

**FINANCIAL REPORT**

**NETS**

**Year ended March 31, 2023**

**MITSUI FUDOSAN**  
**FINANCIAL REPORT**  
Year ended March 31, 2023

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## Consolidated Financial Statements

Consolidated Balance Sheets  
Mitsui Fudosan Co., Ltd. and its Subsidiaries  
As of March 31, 2023, 2022 and 2021

	Millions of yen		
	2023	2022	2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note 4)	¥132,311	¥142,682	¥187,724
Notes and accounts receivable - trade, and contract assets (Note 4, 19)	71,221	61,465	-
Notes and accounts receivable - trade (Note 4)	-	-	41,368
Marketable securities (Note 4, 5)	132	100	88
Inventories (Note 8, 13)	2,159,675	2,047,991	1,938,599
Advances paid for purchases (Note 9)	23,855	22,290	15,845
Short-term loans receivable	16,891	16,950	17,187
Equity investments in properties for sale (Note 4)	9,775	9,803	10,013
Other current assets	334,380	267,401	245,747
Allowance for doubtful accounts	(731)	(811)	(574)
Total current assets	2,747,509	2,567,871	2,455,997
<b>PROPERTY and EQUIPMENT, at cost:</b>			
Buildings and structures (Note 7, 13, 24)	2,700,021	2,347,362	2,166,327
Machinery and equipment (Note 24)	468,972	335,172	303,244
Land (Note 7, 13)	2,219,068	2,081,491	2,099,946
Construction in progress	102,781	252,516	249,386
	5,490,842	5,016,541	4,818,903
Accumulated depreciation	(1,236,049)	(1,140,600)	(1,060,784)
Net property and equipment (Note 25)	4,254,793	3,875,941	3,758,119
<b>INVESTMENTS and OTHER ASSETS</b>			
Investments in unconsolidated subsidiaries and affiliated companies	443,387	335,283	273,233
Investment securities (Note 4, 5)	814,738	881,726	775,852
Non-current loans	8,939	8,302	8,858
Lease deposits (Note 4, 10)	172,291	170,859	160,944
Net defined benefit asset (Note 12)	64,757	65,082	50,677
Deferred income taxes (Note 11)	25,762	25,574	26,587
Deferred tax assets on land revaluation	699	15	3
Other	309,666	278,423	232,902
Allowance for doubtful accounts	(1,144)	(1,064)	(1,199)
Total investments and other assets	1,839,095	1,764,200	1,527,857
Total assets	¥8,841,397	¥8,208,012	¥7,741,973

See accompanying notes.

	Millions of yen		
	2023	2022	2021
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Notes and accounts payable - trade (Note 4)	¥147,986	¥135,098	¥97,970
Bank loans (Note 4, 13)	153,290	125,045	39,213
Commercial paper (Note 4, 13)	78,000	36,000	99,500
Long-term debt due within one year (Note 4, 13)	571,627	480,554	324,326
Accrued expenses	73,030	58,306	53,683
Accrued income taxes	41,629	59,591	50,340
Advances and deposits received	134,195	117,650	231,528
Contract liabilities (Note 19)	178,190	141,892	-
Other current liabilities (Note 13, 14)	123,895	122,944	104,607
Total current liabilities	1,501,842	1,277,080	1,001,167
<b>LONG-TERM LIABILITIES</b>			
Net defined benefit liability (Note 12)	45,673	49,866	48,067
Allowance for directors' and corporate auditors' retirement benefits	800	775	846
Long-term debt due after one year (Note 4, 13)	3,245,615	3,025,635	3,160,400
Deposits from tenants (Note 4, 13, 15)	456,583	443,920	435,930
Deferred income taxes (Note 11)	286,734	299,398	269,234
Deferred tax liabilities on land revaluation	91,088	91,088	94,836
Other long-term liabilities (Note 14)	181,841	106,497	75,501
Total long-term liabilities	4,308,334	4,017,179	4,084,814
<b>CONTINGENT LIABILITIES (Note 27)</b>			
<b>NET ASSETS (Notes 16, 17)</b>			
<b>Shareholders' equity</b>			
Common stock	340,553	340,163	339,897
Authorized - 3,290,000,000 shares			
Issued—948,451,327 shares in 2023, 959,474,447 shares in 2022 and 965,281,777 shares in 2021			
Capital surplus	366,604	372,472	372,294
Retained earnings	1,499,572	1,390,511	1,259,716
Treasury stock – 14,951,532 shares in 2023, 8,973,356 shares in 2022 and 3,128,170 shares in 2021	(38,354)	(21,582)	(5,920)
Total shareholders' equity	2,168,375	2,081,564	1,965,987
<b>Accumulated other comprehensive income (loss)</b>			
Net unrealized holding gains on securities	426,950	471,795	394,874
Deferred gains on hedging instruments	16,073	10,303	5,165
Reserve on land revaluation	194,901	194,160	202,687
Foreign currency translation adjustments	67,710	10,430	(34,525)
Accumulated adjustments for retirement benefit	26,718	28,223	21,698
Total accumulated other comprehensive income	732,352	714,911	589,899
Subscription rights to shares (Note 18)	1,291	1,340	1,423
Non-controlling interests	129,203	115,938	98,683
Total net assets	3,031,221	2,913,753	2,655,992
<b>Total liabilities and net assets</b>	<b>¥8,841,397</b>	<b>¥8,208,012</b>	<b>¥7,741,973</b>

See accompanying notes.

Consolidated Statements of Income  
Mitsui Fudosan Co., Ltd. and its Subsidiaries  
For the years ended March 31, 2023, 2022 and 2021

	Millions of yen		
	2023	2022	2021
Revenue from operations (Note 19, 25)	<b>¥2,269,103</b>	¥2,100,870	¥2,007,555
Cost of revenue from operations	<b>(1,742,425)</b>	(1,650,428)	(1,609,639)
Selling, general and administrative expenses	<b>(221,273)</b>	(205,463)	(194,145)
Operating income (Note 25)	<b>305,405</b>	244,979	203,771
Interest, dividends and miscellaneous income (Note 21)	<b>60,278</b>	75,219	88,761
Interest expense	<b>(55,458)</b>	(31,606)	(27,779)
Other expenses (Note 20, 22)	<b>(21,619)</b>	(28,349)	(66,774)
Equity in net income (loss) of affiliated companies	<b>7,325</b>	2,161	(6,158)
Income before income taxes	<b>295,931</b>	262,404	191,821
Income taxes (Note 11)			
Current	<b>90,792</b>	101,362	89,147
Deferred	<b>1,765</b>	(14,713)	(27,054)
Total income taxes	<b>92,557</b>	86,649	62,093
Net income	<b>203,374</b>	175,755	129,728
Net (income) loss attributable to non-controlling interests	<b>(6,375)</b>	1,231	(152)
Net income attributable to shareholders of the Company	<b>¥196,999</b>	¥176,986	¥129,576

See accompanying notes.

Consolidated Statements of Comprehensive Income  
Mitsui Fudosan Co., Ltd. and its Subsidiaries  
For the years ended March 31, 2023, 2022 and 2021

	Millions of yen		
	2023	2022	2021
Net income	<b>¥203,374</b>	¥175,755	¥129,728
Other comprehensive income (loss):			
Net unrealized holding gains (losses) on securities	<b>(44,829)</b>	77,189	74,853
Deferred gains on hedging instruments	<b>6,817</b>	5,198	5,350
Reserve on land revaluation	<b>684</b>	-	-
Foreign currency translation adjustments	<b>41,416</b>	33,869	(15,180)
Adjustments for retirement benefit	<b>(1,640)</b>	6,420	16,071
Equity in other comprehensive income (loss) of affiliated companies	<b>17,691</b>	12,234	(4,813)
Total other comprehensive income	<b>20,139</b>	134,910	76,281
Total comprehensive income	<b>¥223,513</b>	¥310,665	¥206,009
Comprehensive income (loss) attributable to:			
Shareholders of the Company	<b>¥214,383</b>	¥310,525	¥206,396
Non-controlling interests	<b>9,130</b>	140	(387)
Total	<b>¥223,513</b>	¥310,665	¥206,009

See Note 23.

#### PER SHARE INFORMATION

	Yen		
	2023	2022	2021
Net assets per share*	<b>¥3,107.4</b>	¥2,942.1	¥2,656.4
Net income per share			
- Basic	<b>207.9</b>	184.4	134.4
- Diluted	<b>207.8</b>	184.3	134.3
Cash dividends	<b>62.0</b>	55.0	44.0

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

See accompanying notes.

# Consolidated Statements of Changes in Net Assets Mitsui Fudosan Co., Ltd. and its Subsidiaries For the years ended March 31, 2023, 2022 and 2021

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income (loss)					Subscription rights to shares	Non-controlling interests	Total net assets
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustment	Defined benefit pension plans			
BALANCE AT APRIL 1, 2020	979,250	¥339,767	¥372,163	¥1,070,240	¥(14,365)	¥319,993	¥(222)	¥330,305	¥(14,794)	¥5,593	¥1,454	¥76,391	¥2,486,525
Issuance of restricted stock	137	130	130	-	-	-	-	-	-	-	-	-	260
Cash dividends paid	-	-	-	(42,532)	-	-	-	-	-	-	-	-	(42,532)
Net income attributable to shareholders of the Company	-	-	-	129,576	-	-	-	-	-	-	-	-	129,576
Reversal of reserve on land revaluation, net of tax	-	-	-	127,620	-	-	-	(127,618)	-	-	-	-	2
Purchase of treasury stock	-	-	-	-	(16,830)	-	-	-	-	-	-	-	(16,830)
Sales of treasury stock	-	-	(12)	-	99	-	-	-	-	-	-	-	87
Retirement of treasury stock	(14,105)	-	(25,176)	-	25,176	-	-	-	-	-	-	-	-
Change in equity due to capital increase in consolidated subsidiaries	-	-	1	-	-	-	-	-	-	-	-	-	1
Transfer of retained earnings to capital surplus	-	-	25,188	(25,188)	-	-	-	-	-	-	-	-	-
Net unrealized holding gains on securities	-	-	-	-	-	74,881	-	-	-	-	-	-	74,881
Deferred gains on hedging instruments	-	-	-	-	-	-	5,387	-	-	-	-	-	5,387
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(19,731)	-	-	-	(19,731)
Defined benefit pension plans	-	-	-	-	-	-	-	-	-	16,105	-	-	16,105
Subscription rights to shares	-	-	-	-	-	-	-	-	-	-	(31)	-	(31)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	22,292	22,292
BALANCE AT MARCH 31, 2021	965,282	339,897	372,294	1,259,716	(5,920)	394,874	5,165	202,687	(34,525)	21,698	1,423	98,683	2,655,992
BALANCE AT APRIL 1, 2021	965,282	339,897	372,294	1,259,716	(5,920)	394,874	5,165	202,687	(34,525)	21,698	1,423	98,683	2,655,992
Cumulative effects of the changes in accounting policies	-	-	-	1,889	-	-	-	-	-	-	-	-	1,889
BALANCE AT APRIL 1, 2021, as adjusted for cumulative effects of the changes in accounting policies	965,282	339,897	372,294	1,261,605	(5,920)	394,874	5,165	202,687	(34,525)	21,698	1,423	98,683	2,657,881
Issuance of restricted stock	200	266	266	-	-	-	-	-	-	-	-	-	532
Cash dividends paid	-	-	-	(42,339)	-	-	-	-	-	-	-	-	(42,339)
Net income attributable to shareholders of the Company	-	-	-	176,986	-	-	-	-	-	-	-	-	176,986
Reversal of reserve on land revaluation, net of tax	-	-	-	8,527	-	-	-	(8,527)	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	(30,013)	-	-	-	-	-	-	-	(30,013)
Sales of treasury stock	-	-	(9)	-	92	-	-	-	-	-	-	-	83
Retirement of treasury stock	(6,008)	-	(14,259)	-	14,259	-	-	-	-	-	-	-	-
Change in the Company's equity due to transactions with non-controlling interests	-	-	(88)	-	-	-	-	-	-	-	-	-	(88)
Transfer of retained earnings to capital surplus	-	-	14,268	(14,268)	-	-	-	-	-	-	-	-	-
Net unrealized holding gains on securities	-	-	-	-	-	76,921	-	-	-	-	-	-	76,921
Deferred gains on hedging instruments	-	-	-	-	-	-	5,138	-	-	-	-	-	5,138
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	44,955	-	-	-	44,955
Defined benefit pension plans	-	-	-	-	-	-	-	-	-	6,525	-	-	6,525
Subscription rights to shares	-	-	-	-	-	-	-	-	-	-	(83)	-	(83)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	17,255	17,255
BALANCE AT MARCH 31, 2022	959,474	340,163	372,472	1,390,511	(21,582)	471,795	10,303	194,160	10,430	28,223	1,340	115,938	2,913,753
BALANCE AT APRIL 1, 2022	959,474	340,163	372,472	1,390,511	(21,582)	471,795	10,303	194,160	10,430	28,223	1,340	115,938	2,913,753
Cumulative effects of the changes in accounting policies	-	-	-	174	-	-	-	-	-	-	-	-	174
BALANCE AT APRIL 1, 2022, as adjusted for cumulative effects of the changes in accounting policies	959,474	340,163	372,472	1,390,685	(21,582)	471,795	10,303	194,160	10,430	28,223	1,340	115,938	2,913,927
Issuance of restricted stock	262	390	390	-	-	-	-	-	-	-	-	-	780
Cash dividends paid	-	-	-	(59,867)	-	-	-	-	-	-	-	-	(59,867)
Net income attributable to shareholders of the Company	-	-	-	196,999	-	-	-	-	-	-	-	-	196,999
Reversal of reserve on land revaluation, net of tax	-	-	-	(57)	-	-	-	741	-	-	-	-	684
Purchase of treasury stock	-	-	-	-	(45,010)	-	-	-	-	-	-	-	(45,010)
Sales of treasury stock	-	-	(21)	-	71	-	-	-	-	-	-	-	50
Retirement of treasury stock	(11,285)	-	(28,167)	-	28,167	-	-	-	-	-	-	-	-
Change in the Company's equity due to transactions with non-controlling interests	-	-	8	-	-	-	-	-	-	-	-	-	8
Capital transactions with non-controlling interests	-	-	(6,266)	-	-	-	-	-	-	-	-	-	(6,266)
Transfer of retained earnings to capital surplus	-	-	28,188	(28,188)	-	-	-	-	-	-	-	-	-
Net unrealized holding gains on securities	-	-	-	-	-	(44,845)	-	-	-	-	-	-	(44,845)
Deferred gains on hedging instruments	-	-	-	-	-	-	5,770	-	-	-	-	-	5,770
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	57,280	-	-	-	57,280
Defined benefit pension plans	-	-	-	-	-	-	-	-	-	(1,505)	-	-	(1,505)
Subscription rights to shares	-	-	-	-	-	-	-	-	-	-	(49)	-	(49)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	13,265	13,265
BALANCE AT MARCH 31, 2023	948,451	¥340,553	¥366,604	¥1,499,572	¥(38,354)	¥426,950	¥16,073	¥194,901	¥67,710	¥26,718	¥1,291	¥129,203	¥3,031,221

See accompanying notes.

