

MITSUI FUDOSAN
INTEGRATED REPORT 2020
FINANCIAL SECTION

Year ended March 31, 2020



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Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
As of March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 4)	¥ 179,472	¥157,682	¥100,708	\$ 1,649,104
Marketable securities (Note 4, 5)	219	949	182	2,012
Notes and accounts receivable - trade (Note 4)	38,908	45,276	41,186	357,512
Short-term loans receivable	18,543	18,297	17,519	170,385
Allowance for doubtful accounts	(300)	(409)	(412)	(2,757)
Inventories (Note 8, 13)	1,901,756	1,635,127	1,527,320	17,474,557
Advances paid for purchases (Note 9)	28,542	26,260	27,801	262,262
Equity investments in properties for sale (Note 4, 5)	6,683	6,701	6,723	61,408
Other current assets	219,744	227,356	177,321	2,019,149
Total current assets	2,393,567	2,117,239	1,898,348	21,993,632
PROPERTY and EQUIPMENT, at cost:				
Land (Note 7, 13)	2,216,701	2,146,037	2,086,195	20,368,474
Buildings and structures (Note 7, 13, 23)	1,965,267	1,796,828	1,551,222	18,058,137
Machinery and equipment (Note 23)	255,479	218,137	194,812	2,347,505
Construction in progress	177,433	162,122	270,965	1,630,368
	4,614,880	4,323,124	4,103,194	42,404,484
Accumulated depreciation	(896,277)	(846,732)	(810,521)	(8,235,569)
Net property and equipment (Note 24)	3,718,603	3,476,392	3,292,673	34,168,915
INVESTMENTS and OTHER ASSETS				
Investments in unconsolidated subsidiaries and affiliated companies	252,736	215,175	197,844	2,322,301
Investment securities (Note 4, 5)	635,320	657,511	590,114	5,837,729
Non-current loans and accounts receivable	161,304	117,167	98,451	1,482,165
Allowance for doubtful accounts	(1,065)	(1,139)	(1,225)	(9,786)
Lease deposits (Note 4, 10)	145,414	140,571	138,565	1,336,157
Net defined benefit asset (Note 12)	28,994	31,295	17,975	266,416
Deferred income taxes (Note 11)	25,944	24,428	25,689	238,390
Deferred tax assets on land revaluation	3	3	35	28
Other	34,539	24,090	26,255	317,366
Total investments and other assets	1,283,189	1,209,101	1,093,703	11,790,766
Total assets	¥7,395,359	¥6,802,732	¥6,284,724	\$67,953,313

See accompanying notes.

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Bank loans (Note 4, 13)	¥ 46,309	¥ 55,326	¥ 70,523	\$ 425,517
Commercial paper (Note 4, 13)	173,000	114,000	125,000	1,589,635
Long-term debt due within one year (Note 4, 13)	220,633	283,792	253,834	2,027,318
Notes and accounts payable - trade (Note 4)	147,075	126,868	123,989	1,351,420
Accrued expenses	43,883	52,012	40,422	403,225
Accrued income taxes	36,906	27,625	44,952	339,116
Advances and deposits received	258,207	264,626	263,260	2,372,572
Other current liabilities (Note 14)	113,749	185,110	141,637	1,045,199
Total current liabilities	1,039,762	1,109,359	1,063,617	9,554,002
LONG-TERM LIABILITIES				
Net defined benefit liability (Note 12)	46,196	43,504	42,737	424,479
Allowance for directors' and corporate auditors' retirement benefits	801	712	716	7,360
Long-term debt due after one year (Note 4, 13)	3,041,175	2,453,493	2,155,299	27,944,271
Deposits from tenants (Note 4, 15)	436,595	424,335	403,413	4,011,716
Deferred income taxes (Note 11)	147,786	154,941	134,521	1,357,953
Deferred tax liabilities on land revaluation	151,544	151,546	151,701	1,392,484
Other long-term liabilities (Note 14)	44,975	44,037	45,020	413,258
Total long-term liabilities	3,869,072	3,272,568	2,933,407	35,551,521
CONTINGENT LIABILITIES (Note 26)				
NET ASSETS (Notes 16, 17)				
Shareholders' equity				
Common stock	339,767	339,767	339,767	3,121,998
Authorized - 3,290,000,000 shares				
Issued - 979,250,227 shares in 2020 and 991,424,727 shares in 2019 and 2018				
Capital surplus	372,163	403,269	409,764	3,419,673
Retained earnings	1,070,240	962,154	834,498	9,834,053
Treasury stock - 8,148,291 shares in 2020, 9,187,225 shares in 2019 and 3,199,947 shares in 2018	(14,365)	(21,088)	(6,079)	(131,995)
Total shareholders' equity	1,767,805	1,684,102	1,577,950	16,243,729
Accumulated other comprehensive income (loss)				
Net unrealized holding gains on securities	319,993	334,612	298,297	2,940,301
Deferred losses on hedging instruments	(222)	72	(242)	(2,040)
Reserve on land revaluation	330,305	330,538	330,923	3,035,055
Foreign currency translation adjustments	(14,794)	(16,334)	(3,956)	(135,937)
Accumulated adjustments for retirement benefit	5,593	9,523	1,910	51,392
Total accumulated other comprehensive income	640,875	658,411	626,932	5,888,771
Subscription rights to shares (Note 18)	1,454	1,285	1,091	13,360
Non-controlling interests	76,391	77,007	81,727	701,930
Total net assets	2,486,525	2,420,805	2,287,700	22,847,790
	¥7,395,359	¥6,802,732	¥6,284,724	\$67,953,313

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
Revenue from operations (Note 24)	¥1,905,643	¥1,861,195	¥1,751,114	\$17,510,273
Cost of revenue from operations	(1,435,903)	(1,423,443)	(1,339,483)	(13,194,000)
Selling, general and administrative expenses	(189,122)	(175,604)	(165,729)	(1,737,774)
Operating income (Note 24)	280,618	262,148	245,902	2,578,499
Interest, dividends and miscellaneous income (Note 20)	27,422	15,112	9,720	251,971
Interest expense	(29,383)	(28,284)	(25,672)	(269,990)
Other expenses (Note 19, 21)	(23,155)	(21,829)	(20,460)	(212,763)
Equity in net income of affiliated companies	5,715	14,896	15,258	52,513
Income before income taxes	261,217	242,043	224,748	2,400,230
Income taxes (Note 11)				
Current	77,321	69,518	70,994	710,475
Deferred	(799)	2,388	(4,223)	(7,341)
Total	76,522	71,906	66,771	703,134
Net income	184,695	170,137	157,977	1,697,096
Net income attributable to non-controlling interests	(722)	(1,476)	(2,103)	(6,634)
Net income attributable to shareholders of the Company	¥ 183,973	¥ 168,661	¥ 155,874	\$ 1,690,462

See accompanying notes.

Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
Net income	¥184,695	¥170,137	¥157,977	\$1,697,096
Other comprehensive income (loss):				
Net unrealized holding gains (losses) on securities	(14,550)	36,383	92,799	(133,695)
Deferred gains on hedging instruments	(153)	322	86	(1,406)
Reserve on land revaluation	-	-	(1,047)	-
Foreign currency translation adjustments	(712)	(8,405)	1,149	(6,542)
Adjustments for retirement benefit	(3,983)	7,670	8,421	(36,598)
Equity in other comprehensive income (loss) of affiliated companies	1,707	(4,569)	2,287	15,685
Total other comprehensive income (loss)	(17,691)	31,401	103,695	(162,556)
Total comprehensive income	¥167,004	¥201,538	¥261,672	\$1,534,540
Comprehensive income attributable to:				
Shareholders of the Company	¥166,471	¥200,524	¥259,132	\$1,529,643
Non-controlling interests	533	1,014	2,540	4,897
Total	¥167,004	¥201,538	¥261,672	\$1,534,540

See Note 22.

PER SHARE INFORMATION

	Yen			U.S. dollars (Note 1)
	2020	2019	2018	2020
Net assets per share*	¥2,480.4	¥2,384.9	¥2,231.2	\$22.792
Net income per share				
— Basic	188.4	171.3	157.8	1.731
— Diluted	188.2	171.2	157.6	1.729
Cash dividends	44.0	44.0	40.0	0.404

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

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui Fudosan Co., Ltd. and its Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

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

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.

