarizes details of assets and liabilities at the inception of consolidation, acquisition costs and net amount paid for acquisition of TDC.

	Millions of yen	Thousands of U.S. dollars (See Note 1)
Current assets	¥40,487	\$365,703
Non-current assets	318,106	2,873,327
Current liabilities	(46,647)	(421,344)
Non-current liabilities	(191,447)	(1,729,266)
Non-controlling interests	(18,270)	(165,026)
Acquisition costs of TDC's stock	102,229	923,394
Cash and cash equivalents of TDC	(24,441)	(220,766)
Amount paid for acquisition of TDC	¥77,788	\$702,628

See accompanying notes.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. In compliance with the accounting standard, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" issued by Accounting Standards Board of Japan, hereafter ASBJ, (ASBJ PITF No. 18, hereafter, "PITF No. 18"), certain adjustments, which are not recorded in the statutory books of overseas subsidiaries, are incorporated in the consolidated financial statements of the Company prepared in accordance with Japanese

GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law ("statutory Japanese language consolidated financial statements"). The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the statutory Japanese language consolidated financial statements. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2021, which was ¥110.71 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in equity method investees is amortized over a period of 5 years. If the amount is immaterial, it is fully recognized currently in earnings.

The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries is recorded as goodwill.

All significant inter-company accounts and transactions have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

(B) USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Refer to (Y) for significant accounting estimates.

(C) EQUITY METHOD

Investments in all significant affiliated companies are accounted for by the equity method and, accordingly, stated at cost adjusted for equity in undistributed earnings and losses from the date of acquisition.

(D) TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

Foreign currency receivables and payables are translated at appropriate year-end rates and the resulting translation gains or losses are taken into income currently.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate, except that shareholders' equity accounts are translated at historical rates and income statement items resulting from transactions with the Company at the rates used by the Company.

Differences arising from translation are presented as "Foreign

currency translation adjustments" in accumulated other comprehensive income under net assets section.

(E) CASH AND CASH EQUIVALENTS

Deposits in banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with a maturity of three months or less at the time of purchase are treated as cash equivalents.

(F) SECURITIES

Held-to-maturity securities are stated at amortized cost.

Other securities with fair values are stated at fair value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income under net assets section. Realized gains and losses on sale of such securities are computed using moving-average cost.

Other securities without fair values are stated at moving-average cost.

The Company and its consolidated subsidiaries recognize losses for the difference between the fair value and the carrying amount when the fair value significantly declines. The Company and its consolidated subsidiaries consider the decline to be significant when the fair value of the other securities declines more than 50% of the carrying amount. When the fair value of the other securities declines from 30% to less than 50% of the carrying amount, the decline is also determined to be significant if the fair value of the securities is considered not to be recoverable to the carrying amount.

If the net realizable value of the securities without fair value declines significantly below the carrying amount, it is written down to net realizable value with a corresponding charge in the statements of income.

(G) INVENTORIES, REVENUE AND RELATED COSTS

The Company and its consolidated subsidiaries have followed accounting standard, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9). Under the standard, inventories are initially recorded at acquisition cost, and when net realizable value is less than the cost (i.e., profitability of inventory has declined), the cost basis is reduced to net realizable value. Costs are determined mainly by the specific identification method

and do not include interest and administrative expenses incurred during or after development of real estate, which are charged to income when incurred.

Revenue from leasing is recognized on an accrual basis over the lease term.

Revenue from sale of properties is recognized in full when delivered and accepted by the customers.

The Company and its consolidated subsidiaries have followed "Accounting Standard for Construction Contracts" (ASBJ Statement No.15) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18). The percentage-of-completion method shall be applied if the outcome of the construction activity is deemed certain during the course of the activity, otherwise the completed-contract method shall be applied.

(H) PROPERTY AND EQUIPMENT, RELATED DEPRECIATION AND REVALUATION – excluding leased assets

Property and equipment are carried mainly at cost.

When disposed of, the cost and related accumulated depreciation or revaluation of property and equipment are removed from the respective accounts and the net difference, less any amounts realized on disposal, is reflected in the statements of income.

Depreciation of property and equipment is mainly computed by the declining-balance method over the estimated useful lives of the assets, except for those listed below which are calculated using the straight-line method.

1. Office buildings (excluding building improvements) of the Company
2. Buildings (excluding building improvements) acquired by the Company and the domestic consolidated subsidiaries after April 1, 1998
3. Property and equipment of the overseas consolidated subsidiaries
4. Building improvements and structures acquired by the Company and the domestic consolidated subsidiaries after April 1, 2016

For buildings on fixed term leasehold, the Company computes depreciation using the straight-line method, over its lease term assuming no residual value.

(I) IMPAIRMENT LOSSES ON FIXED ASSETS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Impairment of Fixed Assets" ("Opinion on Establishment of Accounting Standards for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council) and "Guidance on Accounting Standard for Impairment of Fixed Assets" (ASBJ Guidance No. 6). The accounting standards require that fixed assets be tested for recoverability whenever events or changes in circumstances indicate that the assets may be impaired. When the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, the net carrying value of assets not recoverable is reduced to recoverable amounts. Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal value calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows.

Accumulated impairment losses are deducted from book values of related fixed assets.

(J) LAND REVALUATION

Pursuant to the Law Concerning Land Revaluation and the revisions thereof, the Company and certain consolidated subsidiaries

revalued land used for business activities on March 31, 2002.

The land prices for revaluation were determined based on the appraisal prices by real estate appraisers in accordance with Article 2, Paragraph 5 of the Enforcement Ordinance Concerning Land Revaluation. The difference between quoted appraisal value and the carrying amount is recorded, net of applicable income taxes, as "Reserve on land revaluation" as a separate component of accumulated other comprehensive income under the net assets section.

(K) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets are included in "Other" under caption of "INVESTMENTS and OTHER ASSETS."

Goodwill is amortized over a period of 5 years under straight-line method. If the amount is immaterial, it is fully recognized currently in earnings.

Other intangible assets are amortized under the straight-line method. Software (for internal use) is amortized over its estimated useful lives of 5 years.

(L) ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company and its consolidated subsidiaries provide for doubtful accounts principally at an amount computed based on the historical bad debt ratio during a certain reference period plus an estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

(M) EMPLOYEES' RETIREMENT BENEFITS

The Company has a retirement plan which provides for lump-sum payment and annuity. Upon retirement age, a regular employee is entitled to receive a lump-sum payment and an annuity, or in certain cases at the option of the retiring employee, the full amount of the retirement benefits may be paid in a lump-sum. The retirement benefits are based primarily upon the years of employee's service and monthly pay at the time of retirement.

The Company and its consolidated subsidiaries record net defined benefit asset and liability at fiscal year-end based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The benefit formula method is adopted as an allocation method for the projected retirement benefits. Prior service costs are allocated under the straight-line method over a certain number of years within the average remaining service years (1-10 years). Actuarial differences are allocated, beginning in the year following their occurrence, under the straight-line method over a certain number of years within the average remaining service years (5-10 years).

The Company's certain consolidated subsidiaries have calculated net defined benefit liability and retirement benefit expenses using the simplified method, under which defined benefit liability is provided at the amounts to be paid if all eligible employees would have voluntarily retired at year end.

(N) ALLOWANCE FOR DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

Allowance for retirement benefits for directors and corporate auditors of the Company and its 31 consolidated subsidiaries are also provided at the amounts to be paid if all eligible directors and corporate auditors would have retired at year end under the internal guidelines.

(O) ACCOUNTING FOR LEASE TRANSACTIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and the "Implementation Guidance on Accounting Standard for Lease Transactions" ASBJ Guidance No.16).

Those standards require finance leases to be accounted for in a

manner similar to the accounting treatment for ordinary sales transactions. Lessees are required to record assets and liabilities regarding finance leases with recognition of depreciation and interest expenses. Capitalized leased assets are depreciated under the straight-line method, over the lease term assuming no residual value. Lessors are required to recognize lease receivables or investments in leased assets along with related lease (interest) income.

It should be noted that finance leases which do not transfer ownership of the leased assets to lessees whose commencement day falls on or prior to March 31, 2008 are accounted for as operating leases.

(P) INCOME TAXES

Income taxes are provided for on the basis of income for financial statement purposes. The tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statements and income tax purposes is recognized as deferred income taxes.

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of approximately 23%, an inhabitants tax of approximately 5% and a deductible enterprise tax of approximately 4%, which in the aggregate resulted in a statutory income tax rate of approximately 31% for the years ended March 31, 2021, 2020 and 2019.

(Q) DERIVATIVES AND HEDGE ACCOUNTING

1. Hedge accounting

The Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized, if derivative financial instruments are used as hedges and meet certain hedging criteria.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

- (1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
 - (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statements in the period which includes the inception date, and
 - (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
- (2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed ("specified hedge accounting treatment").

2. The following summarizes hedging derivative financial instruments used by the Company and its consolidated subsidiaries and items hedged:

Hedging instruments:

- Forward foreign exchange contracts
- Foreign currency swap contracts
- Interest rate swap contracts

Hedged items:

- Expected foreign currency transactions
- Foreign currency debt
- Borrowings and debentures

3. Hedge policy

The Company and its consolidated subsidiaries use interest rate swap contracts to hedge risk of fair value changes of borrowings due to fluctuating interest rates and risk of changes in cash flows. Exchange rate risk on borrowings made and debentures issued in non-functional currencies is hedged by utilizing currency swaps. Exchange rate risk on forecasted transactions to be settled in non-functional currencies is hedged by using forward foreign exchange contracts. Among these, all hedges that meet the criteria provided in "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No.40) are subject to the special treatment set forth therein. The details of the hedges to which PITF No.40 is applied are as follows.

Hedge accounting method:	Specified hedge accounting treatment
Hedging instrument:	Interest rate swap contracts
Hedged item:	Borrowings and debentures
Hedging purpose:	Cash flow hedge

4. Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted because significant terms of hedging instruments and those of the items hedged are the same and the risk of changes in foreign exchange rates and interest rates would be entirely eliminated.

(R) EQUITY INVESTMENTS REGARDING REAL ESTATE SECURITIZATION-RELATED BUSINESS

Equity investments in tokumei-kumiai, or silent partnerships ("TK"), preferred securities issued by tokutei-mokuteki-kaisha, or specific purpose companies ("TMK") and others regarding real estate securitization-related business (collectively, "equity investments") are presented in the balance sheets as follows.

Equity investments held for sale are presented as "Equity investments in properties for sale" under "CURRENT ASSETS" and those held other than for sale are presented as "Investment securities" under "INVESTMENTS and OTHER ASSETS."

(S) REVENUE FROM JAPANESE REAL ESTATE INVESTMENT TRUST (J-REIT)

Revenue from J-REIT is included in "Revenue from operations."

(T) DIRECTORS' BONUS

The Company and its consolidated subsidiaries have followed the accounting standard, "Accounting Standard for Directors' Bonus" (ASBJ Statement No.4). Directors' bonuses are charged to income as selling, general and administrative expenses.

(U) SHARE-BASED PAYMENTS

The Company and its consolidated subsidiaries have followed the accounting standards, "Accounting Standard for Share-Based Payment" (ASBJ Statement No.8) and the "Implementation Guidance for the Accounting Standard for Share-Based Payment" (ASBJ Guidance No.11).

Those standards require that the cost of stock options be measured based on the grant-date fair value. Outstanding options are presented as subscription rights to shares as a component of net assets in the balance sheet.

(V) ASSET RETIREMENT OBLIGATIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21). According to the standards, obligations associated with the retirement of tangible fixed assets are recorded as liabilities when those obligations are incurred, with the amount of the liability initially measured by discounting the future cash flows. The associated asset retirement costs are capitalized as part of the carrying amount of the fixed asset and allocated as period expenses.

(W) ACCOUNTING CHANGES AND ERROR CORRECTIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24). Those standards require that changes in accounting policies, changes in presentations and corrections of prior period errors be accounted for retrospectively, and changes in accounting estimates be accounted for prospectively.

(X) EARNINGS PER SHARE

Basic income per share is computed by dividing the net income available for distribution to shareholders of common stock by the weighted average number of shares of common stock outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

(Y) SIGNIFICANT ACCOUNTING ESTIMATES

The Company and its consolidated subsidiaries newly adopted "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) on the consolidated financial statements for the year ended March 31, 2021. Description regarding the previous year is not disclosed in accordance with the transitional treatment stipulated in the proviso of paragraph 11 of the Statement.

1. Impairment of fixed assets

(1) Amounts recognized in the consolidated financial statements for the year ended March 31, 2021

	Millions of yen	Thousands of U.S. dollars (Note 1)
Net property and equipment	¥3,758,119	\$33,945,615
Other, INVESTMENTS and OTHER ASSETS	38,682	349,399
Loss on impairment of fixed assets	39,648	358,125

(2) Description of significant accounting estimates

(a) Calculation method of amounts presented in (1) above

In accordance with "Accounting Standard for Impairment of Fixed Assets", the Company and its consolidated subsidiaries reduce the book value of fixed assets to recoverable amounts when the book value is projected not to be recoverable due to a decline in its profitability.

Management considers necessity of recognizing an impairment loss when factors such as recurring operating losses, a significant decline in market prices, a significant deterioration in the business environment, or a change in usage indicate that the assets may be impaired. Management determines whether to recognize an impairment loss based on estimated future cash flows, and the amount that book value exceeds the recoverable amount

is recognized as an impairment loss. Recoverable amount is measured by net realizable value or value in current use whichever is higher.

(b) Key assumptions used in significant accounting estimates

In calculating future cash flows, the rent, vacancy rate, rent costs and other factors are determined comprehensively taking into consideration the market trends, transaction cases of similar real estate, past results and other. Discount rate in calculating value in current use is determined based on transaction cases of similar assets, trends in interest rates and other factors. Net realizable value is determined at an appropriate amount based on local transaction cases, property performance, location and other factors.

In making significant accounting estimates, management assumes that the outbreak of COVID-19 will have a certain impact on future revenues. Specifically, some facilities of the Company and its consolidated subsidiaries have been closed, reduced business hours or restricted attracting customers, in response to the state of emergency issued by Japanese government and local governments on April 25, 2021. In addition, the operation has declined affected by a decrease in number of customers due to the stay-at-home request by the governments. The spread of COVID-19 variant, among other factors, is also making the situation uncertain.

Although the economic environment is expected to recover through the progress of vaccination, the pace of recovery is uncertain, thus management assumes that the impact of COVID-19 will remain throughout 2021. As to the hotel business, management assumes a difficult economic environment greatly affected by COVID-19, while expecting a recovery in operations by incorporating domestic demand.

(c) Impact of significant accounting estimates on the consolidated financial statements for the year ending March 31, 2022

Those key assumptions are based on the best estimates to date, however the estimates could result in different outcomes. That is, calculation of future cash flows and value in current use could significantly be affected by decrease in rent and increase in vacancy rate due to deterioration of economic environment, increase in rent costs due to unexpected additional costs, and increase in discount rate due to fluctuations in market interest rates. In addition, deterioration of geographical conditions due to changes in the local environment could have a material impact on the calculation of the net realizable value.

2. Evaluation of real property for sale

(1) Amounts recognized in the consolidated financial statements for the year ended March 31, 2021

	Millions of yen	Thousands of U.S. dollars (Note 1)
Real property for sale		
Completed	¥1,080,340	\$9,758,287
In progress	536,767	4,848,406
Land held for development	297,577	2,687,896
Loss on devaluation of real property for sale	3,907	35,290

(2) Description of significant accounting estimates

(a) Calculation method of amounts presented in (1) above

In accordance with "Accounting Standard for Measurement of Inventories" the Company and its consolidated subsidiaries reduce the book value of real property for sale to net realizable value when net realizable value is less than the book value due to a decline in profitability. Net realizable value is calculated for each property based on estimated sales price and estimated additional cost including estimated development cost. Loss on devaluation is recorded for those assets with net realizable value less than the book value.

(b) Key assumptions used in significant accounting estimates

In calculating net realizable value of real property for investors, the rent, vacancy rate, rent costs and other factors are determined comprehensively taking into consideration the market trends, transaction cases of similar real estate, past results and others. Discount rate is determined based on transaction cases of similar assets, trends in interest rates and other factors. Net realizable value for housing is determined based on latest sales results, market trends and other factors. In addition, appraisal values calculated by real-estate appraisers are utilized where necessary.

In making significant accounting estimates, management assumes that the outbreak of COVID-19 will have a certain impact on future revenues. Specifically, some facilities of the Company and its consolidated subsidiaries have been closed, reduced business hours or restricted attracting customers, in response to the state of emergency issued by Japanese government and local governments on April 25, 2021. In addition, the operation has declined affected by a decrease in number of customers due to the stay-at-home request by the governments. The spread of COVID-19 variant, among other factors, is also making the situation uncertain.

Although the economic environment is expected to recover through the progress of vaccination, the pace of recovery is uncertain, thus management assumes that the impact of COVID-19 will remain throughout 2021. As to the hotel business, management assumes a difficult economic environment greatly affected by COVID-19, while expecting a recovery in operations by incorporating domestic demand.

(c) Impact of significant accounting estimates on the consolidated financial statements for the year ending March 31, 2022

Those key assumptions are based on the best estimates to date, however the estimates could result in different outcomes. That is, calculation of the net realizable value could significantly be affected by decrease in rent and increase in vacancy rate due to deterioration of economic environment, increase in rent costs due to unexpected additional costs, increase in discount rate due to fluctuations in market interest rates, and decrease in sales price due to the deterioration of the housing market.

(Z) RECLASSIFICATIONS

Certain prior years' amounts have been reclassified to conform to the current presentation.

(AA) CHANGES IN FINANCIAL STATEMENTS PRESENTATION

Consolidated Statements of Cash Flows

1. Net cash provided by operating activities

Government grants income which was included in "other, net" in the consolidated statements of cash flows for the year ended March 31, 2020 is presented as "government grants income" for the year ended March 31, 2021 due to increase in its materiality.

As a result, ¥ (1,002) million and ¥ (3,973) million of government grants income for the years ended March 31, 2020 and 2019, respectively, are reclassified to "government grants income" from "other, net" to conform to the current presentation.

2. Net cash used in investing activities

"Transfers to time deposits" which was presented in the consolidated statements of cash flows for the year ended March 31, 2020 is included in "other, net" for the year ended March 31, 2021 due to its immateriality.

As a result, ¥ (15,639) million and ¥ (35,564) million of "transfers to time deposits" for the years ended March 31, 2020 and 2019, respectively, are reclassified to "other, net" to conform to the current presentation.

(AB) NEW ACCOUNTING STANDARDS NOT YET ADOPTED

1. The Company and its consolidated subsidiaries have not yet adopted the following accounting standards:

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020).

The International Accounting Standards Board ("IASB") and the Financial Accounting Standards Board ("FASB") have jointly developed a converged accounting standard on revenue recognition and issued "Revenue from Contracts with Customers" (IFRS 15 by IASB and Accounting Standards Codification ("ASC") Topic 606 by FASB) in May 2014. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018 and Topic 606 is effective for annual reporting periods beginning on or after December 15, 2017. In this connection, the ASBJ developed a converged accounting standard on revenue recognition and issued the standard together with its implementation guidance.

The ASBJ followed two policies in developing accounting standard for revenue recognition. That is, to incorporate all basic IFRS 15 requirements to ensure comparability of financial statements, but also to consider additional alternative treatments based on practices applied by Japanese companies so that the standards would not significantly impair comparability.

The Company and its consolidated subsidiaries will adopt the standards at the beginning of the year commencing on April 1, 2021. The effect that the adoption of the standards will have on the consolidated financial statements is currently under evaluation.

2. The Company and its consolidated subsidiaries have not yet adopted the following accounting standards:

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

The IASB and the FASB have established almost the same detailed guidance on fair value measurement (IFRS 13 "Fair Value Measurement" by IASB and ASC Topic 820 "Fair Value Measurement" by FASB). In this connection, the ASBJ developed those standards to ensure Japanese GAAP to be consistent with international GAAP mainly on the guidance and disclosure regarding fair value of financial instruments.

The ASBJ followed basic policy in developing accounting standard for fair value measurement to incorporate all basic IFRS 13

3. BUSINESS REORGANIZATIONS

Significant business reorganization for the year ended March 31, 2021 is described as follows:

The Company acquired TOKYO DOME CORPORATION through public tender offering.

(1) Outline of the business combination

- (a) Acquiree
- | Name of the company | TOKYO DOME CORPORATION |
|-------------------------|--|
| Business of the company | Operation of commercial facilities (Tokyo Dome City), distribution, real estate, resort and bicycle racing |
- (b) Reason for the business combination
- The Company acquired TOKYO DOME CORPORATION (hereafter, "TDC") through tender offering (a) in order to utilize the Company's experiences, expertise and financial strength earned through various businesses for its urban development business and TDC's stadium/arena business and (b) in order for the Company to fully enjoy TDC's experiences and knowledge on stadium/arena business. In accomplishing those goals, the Company decided to acquire the shares of TDC and implement growth strategies. In addition, the Company believes the possibility of appreciation of corporate values of both companies and TDC's recovery from COVID-19 as a result of the business combination.
- (c) Date of the business combination
- January 25, 2021 (deemed acquisition date: January 31, 2021)
- (d) Legal form of the business combination
- Purchase of stock paid in cash
- (e) Name of the company after the business combination
- There is no change in the name of the company.
- (f) Ownership percentage in the acquiree
- | | |
|------------------------|---------|
| Before the acquisition | - % |
| After the acquisition | 84.82 % |
- (g) Identification of the acquirer
- The Company was identified as the acquirer based on fact that it purchased TDC's stock in cash.