Consolidated Statements of Cash Flows  
Mitsui Fudosan Co., Ltd. and its Subsidiaries  
For the years ended March 31, 2023, 2022 and 2021

	Millions of yen		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
Income before income taxes	<b>¥295,931</b>	¥262,404	¥191,821
Adjustments to reconcile income before income taxes to net cash provided by operating activities			
Depreciation and amortization	<b>125,299</b>	111,501	98,196
Loss on impairment of fixed assets	-	9,478	39,648
Interest and dividend income	<b>(8,483)</b>	(7,409)	(6,877)
Interest expense	<b>55,458</b>	31,606	27,779
Equity in net (income) loss of affiliated companies	<b>(7,325)</b>	(2,161)	6,158
Loss on step acquisitions	<b>2,172</b>	-	-
Gain on sales of investment securities	<b>(44,077)</b>	(51,726)	(45,932)
Impairment loss on investment securities	<b>3,138</b>	-	-
Gain on sales of investments in unconsolidated subsidiaries and affiliated companies	-	-	(10,701)
Gain on sale of property and equipment	-	(6,886)	(20,704)
Loss on disposal of property and equipment	<b>8,195</b>	7,448	-
Loss related to COVID-19	-	4,224	14,734
Decrease (increase) in accounts receivable	<b>(9,247)</b>	(13,693)	(508)
Increase (decrease) in accounts payable	<b>8,475</b>	8,368	(7,752)
Increase in real property for sale and advances paid for purchases	<b>(170)</b>	(26,383)	(4,635)
Other, net	<b>17,969</b>	58,630	15,463
Subtotal	<b>447,335</b>	385,401	296,690
Interests and dividends received	<b>14,234</b>	10,468	14,547
Interests paid	<b>(54,060)</b>	(31,442)	(31,538)
Payments related to COVID-19 loss	-	(2,872)	(12,081)
Income taxes paid	<b>(109,800)</b>	(90,086)	(79,755)
Net cash provided by operating activities	<b>297,709</b>	271,469	187,863



Millions of yen

	2023	2022	2021
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(362,745)	(241,568)	(276,338)
Proceeds from sale of property and equipment	12,242	57,159	245,957
Purchases of investment securities	(94,803)	(64,113)	(65,769)
Proceeds from sale of investment securities	50,599	72,680	69,533
Payments of lease deposits	(17,763)	(18,203)	(23,201)
Proceeds from collections of lease deposits	16,582	9,554	8,329
Repayments of deposits from tenants	(39,826)	(38,365)	(46,381)
Proceeds from deposits from tenants	51,782	46,002	44,123
Increase in loans receivable	(15,950)	(18,474)	(15,460)
Proceeds from collections of loans receivable	17,954	17,970	11,581
Transfers to time deposits	(1,354)	(2,858)	(157)
Proceeds from refunds of time deposits	3,141	1,278	2,704
Purchases of shares of subsidiaries resulting in change in scope of consolidation *	(6,768)	-	(77,788)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	-	(164)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	-	24
Other, net	(35,126)	(31,119)	(8,029)
Net cash used in investing activities	(422,035)	(210,057)	(131,036)
<b>Cash flows from financing activities:</b>			
Proceeds from bank loans and commercial paper	1,845,997	1,598,897	1,272,237
Repayments of bank loans and commercial paper	(1,791,249)	(1,583,384)	(1,352,109)
Proceeds from long-term debt	518,036	288,753	239,200
Repayments of long-term debt	(340,903)	(318,271)	(162,585)
Proceeds from issuance of bonds	118,840	42,602	137,650
Payments for redemption of bonds	(114,395)	(101,035)	(142,100)
Cash dividends paid	(59,853)	(42,332)	(42,523)
Proceeds from non-controlling shareholders	8,360	7,871	8,059
Payments of dividends to non-controlling shareholders	(10,908)	(3,510)	(2,414)
Repayments of capital to non-controlling shareholders	(1,741)	(2)	(380)
Payments related to capital transaction with non-controlling shareholders	(6,266)	-	-
Repayments of lease obligations	(10,125)	(4,995)	(4,772)
Net increase in treasury stocks	(45,008)	(30,013)	(16,828)
Additional investments in consolidated subsidiaries not resulting in change in scope of consolidation	-	(18,288)	-
Proceeds from sale of consolidated subsidiaries not resulting in change in scope of consolidation	663	24,106	-
Net cash provided by (used in) financing activities	111,448	(139,601)	(66,565)
Effect of exchange rate changes on cash and cash equivalents	4,997	33,147	17,990
Net increase (decrease) in cash and cash equivalents	(7,881)	(45,042)	8,252
Cash and cash equivalents at beginning of year	142,682	187,724	179,472
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	(2,490)	-	-
Cash and cash equivalents at end of year	¥132,311	¥142,682	¥187,724

\* Details of assets and liabilities of newly consolidated subsidiary acquired in the year ended March 31, 2021

TOKYO DOME CORPORATION ("TDC") was 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
Current assets	¥40,487
Non-current assets	318,106
Current liabilities	(46,647)
Non-current liabilities	(191,447)
Non-controlling interests	(18,270)
Acquisition costs of TDC's stock	102,229
Cash and cash equivalents of TDC	(24,441)
Amount paid for acquisition of TDC	¥77,788

See accompanying notes.

## Notes to Consolidated Financial Statements

Mitsui Fudosan Co., Ltd. and its Subsidiaries

### 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 and affiliated companies 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 standards, “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) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24), 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.

### 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 other than those without market prices 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 market prices 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.

The Company and its consolidated subsidiaries have followed "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the related standard commencing on April 1, 2021. Descriptions of the performance obligations and timing of satisfying the performance obligations (i.e., timing of revenue recognition) in revenue arising from contracts with customers regarding the major businesses of the Company and its consolidated subsidiaries are summarized below.

##### 1. Performance obligations satisfied at a point in time

In "property sales business", performance obligations are satisfied when properties are delivered based on the real estate sales contracts with customers. In real estate brokerage operations of "management business", performance obligations are satisfied upon conclusions of contracts and delivery of properties based on the real estate brokerage contracts with customers. Revenues from these operations are recognized at a point in time of delivery of the properties when performance obligations are satisfied. In facility operations of "other business", the Company and its consolidated subsidiaries run hotels, resort facilities and other facilities to provide accommodation and other services. Tokyo Dome operations of

“other business” provide entertainment and other services. Performance obligations in these operations are satisfied when customers receive the benefits of using the facilities, at which point in time revenues are recognized.

## 2. Performance obligations satisfied over time

In property management operations of the “management business”, the Company and its consolidated subsidiaries are obligated to provide administration, cleaning, maintenance and other services related to real estate based on contracts with customers. Revenues from these operations are mainly recognized over time as performance obligations are satisfied by a transfer of control over services to the customers throughout the contract period.

In new construction operations of “other business”, the Company and its consolidated subsidiaries are obligated to perform constructions based on building construction contract with customers. Revenues from these operations are mainly recognized over time according to the progress of construction over the contract period, by which performance obligations are satisfied. Progress of construction is measured at cost accrued against estimated total cost.

Considerations are generally collected within approximately one year after satisfaction of performance obligations and do not include significant financial elements.

Revenues from leasing of office buildings, retail facilities and other are recognized in accordance with “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, March 30, 2007). Refer to (O) ACCOUNTING FOR LEASE TRANSACTIONS.

## (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.

Depreciations of property and equipment listed below are calculated by using the straight-line method over the estimated useful lives of the assets.

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.

Depreciations of other property and equipment are computed by the declining-balance method over the estimated useful lives of the assets.

## (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 29 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 inhabitant 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, 2023, 2022 and 2021.

#### (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 performed by comparing the accumulated change in the fair value or cash flows of the hedged item to those of the hedging instrument over the term of the relationship. Interest rate swap transactions accounted for under specified hedge accounting treatment is excluded from the effectiveness assessment.

### (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 have followed “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31).

##### 1. Impairment of fixed assets

- (1) Amounts recognized in the consolidated financial statements for the year ended March 31, 2023, 2022 and 2021

	Millions of yen		
	2023	2022	2021
Net property and equipment	<b>¥4,254,793</b>	¥3,875,941	¥3,758,119
Intangible assets *	<b>38,337</b>	37,128	38,679
Loss on impairment of fixed assets	-	9,478	39,648

\* Included in “other” under the caption of “INVESTMENTS and OTHER ASSETS” of the consolidated balance sheets.

##### (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.

###### (c) Impact of significant accounting estimates on the consolidated financial statements for the year ending March 31, 2024

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, 2023, 2022 and 2021

	Millions of yen		
	2023	2022	2021
Real property for sale			
Completed	¥1,267,702	¥1,188,686	¥1,080,340
In progress	566,455	540,649	536,767
Land held for development	305,622	300,080	297,577
Loss on devaluation of real property for sale	4,754	2,278	3,907

### (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.

#### (c) Impact of significant accounting estimates on the consolidated financial statements for the year ending March 31, 2024

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) CHANGE IN ACCOUNTING POLICIES

1. Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement  
The Company and its consolidated subsidiaries newly adopted “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) commencing on April 1, 2022. The guidance is applied prospectively in accordance with transitional treatments prescribed in Article 27-2.

Effect of those changes on the consolidated financial statements is immaterial.

Information regarding fair values of the financial instruments by fair value hierarchy level of investment trusts at March 31, 2022 is not disclosed in accordance with Article 27-3 of the guidance.

2. Adoption of Financial Accounting Standards Board Accounting Standards Codification (ASC) 842 “Leases”

Certain overseas subsidiaries following generally accepted accounting principles in the U.S.A. newly adopted ASC 842 “Leases” commencing from the current fiscal year. The standard requires all leases, in principle, to be recorded as assets and liabilities on a lessee’s consolidated balance sheet. The cumulative effect of applying the new accounting policy retrospectively was recognized on the date of adoption in accordance with transitional treatment.

Effect of those changes on the consolidated financial statements is immaterial.

(AB) CHANGES IN FINANCIAL STATEMENTS PRESENTATION

- Consolidated Statements of Cash Flows  
“Government grants income” and “government grants received” under “cash flows from operating activities” which were presented in the consolidated statements of cash flows for the year ended March 31, 2022 is included in “other, net” for the year ended March 31, 2023 due to its immateriality.

As a result, ¥5,486 million and ¥2,319 million of “government grants income” for the years ended March 31, 2022 and 2021, respectively, and ¥(4,754) million and ¥(1,862) million of “government grants received” for the years ended March 31, 2022 and 2021, respectively, are reclassified to “other, net” to conform to the current presentation.

(AC) NEW ACCOUNTING STANDARDS NOT YET ADOPTED

1. The Company and its consolidated subsidiaries have not yet adopted the following accounting standard:
  - Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc. (ASBJ PITF No. 43, August 26, 2022)
- (1) Outline  
The Financial Instruments and Exchange Act was amended in May 2019 by the “Act to Amend a Part of Laws and Regulations Concerning Fund Settlement to Respond to Diversification of Financial Transactions Due to Advances in Information and Communication Technology” (Act No. 28 of 2019). As a result, the so-called investment-type ICO (Initial Coin Offering: collective term for acts of issuing tokens, i.e., electronic records or symbols, by companies to raise funds from investors) became subject to the regulations of the Financial Instruments and Exchange Act, and various regulations were established. The standard is to clarify the accounting treatment related to the issuance and holding of electronically recorded transferable rights that must be indicated on securities, etc. referred to in the “Cabinet Office Order on Financial Instruments Business, etc.”
- (2) Adoption date  
The Company and its consolidated subsidiaries will adopt the standards on April 1, 2023.
- (3) Effect of adopting the standards  
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 Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022)
  - Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, revised October 28, 2022),
  - Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022)
- (1) Outline
- The relocation of the practical guidance related to tax effect accounting from the Japanese Institute of Certified Public Accountants to the ASBJ had completed with the announcement of “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28) in February 2018. The above standards address the following issues that were re-examined by ASBJ after the relocation:
- Classification of tax expenses (taxation on other comprehensive income)
  - Tax effects related to the sale of investments in subsidiary or affiliated company where the group taxation regime is applied
- (2) Adoption date
- The Company and its consolidated subsidiaries will adopt the standards on April 1, 2024.
- (3) Effect of adopting the standards
- The effect that the adoption of the standards will have on the consolidated financial statements is currently under evaluation.

### 3. BUSINESS REORGANIZATIONS

There were no significant business reorganizations for the years ended March 31, 2023 and 2022.

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 retail 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
Cash	¥102,229
Total	¥102,229

(4) Major acquisition-related costs

Advisory fee and other: ¥617 million

(5) Goodwill

No goodwill nor negative goodwill was recognized.

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

	Millions of yen
Current assets	¥40,487
Non-current assets	318,106
Total assets	¥358,593
Current liabilities	¥46,647
Non-current liabilities	191,447
Total liabilities	¥238,094

(7) Intangible assets other than goodwill

¥4,830 million 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
Revenue from operations	¥39,756
Operating income	(12,952)
Net income attributable to shareholders of the Company	(17,287)

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.

#### 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 47 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 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, 2023 and 2022 are summarized in the following tables.

	Millions of yen		
	2023		
	Carrying amount	Estimated fair value	Difference
Financial assets:			
Marketable and investment securities *1	¥768,961	¥768,962	¥1
Lease deposits	172,291	164,965	(7,326)
Financial liabilities:			
Bank loans and long-term debt due within one year			
Non-recourse	235,166	235,167	1
Recourse	489,751	489,391	(360)
Long-term debt due after one year			
Non-recourse	441,686	413,814	(27,872)
Recourse	2,803,929	2,766,374	(37,555)
Deposits from tenants	456,583	449,490	(7,093)
Derivative instruments *2	22,360	22,360	-

	Millions of yen		
	2022		
	Carrying amount	Estimated fair value	Difference
Financial assets:			
Marketable and investment securities *1	¥835,571	¥835,573	¥2
Lease deposits	170,859	165,290	(5,569)
Financial liabilities:			
Bank loans and long-term debt due within one year			
Non-recourse	219,872	219,874	2
Recourse	385,727	386,575	848
Long-term debt due after one year			
Non-recourse	329,877	331,994	2,117
Recourse	2,695,758	2,712,843	17,085
Deposits from tenants	443,920	440,392	(3,528)
Derivative instruments *2	14,490	14,490	-

Cash is excluded from the table above. Bank deposits, “Notes and accounts receivable-trade”, “Notes and accounts payable-trade” and “Commercial paper” are excluded from the table above as carrying amount approximates fair value due to their relatively short maturity.

Equity investments in partnerships and other similar business entities accounted for under equity method at March 31, 2023 is excluded from the table above in accordance with transitional treatment described in the Article 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of such investments is ¥28,972 million at March 31, 2023.

Equity investments in partnerships and other similar business entities accounted for under equity method at March 31, 2022 is excluded from the table above in accordance with transitional treatment described in the Article 27 of “Implementation Guidance on Accounting Standard for Fair Value Measurement”



(ASBJ Guidance No. 31, July 4, 2019). The carrying amount of such investments is ¥26,293 million at March 31, 2022.

\*1 Securities and other financial instruments without market prices are excluded from the table above. The carrying amount of those securities are stated below:

	Millions of yen	
	2023	2022
Equity investments in properties for sale	¥4,049	¥4,049
Other securities		
Unlisted stocks (excluding OTC securities)	22,518	20,077

\*2 Carrying amount and estimated fair value of derivative instruments represent derivative assets netted against derivative liabilities for the year ended March 31, 2023 and 2022.

The carrying amount, estimated fair value and the difference of financial instruments as of March 31, 2021 are summarized in the following table.

	Millions of yen		
	2021		
	Carrying amount	Estimated fair value	Difference
Assets			
Marketable and investment securities	¥733,278	¥733,284	¥6
Liabilities			
Bank loans and long-term debt due within one year			
Non-recourse	97,344	97,345	1
Recourse	266,195	268,239	2,044
Long-term debt due after one year			
Non-recourse	445,260	452,553	7,293
Recourse	2,715,140	2,765,267	50,127
Derivative instruments *	6,577	6,577	-

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

Cash is excluded from the table above. Bank deposits, "Notes and accounts receivable-trade", "Notes and accounts payable-trade" and "Commercial paper" are excluded from the table above as carrying amount approximates fair value due to their relatively short maturity.