The Company and its subsidiaries assume that the outbreak of COVID-19 will have a certain effect on future revenues in connection with accounting estimates such as test of impairment of fixed assets and measurements of inventories. Specifically, revenues, in the first quarter of the fiscal year ending March 31, 2021, are assumed to decline due to strictly restricted economic activities requested by the government and local governments, while after the first quarter, are assumed to gradually normalize toward the end of the fiscal year.

(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

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

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2020, which was ¥108.83 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

appropriate year-end rates and the resulting translation gains or losses are taken into income currently.

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

Differences arising from translation are presented as "Foreign currency translation adjustments" in accumulated other comprehensive income under net assets section.

(E) CASH AND CASH EQUIVALENTS

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

(F) SECURITIES

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

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

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

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

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

(G) INVENTORIES, REVENUE AND RELATED COSTS

The Company and its consolidated subsidiaries have followed accounting standard, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9). Under the standard, inventories are initially recorded at acquisition cost, and when net realizable value is less than the cost (i.e., profitability of inventory has declined), the cost basis is reduced to net realizable value. Costs are determined mainly by the specific identification method and do not include interest and administrative expenses incurred during or after development of real estate, which are charged to income when incurred.

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

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

The Company and its consolidated subsidiaries have followed "Accounting Standard for Construction Contracts" (ASBJ Statement No.15; December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18; December 27, 2007). The percentage-of-completion method shall be applied if the outcome of the construction activity is deemed certain during the course of the activity, otherwise the completed-contract method shall be applied.

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

Property and equipment are carried mainly at cost.

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

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

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

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

(I) IMPAIRMENT LOSSES ON FIXED ASSETS

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

appraisal value calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows.

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

(J) LAND REVALUATION

Pursuant to the Law Concerning Land Revaluation and the revisions thereof, the Company and certain consolidated subsidiaries revalued land used for business activities on March 31, 2002.

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

(K) GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

(L) ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

(M) EMPLOYEES' RETIREMENT BENEFITS

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

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

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

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

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

Allowance for retirement benefits for directors and corporate auditors of the Company and its 33 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" (Statement No.13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by ASBJ on March 30, 2007) and the "Implementation Guidance on Accounting Standard for Lease Transactions" (the Financial Accounting Standard Implementation Guidance No.16 issued originally by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007).

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

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

(P) INCOME TAXES

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

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of approximately 23%, an inhabitants tax of approximately 5% and a deductible enterprise tax of approximately 4%, which in the aggregate resulted in a statutory income tax rate of approximately 31% for the years ended March 31, 2020, 2019 and 2018.

(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.

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 mitigate 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.

4. Assessment of hedge effectiveness

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

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

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

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

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

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

(T) DIRECTORS' BONUS

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

(U) SHARE-BASED PAYMENTS

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

Those standards require that the cost of stock options be measured based on the grant-date fair value. Outstanding options

are presented as subscription rights to shares as a component of net assets in the balance sheet.

(V) ASSET RETIREMENT OBLIGATIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18; March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21; March 31, 2008). 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, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009). 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) RECLASSIFICATIONS

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

(Z) CHANGES IN FINANCIAL STATEMENTS PRESENTATION

- (1) Consolidated Statements of Changes in Net Assets – Capital surplus
 - "Capital transactions with non-controlling interests", which was included in "change in the Company's equity due to transactions with non-controlling interests" for the years ended March 31, 2019 and 2018, is independently presented for the year ended March 31, 2020 due to increase in its materiality.
 - As a result, ¥(6,495) million of "change in the Company's equity due to transactions with non-controlling interests" is reclassified to ¥(7,019) million of "change in the Company's equity due to transactions with non-controlling interests" and ¥524 million of "capital transactions with non-controlling interests" for the year ended March 31, 2019, and ¥(3,467) million of "change in the Company's equity due to transactions with non-controlling interests" is reclassified to ¥(288) million of "change in the Company's equity due to transactions with non-controlling interests" and ¥(3,179) million of "capital transactions with non-controlling interests" for the year ended March 31, 2018 to conform to the current presentation.
- (2) Consolidated Statements of Cash Flows
 - (a) Net cash provided by operating activities
 - "Government grants income" and "advanced depreciation on property and equipment" which were presented in the consolidated statements of cash flows for the year

ended March 31, 2019 are included in "other, net" due to their immateriality. As a result, ¥(3,973) million of "government grants income" and ¥3,960 of "advanced depreciation on property and equipment" for the year ended March 31, 2019 are reclassified to "other, net" to conform to the current presentation.

(b) Net cash provided by financing activities

"Payments related to capital transaction with non-controlling shareholders", which was included in "payments of dividends to non-controlling shareholders" for the years ended March 31, 2019 and 2018, is independently presented for the year ended March 31, 2020 due to increase in its materiality.

As a result, ¥(5,207) million of "payments of dividends to non-controlling shareholders" is reclassified to ¥(622) million of "payments related to capital transaction with non-controlling shareholders" and ¥(4,585) million of "payments of dividends to non-controlling shareholders" for the year ended March 31, 2019, and ¥(5,580) million of "change in the Company's equity due to transactions with non-controlling interests" is reclassified to ¥(3,179) million of "payments related to capital transaction with non-controlling shareholders" and ¥(2,401) million of "payments of dividends to non-controlling shareholders" for the years ended March 31, 2018 to conform to the current presentation.

(AA) NEW ACCOUNTING STANDARDS NOT YET ADOPTED

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

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018).

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

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

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

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

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)

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

The IASB and the FASB have established almost the same detailed guidance on fair value measurement (IFRS 13 “Fair Value Measurement” by IASB and ASC Topic 820 “Fair Value Measurement” by FASB). In this connection, the ASBJ developed those standards to ensure Japanese GAAP to be consistent with international GAAP mainly on the guidance and disclosure regarding fair value of financial instruments. The ASBJ followed basic policy in developing accounting standard for fair value measurement to incorporate all basic IFRS 13 requirements to ensure comparability of financial statements by introducing unified measurement method, but also to set out other treatments based on practices applied by Japanese companies so that the standards would not significantly impair comparability. The Company and its consolidated subsidiaries will adopt the standards at the beginning of the year commencing on April 1, 2021. The effect that the adoption of the standards will have on the consolidated financial statements has not been determined.

- (3) The Company and its consolidated subsidiaries have not yet adopted “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020). The ASBJ developed and published the standard in response to the proposal to consider disclosure under Japanese GAAP

3. BUSINESS REORGANIZATIONS

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

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

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

(1) Outline of the transaction

(a) Target company

Name of the company	Mitsui Home Co.,Ltd.
Business of the company	New housing construction and renovation, leasing management and sales of housing related parts and materials

(b) Date of the business combination

Acquisition through public tender offering on September 26, 2018 (deemed acquisition date: September 30, 2018)
Acquisition through “Demand for Shares Cash-Out” on October 17, 2018 (deemed acquisition date: October 1, 2018)

(c) Legal form of the business combination

of “sources of estimation uncertainty” which is required to be disclosed by paragraph 125 of International Accounting Standard (IAS) No.1 “Presentation of Financial Statements” (“IAS 1”) issued by the International Accounting Standards Board (IASB) in 2003, as the disclosure would be highly useful for financial statements users.

The ASBJ followed a basic policy in developing the standard, referencing to paragraph 125 of IAS 1, to show the principles (purpose of disclosure) rather than expanding individual notes.

The standard requires entities to determine disclosures considering the purpose of disclosure.

The Company and its consolidated subsidiaries will adopt the standards at March 31, 2021.

- (4) The Company and its consolidated subsidiaries have not yet adopted “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, Revised, March 31, 2020). The ASBJ made necessary revisions to the standard in response to the proposal to consider enhancing the note information regarding “principles and procedures of accounting treatment adopted when the provisions of related accounting standards and guidance are not clear.” In enhancing the note information regarding “principles and procedures of accounting treatment adopted when the provisions of related accounting standards and guidance are not clear,” Note 1-2 (significant accounting policies) of Corporate Accounting Principles is to be taken over in order not to affect the accounting practice taken place for cases when the provisions of related accounting standards and guidance are clear. The Company and its consolidated subsidiaries will adopt the standards at March 31, 2021.

Purchase of stock paid in cash

- (d) Name of the company after the business combination
Mitsui Home Co.,Ltd. (hereafter “MH”)

(e) Ownership percentage of the target company	
Before the acquisition	57.53%
After the public tender offering	94.83%
After the “Demand for Shares Cash-Out”	100.00%

(f) Other matters

The additional investment in the subsidiary aims to enhance collaboration between the Company and the other group companies, and MH.