(2) Period for which earnings of the acquiree included in the consolidated financial statements

The acquiree's earnings are not included in the consolidated statement of income since the deemed acquisition date is January 31, 2021.

(3) Acquisition cost and details of investment in the acquiree

Acquisition through public tender offering:

Consideration	Millions of yen	Thousands of U.S. dollars (See Note 1)
Cash	¥102,229	\$923,394
Total	¥102,229	\$923,394

requirements to ensure comparability of financial statements by introducing unified measurement method, but also to set out other treatments based on practices applied by Japanese companies so that the standards would not significantly impair comparability.

The Company and its consolidated subsidiaries will adopt the standards at the beginning of the year commencing on April 1, 2021. The effect that the adoption of the standards will have on the consolidated financial statements has not been determined.

(4) Major acquisition-related costs

Advisory fee and other: ¥ 617 million (\$5,573 thousand)

(5) Goodwill

No goodwill nor negative goodwill was recognized.

(6) Acquired assets and liabilities assumed on the business combination date

	Millions of yen	Thousands of U.S. dollars (See Note 1)
Current assets	¥40,487	\$365,703
Non-current assets	318,106	2,873,327
Total assets	¥358,593	\$3,239,030
Current liabilities	¥46,647	\$421,344
Non-current liabilities	191,447	1,729,266
Total liabilities	¥238,094	\$2,150,610

(7) Intangible assets other than goodwill

¥ 4,830 million (\$43,627 thousand) is allocated to trademark which is amortized over 10 years.

(8) Other matters (non-audited)

Approximate impact on the consolidated statement of income for the year ended March 31, 2021 assuming that the business combination was completed at the beginning of the year is summarized as follows:

	Millions of yen	Thousands of U.S. dollars (See Note 1)
Revenue from operations	¥39,756	\$359,100
Operating income	(12,952)	(116,990)
Ordinary income	(15,785)	(142,580)
Net income attributable to shareholders of the Company	(17,287)	(156,147)

The amounts shown in the above table are calculated based on revenue and income information in the consolidated statement of income of the acquiree from the beginning of the year ended March 31, 2021 to the business combination date. The amounts are adjusted for amortization of intangible assets and other items recognized on the acquisition date, assuming that those assets were recognized at the beginning of the year.

There were no significant business reorganizations for the year ended March 31, 2020.

Significant business reorganization for the year ended March 31, 2019 is described as follows:

The Company acquired Mitsui Home Co.,Ltd. through public tender offering and "Demand for Shares Cash-Out."

(1) Outline of the transaction

- (a) Acquiree
- | | |
|-------------------------|--|
| Name of the company | Mitsui Home Co.,Ltd. |
| Business of the company | New housing construction and renovation, leasing manage- |

- ment and sales of housing related parts and materials
- (b) Date of the business combination
- Acquisition through public tender offering on September 26, 2018 (deemed acquisition date: September 30, 2018)
- Acquisition through "Demand for Shares Cash-Out" on October 17, 2018 (deemed acquisition date: October 1, 2018)
- (c) Legal form of the business combination
- Purchase of stock paid in cash
- (d) Name of the company after the business combination
- Mitsui Home Co.,Ltd. (hereafter "MH")
- (e) Ownership percentage of the acquiree
- | | |
|--|---------|
| Before the acquisition | 57.53% |
| After the public tender offering | 94.83% |
| After the "Demand for Shares Cash-Out" | 100.00% |
- (f) Other matters
- The additional investment in the subsidiary aims to enhance collaboration between the Company and the other group companies, and MH.
- (2) Accounting treatment
- The business combination is accounted for as transactions

4. FINANCIAL INSTRUMENTS

(1) Risk management policy regarding financial instruments

- a. Policy on financial instruments
- The Company and its consolidated subsidiaries make fund procurements mainly through bank loans and issuance of bonds. The temporary surplus funds are invested in low-risk financial assets. Derivative instruments are used to mitigate risks referred to below, and the Company and its consolidated subsidiaries do not enter into speculative derivative transactions or transactions with high volatility on fair value.
- b. Risk management
- Notes and accounts receivable and lease deposits are subject to customers' credit risk (risk related to customers' failure to perform a contract). Each business division monitors due dates and balances for each counterparty to mitigate the risk of those receivables being uncollectible due to financial difficulties and other factors.
- Investment in equity securities is exposed to market-price risk. The securities are mainly those of companies with business relationships. The Company and its consolidated subsidiaries periodically monitor market prices and continuously review whether the securities should be held.
- Notes and accounts payable are mostly due within one year. Short-term debt is mainly used for funding working capital. Procurement from long-term debt and bonds payable, of which the maturities are due within 49 years from the balance sheet date, are mainly used for capital expenditures. Debt with floating interest rates is subject to interest-rate risk. The Company

among entities under common control measured at cost in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No.21, revised on September 13, 2013) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, revised on September 13, 2013).

- (3) Acquisition cost and details of additional investment in the subsidiary (including acquisition through "Demand for Shares Cash-Out")

Consideration	Millions of yen
Cash (includes accounts payable)	¥27,575
Total	¥27,575

- (4) Change in the Company's equity due to transactions with non-controlling interests
- (a) Principal reason of change in capital surplus
- Additional investments in subsidiary
- (b) Amount of capital surplus decreased due to transactions with non-controlling interests
- ¥ 6,850 million

and its consolidated subsidiaries utilize derivatives (interest rate swaps) as hedging instruments for some long-term debt with floating interest rates to fix the cash flows of interest payments. Exchange rate risk on borrowings made in non-functional currencies are hedged by utilizing currency swaps. Refer to Note 2 (Q) for details on hedge accounting, hedge policy, assessment of hedge effectiveness and other matters.

By using derivative instruments, the Company and its consolidated subsidiaries are exposed to counterparty's credit risk and market risks such as interest rate risk and exchange rate risk. The Company and its consolidated subsidiaries manage the credit risk by carefully evaluating the financial positions of major financial institutions before entering into contracts. The derivative transactions are executed in compliance with procedures set forth in the policies established in each group company, and transaction volumes and fair values are reported as appropriate to directors in charge.

Payables, debt and deposits from customers are subject to liquidity risk (risk of being unable to pay on a due date). The risk is managed by preparing and updating monthly cash schedules and by preserving liquidity on hand.

(2) Estimated fair value of financial instruments

The carrying amount, estimated fair value and the difference of financial instruments as of March 31, 2021, 2020 and 2019 are summarized in the following table. Information on financial instruments for which the fair value is not reliably measurable is not included in the below table (refer to b).

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	2021					
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets						
Cash and bank deposits *1	¥ 189,543	¥ 189,543	¥ -	\$ 1,712,068	\$ 1,712,068	\$ -
Notes and accounts receivable-trade	41,368	41,368	-	373,661	373,661	-
Marketable and investment securities	733,278	733,284	6	6,623,413	6,623,467	54
Liabilities						
Notes and accounts payable-trade	97,970	97,970	-	884,925	884,925	-
Bank loans and long-term debt due within one year						
Non-recourse	97,344	97,345	1	879,270	879,279	9
Recourse	266,195	268,239	2,044	2,404,436	2,422,899	18,463
Commercial paper	99,500	99,500	-	898,744	898,744	-
Long-term debt due after one year						
Non-recourse	445,260	452,553	7,293	4,021,859	4,087,734	65,875
Recourse	2,715,140	2,765,267	50,127	24,524,794	24,977,572	452,778
Derivative instruments *2	6,577	6,577	-	59,408	59,408	-

	Millions of yen					
	2020			2019		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets						
Cash and bank deposits *1	¥ 183,413	¥ 183,413	¥ -	¥ 174,250	¥ 174,250	¥ -
Notes and accounts receivable-trade	38,908	38,908	-	45,276	45,276	-
Marketable and investment securities	596,745	596,755	10	622,558	622,583	25
Liabilities						
Notes and accounts payable-trade	147,075	147,075	-	126,868	126,868	-
Bank loans and long-term debt due within one year						
Non-recourse	68,916	68,918	2	94,130	94,135	5
Recourse	198,026	198,502	476	244,988	246,193	1,205
Commercial paper	173,000	173,000	-	114,000	114,000	-
Long-term debt due after one year						
Non-recourse	534,759	534,987	228	339,018	339,215	197
Recourse	2,506,416	2,592,979	86,563	2,114,475	2,189,592	75,117
Derivative instruments *2	1,230	1,230	-	2,179	2,179	-

*1 Carrying amount of cash and bank deposits consists of ¥ 187,724 million (\$1,695,637 thousand) of cash and cash equivalents and ¥ 1,819 million (\$16,431 thousand) of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2021.
Carrying amount of cash and bank deposits consists of ¥ 179,472 million of cash and cash equivalents and ¥ 3,941 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2020.
Carrying amount of cash and bank deposits consists of ¥ 157,682 million of cash and cash equivalents and ¥ 16,568 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2019.

*2 Carrying amount and estimated fair value of derivative instruments represent derivative assets netted against derivative liabilities for the year ended March 31, 2021 and derivative liabilities netted against derivative assets for the years ended March 31, 2020 and 2019.

a. Estimation of fair value

The following methods and significant assumptions were used to estimate the fair value of financial instruments for which the fair value is reasonably measurable.

Cash and bank deposits and notes and accounts receivable-trade - The carrying amount of cash and bank deposits and notes and accounts receivable-trade approximates fair value due to their relatively short maturity.

Marketable and investment securities - Fair value of those securities is based on quoted market prices. Refer to Note 5 for detailed information.

Notes and accounts payable-trade and commercial paper - The carrying amount of notes and accounts payable-trade and

commercial paper approximates fair value due to their relatively short maturity.

Bank loans and long-term debt due within one year - The carrying amount of bank loans approximates fair value due to their relatively short maturity. Fair value of long-term debt and bonds payable due within one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.

Long-term debt due after one year - Fair value of long-term debt due after one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently

available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.

Derivative instruments - Refer to Note 6.

Fair value of financial instruments includes amounts based on

quoted market prices and amounts reasonably calculated. Fair value reasonably calculated, incorporating fluctuating factors, is subject to change under different assumptions. Nominal amount shown in Note 6 does not represent the market risk regarding the derivative transactions.

b. Financial instruments for which the fair value is not reliably measurable

For the following financial instruments, for which there were no quoted market prices, reasonable estimates of fair values could not be made without incurring excessive costs because of the difficulty in estimating future cash flows. Thus, information on those instruments is not presented in the above table.

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Assets:				
Equity investments in properties for sale	¥ 10,013	¥ 6,683	¥ 6,701	\$ 90,444
Other securities				
Unlisted stocks (excluding OTC securities)	17,079	13,831	10,157	154,268
Other (TK investments, preferred securities and others)	25,435	24,815	25,598	229,744
Lease deposits *	160,944	145,414	140,571	1,453,744
Liabilities:				
Deposits from tenants *	435,930	436,595	424,335	3,937,585

* While fair value accounting is applied to some lease deposits and deposits from tenants, they are not separately disclosed since they are not material.

c. Redemption schedule

The redemption schedule on cash and cash equivalents, receivables and securities with maturities as of March 31, 2021, 2020 and 2019 is as follows.

Refer to Note 13 for redemption schedule for long-term debt.

	Millions of yen			
	2021			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits	¥189,543	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	41,368	-	-	-
Other securities				
National and local government bonds and other	88	391	-	-
Corporate bonds	-	404	-	1,855
Total	¥230,999	¥795	¥-	¥1,855

	Millions of yen			
	2020			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits	¥183,413	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	38,908	-	-	-
Other securities				
National and local government bonds and other	219	417	60	-
Corporate bonds	-	-	-	938
Total	¥222,540	¥417	¥60	¥938

	Millions of yen			
	2019			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits	¥174,250	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	45,276	-	-	-
Other securities				
National and local government bonds and other	949	551	151	-
Total	¥220,475	¥551	¥151	¥-

Thousands of U.S. dollars (See Note 1)

	2021			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits	\$1,712,068	\$ -	\$ -	\$ -
Notes and accounts receivable-trade	373,661	-	-	-
Other securities				
National and local government bonds and other	795	3,532	-	-
Corporate bonds	-	3,649	-	16,755
Total	\$2,086,524	\$7,181	\$-	\$16,755

5. FAIR VALUE INFORMATION OF MARKETABLE SECURITIES, INVESTMENT SECURITIES AND OTHERS

(1) The following tables summarize historical cost, book value and fair value of securities as of March 31, 2021, 2020 and 2019:

(a) Held-to-maturity securities:

Millions of yen

	2021			2020			2019		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Securities whose fair value exceeds book value									
National and local government bonds and other	¥479	¥485	¥6	¥696	¥706	¥10	¥1,651	¥1,676	¥25
Securities whose fair value does not exceed book value									
National and local government bonds and other	-	-	-	-	-	-	-	-	-
Total	¥479	¥485	¥6	¥696	¥706	¥10	¥1,651	¥1,676	¥25

Thousands of U.S. dollars (See Note 1)

	2021		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds book value			
National and local government bonds and other	\$4,327	\$4,381	\$54
Securities whose fair value does not exceed book value			
National and local government bonds and other	-	-	-
Total	\$4,327	\$4,381	\$54

(b) Other securities:

Millions of yen

	2021			2020			2019		
	Book Value (Fair Value)	Historical Cost	Difference	Book Value (Fair Value)	Historical Cost	Difference	Book Value (Fair Value)	Historical Cost	Difference
Securities whose book value (fair value) exceeds historical cost									
Stocks	¥615,995	¥ 79,862	¥536,133	¥488,580	¥ 53,058	¥435,522	¥544,419	¥ 91,421	¥452,998
Other	65,398	36,409	28,989	67,607	36,303	31,304	67,545	40,722	26,823
Subtotal	681,393	116,271	565,122	556,187	89,361	466,826	611,964	132,143	479,821
Securities whose book value (fair value) does not exceed historical cost									
Stocks	41,412	44,036	(2,624)	39,858	45,492	(5,634)	8,940	11,108	(2,168)
Bonds	404	404	-	-	-	-	-	-	-
Other	9,590	10,449	(859)	-	-	(2)	3	3	-
Subtotal	51,406	54,889	(3,483)	39,862	45,498	(5,636)	8,943	11,111	(2,168)
Total	¥732,799	¥171,160	¥561,639	¥596,049	¥134,859	¥461,190	¥620,907	¥143,254	¥477,653

Thousands of U.S. dollars (See Note 1)

	2021		
	Book Value (Fair Value)	Historical Cost	Difference
Securities whose book value (fair value) exceeds historical cost			
Stocks	\$5,564,041	\$ 721,362	\$4,842,679
Other	590,715	328,868	261,847
Subtotal	6,154,756	1,050,230	5,104,526
Securities whose book value (fair value) does not exceed historical cost			
Stocks	374,058	397,760	(23,702)
Bonds	3,649	3,649	-
Other	86,623	94,382	(7,759)
Subtotal	464,330	495,791	(31,461)
Total	\$6,619,086	\$1,546,021	\$5,073,065

(2) The following table summarizes other securities sold in the years ended March 31, 2021, 2020 and 2019:

Millions of yen

	2021			2020			2019		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	¥46,544	¥45,932	¥ -	¥20,358	¥16,711	¥(77)	¥2,858	¥1,481	¥(171)
Other	1,070	-	(383)	-	-	-	-	-	-
Total	¥47,614	¥45,932	¥(383)	¥20,358	¥16,711	¥(77)	¥2,858	¥1,481	¥(171)

Thousands of U.S. dollars (See Note 1)

	2021		
	Sales amount	Gains	Losses
Stocks	\$420,414	\$414,886	\$ -
Other	9,665	-	(3,459)
Total	\$430,079	\$414,886	\$(3,459)

(3) The amount of impairment loss the Company and its consolidated subsidiaries recognized for the year ended March 31, 2021 is not disclosed due to its immateriality. The Company and its consolidated subsidiaries recognized ¥2,868 million of impairment loss on investment securities for the year ended March 31, 2020. The Company and its consolidated subsidiaries did not recognize significant impairment loss on investment securities for the years ended March 31, 2019.

6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes derivative financial instruments for which hedge accounting is not applied as of March 31, 2021, 2020 and 2019:

		Millions of yen			
		2021			
		Nominal Amount		Fair value ^(*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	¥21,163	¥11,313	¥(933)	¥(933)
	Interest rate cap				
	Buy	36,225	36,225	(53)	(53)
	Foreign exchange forward				
	Buy	751	-	(58)	(58)
	U.S.dollars				
Total		¥58,139	¥47,538	¥(1,044)	¥(1,044)

		Millions of yen			
		2020			
		Nominal Amount		Fair value ^(*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	¥25,121	¥6,413	¥(1,077)	¥(1,077)
	Interest rate cap				
	Buy	38,346	38,346	(79)	(79)
Total		¥63,467	¥44,759	¥(1,156)	¥(1,156)

		Millions of yen			
		2019			
		Nominal Amount		Fair value ^(*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	¥30,964	¥9,436	¥(586)	¥(586)
	Interest rate cap				
	Buy	38,850	38,850	9	9
Total		¥69,814	¥48,286	¥(577)	¥(577)

		Thousands of U.S. dollars			
		2021			
		Nominal Amount		Fair value ^(*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	\$191,157	\$102,186	\$(8,427)	\$(8,427)
	Interest rate cap				
	Buy	327,206	327,206	(479)	(479)
	Foreign exchange forward				
	Buy	6,784	-	(524)	(524)
	U.S.dollars				
Total		\$525,147	\$429,392	\$(9,430)	\$(9,430)

(*) Fair values are calculated mainly by discounting the future cash flows.

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2021, 2020 and 2019:

		Millions of yen		
		2021		
		Nominal Amount		Fair Value ^{*4}
		Total	Due after 1 year	
Interest rate swap	Long-term debt	¥408,972	¥358,472	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap ^{*2}	Long-term debt	142,006	130,880	¥7,528
Pay : fixed rate				
Receive : floating rate				
Foreign exchange forward ^{*3}	Forecasted transactions denominated in foreign currencies	1,836	-	93
Buy				
U.S. dollars				
Total		¥552,814	¥489,352	¥7,621

		Millions of yen		
		2020		
		Nominal Amount		Fair Value ^{*4}
		Total	Due after 1 year	
Interest rate swap	Long-term debt	¥424,870	¥386,869	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap ^{*2}	Long-term debt	11,778	11,778	¥(70)
Pay : fixed rate				
Receive : floating rate				
Foreign exchange forward ^{*3}	Forecasted transactions denominated in foreign currencies	932	-	(4)
Buy				
U.S. dollars				
Total		¥437,580	¥398,647	¥(74)

		Millions of yen		
		2019		
		Nominal Amount		Fair Value ^{*4}
		Total	Due after 1 year	
Interest rate swap	Long-term debt	¥463,399	¥419,809	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap ^{*2}	Long-term debt	11,933	11,933	¥ 107
Pay : fixed rate				
Receive : floating rate				
Interest rate and currency swap ^{*2}	Long-term debt	12,000	-	(1,875)
Foreign exchange forward ^{*3}	Forecasted transactions denominated in foreign currencies	23,248	-	166
Buy				
U.S. dollars				
Total		¥510,580	¥431,742	¥(1,602)

		Thousands of U.S. dollars (See Note 1)		
		2021		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value *4
Interest rate swap	Long-term debt	\$3,694,084	\$3,237,937	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap *2	Long-term debt	1,282,684	1,182,188	\$67,998
Pay : fixed rate				
Receive : floating rate				
Foreign exchange forward *3	Forecasted transactions denominated in foreign currencies	16,584	-	840
Buy U.S. dollars				
Total		\$4,993,352	\$4,420,125	\$68,838

*1 The net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed. Thus, the fair value of the interest rate swap is included in the fair value of long-term debt including those due within one year.

*2 Recognition of gains or losses resulting from changes in fair value of interest rate swap contracts and foreign currency swap contracts are deferred until the related losses or gains on the hedged items are recognized.

*3 Future transactions denominated in foreign currencies will be recorded using the contracted forward rate, and no gains and losses on the foreign exchange forward contract are recognized.

*4 Fair values are calculated mainly by discounting the future cash flows.

7. INVESTMENT AND LEASING PROPERTIES

The Company and its consolidated subsidiaries have followed "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No.20; November 28, 2008) and its implementation guidance "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No.23, November 28, 2008) which require explanations on investment and leasing properties and disclosure of fair value of those properties. Investment and leasing properties are properties held to earn rentals or for capital appreciation, and include (1) properties classified as investment properties in the balance sheet, (2) idle properties and (3) leasing properties other than (1) and (2).

The Company and its certain subsidiaries own office buildings for rent, commercial facilities and other properties in Tokyo and other areas. Net rent income, impairment loss and gain on disposal of property and equipment regarding those investments and leasing properties were ¥118,076 million (\$1,066,534

thousand), ¥29,795 million (\$269,127 thousand), and ¥20,668 million (\$186,686 thousand) for the year ended March 31, 2021, respectively. Net rent income, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥137,952 million, ¥1,064 million, and ¥577 million for the year ended March 31, 2020, respectively. Net rent income, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥136,200 million, ¥965 million and ¥1,020 million for the year ended March 31, 2019, respectively.

Gross rent revenue is included in revenue from operations and gross cost for rent is included in cost of revenue from operations. Gain on disposal of property and equipment is included in interest, dividends and miscellaneous income (see Note 20). Impairment loss and loss on disposal of property and equipment are included in other costs and expenses (see Note 21).