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 table above.

	Millions of yen 2021
Assets:	
Equity investments in properties for sale	¥10,013
Other securities	
Unlisted stocks (excluding OTC securities)	17,079
Other (TK investments, preferred securities and others)	25,435
Lease deposits *	160,944
Liabilities:	
Deposits from tenants *	435,930

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

Redemption schedule:

The redemption schedule on cash and cash equivalents, receivables and securities with maturities as of March 31, 2023, 2022 and 2021 is as follows.

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

	Millions of yen			
	2023			
	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*	¥134,355	¥-	¥-	¥-
Notes receivable-trade	373	-	-	-
Accounts receivable-trade	60,993	-	-	-
Other securities				
National and local government bonds and other	132	153	-	-
Corporate bonds	-	-	-	3,295
<b>Total</b>	<b>¥195,853</b>	<b>¥153</b>	<b>¥-</b>	<b>¥3,295</b>

	Millions of yen			
	2022			
	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*	¥146,329	¥-	¥-	¥-
Notes receivable-trade	859	-	-	-
Accounts receivable-trade	50,440	-	-	-
Other securities				
National and local government bonds and other	100	285	-	-
Corporate bonds	-	-	-	3,295
<b>Total</b>	<b>¥197,728</b>	<b>¥285</b>	<b>¥-</b>	<b>¥3,295</b>

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

Lease deposits of ¥172,291 million and ¥170,859 million as of March 31, 2023 and 2022, respectively, are excluded from the tables above since the collection dates are not fixed.

\* Carrying amount of cash and bank deposits consists of ¥ 132,311 million of cash and cash equivalents and ¥ 2,044 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, 2023.

Carrying amount of cash and bank deposits consists of ¥142,682 million of cash and cash equivalents and ¥3,647million 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, 2022.

Carrying amount of cash and bank deposits consists of ¥ 187,724 million of cash and cash equivalents and ¥ 1,819 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, 2021.

(3) Fair values of the financial instruments by fair value hierarchy level

The Company and its consolidated subsidiaries classify fair value measurement into the following three levels based on the observability and significance of the inputs used.

Level 1: Fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurement based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair value measurement based on significant unobservable inputs for the assets or liabilities.

If the inputs used to measure fair value are categorized into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the level of the lowest level input.

(a) Financial assets and liabilities measured at fair value

The fair values of financial assets and liabilities measured at fair value as of March 31, 2023 and 2022 are summarized in the following tables.

Millions of yen				
2023				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Marketable and investment securities				
Other securities				
Stocks	¥689,483	¥-	¥-	¥689,483
Bonds	-	-	2,803	2,803
Other	68,579	-	-	68,579
Derivative assets				
Interest	-	24,357	-	24,357
Total	¥758,062	¥24,357	¥2,803	¥785,222
Financial liabilities:				
Derivative liabilities				
Currency	¥-	¥1,997	¥-	¥1,997
Total	¥-	¥1,997	¥-	¥1,997

Millions of yen				
2022				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Marketable and investment securities				
Other securities				
Stocks	¥750,850	¥-	¥-	¥750,850
Bonds	-	-	2,835	2,835
Derivative assets				
Interest	-	14,877	-	14,877
Total	¥750,850	¥14,877	¥2,835	¥768,562
Financial liabilities:				
Derivative liabilities				
Currency	¥-	¥387	¥-	¥387
Total	¥-	¥387	¥-	¥387

(b) Financial assets and liabilities not measured at fair value

The fair values of financial assets and liabilities not measured at fair value as of March 31, 2023 and 2022 are summarized in the following tables.

Millions of yen				
	2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Marketable and investment securities				
Held-to-maturity securities				
National and local government bonds and other	¥285	¥-	¥-	¥285
Lease deposits	-	164,965	-	164,965
Total	¥285	¥164,965	¥-	¥165,250
Financial liabilities:				
Bank loans and long-term debt due within one year				
Non-recourse	¥-	¥235,167	¥-	¥235,167
Recourse	-	489,391	-	489,391
Long-term debt due after one year				
Non-recourse	-	413,814	-	413,814
Recourse	-	2,766,374	-	2,766,374
Deposits from tenants	-	449,490	-	449,490
Total	¥-	¥4,354,236	¥-	¥4,354,236

Millions of yen				
	2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Marketable and investment securities				
Held-to-maturity securities				
National and local government bonds and other	¥385	¥-	¥-	¥385
Lease deposits	-	165,290	-	165,290
Total	¥385	¥165,290	¥-	¥165,675
Financial liabilities:				
Bank loans and long-term debt due within one year				
Non-recourse	¥-	¥219,874	¥-	¥219,874
Recourse	-	386,575	-	386,575
Long-term debt due after one year				
Non-recourse	-	331,994	-	331,994
Recourse	-	2,712,843	-	2,712,843
Deposits from tenants	-	440,392	-	440,392
Total	¥-	¥4,091,678	¥-	¥4,091,678

The fair value of investment trusts where the investment trust property is real estate, subject to the Article 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is excluded from the table above. The carrying amount of such investments was ¥7,812 million at March 31, 2023.

Reconciliation between the beginning balance and the ending balance is not disclosed due to its immateriality.

The fair value of investment trusts at March 31, 2022 is excluded from the table above in accordance with transitional treatment described in the Article 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019). The carrying amount of the investment trusts is ¥86,996 million at March 31, 2022.

The methods and inputs for measuring the fair value of financial assets and liabilities are as follows:

**Marketable and investment securities** – Fair values of listed stocks and other are measured based on quoted market prices. Listed stocks and other are traded in an active market and therefore classified as Level 1. Fair values of bonds without market prices are calculated by discounting the future cash flows, using the credit risk-adjusted discount rate over the remaining life of the bonds and are classified as Level 3.

**Derivative instruments** – Fair values of derivative instruments are calculated by discounting the future cash flows, using observable inputs including interest rates and foreign exchange rates and are classified as Level 2. 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”; refer to Note 2 (Q)). For such interest swap, its fair value is included in the fair value of the hedged long-term loan (including those due within one year).

**Bank loans and long-term debt due within one year (recourse)** – Fair values of bank loans are measured at their carrying amount since they approximate fair value due to their relatively short maturity. Fair values of long-term debt due within one year (recourse) are 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. Those fair values are classified as Level 2.

**Debt other than above including bonds payable, long-term bank loans due after one year and non-recourse debt** – Fair values of debt other than above are 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 or bonds with similar terms and remaining maturities as the discount rates.

**Lease deposits** – Fair values of lease deposits are calculated by discounting the future cash flows, using the highly credited long-term bond yield adjusted for credit risk as a discount rate over the remaining life of the deposits, and are classified as Level 2.

**Deposits from tenants** – Fair values of deposits from tenants are calculated by discounting the future cash flows, using the credit risk-adjusted discount rate over the remaining life of the deposits, and are classified as Level 2.

Information about the fair values classified as Level 3 of financial assets and liabilities measured at fair value is not disclosed due to its immateriality.

## 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, 2023, 2022 and 2021:

(a) Held-to-maturity securities:

	Millions of yen								
	2023			2022			2021		
	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	¥284	¥285	¥1	¥383	¥385	¥2	¥479	¥485	¥6
Securities whose fair value does not exceed book value									
National and local government bonds and other	-	-	-	-	-	-	-	-	-
Total	¥284	¥285	¥1	¥383	¥385	¥2	¥479	¥485	¥6

(b) Other securities:

	Millions of yen								
	2023			2022			2021		
	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	¥674,414	¥78,741	¥595,673	¥735,890	¥92,259	¥643,631	¥615,995	¥79,862	¥536,133
Other	76,385	47,182	29,203	81,499	41,753	39,746	65,398	36,409	28,989
Subtotal	750,799	125,923	624,876	817,389	134,012	683,377	681,393	116,271	565,122
Securities whose book value (fair value) does not exceed historical cost									
Stocks	15,069	16,934	(1,865)	14,960	19,369	(4,409)	41,412	44,036	(2,624)
Bonds	2,803	3,295	(492)	2,835	3,295	(460)	404	404	-
Other	6	7	(1)	4	4	-	9,590	10,449	(859)
Subtotal	17,878	20,236	(2,358)	17,799	22,668	(4,869)	51,406	54,889	(3,483)
Total	¥768,677	¥146,159	¥622,518	¥835,188	¥156,680	¥678,508	¥732,799	¥171,160	¥561,639

(2) The following table summarizes other securities sold in the years ended March 31, 2023, 2022 and 2021:

	Millions of yen								
	2023			2022			2021		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	<b>¥48,966</b>	<b>¥44,077</b>	<b>¥(4)</b>	¥65,911	¥51,726	¥(8)	¥46,544	¥45,932	¥-
Bonds	-	-	-	400	-	(3)	-	-	-
Other	-	-	-	-	-	-	1,070	-	(383)
Total	<b>¥48,966</b>	<b>¥44,077</b>	<b>¥(4)</b>	¥66,311	¥51,726	¥(11)	¥47,614	¥45,932	¥(383)

(3) The Company and its consolidated subsidiaries recognized ¥3,138 million of impairment loss on investment securities for the year ended March 31, 2023.

The amounts of impairment loss the Company and its consolidated subsidiaries recognized for the years ended March 31, 2022 and 2021 are not disclosed due to its immateriality.



## 6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes derivative financial instruments for which hedge accounting is not applied as of March 31, 2023, 2022 and 2021:

		Millions of yen			
		2023			
		Nominal Amount		Fair value (*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	¥24,681	¥10,231	¥(1,865)	¥(1,865)
	Foreign exchange forward	10,755	-	(138)	(138)
	Buy U.S.dollars				
	Total	¥35,436	¥10,231	¥(2,003)	¥(2,003)

		Millions of yen			
		2022			
		Nominal Amount		Fair value (*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate swap	¥3,104	¥-	¥(25)	¥(25)
	Pay : fixed rate				
	Receive : floating rate				
	Interest rate and currency swap	28,363	23,217	(549)	(549)
	Interest rate cap	40,257	-	(27)	(27)
	Buy U.S.dollars				
	Foreign exchange forward	7,098	7,098	16	16
	Buy U.S.dollars				
Total		¥78,822	¥30,315	¥(585)	¥(585)

		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	36,225	36,225	(53)	(53)
	Buy U.S.dollars				
	Foreign exchange forward	751	-	(58)	(58)
Total		¥58,139	¥47,538	¥(1,044)	¥(1,044)

(\*) Refer to Note 4 (3) for the methods and inputs for measuring the fair values.

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2023, 2022 and 2021:

		Millions of yen		
		2023		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value *4
Interest rate swap	Long-term debt	¥292,487	¥228,629	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap *2	Long-term debt	174,062	174,062	¥24,358
Pay : fixed rate				
Receive : floating rate				
Foreign exchange forward *3	Forecasted transactions	900	-	5
Buy	denominated in foreign currencies			
U.S. dollars				
Total		¥467,449	¥402,691	¥24,363

		Millions of yen		
		2022		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value *4
Interest rate swap	Long-term debt	¥356,259	¥291,259	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap *2	Long-term debt	157,987	157,987	¥14,929
Pay : fixed rate				
Receive : floating rate				
Foreign exchange forward *3	Forecasted transactions	2,239	-	146
Buy	denominated in foreign currencies			
U.S. dollars				
Total		¥516,485	¥449,246	¥15,075

		Millions of yen		
		2021		
		Nominal Amount		
	Hedged items	Total	Due after 1 year	Fair Value *4
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	1,836	-	93
Buy	denominated in foreign currencies			
U.S. dollars				
Total		¥552,814	¥489,352	¥7,621

\*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: Refer to Note 4 (3) for the methods and inputs for measuring the fair values.

## 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, retail facilities and other properties in Tokyo and other areas.

Net rent income and loss on disposal of property and equipment regarding those investments and leasing properties were ¥ 146,479 million and ¥ 2,204 million for the year ended March 31, 2023, respectively.

Net rent income, impairment loss and gain on disposal of property and equipment regarding those investments and leasing properties were ¥ 127,250 million, ¥ 8,048 million, and ¥ 6,682 million for the year ended March 31, 2022, respectively.

Net rent income, impairment loss and gain on disposal of property and equipment regarding those investments and leasing properties were ¥118,076 million, ¥29,795 million, and ¥20,668 million for the year ended March 31, 2021, 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 21). Impairment loss and loss on disposal of property and equipment are included in other costs and expenses (see Note 22).

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, 2023, 2022 and 2021 are stated below:

Millions of yen											
2023				2022				2021			
Carrying amount			Fair value	Carrying amount			Fair value	Carrying amount			Fair value *
Beginning of year	Net increase during the year	End of year	End of year	Beginning of year	Net increase during the year	End of year	End of year	Beginning of year	Net decrease during the year	End of year	End of year
¥3,106,549	¥326,650	¥3,433,199	¥6,695,821	¥3,029,628	¥76,921	¥3,106,549	¥6,136,880	¥3,171,133	¥(141,505)	¥3,029,628	¥5,856,125

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

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥ 319,631 million and transfers to real property for sale which amounts to ¥ 9,851 million for the year ended March 31, 2023.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥183,903 million, transfers to real property for sale which amounts to ¥ 41,167 million and sales of real estate which amounts to ¥ 37,627 million for the year ended March 31, 2022.

The net decrease in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥207,677 million, sales of real estate which amounts to ¥198,636 million and transfers to real property for sale which amounts to ¥110,141 million for the year ended March 31, 2021.

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

## 8. INVENTORIES

Inventories at March 31, 2023, 2022 and 2021 comprise the following:

	Millions of yen		
	2023	2022	2021
Real property for sale			
Completed	<b>¥1,267,702</b>	¥1,188,686	¥1,080,340
In progress	<b>566,455</b>	540,649	536,767
Land held for development	<b>305,622</b>	300,080	297,577
Expenditure on contracts in progress	<b>9,158</b>	8,157	17,711
Other	<b>10,738</b>	10,419	6,204
Total	<b>¥2,159,675</b>	¥2,047,991	¥1,938,599

## 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 retail 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, 2023, 2022 and 2021 are as follows:

	Millions of yen		
	2023	2022	2021
Deferred tax assets:			
Net operating loss carryforwards	¥27,970	¥18,560	¥13,576
Loss on impairment of fixed assets	24,458	25,532	23,442
Net defined benefit liability	14,144	14,506	13,897
Unrealized inter-company transactions	10,507	10,259	10,112
Accrued employees' bonuses	8,240	7,282	6,871
Allowance for loss on devaluation of real property held for sale	6,924	5,387	5,956
Excess depreciation expense	5,746	5,851	5,795
Accrued enterprise tax	4,753	5,266	4,965
Unrealized loss on valuation of lease deposits	3,635	3,627	3,617
Other	61,451	55,332	48,560
Subtotal	167,828	151,602	136,791
Valuation allowances	(31,352)	(30,215)	(28,472)
Total deferred tax assets	¥136,476	¥121,387	¥108,319
Deferred tax liabilities:			
Unrealized gain on valuation of securities	(190,060)	(211,457)	(178,547)
Consolidation difference in real property	(50,493)	(51,450)	(52,406)
Deferred gain on sale of land and buildings for tax purposes	(45,164)	(46,363)	(49,336)
Unrealized gain on valuation of lease deposits	(3,626)	(3,606)	(3,585)
Other	(108,105)	(82,335)	(67,092)
Total deferred tax liabilities	¥(397,448)	¥(395,211)	¥(350,966)
Net deferred tax assets (liabilities)	¥(260,972)	¥(273,824)	¥(242,647)

Differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2023 are immaterial, and therefore are not disclosed.

Significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2022 and 2021 are as follows:

	2022	2021
Statutory tax rate	30.6 %	30.6 %
(Adjustments)		
Change in valuation allowances	1.8	1.4
Higher (lower) tax rates on foreign subsidiaries	0.2	(1.4)
Entertainment expenses and other (permanent differences)	0.5	0.3
Equity in net income of affiliated companies	(0.3)	1.0
Other	0.2	0.5
Effective tax rate	33.0 %	32.4 %

## 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.

Certain consolidated subsidiary was approved by the Minister of Health, Labor and Welfare on December 1, 2022, to be exempted from future payment obligations of the substitutional portion of the employees' pension fund.

### (2) Defined benefit plans

(a) Change in benefit obligation, excluding plans accounted for under the simplified method, for the years ended March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Benefit obligation at beginning of year	¥185,293	¥180,394	¥163,409
Service cost	7,991	7,760	7,407
Interest cost	1,654	1,598	1,485
Actuarial differences	(8,401)	1,171	1,340
Prior service costs	(489)	(49)	(1,741)
Benefits paid	(6,874)	(5,581)	(4,762)
Increase due to acquisition of consolidated subsidiaries	-	-	13,256
Other	295	-	-
Benefit obligation at end of year	¥179,469	¥185,293	¥180,394

(b) Change in plan assets, excluding plans accounted for under the simplified method, for the years ended March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Fair value of plan assets at beginning of year	¥205,216	¥187,445	¥149,976
Expected return on plan assets	4,063	3,828	3,028
Actuarial differences	(5,736)	13,424	23,210
Employer contribution	4,030	3,974	3,600
Benefits paid	(4,411)	(3,559)	(3,360)
Increase due to acquisition of consolidated subsidiaries	-	-	10,884
Other	68	104	107
Fair value of plan assets at end of year	¥203,230	¥205,216	¥187,445

(c) Change in net defined benefit liability under simplified method for the years ended March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Net defined benefit liability at beginning of year	<b>¥4,707</b>	¥4,441	¥3,769
Retirement benefit expenses	<b>828</b>	816	593
Benefits paid	<b>(493)</b>	(484)	(289)
Contribution to the plan	<b>(71)</b>	(67)	(67)
Increase due to acquisition of consolidated subsidiaries	-	-	454
Other	<b>(294)</b>	1	(19)
Net defined benefit liability at end of year	<b>¥4,677</b>	¥4,707	¥4,441

(d) Amount recognized in the consolidated balance sheets, including plans accounted for under the simplified method, at March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Benefit obligation for funded plan	<b>¥145,942</b>	¥154,174	¥150,403
Plan assets	<b>(203,883)</b>	(205,837)	(188,025)
	<b>¥(57,941)</b>	¥(51,663)	¥(37,622)
Benefit obligation for unfunded plan	<b>38,857</b>	36,447	35,012
Net amount recognized on the consolidated balance sheets	<b>¥(19,084)</b>	¥(15,216)	¥(2,610)
Net defined benefit liability	<b>45,673</b>	49,866	48,067
Net defined benefit asset	<b>(64,757)</b>	(65,082)	(50,677)
Net amount recognized on the consolidated balance sheets	<b>¥(19,084)</b>	¥(15,216)	¥(2,610)

Includes plans under simplified method.

(e) Details of retirement benefit expenses for the years ended March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Service cost	<b>¥7,991</b>	¥7,760	¥7,407
Interest cost	<b>1,654</b>	1,598	1,485
Expected return on plan assets	<b>(4,063)</b>	(3,828)	(3,028)
Actuarial differences recognized in earnings	<b>(4,621)</b>	(2,102)	399
Prior service costs recognized in earnings	<b>(917)</b>	(996)	(851)
Retirement benefit expenses under simplified method	<b>828</b>	816	593
Defined benefit expenses	<b>¥872</b>	¥3,248	¥6,005

Premium benefits payments other than the above defined benefit expenses of ¥188 million, ¥97 million and ¥138 million are recognized for the years ended on March 31, 2023, 2022 and 2021, respectively.

(f) Amount recognized in other comprehensive income (pretax) at March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Prior service costs	¥428	¥947	¥(890)
Actuarial differences	1,956	(10,172)	(22,268)
Total	¥2,384	¥(9,225)	¥(23,158)

(g) Amount recognized in accumulated other comprehensive income (pretax) at March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Unrecognized prior service costs	¥(6,729)	¥(7,157)	¥(7,850)
Unrecognized actuarial differences	(31,232)	(33,188)	(23,634)
Total	¥(37,961)	¥(40,345)	¥(31,484)

(h) The asset allocation for the plans, excluding plans accounted for under the simplified method, at March 31, 2023, 2022 and 2021:

	2023		2022		2021	
Domestic stocks	32.5	%	32.1	%	29.1	%
Domestic bonds	24.4		24.8		24.3	
Foreign stocks	13.0		13.1		14.6	
Life insurance company general accounts	8.2		8.2		9.4	
Foreign bonds	7.7		8.3		7.9	
Cash and bank deposits	1.9		1.4		1.4	
Other	12.3		12.1		13.3	
Total	100.0	%	100.0	%	100.0	%

\* The plan assets include retirement benefit trust established for corporate pension plan which accounts for 19.7%, 20.3% and 15.8% of the total plan assets as of March 31, 2023, 2022 and 2021, 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:

	2023	2022	2021
Discount rates	0.5 – 1.8%	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 ¥991 million, ¥882 million and ¥691 million for the years ended March 31, 2023, 2022 and 2021, respectively.



#### (4) Other

The amount equivalent to the return of the substitutional portion of the employees' pension fund (minimum policy reserve) measured as of March 31, 2023 is ¥7,471 million. The estimated gain arising from the application of Article 46 of the "Implementation Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), assuming that the amount equivalent to the return (minimum policy reserve) was paid on March 31, 2023 is ¥8,477 million.

### 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, 2023, 2022 and 2021 are as follows:

	Millions of yen		
	2023	2022	2021
Bank loans			
Recourse, with the weighted average interest rates of 4.54% in 2023, 0.59% in 2022 and 0.86% in 2021	¥153,290	¥125,045	¥39,213
Commercial paper, with the weighted average interest rates of 0.01% in 2023, -0.01% in 2022 and -0.01% in 2021	78,000	36,000	99,500

## (2) Long-term debt

Long-term debt at March 31, 2023, 2022 and 2021 comprise the following:

	Millions of yen		
	2023	2022	2021
Long-term loans, principally from banks and insurance companies:			
Loans secured by collateral or bank guarantees	¥591,359	¥478,300	¥531,270
Unsecured loans	2,395,571	2,217,171	2,099,730
<i>Total long-term loans, principally from banks and insurance companies</i>	<b>2,986,930</b>	2,695,471	2,631,000
Bonds and debentures			
2.30%yen notes due 2030	10,000	10,000	10,000
1.27%yen notes due 2021	-	-	10,000
1.17%yen notes due 2021	-	-	10,000
1.00%yen notes due 2022	-	10,000	10,000
0.96%yen notes due 2022	-	10,000	10,000
1.95%yen notes due 2032	10,000	10,000	10,000
2.05%yen notes due 2033	10,000	10,000	10,000
1.33%yen notes due 2046	10,000	10,000	10,000
1.00%yen notes due 2046	10,000	10,000	10,000
0.71%yen notes due 2036	7,000	7,000	7,000
1.18%yen notes due 2056	6,000	6,000	6,000
0.93%yen notes due 2037	10,000	10,000	10,000
0.20%yen notes due 2024	10,000	10,000	10,000
0.24%yen notes due 2027	10,000	10,000	10,000
0.10%yen notes due 2023	-	10,000	10,000
0.22%yen notes due 2025	10,000	10,000	10,000
0.31%yen notes due 2028	10,000	10,000	10,000
0.09%yen notes due 2023	10,000	10,000	10,000
0.20%yen notes due 2025	10,000	10,000	10,000
0.37%yen notes due 2028	20,000	20,000	20,000
0.08%yen notes due 2022	-	20,000	20,000
0.16%yen notes due 2024	30,000	30,000	30,000
0.28%yen notes due 2026	20,000	20,000	20,000
0.38%yen notes due 2029	20,000	20,000	20,000
0.09%yen notes due 2024	50,000	50,000	50,000
0.22%yen notes due 2029	30,000	30,000	30,000
0.53%yen notes due 2039	20,000	20,000	20,000
0.31%yen notes due 2030	30,000	30,000	30,000
0.62%yen notes due 2039	20,000	20,000	20,000
0.52%yen notes due 2035	30,000	30,000	30,000
0.82%yen notes due 2050	10,000	10,000	10,000
1.03%yen notes due 2070	10,000	10,000	10,000
0.21%yen notes due 2023	60,000	60,000	60,000
0.48%yen notes due 2030	25,000	25,000	25,000
0.81%yen notes due 2040	10,000	10,000	10,000
0.39%yen notes due 2027(Green bond)	40,000	-	-
0.51%yen notes due 2029(Green bond)	10,000	-	-
0.69%yen notes due 2032(Green bond)	30,000	-	-
3.65%U.S. dollar notes due 2027 (*3)	66,744	61,171	55,329
2.95%U.S. dollar notes due 2023 (*3)	-	36,708	33,195
3.95%U.S. dollar notes due 2029 (*3)	40,017	36,672	33,167
2.57%U.S. dollar notes due 2032 (Green bond) (*3)	40,059	36,717	-
0.06% - 1.25% notes due 2021 - 2028 (*1)	-	-	59,050
0.27% - 0.50% notes due 2023 - 2027 (*2)	85,492	71,450	84,985
<i>Total bonds and debentures</i>	<b>830,312</b>	810,718	853,726
Less amount due within one year	(571,627)	(480,554)	(324,326)
<i>Long-term debt due after one year</i>	<b>¥3,245,615</b>	¥3,025,635	¥3,160,400

(\*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.

(\*3) Represents bonds issued abroad.

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

	Millions of yen		
	2023	2022	2021
Due within one year			
Non-recourse, with the weighted average interest rate of 5.94% in 2023, 1.78% in 2022 and 1.59% in 2021	¥234,866	¥198,172	¥75,708
Recourse, with the weighted average interest rate of 1.30% in 2023, 1.19% in 2022 and 1.38% in 2021	236,461	173,974	191,939
Subtotal	471,327	372,146	267,647
Due after one year			
Non-recourse, with the weighted average interest rate of 2.88% in 2023, 2.26% in 2022 and 2.02% in 2021	356,493	280,127	381,909
Recourse, with the weighted average interest rate of 1.19% in 2023, 1.09% in 2022 and 0.97% in 2021	2,159,110	2,043,198	1,981,444
Subtotal	2,515,603	2,323,325	2,363,353
Total	¥2,986,930	¥2,695,471	¥2,631,000

Bonds and debentures consist of the following:

	Millions of yen		
	2023	2022	2021
Due within one year			
Non-recourse	¥300	¥21,700	¥21,635
Recourse	100,000	86,708	35,043
Subtotal	100,300	108,408	56,678
Due after one year			
Non-recourse	85,193	49,751	63,351
Recourse	644,819	652,559	733,697
Subtotal	730,012	702,310	797,048
Total	¥830,312	¥810,718	¥853,726

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

	Millions of yen		
	2023	2022	2021
<b>Secured loans</b>			
Long-term loans, principally from banks and insurance companies			
Non-recourse	¥591,359	¥478,300	¥457,617
Recourse	-	-	73,653
Subtotal	591,359	478,300	531,270
Bonds and debentures			
Non-recourse	85,493	71,450	84,985
Subtotal	85,493	71,450	84,985
Total	¥676,852	¥549,750	¥616,255
<b>Other liabilities secured</b>			
Other current liabilities	¥-	¥-	¥291
Deposits from tenants	-	-	36

The following assets are pledged as collateral for secured loans:

	Millions of yen					
	2023		2022		2021	
	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *
Real property for sale	¥327,767	¥327,767	¥293,255	¥293,255	¥249,471	¥249,471
Buildings and structures	400,443	397,458	210,582	207,466	152,829	94,169
Land	280,273	272,055	271,036	262,857	367,751	245,827
Other	38,640	25,023	196,055	182,403	292,411	259,007
Total	¥1,047,123	¥1,022,303	¥970,928	¥945,981	¥1,062,462	¥848,474

\* 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, 2023, 2022 and 2021 are as follows:

	Millions of yen								
	2023			2022			2021		
	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total
Due within 1 year	¥235,166	¥336,461	¥571,627	¥219,872	¥260,682	¥480,554	¥97,344	¥226,982	¥324,326
Due after 1 to 2 years	51,385	326,688	378,073	24,085	346,032	370,117	189,074	273,248	462,322
Due after 2 to 3 years	85,742	312,776	398,518	59,443	308,839	368,282	10,595	328,224	338,819
Due after 3 to 4 years	23,670	453,353	477,023	62,587	269,864	332,451	32,876	316,486	349,362
Due after 4 to 5 years	21,700	276,944	298,644	21,618	289,807	311,425	59,644	252,853	312,497
Thereafter	259,189	1,434,168	1,693,357	162,145	1,481,215	1,643,360	153,070	1,544,330	1,697,400
Total	¥676,852	¥3,140,390	¥3,817,242	¥549,750	¥2,956,439	¥3,506,189	¥542,603	¥2,942,123	¥3,484,726

## 14. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2023, 2022 and 2021

The Company and its consolidated subsidiaries, in connection with operating retail 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, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Beginning of year	¥6,694	¥6,630	¥5,537
Increase due to acquisition of consolidated subsidiaries	-	-	114
Increase due to acquisition of fixed assets	231	160	1,016
Net increase due to revisions to original estimate *	78	396	280
Decrease due to settlement	(305)	(525)	(340)
Other	37	33	23
End of year	¥6,735	¥6,694	¥6,630

\* Increase for the years ended March 31, 2023, 2022 and 2021 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, 2023, 2022 and 2021

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 retail 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 scope, the amount and other factors related to asset retirement obligations. 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, 2023, 2022 and 2021 comprise the following:

	Millions of yen		
	2023	2022	2021
Non-interest-bearing	<b>¥456,553</b>	¥443,796	¥435,526
Interest-bearing	<b>30</b>	124	404
Total	<b>¥456,583</b>	¥443,920	¥435,930
Average interest rate	<b>0.90%</b>	0.97%	0.99%

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, 2023, 2022 and 2021 are as follows:

		(Thousands)
	Issued	Treasury stock
	Common stock	Common stock
Numbers of shares as of March 31, 2020	979,250	8,148
Numbers of shares increased (*1)	138	9,139
Numbers of shares decreased (*2)	(14,106)	(14,159)
Numbers of shares as of March 31, 2021	965,282	3,128
Numbers of shares increased (*3)	200	11,896
Numbers of shares decreased (*4)	(6,008)	(6,051)
Numbers of shares as of March 31, 2022	959,474	8,973
Numbers of shares increased (*5)	262	17,291
Numbers of shares decreased (*6)	(11,285)	(11,312)
Numbers of shares as of March 31, 2023	948,451	14,952

(\*1) 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.

(\*2) 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.