(2) Accounting treatment

The business combination is accounted for as transactions among entities under common control measured at cost in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No.21, revised on September 13, 2013) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, revised on September 13, 2013).

(3) Acquisition cost and details of additional investment in the subsidiary (including acquisition through “Demand for Shares Cash-Out”) are summarized as below:

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

(4) Change in the Company's equity due to transactions with non-controlling interests

- (a) Principal reason of change in capital surplus
Additional investments in subsidiary
(b) Amount of capital surplus decreased due to transactions

with non-controlling interests
¥6,850 million

There were no significant business reorganizations for the year ended March 31, 2018.

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 50 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, 2020, 2019 and 2018 are summarized in the following table. Information on financial instruments for which the fair value is not reliably measurable is not included in the below table (refer to b).

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
2020						
Assets						
Cash and bank deposits *1	¥ 183,413	¥ 183,413	¥ -	\$ 1,685,317	\$ 1,685,317	\$ -
Notes and accounts receivable-trade	38,908	38,908	-	357,512	357,512	-
Marketable and investment securities	596,745	596,755	10	5,483,277	5,483,369	92
Liabilities						
Notes and accounts payable-trade	147,075	147,075	-	1,351,420	1,351,420	-
Bank loans and long-term debt due within one year						
Non-recourse	68,916	68,918	2	633,244	633,262	18
Recourse	198,026	198,502	476	1,819,591	1,823,965	4,374
Commercial paper	173,000	173,000	-	1,589,635	1,589,635	-
Long-term debt due after one year						
Non-recourse	534,759	534,987	228	4,913,710	4,915,805	2,095
Recourse	2,506,416	2,592,979	86,563	23,030,561	23,825,957	795,396
Derivative instruments *2	1,230	1,230	-	11,302	11,302	-

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
2019						
Assets						
Cash and bank deposits *1	¥ 174,250	¥ 174,250	¥ -	¥ 100,889	¥ 100,889	¥ -
Notes and accounts receivable-trade	45,276	45,276	-	41,186	41,186	-
Marketable and investment securities	622,558	622,583	25	563,330	563,368	38
Liabilities						
Notes and accounts payable-trade	126,868	126,868	-	123,989	123,989	-
Bank loans and long-term debt due within one year						
Non-recourse	94,130	94,135	5	79,894	80,196	302
Recourse	244,988	246,193	1,205	244,463	245,953	1,490
Commercial paper	114,000	114,000	-	125,000	125,000	-
Long-term debt due after one year						
Non-recourse	339,018	339,215	197	361,060	361,107	47
Recourse	2,114,475	2,189,592	75,117	1,794,239	1,851,112	56,873
Derivative instruments *2	2,179	2,179	-	3,749	3,749	-

*1 Carrying amount of cash and bank deposits consists of ¥179,472 million (\$1,649,104 thousand) of cash and cash equivalents and ¥3,941 million (\$36,213 thousand) of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2020.

Carrying amount of cash and bank deposits consists of ¥157,682 million of cash and cash equivalents and ¥16,568 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2019.

Carrying amount of cash and bank deposits consists of ¥100,708 million of cash and cash equivalents and ¥181 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, 2018.

*2 Carrying amount and estimated fair value of derivative instruments represent derivative liabilities netted against derivative assets.

a. Estimation of fair value

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

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

Certificates of deposits - Fair value of certificates of deposits is based on quoted market prices.

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

detailed information.

Notes and accounts payable-trade and commercial paper

- The carrying amount of notes and accounts payable-trade and commercial paper approximates fair value due to their relatively short maturity.

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

the discount rates.

Long-term debt due after one year - Fair value of long-term debt due after one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.

Derivative instruments - Refer to Note 6.

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

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

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Assets:				
Equity investments in properties for sale	¥ 6,683	¥ 6,701	¥ 6,723	\$ 61,408
Other securities				
Unlisted stocks (excluding OTC securities)	13,831	10,157	7,075	127,088
Other (TK investments, preferred securities and others)	24,815	25,598	19,729	228,016
Lease deposits *	145,414	140,571	138,565	1,336,157
Liabilities:				
Deposits from tenants *	436,595	424,335	403,413	4,011,716

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

c. Redemption schedule

The redemption schedule on cash and cash equivalents, receivables and securities with maturities as of March 31, 2020, 2019 and 2018 is as follows.

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

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

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

	Millions of yen			
	2018			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits *1	¥100,889	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	41,186	-	-	-
Other securities				
National and local government bonds and other	182	1,358	279	-
Total	¥142,257	¥1,358	¥279	¥-

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

	2020			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
Cash and bank deposits *1	\$1,685,317	\$ -	\$ -	\$ -
Notes and accounts receivable-trade	357,512	-	-	-
Other securities				
National and local government bonds and other	2,012	3,831	551	-
	-	-	-	8,619
Total	\$2,044,841	\$3,831	\$551	\$8,619

*1 Carrying amount of cash and bank deposits consists of ¥ 179,472 million (\$1,649,104 thousand) of cash and cash equivalents and ¥ 3,941 million (\$36,213 thousand) of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2020.

Carrying amount of cash and bank deposits consists of ¥ 157,682 million of cash and cash equivalents and ¥ 16,568 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2019.

Carrying amount of cash and bank deposits consists of ¥100,708 million of cash and cash equivalents and ¥181 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, 2018.

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, 2020, 2019 and 2018:

(a) Held-to-maturity securities:

Millions of yen

	2020			2019			2018		
	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	¥696	¥706	¥10	¥1,651	¥1,676	¥25	¥1,819	¥1,857	¥38
Securities whose fair value does not exceed book value									
National and local government bonds and other	-	-	-	-	-	-	-	-	-
Total	¥696	¥706	¥10	¥1,651	¥1,676	¥25	¥1,819	¥1,857	¥38

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

	2020		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds book value			
National and local government bonds and other	\$6,394	\$6,487	\$93
Securities whose fair value does not exceed book value			
National and local government bonds and other	-	-	-
Total	\$6,394	\$6,487	\$93

(b) Other securities:

Millions of yen

	2020			2019			2018		
	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	¥488,580	¥53,058	¥435,522	¥544,419	¥91,421	¥452,998	¥496,948	¥87,731	¥409,217
Other	67,607	36,303	31,304	67,545	40,722	26,823	57,730	36,369	21,361
Subtotal	556,187	89,361	466,826	611,964	132,143	479,821	554,678	124,100	430,578
Securities whose book value (fair value) does not exceed historical cost									
Stocks	39,858	45,492	(5,634)	8,940	11,108	(2,168)	6,825	7,690	(865)
Other	4	6	(2)	3	3	-	8	8	-
Subtotal	39,862	45,498	(5,636)	8,943	11,111	(2,168)	6,833	7,698	(865)
Total	¥596,049	¥134,859	¥461,190	¥620,907	¥143,254	¥477,653	¥561,511	¥131,798	¥429,713

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

	2020		
	Book Value (Fair Value)	Historical Cost	Difference
Securities whose book value (fair value) exceeds historical cost			
Stocks	\$4,489,387	\$487,531	\$4,001,856
Other	621,217	333,575	287,642
Subtotal	5,110,604	821,106	4,289,498
Securities whose book value (fair value) does not exceed historical cost			
Stocks	366,242	418,010	(51,768)
Other	37	55	(18)
Subtotal	366,279	418,065	(51,786)
Total	\$5,476,883	\$1,239,171	\$4,237,712

(2) The following table summarizes other securities sold in the years ended March 31, 2020, 2019 and 2018:

Millions of yen

	2020			2019			2018		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	¥20,358	¥16,711	¥(77)	¥2,858	¥1,481	¥(171)	¥233	¥101	¥-
Total	¥20,358	¥16,711	¥(77)	¥2,858	¥1,481	¥(171)	¥233	¥101	¥-

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

	2020		
	Sales amount	Gains	Losses
Stocks	\$187,062	\$153,551	\$(708)
Total	\$187,062	\$153,551	\$(708)

(3) The Company and its consolidated subsidiaries recognized ¥2,868 million (\$ 26,353 thousand) of impairment loss on investment securities for the year ended March 31, 2020. The Company and its consolidated subsidiaries did not recognize significant impairment loss on investment securities for the years ended March 31, 2019 and 2018.