The carrying amounts, net changes in the carrying amounts and the fair value of the investment and leasing properties as of and for the years ended March 31, 2021, 2020 and 2019 are stated below:

		Millions of yen					
		2021		2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Beginning of year	Net decrease during the year			Beginning of year	Net increase during the year	Beginning of year	Net increase during the year
year	End of year	End of year	End of year	year	End of year	year	End of year
¥3,171,133	¥(141,505)	¥3,029,628	¥5,856,125	¥3,024,029	¥147,104	¥3,171,133	¥6,089,553
						¥2,960,709	¥63,320
							¥3,024,029
							¥5,773,672

		Thousands of U.S. dollars (See Note 1)			
		2021			
		Carrying amount		Fair value	
	Net decrease during the year	Beginning of year	End of year	Beginning of year	End of year
		\$28,643,600	\$(1,278,159)	\$27,365,441	\$52,896,080

Carrying amount represents acquisition cost less accumulated depreciation and accumulated loss on impairment.

The net decrease in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥207,677 million (\$1,875,865 thousand), sales of real estate which amounts to ¥198,636 million (\$1,794,201 thousand) and transfers to real property for sale which amounts to ¥110,141 million (\$994,860 thousand) for the year ended March 31, 2021.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥216,118 million and transfers to real property for sale which amounts to ¥15,043 million for the year ended March 31, 2020.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥281,969 million, transfers to real property for sale which amounts to ¥83,275 million, transfers to in-house use which amounts to ¥55,568 million and sales of real estate which amounts to ¥920 million for the year ended March 31, 2019.

Estimated fair value was calculated internally based on Japanese Real Estate Appraisal Standards.

It was extremely difficult to determine the impact of the outbreak of COVID-19 on the fair value of investment and leasing properties ("the impact") with high accuracy as of preparation date of the consolidated financial statements for the year ended March 31, 2020.

The impact, calculated based on the assumptions on which revenues forecast is based, utilizing available information as possible, turned out to be immaterial. Thus, the impact was not reflected in determination of fair value of investment and leasing properties as of March 31, 2020.

8. INVENTORIES

Inventories at March 31, 2021, 2020 and 2019 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Real property for sale				
Completed	¥1,080,340	¥1,043,889	¥ 802,625	\$ 9,758,287
In progress	536,767	516,997	480,237	4,848,406
Land held for development	297,577	318,411	321,438	2,687,896
Expenditure on contracts in progress	17,711	17,149	25,327	159,977
Other	6,204	5,310	5,500	56,038
Total	¥1,938,599	¥1,901,756	¥1,635,127	\$17,510,604

9. ADVANCES PAID FOR PURCHASES

Advances paid for purchases comprise primarily advance payments for purchasing real estate for sale.

10. LEASE DEPOSITS

The Company and its consolidated subsidiaries lease certain office buildings and commercial facilities from the owners thereof and sublease them to subtenants. In these transactions, the Company and its consolidated subsidiaries pay lease deposits to the owners and receive deposits from subtenants (See Note 15).

11. INCOME TAXES

Significant components of deferred tax assets and liabilities as of March 31, 2021, 2020 and 2019 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Deferred tax assets:				
Loss on impairment of fixed assets	¥ 23,442	¥ 21,467	¥23,193	\$211,742
Net defined benefit liability	13,897	13,527	11,927	125,526
Net operating loss carryforwards	13,576	4,251	3,278	122,627
Unrealized inter-company transactions	10,112	11,922	11,913	91,338
Accrued employees' bonuses	6,871	6,621	6,332	62,063
Allowance for loss on devaluation of real property held for sale	5,956	4,968	4,678	53,798
Excess depreciation expense	5,795	5,518	5,854	52,344
Accrued enterprise tax	4,965	4,162	3,394	44,847
Unrealized loss on valuation of lease deposits	3,617	3,606	3,592	32,671
Other	48,560	35,399	30,633	438,623
Subtotal	136,791	111,441	104,794	1,235,579
Valuation allowances *	(28,472)	(11,395)	(13,129)	(257,176)
Total	¥108,319	¥100,046	¥91,665	\$978,403
Deferred tax liabilities:				
Unrealized gain on valuation of securities	(178,547)	(142,170)	(147,337)	(1,612,745)
Consolidation difference in real property	(52,406)	(4,237)	(4,345)	(473,363)
Deferred gain on sale of land and buildings for tax purposes	(49,336)	(11,929)	(12,034)	(445,633)
Unrealized gain on valuation of lease deposits	(3,585)	(3,564)	(3,543)	(32,382)
Other	(67,092)	(59,988)	(54,919)	(606,015)
Total	¥(350,966)	¥(221,888)	¥(222,178)	\$(3,170,138)
Net deferred tax assets (liabilities)	¥(242,647)	¥(121,842)	¥(130,513)	\$(2,191,735)

* Valuation allowances increased by ¥17,077 million (\$154,250 thousand) in the year ended March 31, 2021 due to acquisition of TOKYO DOME CORPORATION, a newly consolidated subsidiary.

Significant differences between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2021 are as follows:

	2021
Statutory tax rate	30.6 %
(Adjustments)	
Change in valuation allowances	1.4
Higher (lower) tax rates on foreign subsidiaries	(1.4)
Entertainment expenses and other (permanent differences)	0.3
Equity in net income of affiliated companies	1.0
Other	0.5
Effective tax rate	32.4 %

Differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2020 and 2019 were immaterial, and therefore are not disclosed.

12. EMPLOYEES' RETIREMENT BENEFITS

(1) Outline of retirement benefit plan

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans for employees' retirement benefits.

The Company and its consolidated subsidiaries have adopted a corporate pension plan and lump-sum pension plans as defined benefit plans, under which employees are entitled to lump-sum or annuity payments based on their respective salaries and service periods. The Company has established a retirement benefit trust

for its corporate pension plan. The Company's certain consolidated subsidiaries have calculated net defined benefit liability and retirement benefit expenses using the simplified method, under which actuarial calculation is not adopted. The Company and its consolidated subsidiaries, upon employees' retirement and other cases, may pay supplemental benefits that are not subject to retirement benefit obligation actuarially calculated in compliance with accounting standard for retirement benefits.

(2) Defined benefit plans

(a) Change in benefit obligation, excluding plans accounted for under the simplified method, for the years ended March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Benefit obligation at beginning of year	¥163,409	¥160,180	¥164,282	\$1,476,009
Service cost	7,407	7,299	7,509	66,905
Interest cost	1,485	1,458	1,504	13,413
Actuarial differences	1,340	(612)	(219)	12,104
Prior service costs	(1,741)	(255)	(7,443)	(15,726)
Benefits paid	(4,762)	(4,661)	(5,462)	(43,013)
Increase due to acquisition of consolidated subsidiaries	13,256	-	-	119,736
Other	-	-	9	-
Benefit obligation at end of year	¥180,394	¥163,409	¥160,180	\$1,629,428

(b) Change in plan assets, excluding plans accounted for under the simplified method, for the years ended March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Fair value of plan assets at beginning of year	¥149,976	¥151,690	¥143,174	\$1,354,674
Expected return on plan assets	3,028	3,113	2,966	27,351
Actuarial differences	23,210	(5,451)	2,486	209,647
Employer contribution	3,600	3,732	6,712	32,517
Benefits paid	(3,360)	(3,209)	(3,750)	(30,350)
Increase due to acquisition of consolidated subsidiaries	10,884	-	-	98,311
Other	107	101	102	967
Fair value of plan assets at end of year	¥187,445	¥149,976	¥151,690	\$1,693,117

(c) Change in net defined benefit liability under simplified method for the years ended March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Net defined benefit liability at beginning of year	¥3,769	¥3,719	¥3,653	\$34,044
Retirement benefit expenses	593	548	547	5,356
Benefits paid	(289)	(449)	(401)	(2,610)
Contribution to the plan	(67)	(57)	(68)	(605)
Increase due to acquisition of consolidated subsidiaries	454	-	-	4,101
Other	(19)	8	(12)	(172)
Net defined benefit liability at end of year	¥4,441	¥3,769	¥3,719	\$40,114

(d) Amount recognized in the consolidated balance sheets, including plans accounted for under the simplified method, at March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Benefit obligation for funded plan	¥150,403	¥139,132	¥136,505	\$1,358,531
Plan assets	(188,025)	(150,429)	(152,124)	(1,698,356)
	¥ (37,622)	¥ (11,297)	¥ (15,619)	\$ (339,825)
Benefit obligation for unfunded plan	35,012	28,499	27,828	316,250
Net amount recognized on the consolidated balance sheets	¥ (2,610)	¥ 17,202	¥ 12,209	\$ (23,575)
Net defined benefit liability	48,067	46,196	43,504	434,170
Net defined benefit asset	(50,677)	(28,994)	(31,295)	(457,745)
Net amount recognized on the consolidated balance sheets	¥ (2,610)	¥ 17,202	¥ 12,209	\$ (23,575)

(e) Details of retirement benefit expenses for the years ended March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Service cost	¥7,407	¥7,299	¥7,509	\$66,905
Interest cost	1,485	1,458	1,504	13,413
Expected return on plan assets	(3,028)	(3,113)	(2,966)	(27,351)
Actuarial differences recognized in earnings	399	(429)	891	3,604
Prior service costs recognized in earnings	(851)	(726)	(32)	(7,686)
Retirement benefit expenses under simplified method	593	548	547	5,356
Defined benefit expenses	¥6,005	¥5,037	¥7,453	\$54,241

Premium benefits payments other than the above defined benefit expenses of ¥138 million (\$1,246 thousand), ¥60 million and ¥255 million are recognized for the years ended on March 31, 2021, 2020 and 2019, respectively.

(f) Amount recognized in other comprehensive income (pretax) at March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Prior service costs	¥ (890)	¥ 470	¥ (7,412)	\$ (8,039)
Actuarial differences	(22,268)	5,279	(3,598)	(201,138)
Total	¥(23,158)	¥5,749	¥(11,010)	\$(209,177)

(g) Amount recognized in accumulated other comprehensive income (pretax) at March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Unrecognized prior service costs	¥ (7,850)	¥(6,960)	¥ (7,430)	\$ (70,906)
Unrecognized actuarial differences	(23,634)	(1,366)	(6,634)	(213,477)
Total	¥(31,484)	¥(8,326)	¥(14,064)	\$(284,383)

(h) The asset allocation for the plans, excluding plans accounted for under the simplified method, at March 31, 2021, 2020 and 2019:

	2021	2020	2019
Domestic stocks	29.1%	27.8%	26.6%
Domestic bonds	24.3	26.8	25.5
Foreign stocks	14.6	12.5	13.4
Life insurance company general accounts	9.4	9.7	9.5
Foreign bonds	7.9	7.8	6.6
Cash and bank deposits	1.4	2.0	3.5
Other	13.3	13.4	14.9
Total	100.0%	100.0%	100.0%

* The plan assets include retirement benefit trust established for corporate pension plan which accounts for 15.8%, 16.4% and 14.8% of the total plan assets as of March 31, 2021, 2020 and 2019, respectively.

The expected long-term rate of return on plan assets is determined based on the actual return on the plan asset portfolios and the expected rate of return on those portfolios.

(i) Basis for actuarial calculation:

	2021	2020	2019
Discount rates	0.5 – 1.2%	0.5 – 1.2%	0.5 – 1.2%
Expected long-term rates of return on plan assets	1.0 – 2.5%	1.0 – 2.5%	1.0 – 2.5%

(3) Defined contribution plans

Contribution made to the defined contribution plans by the Company's certain consolidated subsidiaries amounted to ¥691 million (\$6,242 thousand), ¥594 million and ¥554 million for the years ended March 31, 2021, 2020 and 2019, respectively.

13. BANK LOANS, COMMERCIAL PAPER AND LONG-TERM DEBT

(1) Bank loans and commercial paper

Bank loans consist mainly of short-term notes and short-term borrowings under the loan agreements. The Company and its consolidated subsidiaries have had no difficulty in renewing such notes and borrowings, when they considered it appropriate to do so.

The amounts and the weighted average interest rates of bank loans and commercial paper at March 31, 2021, 2020 and 2019 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Bank loans				
Recourse, with the weighted average interest rates of 0.86% in 2021, 1.82% in 2020 and 1.97% in 2019	¥39,213	¥46,309	¥55,326	\$354,196
Commercial paper, with the weighted average interest rates of -0.01% in 2021, 0.00% in 2020 and -0.00% in 2019	99,500	173,000	114,000	898,744

(2) Long-term debt

Long-term debt at March 31, 2021, 2020 and 2019 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Long-term loans, principally from banks and insurance companies:				
Loans secured by collateral or bank guarantees	¥ 531,270	¥ 474,239	¥ 280,913	\$ 4,798,754
Unsecured loans	2,099,730	1,990,530	1,784,180	18,966,037
Total long-term loans, principally from banks and insurance companies	2,631,000	2,464,769	2,065,093	23,764,791
Bonds and debentures				
1.72%yen notes due 2019	-	-	10,000	-
1.63%yen notes due 2019	-	-	10,000	-
1.49%yen notes due 2019	-	-	10,000	-
1.50%yen notes due 2020	-	-	10,000	-
1.19%yen notes due 2020	-	10,000	10,000	-
1.06%yen notes due 2020	-	10,000	10,000	-
1.32%yen notes due 2020	-	10,000	10,000	-
2.30%yen notes due 2030	10,000	10,000	10,000	90,326
1.27%yen notes due 2021	10,000	10,000	10,000	90,326
1.17%yen notes due 2021	10,000	10,000	10,000	90,326
1.00%yen notes due 2022	10,000	10,000	10,000	90,326
0.96%yen notes due 2022	10,000	10,000	10,000	90,326
1.95%yen notes due 2032	10,000	10,000	10,000	90,326
2.05%yen notes due 2033	10,000	10,000	10,000	90,326
1.33%yen notes due 2046	10,000	10,000	10,000	90,326
1.00%yen notes due 2046	10,000	10,000	10,000	90,326
0.00%yen notes due 2019	-	-	10,000	-
0.71%yen notes due 2036	7,000	7,000	7,000	63,228
1.18%yen notes due 2056	6,000	6,000	6,000	54,196
0.00%yen notes due 2020	-	25,000	25,000	-
0.93%yen notes due 2037	10,000	10,000	10,000	90,326
0.20%yen notes due 2024	10,000	10,000	10,000	90,326
0.24%yen notes due 2027	10,000	10,000	10,000	90,326
0.10%yen notes due 2023	10,000	10,000	10,000	90,326
0.22%yen notes due 2025	10,000	10,000	10,000	90,326
0.31%yen notes due 2028	10,000	10,000	10,000	90,326
0.09%yen notes due 2023	10,000	10,000	10,000	90,326
0.20%yen notes due 2025	10,000	10,000	10,000	90,326
0.37%yen notes due 2028	20,000	20,000	20,000	180,652
0.08%yen notes due 2022	20,000	20,000	20,000	180,652
0.16%yen notes due 2024	30,000	30,000	30,000	270,978
0.28%yen notes due 2026	20,000	20,000	20,000	180,652
0.38%yen notes due 2029	20,000	20,000	20,000	180,652
0.09%yen notes due 2024	50,000	50,000	-	451,630
0.22%yen notes due 2029	30,000	30,000	-	270,978
0.53%yen notes due 2039	20,000	20,000	-	180,652
0.31%yen notes due 2030	30,000	30,000	-	270,978
0.62%yen notes due 2039	20,000	20,000	-	180,652
0.52%yen notes due 2035	30,000	30,000	-	270,978
0.82%yen notes due 2050	10,000	10,000	-	90,326
1.03%yen notes due 2070	10,000	10,000	-	90,326
0.21%yen notes due 2023	60,000	-	-	541,956
0.48%yen notes due 2030	25,000	-	-	225,815
0.81%yen notes due 2040	10,000	-	-	90,326
3.65%U.S. dollar notes due 2027	55,329	54,386	55,460	499,766
2.95%U.S. dollar notes due 2023	33,195	32,621	33,258	299,838
3.95%U.S. dollar notes due 2029	33,167	32,597	33,239	299,586
0.06% - 1.25% notes due 2021 - 2028 (*1)	59,050	-	-	533,376
0.17% - 0.51% notes due 2021 - 2026 (*2)	84,985	129,435	152,235	767,637
Total bonds and debentures	853,726	797,039	672,192	7,711,372
Less amount due within one year	(324,326)	(220,633)	(283,792)	(2,929,510)
Long-term debt due after one year	¥3,160,400	¥3,041,175	¥2,453,493	\$28,546,653

(*1) Represents the total balance of unsecured corporate bonds issued by TOKYO DOME CORPORATION.

(*2) Represents the total balance of asset backed securities issued by the Company's consolidated special purpose entities. The interest rates include both fixed rates and floating rates.

Long-term loans, principally from banks and insurance companies consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Due within one year				
Non-recourse, with the weighted average interest rate of 1.59% in 2021, 1.99% in 2020 and 0.09% in 2019	¥ 75,708	¥ 21,416	¥ 64,930	\$ 683,841
Recourse, with the weighted average interest rate of 1.38% in 2021, 1.42% in 2020 and 2.09% in 2019	191,939	96,717	139,662	1,733,710
Subtotal	267,647	118,133	204,592	2,417,551
Due after one year				
Non-recourse, with the weighted average interest rate of 2.02% in 2021, 2.58% in 2020, 3.37% in 2019	381,909	452,823	215,983	3,449,634
Recourse, with the weighted average interest rate of 0.97% in 2021, 1.08% in 2020 and 1.24% in 2019	1,981,444	1,893,813	1,644,518	17,897,606
Subtotal	2,363,353	2,346,636	1,860,501	21,347,240
Total	¥2,631,000	¥2,464,769	¥2,065,093	\$23,764,791

Bonds and debentures consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Due within one year				
Non-recourse	¥ 21,635	¥ 47,500	¥ 29,200	\$ 195,420
Recourse	35,043	55,000	50,000	316,530
Subtotal	56,678	102,500	79,200	511,950
Due after one year				
Non-recourse	63,351	81,936	123,035	572,225
Recourse	733,697	612,603	469,957	6,627,197
Subtotal	797,048	694,539	592,992	7,199,422
Total	¥853,726	¥797,039	¥672,192	\$7,711,372

Long-term debt and other liabilities secured by collateral or bank guarantees consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Secured loans				
Long-term loans, principally from banks and insurance companies				
Non-recourse	¥457,617	¥474,239	¥280,913	\$4,133,475
Recourse	73,653	-	-	665,279
Subtotal	531,270	474,239	280,913	4,798,754
Bonds and debentures				
Non-recourse	84,985	129,435	152,235	767,636
Subtotal	84,985	129,435	152,235	767,636
Total	¥616,255	¥603,674	¥433,148	\$5,566,390
Other liabilities secured				
Other current liabilities	¥ 291	-	-	\$ 2,628
Deposits from tenants	36	-	-	325

The following assets are pledged as collateral for secured loans:

	Millions of yen						Thousands of U.S. dollars (See Note 1)	
	2021		2020		2019		2021	
	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *
Real property for sale	¥249,471	¥249,471	¥377,137	¥377,137	¥355,597	¥355,597	\$2,253,374	\$2,253,374
Buildings and structures	152,829	94,169	101,925	98,618	31,843	28,444	1,380,444	850,592
Land	367,751	245,827	256,427	248,502	216,601	208,811	3,321,751	2,220,459
Other	292,411	259,007	178,888	172,700	89,424	89,412	2,641,233	2,339,508
Total	¥1,062,462	¥848,474	¥914,377	¥896,957	¥693,465	¥682,264	\$9,596,802	\$7,663,933

* Represents assets pledged as collateral for non-recourse loans.

As is customary in Japan, collateral must be given if requested, under certain circumstances, by a lending bank and such bank has the right to offset cash deposited with it against any debt or obligation that becomes due and, in case of default and certain

other specified events, against all debt payable to the bank. The Company and its consolidated subsidiaries have never received any such requests nor do they expect that any such request will be made.

The annual maturities of long-term debt at March 31, 2021, 2020 and, 2019 are as follows:

	Millions of yen								
	2021			2020			2019		
	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total
Due within 1 year	¥ 97,344	¥ 226,982	¥ 324,326	¥ 68,916	¥ 151,717	¥ 220,633	¥ 94,130	¥ 189,662	¥ 283,792
Due after 1 to 2 years	189,074	273,248	462,322	96,877	192,333	289,210	65,165	149,042	214,207
Due after 2 to 3 years	10,595	328,224	338,819	201,438	232,057	433,495	108,037	186,526	294,563
Due after 3 to 4 years	32,876	316,486	349,362	38,300	222,477	260,777	120,199	211,262	331,461
Due after 4 to 5 years	59,644	252,853	312,497	32,200	267,535	299,735	11,200	219,455	230,655
Thereafter	153,070	1,544,330	1,697,400	165,944	1,592,014	1,757,958	34,417	1,348,190	1,382,607
Total	¥542,603	¥2,942,123	¥3,484,726	¥603,675	¥2,658,133	¥3,261,808	¥433,148	¥2,304,137	¥2,737,285

	Thousands of U.S. dollars (See Note 1)		
	2021		
	Non-recourse	Recourse	Total
Due within 1 year	\$ 879,270	\$ 2,050,240	\$ 2,929,510
Due after 1 to 2 years	1,707,831	2,468,142	4,175,973
Due after 2 to 3 years	95,700	2,964,719	3,060,419
Due after 3 to 4 years	296,956	2,858,694	3,155,650
Due after 4 to 5 years	538,741	2,283,922	2,822,663
Thereafter	1,382,622	13,949,326	15,331,948
Total	\$4,901,120	\$26,575,043	\$31,476,163

14. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2021, 2020 and 2019

The Company and its consolidated subsidiaries, in connection with operating commercial facilities and parking business (Mitsui Repark), have entered into real estate lease contracts with terms ranging from several months to 49 years. Asset retirement obligations have been recognized in respect of the obligation of the Company and its consolidated subsidiaries to the landlords to

remove the facilities from leased real estate at the end of those contracts. The liability has been calculated with expected useful lives ranging from several months to 49 years and discount rates ranging from 0 to 2.5%.