(\*3) Common stock issued increased due to issuance of 200 thousand shares of restricted stock as a compensation through resolution of the Board of Directors' meeting. Treasury stock increased due to purchase of 11,890 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 6,008 thousand shares of treasury stock through resolution of the Board of Directors' meeting. Treasury stock decreased due to retirement of 6,008 thousand shares of treasury stock through resolution of the Board of Directors' meeting, sale of 1 thousand odd shares and exercise of 42 thousand shares of subscription rights.

(\*5) Common stock issued increased due to issuance of 262 thousand shares of restricted stock as a compensation through resolution of the Board of Directors' meeting. Treasury stock increased due to purchase of 17,287 thousand shares through resolution of the Board of Directors' meeting and purchase of 4 thousand odd shares.

(\*6) Common stock issued decreased due to retirement of 11,285 thousand shares of treasury stock through resolution of the Board of Directors' meeting. Treasury stock decreased due to retirement of 11,285 thousand shares of treasury stock through resolution of the Board of Directors' meeting, sale of 1 thousand odd shares and exercise of 26 thousand shares of subscription rights.

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

	Millions of yen		
	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option		
Balance as of March 31, 2021	¥1,423	-	¥1,423
Balance as of March 31, 2022	¥1,340	-	¥1,340
Balance as of March 31, 2023	<b>¥1,291</b>	-	<b>¥1,291</b>

(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 29, 2022, June 29, 2021 and June 26, 2020:

Date of shareholders' meeting	June 29, 2022	June 29, 2021	June 26, 2020
Type of stock	Common stock	Common stock	Common stock
Total amount	¥31,367 million	¥ 21,167 million	¥ 21,364 million
Per share amount	¥ 33	¥ 22	¥ 22
Record date	March 31, 2022	March 31, 2021	March 31, 2020
Effective date	June 30, 2022	June 30, 2021	June 29, 2020

The following resolution was approved by the Board of Directors' meeting held on November 9, 2022, November 5, 2021 and November 5, 2020:

Date of board of directors' meeting	November 9, 2022	November 5, 2021	November 5, 2020
Type of stock	Common stock	Common stock	Common stock
Total amount	¥28,500 million	¥ 21,172 million	¥ 21,168 million
Per share amount	¥ 30	¥ 22	¥ 22
Record date	September 30, 2022	September 30, 2021	September 30, 2020
Effective date	December 2, 2022	December 2, 2021	December 2, 2020

(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, 2023, June 29, 2022 and June 29, 2021:

Date of shareholders' meeting	June 29, 2023	June 29, 2022	June 29, 2021
Type of stock	Common stock	Common stock	Common stock
Total amount	¥29,872 million	¥31,367 million	¥ 21,167 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥ 32	¥ 33	¥ 22
Record date	March 31, 2023	March 31, 2022	March 31, 2021
Effective date	June 30, 2023	June 30, 2022	June 30, 2021

## 18. STOCK OPTION PLANS

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

**(1) Stock option expenses charged to income for the years ended March 31, 2023, 2022 and 2021 are as follows:**

	Millions of yen		
	2023	2022	2021
Cost of revenue from operations	¥384	¥234	¥121
Selling, general and administrative expenses	334	230	128
Total	¥718	¥464	¥249

**(2) The following table summarizes the contents and activity of stock options as of March 31, 2023 and for the year then ended:**

	2019 plan	2018 plan	2017 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)
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
Grant date	July 16, 2019	July 17, 2018	July 14, 2017
Vesting conditions	(*2)	(*2)	(*2)
Requisite service period	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
Non-vested options (number of shares):			
Outstanding at beginning of year	99,880	84,580	68,620
Granted	-	-	-
Forfeited	-	-	-
Vested	(2,240)	(2,240)	(2,030)
Outstanding at end of year	97,640	82,340	66,590
Vested options (number of shares):			
Outstanding at beginning of year	6,320	6,320	7,760
Vested	2,240	2,240	2,030
Exercised	(2,240)	(2,240)	(4,550)
Expired	-	-	-
Outstanding at end of year	6,320	6,320	5,240
	Yen	Yen	Yen
Exercise price	¥1	¥1	¥1
Average stock price on exercise date	¥2,846	¥2,846	¥2,651
Grant-date fair value	¥1,960	¥2,188	¥2,093



	2016 plan	2015 plan	2014 plan
Grantees	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	77,720 shares of common stock	50,460 shares of common stock	52,450 shares of common stock
Grant date	August 19, 2016	August 21, 2015	August 22, 2014
Vesting conditions	(*2)	(*2)	(*2)
Requisite service period	Not specified	Not specified	Not specified
Exercise period (*2)	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	55,670	35,690	30,300
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Outstanding at end of year	55,670	35,690	30,300
Vested options (number of shares):			
Outstanding at beginning of year	7,070	6,420	4,240
Vested	-	-	-
Exercised	(3,770)	(2,940)	(680)
Expired	-	-	-
Outstanding at end of year	3,300	3,480	3,560
	Yen	Yen	Yen
Exercise price	¥1	¥1	¥1
Average stock price on exercise date	¥2,493	¥2,632	¥2,619
Grant-date fair value	¥1,670	¥3,218	¥3,067

	2013 plan	2012 plan	2011 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)
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
Grant date	August 23, 2013	August 17, 2012	August 12, 2011
Vesting conditions	(*2)	(*2)	(*2)
Requisite service period	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
Non-vested options (number of shares):			
Outstanding at beginning of year	38,500	65,030	69,560
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Outstanding at end of year	38,500	65,030	69,560
Vested options (number of shares):			
Outstanding at beginning of year	4,530	15,290	16,360
Vested	-	-	-
Exercised	-	(5,310)	(5,680)
Expired	-	-	-
Outstanding at end of year	4,530	9,980	10,680
	Yen	Yen	Yen
Exercise price	¥1	¥1	¥1
Average stock price on exercise date	-	¥2,493	¥2,680
Grant-date fair value	¥2,796	¥1,265	¥919

	2010 plan	2009 plan	2008 plan	2007 plan
Grantees	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	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 13, 2010	August 14, 2009	August 15, 2008	September 18, 2007
Vesting conditions	(*2)	(*2)	(*2)	(*2)
Requisite service period	Not specified	Not specified	Not specified	Not specified
Exercise period (*2)	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	34,220	25,760	12,100	7,590
Granted	-	-	-	-
Forfeited	-	-	-	-
Vested	-	-	-	-
Outstanding at end of year	34,220	25,760	12,100	7,590
Vested options (number of shares):				
Outstanding at beginning of year	5,870	3,080	-	-
Vested	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of year	5,870	3,080	-	-
	Yen	Yen	Yen	Yen
Exercise price	¥1	¥1	¥1	¥1
Average stock price on exercise date	-	-	-	-
Grant-date fair value	¥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.

**(3) Method of estimating fair value of options:**

Not applicable.

**(4) Method of estimating number of vesting options:**

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

**19. REVENUE FROM OPERATIONS**

**(1) Disaggregation of revenue from contracts with customers**

Refer to Note 25 for information about disaggregation of revenue from contracts with customer. Revenue information in Note 25 includes information based on “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, March 30, 2007) in addition to information related to revenue from contracts with customers.

**(2) Information about the nature of revenue from contracts with customers**

Refer to Note 2 (G) for information about the nature of revenue from contracts with customers.

**(3) Information about relationship between satisfaction of performance obligations based on contracts with customers and cash flows arising from the contracts, and amount and timing of revenue expected to be recognized on and after April 1, 2023 and 2022 based on the contracts existing on March 31, 2023 and 2022, respectively**

**a. Balances of receivables arising from contracts with customers, contract assets and contract liabilities**

Balances of receivables arising from contracts with customers, contract assets and contract liabilities at March 31, 2023 and 2022 are as follows:

	Millions of yen			
	2023		2022	
	Beginning of year	End of year	Beginning of year	End of year
Receivables arising from contracts with customers	¥51,298	¥61,365	¥40,459	¥51,298
Contract assets	10,167	9,856	6,826	10,167
Contract liabilities	141,892	178,190	111,691	141,892

Contract asset represents the right to consideration in exchange for goods or services that has been transferred to a customer, when that right is conditioned on something other than the passage of time, mainly in new construction business. Considerations are generally collected, based on the payment terms, within approximately one year after satisfaction of performance obligations.

Contract liability is related to advances received from a customer under the payment terms based on contract with a customer, mainly in property sales business. Contract liability is transferred to revenue upon revenue recognition.

Revenue recognized in the year ended March 31, 2023 that was included in the contract liabilities balance at April 1, 2022 is ¥114,892 million.

Revenue recognized in the year ended March 31, 2022 that was included in the contract liabilities balance at April 1, 2021 is ¥95,430 million.

Revenue recognized in the year ended March 31, 2023 from the performance obligations satisfied or partially satisfied before April 1 2022 is immaterial.

Revenue recognized in the year ended March 31, 2022 from the performance obligations satisfied

or partially satisfied before April 1 2021 is immaterial.

b. Transaction price allocated to remaining performance obligations

The total amount of the transaction prices allocated to remaining performance obligations and revenue expected to be recognized on and after April 1, 2023 and 2022 are presented in the table below.

Applying a practical expedient, the contracts with original expected duration of one year or less and the contracts for which revenues by satisfaction of the performance obligations are recognized in accordance with Article 19 of "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021), are not disclosed.

	Millions of yen	
	2023	2022
Within 1 year	<b>¥201,528</b>	¥189,853
After 1 to 2 years	<b>190,769</b>	100,504
After 2 to 3 years	<b>145,702</b>	104,757
Thereafter	<b>12,464</b>	12,745
Total	<b>¥550,463</b>	¥407,859

## 20. IMPAIRMENT LOSS ON FIXED ASSETS

There were no impairment losses for the year ended March 31, 2023.

During the year ended March 31, 2022, 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	New York, U.S.A. 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 with a significant deterioration of profitability due to adverse changes in market conditions and other factors.

Impairment losses totaling ¥ 9,478 million are comprised of ¥ 3,665 million of land, ¥ 5,469 million of buildings and structures and ¥ 344 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.

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 are comprised of ¥19,228 million of land, ¥15,034 million of buildings and structures, ¥4,099 million of software and ¥1,287 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.

## 21. MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME

Years ended March 31,	Millions of yen		
	2023	2022	2021
Interest income	¥1,487	¥1,185	¥1,303
Dividend income	6,996	6,224	5,574
Gain on sale of property and equipment	-	6,886	20,704
Gain on sale of investment securities	44,077	51,726	45,932
Gain on sales of investments in unconsolidated subsidiaries and affiliated companies	-	-	10,701
Other	7,718	9,198	4,547
<b>Total</b>	<b>¥60,278</b>	<b>¥75,219</b>	<b>¥88,761</b>

"Government grants income" which was presented as a major component of interest, dividends and miscellaneous income for the year ended March 31, 2022 is included in "other" for the year ended March 31, 2023 due to its immateriality.

As a result, ¥5,486 million and ¥2,319 million of "government grants income" for the years ended March 31, 2022 and 2021, respectively, are reclassified to "other" to conform to the current presentation.

## 22. MAJOR COMPONENTS OF OTHER EXPENSES

Years ended March 31,	Millions of yen		
	2023	2022	2021
Loss on step acquisitions	¥2,172	¥-	¥-
Loss on disposal of property and equipment	8,195	7,448	-
Impairment loss on fixed assets	-	9,478	39,648
Impairment loss on investment securities	3,138	-	-
Loss related to COVID-19 *	-	4,224	14,734
Other	8,114	7,199	12,392
<b>Total</b>	<b>¥21,619</b>	<b>¥28,349</b>	<b>¥66,774</b>

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

## 23. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the years ended March 31, 2023, 2022 and 2021 is presented as follows.

	Millions of yen		
	2023	2022	2021
<b>Net unrealized holding gains (losses) on securities</b>			
Unrealized holding gains (losses) arising during the year	¥(21,199)	¥160,613	¥152,841
Reclassification to income for the year	(42,192)	(50,500)	(45,409)
Pretax amount	(63,391)	110,113	107,432
Tax benefit (expense)	18,562	(32,924)	(32,579)
Net-of-tax amount	(44,829)	77,189	74,853
<b>Deferred gains (losses) on hedging instruments</b>			
Deferred gains arising during the year	9,319	7,452	7,696
Pretax amount	9,319	7,452	7,696
Tax benefit (expense)	(2,502)	(2,254)	(2,346)
Net-of-tax amount	6,817	5,198	5,350
<b>Reserve on land revaluation</b>			
Tax benefit	684	-	-
<b>Foreign currency translation adjustments</b>			
Aggregated adjustment during the year resulting from foreign currency translation	41,450	33,908	(13,929)
Reclassification to income for the year	(34)	(39)	(1,251)
Pretax amount	41,416	33,869	(15,180)
Net amount	41,416	33,869	(15,180)
<b>Adjustments for retirement benefit</b>			
Adjustments for retirement benefit arising during the year	3,231	12,317	23,523
Reclassification to income for the year	(5,615)	(3,092)	(365)
Pretax amount	(2,384)	9,225	23,158
Tax benefit (expense)	744	(2,805)	(7,087)
Net-of-tax amount	(1,640)	6,420	16,071
<b>Equity in other comprehensive income (loss) of affiliated companies</b>			
Unrealized gains (losses) arising during the year	17,718	13,752	(4,495)
Reclassification to income for the year	(27)	(1,518)	(318)
Net amount	17,691	12,234	(4,813)
<b>Total other comprehensive income</b>	<b>¥20,139</b>	<b>¥134,910</b>	<b>¥76,281</b>

## 24. 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, 2023, 2022 and 2021:

	Millions of yen					
	2023		2022		2021	
	Buildings and structures	Total	Buildings and structures	Total	Buildings and structures	Total
Acquisition cost	¥-	¥-	¥119	¥119	¥519	¥519
Accumulated depreciation	-	-	110	110	486	486
Net book value	¥-	¥-	¥9	¥9	¥33	¥33

(2) Future lease payment inclusive of interest at March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Amount due within one year	¥-	¥7	¥24
Amount due after one year	-	2	9
Total	¥-	¥9	¥33

(3) Lease expense and the assumed amount of depreciation expense for the years ended March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Lease expense	¥9	¥8	¥35
Depreciation expense	9	8	35

(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, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Amount due within one year	¥134,717	¥125,069	¥114,922
Amount due after one year	484,116	509,642	504,416
Total	¥618,833	¥634,711	¥619,338

As lessor:

#### Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2023, 2022 and 2021:

	Millions of yen		
	2023	2022	2021
Amount due within one year	¥142,999	¥112,461	¥105,712
Amount due after one year	1,037,657	930,141	772,310
Total	¥1,180,656	¥1,042,602	¥878,022

## 25. 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 retail 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 Tokyo Dome operations and other

Financial information about reportable segments for the years ended March 31, 2023, 2022 and 2021 is summarized in the following tables. The segment information is prepared in accordance with the accounting policies adopted to prepare the consolidated financial statements. 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.