6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes derivative financial instruments for which hedge accounting is not applied as of March 31, 2020, 2019 and 2018:

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

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

		Millions of yen			
		2018			
		Nominal Amount		Fair value ^(*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	¥27,774	¥13,234	¥(1,102)	¥(1,102)
	Foreign exchange forward				
	Buy				
	U.S. dollars	133	-	(8)	(8)
Total		¥27,907	¥13,234	¥(1,110)	¥(1,110)

		Thousands of U.S. dollars			
		2020			
		Nominal Amount		Fair value ^(*)	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	\$230,828	\$58,926	\$(9,896)	\$(9,896)
	Interest rate cap				
	Buy	352,348	352,348	(726)	(726)
Total		\$583,176	\$411,274	\$(10,622)	\$(10,622)

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

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2020, 2019 and 2018:

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

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

		Millions of yen		
		2018		
		Nominal Amount		Fair value ^{(*)4}
		Total	Due after 1 year	
Interest rate swap	Long-term debt	¥542,729	¥454,039	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap ^{(*)2}	Long-term debt	5,650	5,650	¥ 73
Pay : fixed rate				
Receive : floating rate				
Interest rate and currency swap ^{(*)2}	Long-term debt	14,000	12,000	(2,674)
Foreign exchange forward ^{(*)3}	Forecasted transactions denominated in foreign currencies	1,124	-	(38)
Buy				
U.S. dollars				
Total		¥563,503	¥471,689	¥(2,639)

		Thousands of U.S. dollars (See Note 1)		
		2020		
		Nominal Amount		Fair value ^{(*)4}
Hedged items		Total	Due after 1 year	
Interest rate swap	Long-term debt	\$3,903,978	\$3,554,801	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap ^{(*)2}	Long-term debt	108,224	108,224	(\$643)
Pay : fixed rate				
Receive : floating rate				
Interest rate and currency swap ^{(*)2}	Long-term debt	-	-	-
Foreign exchange forward ^{(*)3}				
Buy	Forecasted transactions denominated			
U.S. dollars	in foreign currencies	8,564	-	(37)
Total		\$4,020,766	\$3,663,025	(\$680)

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

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

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

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

7. INVESTMENT AND LEASING PROPERTIES

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

The Company and its certain subsidiaries own office buildings for rent, commercial facilities and other properties in Tokyo and other areas. Net rent income, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥137,952 million (\$1,267,592

thousand), ¥1,064 million (\$9,777 thousand), and ¥577 million (\$5,302 thousand) for the year ended March 31, 2020, respectively. Net rent income, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥136,200 million, ¥965 million and ¥1,020 million for the year ended March 31, 2019, respectively. Net rent income, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥131,014 million, ¥7,584 million, and ¥6,350 million for the year ended March 31, 2018, respectively.

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

The carrying amounts, net changes in the carrying amounts and the fair value of the investment and leasing properties as of and for the years ended March 31, 2020, 2019 and 2018 are stated below:

		Millions of yen											
		2020		2019				2018					
		Carrying amount	Fair value	Carrying amount	Fair value	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 increase during the year	End of year	End of year		
¥3,024,029	¥147,104	¥3,171,133	¥6,089,553	¥2,960,709	¥63,320	¥3,024,029	¥5,773,672	¥2,645,057	¥315,652	¥2,960,709	¥5,436,150		

		Thousands of U.S. dollars (See Note 1)			
		2020			
		Carrying amount		Fair value	
		Net increase during			
Beginning of year	the year	End of year	End of year	Beginning of year	End of year
\$27,786,722	\$1,351,687	\$29,138,409	\$55,954,728		

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 ¥216,118 million (\$1,985,831 thousand) and transfers to real property for sale which amounts to ¥15,043 million (\$138,225 thousand) for the year ended

March 31, 2020.

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

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥381,824 million and sales of real estate which amounts to ¥3,078 million for the year ended March 31, 2018.

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

It is extremely difficult to determine the impact of the outbreak of COVID-19 on the fair value of investment and leasing properties ("the impact") with high accuracy as of preparation date of the consolidated financial statements. The impact, calculated based on the assumptions described in Note 2 (B), utilizing available information as possible, turned out to be immaterial. Thus, the impact is not reflected in determination of fair value of investment and leasing properties as of March 31, 2020.

8. INVENTORIES

Inventories at March 31, 2020, 2019 and 2018 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Real property for sale				
Completed	¥1,043,889	¥802,625	¥707,579	\$9,591,923
In progress	516,997	480,237	468,310	4,750,501
Land held for development	318,411	321,438	321,173	2,925,765
Expenditure on contracts in progress	17,149	25,327	25,401	157,576
Other	5,310	5,500	4,857	48,792
Total	¥1,901,756	¥1,635,127	¥1,527,320	\$17,474,557

9. ADVANCES PAID FOR PURCHASES

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

10. LEASE DEPOSITS

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

11. INCOME TAXES

Significant components of deferred tax assets and liabilities as of March 31, 2020, 2019 and 2018 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Deferred tax assets:				
Loss on impairment of fixed assets	¥21,467	¥23,193	¥19,472	\$197,253
Net defined benefit liability	13,527	11,927	12,268	124,295
Unrealized inter-company transactions	11,922	11,913	7,567	109,547
Accrued employees' bonuses	6,621	6,332	5,926	60,838
Excess depreciation expense	5,518	5,854	5,860	50,703
Allowance for loss on devaluation of real property held for sale	4,968	4,678	5,215	45,649
Net operating loss carryforwards	4,251	3,278	3,110	39,061
Accrued enterprise tax	4,162	3,394	3,716	38,243
Unrealized loss on valuation of lease deposits	3,606	3,592	3,575	33,134
Other	35,399	30,633	31,930	325,269
Subtotal	111,441	104,794	98,639	1,023,992
Valuation allowances *	(11,395)	(13,129)	(9,596)	(104,705)
Total	¥100,046	¥91,665	¥89,043	\$919,287
Deferred tax liabilities:				
Unrealized gain on valuation of securities	(142,170)	(147,337)	(130,873)	(1,306,350)
Deferred gain on sale of land and buildings for tax purposes	(11,929)	(12,034)	(12,188)	(109,611)
Consolidation difference in real property	(4,237)	(4,345)	(5,539)	(38,932)
Unrealized gain on valuation of lease deposits	(3,564)	(3,543)	(3,519)	(32,748)
Other	(59,988)	(54,919)	(45,756)	(551,209)
Total	¥(221,888)	¥(222,178)	¥(197,875)	(\$2,038,850)
Net deferred tax assets (liabilities)	¥(121,842)	¥(130,513)	¥(108,832)	(\$1,119,563)

* Commencing from April 1, 2018, the Company and its consolidated subsidiaries adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) which requires that valuation allowances be presented in the table describing significant components of deferred tax assets and liabilities.

Differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2020, 2019 and 2018 were immaterial, and therefore are not disclosed.

12. EMPLOYEES' RETIREMENT BENEFITS

(1) Outline of retirement benefit plan

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

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

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

(2) Defined benefit plans

(a) Change in benefit obligation, excluding plans accounted for under the simplified method, for the years ended March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Benefit obligation at beginning of year	¥160,180	¥164,282	¥158,774	\$1,471,837
Service cost	7,299	7,509	7,354	67,068
Interest cost	1,458	1,504	1,455	13,397
Actuarial differences	(612)	(219)	1,308	(5,624)
Prior service costs	(255)	(7,443)	156	(2,343)
Benefits paid	(4,661)	(5,462)	(4,784)	(42,828)
Other	-	9	19	-
Benefit obligation at end of year	¥163,409	¥160,180	¥164,282	\$1,501,507

(b) Change in plan assets, excluding plans accounted for under the simplified method, for the years ended March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Fair value of plan assets at beginning of year	¥151,690	¥143,174	¥126,384	\$1,393,825
Expected return on plan assets	3,113	2,966	2,716	28,604
Actuarial differences	(5,451)	2,486	10,811	(50,087)
Employer contribution	3,732	6,712	6,317	34,292
Benefits paid	(3,209)	(3,750)	(3,158)	(29,486)
Other	101	102	104	928
Fair value of plan assets at end of year	¥149,976	¥151,690	¥143,174	\$1,378,076