Asset retirement obligations are included in other current liabilities and other long-term liabilities on the consolidated balance sheets.

The following table summarizes the changes in the aggregate carrying amount of asset retirement obligations for the years ended March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Beginning of year	¥5,537	¥5,126	¥4,281	\$50,014
Increase due to acquisition of consolidated subsidiaries	114	-	-	1,030
Increase due to acquisition of fixed assets	1,016	827	959	9,177
Net increase due to revisions to original estimate *	280	83	43	2,529
Decrease due to settlement	(340)	(518)	(174)	(3,071)
Other	23	19	17	207
End of year	¥6,630	¥5,537	¥5,126	\$59,886

* Increase for the years ended March 31, 2021, 2020 and 2019 was mainly due to additions of decommissioning costs that have become measurable in a more accurate manner.

(2) Asset retirement obligations not recognized in the consolidated balance sheets as of March 31, 2021, 2020 and 2019

The Company and its consolidated subsidiaries own properties containing asbestos material and are obligated to remove those materials upon disposition of the properties. However, since sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the method and timing of settlement, asset retirement obligation is not recognized for the obligations to remove asbestos materials.

The Company and its consolidated subsidiaries, in connection with some commercial facilities, hotels and retail premises, have entered into real estate lease contracts and are obligated to the landlords to dismantle the facilities upon exit. However, sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the timing of settlement or lack of plan to settle. Thus asset retirement obligation regarding reestablishing the previous state is not recognized except for those mentioned in (1) above.

15. DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2021, 2020 and 2019 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Non-interest-bearing	¥435,526	¥435,916	¥423,425	\$3,933,936
Interest-bearing	404	679	910	3,649
Total	¥435,930	¥436,595	¥424,335	\$3,937,585
Average interest rate	0.99%	0.99%	1.00%	

The Company and its consolidated subsidiaries generally make lease agreements with tenants under which they receive both interest-bearing deposits and non-interest-bearing deposits from tenants. The non-interest-bearing deposits and some of the interest-bearing deposits are not refundable during the life of the

lease. The rest of the interest-bearing deposits are generally refundable to the tenant in equal annual or monthly payments with interest over certain periods of time commencing after the grace periods, depending on the terms of the contracts.

16. NET ASSETS

Net assets comprises four subsections, which are shareholders' equity, accumulated other comprehensive income, subscription rights to shares and non-controlling interests, as applicable.

Under the Japanese Company Law (the "Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the prices of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve.

Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit, or may be capitalized by resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

17. SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(1) Changes in number of shares issued and outstanding during the years ended March 31, 2021, 2020 and 2019 are as follows:

	(Thousands)	
	Issued Common stock	Treasury stock Common stock
Numbers of shares as of March 31, 2018	991,425	3,200
Numbers of shares increased ^{(*)1}	-	5,993
Numbers of shares decreased ^{(*)2}	-	(6)
Numbers of shares as of March 31, 2019	991,425	9,187
Numbers of shares increased ^{(*)3}	-	11,166
Numbers of shares decreased ^{(*)4}	(12,175)	(12,205)
Numbers of shares as of March 31, 2020	979,250	8,148
Numbers of shares increased ^{(*)5}	138	9,139
Numbers of shares decreased ^{(*)6}	(14,106)	(14,159)
Numbers of shares as of March 31, 2021	965,282	3,128

(*)1 Treasury stock increased due to purchase of 5,985 thousand shares through resolution of the Board of Directors' meeting, purchase of 6 thousand odd shares and increase of 2 thousand shares through increase in ratio of shareholding in an affiliated company.

(*)2 Treasury stock decreased due to sale of 1 thousand odd shares and exercise of 5 thousand shares of subscription rights.

(*)3 Treasury stock increased due to purchase of 11,160 thousand shares through resolution of the Board of Directors' meeting and purchase of 6 thousand odd shares.

(*)4 Common stock issued decreased due to retirement of 12,175 thousand shares of treasury stock through resolution of the Board of Directors' meeting. Treasury stock decreased due to retirement of 12,175 thousand shares of treasury stock through resolution of the Board of Directors' meeting, sale of 1 thousand odd shares and exercise of 29 thousand shares of subscription rights.

(*)5 Common stock issued increased due to issuance of 138 thousand shares of restricted stock as a compensation through resolution of the Board of Directors' meeting. Treasury stock increased due to purchase of 9,134 thousand shares through resolution of the Board of Directors' meeting and purchase of 5 thousand odd shares.

(*)6 Common stock issued decreased due to retirement of 14,106 thousand shares of treasury stock through resolution of the Board of Directors' meeting. Treasury stock decreased due to retirement of 14,106 thousand shares of treasury stock through resolution of the Board of Directors' meeting, sale of 1 thousand odd shares and exercise of 52 thousand shares of subscription rights.

(2) Information of subscription rights to shares is summarized as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	Company	Consolidated subsidiaries	Total	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option					
Balance as of March 31, 2019	¥1,285	-	¥1,285			
Balance as of March 31, 2020	¥1,454	-	¥1,454			
Balance as of March 31, 2021	¥1,423	-	¥1,423	\$12,853	-	\$12,853

Number of shares regarding stock options as of March 31, 2021, 2020 and 2019 and number of such shares increased and decreased during the years then ended are not presented as they are insignificant.

(3) Information of dividends is summarized as follows:

(a) Dividends paid

The following resolution was approved by the ordinary general shareholders' meeting held on June 26, 2020, June 27, 2019 and June 28, 2018:

	June 26, 2020	June 27, 2019	June 28, 2018
Date of shareholders' meeting	June 26, 2020	June 27, 2019	June 28, 2018
Type of stock	Common stock	Common stock	Common stock
Total amount	¥ 21,364 million (\$192,973 thousand)	¥ 23,574 million	¥ 21,741 million
Per share amount	¥ 22 (\$ 0.199)	¥ 24	¥ 22
Record date	March 31, 2020	March 31, 2019	March 31, 2018
Effective date	June 29, 2020	June 28, 2019	June 29, 2018

The following resolution was approved by the Board of Directors' meeting held on November 5, 2020, November 7, 2019 and November 9, 2018:

	November 5, 2020	November 7, 2019	November 9, 2018
Date of board of directors' meeting	November 5, 2020	November 7, 2019	November 9, 2018
Type of stock	Common stock	Common stock	Common stock
Total amount	¥ 21,168 million (\$191,202 thousand)	¥ 21,473 million	¥ 19,645 million
Per share amount	¥ 22 (\$0.199)	¥ 22	¥ 20
Record date	September 30, 2020	September 30, 2019	September 30, 2018
Effective date	December 2, 2020	December 3, 2019	December 4, 2018

(b) Dividend whose record date falls within the current fiscal year but to be effective in the following fiscal year

The following resolution was approved by the ordinary general shareholders' meeting held on June 29, 2021, June 26, 2020 and June 27, 2019:

	June 29, 2021	June 26, 2020	June 27, 2019
Date of shareholders' meeting	June 29, 2021	June 26, 2020	June 27, 2019
Type of stock	Common stock	Common stock	Common stock
Total amount	¥ 21,167 million (\$191,193 thousand)	¥ 21,364 million	¥ 23,574 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥ 22 (\$ 0.199)	¥ 22	¥ 24
Record date	March 31, 2021	March 31, 2020	March 31, 2019
Effective date	June 30, 2021	June 29, 2020	June 28, 2019

18. STOCK OPTION PLANS

The following table summarizes the stock option plans introduced by the Company.

Stock option expenses charged to income for the years ended March 31, 2021, 2020 and 2019 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Cost of revenue from operations	¥121	¥113	¥ 91	\$1,093
Selling, general and administrative expenses	128	100	108	1,156
Total	¥249	¥213	¥199	\$2,249

The following table summarizes the contents and activity of stock options as of March 31, 2021 and for the year then ended:

	2019 plan	2018 plan	2017 plan	2016 plan	2015 plan	2014 plan
Grantees	Directors, corporate officers and group managing officers; 36 in total (*1)	Directors, corporate officers and group managing officers; 31 in total (*1)	Directors, corporate officers and group managing officers; 28 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)
Type of stock and number of shares granted	108,980 shares of common stock	95,920 shares of common stock	80,440 shares of common stock	77,720 shares of common stock	50,460 shares of common stock	52,450 shares of common stock
Grant date	July 16, 2019	July 17, 2018	July 14, 2017	August 19, 2016	August 21, 2015	August 22, 2014
Vesting conditions	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)
Requisite service period	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified
Exercise period(*2)	July 17, 2019 - July 16, 2049	July 18, 2018 - July 17, 2048	July 15, 2017 - July 14, 2047	August 20, 2016 - August 19, 2046	August 22, 2015 - August 21, 2045	August 23, 2014 - August 22, 2044
Non-vested options (number of shares):						
Outstanding at beginning of year	108,980	93,680	75,890	62,250	41,790	36,540
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Vested	(3,540)	(3,540)	(3,210)	(2,520)	(3,480)	(3,560)
Outstanding at end of year	105,440	90,140	72,680	59,730	38,310	32,980
Vested options (number of shares):						
Outstanding at beginning of year	-	-	2,520	6,230	4,020	6,010
Vested	3,540	3,540	3,210	2,520	3,480	3,560
Exercised	-	-	-	-	(1,010)	(3,680)
Expired	-	-	-	-	-	-
Outstanding at end of year	3,540	3,540	5,730	8,750	6,490	5,890
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price on exercise date	-	-	-	-	¥2,550	¥2,344
Grant-date fair value	¥1,960	¥2,188	¥2,093	¥1,670	¥3,218	¥3,067

	2013 plan	2012 plan	2011 plan	2010 plan	2009 plan	2008 plan	2007 plan
Grantees	Directors, corporate officers and group managing officers; 27 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 26 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)
Type of stock and number of shares granted	66,650 shares of common stock	134,640 shares of common stock	143,040 shares of common stock	140,420 shares of common stock	109,650 shares of common stock	71,250 shares of common stock	48,880 shares of common stock
Grant date	August 23, 2013	August 17, 2012	August 12, 2011	August 13, 2010	August 14, 2009	August 15, 2008	September 18, 2007
Vesting conditions	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)
Requisite service period	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified
Exercise period(*2)	August 24, 2013 - August 23, 2043	August 18, 2012 - August 17, 2042	August 13, 2011 - August 12, 2041	August 14, 2010 - August 13, 2040	August 15, 2009 - August 14, 2039	August 16, 2008 - August 15, 2038	September 19, 2007 - September 18, 2037
Non-vested options (number of shares):							
Outstanding at beginning of year	46,430	78,770	84,260	42,970	32,670	14,060	8,920
Granted	-	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-	-
Vested	(4,530)	(9,980)	(10,680)	(8,750)	(6,910)	(1,960)	(1,330)
Outstanding at end of year	41,900	68,790	73,580	34,220	25,760	12,100	7,590
Vested options (number of shares):							
Outstanding at beginning of year	7,640	20,600	16,460	8,020	3,830	2,430	1,330
Vested	4,530	9,980	10,680	8,750	6,910	1,960	1,330
Exercised	(5,300)	(15,290)	(10,780)	(6,050)	(3,830)	(4,390)	(2,660)
Expired	-	-	-	-	-	-	-
Outstanding at end of year	6,870	15,290	16,360	10,720	6,910	-	-
	Yen	Yen	Yen	Yen	Yen	Yen	Yen
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price on exercise date	¥2,120	¥2,100	¥1,932	¥1,932	¥1,932	¥2,274	¥2,241
Grant-date fair value	¥2,796	¥1,265	¥ 919	¥1,029	¥1,493	¥1,967	¥2,357

(*1) Grantees consist of 8 directors (excluding outside directors), 17 corporate officers (non-directors) and 11 group managing officers for 2019 plan, 8 directors (excluding outside directors), 16 corporate officers (non-directors) and 7 group managing officers for 2018 plan, 8 directors (excluding outside directors), 13 corporate officers (non-directors) and 7 group managing officers for 2017 plan, 8 directors (excluding outside directors), 13 corporate officers (non-directors) and 6 group managing officers for 2016 plan, 8 directors (excluding outside directors), 14 corporate officers (non-directors) and 5 group managing officers for 2015 plan, 2014 plan and 2013 plan, 9 directors (excluding outside directors), 9 corporate officers (non-directors) and 7 group managing officers for 2012 plan, 9 directors (excluding outside directors), 8 corporate officers (non-directors) and 8 group managing officers for 2011 plan, 8 directors (excluding outside directors), 9 corporate officers (non-directors) and 8 group managing officers for 2010 plan and 2009 plan, 6 directors (excluding outside directors), 12 corporate officers (non-directors) and 8 group managing officers for 2008 plan, and 6 directors (excluding outside directors), 13 corporate officers (non-directors) and 8 group managing officers for the 2007 plan.

(*2) Vesting conditions and exercise period: Stock options granted are exercisable on the day following grantees leaving the positions of director, statutory auditor, corporate officer or group managing officer, and for 5 years commencing on that date.

The fair value of options was estimated using the Black-Scholes option pricing-model under the following assumptions:

	2019 plan	2018 plan
Expected volatility (*1)	35%	36%
Expected life (*2)	15 years	15 years
Expected dividend (*3)	¥44 per share	¥40 per share
Risk-free rate (*4)	0.09%	0.27%

(*1) Expected volatility is calculated based on the historical stock price for the 15-year period ending on the grant date.

(*2) Options are assumed to be exercised at the midpoint of the exercise period because of the difficulty to reasonably estimate expected life due to insufficient historical data.

(*3) Expected dividend is the expected dividend amount for the fiscal year in which the options are granted, estimated as of the grant date.

(*4) Risk-free rate represents the interest rate of Japanese government bonds whose life corresponds to the expected life of stock options.

Number of vesting options is estimated based on actual forfeitures due to difficulty in reasonably estimating future forfeitures.

19. IMPAIRMENT LOSS ON FIXED ASSETS

During the year ended March 31, 2021, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties and other	Buildings, land and other	Shinjuku Ward, Tokyo, Japan and other
Leasing properties and other	Software and other	Chuo Ward, Tokyo, Japan and other

For the purpose of identifying fixed assets that are impaired, the Company and certain consolidated subsidiaries grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or groups of assets. The corporate headquarters' facilities are treated as common assets.

The Company reduced the book values of leasing properties and other to their recoverable amounts and recognized impairment loss on an asset group with a significant decrease in the projected recoverable amount due to its decision to sell the leasing properties early, and an asset group of which future use is no longer expected due to a change in the IT investment plan.

Impairment losses totaling ¥39,648 million (\$358,125 thousand) are comprised of ¥19,228 million (\$173,679 thousand) of land, ¥15,034 million (\$135,796 thousand) of buildings and structures, ¥4,099 million (\$37,025 thousand) of software and ¥1,287 million (\$11,625 thousand) of others.

Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal values calculated by real-estate appraisers. Values in current use are measured at zero since the present values calculated based on future cash flows resulted in negative values.

During the year ended March 31, 2020, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties and other	Buildings and other	Kashiwa City, Chiba, Japan and other

For the purpose of identifying fixed assets that are impaired, the Company and certain consolidated subsidiaries grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or groups of assets. The corporate headquarters' facilities are treated as common assets.

Considering significant deterioration of profitability due to adverse changes in market conditions and other factors, the Company reduced the book values of leasing properties and other

to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥1,513 million are comprised of ¥1,231 million of buildings and structures and ¥282 million of others.

Recoverable amounts are measured by values in current use. Values in current use are measured at zero since the present values calculated based on future cash flows resulted in negative values.

During the year ended March 31, 2019, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Operating facilities	Buildings, land and other	Narita City, Chiba, Japan and other

For the purpose of identifying fixed assets that are impaired, the Company and certain consolidated subsidiaries grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or groups of assets. The corporate headquarters' facilities are treated as common assets.

Considering significant deterioration of profitability due to

adverse changes in market conditions and other factors, the Company reduced the book values of operating facilities, including those planned to be sold, to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥11,415 million are comprised of ¥3,992 million of land, ¥2,619 million of buildings and structures and ¥4,804 million of others.

Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal values calculated by real-estate appraisers.

Values in current use are measured at zero since the present values calculated based on future cash flows resulted in negative values.

20. MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Interest income	¥ 1,303	¥ 1,373	¥ 1,351	\$ 11,769
Dividend income	5,574	6,378	5,786	50,348
Government grants income ^(*)	2,319	1,002	3,973	20,947
Gain on sale of property and equipment	20,704	-	-	187,011
Gain on sale of investment securities	45,932	16,711	1,481	414,886
Gain on sales of investments in unconsolidated subsidiaries and affiliated companies	10,701	-	-	96,658
Other	2,228	1,958	2,521	20,124
Total	¥88,761	¥27,422	¥15,112	\$801,743

(*) Government grants income, which was included in "other" in the prior year's above table, is presented as "government grants income" for the year ended March 31, 2021 due to increase in its materiality. As a result, ¥1,002 million and ¥3,973 million of government grants income for the years ended March 31, 2020 and 2019, respectively, are reclassified to "government grants income" from "other" to conform to the current presentation.

21. MAJOR COMPONENTS OF OTHER EXPENSES

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Loss on disposal of property and equipment	¥ -	¥ 4,258	¥ 2,130	\$ -
Impairment loss on fixed assets	39,648	1,513	11,415	358,125
Impairment loss on investment securities	-	2,868	-	-
Loss on business transfer	-	2,963	-	-
Loss related to COVID-19 ^(*)	14,734	2,402	-	133,086
Other	12,392	9,151	8,284	111,932
Total	¥66,774	¥23,155	¥21,829	\$603,143

(*) Loss related to COVID-19 mainly includes fixed costs such as rent and depreciation expenses incurred while the commercial facilities, hotels and other facilities were closed.

22. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the years ended March 31, 2021, 2020 and 2019 is presented as follows.

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Net unrealized holding gains (losses) on securities				
Unrealized holding gains (losses) arising during the year	¥152,841	¥ (7,116)	¥53,114	\$1,380,553
Reclassification to income for the year	(45,409)	(13,942)	(1,183)	(410,162)
Pretax amount	107,432	(21,058)	51,931	970,391
Tax benefit (expense)	(32,579)	6,508	(15,548)	(294,273)
Net-of-tax amount	74,853	(14,550)	36,383	676,118
Deferred gains (losses) on hedging instruments				
Deferred gains (losses) arising during the year	7,696	(188)	(44)	69,515
Reclassification to income for the year	-	-	507	-
Pretax amount	7,696	(188)	463	69,515
Tax expense	(2,346)	35	(141)	(21,191)
Net-of-tax amount	5,350	(153)	322	48,324
Foreign currency translation adjustments				
Aggregated adjustment during the year resulting from foreign currency translation	(13,929)	(712)	(8,405)	(125,815)
Reclassification to income for the year	(1,251)	-	-	(11,300)
Net amount	(15,180)	(712)	(8,405)	(137,115)
Adjustments for retirement benefit				
Adjustments for retirement benefit arising during the year	23,523	(4,594)	10,151	212,474
Reclassification to income for the year	(365)	(1,155)	859	(3,297)
Pretax amount	23,158	(5,749)	11,010	209,177
Tax expense	(7,087)	1,766	(3,340)	(64,014)
Net-of-tax amount	16,071	(3,983)	7,670	145,163
Equity in other comprehensive income (loss) of affiliated companies				
Unrealized gains (losses) arising during the year	(4,495)	1,990	(3,805)	(40,602)
Reclassification to income for the year	(318)	(283)	(764)	(2,872)
Net amount	(4,813)	1,707	(4,569)	(43,474)
Total other comprehensive income (loss)	¥ 76,281	¥(17,691)	¥31,401	\$ 689,016

23. LEASES

As lessee:

(A) Finance leases

Assets leased under finance leases that do not transfer ownership to the lessee consist mainly of buildings and structures used in leasing business. Such assets are capitalized as assets and depreciated using the straight-line method over their lease term assuming no residual value.