						Millions of yen
Year ended March 31, 2023	(1)	(2)	(3)	(4)	Adjustments (*1)	Consolidated
Revenue from operations:						
Outside customers	¥754,307	¥640,662	¥445,925	¥428,209	¥-	¥2,269,103
Inter-segment	22,981	139	81,017	14,271	(118,408)	-
Total revenue from operations	¥777,288	¥640,801	¥526,942	¥442,480	¥(118,408)	¥2,269,103
Segment operating income (loss)	¥149,153	¥145,711	¥63,384	¥(4,239)	¥(48,604)	¥305,405
Segment assets	4,388,360	2,452,650	651,207	716,086	633,094	8,841,397
Depreciation	80,620	571	10,150	28,996	4,962	125,299
Loss on impairment of fixed assets	-	-	-	-	-	-
Additions to property and equipment and intangible assets	346,265	462	13,217	21,740	4,909	386,593

						Millions of yen
Year ended March 31, 2022	(1)	(2)	(3)	(4)	Adjustments (*2)	Consolidated
Revenue from operations:						
Outside customers	¥668,168	¥643,852	¥429,351	¥359,499	¥-	¥2,100,870
Inter-segment	21,850	85	77,532	13,931	(113,398)	-
Total revenue from operations	¥690,018	¥643,937	¥506,883	¥373,430	¥(113,398)	¥2,100,870
Segment operating income (loss)	¥129,984	¥138,343	¥57,205	¥(29,640)	¥(50,913)	¥244,979
Segment assets	4,022,566	2,278,466	644,599	680,448	581,933	8,208,012
Depreciation	71,107	544	10,821	23,990	5,039	111,501
Loss on impairment of fixed assets	8,027	-	542	909	-	9,478
Additions to property and equipment and intangible assets	222,499	1,931	9,698	33,545	4,716	272,389

						Millions of yen
Year ended March 31, 2021	(1)	(2)	(3)	(4)	Adjustments (*3)	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

(\*1) Adjustments to segment operating income of ¥(48,604) million consists of ¥(862) million of inter-segment elimination and ¥(47,742) 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 ¥633,094 million consists of ¥(1,418,786) million of inter-segment elimination, ¥1,608,845 million of corporate assets and investments in affiliated companies of ¥443,035 million.

(\*2) Adjustments to segment operating income of ¥(50,913) million thousand) consists of ¥(363) million of inter-segment elimination and ¥(50,550) 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 ¥581,933 million consists of ¥(1,417,102) million of inter-segment elimination, ¥1,664,104 million of corporate assets and investments in affiliated companies of ¥334,931 million.

(\*3) Adjustments to segment operating income of ¥(47,975) million consists of ¥(960) million of inter-segment elimination and ¥(47,015) 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 ¥556,259 million consists of ¥(1,234,858) million of inter-segment elimination, ¥1,518,236 million of corporate assets and investments in affiliated companies of ¥272,881 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

Revenue from operations classified by the location at March 31, 2023, 2022 and 2021 are as follows:

	Millions of yen		
	2023	2022	2021
Japan	¥1,980,048	¥1,967,382	¥1,914,228
U.S.A.	250,100	85,899	69,609
Other	38,955	47,589	23,718
Total	¥2,269,103	¥2,100,870	¥2,007,555

Geographic area information is disclosed since revenue from outside customers in the Japan area accounted for 10% or more of revenue from operations on the consolidated income statements for the year ended March 31, 2023. The information for the years ended March 31, 2022 and 2021 are disclosed to conform to the current presentation.

##### (2) Property and equipment

Property and equipment classified by the location at March 31, 2023, 2022 and 2021 are as follows:

	Millions of yen		
	2023	2022	2021
Japan	¥3,277,081	¥3,128,400	¥3,158,295
U.S.A.	687,717	561,314	471,294
Other	289,995	186,227	128,530
Total	¥4,254,793	¥3,875,941	¥3,758,119

#### 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.

## 26. RELATED PARTIES

Significant related party transaction for the year ended March 31, 2023 is summarized as follows:

Transaction with the Company's directors and major individual shareholders

						Millions of yen
						2023
Type	Name	Occupation	Ownership ratio of voting shares	Nature of transaction	Transaction amount	Balance outstanding at year end
Close relative of Director	Close relative of Wataru Hamamoto	-	-	Renovation of residence	¥15	-

Policies for terms and conditions of the transaction:

The transaction price is determined in reference to market prices.

Significant related party transaction for the year ended March 31, 2022 is summarized as follows:

Transaction with the Company's directors and major individual shareholders

						Millions of yen
						2022
Type	Name	Occupation	Ownership ratio of voting shares	Nature of transaction	Transaction amount	Balance outstanding at year end
Director	Hiromichi Iwasa	Representative Director, Chairman of the Board	Directly owns 0.01%	Renovation of residence	¥51	¥-
Director	Yoshikazu Kitahara	Representative Director	Directly owns 0.00%	Construction of residence	41	-

Policies for terms and conditions of the transaction:

The transaction price is determined in reference to market prices.

There were no significant related party transactions for the year ended March 31, 2021.

## 27. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2023, 2022 and 2021 are as follows:

				Millions of yen
				2023
				2022
				2021
Loans guaranteed				¥22,858
				¥22,046
				¥15,126

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 February 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 ¥50.5 billion as of March 31, 2023. All related temporary payments undertaken by MFR up to March 31, 2023 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.

## **28. SUBSEQUENT EVENTS**

There were no applicable items under this category.

## Independent Auditor's Report



# 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, 2023, 2022 and 2021, 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, 2023, 2022 and 2021, 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 ¥4,254,793 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 48% 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.</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 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, climate change and natural disasters, as well as the impact from the spread of infectious diseases and other factors. Accordingly, these estimates involved a high degree of uncertainty, as well as significant subjectivity in the Company’s judgments. The same applied to the estimates of future cash flows and discount rates used in the judgment of recognizing 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</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><b>(1) Internal control testing</b></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><b>(2) Evaluation of the appropriateness of the Company’s judgment in identifying indications of impairment</b></p> <ul style="list-style-type: none"> <li>● 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.</li> <li>● We evaluated the reasonableness of the estimate of future cash flows and the appropriateness of the discount rates used to calculate the market prices of respective Properties, with the assistance of our own real-estate valuation specialists, as necessary.</li> <li>● 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 the departments in-charge about risk factors that could affect the feasibility of the business plan.</li> </ul> <p><b>(3) Evaluation of the appropriateness of the Company’s judgment in recognizing impairment losses</b></p> <ul style="list-style-type: none"> <li>● 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"> <li>- evaluated the reasonableness of the estimate of future cash flows, taking into consideration future economic conditions, by comparing them against the actual cash flows and other information relevant to the cash flows published by external sources; and</li> <li>- evaluated the appropriateness of the discount rates by comparing them against information published by external sources.</li> </ul> </li> </ul>



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.	
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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 ¥1,267,702 million, real property for sale in progress of ¥566,455 million and land held for development of ¥305,622 million related to the Property Sales business were recognized, and their total amount (collectively, the “Real Property for Sale”) accounted for approximately 24% 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 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,” loss on devaluation of real property for sale of ¥4,754million 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, climate change and natural disasters, as well as any impact from the spread of infectious diseases and 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>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><b>(1) Internal control testing</b></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><b>(2) Evaluation of the reasonableness of the estimate of the net realizable value</b></p> <ul style="list-style-type: none"> <li>● 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"> <li>- evaluated the appropriateness of the valuation method selected to calculate a selling price in light of applicable requirements including those in the accounting standards;</li> <li>- evaluated the reasonableness of the estimate of future cash flows used to calculate a selling price, taking into consideration future economic conditions, by comparing them against the actual cash flows and other information relevant to the cash flows published by external sources; and</li> <li>- evaluated the appropriateness of the discount rates used to calculate a selling price by comparing them against information published by external sources.</li> </ul> </li> <li>● 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 the departments in-charge about the feasibility of these development plans.</li> </ul>

**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 27. “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 progress 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 progress 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"> <li>● We inquired of management and the departments in-charge of MFR and management and the departments in-charge of the Company about the progress and prospect of the pending lawsuit. In evaluating the reasonableness of their responses to our inquiries, we consulted with an external legal expert that we retained in order to understand them from a legal perspective. 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</li> <li>● 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.</li> </ul>

## 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 25. “Segment Information” to the consolidated financial statements, revenue from operations of ¥2,269,103 million recognized in the Company’s consolidated statement of income for the current fiscal year included revenue from operations of ¥640,662million in the Property Sales segment, which accounted for approximately 28% of the consolidated revenue from operations. 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><b>(1) Internal control testing</b></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><b>(2) Evaluation of the appropriateness of the determination on the transfer of risks and rewards</b></p> <ul style="list-style-type: none"> <li>● 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;</li> <li>● 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</li> <li>● 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.</li> </ul>

## Other Information

The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. 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 reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## 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.

## 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.

/S/ Yutaka Terasawa  
Designated Engagement Partner  
Certified Public Accountant

/S/ Hiroyuki Itoh  
Designated Engagement Partner  
Certified Public Accountant

/S/ Hironori Hashizume  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
June 29, 2023

### **Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

## Appendices

### 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-1950s, 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, retail 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)
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
April	2022	Mitsui Fudosan Co., Ltd. transferred from the First Section to the Prime Market of the Tokyo Stock Exchange following a review of the market classification of the Tokyo Stock Exchange
June	2022	Construction of 50 Hudson Yards completed
August	2022	Construction of TOKYO MIDTOWN YAESU completed

## 2. Mitsui Fudosan's Businesses

Descriptions of the main businesses operated by Mitsui Fudosan and our 393 subsidiaries and affiliated companies (comprising 300 consolidated subsidiaries and 93 affiliated companies accounted for by the equity method) 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 retail 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) Malaysia Sdn. Bhd. and Mitsui Fudosan Taiwan Co., Ltd. (both consolidated subsidiaries) lease retail 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 affiliated company accounted for by the equity method), 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 retail 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 and Asset Management and Other**

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.

**Other****New Construction**

Mitsui Home Co., Ltd. (a consolidated subsidiary) and each franchise company provide 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. Imperial Hotel, Ltd.\* (an affiliated company accounted for by the equity method) operates hotels. Mitsui Fudosan America, Inc. operates resort and luxury facilities in Hawaii, U.S.A. Mitsui Fudosan Resort Management Co., Ltd. and Shima Resort Management Co., Ltd. (both consolidated subsidiaries) operate resort and luxury facilities leased from Mitsui Fudosan. Mitsui Fudosan Golf Properties K.K. and Mitsuinomori Co., Ltd. (both consolidated subsidiaries) operate golf course businesses.

**Tokyo Dome**

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

**Other**

Mitsui Designtec Co., Ltd. (a consolidated subsidiary) carries out renovation work for homes and renewal work for offices and retail 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 affiliated company accounted for by the equity method) is listed on the Standard Market of the Tokyo Stock Exchange.



### 3. Subsidiaries and Affiliated Companies

#### (A) Consolidated Subsidiaries

Name	Location	Capital (Millions of yen)	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			4	4
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
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	3,400	Other	99.0	—			0	0
MF Living Support Co., Ltd.	Koto Ward, Tokyo	100	Management	100.0	100.0			3	2
Kyushin Kaihatsu Inc.	Usuki City, Oita	120	Other	96.0	—			3	3
GREENCOLLAR, Inc.	Chuo Ward, Tokyo	22	Other	66.7	—			4	4
GREENCOLLAR NEWZEALAND LIMITED	Auckland, New Zealand	NZ\$7,220,000	Other	100.0	100.0			4	4
31VENTURES-Global Brain-Growth I GK	Chuo Ward, Tokyo	9,190	Other	99.7	—			0	0
SUNLIFE CREATION Co., Ltd.	Chuo Ward, Tokyo	300	Property sales, Management, etc.	100.0	100.0		Yes	3	2
ShareTomorrow Co., Ltd.	Chuo Ward, Tokyo	25	Other	100.0	—			4	4
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
Daiasama Golf Co., Ltd.	Kitasaku District, Nagano	150	Other	86.8	0.9			3	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-BAY Arena Co., Ltd.	Chuo Ward, Tokyo	100	Leasing	60.0	—			7	6
Tokyo Midtown Management Co., Ltd.	Minato Ward, Tokyo	100	Management	100.0	—		Yes	7	6
Narita Sports Development Co., Ltd.	Narita City, Chiba	30	Other	100.0	—			3	3
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			3	3
Mitsui Designtec Co., Ltd.	Chuo Ward, Tokyo	500	Other	100.0	—	Contracted by Mitsui Fudosan for office and retail facility interior work, etc.	Yes	9	7
MITSUI DEVELOPMENT CO., LTD.	Chuo Ward, Tokyo	1,000	Leasing, Property sales	100.0	100.0			4	1

Name	Location	Capital (Millions of yen)	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
Mitsuinomori Co., Ltd.	Chino City, Nagano	200	Management, Other	100.0	—		Yes	4	4
Mitsui Fudosan Accommodations Fund Management Co., Ltd.	Chuo Ward, Tokyo	300	Management	100.0	—		Yes	5	5
Mitsui Fudosan Engineering Advisors Inc.	Chuo Ward, Tokyo	100	Management	100.0	—			6	6
Mitsui Fudosan Golf Properties K.K.	Chuo Ward, Tokyo	490	Other	100.0	—			3	3
Mitsui Fudosan (Shanghai) Consulting Co., Ltd	Shanghai, China	CNY7,870,440	Management	100.0	—			5	3
Mitsui Fudosan Retail Management Co., Ltd.	Chuo Ward, Tokyo	450	Management	100.0	—	Commissioned by Mitsui Fudosan to manage retail facilities, etc.	Yes	11	10
Mitsui Fudosan TG Smart Energy Co., Ltd.	Chuo Ward, Tokyo	100	Other	70.0	—		Yes	4	3
Mitsui Fudosan Investment Advisors, Inc.	Chuo Ward, Tokyo	490	Management	100.0	—		Yes	9	7
Mitsui Fudosan Building Management Co., Ltd.	Chuo Ward, Tokyo	490	Management	100.0	—	Commissioned by Mitsui Fudosan to manage buildings	Yes	8	5
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	12	9
Mitsui Fudosan Facilities West Co., Ltd.	Osaka City, Osaka	200	Management	100.0	100.0		Yes	5	5
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		6	5
Mitsui Fudosan Residential Co., Ltd.*1, *2	Chuo Ward, Tokyo	40,000	Leasing, Property sales, etc.	100.0	—		Yes	10	3
Mitsui Fudosan Residential Service Co., Ltd.	Koto Ward, Tokyo	400	Management	100.0	100.0		Yes	9	6
Mitsui Fudosan Residential Service Kansai Co., Ltd.	Osaka City, Osaka	300	Management	100.0	100.0		Yes	6	4
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 Residential Lease Co., Ltd.	Shinjuku Ward, Tokyo	490	Management	100.0	100.0	Commissioned by Mitsui Fudosan to manage leasing housing	Yes	8	6
Mitsui Fudosan Loan Guarantee Co., Ltd	Chuo Ward, Tokyo	100	Other	100.0	—	Guarantees loans for properties sold by Mitsui Fudosan		3	3
Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo Ward, Tokyo	200	Management	100.0	—		Yes	5	5
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	—			3	3
LaLaport Agency Co., Ltd.	Chuo Ward, Tokyo	20	Management	100.0	100.0			7	7