(c) Change in net defined benefit liability under simplified method for the years ended March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Net defined benefit liability at beginning of year	¥3,719	¥3,653	¥3,420	\$34,173
Retirement benefit expenses	548	547	517	5,035
Benefits paid	(449)	(401)	(439)	(4,126)
Contribution to the plan	(57)	(68)	(52)	(524)
Other	8	(12)	207	74
Net defined benefit liability at end of year	¥3,769	¥3,719	¥3,653	\$34,632

(d) Amount recognized in the consolidated balance sheets, including plans accounted for under the simplified method, at March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Benefit obligation for funded plan	¥139,132	¥136,505	¥138,817	\$1,278,434
Plan assets	(150,429)	(152,124)	(143,571)	(1,382,238)
	¥(11,297)	¥(15,619)	¥(4,754)	(\$103,804)
Benefit obligation for unfunded plan	28,499	27,828	29,516	261,867
Net amount recognized on the consolidated balance sheets	¥17,202	¥12,209	¥24,762	\$158,063
Net defined benefit liability	46,196	43,504	42,737	424,479
Net defined benefit asset	(28,994)	(31,295)	(17,975)	(266,416)
Net amount recognized on the consolidated balance sheets	¥17,202	¥12,209	¥24,762	\$158,063

(e) Details of retirement benefit expenses for the years ended March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Service cost	¥7,299	¥7,509	¥7,354	\$67,068
Interest cost	1,458	1,504	1,455	13,397
Expected return on plan assets	(3,113)	(2,966)	(2,716)	(28,604)
Actuarial differences recognized in earnings	(429)	891	2,619	(3,942)
Prior service costs recognized in earnings	(726)	(32)	166	(6,671)
Retirement benefit expenses under simplified method	548	547	517	5,035
Defined benefit expenses	¥5,037	¥7,453	¥9,395	\$46,283

Premium benefits payments other than the above defined benefit expenses of ¥60 million (\$551 thousand), ¥255 million and ¥197 million are recognized for the years ended on March 31, 2020, 2019 and 2018, respectively.

(f) Amount recognized in other comprehensive income (pretax) at March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Prior service costs	¥ 470	¥ (7,412)	¥ (9)	\$ 4,319
Actuarial differences	5,279	(3,598)	(12,118)	48,507
Total	¥5,749	¥(11,010)	¥(12,127)	\$52,826

(g) Amount recognized in accumulated other comprehensive income (pretax) at March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Unrecognized prior service costs	¥(6,960)	¥ (7,430)	¥ (18)	\$(63,953)
Unrecognized actuarial differences	(1,366)	(6,634)	(3,036)	(12,552)
Total	¥(8,326)	¥(14,064)	¥(3,054)	\$(76,505)

(h) The asset allocation for the plans, excluding plans accounted for under the simplified method, at March 31, 2020, 2019 and 2018:

	2020	2019	2018
Domestic stocks	27.8%	26.6%	26.6%
Domestic bonds	26.8	25.5	26.6
Foreign stocks	12.5	13.4	12.1
Life insurance company general accounts	9.7	9.5	10.1
Foreign bonds	7.8	6.6	5.4
Cash and bank deposits	2.0	3.5	4.2
Other	13.4	14.9	15.0
Total	100.0%	100.0%	100.0%

* The plan assets include retirement benefit trust established for corporate pension plan which accounts for 16.4%, 14.8% and 13.6% of the total plan assets as of March 31, 2020, 2019 and 2018, 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:

	2020	2019	2018
Discount rates	0.5 – 1.2%	0.5 – 1.2%	0.5 – 1.2%
Expected long-term rates of return on plan assets	1.0 – 2.5%	1.0 – 2.5%	1.0 – 2.5%

(3) Defined contribution plans

Contribution made to the defined contribution plans by the Company's certain consolidated subsidiaries amounted to ¥594 million (\$5,458 thousand), ¥554 million and ¥501 million for the years ended March 31, 2020, 2019 and 2018, respectively.

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

(1) Bank loans and commercial paper

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

The amounts and the weighted average interest rates of bank loans and commercial paper at March 31, 2020, 2019 and 2018 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Bank loans				
Recourse, with the weighted average interest rates of 1.82% in 2020, 1.97% in 2019 and 1.72% in 2018	¥46,309	¥55,326	¥70,523	\$425,517
Commercial paper, with the weighted average interest rates of 0.00% in 2020 and -0.00% in 2019 and 2018	173,000	114,000	125,000	1,589,635

(2) Long-term debt

Long-term debt at March 31, 2020, 2019 and 2018 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Long-term loans, principally from banks and insurance companies:				
Loans secured by collateral or bank guarantees	¥ 474,239	¥ 280,913	¥ 284,640	\$ 4,357,613
Unsecured loans	1,990,530	1,784,180	1,605,270	18,290,269
Total long-term loans, principally from banks and insurance companies	2,464,769	2,065,093	1,889,910	22,647,882
Bonds and debentures				
1.92%yen notes due 2018	-	-	10,000	-
2.09%yen notes due 2019	-	-	10,000	-
1.72%yen notes due 2019	-	10,000	10,000	-
1.63%yen notes due 2019	-	10,000	10,000	-
1.49%yen notes due 2019	-	10,000	10,000	-
1.50%yen notes due 2020	-	10,000	10,000	-
1.19%yen notes due 2020	10,000	10,000	10,000	91,886
1.06%yen notes due 2020	10,000	10,000	10,000	91,886
1.32%yen notes due 2020	10,000	10,000	10,000	91,886
2.30%yen notes due 2030	10,000	10,000	10,000	91,886
1.27%yen notes due 2021	10,000	10,000	10,000	91,886
1.17%yen notes due 2021	10,000	10,000	10,000	91,886
1.00%yen notes due 2022	10,000	10,000	10,000	91,886
0.96%yen notes due 2022	10,000	10,000	10,000	91,886
1.95%yen notes due 2032	10,000	10,000	10,000	91,886
2.05%yen notes due 2033	10,000	10,000	10,000	91,886
1.33%yen notes due 2046	10,000	10,000	10,000	91,886
1.00%yen notes due 2046	10,000	10,000	10,000	91,886
0.00%yen notes due 2019	-	10,000	10,000	-
0.71%yen notes due 2036	7,000	7,000	7,000	64,320
1.18%yen notes due 2056	6,000	6,000	6,000	55,132
0.00%yen notes due 2020	25,000	25,000	25,000	229,716
0.93%yen notes due 2037	10,000	10,000	10,000	91,886
0.20%yen notes due 2024	10,000	10,000	10,000	91,886
0.24%yen notes due 2027	10,000	10,000	10,000	91,886
0.10%yen notes due 2023	10,000	10,000	10,000	91,886
0.22%yen notes due 2025	10,000	10,000	10,000	91,886
0.31%yen notes due 2028	10,000	10,000	-	91,886
0.09%yen notes due 2023	10,000	10,000	-	91,886
0.20%yen notes due 2025	10,000	10,000	-	91,886
0.37%yen notes due 2028	20,000	20,000	-	183,774
0.08%yen notes due 2022	20,000	20,000	-	183,774
0.16%yen notes due 2024	30,000	30,000	-	275,660
0.28%yen notes due 2026	20,000	20,000	-	183,774
0.38%yen notes due 2029	20,000	20,000	-	183,774
0.09%yen notes due 2024	50,000	-	-	459,432
0.22%yen notes due 2029	30,000	-	-	275,660
0.53%yen notes due 2039	20,000	-	-	183,774
0.31%yen notes due 2030	30,000	-	-	275,660
0.62%yen notes due 2039	20,000	-	-	183,774
0.52%yen notes due 2035	30,000	-	-	275,660
0.82%yen notes due 2050	10,000	-	-	91,886
1.03%yen notes due 2070	10,000	-	-	91,886
3.65%U.S. dollar notes due 2027	54,386	55,460	53,083	499,734
2.95%U.S. dollar notes due 2023	32,621	33,258	31,826	299,743
3.95%U.S. dollar notes due 2029	32,597	33,239	-	299,522
0.00% - 0.99% notes due 2020 - 2024 (*1)	129,435	152,235	156,314	1,189,332
Total bonds and debentures	797,039	672,192	519,223	7,323,707
Less amount due within one year	(220,633)	(283,792)	(253,834)	(2,027,318)
Long-term debt due after one year	¥3,041,175	¥2,453,493	¥2,155,299	\$27,944,271