As described in Note 2 (O), finance leases that do not transfer ownership to the lessee whose commencement day falls on or before March 31, 2008 are accounted for as operating lease. Information on such leases is summarized as follows:

(1) Assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2021, 2020 and 2019:

	Millions of yen					
	2021		2020		2019	
	Buildings and structures	Total	Buildings and structures	Total	Buildings and structures	Total
Acquisition cost	¥519	¥519	¥519	¥519	¥519	¥519
Accumulated depreciation	486	486	450	450	415	415
Net book value	¥ 33	¥ 33	¥ 69	¥ 69	¥104	¥104

	Thousands of U.S. dollars (See Note 1)	
	2021	
	Buildings and structures	Total
Acquisition cost	\$4,688	\$4,688
Accumulated depreciation	4,390	4,390
Net book value	\$ 298	\$ 298

(2) Future lease payment inclusive of interest at March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Amount due within one year	¥24	¥35	¥ 35	\$217
Amount due after one year	9	34	69	81
Total	¥33	¥69	¥104	\$298

(3) Lease expense and the assumed amount of depreciation expense for the years ended March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Lease expense	¥35	¥35	¥35	\$316
Depreciation expense	35	35	35	316

(4) Calculation of the assumed amount of depreciation expense:

Assumed depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

(B) Operating leases

Future lease payments under non-cancellable operating leases at March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Amount due within one year	¥114,922	¥ 91,529	¥ 89,091	\$1,038,045
Amount due after one year	504,416	359,225	299,722	4,556,192
Total	¥619,338	¥450,754	¥388,813	\$5,594,237

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2021, 2020 and 2019:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Amount due within one year	¥105,712	¥101,167	¥ 95,386	\$ 954,855
Amount due after one year	772,310	891,009	653,096	6,975,973
Total	¥878,022	¥992,176	¥748,482	\$7,930,828

24. SEGMENT INFORMATION

Reportable Segment Information:

The reportable segments of the Company represent its components for which operating results are regularly reviewed, utilizing separately available financial information, by the management in deciding how to allocate resources and assessing segment performance.

The Company's Head Office organizes its business units based on products and services, with each unit controlling subsidiaries with related business, mainly consisting of leasing, property sales and management.

The Company employs a matrix form of segment categorized by business unit organized by Head Office and by services provided. The Company's segments have been aggregated based on the nature of products and services into the 4 reportable segments of "Leasing," "Property Sales," "Management" and "Other."

Descriptions of reportable segments are stated below.

(1) Leasing

Leasing of office buildings and commercial facilities and other

(2) Property Sales

Sales of condominiums and detached housing to individuals, and sales of rental housing and office buildings and other to investors.

(3) Management

Property management and brokerage and asset management and other

(4) Other

New construction, facility operations and other

The Company has acquired TDC (see Note 3. BUSINESS REORGANIZATIONS), a consolidated subsidiary, of which the business is included in the segment "Other." Only the balance sheet of TDC is included in the consolidated financial statements for the year ended March 31, 2021 since the deemed acquisition date is January 31, 2021.

Financial information about reportable segments for the years ended March 31, 2021, 2020 and 2019 is summarized in the following tables. The accounting policies of segments are almost the same as those described in Note 2. Segment operating income is based on revenue from operations, cost of revenue from operations and selling, general and administrative expenses. Transactions and transfers between segments are made at amounts based on prevailing market prices.

Year ended March 31, 2021	Millions of yen					
	(1)	(2)	(3)	(4)	Adjustments (**1)	Consolidated
Revenue from operations:						
Outside customers	¥ 623,073	¥ 714,739	¥402,929	¥266,814	¥ -	¥2,007,555
Inter-segment	21,246	217	75,220	17,506	(114,189)	-
Total revenue from operations	¥ 644,319	¥ 714,956	¥478,149	¥284,320	¥(114,189)	¥2,007,555
Segment operating income (loss)	¥ 120,778	¥ 118,213	¥ 39,970	¥ (27,215)	¥ (47,975)	¥ 203,771
Segment assets	3,854,932	2,151,039	480,535	699,208	556,259	7,741,973
Depreciation	69,427	618	10,732	12,460	4,959	98,196
Loss on impairment of fixed assets	37,997	1,198	453	-	-	39,648
Additions to property and equipment and intangible assets	230,444	5,326	12,290	313,658	3,548	565,266

Year ended March 31, 2020	Millions of yen					
	(1)	(2)	(3)	(4)	Adjustments (**2)	Consolidated
Revenue from operations:						
Outside customers	¥636,056	¥524,095	¥421,490	¥324,002	¥ -	¥1,905,643
Inter-segment	21,856	-	77,112	16,254	(115,222)	-
Total revenue from operations	¥657,912	¥524,095	¥498,602	¥340,256	¥(115,222)	¥1,905,643
Segment operating income	¥145,893	¥123,745	¥ 55,671	¥ 2,291	¥(46,982)	¥ 280,618
Segment assets	4,055,972	2,155,135	363,775	337,201	483,276	7,395,359
Depreciation	66,731	846	9,574	10,439	3,844	91,434
Loss on impairment of fixed assets	1,063	3	447	-	-	1,513
Additions to property and equipment and intangible assets	301,854	4,941	16,586	60,225	(4,327)	379,279

Millions of yen						
Year ended March 31, 2019	(1)	(2)	(3)	(4)	Adjustments (**3)	Consolidated
Revenue from operations:						
Outside customers	¥603,284	¥530,766	¥404,347	¥322,798	¥ -	¥1,861,195
Inter-segment	19,483	558	74,713	11,241	(105,995)	-
Total revenue from operations	¥622,767	¥531,324	¥479,060	¥334,039	¥(105,995)	¥1,861,195
Segment operating income	¥141,946	¥ 98,038	¥ 55,180	¥ 9,157	¥ (42,173)	¥ 262,148
Segment assets	3,792,511	1,866,804	378,546	285,690	479,181	6,802,732
Depreciation	59,451	1,553	9,119	7,125	1,787	79,035
Loss on impairment of fixed assets	965	5	441	10,004	-	11,415
Additions to property and equipment and intangible assets	337,029	2,945	10,871	45,136	(5,466)	390,515

Thousands of U.S. dollars (See Note 1)						
Year ended March 31, 2021	(1)	(2)	(3)	(4)	Adjustments (**1)	Consolidated
Revenue from operations:						
Outside customers	\$5,627,974	\$6,455,957	\$3,639,500	\$2,410,026	\$ -	\$18,133,457
Inter-segment	191,907	1,960	679,433	158,124	(1,031,424)	-
Total revenue from operations	\$5,819,881	\$6,457,917	\$4,318,933	\$2,568,150	\$(1,031,424)	\$18,133,457
Segment operating income (loss)	\$1,090,940	\$1,067,772	\$ 361,033	\$ (245,822)	\$ (433,339)	\$ 1,840,584
Segment assets	34,820,089	19,429,491	4,340,484	6,315,672	5,024,469	69,930,205
Depreciation	627,107	5,582	96,938	112,546	44,793	886,966
Loss on impairment of fixed assets	343,212	10,821	4,092	-	-	358,125
Additions to property and equipment and intangible assets	2,081,510	48,108	111,011	2,833,149	32,048	5,105,826

(*1) Adjustments to segment operating income of ¥(47,975) million (\$433,339 thousand) consists of ¥(960) million (\$8,671 thousand) of inter-segment elimination and ¥(47,015) million (\$424,668 thousand) of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥556,259 million (\$5,024,469 thousand) consists of ¥(1,234,858) million (\$11,153,988 thousand) of inter-segment elimination, ¥1,518,236 million (\$13,713,630 thousand) of corporate assets and investments in affiliated companies of ¥272,881 million (\$2,464,827 thousand).

(*2) Adjustments to segment operating income of ¥ (46,982) million consists of ¥(366) million of inter-segment elimination and ¥ (46,616) million of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥483,276 million consists of ¥(1,138,241) million of inter-segment elimination, ¥1,368,781 million of corporate assets and investments in affiliated companies of ¥252,736 million.

(*3) Adjustments to segment operating income of ¥ (42,173) million consists of ¥(379) million of inter-segment elimination and ¥ (41,794) million of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥479,181 million consists of ¥(1,053,348) million of inter-segment elimination, ¥1,317,354 million of corporate assets and investments in affiliated companies of ¥215,175 million.

Reportable segment information regarding carrying amount and amortization of goodwill and income recognized from negative goodwill has been omitted due to their immateriality.

Products and Services Information:

Refer to reportable segment information.

Geographic Area Information:

(1) Revenue from operations

Geographic area information has been omitted since revenue from outside customers in the Japan area accounted for more than 90% of revenue from operations on the consolidated income statements.

(2) Property and equipment

Property and equipment classified by the location at March 31, 2021, 2020 and 2019 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Japan	¥3,158,295	¥3,178,590	¥3,017,088	\$28,527,640
U.S.A.	471,294	422,946	356,885	4,257,014
U.K.	55,637	58,365	58,516	502,547
Other	72,893	58,702	43,903	658,414
Total	¥3,758,119	¥3,718,603	¥3,476,392	\$33,945,615

Customer Information:

Customer information has been omitted since revenue from no single customer exceeded 10% of revenue from operations on the consolidated statements of income.

25. RELATED PARTIES

There were no significant related party transactions for the years ended March 31, 2021 and 2020.

Significant related party transaction for the year ended March 31, 2019 is summarized as follows:

Transaction with the Company's directors and major individual shareholders

Millions of yen					
2019					
Type	Name	Ownership ratio of voting shares	Nature of transaction	Transaction amount	Balance outstanding at year end
Director	Toru Yamashita	0.00%	Directly owns residence	¥17	-

Policies for terms and conditions of the transaction:

The transaction price is determined in reference to market prices.

26. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2021, 2020 and 2019 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2021	2020	2019	2021
Loans guaranteed	¥15,126	¥25,069	¥21,664	\$136,627

It had been presumed that some of the foundation piles, part of a building's substructure, were faulty on a condominium complex (the "Condominiums") located in the City of Yokohama that were sold by Mitsui Fudosan Residential Co., Ltd. ("MFR"), one of the Company's consolidated subsidiaries. On April 11, 2016, MFR received a report of an investigation of current conditions confirming that a portion of the piles used in the construction failed to reach the required bearing layer from the building contractor, Sumitomo Mitsui Construction Co., Ltd. ("SMC"). In addition, on August 26, 2016, MFR received a notice from the City of Yokohama stating that the Condominiums were in violation of the Building Standards Law and requesting that MFR consult with the unit owners of the Condominiums and take all responsible steps to resolve the situation.

On May 8, 2016, MFR executed an agreement (the "Agreement") with the condominium association (the "Condominium Association"), establishing a basic framework to remedy the defects in the installation of the foundation piles, including the possibility of reconstructing the Condominiums, as well as compensation and providing that MFR would bear the expenses arising out of such defects. On September 19, 2016, the Condominium Association resolved in accordance with the Act on Building Unit Ownership, etc. and determined that it would seek the complete reconstruction of the entire Condominiums as the corrective measure. The reconstruction was completed on Febru-

ary 25, 2021.

With regard to the Condominiums, MFR received the report from the building contractor, SMC, which noted that construction records had been diverted and modified at the time of the installation of the foundation piles, and it was revealed that certain foundation piles failed to reach the required bearing layer and the Condominiums violated the Building Standards Law. Accordingly, MFR determined to seek all damages incurred including reconstruction costs and expenses relating to the temporary housing of unit owners of the Condominiums during the period of reconstruction against the building contractor, SMC, as well as Hitachi High-Technologies Corporation (presently, Hitachi High-Tech Corporation) and Asahi Kasei Construction Materials Corporation, which installed the foundation piles, based on their tort liabilities and defect liabilities. On November 28, 2017, MFR filed a lawsuit to seek damages incurred against the above 3 companies. The claim amount is approximately ¥50.9 billion (\$459.8 million) as of March 31, 2021. All related temporary payments undertaken by MFR up to March 31, 2021 are recorded as current assets on the consolidated balance sheet.

Depending on the outcome of future events, the matters referred to above may impact the consolidated results of operations of the Company and its consolidated subsidiaries. At this stage, however, it is difficult to estimate reasonably the amount of any such impact.

27. SUBSEQUENT EVENTS

There were no applicable items under this category.



Independent auditor's report

To the Board of Directors of Mitsui Fudosan Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2021, 2020 and 2019, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The appropriateness of the determination as to whether to recognize impairment losses on the Properties within fixed assets

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of Mitsui Fudosan Co., Ltd. (the “Company”) and its consolidated subsidiaries for the current fiscal year, property and equipment (including leasehold rights) of ¥3,758,119 million and other assets of ¥38,682 million held primarily as leasing and operating properties, were recognized, and the amount of these property and equipment and other assets (collectively, the “Properties”) accounted for approximately 49% of total assets in the consolidated financial statements. Of the Properties, the determination as to whether to recognize impairment losses mainly concerned certain of the Properties whose profitability had declined such as those experiencing deviations from the initial business plan due to the impact of the spread of COVID-19 infection or otherwise. In addition, impairment losses on the Properties of ¥39,648 million were recognized in the consolidated statement of income.</p> <p>The Company describes its determination as to whether to recognize impairment losses on the Properties within fixed assets in Note 2. “Significant Accounting Policies,” under (Y) “Significant Accounting Estimates, 1. Impairment of fixed assets” to the consolidated financial statements. While the Properties within fixed assets are depreciated or amortized in a systematic manner, upon identifying any indication of impairment, the Company is required to determine whether an impairment loss should be recognized. The impairment indicators include recurring operating losses, a significant decline in market prices, a significant deterioration in the business environment, a change in usage and other factors. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the</p>	<p>The primary procedures we performed to evaluate whether the Company’s judgment with respect to the determination as to whether to recognize impairment losses on the Properties within fixed assets was appropriate included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the determination as to whether to recognize impairment losses on the Properties.</p> <p>(2) Evaluation of the appropriateness of the Company’s judgment in identifying indications of impairment</p> <ul style="list-style-type: none"> ● We examined the accuracy of the actual profit and loss data for respective Properties on which the determination of recurring operating losses was based by comparing them with the relevant supporting materials and analyzing the trend of profit and loss. ● With respect to the future cash flows and discount rates used for calculating the market prices of respective Properties, with the assistance of our own real-estate valuation specialists, as necessary, we: <ul style="list-style-type: none"> - evaluated the appropriateness of the valuation method selected to calculate the market prices in light of applicable requirements including those in the accounting standards; - evaluated the reasonableness of the estimate of future cash flows used to calculate the market prices, taking into consideration future economic conditions reflecting the impact of the spread of COVID-19 infection, by comparing them against the actual cash flows and other information relevant to the cash flows published by external sources; and - evaluated the reasonableness of the estimate of discount rates used to calculate the market prices by comparing them against information published by external sources.

<p>carrying amount is recognized as an impairment loss.</p> <p>In particular, the estimates of future cash flows and discount rates used to calculate the market prices of respective Properties may be significantly affected by changes in economic conditions and interest rates, competition in the real-estate markets and external factors affecting property development, and natural disasters, as well as the impact from the spread of COVID-19 infection and any other factors. Accordingly, these estimates involved a high degree of uncertainty, as well as significant subjectivity in the Company’s judgments. The same applies to the estimates of future cash flows and discount rates used in the judgment of recognizing and measuring impairment losses.</p> <p>We, therefore, determined that the appropriateness of the Company’s determination as to whether to recognize impairment losses on the Properties within fixed assets was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<ul style="list-style-type: none"> ● We inspected the materials relevant to the progress toward and probability of achieving the business plan for respective Properties, to assess whether there was any significant deterioration in the business environment or a change in usage, and inquired of management about risk factors that could affect the feasibility of the business plan. In addition, we evaluated the reasonableness of the estimates of development costs and profitability underlying the business plan by comparing them against information published by external sources. (3) Evaluation of the appropriateness of the Company’s judgment in recognizing and measuring impairment losses ● With respect to the future cash flows and discount rates, with the assistance of our own real-estate valuation specialists, as necessary, we: <ul style="list-style-type: none"> - evaluated the reasonableness of the estimate of future cash flows, taking into consideration future economic conditions reflecting the impact of the spread of COVID-19 infection, by comparing them against the actual cash flows and other information relevant to the cash flows published by external sources; and - evaluated the reasonableness of the estimate of discount rates by comparing them against information published by external sources.
---	--

The reasonableness of the valuation of the Real Property for Sale related to the Property Sales business	
The key audit matter	How the matter was addressed in our audit
<p>In Note 8. “Inventories” to the consolidated financial statements for the current fiscal year, real property for sale completed of ¥1,080,340 million, real property for sale in progress of ¥536,767 million and land held for development of ¥297,577 million related to the Property Sales business were recognized, and their total amount (collectively, the “Real Property for Sale”) accounted for approximately 25% of total assets in the consolidated financial statements. Of the Real Property for Sale, the valuation of the Real Property for Sale related to the Property Sales business mainly concerned those that were slow-moving and those affected by the spread of COVID-19 infection or otherwise experiencing a decline in profitability. In addition, as described in Note 2. “Significant Accounting Policies,” under (Y) “Significant Accounting Estimates, 2. Evaluation of real property for sale,” losses on devaluation of real property for sale of ¥3,907 million were recognized in the consolidated statement of income.</p> <p>The Company describes the valuation of the Real Property for Sale in Note 2. “Significant Accounting Policies,” under (G) “Inventories, Revenue and Related Costs” and (Y) “Significant Accounting Estimates, 2. Evaluation of real property for sale” to the consolidated financial statements.</p> <p>The sales price and estimated additional cost including estimated development cost that are used to calculate the net realizable value of the Real Property for Sale are estimated for each property. However, during the course of long-term property development and sales activities, these estimates may be significantly affected by changes in economic conditions and interest rates, competition in the real-estate markets and external factors affecting property development, and natural disasters, as</p>	<p>The primary procedures we performed to evaluate whether the valuation of the Real Property for Sale related to the Property Sales business was reasonable included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the valuation of the Real Property for Sale.</p> <p>(2) Evaluation of the reasonableness of the estimate of the net realizable value</p> <ul style="list-style-type: none"> ● With respect to the estimate of the selling price of respective Real Property for Sale, with the assistance of our own real-estate valuation specialists, as necessary, we: <ul style="list-style-type: none"> - evaluated the appropriateness of the valuation method selected to calculate a selling price in light of applicable requirements including those in the accounting standards; - evaluated the reasonableness of the estimate of future cash flows used to calculate a selling price, taking into consideration future economic conditions reflecting the spread of COVID-19 infection, by comparing them against the actual cash flows and other information relevant to the cash flows published by external sources; and - evaluated the reasonableness of the estimate of discount rates used to calculate a selling price by comparing them against information published by external sources. ● With respect to the Real Property for Sale under development, we inspected the materials relevant to the status and probability of achieving the respective development plans, and inquired of management about the feasibility of these development plans. In addition, we evaluated the reasonableness of the estimate of development costs and profitability underlying the development plans

<p>well as any impact from the spread of COVID-19 infection and any other factors. Accordingly, these estimates involved a high degree of uncertainty, as well as significant subjectivity in the Company’s judgments.</p> <p>We, therefore, determined that the reasonableness of the valuation of the Real Property for Sale related to the Property Sales business was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>by comparing them against information published by external sources.</p>
---	---

The appropriateness of the accounting treatment and disclosures relating to the Condominiums located in the City of Yokohama

The key audit matter	How the matter was addressed in our audit
<p>The Company describes its accounting treatment and disclosures for a condominium complex (the “Condominiums”) located in the City of Yokohama in Note 26. “Contingent Liabilities” to the consolidated financial statements.</p> <p>In this situation, Mitsui Fudosan Residential Co., Ltd. (“MFR”) filed a lawsuit to seek reimbursement of all costs incurred including reconstruction costs and expenses against the construction companies. Of the costs incurred, the amount of payments made by MFR to date are recorded as part of current assets on the consolidated balance sheets. While this matter may have an impact on the consolidated results of operations of the Company depending on the outcome of the pending lawsuit, at this stage it is difficult to reliably estimate a reasonable amount of any such impact. Accordingly, such estimate involved a high degree of uncertainty, as well as significant subjectivity in the Company’s judgments.</p> <p>We, therefore, determined that the appropriateness of the accounting treatment and disclosures relating to the Condominiums located in the City of Yokohama was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed on the costs incurred at MFR as well as the status and prospect of the pending lawsuit in order to evaluate whether the accounting treatment and disclosures relating to the Condominiums located in the City of Yokohama were appropriate, included the following:</p> <ul style="list-style-type: none"> ● We inquired of management and the personnel of MFR responsible for the matter and management of the Company about the costs incurred by MFR as well as the status and prospect of the pending lawsuit. In addition, we evaluated the reasonableness of the estimate by assessing the consistency between the relevant litigation materials and their responses to our inquiries; and ● We circularized, through a written legal confirmation, with MFR’s legal counsel handing the matter to confirm the status and prospect of the pending lawsuit.

The appropriateness of revenue recognized for transactions for property sales to investors

The key audit matter	How the matter was addressed in our audit
<p>As described in Note 24. “Segment Information” to the consolidated financial statements, revenue from operations of ¥2,007,555 million recognized in the Company’s consolidated statement of income for the current fiscal year included revenue from operations of ¥714,739 million in the Property Sales segment, which accounted for approximately 36% of the consolidated revenue from operations. In addition, the impairment losses of ¥39,648 million recognized in the consolidated statement of income included losses related to the sale of property and equipment. Of revenue from operations in the Property Sales segment, the revenue recognized for transactions for property sales to investors was related to sale transactions using a complex scheme, or transactions for property sales to investors with which the Company and its consolidated subsidiaries have recurring sale transactions.</p> <p>Transactions for property sales to investors varies widely from transaction to transaction, and the amount of each transaction tends to be relatively large. In particular, for transactions involving special purpose entities using a complex scheme or to investors with which the Company has recurring sale transactions, significant judgments regarding, for example, the economic reasonableness of the sale terms and conditions, the appropriateness of the selling price and the reasonableness of an overall transaction, are involved in determining whether substantially all of the risks and rewards of the property were transferred, which must be satisfied for a sale treatment.</p> <p>We, therefore, determined that the appropriateness of revenue recognized for transactions for property sales to investors was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to evaluate whether revenue recognized for transactions for property sales to investors was appropriate included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the revenue recognized for transactions for property sales to investors.</p> <p>(2) Evaluation of the appropriateness of the determination on the transfer of risks and rewards</p> <ul style="list-style-type: none"> ● We inspected the final approval document, agreed the evidence including the real-estate sale agreement and confirmation of property transfer to the accounting records, as well as evaluated the economic reasonableness of property sale terms and conditions based on our understanding of an overall scheme including the buyer; ● We evaluated the appropriateness of the selling price by inspecting the real-estate sale agreement and comparing the future cash flows and discount rates reflected in the selling price against the actual cash flows and other relevant information published by external sources; and ● We obtained an understanding of the contractual terms and conditions concerning repurchase by inspecting the final approval document and the real-estate sale agreement, and evaluated the reasonableness of the sale transaction, giving consideration to the extent of continuing involvement in the property after the sale.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

1. History

Mitsui Fudosan Co., Ltd. was founded on July 15, 1941, as part of the reorganization of Mitsui Company by Mitsui management. It was founded with three million yen in capital and tasked with managing the real estate owned by Mitsui Company.