Name	Location	Capital (Millions of yen)	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
Resident Insurance Small Amount and Short Term Insurance Co., Ltd.	Chiyoda Ward, Tokyo	50	Other	100.0	100.0			2	2
Resident First Co., Ltd.	Minato Ward, Tokyo	10	Management	100.0	100.0			5	5
Nippon Building Fund Management Ltd.*3	Chuo Ward, Tokyo	495	Management	46.0	—		Yes	4	4
34 other companies					—				
MFA Holding, Inc.	Wilmington, Delaware, U.S.A.	US\$1,000	Leasing, Property sales, etc.	100.0	—			4	1
Mitsui Fudosan America, Inc.	Newark, Delaware, U.S.A.	US\$722,000	Leasing, Property sales, etc.	100.0	100.0			3	1
112 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	4
5 other Mitsui Fudosan (Asia) Pte. Ltd. Group companies					—				
Mitsui Fudosan (Asia) Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR 115,794,000	Leasing, Property sales	100.0	40.0			5	3
3 other Mitsui Fudosan (Asia) Malaysia Sdn. Bhd. Group companies					—				
Mitsui Fudosan Asia Development (Thailand) Co., Ltd.	Bangkok, Thailand	THB 4,000,000	Leasing, Property sales	100.0	40.0			4	4
Mitsui Fudosan Asia (Thailand) Co., Ltd.	Bangkok, Thailand	THB 30,000,000	Leasing, Property sales	100.0	40.0			5	4
Mitsui Fudosan Australia Pty. Ltd.	Sydney, Australia	A\$ 6,000,000	Leasing, Property sales	100.0	—			3	3
2 other Mitsui Fudosan Australia Pty. Ltd. Group companies					—				
Mitsui Fudosan (U.K.) Ltd.*1	London, U.K.	£477,250,000	Leasing, Property sales	100.0	—			4	1
34 other Mitsui Fudosan (U.K.) Ltd. Group companies					—				
Mitsui Fudosan Taiwan Co., Ltd.	Taipei, Taiwan	NT\$ 4,476,308,545	Leasing, Property sales, etc.	100.0	40.0			5	3
11 other Mitsui Fudosan Taiwan Co., Ltd. Group companies					—				
Mitsui Fudosan Realty Co., Ltd.	Chiyoda Ward, Tokyo	20,000	Management	100.0	—		Yes	8	3
6 other Mitsui Fudosan Realty Co., Ltd. Group companies					—				
Mitsui Home Co., Ltd.	Shinjuku Ward, Tokyo	13,900	Other	100.0	—		Yes	10	7
MITSUMI HOME ESTATE Co., Ltd.	Chiyoda Ward, Tokyo	100	Management	100.0	100.0		Yes	0	0
MITSUMIHOME 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
MITSUMIHOME LINKAGE Co., Ltd.	Shinjuku Ward, Tokyo	300	Other	100.0	100.0			0	0
8 other Mitsui Home Co., Ltd. Group companies					—				
TOKYO DOME CORPORATION	Bunkyo Ward, Tokyo	2,038	Other	80.0	—			5	2
Matsudo Kousan Co., Ltd.	Matsudo City, Chiba	100	Other	100.0	100.0			2	2
TOKYO DOME HOTEL CORPORATION	Bunkyo Ward, Tokyo	100	Other	100.0	100.0			2	2
7 other TOKYO DOME CORPORATION Group companies					—				

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

\*1 Qualifies as a specified subsidiary.

\*2 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: ¥345,077 million

(2) Ordinary income: ¥59,682 million

(3) Net income ¥42,617 million

(4) Net assets: ¥177,977 million

(5) Total assets: ¥1,002,456 million

\*3 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) Affiliated Companies Accounted for by the Equity Method

Name	Location	Capital (Millions of yen)	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	Management of resort facilities, etc.	41.0	—		Yes	3	2
Keiyo Tochi Kaihatsu Co., Ltd.	Chiyoda Ward, Tokyo	10	Real estate business	33.3	—			1	1
SENON LIMITED	Shinjuku Ward, Tokyo	100	Security business	20.8	—	Commissioned to provide security for Mitsui Fudosan buildings	Yes	1	0
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	9,250	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
Other 5 other Mitsui Home Co., Ltd. Group companies 1 other TOKYO DOME CORPORATION Group company 17 other Mitsui Fudosan Asia (Thailand) Co., Ltd. Group companies 15 other MFA Holding, Inc. Group companies 9 other Mitsui Fudosan (Asia) Pte. Ltd. Group companies 6 other Mitsui Fudosan (U.K) Ltd. Group companies 6 other Mitsui Fudosan Taiwan Co., Ltd. Group companies 1 other Mitsui Fudosan Australia Pty. Ltd. Group company 1 other Mitsui Fudosan (Asia) Malaysia Sdn. Bhd. Group company 23 other companies									

\*1 Submits a securities report.

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

## 4. Major Properties

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

### (A) Leasing Segment

Company name	Property name (location)	Type of property	Structure and scale	Date of construction completion/ acquisition	Total floor area (m <sup>2</sup> )	Total land area (m <sup>2</sup> )	Book value (Millions of yen)				
							Building	Land	Other	Total	
(1) Properties											
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	2,749	122,472	177	157,979	
Mitsui Fudosan Co., Ltd.	Mitsui Building No. 2 (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 3 basement floors	Feb. 1985	26,490		5,892		189		
Mitsui Fudosan Co., Ltd.	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		26,099		398		
Mitsui Fudosan Co., Ltd. M Three Real Estate Co., Ltd. Murosans Real Estate Co., Ltd.	Nihonbashi Muromachi Mitsui Tower (Chuo Ward, Tokyo)	Office, Retail facility	Reinforced concrete structure/steel-reinforced concrete structure (portion) 26 floors above ground 3 basement floors	Mar. 2019	151,579 *1	10,255 *1,*2	79,652	108,443	4,059	192,154	
Mitsui Fudosan Co., Ltd.	Muromachi Higashi Mitsui Building (Chuo Ward, Tokyo)	Office, Retail 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	8,159	25,088	181	33,428	
Mitsui Fudosan Co., Ltd.	Muromachi Furukawa Mitsui Building (Chuo Ward, Tokyo)	Office, Retail 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	4,408	7,487	59	11,955	
Mitsui Fudosan Co., Ltd.	Muromachi Chibagin Mitsui Building (Chuo Ward, Tokyo)	Office, Retail 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 *1,*2	2,328	8,398	23	10,750	
Mitsui Fudosan Co., Ltd.	Nihonbashi 1-Chome Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility	Steel construction/steel-reinforced concrete structure (portion) 20 floors above ground 4 basement floors	Jan. 2004	92,755	5,611	12,754	64,427	395	77,577	
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	4,650	21,338	64	26,052	
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	1,407	33,401	3	34,812	
Mitsui Fudosan Co., Ltd.	Nihonbasi 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	29,260	55,776	634	85,670	
Mitsui Fudosan Co., Ltd.	Yaesu Mitsui Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 10 floors above ground 3 basement floors	Jun. 1965	23,454 *1	2,162 *1,*2	659	18,901	8	19,569	



Company name	Property name (location)	Type of property	Structure and scale	Date of construction completion/ acquisition	Total floor area (m <sup>2</sup> )	Total land area (m <sup>2</sup> )	Book value (Millions of yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	TOKYO MIDTOWN YAESU (Chuo Ward, Tokyo)	Office Retail facility	Yaesu Central Tower: Steel construction/ steel- reinforced concrete structure (portion)/ reinforced concrete structure (portion) 45 floors above ground 4 basement floors 2 floors of penthouse Yaesu Central Square: Steel construction/ steel- reinforced concrete structure (portion)/ reinforced concrete structure (portion) 7 floors above ground 2 basement floors 1 floor of penthouse	Aug. 2022	108,350 *1	4,528 *1	48,690	78,949	3,963	131,603
Mitsui Fudosan Co., Ltd.	Kojun Building (Chuo Ward, Tokyo)	Retail facility	Steel-reinforced concrete structure 10 floors above ground 2 basement floors	Sep. 2004	13,662 *1	1,316 *1	2,258	7,832	44	10,135
Mitsui Fudosan Co., Ltd.	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	13,100	89,148	158	102,407
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	17,508	1,556	894	19,959
Mitsui Fudosan Co., Ltd.	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	1,089	16,597	16	17,702
Mitsui Fudosan Co., Ltd.	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	1,470	32,292	29	33,792
Mitsui Fudosan Co., Ltd.	Marunouchi Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Feb. 1981	20,373	1,851	2,572	23,690	43	26,306
Mitsui Fudosan Co., Ltd.	Jimbocho Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction/steel- reinforced concrete structure (portion) 23 floors above ground 2 basement floors	Mar. 2003	13,933 *1	1,253 *1	3,238	8,217	15	11,471
Mitsui Fudosan Co., Ltd.	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	12,003	43,778	96	55,879
Mitsui Fudosan Co., Ltd.	TOKYO MIDTOWN HIBIYA (Chiyoda Ward, Tokyo)	Office, Retail facility	Steel construction/steel- reinforced concrete structure (portion) 35 floors above ground 4 basement floors	Feb. 2018	189,245	10,702	74,281	121,375	2,361	198,018
Mitsui Fudosan Co., Ltd.	(Former) Hibiya U-1 Building (Chiyoda Ward, Tokyo)	-	-	-	-	5,065	-	68,057	-	68,057
Mitsui Fudosan Co., Ltd.	Otemachi One Tower (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 40 floors above ground 5 basement floors	Feb. 2020	56,592 *1	3,297 *1	24,549	90,946	1,968	117,464
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	2,397	8,903	25	11,326
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	1,632	9,468	33	11,134

Company name	Property name (location)	Type of property	Structure and scale	Date of construction completion/ acquisition	Total floor area (m <sup>2</sup> )	Total land area (m <sup>2</sup> )	Book value (Millions of yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	TOKYO MIDTOWN (Minato Ward, Tokyo)	Office, Retail 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	40,518	148,163	1,460	190,142
Mitsui Fudosan Co., Ltd.	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	26,482	—	1,008	27,491
Mitsui Fudosan Co., Ltd.	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	5,707	13,445	78	19,232
Mitsui Fudosan Co., Ltd.	RAYARD MIYASHITA PARK (Shibuya Ward, Tokyo)	Retail 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	12,543	—	1,010	13,554
Mitsui Fudosan Co., Ltd.	Urban Dock LaLaport TOYOSU (Koto Ward, Tokyo)	Retail facility	Steel construction/steel-reinforced concrete structure (portion) 5 floors above ground 1 basement floor	Aug. 2006	164,525	67,499 *2	10,939	20,199	687	31,826
Mitsui Fudosan Co., Ltd.	Mitsui Fudosan Industrial Park Haneda (Ota Ward, Tokyo)	Logistics facility	Steel construction 5 floors above ground	Jun. 2019	81,030	36,213 *2	10,119	16,056	767	26,942
Mitsui Fudosan Co., Ltd.	LAZONA Kawasaki Plaza (Kawasaki City, Kanagawa)	Retail facility	Steel construction/reinforced concrete structure (portion) 6 floors above ground 1 basement floor	Sep. 2006	69,081 *1	72,013 *2	3,572	26,022	351	29,946
Mitsui Fudosan Co., Ltd.	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	13,634	6,940	216	20,791
Mitsui Fudosan Co., Ltd. Kamoi Properties, LLC	LaLaport YOKOHAMA (Yokohama City, Kanagawa)	Retail facility	Steel construction 6 floors above ground 1 basement floor	Feb. 2007	244,154	102,030	12,541	17,073	590	30,205
Mitsui Fudosan Co., Ltd.	LaLaport EBINA (Ebina City, Kanagawa)	Retail facility	Steel construction 4 floors above ground	Oct. 2015	121,127	32,942 *2	10,020	—	380	10,400
Mitsui Fudosan Co., Ltd.	MFLP Ebina I (Ebina City, Kanagawa)	Logistics facility	Steel construction 6 floors above ground	Sep. 2022	54,847	122,180 *2	16,570	—	1,429	18,000
Mitsui Fudosan Co., Ltd.	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	157,850	1,728	48,919	38	76,620
Mitsui Fudosan Co., Ltd.	LaLaport TOKYO-BAY (Funabashi City, Chiba)	Retail facility	Reinforced concrete structure/steel construction (portion)/steel-reinforced concrete structure (portion) 10 floors above ground 1 basement floor	Apr. 1981	280,529		22,914		3,019	
Mitsui Fudosan Co., Ltd.	ViVit Minami Funabashi (Funabashi City, Chiba)	Retail facility	Steel construction 5 floors above ground	Nov. 2020	98,026	30,258	2,841	7,077	85	10,005
Mitsui Fudosan Co., Ltd.	MFLP Funabashi I (Funabashi City, Chiba)	Logistics facility	Reinforced concrete structure/steel construction (portion) 8 floors above ground	Oct. 2016	202,156	51,000	22,563	4,425	1,000	27,989
Mitsui Fudosan Co., Ltd.	GATE SQUARE (Kashiwa City, Chiba)	Office, Retail 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	7,418	4,858	373	12,650

Company name	Property name (location)	Type of property	Structure and scale	Date of construction completion/ acquisition	Total floor area (m <sup>2</sup> )	Total land area (m <sup>2</sup> )	Book value (Millions of yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Park City Kashiwa-no-ha Campus The Gate Tower West (Kashiwa City, Chiba)	Residence, Retail facility	Steel-reinforced concrete structure 36 floors above ground	Jan. 2018	38,771	6,095	8,727	2,823	375	11,926
Mitsui Fudosan Co., Ltd.	MITSUI OUTLET PARK KISARAZU (Kisarazu City, Chiba)	Retail facility	Steel construction/wood structure (portion) 1 floor above ground	Apr. 2012	68,796	350,325	6,099	11,920	1,780	19,801
Mitsui Fudosan Residential Co., Ltd.	PARK WELLSTATE KAMOGAWA (Kamogawa City, Chiba)	Residence	Reinforced concrete structure 22 floors above ground 1 basement floor	Jul. 2021	47,415	26,526	16,268	374	3,531	20,174
Mitsui Fudosan Co., Ltd.	LaLaport FUJIMI (Fujimi City, Saitama)	Retail facility	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Feb. 2015	183,858	152,055	15,273	10,365	938	26,577
Mitsui Fudosan Co., Ltd.	LaLaport NUMAZU (Numazu City, Shizuoka)	Retail facility	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Aug. 2019	164,353	119,816 *2	19,721	—	1,953	21,674
Mitsui Fudosan Co., Ltd.	Otemachi Tatemono Nagoya Station Building (Nagoya City, Aichi)	Office, Retail facility	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Aug. 2007	37,834	2,976	204	14,242	5	14,452
Mitsui Fudosan Co., Ltd.	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	11,014	4,686 *2	618	16,320
Mitsui Fudosan Co., Ltd.	LaLaport NAGOYA minato AQUUS (Nagoya City, Aichi)	Retail facility	Steel construction 4 floors above ground (6 floors above ground in part)	Sep. 2018	171,815	83,200 *2	17,543	—	1,795	19,338
Mitsui Fudosan Co., Ltd.	Yodoyabashi Mitsui Building (Osaka City, Osaka)	Office, Retail facility	Steel construction/steel-reinforced concrete structure (portion)/reinforced concrete structure (portion) 16 floors above ground 3 basement floors	Mar. 2008	38,934 *1	3,091 *1	4,737	14,635	101	19,474
Mitsui Fudosan Co., Ltd.	EXPOCITY (Suita City, Osaka)	Retail facility	Steel construction 3 floors above ground	Nov. 2015	222,506	172,240 *2	15,987	—	1,489	17,477
Mitsui Fudosan Co., Ltd.	LaLaport SAKAI (Sakai City, Osaka)	Retail facility	Retail Steel construction 3 floors above ground Parking Tower Steel construction 6 floors above ground	Sep. 2022	143,600	74,300 *2	20,445	41	2,624	23,110
Mitsui Fudosan Residential Co., Ltd.	PARK WELLSTATE Senri-Chuo (Toyonaka City, Osaka)	Residence	Reinforced concrete structure/steel construction (portion) 13 floors above ground	Feb. 2023	45,120	17,909	12,605	3,455	1,813	17,874
Mitsui Fudosan Co., Ltd.	(Under reconstruction) MITSUI OUTLET PARK MARINE PIA KOBE (Kobe City, Hyogo)	Retail facility	-	-	—	78,205	12	11,096	479	11,587
Mitsui Fudosan Co., Ltd.	Sapporo Mitsui JP Building (Sapporo City, Hokkaido)	Office, Retail 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	7,727	6,707	56	14,490
Hakata Nakaroku Kaihatsu Special Purpose Company	LaLaport FUKUOKA (Fukuoka City, Fukuoka)	Retail facility	Retail Steel construction 5 floors above ground 1 basement floor Parking Tower Steel construction 7 floors above ground	Mar. 2022	206,500	86,600	32,269	18,740	2,470	53,479
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	40,242	29,463	14	69,720
Mitsui Fudosan America, Inc. (Overseas subsidiary)	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	3,718	82,754	56,155	—	138,909