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

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Due within one year				
Non-recourse, with the weighted average interest rate of 1.99% in 2020, 0.09% in 2019 and 1.59% in 2018	¥ 21,416	¥ 64,930	¥ 48,744	\$ 196,784
Recourse, with the weighted average interest rate of 1.42% in 2020, 2.09% in 2019 and 1.46% in 2018	96,717	139,662	153,940	888,698
Subtotal	118,133	204,592	202,684	1,085,482
Due after one year				
Non-recourse, with the weighted average interest rate of 2.58% in 2020, 3.37% in 2019 and 1.83% in 2018	452,823	215,983	235,896	4,160,829
Recourse, with the weighted average interest rate of 1.08% in 2020, 1.24% in 2019 and 1.34% in 2018	1,893,813	1,644,518	1,451,330	17,401,571
Subtotal	2,346,636	1,860,501	1,687,226	21,562,400
Total	¥2,464,769	¥2,065,093	¥1,889,910	\$22,647,882

Bonds and debentures consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Due within one year				
Non-recourse	¥ 47,500	¥ 29,200	¥ 31,150	\$ 436,460
Recourse	55,000	50,000	20,000	505,376
Subtotal	102,500	79,200	51,150	941,836
Due after one year				
Non-recourse	81,936	123,035	125,164	752,881
Recourse	612,603	469,957	342,909	5,628,990
Subtotal	694,539	592,992	468,073	6,381,871
Total	¥797,039	¥672,192	¥519,223	\$7,323,707

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Secured loans				
Long-term loans, principally from banks and insurance companies				
Non-recourse	¥474,239	¥280,913	¥284,640	\$4,357,613
Subtotal	474,239	280,913	284,640	4,357,613
Bonds and debentures				
Non-recourse	129,435	152,235	151,514	1,189,332
Subtotal	129,435	152,235	151,514	1,189,332
Total	¥603,674	¥433,148	¥436,154	\$5,546,945

The following assets are pledged as collateral for secured loans:

	Millions of yen								Thousands of U.S. dollars (See Note 1)	
	2020		2019		2018		2020			
	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *
Real property for sale	¥377,137	¥377,137	¥355,597	¥355,597	¥295,391	¥295,391	¥346,552	¥346,552	\$3,465,377	\$3,465,377
Buildings and structures	101,925	98,618	31,843	28,444	61,787	58,213	936,552	906,166	936,552	906,166
Land	256,427	248,502	216,601	208,811	187,531	179,753	2,356,216	2,283,396	2,356,216	2,283,396
Other	178,888	172,700	89,424	89,412	182,473	182,461	1,643,739	1,586,879	1,643,739	1,586,879
Total	¥914,377	¥896,957	¥693,465	¥682,264	¥727,182	¥715,818	¥8,401,884	¥8,241,818	\$8,401,884	\$8,241,818

* 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, 2020, 2019 and, 2018 are as follows:

	Millions of yen								
	2020			2019			2018		
	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total
Due within 1 year	¥ 68,916	¥ 151,717	¥ 220,633	¥ 94,130	¥ 189,662	¥ 283,792	¥ 79,894	¥ 173,940	¥ 253,834
Due after 1 to 2 years	96,877	192,333	289,210	65,165	149,042	214,207	146,063	187,431	333,494
Due after 2 to 3 years	201,438	232,057	433,495	108,037	186,526	294,563	60,951	147,091	208,042
Due after 3 to 4 years	38,300	222,477	260,777	120,199	211,262	331,461	37,752	165,377	203,129
Due after 4 to 5 years	32,200	267,535	299,735	11,200	219,455	230,655	108,294	177,253	285,547
Thereafter	165,944	1,592,014	1,757,958	34,417	1,348,190	1,382,607	8,000	1,117,087	1,125,087
Total	¥603,675	¥2,658,133	¥3,261,808	¥433,148	¥2,304,137	¥2,737,285	¥440,954	¥1,968,179	¥2,409,133

	Thousands of U.S. dollars (See Note 1)		
	2020		
	Non-recourse	Recourse	Total
Due within 1 year	\$ 633,245	\$ 1,394,073	\$ 2,027,318
Due after 1 to 2 years	890,168	1,767,279	2,657,447
Due after 2 to 3 years	1,850,942	2,132,289	3,983,231
Due after 3 to 4 years	351,925	2,044,262	2,396,187
Due after 4 to 5 years	295,874	2,458,284	2,754,158
Thereafter	1,524,800	14,628,448	16,153,248
Total	\$5,546,954	\$24,424,635	\$29,971,589

14. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2020, 2019 and 2018

The Company and its consolidated subsidiaries, in connection with operating commercial facilities and parking business (Mitsui Repark), have entered into real estate lease contracts with terms ranging from several months to 47 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 47 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, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Beginning of year	¥5,126	¥4,281	¥3,924	\$47,101
Increase due to acquisition of fixed assets	827	959	573	7,599
Net increase due to revisions to original estimate*	83	43	120	763
Decrease due to settlement	(518)	(174)	(391)	(4,760)
Other	19	17	55	175
End of year	¥5,537	¥5,126	¥4,281	\$50,878

* Increase for the years ended March 31, 2020, 2019 and 2018 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, 2020, 2019 and 2018

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

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

15. DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2020, 2019 and 2018 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Non-interest-bearing	¥435,916	¥423,425	¥402,232	\$4,005,477
Interest-bearing	679	910	1,181	6,239
Total	¥436,595	¥424,335	¥403,413	\$4,011,716
Average interest rate	0.99%	1.00%	1.00%	

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

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

16. NET ASSETS

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

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

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

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

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

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

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

(1) Changes in number of shares issued and outstanding during the years ended March 31, 2019, 2018 and 2017 are as follows:

	Thousands	
	Issued Common stock	Treasury stock Common stock
Numbers of shares as of March 31, 2017	991,425	3,290
Numbers of shares increased ^(*)	-	9
Numbers of shares decreased ^(*)	-	(99)
Numbers of shares as of March 31, 2018	991,425	3,200
Numbers of shares increased ^(*)	-	5,993
Numbers of shares decreased ^(*)	-	(6)
Numbers of shares as of March 31, 2019	991,425	9,187
Numbers of shares increased ^(*)	-	11,166
Numbers of shares decreased ^(*)	(12,175)	(12,205)
Numbers of shares as of March 31, 2020	979,250	8,148

(*) Treasury stock increased due to purchase of odd shares.

(*) Treasury stock decreased due to sale of 1 thousand odd shares and exercise of 98 thousand shares of subscription rights.

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

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

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

(*) Common stock issued decreased due to retirement of 12,175 thousand shares of treasury stock. Treasury stock decreased due to retirement of 12,175 thousand shares of treasury stock, sale of 1 thousand odd shares and exercise of 29 thousand shares of subscription rights.

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	Company	Consolidated subsidiaries	Total	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option					
Balance as of March 31, 2018	¥1,091	-	¥1,091			
Balance as of March 31, 2019	¥1,285	-	¥1,285			
Balance as of March 31, 2020	¥1,454	-	¥1,454	\$13,360	-	\$13,360

Number of shares regarding stock options as of March 31, 2020, 2019 and 2018 and number of such shares increased and decreased during the years then ended are not presented as they are insignificant.