Since its founding, the Company's primary business has been leasing and managing real estate such as office buildings. However, we have been diversifying operations since the mid-1950's, and in 1957, we launched a marine land reclamation business by beginning a process of dredging and reclamation in a coastal region of Chiba Prefecture. In 1961, we began a business for developing and selling land for residential use and since 1968, we

have also been constructing and selling condominiums and detached housing.

In recent years, the Mitsui Fudosan Group's main businesses are office building leasing, commercial facility leasing, and residential property sales. We also operate other businesses including a hotel and resorts business, a logistics business, a consulting business, a property management business, and overseas businesses.

Below is an overview of how the Group's business has developed to date.

July	1941	Mitsui Fudosan Co., Ltd. established (capital: 3 million yen)
May	1949	Stock listed on the First Section of the Tokyo Stock Exchange
October	1956	Absorption of Mitsui Company by Mitsui Fudosan
February	1962	Osaka Branch Office (now Kansai Head Office) opened
December	1966	Construction of Yurigaoka Project completed
April	1968	Construction of Kasumigaseki Building completed
July	1969	Mitsui Real Estate Sales Co., Ltd. established
April	1972	Sapporo Branch Office (now Hokkaido Branch Office), Hiroshima Branch Office (now Chugoku Branch Office), and Fukuoka Branch Office (now Kyushu Branch Office) opened
October	1972	Nagoya Branch Office (now Chubu Branch Office) opened
May	1973	Mitsui Fudosan America, Inc. established
September	1973	Absorption of Shin-Nagoya Building Co., Ltd. by Mitsui Fudosan
December	1973	Sendai Branch Office (now Tohoku Branch Office) opened
September	1974	Construction of Shinjuku Mitsui Building completed
October	1974	Mitsui Home Co., Ltd. and Mitsui Fudosan Construction Co., Ltd. established
May	1980	"Let's" system of joint development launched
September	1980	Construction of Sun City fully completed
March	1981	Mitsui Fudosan (Singapore) Pte., Ltd. established
April	1981	LaLaport Funabashi Shopping Center (now Mitsui Shopping Park LaLaport TOKYO-BAY) opened
September	1983	Halekulani opened
January	1984	Mitsui Garden Hotel Osaka (now Mitsui Garden Hotel Osaka Yodoyabashi) opened
April	1988	Yokohama Branch Office opened
December	1989	Mitsui Fudosan America Group established
January	1990	Mitsui Fudosan (U.K.) Ltd. established
April	1990	Chiba Branch Office opened
July	1992	Mitsui Fudosan (Singapore) Pte., Ltd. renamed as Mitsui Fudosan (Asia) Pte., Ltd.
July	1993	Construction of Bell Park City fully completed
September	1998	Yokohama Bayside Marina Shops & Restaurants (now MITSUI OUTLET PARK YOKOHAMA BAYSIDE) opened
December	1999	Absorption of Mitsui Fudosan America, Inc. by Mitsui Fudosan America Group
March	2000	Mitsui Fudosan America Group renamed as Mitsui Fudosan America, Inc.
March	2002	All shares of Mitsui Fudosan Construction Co., Ltd. sold
October	2002	Mitsui Real Estate Sales Co., Ltd. made into a full subsidiary through a share exchange
July	2005	Construction of Nihonbashi Mitsui Tower completed
December	2005	Mitsui Fudosan Residential Co. Ltd. established
January	2007	Construction of TOKYO MIDTOWN completed
April	2012	Mitsui Real Estate Sales Co., Ltd. renamed as Mitsui Fudosan Realty Co., Ltd.
July	2014	Kashiwa-no-ha Smart City Gate Square opened
September	2014	Construction of MFLP Sakai completed
February	2018	Construction of TOKYO MIDTOWN HIBIYA completed
October	2018	Mitsui Home Co., Ltd. made into a full subsidiary through a tender offer Construction of 55 Hudson Yards completed
March	2019	Construction of Nihonbashi Muromachi Mitsui Tower completed
January	2021	TOKYO DOME CORPORATION made into a consolidated subsidiary through a tender offer

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroyuki Yamada

Designated Engagement Partner

Certified Public Accountant

Hiroyuki Itoh

Designated Engagement Partner

Certified Public Accountant

Hironori Hashizume

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 29, 2021

2. Mitsui Fudosan's Businesses

Descriptions of the main businesses operated by Mitsui Fudosan and our 372 subsidiaries and affiliates (comprising 286 consolidated subsidiaries and 86 equity method affiliates) as well as the names of the main companies engaging in each business and how these companies are positioned within the business are as follows.

Leasing

Mitsui Fudosan leases properties such as office buildings and commercial facilities. Mitsui Fudosan America, Inc. and Mitsui Fudosan (U.K.) Ltd. (both consolidated subsidiaries) lease properties such as office buildings in the U.S. and U.K. respectively. Mitsui Fudosan (Asia) Pte. Ltd. and Mitsui Fudosan Taiwan Co., Ltd. (both consolidated subsidiaries) lease commercial facilities in Malaysia and Taiwan respectively.

Property Sales

Mitsui Fudosan sells properties such as business facilities. Mitsui Fudosan Residential Co., Ltd. (a consolidated subsidiary) sells properties such as detached housing and condominiums. TID Pte. Ltd. (an equity method affiliate), Mitsui Fudosan America, Inc. and Mitsui Fudosan (U.K.) Ltd. sell properties in Singapore, the U.S. and U.K. respectively.

Management

Property Management

Mitsui Fudosan Facilities Co., Ltd. and Mitsui Fudosan Facilities West Co., Ltd. (both consolidated subsidiaries) are the main companies responsible for carrying out management, cleaning, maintenance, and other tasks for the leasing business. Mitsui Fudosan commissions Mitsui Fudosan Building Management Co., Ltd. (a consolidated subsidiary) and Mitsui Fudosan Facilities West Co., Ltd. to manage some of its office buildings. Mitsui Fudosan Retail Management Co., Ltd. (a consolidated subsidiary) carries out the management and operation of commercial facilities. Also, Mitsui Fudosan Residential Service Co., Ltd. and Mitsui Fudosan Residential Service Kansai Co., Ltd. (both consolidated subsidiaries) carry out the post-sale management, cleaning, maintenance, and other tasks for properties. Mitsui Fudosan Residential Lease Co., Ltd. (a consolidated subsidiary) acts as an agent for subleasing and managing rental housing. MITSUI HOME ESTATE Co., Ltd. (a consolidated subsidiary) offers rental housing intermediary and property management services. Mitsui Fudosan Realty Co., Ltd. (a consolidated subsidiary) operates Repark, a business offering hourly and monthly car park leasing.

Brokerage, Asset Management, etc.

Mitsui Fudosan operates a business offering consultation regarding the development and securitization of real estate. Mitsui Fudosan Residential Co. Ltd. operates a sales agency for housing and other properties. Mitsui Fudosan Realty Co., Ltd. operates a brokerage business for the sale, leasing, and renting of real estate through the Mitsui Rehouse network. Mitsui Fudosan Investment Advisors, Inc. (a consolidated subsidiary) sets up and manages private placement real estate funds. Nippon Building Fund Management Ltd., Mitsui Fudosan Accommodations Fund Management Co., Ltd., Mitsui Fudosan Logistics REIT Management Co., Ltd., and Mitsui Fudosan Frontier REIT Management Inc. (all consolidated subsidiaries) operate an asset management business for real estate investment funds. Mitsui Fudosan

(Shanghai) Consulting Co., Ltd., Mitsui Fudosan Consulting (Beijing) Co., Ltd., and Mitsui Fudosan Consulting (Guangzhou) Co., Ltd. (all consolidated subsidiaries) operate consulting businesses based in China.

Other

New Construction

Mitsui Home Co., Ltd. (a consolidated subsidiary) and each franchise company provides the design, construction management, and sub-contracting construction of new-build homes.

Facility Operations

Mitsui Fudosan Hotel Management Co., Ltd. (a consolidated subsidiary) operates hotels, primarily those leased from Mitsui Fudosan. Mitsui Fudosan America, Inc. operates hotels in Hawaii, USA. Imperial Hotel, Ltd.* (an equity method affiliate) operates hotels. Mitsui Fudosan Golf Properties K.K. and MITSUI-NO-MORI Co., Ltd. (both consolidated subsidiaries) operate golf course businesses. Mitsui Fudosan Resort Management Co., Ltd. and Shima Resort Management Co., Ltd. (both consolidated subsidiaries) operate resort and luxury facilities leased from Mitsui Fudosan.

Tokyo Dome

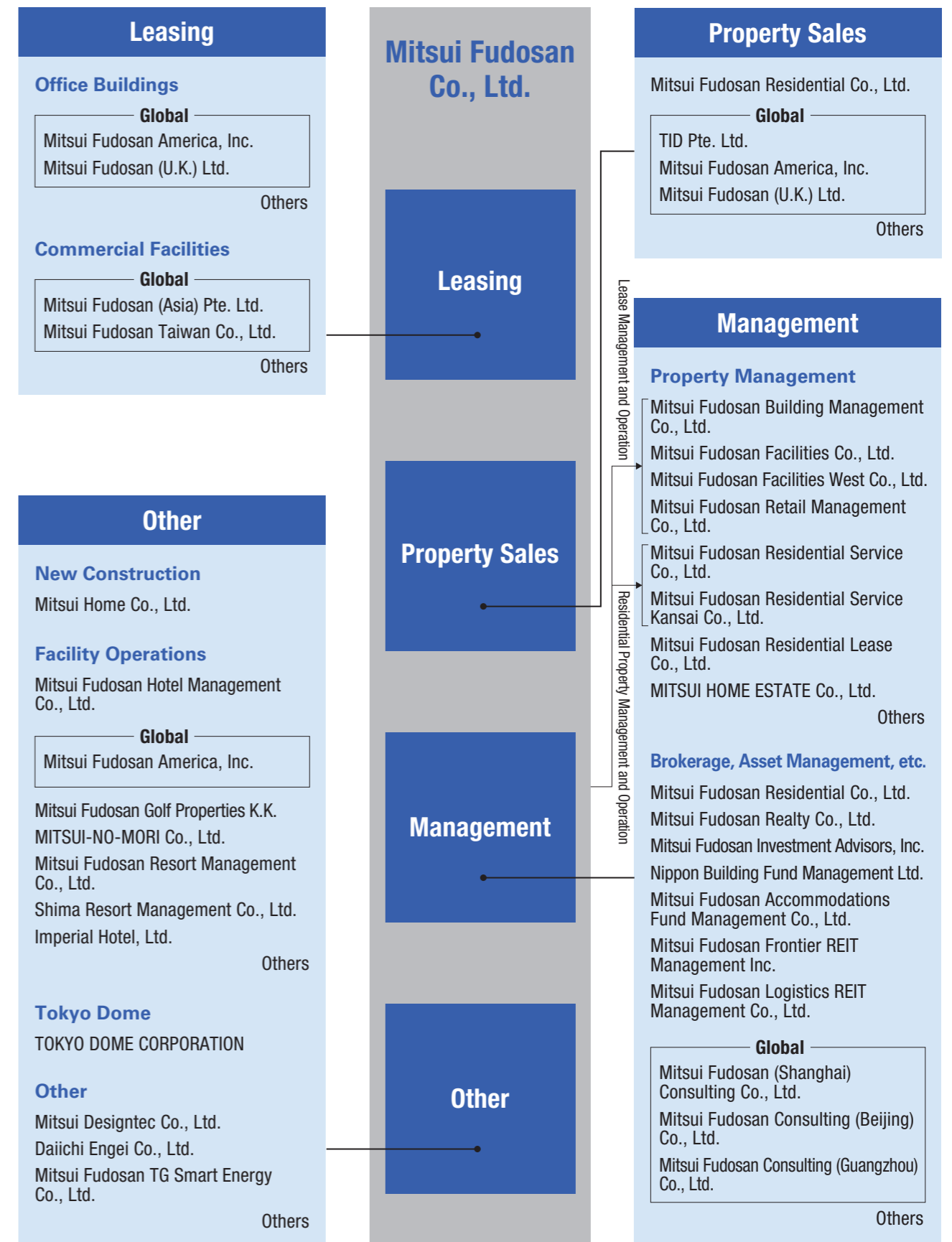
TOKYO DOME CORPORATION (a consolidated subsidiary) operates a stadium and arena business centered mainly on Tokyo Dome City.

Other

Mitsui Designtec Co., Ltd. (a consolidated subsidiary) carries out renovation work for homes and renewal work for offices and commercial facilities. Daiichi Engei Co., Ltd. (a consolidated subsidiary) is a retailer of flowers and ornamental plants, seeds, and other gardening products. Mitsui Fudosan TG Smart Energy Co., Ltd. (a consolidated subsidiary) operates a specified electricity transmission and distribution and heat supply business.

*Stock of Imperial Hotel, Ltd. (an equity method affiliate) is listed on the Second Section of the Tokyo Stock Exchange.

The following organization chart shows how the businesses of the main subsidiaries and affiliates mentioned above relate to Mitsui Fudosan's business.



3. Current Subsidiaries and Affiliates

(A) Consolidated Subsidiaries

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Accommodation First Co., Ltd.	Minato Ward, Tokyo	10	Management	100.0	100.0			5	5
Ise-Shima Resort Management Co., Ltd.	Shima City, Mie	50	Other	100.0	—	Leasing resort facilities from Mitsui Fudosan.		5	5
Wave Real Estate Co., Ltd.	Chuo Ward, Tokyo	90	Leasing, Property sales	100.0	—		Yes	4	4
NBF Office Management Co., Ltd.	Chuo Ward, Tokyo	10	Management	100.0	—	Commissioned by Mitsui Fudosan to manage buildings.	Yes	4	4
MF Service Apartment Co., Ltd.	Chuo Ward, Tokyo	10	Management	100.0	—			4	4
31 VENTURES Global Innovation Fund L.P.	Shibuya Ward, Tokyo	4,500	Other	99.0	—			0	0
31 VENTURES Global Innovation Fund II L.P.	Shibuya Ward, Tokyo	850	Other	99.0	—			0	0
MF Living Support Co., Ltd.	Koto Ward, Tokyo	100	Management	100.0	100.0			3	2
Kashimada Station Western Area Redevelopment Co., Ltd.	Kawasaki City, Kanagawa	74	Property sales	98.6	78.7			4	3
Kyushin Kaihatsu Inc.	Usuki City, Oita	120	Other	96.0	—			4	4
GREENCOLLAR, Inc.	Chuo Ward, Tokyo	22	Other	66.7	—			4	4
GREENCOLLAR NEWZEALAND LIMITED	Auckland, New Zealand	NZ\$4,520,000	Other	100.0	100.0			4	4
31VENTURES-Global Brain-Growth I GK	Chuo Ward, Tokyo	3,125	Other	99.7	—			0	0
SUNLIFE CREATION Co., Ltd.	Chuo Ward, Tokyo	300	Property sales, Management, etc.	100.0	100.0		Yes	2	1
Shima Resort Management Co., Ltd.	Shima City, Mie	100	Other	100.0	—	Leasing resort facilities from Mitsui Fudosan.		5	5
Sumai Support Co., Ltd.	Chuo Ward, Tokyo	50	Management	100.0	100.0			2	2
Mitsui Fudosan Taiwan Co., Ltd.	Taipei, Taiwan	NT\$2,926,308,545	Leasing, Other	100.0	40.0			4	4
Daiasama Golf Co., Ltd.	Kitasaku District, Nagano	150	Other	86.8	0.9			4	2
Daiichi Engei Co., Ltd.	Shinagawa Ward, Tokyo	480	Leasing, Other	100.0	—		Yes	5	5
Tsunamachi Club Co., Ltd.	Minato Ward, Tokyo	10	Other	100.0	—			4	4
TM Serviced Apartment CO., Ltd.	Minato Ward, Tokyo	10	Management	100.0	—			4	4
TM Park Residences Co., Ltd.	Minato Ward, Tokyo	10	Management	100.0	—			4	4
Tokyo Property Service Co., Ltd.	Chuo Ward, Tokyo	10	Management	100.0	100.0			2	2
Tokyo Midtown Management Co., Ltd.	Minato Ward, Tokyo	100	Management	100.0	—		Yes	7	7
Narita Sports Development Co., Ltd.	Narita City, Chiba	30	Other	100.0	—			4	4

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Haimurubushi Co., Ltd.	Yaeyama District, Okinawa	200	Other	100.0	—	Leasing resort facilities from Mitsui Fudosan.		4	4
First Facilities Chiba Co., Ltd.	Chiba City, Chiba	20	Management	100.0	100.0		Yes	3	3
First Facilities Challenged Co., Ltd.	Chuo Ward, Tokyo	10	Management	100.0	100.0			3	3
Funabashi Health Center Co., Ltd.	Funabashi City, Chiba	10	Other	100.0	100.0			1	1
Frontier REIT SC Management Co., Ltd.	Chuo Ward, Tokyo	10	Management	100.0	100.0			4	4
Mitsui Designtec Co., Ltd.	Minato Ward, Tokyo	500	Other	100.0	—	Contracted by Mitsui Fudosan for office and commercial facility interior work, etc.	Yes	8	7
MITSUI DEVELOPMENT CO., LTD	Chuo Ward, Tokyo	1,000	Leasing, Property sales	100.0	100.0			4	1
MITSUI-NO-MORI Co., Ltd.	Chino City, Nagano	200	Management, Other	100.0	—		Yes	4	4
Mitsui Fudosan Architectural Engineering Co., Ltd. ¹⁾	Chuo Ward, Tokyo	100	Management	100.0	—			4	4
Mitsui Fudosan Accommodations Fund Management Co., Ltd.	Chuo Ward, Tokyo	300	Management	100.0	—		Yes	5	5
MITSUI FUDOSAN AUSTRALIA PTY. LTD.	Sydney, Australia	A\$6,000,000	Leasing	100.0	—			3	3
Mitsui Fudosan Golf Properties K.K.	Chuo Ward, Tokyo	490	Other	100.0	—			4	4
Mitsui Fudosan Consulting (Guangzhou) Co., Ltd.	Guangzhou, China	CNY2,426,130	Management	100.0	—			5	5
Mitsui Fudosan Consulting (Beijing) Co., Ltd.	Beijing, China	CNY2,429,160	Management	100.0	—			5	5
Mitsui Fudosan (Shanghai) Consulting Co., Ltd.	Shanghai, China	CNY7,870,440	Management	100.0	—			5	5
Mitsui Fudosan Residential Lease Co., Ltd.	Shinjuku Ward, Tokyo	490	Management	100.0	100.0	Commissioned by Mitsui Fudosan to manage rental housing.	Yes	9	7
Mitsui Fudosan Retail Management Co., Ltd.	Chuo Ward, Tokyo	450	Management	100.0	—	Commissioned by Mitsui Fudosan to manage commercial facilities, etc.	Yes	12	10
Mitsui Fudosan TG Smart Energy Co., Ltd.	Chuo Ward, Tokyo	100	Other	70.0	—		Yes	5	4
Mitsui Fudosan Investment Advisors, Inc.	Chuo Ward, Tokyo	490	Management	100.0	—		Yes	5	4
Mitsui Fudosan Building Management Co., Ltd.	Chuo Ward, Tokyo	490	Management	100.0	—	Commissioned by Mitsui Fudosan to manage buildings.	Yes	9	7
Mitsui Fudosan Facilities Co., Ltd.	Chuo Ward, Tokyo	490	Management	100.0	—	Commissioned by Mitsui Fudosan to manage, clean, and maintain properties and adjacent facilities.	Yes	13	11