Company name	Property name (location)	Type of property	Structure and scale	Date of construction completion/ acquisition	Total floor area (m <sup>2</sup> )	Total land area (m <sup>2</sup> )	Book value (Millions of yen)			
							Building	Land	Other	Total
Mitsui Fudosan America, Inc. (Overseas subsidiary)	50 Hudson Yards (New York City, New York, U.S.A.)	Office	Steel construction/ reinforced concrete structure (portion) 58 floors above ground 3 basement floors	Jun. 2022	269,000	6,400	261,674	140,017	6,214	407,905
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	3,341	9,725	818	13,885
Mitsui Fudosan (U.K.) Ltd. (Overseas subsidiary)	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	15,208	13,316 *2	7,338	35,863
Sanxin Outlets Co., Ltd. (Overseas subsidiary)	MITSUI OUTLET PARK LINKOU (New Taipei City, Taiwan))	Retail 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	12,183	—	17,917	30,100
Sanxin Outlets Co., Ltd. (Overseas subsidiary)	MITSUI OUTLET PARK TAICHUNG PORT (Taichung, Taiwan)	Retail facility	Reinforced concrete structure 1 floor above ground (2 floors above ground in part)	Dec. 2018	79,790	177,932 *2	7,994	—	5,665	13,659
Sanxin Outlets Co., Ltd. (Overseas subsidiary)	MITSUI OUTLET PARK TAINAN (Tainan, Taiwan)	Retail facility	Reinforced concrete structure 4 floors above ground	Feb. 2022	64,000	59,000 *2	9,791	—	8,401	18,193
Mitsui Fudosan (Asia) Malaysia Sdn. Bhd. (Overseas subsidiary)	LaLaport BUKIT BINTANG CITY CENTRE (Kuala Lumpur, Malaysia)	Retail facility	Reinforced concrete structure/steel construction (portion) 5 floors above ground 5 basement floors (includes parking lot in 2 <sup>nd</sup> -5 <sup>th</sup> basement floors)	Jan. 2022	133,000	41,800 *2	28,317	14,561 *2	6,954	49,833
(2) Others										
Mitsui Fudosan Co., Ltd.	Chuo Ward, Tokyo Land	Planned Construction site	—		—	2,899	—	15,312	—	15,312

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

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

\*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 <sup>2</sup> )	Total land area (m <sup>2</sup> )	Book value (Millions of yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Resort Management Co. Ltd.	The Bvlgari Hotel Tokyo (Chuo Ward, Tokyo)	Hotel	Yaesu Central Tower: Steel construction/ steel-reinforced concrete structure (portion)/ reinforced concrete structure (portion) 45 floors above ground 4 basement floors 2 floors of penthouse (Hotel: 40 <sup>th</sup> -45 <sup>th</sup> floors)	Aug. 2022	26,453	1,106	11,887	19,275	967	32,130
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	563	25,135
TOKYO DOME CORPORATION TOKYO DOME HOTEL CORPORATION	Tokyo Dome City (Bunkyo Ward, Tokyo)	Multipurpose Dome, Hotel, Retail facility	—	Jan. 2021	399,728	131,535 *2	74,644	155,198	11,469	241,312
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	8,906	1,027	397	10,331

Company name	Property name (location)	Type of property	Structure and scale	Date of construction completion/ acquisition	Total floor area (m <sup>2</sup> )	Total land area (m <sup>2</sup> )	Book value (Millions of yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Resort Management Co. Ltd.	HOTEL THE MITSUI KYOTO (Kyoto City, 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	11,666	6,545	2,299	20,511
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	18,155	3,907 *2	3,549	25,612
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Hotel Management Co., Ltd.	Mitsui Garden Hotel Ginza Premier Other domestic hotels in 17 locations	Hotel	—	—	196,404 *1	32,116 *1,*2	37,851	6,627 *2	3,016	47,495
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Golf Properties Co., Ltd. Daigasama Golf Co., Ltd. Kysin Kaihatsu Inc.	Mitsuinomori Karuizawa Country Club 6 other locations	Golf course	—	—	32,057	6,896,415 *2	731	1,360 *2	1,889	3,981
Mitsui Fudosan America, Inc. (Overseas subsidiary)	Halekulani 1 other overseas hotel in another location	Hotel	—	—	77,172	20,927 *2	22,688	3,218 *2	18,125	44,032

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

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

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

## 5. Strategic Shareholdings

### (A) Standards and Approach to the Classification of Investment Stocks

#### **(1) Standards for Classification of Investment Stocks**

Standards for classification of investment stocks have been established in February 2023 as follows in accordance with the "Approach to the Classification of Investment Stocks" described in (2) below.

#### Investment stocks held for pure investment purposes:

Investments in businesses held for the purposes of generating revenues from capital appreciation on medium- to long-term perspective.

#### Investment stocks held for purposes other than pure investment purposes (Strategic shareholdings):

Stocks held for the purposes other than those referred to above, i.e., equity investments considered effective for management strategies to improve Mitsui Fudosan Group's corporate value from a medium- to long-term perspective by comprehensively considering business strategy and relationships with business partners.

#### **(2) Approach to the Classification of Investment Stocks**

In Mitsui Fudosan's business model, in addition to the case where the Company directly invests in real estate to benefit from appreciation of the value of the real estate and other factors, the Company also participates in businesses through equity investment to make profits from appreciation of the stock value and other factors. Taking into consideration its business model, the Company has recently organized the approach to the classification of investment stocks and defined "investment stocks held for pure investment purposes" as "investments in businesses held for the purposes of generating revenues from capital appreciation on medium- to long-term perspective." As a result, one stock brand (Oriental Land Co., Ltd.) was reclassified from "investment stocks held for purposes other than pure investment purposes (Strategic shareholdings)" to "investment stocks held for pure investment purposes."

#### **(3) Investment in Oriental Land Co., Ltd.**

Mitsui Fudosan was involved in the establishment of Oriental Land Co., Ltd. in 1960, through equity investments for the purpose of developing an urban resort and an entertainment business. Investment in Oriental Land Co., Ltd., similar to real estate investment, is part of the Company's core business, and is held for the purposes of generating revenues from capital appreciation on medium- to long-term perspective.

### (B) Investment stocks held for purposes other than pure investment purposes

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

Mitsui Fudosan holds shares of listed companies considered effective for management strategies to improve the Group's corporate value from a medium- to long-term perspective by comprehensively considering business strategy and relationships with business partners, as investment stocks held for purposes other than pure investment purposes (Strategic shareholdings).

Furthermore, the Company continuously reviews shareholding status. Upon confirming the significance of shareholdings based on the quantitative rationality of holdings and relationships with business partners, the Company has decided to reduce our shareholdings. During the year ended March 31, 2023, the Company sold 3 stock brands, including shares of Oriental Land Co., Ltd. which were sold before changing the holding purposes to "investment stocks held for pure investment purposes", worth a total of ¥46.5 billion.

When verifying the rationality of shareholdings, the Company verifies 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, the Company also verifies whether or not the holdings contribute to improving the medium to long-term corporate value of the Group.

At a meeting held on May 10, 2023, 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, the Company is considering selling stocks for which the

rationality of holding or significance of holding has decreased, taking into account 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	68	10,307
Other holdings	55	180,378

Stocks which saw an increase in the number of shares during the year ended March 31, 2023:

	Number of stocks	Total amount of transactions to increase the number of shares (Millions of yen)	Reason for increase
Unlisted shares	—	—	—
Other holdings	—	—	—

Stocks which saw a decrease in the number of shares during the year ended March 31, 2023:

	Number of stocks	Total amount of sales to decrease the number of shares (Millions of yen)
Unlisted shares	3	5
Other holdings	3	46,543

Note: includes the shares of Oriental Land Co., Ltd. which were sold before changing the holding purposes to “investment stocks held for pure investment purposes” in February 2023.

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

**a. Specified Investment Stocks**

Stock name	As of March 31, 2023	As of March 31, 2022	Purpose of shareholding, outline of business alliance, etc., 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)		
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.	Yes
	26,727	21,610	Mitsui & Co., Ltd. is a tenant in properties including Sapporo Mitsui JP Building in Sapporo City, Hokkaido. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	
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
	14,720	12,431		
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
	10,884	10,210		
MS&AD Insurance Group Holdings, Inc.	2,398,269	2,398,269	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.
	9,847	9,540		

Stock name	As of March 31, 2023	As of March 31, 2022	Purpose of shareholding, outline of business alliance, etc., 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.
	9,243	6,816		
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
	8,584	7,410		
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
	7,988	8,211		
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
	7,318	8,196		
SHIMIZU CORPORATION	8,554,000	8,554,000	SHIMIZU CORPORATION is the supplier of new construction including PARK COURT JINGU KITASANDO THE TOWER in Shibuya Ward, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	6,415	6,287		
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
	6,396	6,691		
T&D Holdings, Inc.	3,129,560	3,129,560	The Company has borrowings from T&D Holdings, Inc.'s consolidated subsidiaries Taiyo Life Insurance Company and 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 subsidiary, Taiyo Life Insurance Company, holds shares.
	5,135	5,229		
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
	4,937	4,785		
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
	4,871	4,739		
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
	4,797	4,068		
Kajima Corporation	2,465,770	2,465,770	Kajima Corporation is the supplier of new construction including MFLP Ichikawa Shiohama II in Ichikawa City, Chiba Prefecture. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	3,940	3,676		
Mitsui Chemicals, Inc.	1,148,080	1,148,080	Mitsui Chemicals, Inc. is a tenant in properties including TOKYO MIDTOWN YAESU in Chuo Ward, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	3,914	3,547		



Stock name	As of March 31, 2023	As of March 31, 2022	Purpose of shareholding, outline of business alliance, etc., 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)		
Obayashi Corporation	3,678,800	3,678,800	Obayashi Corporation is the supplier of new construction for MFLP 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
	3,726	3,310		
IBIDEN CO., LTD.	620,778	620,778	IBIDEN CO., LTD.'s consolidated subsidiary IBIDEN GREENTEC 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
	3,265	3,755		
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
	3,050	2,556		
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
	3,007	3,450		
INFRONEER Holdings Inc.	2,902,600	2,902,600	INFRONEER Holdings Inc.'s consolidated subsidiary MAEDA CORPORATION is the supplier of new construction, including OMIYA SKY & SQUARE THE TOWER in Saitama City, Saitama Prefecture. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	No However, INFRONEER Holdings Inc.'s consolidated subsidiary MAEDA CORPORATION holds shares.
	2,966	3,024		
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
	2,638	2,046		
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 Nishiguchi 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
	2,487	2,337		
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
	2,412	2,623		
Sumitomo Mitsui Construction Co., Ltd.	5,397,965	5,397,965	Sumitomo Mitsui Construction Co., Ltd. is the supplier of new construction including the PARK WELLSTATE Kamogawa in Kamogawa City, Chiba Prefecture. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	2,072	2,250		
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
	1,703	1,513		
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 MFLP 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
	1,530	1,064		
Mitsui O.S.K. Lines, Ltd.	450,261	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. The number of shares held increased due to stock split.	Yes
	1,490	1,539		
Seibu Holdings Inc.	1,088,000	1,088,000	Seibu Holdings Inc.'s consolidated subsidiary SEIBU REALTY SOLUTIONS INC. is a co-operator of MITSUI OUTLET PARK SHIGA RYUO in Ryuo Town, Gamo District, Shiga Prefecture. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	1,478	1,383		

Stock name	As of March 31, 2023	As of March 31, 2022	Purpose of shareholding, outline of business alliance, etc., 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)		
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
	1,389	2,141		
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 of Mitsui Building No. 2 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.
	1,370	1,082		
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
	1,254	1,002		
Taiheiyo Cement Corporation	384,400	384,400	Taiheiyo 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. Taiheiyo 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
	956	776		
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
	933	965		
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
	904	888		
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 City, Hokkaido. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	736	915		
Sumitomo Mitsui Trust Holdings, Inc.	132,696	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.
	602	3,268		
OHBA CO., LTD.	727,050	727,050	OHBA CO., LTD. is the supplier of surveying and design services for the Group's development business, etc. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	567	552		
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
	557	565		
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
	497	306		
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
	459	480		

Stock name	As of March 31, 2023	As of March 31, 2022	Purpose of shareholding, outline of business alliance, etc., 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)		
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 Mitsu Fudosan Group.	No However, Concordia Financial Group, Ltd.'s consolidated subsidiary The Bank of Yokohama, Ltd. holds shares.
	413	388		
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
	332	235		
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
	322	215		
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
	257	231		
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
	256	244		
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.
	251	164		
MITSUI E&S Co., Ltd.	520,957	520,957	MITSUI E&S 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 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.	No
	217	190		
Mitsui-Soko Holdings Co., Ltd.	44,029	44,029	Mitsui-Soko Holdings Co., Ltd.'s consolidated subsidiary MITSUI-SOKO LOGISTICS Co., Ltd. is a tenant in properties including MFLP Hiratsuka II in Hiratsuka City, Kanagawa Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	172	110		
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
	152	148		
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
	104	121		
Mitsui DM Sugar Holdings Co., Ltd.	20,160	20,160	The Mitsui Fudosan Group performs contracted leasing operation and management work for the leased residences held by Mitsui DM Sugar Holdings Co., Ltd. We believe that the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	41	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
	37	31		
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
	22	20		

Stock name	As of March 31, 2023	As of March 31, 2022	Purpose of shareholding, outline of business alliance, etc., 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)		
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
	12	10		
BIPROGY Inc.	-	425,300	As of March 31, 2022: BIPROGY Inc. 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.	No
	-	1,324		

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.
3. Oriental Land Co., Ltd. is not presented in the table above since the classification of the stock has been changed from "investment stocks held for purposes other than pure investment purposes" to "investment stocks held for pure investment purposes."

## b. Deemed Stocks

Mitsui Fudosan does not hold deemed stocks.

Oriental Land Co., Ltd. is not presented here since the classification of the stock has been changed from "investment stocks held for purposes other than pure investment purposes" to "investment stocks held for pure investment purposes."

## (C) Investment stocks held for pure investment purposes

Type	As of March 31, 2023		As of March 31, 2022	
	Number of stocks	Book value of shares (Millions of yen)	Number of stocks	Book value of shares (Millions of yen)
Unlisted shares	—	—	—	—
Other holdings	2	493,558	1	215

Type	For the year ended March 31, 2023		
	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	—	—	493,170

Notes:

1. The above investment stocks held for pure investment purposes include one stock acquired through dividend in kind from a venture capital invested by Mitsui Fudosan.
2. Since Mitsui Fudosan have received dividends from Oriental Land Co., Ltd. and sold the shares before changing the classification of the stock to "investment stocks held for pure investment purposes" in February 2023, total value of dividends received and total gain or loss on sale are not presented in above table.

## (D) Investment stocks whose purposes of holding have been changed from "other than pure investment purposes" to "pure investment purposes"

Stock name	Number of shares	Book value of shares (Millions of yen)
Oriental Land Co., Ltd.	21,796,900	493,481