(3) Information of dividends is summarized as follows:

(a) Dividends paid

The following resolution was approved by the ordinary general shareholders' meeting held on June 27, 2019, June 28, 2018 and June 29, 2017:

	June 27, 2019	June 28, 2018	June 29, 2017
Date of shareholders' meeting	June 27, 2019	June 28, 2018	June 29, 2017
Type of stock	Common stock	Common stock	Common stock
Total amount	¥23,574 million (\$216,613 thousand)	¥21,741 million	¥17,786 million
Per share amount	¥24 (\$0.221)	¥22	¥18
Record date	March 31, 2019	March 31, 2018	March 31, 2017
Effective date	June 28, 2019	June 29, 2018	June 30, 2017

The following resolution was approved by the Board of Directors' meeting held on November 7, 2019, November 9, 2018 and November 10, 2017:

	November 7, 2019	November 9, 2018	November 10, 2017
Date of board of directors' meeting	November 7, 2019	November 9, 2018	November 10, 2017
Type of stock	Common stock	Common stock	Common stock
Total amount	¥21,473 million (\$197,307 thousand)	¥19,645 million	¥17,787 million
Per share amount	¥22 (\$0.202)	¥20	¥18
Record date	September 30, 2019	September 30, 2018	September 30, 2017
Effective date	December 3, 2019	December 4, 2018	December 4, 2017

(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 26, 2020, June 27, 2019 and June 28, 2018:

	June 26, 2020	June 27, 2019	June 28, 2018
Date of shareholders' meeting	June 26, 2020	June 27, 2019	June 28, 2018
Type of stock	Common stock	Common stock	Common stock
Total amount	¥21,364 million (\$196,306 thousand)	¥23,574 million	¥21,741 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥22 (\$0.202)	¥24	¥22
Record date	March 31, 2020	March 31, 2019	March 31, 2018
Effective date	June 29, 2020	June 28, 2019	June 29, 2018

18. STOCK OPTION PLANS

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

Stock option expenses charged to income for the years ended March 31, 2020, 2019 and 2018 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Cost of revenue from operations	¥113	¥ 91	¥ 71	\$1,038
Selling, general and administrative expenses	100	108	88	919
Total	¥213	¥199	¥159	\$1,957

The following table summarizes the contents and activity of stock options as of March 31, 2020 and for the year then ended:

	2019 plan	2018 plan	2017 plan	2016 plan	2015 plan	2014 plan
Grantees	Directors, corporate officers and group managing officers; 36 in total (*1)	Directors, corporate officers and group managing officers; 31 in total (*1)	Directors, corporate officers and group managing officers; 28 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)
Type of stock and number of shares granted	108,980 shares of common stock	95,920 shares of common stock	80,440 shares of common stock	77,720 shares of common stock	50,460 shares of common stock	52,450 shares of common stock
Grant date	July 16, 2019	July 17, 2018	July 14, 2017	August 19, 2016	August 21, 2015	August 22, 2014
Vesting conditions	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)
Requisite service period	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified
Exercise period(*2)	July 17, 2019 - July 16, 2049	July 18, 2018 - July 17, 2048	July 15, 2017 - July 14, 2047	August 20, 2016 - August 19, 2046	August 22, 2015 - August 21, 2045	August 23, 2014 - August 22, 2044
Non-vested options (number of shares):						
Outstanding at beginning of year	-	95,920	75,890	62,250	41,790	38,430
Granted	108,980	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Vested	-	(2,240)	-	-	-	(1,890)
Outstanding at end of year	108,980	93,680	75,890	62,250	41,790	36,540
Vested options (number of shares):						
Outstanding at beginning of year	-	-	4,550	8,260	4,020	4,120
Vested	-	2,240	-	-	-	1,890
Exercised	-	(2,240)	(2,030)	(2,030)	-	-
Expired	-	-	-	-	-	-
Outstanding at end of year	-	-	2,520	6,230	4,020	6,010
Exercise price	¥1/\$0.01	¥1	¥1	¥1	¥1	¥1
Average stock price on exercise date	-	2,668	2,668	¥2,668	-	-
Grant-date fair value	¥1,960/\$18.01	¥2,188	¥2,093	¥1,670	¥3,218	¥3,067

	2013 plan	2012 plan	2011 plan	2010 plan	2009 plan	2008 plan	2007 plan
Grantees	Directors, corporate officers and group managing officers; 27 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 25 in total (*1)	Directors, corporate officers and group managing officers; 26 in total (*1)	Directors, corporate officers and group managing officers; 27 in total (*1)
Type of stock and number of shares granted	66,650 shares of common stock	134,640 shares of common stock	143,040 shares of common stock	140,420 shares of common stock	109,650 shares of common stock	71,250 shares of common stock	48,880 shares of common stock
Grant date	August 23, 2013	August 17, 2012	August 12, 2011	August 13, 2010	August 14, 2009	August 15, 2008	September 18, 2007
Vesting conditions	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)	(*2)
Requisite service period	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified
Exercise period(*2)	August 24, 2013 - August 23, 2043	August 18, 2012 - August 17, 2042	August 13, 2011 - August 12, 2041	August 14, 2010 - August 13, 2040	August 15, 2009 - August 14, 2039	August 16, 2008 - August 15, 2038	September 19, 2007 - September 18, 2037
Non-vested options (number of shares):							
Outstanding at beginning of year	48,840	89,390	95,620	52,670	40,330	18,450	11,580
Granted	-	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-	-
Vested	(2,410)	(10,620)	(11,360)	(9,700)	(7,660)	(4,390)	(2,660)
Outstanding at end of year	46,430	78,770	84,260	42,970	32,670	14,060	8,920
Vested options (number of shares):							
Outstanding at beginning of year	5,230	9,980	8,120	8,860	3,080	-	-
Vested	2,410	10,620	11,360	9,700	7,660	4,390	2,660
Exercised	-	-	(3,020)	(10,540)	(6,910)	(1,960)	(1,330)
Expired	-	-	-	-	-	-	-
Outstanding at end of year	7,640	20,600	16,460	8,020	3,830	2,430	1,330
	Yen	Yen	Yen	Yen	Yen	Yen	Yen
Exercise price	¥1	¥1	¥1	¥1	¥1	¥1	¥1
Average stock price on exercise date	-	-	¥2,617	¥2,221	¥2,268	¥1,988	¥2,366
Grant-date fair value	¥2,796	¥1,265	¥919	¥1,029	¥1,493	¥1,967	¥2,357

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

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

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

	2019 plan	2018 plan	2017 plan
Expected volatility (*1)	35%	36%	38%
Expected life (*2)	15 years	15 years	15 years
Expected dividend (*3)	¥44 (\$0.40) per share	¥40 per share	¥36 per share
Risk-free rate (*4)	0.09%	0.27%	0.36%

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

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

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

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

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

19. IMPAIRMENT LOSS ON FIXED ASSETS

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

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

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

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

to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥1,513 million (\$13,902 thousand) are comprised of ¥1,231 million (\$11,311 thousand) of buildings and structures and ¥282 million (\$2,591 thousand) of others.

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

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

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

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

Considering significant deterioration of profitability due to adverse changes in market conditions and other factors, the Company reduced the book values of operating facilities, including those planned to be sold, to their recoverable amounts and

recognized impairment losses.

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

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

During the year ended March 31, 2018, 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	Hiroshima City, Hiroshima, Japan and other

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

Considering significant deterioration of profitability due to a

decline in current rental rates, adverse changes in market conditions and other factors, the Company reduced the book values of leasing properties and other assets to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥8,042 million are comprised of ¥3,476 million of land, ¥4,245 million of buildings and structures and ¥321 million of others.

Recoverable amounts are measured by values in current use. of future cash flows, using a discount rate of 5.8% - 6.2%. Values in current use are calculated based on the present values

20. MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Interest income	¥ 1,373	¥ 1,351	¥ 839	\$ 12,616
Dividend income	6,378	5,786	5,245	58,605
Gain on sale of investment securities	16,711	1,481	-	153,551
Other	2,960	6,494	3,636	27,199
Total	¥27,422	¥15,112	¥9,720	\$251,971

Government grants income, which was presented in the prior year's above table, is included in "other" for the year ended March 31, 2020 due to its immateriality. As a result, ¥3,973 million of government grants income for the year ended March 31, 2019 is reclassified to "other" to conform to the current presentation.

21. MAJOR COMPONENTS OF OTHER EXPENSES

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Loss on disposal of property and equipment	¥ 4,258	¥ 2,130	¥ 7,550	\$ 39,125
Impairment loss on fixed assets	1,513	11,415	8,042	13,902
Impairment loss on investment securities	2,868	-	-	26,353
Loss on business transfer	2,963	-	-	27,226
Loss related to COVID-19 *	2,402	-	-	22,071
Other	9,151	8,284	4,868	84,086
Total	¥23,155	¥21,829	¥20,460	\$212,763

* Loss related to COVID-19 mainly includes supporting funds for tenants of commercial facilities significantly affected by the closures and fixed costs such as rent and depreciation expenses incurred while the commercial facilities and hotels are closed. Advanced depreciation on property and equipment, which was presented in the prior year's above table, is included in "other" for the year ended March 31, 2020 due to its immateriality. As a result, ¥3,960 million of advanced depreciation on property and equipment for the year ended March 31, 2019 is reclassified to "other" to conform to the current presentation.

22. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the years ended March 31, 2020, 2019 and 2018 is presented as follows.