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Mitsui Fudosan Facilities West Co., Ltd.	Osaka City, Osaka	200	Management	100.0	100.0		Yes	4	4
Mitsui Fudosan Frontier REIT Management Inc.	Chuo Ward, Tokyo	450	Management	100.0	—		Yes	6	6
Mitsui Fudosan Hotel Management Co., Ltd.	Chuo Ward, Tokyo	490	Other	100.0	—	Leasing hotels from Mitsui Fudosan.	Yes	9	8
Mitsui Fudosan Resort Management Co., Ltd.	Chuo Ward, Tokyo	100	Other	100.0	—	Leasing resort facilities from Mitsui Fudosan.		5	4
Mitsui Fudosan Residential Co., Ltd. ^{2,3}	Chuo Ward, Tokyo	40,000	Leasing, Property sales, etc.	100.0	—		Yes	10	1
Mitsui Fudosan Residential Service Co., Ltd.	Koto Ward, Tokyo	400	Management	100.0	100.0		Yes	8	5
Mitsui Fudosan Residential Service Kansai Co., Ltd.	Osaka City, Osaka	300	Management	100.0	100.0		Yes	5	3
Mitsui Fudosan Residential Service Kyushu Co., Ltd.	Fukuoka City, Fukuoka	100	Management	100.0	100.0		Yes	2	1
Mitsui Fudosan Residential Service Chugoku Co., Ltd.	Hiroshima City, Hiroshima	100	Management	100.0	100.0		Yes	2	1
Mitsui Fudosan Residential Service Tohoku Co., Ltd.	Sendai City, Miyagi	100	Management	100.0	100.0		Yes	2	1
Mitsui Fudosan Residential Service Hokkaido Co., Ltd.	Sapporo City, Hokkaido	100	Management	100.0	100.0		Yes	2	1
Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo Ward, Tokyo	200	Management	100.0	—		Yes	5	5
Mitsui Fudosan Loan Guarantee Co., Ltd.	Chuo Ward, Tokyo	100	Other	100.0	—	Guarantees loans for properties sold by Mitsui Fudosan.	Yes	4	4
Mitsui Fudosan Worldfarm Co., Ltd.	Chuo Ward, Tokyo	235	Other	97.9	—			4	3
Minato Estate Co., Ltd.	Chuo Ward, Tokyo	110	Other	100.0	—			4	4
LaLaport Agency Co., Ltd.	Chuo Ward, Tokyo	20	Management	100.0	100.0			8	8
Resident First Co., Ltd.	Minato Ward, Tokyo	10	Management	100.0	100.0			5	5
Nippon Building Fund Management Ltd. ⁴	Chuo Ward, Tokyo	495	Management	46.0	—		Yes	4	4
45 other companies					—				

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
MFA Holding, Inc.	Wilmington, Delaware, U.S.A.	US\$1,000	Leasing, Property sales, etc.	100.0	—			3	2
Mitsui Fudosan America, Inc.	Newark, Delaware, U.S.A.	US\$722,000	Leasing, Property sales, etc.	100.0	100.0			3	2
98 other MFA Holding, Inc. Group companies					—				
Mitsui Fudosan (Asia) Pte. Ltd.	Singapore	S\$103,863,128	Leasing, Property sales, etc.	100.0	40.0			6	6

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
12 other Mitsui Fudosan (Asia) Pte. Ltd. Group companies					—				
Mitsui Fudosan (U.K.) Ltd. ²	London, U.K.	£477,250,000	Leasing, Property sales	100.0	—			3	2
29 other Mitsui Fudosan (U.K.) Ltd. Group companies					—				
Mitsui Fudosan Realty Co., Ltd.	Chiyoda Ward, Tokyo	20,000	Management	100.0	—		Yes	7	1
7 other Mitsui Fudosan Realty Co., Ltd. Group companies					—				
Mitsui Home Co., Ltd.	Shinjuku Ward, Tokyo	13,900	Other	100.0	—		Yes	10	7
MITSUI HOME ESTATE Co., Ltd.	Chiyoda Ward, Tokyo	100	Management	100.0	100.0		Yes	0	0
MITSUIHOME ENGINEERING Co., LTD.	Setagaya Ward, Tokyo	100	Other	100.0	100.0			1	1
Mitsui Home Components Co., Ltd.	Chuo Ward, Tokyo	300	Other	100.0	100.0			1	1
MITSUIHOME LINKAGE Co., Ltd.	Shinjuku Ward, Tokyo	300	Other	100.0	100.0			0	0
9 other Mitsui Home Co., Ltd. Group companies					—				
TOKYO DOME CORPORATION	Bunkyo Ward, Tokyo	2,038	Other	84.8	—			0	0
TOKYO DOME HOTEL CORPORATION	Bunkyo Ward, Tokyo	100	Other	100.0	100.0			0	0
10 other Tokyo Dome Group companies					—				

Note 1. The "Business" column uses the name of the business segment.

2. *1 Mitsui Fudosan Architectural Engineering Co., Ltd. was renamed Mitsui Fudosan Engineering Advisors Inc. on April 1, 2021.

3. *2 Qualifies as a specified subsidiary.

4. *3 Mitsui Fudosan Residential Co., Ltd.'s revenue (excluding inter-company sales between consolidated companies) accounts for over 10% of consolidated revenue from operations. The main financial information of the company is as below.

(1) Revenue from operations ¥380,285 million

(2) Ordinary income ¥47,478 million

(3) Net profit ¥34,665 million

(4) Net assets ¥153,103 million

(5) Total assets ¥896,058 million

5. *4 Although Mitsui Fudosan owns less than 50% of voting rights, it effectively holds control of the company and therefore classifies it as a subsidiary.

(B) Equity Method Affiliates

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Imperial Hotel, Ltd.*1	Chiyoda Ward, Tokyo	1,485	Hotel management and operation	33.2	—			2	0
TID Pte. Ltd.	Singapore	S\$10,000,000	Property sales to individuals	49.0	—			4	3
RESOL HOLDINGS CO., LTD.*1	Shinjuku Ward, Tokyo	3,948	Manages resort facilities, etc.	41.0	—		Yes	3	2
Keiyo Tochi Kaihatsu Co., Ltd.	Chiyoda Ward, Tokyo	400	Real estate business	33.3	—			2	2
SENON LIMITED	Shinjuku Ward, Tokyo	100	Security business	20.8	—	Commissioned to provide security for Mitsui Fudosan buildings.	Yes	1	1
ST. LUKE'S TOWERS Co., Ltd.	Chuo Ward, Tokyo	100	Building lease business	42.5	—	Rents properties from Mitsui Fudosan.	Yes	2	2
Kyushu Kumamoto International Airport Co., Ltd.	Kamimashiki District, Kumamoto	6,440	Management and operation of Kyushu Kumamoto International Airport	29.0	—			2	2
Hiroshima International Airport Co., Ltd.	Mihara City, Hiroshima	7,750	Management and operation of Hiroshima International Airport	32.0	—			3	3
Village Shonan, Inc.*2	Miura District, Kanagawa	494	Management and operation of Shonan Village Center	16.0	—			1	1
CREW SYSTEMS, INC.	Chiyoda Ward, Tokyo	133	Surveillance camera and system business, etc.	38.2	—		Yes	3	2
5 other Mitsui Home Co., Ltd. Group companies									
1 other TOKYO DOME CORPORATION Group company									
38 other Mitsui Fudosan (Asia) Pte. Ltd. Group companies									
5 other Mitsui Fudosan (U.K) Ltd. Group companies									
4 other MFA Holding, Inc. Group companies									
23 other companies									

Notes 1. *1 Submits a securities report.

2. *2 Although Mitsui Fudosan owns less than 20% of voting rights, it effectively holds influence over the company and therefore classifies it as an affiliate.

4. Major Properties

(A) Leasing Segment

The major properties owned by the Group (Mitsui Fudosan and consolidated subsidiaries) in each segment are shown below.

(1) Properties

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Mitsui Main Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 7 floors above ground 2 basement floors	Mar. 1929	32,245	14,256	2,304		25	160,256
	Mitsui Building No. 2 (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 3 basement floors	Feb. 1985	26,490		6,655	122,472	253	
	Nihonbashi Mitsui Tower (Chuo Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 39 floors above ground 4 basement floors	Jul. 2005	133,727		28,002		543	
Mitsui Fudosan Co., Ltd. M Three Real Estate Co., Ltd. Murosans Real Estate Co., Ltd.	Nihonbashi Muromachi Mitsui Tower (Chuo Ward, Tokyo)	Office, Commercial facility	Reinforced concrete structure / steel-reinforced concrete structure (portion) 26 floors above ground 3 basement floors	Mar. 2019	151,579*1	10,255**2	85,753	108,443	5,449	199,646
Mitsui Fudosan Co., Ltd.	Muromachi Higashi Mitsui Building (Chuo Ward, Tokyo)	Office, Commercial facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 22 floors above ground 4 basement floors	Oct. 2010	40,363	2,454	9,166	25,088	288	34,543
	Muromachi Furukawa Mitsui Building (Chuo Ward, Tokyo)	Office, Commercial facility, Residence	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 22 floors above ground 4 basement floors	Feb. 2014	25,439*1	1,534*1	4,792	7,487	109	12,390
	Muromachi Chibagin Mitsui Building (Chuo Ward, Tokyo)	Office, Commercial facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 17 floors above ground 4 basement floors	Feb. 2014	13,380*1	771**2	2,525	8,398	61	10,984
	Nihonbashi 1-Chome Mitsui Building (Chuo Ward, Tokyo)	Office, Commercial facility	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 4 basement floors	Jan. 2004	92,755	5,611	13,398	64,427	438	78,265
Mitsui Fudosan Co., Ltd. Lotus Estate Co., Ltd.	Nihonbashi Astellas Mitsui Building (Chuo Ward, Tokyo)	Office	Steel construction / reinforced concrete structure / steel-reinforced concrete structure 17 floors above ground 2 basement floors	Jan. 2013	26,516	2,364	5,172	21,338	80	26,590
Mitsui Fudosan Co., Ltd.	Suruga Building (Chuo Ward, Tokyo)	Office	Reinforced concrete structure 9 floors above ground 4 basement floors	Oct. 2019	16,445	1,358	2,225	33,401	2	35,629
	Nihonbashi Takashimaya Mitsui Building (Chuo Ward, Tokyo)	Office	Reinforced concrete structure / steel-reinforced concrete structure 32 floors above ground 5 basement floors	Jun. 2018	83,746*1	3,460*1	32,309	55,776	926	89,012
	Yaesu Mitsui Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 10 floors above ground 3 basement floors	Jun. 1965	22,520*1	1,865**2	757	15,811	15	16,584
	Kojun Building (Chuo Ward, Tokyo)	Commercial facility	Steel-reinforced concrete structure 10 floors above ground 2 basement floors	Sep. 2004	13,662*1	1,316*1	2,302	7,832	43	10,178
	Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 23 floors above ground 4 basement floors	Jul. 2010	80,047	5,430	14,702	89,148	116	103,967

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 36 floors above ground 3 basement floors	Apr. 1968	145,494 ^{*1}	8,264 ^{*1,2}	15,962	1,556	748	18,267
	Shin-Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 3 basement floors	Feb. 1987	14,895 ^{*1}	2,891 ^{*1}	1,243	16,597	14	17,854
	Toranomon Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 14 floors above ground 2 basement floors	Sep. 1972	23,606	3,264	1,509	32,292	46	33,848
	Marunouchi Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Feb. 1981	20,373	1,851	2,915	23,690	56	26,661
	Jimbocho Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 23 floors above ground 2 basement floors	Mar. 2003	13,542 ^{*1}	1,252 ^{*1}	3,455	8,081	21	11,558
	GranTokyo North Tower (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Oct. 2007	82,001 ^{*1}	3,723 ^{*1}	12,836	43,778	117	56,732
	TOKYO MIDTOWN HIBIYA (Chiyoda Ward, Tokyo)	Office, Commercial facility	Steel construction / steel-reinforced concrete structure (portion) 35 floors above ground 4 basement floors	Feb. 2018	189,245	10,702	81,779	121,375	3,309	206,464
	Hibiya U-1 Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 26 floors above ground 4 basement floors	Mar. 2018	50,848	5,065	1,686	62,877	14	64,578
	Otemachi One Tower (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 40 floors above ground 5 basement floors	Feb. 2020	78,215 ^{*1}	4,557 ^{*1}	36,010	125,058	2,444	163,513
	Chorus Property, LLC	Aoyama OM-SQUARE (Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 25 floors above ground 3 basement floors	Jul. 2008	14,603 ^{*1}	2,040 ^{*1}	2,576	8,903	33
Mitsui Fudosan Co., Ltd.	Shiodome City Center (Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Jan. 2003	15,775 ^{*1}	1,322 ^{*1}	1,770	9,468	18	11,257
	TOKYO MIDTOWN (Minato Ward, Tokyo)	Office, Commercial facility, Residence	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 54 floors above ground 5 basement floors	Jan. 2007	281,901 ^{*1}	34,465 ^{*1}	42,097	148,163	1,403	191,665
	msb Tamachi (Tamachi Station Tower South) (Minato Ward, Tokyo)	Office	Reinforced concrete structure / steel-reinforced concrete structure (portion) 31 floors above ground 2 basement floors	May 2018	75,178 ^{*1}	5,407 ^{*1,2}	29,375	—	1,356	30,732
	GATE CITY OHSAKI (Shinagawa Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 24 floors above ground 4 basement floors	Jan. 1999	33,612 ^{*1}	5,405 ^{*1}	5,792	13,445	96	19,334
	RAYARD MIYASHITA PARK (Shibuya Ward, Tokyo)	Commercial facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 4 floors above ground 1 basement floor	Jul. 2020	34,502	8,055 ^{*2}	13,642	—	1,553	15,195

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Urban Dock LaLaport TOYOSU (Koto Ward, Tokyo)	Commercial facility	Steel construction / steel-reinforced concrete structure (portion) 5 floors above ground 1 basement floor	Aug. 2006	164,525	67,499 ^{*2}	10,117	20,199	936	31,253
	Mitsui Fudosan Industrial Park Haneda (Ota Ward, Tokyo)	Logistics facility*	Steel construction 5 floors above ground	Jun. 2019	81,030	36,213 ^{*2}	11,220	16,056	959	28,236
	LAZONA Kawasaki Plaza (Kawasaki City, Kanagawa)	Commercial facility	Steel construction / reinforced concrete structure (portion) 6 floors above ground 1 basement floor	Sep. 2006	69,081 ^{*1}	72,013 ^{*2}	3,762	26,022	511	30,296
	Yokohama Mitsui Building (Yokohama City, Kanagawa)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 30 floors above ground 2 basement floors	Feb. 2012	90,356	7,799	15,319	7,004	292	22,615
Mitsui Fudosan Co., Ltd. Kamoi Properties, LLC	LaLaport YOKOHAMA (Yokohama City, Kanagawa)	Commercial facility	Steel construction 6 floors above ground 1 basement floor	Feb. 2007	244,154	102,030	11,899	17,073	442	29,416
Mitsui Fudosan Co., Ltd.	LaLaport EBINA (Ebina City, Kanagawa)	Commercial facility	Steel construction 4 floors above ground	Oct. 2015	121,127	32,942 ^{*2}	11,275	—	459	11,734
	LaLaport Mitsui Building (Funabashi City, Chiba)	Office	Steel-reinforced concrete structure / steel construction (portion) 14 floors above ground 1 basement floor	Jun. 1988	23,558	—	1,810	—	29	—
	LaLaport TOKYO-BAY (Funabashi City, Chiba)	Commercial facility	Reinforced concrete structure / steel construction (portion) / steel-reinforced concrete structure (portion) 10 floors above ground 1 basement floor	Apr. 1981	280,529	157,850	22,564	48,919	3,044	76,368
	ViVit Minami Funabashi (Funabashi City, Chiba)	Commercial facility	Steel construction 5 floors above ground	Nov. 2020	98,026	30,258	3,146	7,077	10	10,234
	Mitsui Fudosan Logistics Park Funabashi I (Funabashi City, Chiba)	Logistics facility	Reinforced concrete structure / steel construction (portion) 8 floors above ground	Oct. 2016	202,156	51,000	24,685	4,425	1,161	30,272
	GATE SQUARE (Kashiwa City, Chiba)	Office, Commercial facility, Residence	Shop & Office Steel-reinforced concrete structure 7 floors above ground 1 basement floor Hotel & Residence Reinforced concrete structure 14 floors above ground 1 basement floor	Apr. 2014	48,166	20,871	8,138	4,858	545	13,542
	Park City Kashiwa-no-ha Campus The Gate Tower West (Kashiwa City, Chiba)	Residence, Commercial facility	Steel-reinforced concrete structure 36 floors above ground	Jan. 2018	38,771	6,095	9,566	2,823	558	12,947
	LaLaport FUJIMI (Fujimi City, Saitama)	Commercial facility	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Feb. 2015	183,858	152,055	17,200	10,365	1,187	28,753
	LaLaport NUMAZU (Numazu City, Shizuoka)	Commercial facility	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Aug. 2019	164,353	119,816 ^{*2}	22,585	—	2,551	25,136

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Otemachi Tatemono Nagoya Station Building (Nagoya City, Aichi)	Office, Commercial facility	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Aug. 2007	37,834	2,976	244	14,242	1	14,488
	Nagoya Mitsui North Building (Nagoya City, Aichi)	Office	Steel construction / Reinforced concrete structure (portion) 20 floors above ground 2 basement floors	Jan. 2021	29,410	2,247 ^{*2}	11,625	4,686 ^{*2}	742	17,054
	LaLaPort NAGOYA minato AQUUS (Nagoya City, Aichi)	Commercial facility	Steel construction 4 floors above ground (6 floors above ground in part)	Sep. 2018	171,815	83,200 ^{*2}	19,906	—	2,028	21,935
	Yodoyabashi Mitsui Building (Osaka City, Osaka)	Office, Commercial facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 16 floors above ground 3 basement floors	Mar. 2008	38,838 ^{*1}	3,087 ^{*1}	5,024	14,556	95	19,677
	EXPOCITY (Suita City, Osaka)	Commercial facility	Steel construction 1-3 floors above ground	Nov. 2015	222,506	172,240 ^{*2}	18,122	—	1,803	19,926
	MITSUMI OUTLET PARK MARINE PIA KOBE (Kobe City, Hyogo)	Commercial facility	Factory Outlet Steel construction 3 floors above ground Annex Steel construction 2 floors above ground	Jul. 1999	61,961	78,205	1,382	11,096	661	13,140
	Sapporo Mitsui JP Building (Sapporo City, Hokkaido)	Office, Commercial facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 20 floors above ground 3 basement floors	Aug. 2014	47,714 ^{*1}	3,861 ^{*1}	8,620	6,707	109	15,437
Mitsui Fudosan America, Inc. (Overseas subsidiary)	1251 Avenue of the Americas (New York City, New York, U.S.A.)	Office	Steel construction 54 floors above ground 4 basement floors	Dec. 1986	215,308	9,232	28,659	22,980	13	51,653
	527 Madison Avenue (New York City, New York, U.S.A.)	Office	Steel construction 26 floors above ground 1 basement floor	Sep. 2008	19,472	1,082	13,542	11,542	—	25,084
	55 Hudson Yards (New York City, New York, U.S.A.)	Office	Reinforced concrete structure 51 floors above ground 2 basement floors	Oct. 2018	117,585 ^{*1}	3,718 ^{*1}	66,849	43,798	—	110,648
Mitsui Fudosan (U.K.) Ltd. (Overseas subsidiary)	5 Hanover Square (London, U.K.)	Office	Reinforced concrete structure 7 floors above ground 1 basement floor	Mar. 2012	7,957	1,122	3,066	8,498	340	11,905
	8-10 Moorgate (London, U.K.)	Office	Steel construction / reinforced concrete structure (portion) 9 floors above ground 1 basement floor	May 2014	16,750	2,040 ^{*2}	4,224	5,271 ^{*2}	1,331	10,827
	1 Angel Court (London, U.K.)	Office	Steel construction / reinforced concrete structure (portion) 27 floors above ground 2 basement floors	Mar. 2017	45,384	3,925 ^{*2}	13,864	11,636 ^{*2}	7,260	32,761
Sanxin Outlets Co., Ltd. (Overseas subsidiary)	MITSUMI OUTLET PARK LINKOU (New Taipei City, Taiwan)	Commercial facility	Reinforced concrete structure / steel construction (portion) 2 floors above ground 1 basement floor (3 floors above ground in part)	Jan. 2016	53,200	47,138 ^{*2}	10,980	—	3,003	13,984
SAN ZHONG GANG OUTLET CO., LTD. (Overseas subsidiary)	MITSUMI OUTLET PARK TAICHUNG PORT (Taichung, Taiwan)	Commercial facility	Reinforced concrete structure 1 floor above ground (2 floors above ground in part)	Dec. 2018	79,790	177,932 ^{*2}	5,879	—	2,839	8,718

(2) Others

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Chuo Ward, Tokyo Land	Planned construction site	—	—	—	2,899	—	14,717	—	14,717
Mitsui Fudosan America, Inc. (Overseas subsidiary)	New York City, New York, U.S.A. Land	Planned construction site	—	—	—	5,760 ^{*1}	—	109,207	—	109,207

Note: 1. Land includes leasehold. Other is tangible fixed assets excluding buildings, land, and construction in progress.

2. *1 Data for the buildings and land is calculated based on the area in which the Group (the Company and its consolidated subsidiaries) maintains an equity interest.

3. *2 Land includes the area and amount corresponding to leasehold.

(B) Others

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Resort Management Co., Ltd.	Halekulani Okinawa (Kunigami District, Okinawa)	Hotel	Reinforced concrete structure 10 floors above ground	May 2019	40,731	126,746 ^{*2}	19,580	3,907 ^{*2}	4,786	28,274
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Resort Management Co., Ltd.	HOTEL THE MITSUI KYOTO	Hotel	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure / wood structure 4 floors above ground 1 basement floor	Nov. 2020	19,026	7,454	12,626	6,545	3,598	22,770
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Hotel Management Co., Ltd.	Mitsui Garden Hotel Ginza Premier Other domestic hotels in 17 locations	Hotel	—	—	198,636 ^{*1}	30,177 ^{*1*2}	38,839	8,323 ^{*2}	3,965	51,128
Mitsui Fudosan America, Inc. (Overseas subsidiary)	Halekulani One other overseas hotel in another location	Hotel	—	—	77,172	20,927 ^{*2}	12,514	2,520 ^{*2}	1,727	16,762
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Golf Properties Co., Ltd. Daiasama Golf Club Co., Ltd. Kyusin Kaihatsu Inc.	Mitsuinomori Karuizawa Country Club Six other locations	Golf course	—	—	32,057	6,896,415 ^{*2}	761	1,568 ^{*2}	1,818	4,148
Mitsui Fudosan Co., Ltd.	Tsunamachi Mitsui Club (Minato Ward, Tokyo)	State guest house	Floors: reinforced concrete structure Walls: masonry construction 2 floors above ground 1 basement floor	Feb. 1913	5,427	28,563	1,000	23,571	601	25,173
TOKYO DOME CORPORATION TOKYO DOME HOTEL CORPORATION	Tokyo Dome City (Bunkyo Ward, Tokyo)	Multi-purpose Dome, Hotel, Commercial facility	—	Jan. 2021	399,728	131,535 ^{*2}	78,629	155,212	13,157	247,000
TOKYO DOME CORPORATION	ATAMI BAY RESORT KORAKUEN (Shizuoka City, Shizuoka)	Hotel	Steel construction / reinforced concrete structure 19 floors above ground	Jan. 2021	44,137	23,575	9,883	1,027	188	11,100

Note: 1. Land includes leasehold. Other is tangible fixed assets excluding buildings, land, and construction in progress.

2. *1 Data for the buildings and land is calculated based on the area in which the Group (the Company and its consolidated subsidiaries) maintains an equity interest.

3. *2 Land includes the area and amount corresponding to leasehold.

5. Strategic Shareholdings

(A) Standards and Approach to the Classification of Investment Shares

In overall consideration for business strategy and relationships with business partners, to improve the Group's corporate value, Mitsui Fudosan holds shares considered effective for management strategies as shares for purposes other than net

investments from a medium- to long-term perspective. Mitsui Fudosan also holds other shares for the purpose of investment income and classifies these as investment shares.

(B) Investment Shares Held for Purposes Other Than Net Investments

(1) Method for verifying policy and rationality of shareholdings and content of verifications of individual stocks by the Board of Directors, etc.

In overall consideration for business strategy and relationships with business partners, to improve the Group's corporate value, Mitsui Fudosan holds shares in listed companies that are considered effective for management strategies from a medium- to long-term perspective as shares for purposes other than net investments (strategic shareholdings).

Furthermore, we continuously review shareholding status. Upon confirming the significance of shareholdings based on the quantitative rationality of holdings and relationships with business partners, we have decided to reduce our shareholdings. In fiscal 2020, we sold 3 stock brands worth a total of ¥45.9 billion.

When verifying the rationality of shareholdings, we verify whether or not the benefits and risks associated with the

shareholdings are commensurate with the capital cost. Furthermore, in addition to confirming the significance of shareholdings from perspectives such as transaction performance, stable funding procurement, and creation of business opportunities, we also verify whether or not the holdings contribute to improving the medium- to long-term corporate value of the Group.

At a meeting held on May 14, 2021, the Board of Directors verified appropriateness with regard to the significance of strategic shareholdings based on the quantitative rationality of holding and relationships with business partners for each stock. As a result, we are considering selling stocks for which the rationality of holding or significance of holding has decreased, based on factors such as impact on the stock market.

(2) Number of stocks and total amount as recorded on the balance sheet

	Number of stocks	Book Value of Shares (millions of yen)
Unlisted shares	69	10,703
Other holdings	58	629,246

Stocks which saw an increase in the number of shares in fiscal 2020)

	Number of stocks	Total amount of transactions to increase the number of shares (millions of yen)	Reason for increase
Unlisted shares	4	2,201	Considered effective for management strategies from a medium- to long-term perspective
Other holdings	—	—	—

(Stocks which saw a decrease in the number of shares in fiscal 2020)

	Number of stocks	Total amount of sales to decrease the number of shares (millions of yen)
Unlisted shares	1	—
Other holdings	3	45,964

Note: The decrease in unlisted shares is due to the liquidation of the company which issued said shares.

(3) Information concerning the number of shares held and amount recorded on the balance sheet regarding specified investment shareholdings and deemed shareholdings

Specified Investment Shareholdings

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Oriental Land Co., Ltd.	26,796,900	26,796,900	The Company has held the shares of Oriental Land Co., Ltd. since 1960 when the Company was involved in its establishment. Mitsui Garden Hotel PRANA Tokyo Bay in Urayasu City, Chiba Prefecture, a property operated and managed by the Mitsui Fudosan Group, is a partner hotel of Tokyo Disney Resort. The Company is an official sponsor of Tokyo Disneyland and Tokyo DisneySea, which are operated by Tokyo Disney Resort. We believe that the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities and to the creation of business opportunities for the Mitsui Fudosan Group.	No
	460,452	397,575		
Mitsui & Co., Ltd.	6,493,466	6,493,466	Mitsui & Co., Ltd. is a co-operator of Otemachi One in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group. Mitsui & Co., Ltd. is a tenant in properties including Sapporo Mitsui JP Building in Sapporo, Hokkaido. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	15,186	10,285		
Toray Industries, Inc.	19,460,720	19,460,720	Toray Industries, Inc. is a tenant in properties including Nihonbashi Mitsui Tower in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	14,013	9,783		
TBS HOLDINGS, INC.	5,713,728	5,713,728	TBS HOLDINGS, INC. is a co-operator of the akasaka Sacas commercial complex in Minato Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	12,593	8,766		
MS&AD Insurance Group Holdings, Inc.	3,025,069	3,025,069	The Company has borrowings from MS&AD Insurance Group Holdings, Inc.'s consolidated subsidiary Mitsui Sumitomo Insurance Co., Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. MS&AD Insurance Group Holdings, Inc.'s consolidated subsidiary Mitsui Sumitomo Insurance Co., Ltd. is a tenant in properties including LaLaport Mitsui Building in Funabashi City, Chiba Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No However, MS&AD Insurance Group Holdings, Inc.'s consolidated subsidiaries Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd. hold shares.
	9,822	9,154		
Taisei Corporation	2,096,400	2,096,400	Taisei Corporation is the supplier of new construction including TOYOSU BAYSIDE CROSS TOWER in Koto Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	8,745	6,831		
Daiwa House Industry Co., Ltd.	2,565,300	2,565,300	Daiwa House Industry Co., Ltd. is a co-operator of properties including DiverCity Tokyo Plaza in Koto Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	8,438	6,833		
SHIMIZU CORPORATION	8,554,000	8,554,000	SHIMIZU CORPORATION is the supplier of new construction including Mitsui Garden Hotel Roppongi Premier in Minato Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	7,676	7,196		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Sumitomo Mitsui Financial Group, Inc.	1,744,657	1,744,657	The Company has borrowings from Sumitomo Mitsui Financial Group, Inc.'s consolidated subsidiary Sumitomo Mitsui Banking Corporation. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. Sumitomo Mitsui Financial Group, Inc.'s consolidated subsidiary Sumitomo Mitsui Banking Corporation is a tenant in properties including Sumitomo Mitsui Banking Corporation Head Office Building in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No However, Sumitomo Mitsui Financial Group, Inc.'s consolidated subsidiary Sumitomo Mitsui Banking Corporation holds shares.
	7,052	5,063		
FUJIFILM Holdings Corporation	1,092,600	1,092,600	FUJIFILM Holdings Corporation is a tenant in TOKYO MIDTOWN in Minato Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	6,997	5,427		
East Japan Railway Company	673,100	673,100	East Japan Railway Company is a co-operator of the GranTokyo North Tower in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	5,481	5,463		
Toshiba Corporation	1,439,050	1,439,050	Toshiba Corporation is a co-operator of LAZONA Kawasaki Plaza located in Kawasaki City, Kanagawa Prefecture. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	5,341	3,673		
T&D Holdings, Inc.	3,129,560	3,129,560	The Company has borrowings from T&D Holdings, Inc.'s consolidated subsidiary Taiyo Life Insurance Company. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. The Company has borrowings from T&D Holdings, Inc.'s consolidated subsidiary Daido Life Insurance Company. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	No However, T&D Holdings, Inc.'s consolidated subsidiaries Taiyo Life Insurance Company and Daido Life Insurance Company hold shares.
	4,486	2,720		
The Chiba Bank, Ltd.	5,611,250	5,611,250	The Company has borrowings from The Chiba Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. The Chiba Bank, Ltd. is a co-operator of Muromachi Chibagin Mitsui Building in Chuo Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	4,150	2,644		
Mitsui Chemicals, Inc.	1,148,080	1,148,080	Mitsui Chemicals, Inc. is a tenant in properties including Shiodome City Center in Minato Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	4,130	2,470		
Asahi Kasei Corp.	3,247,084	3,247,084	Asahi Kasei Corp. is a tenant in Hibiya Mitsui Tower in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	4,093	2,473		
Kajima Corporation	2,465,770	2,465,770	Kajima Corporation is the supplier of new construction including Otemachi One in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	3,802	2,617		
Obayashi Corporation	3,678,800	3,678,800	Obayashi Corporation is the supplier of new construction for Mitsui Fudosan Logistics Park Funabashi III in Funabashi City, Chiba Prefecture. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	3,709	3,442		
Seven & i Holdings Co., Ltd.	815,300	815,300	Seven & i Holdings Co., Ltd.'s consolidated subsidiary THE LOFT CO., LTD. is a tenant in properties including EXPOCITY located in Suita City, Osaka Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	3,575	2,893		
Sumitomo Mitsui Trust Holdings, Inc.	816,996	816,996	The Company has borrowings from Sumitomo Mitsui Trust Holdings, Inc.'s consolidated subsidiary Sumitomo Mitsui Trust Bank, Limited. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. Sumitomo Mitsui Trust Holdings, Inc.'s consolidated subsidiary Sumitomo Mitsui Trust Bank, Limited is a tenant in properties including Mitsui Main Building in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No However, Sumitomo Mitsui Trust Holdings, Inc.'s consolidated subsidiary Sumitomo Mitsui Trust Bank, Limited holds shares.
	3,159	2,583		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
IBIDEN CO., LTD.	620,778	620,778	IBIDEN CO., LTD.'s consolidated subsidiary IBIDEN GREEN-TEC CO., LTD. is the supplier of planting management work at properties including TOKYO MIDTOWN in Minato Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	2,974	1,349		
Keisei Electric Railway Co., Ltd.	748,500	748,500	Keisei Electric Railway Co., Ltd. is the co-operator of Mitsui Garden Hotel Shiodome Italia-gai in Minato Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	2,841	2,359		
MAEDA CORPORATION	2,902,600	2,902,600	MAEDA CORPORATION is the supplier of new construction at Halekulani Okinawa in Onna Village, Kunigami District, Okinawa Prefecture. We believe the investment is beneficial to the smooth promotion of our Group's business activities.	Yes
	2,840	2,340		
Sumitomo Mitsui Construction Co., Ltd.	5,397,965	5,397,965	Sumitomo Mitsui Construction Co., Ltd. is the supplier of new construction including the sequence SUIDOBASHI in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	2,782	2,604		
TOBU RAILWAY CO., LTD.	784,600	784,600	TOBU RAILWAY CO., LTD. is the land and building owner of Tobu Annex Building, in which WORK STYLING Ikebukuro is a tenant, in Toshima Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	2,439	2,644		
BANDAI NAMCO Holdings Inc.	282,300	282,300	Bandai Namco Holdings Inc.'s consolidated subsidiary BANDAI NAMCO Amusement Inc. is a tenant in properties including LaLaport AICHI TOGO located in Togo Town, Aichi District, Aichi Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	2,273	1,502		
Credit Saison Co., Ltd.	1,570,800	1,570,800	Credit Saison Co., Ltd. issues the Mitsui Shopping Park card. We believe the investment is beneficial to the smooth promotion of our Group's business activities.	Yes
	2,218	2,115		
The Japan Steel Works, LTD.	560,541	560,541	The Japan Steel Works, LTD. is a tenant in properties including GATE CITY OHSAKI in Shinagawa Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	1,486	708		
Nihon Unisys, Ltd.	425,300	425,300	Nihon Unisys, Ltd. is a tenant in properties including Toyosu ON Building in Koto Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	1,407	1,218		
Seibu Holdings Inc.	1,088,000	1,088,000	Seibu Holdings Inc.'s consolidated subsidiary Seibu Construction Co., Ltd. is the supplier of new construction including Park Homes Kawagoe The Residence located in Kawagoe City, Saitama Prefecture. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	No
	1,385	1,425		
SHIN NIPPON AIR TECHNOLOGIES CO., LTD.	500,648	500,648	SHIN NIPPON AIR TECHNOLOGIES CO., LTD. is a tenant in properties including Hamacho Center Building in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	1,206	908		
Denka Company Limited	269,261	269,261	Denka Company Limited is a tenant in properties including Nihonbashi Mitsui Tower in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group. Denka Company Limited is the co-operator of Mitsui Fudosan Tomakomai Solar Power Plant in Tomakomai, Hokkaido. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	1,165	621		
IHI Corporation	513,200	513,200	IHI Corporation is a co-operator of Toyosu Bayside Cross in Koto Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	1,125	819		
The Gunma Bank, Ltd.	2,832,904	2,832,904	The Company has borrowings from The Gunma Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	Yes
	1,114	866		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Mebuki Financial Group, Inc.	4,229,190	4,229,190	The Company has borrowings from Mebuki Financial Group, Inc.'s consolidated subsidiary Joyo Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. Mebuki Financial Group, Inc.'s consolidated subsidiary Joyo Bank, Ltd. is a tenant in Yaesu Mitsui Building in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No However, Mebuki Financial Group, Inc.'s consolidated subsidiary Joyo Bank, Ltd. holds shares.
	1,104	851		
Taiheiyō Cement Corporation	384,400	384,400	Taiheiyō Cement Corporation is a tenant in properties including BUNKYO GARDEN GATE TOWER in Bunkyo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group. Taiheiyō Cement Corporation is a co-operator of the Mitsui Fudosan Sanyo-Onoda Solar Power Plant located in Sanyo-Onoda City, Yamaguchi Prefecture. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	1,088	805		
FUJI MEDIA HOLDINGS, INC.	757,200	757,200	FUJI MEDIA HOLDINGS, INC.'s consolidated subsidiary Sankei Kaikan Co., Ltd. is a tenant in properties including St. Luke's Tower located in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	1,064	844		
Nippon Steel Corporation	490,400	490,400	Nippon Steel Corporation's consolidated subsidiary NIPPON STEEL ENGINEERING CO., LTD. is the supplier of new construction for properties including Mitsui Fudosan Logistics Park Ebina I located in Ebina City, Kanagawa Prefecture. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	No
	880	492		
Nakamura Co., Ltd.	180,000	180,000	Nakamura Co., Ltd. is a co-operator of the Shinjuku Nakamura Building in Shinjuku Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	736	661		
OHBA CO., LTD.	727,050	727,050	OHBA & CO., LTD. is a tenant in properties including Chiba Chuo Twin Building 1 in Chiba City, Chiba Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	574	365		
Mitsui O.S.K. Lines, Ltd.	150,087	150,087	Mitsui O.S.K. Lines, Ltd. is a tenant in Nagoya Mitsui Main Building in Nagoya City, Aichi Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	558	277		
Heiwa Real Estate Co., Ltd.	121,400	121,400	Heiwa Real Estate Co., Ltd. is a leaseholder of land in Chuo Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	421	334		
Concordia Financial Group, Ltd.	848,245	848,245	The Company has borrowings from Concordia Financial Group, Ltd.'s consolidated subsidiary The Bank of Yokohama, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	No However, Concordia Financial Group, Ltd.'s consolidated subsidiary The Bank of Yokohama, Ltd. holds shares.
	387	270		
Seiyoken KK	417,500	417,500	Seiyoken KK is a co-operator of Mitsui Garden Hotel Roppongi Premier in Minato Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	376	327		
Mitsui E&S Holdings Co., Ltd.	520,957	520,957	Mitsui E&S Holdings Co., Ltd. is a tenant in properties including Hamarikyu Mitsui Building in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group. Mitsui E&S Holdings Co., Ltd. is a co-operator of the Mitsui Fudosan Oita Solar Power Plant in Oita City, Oita Prefecture. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	279	325		
ONWARD HOLDINGS CO., Ltd.	841,000	841,000	ONWARD HOLDINGS CO., Ltd.'s consolidated subsidiary ONWARD KASHIYAMA CO. LTD. is a tenant in properties including LaLaport TOKYO-BAY located in Funabashi City, Chiba Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	255	391		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
SANKI ENGINEERING CO., LTD.	175,000	175,000	SANKI ENGINEERING CO., LTD. is a tenant in properties including St. Luke's Tower in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	252	208		
The Hachijuni Bank, Ltd.	577,500	577,500	The Company has borrowings from The Hachijuni Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	Yes
	230	203		
Mitsubishi UFJ Financial Group, Inc.	304,000	304,000	The Company has borrowings from Mitsubishi UFJ Financial Group, Inc.'s consolidated subsidiary MUFG Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	No However, Mitsubishi UFJ Financial Group, Inc.'s consolidated subsidiary MUFG Bank, Ltd. holds shares.
	183	133		
Oji Holdings Corporation	200,000	200,000	Oji Holdings Corporation's consolidated subsidiary Oji Paper Co., Ltd. is a tenant in Hakata Mitsui Building No. 2 in Fukuoka City, Fukuoka Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	143	100		
Mitsui-Soko Holdings Co., Ltd.	62,929	62,929	Mitsui-Soko Holdings Co., Ltd.'s consolidated subsidiary MITSUI-SOKO LOGISTICS Co., Ltd. is a tenant in properties including Mitsui Fudosan Logistics Park Hiratsuka II in Hiratsuka City, Kanagawa Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	139	88		
Isetan Mitsukoshi Holdings Ltd.	170,011	170,011	Isetan Mitsukoshi Holdings Ltd.'s consolidated subsidiary Isetan Mitsukoshi Ltd. is a tenant in properties including TOKYO MIDTOWN HIBIYA in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No However, Isetan Mitsukoshi Holdings Ltd.'s consolidated subsidiary Isetan Mitsukoshi Ltd. holds shares.
	138	109		
KDDI Corporation	37,200	37,200	KDDI Corporation is a tenant in properties including Garden Air Tower in Chiyoda Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	128	114		
Mitsui Sugar Co., Ltd.	20,160	20,160	The Mitsui Fudosan Group performs contracted leasing operation and management work for the leased residences held by Mitsui Sugar Co., Ltd. We believe that the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	40	38		
The Yamanashi Chuo Bank, Ltd.	32,750	32,750	The Company has borrowings from The Yamanashi Chuo Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	Yes
	30	23		
OSAKI ELECTRIC CO., LTD.	43,172	43,172	OSAKI ELECTRIC CO., LTD. is a co-operator of Mitsui Garden Hotel Gotanda in Shinagawa Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	26	21		
JAPAN PULP AND PAPER COMPANY LIMITED	5,876	5,876	JAPAN PULP AND PAPER COMPANY LIMITED is a co-operator of OVOL Nihonbashi Building in Chuo Ward, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	22	19		
The Nanto Bank, Ltd.	5,512	5,512	The Company has borrowings from The Nanto Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	Yes
	11	11		
Fujikura Ltd.	—	518,650	(Previous fiscal year) Fujikura Ltd.'s consolidated subsidiary Fujikura Dia Cable Ltd. is a tenant in Kita-Ichijo Mitsui Building in Sapporo, Hokkaido. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	—	154		
NIPPON COKE & ENGINEERING CO., LTD.	—	1,545,820	(Previous fiscal year) NIPPON COKE & ENGINEERING CO., LTD. is a tenant in properties including Toyosu Center Building in Koto Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	—	94		

Notes: 1. Mitsui Fudosan reviews the propriety of its shareholdings by confirming the purpose of each individual stock based on the quantitative feasibility of the holding and our relationship with the company in question. We are unable to disclose details regarding these relationships for reasons of confidentiality. Additionally, under our policy of reducing shareholdings, stocks that are deemed to be beneficial but the benefits of which are relatively small compared to other holdings will be considered for sale.
2. The symbol “-” indicates that the Company does not hold the shares in question.

Deemed Shareholdings

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 3	Holdings by the company of the Company's shares
	Number of Shares Held See Note 1	Number of Shares Held See Note 1		
	Book Value of Shares (millions of yen) See Note 2	Book Value of Shares (millions of yen) See Note 2		
Oriental Land Co., Ltd.	1,736,400	1,736,400	We have the authority to direct the exercise of voting rights for these shares	No
	28,890	24,035		

- Notes: 1. Shares for which we have the authority to exercise voting rights are noted.
2. The book value of deemed shareholdings is calculated by multiplying the market value of the shareholdings on the last day of the fiscal year by the number of shares subject to the exercise of voting rights.
3. Details of the rights held by the Company are noted in the purpose of shareholding.
4. When selecting the stocks with highest book value on financial statements, special investment shares and deemed shareholdings are not combined with shares held.

(C) Shares held for the purpose of investment income

Type	Current fiscal year		Previous fiscal year	
	Number of stocks	Book Value of Shares (millions of yen)	Number of stocks	Book Value of Shares (millions of yen)
Unlisted shares	—	—	—	—
Other holdings	1	95	—	—

Type	Current fiscal year		
	Total value of dividends received (millions of yen)	Total gain or loss on sale (millions of yen)	Total valuation gain or loss (millions of yen)
Unlisted shares	—	—	—
Other holdings	—	—	84

- Note: 1. The symbol “-” indicates that the Company does not hold the shares in question.
2. Shares held for the purpose of investment income noted above were acquired as in-kind dividends from a venture capital firm that the Company has an equity stake in.