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Net unrealized holding gains (losses) on securities				
Unrealized holding gains (losses) arising during the year	¥(7,116)	¥53,114	¥133,893	\$(65,386)
Reclassification to income for the year	(13,942)	(1,183)	(95)	(128,108)
Pretax amount	(21,058)	51,931	133,798	(193,494)
Tax benefit (expense)	6,508	(15,548)	(40,999)	59,799
Net-of-tax amount	(14,550)	36,383	92,799	(133,695)
Deferred gains (losses) on hedging instruments				
Deferred gains (losses) arising during the year	(188)	(44)	(304)	(1,727)
Reclassification to income for the year	-	507	567	-
Pretax amount	(188)	463	263	(1,727)
Tax expense	35	(141)	(177)	321
Net-of-tax amount	(153)	322	86	(1,406)
Reserve on land revaluation				
Tax benefit (expense)	-	-	(1,047)	-
Foreign currency translation adjustments				
Aggregated adjustment during the year resulting from foreign currency translation	(712)	(8,405)	1,150	(6,542)
Reclassification to income for the year	-	-	(1)	-
Net amount	(712)	(8,405)	1,149	(6,542)
Adjustments for retirement benefit				
Adjustments for retirement benefit arising during the year	(4,594)	10,151	9,536	(42,213)
Reclassification to income for the year	(1,155)	859	2,591	(10,613)
Pretax amount	(5,749)	11,010	12,127	(52,826)
Tax expense	1,766	(3,340)	(3,706)	16,228
Net-of-tax amount	(3,983)	7,670	8,421	(36,598)
Equity in other comprehensive income (loss) of affiliated companies				
Unrealized gains (losses) arising during the year	1,990	(3,805)	2,359	18,285
Reclassification to income for the year	(283)	(764)	(72)	(2,600)
Net amount	1,707	(4,569)	2,287	15,685
Total other comprehensive income (loss)	¥(17,691)	¥31,401	¥103,695	\$(162,556)

23. LEASES

As lessee:

(A) Finance leases

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

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

(1) Assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2020, 2019 and 2018:

	Millions of yen					
	2020		2019		2018	
	Buildings and structures	Total	Buildings and structures	Total	Buildings and structures	Total
Acquisition cost	¥519	¥519	¥519	¥519	¥519	¥519
Accumulated depreciation	450	450	415	415	380	380
Net book value	¥69	¥69	¥104	¥104	¥139	¥139

	Thousands of U.S. dollars (See Note 1)	
	2020	
	Buildings and structures	Total
Acquisition cost	\$4,769	\$4,769
Accumulated depreciation	4,135	4,135
Net book value	\$ 634	\$ 634

(2) Future lease payment inclusive of interest at March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
	Amount due within one year	¥35	¥ 35	¥ 35
Amount due after one year	34	69	104	312
Total	¥69	¥104	¥139	\$634

(3) Lease expense and the assumed amount of depreciation expense for the years ended March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
	Lease expense	¥35	¥35	¥50
Depreciation expense	35	35	50	322

(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, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
	Amount due within one year	¥ 91,529	¥ 89,091	¥ 77,772
Amount due after one year	359,225	299,722	271,106	3,300,791
Total	¥450,754	¥388,813	¥348,878	\$4,141,818

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2020, 2019 and 2018:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
	Amount due within one year	¥101,167	¥ 95,386	¥ 88,819
Amount due after one year	891,009	653,096	628,429	8,187,163
Total	¥992,176	¥748,482	¥717,248	\$9,116,750

24. SEGMENT INFORMATION

Reportable Segment Information:

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

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

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

Descriptions of reportable segments are stated below.

(1) Leasing

Leasing of office buildings and commercial facilities and other

(2) Property Sales

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

(3) Management

Property management and brokerage and asset management and other

(4) Other

Facility operations and other

In connection with Mitsui Home Co., Ltd. becoming a wholly owned subsidiary for the purpose of strengthening alignment within the Group, the Company changed its former 5 reportable segments of "Leasing", "Property Sales", "Management", "Mitsui Home" and "Other" to new 4 reportable segments of "Leasing", "Property Sales", "Management" and "Other." Segment of "Mitsui Home" consisted of Mitsui Home Group's "New housing construction business", "Renovation and renewal business", "Housing related material sales business", and "Leasing management business", of which "New housing construction business", "Renovation and renewal business" and "Housing related material sales business" have been reclassified to the segment of "Other" and "Leasing management business" has been reclassified to the segment of "Management."

Segment information for the years ended March 31, 2019 and 2018 are reclassified to conform to the new segmentation.

Financial information about reportable segments for the years ended March 31, 2020, 2019 and 2018 is summarized in the following tables. The accounting policies of segments are almost the same as those described in Note 2. Segment operating income is based on revenue from operations, cost of revenue from operations and selling, general and administrative expenses. Transactions and transfers between segments are made at amounts based on prevailing market prices.

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

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

Millions of yen						
Year ended March 31, 2018	(1)	(2)	(3)	(4)	Adjustments ^(*)3)	Consolidated
Revenue from operations:						
Outside customers	¥ 558,165	¥499,608	¥379,135	¥314,206	¥ -	¥1,751,114
Inter-segment	17,783	234	71,679	10,766	(100,462)	-
Total revenue from operations	¥ 575,948	¥499,842	¥450,814	¥324,972	¥(100,462)	¥1,751,114
Segment operating income	¥ 138,338	¥ 83,011	¥ 50,551	¥ 10,898	¥ (36,896)	¥ 245,902
Segment assets	3,535,907	1,730,914	346,183	260,725	410,995	6,284,724
Depreciation	51,045	1,611	8,846	7,093	1,572	70,167
Loss on impairment of fixed assets	7,583	18	441	-	-	8,042
Additions to property and equipment and intangible assets	397,744	2,389	13,285	23,969	3,366	440,753

Thousands of U.S. dollars (See Note 1)						
Year ended March 31, 2020	(1)	(2)	(3)	(4)	Adjustments ^(*)1)	Consolidated
Revenue from operations:						
Outside customers	\$ 5,844,491	\$ 4,815,722	\$3,872,921	\$2,977,139	\$ -	\$17,510,273
Inter-segment	200,827	-	708,555	149,352	(1,058,734)	-
Total revenue from operations	\$ 6,045,318	\$ 4,815,722	\$4,581,476	\$3,126,491	\$(1,058,734)	\$17,510,273
Segment operating income	\$ 1,340,559	\$ 1,137,049	\$ 511,541	\$ 21,051	\$ (431,701)	\$2,578,499
Segment assets	37,268,878	19,802,766	3,342,599	3,098,420	4,440,650	67,953,313
Depreciation	613,167	7,774	87,972	95,920	35,321	840,154
Loss on impairment of fixed assets	9,767	28	4,107	-	-	13,902
Additions to property and equipment and intangible assets	2,773,629	45,401	152,403	553,386	(39,760)	3,485,059

(*1) Adjustments to segment operating income of ¥ (46,982) million (\$ (431,701) thousand) consists of ¥ (366) million (\$ (3,363) thousand) of inter-segment elimination and ¥ (46,616) million (\$ (428,338) thousand) of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥483,276 million (\$4,440,650 thousand) consists of ¥ (1,138,241) million (\$ (10,458,890) thousand) of inter-segment elimination, ¥1,368,781 million (\$12,577,239 thousand) of corporate assets and investments in affiliated companies of ¥ 252,736 million (\$2,322,301 thousand).

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

(*3) Adjustments to segment operating income of ¥ (36,896) million consists of ¥ (618) million of inter-segment elimination and ¥ (36,278) 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 ¥ 410,995 million consists of ¥ (919,494) million of inter-segment elimination, ¥1,132,645 million of corporate assets and investments in affiliated companies of ¥ 197,844 million.

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

Products and Services Information:

Refer to reportable segment information.

Geographic Area Information:

(1) Revenue from operations

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

(2) Property and equipment

Property and equipment classified by the location at March 31, 2020, 2019 and 2018 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Japan	¥3,178,590	¥3,017,088	¥2,840,247	\$29,206,928
U.S.A.	422,946	356,885	355,966	3,886,300
U.K.	58,365	58,516	63,125	536,295
Other	58,702	43,903	33,335	539,392
Total	¥3,718,603	¥3,476,392	¥3,292,673	\$34,168,915

Customer Information:

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

25. RELATED PARTIES

There were no significant related party transactions for the year ended March 31, 2020.

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

Transaction with the Company's directors and major individual shareholders

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

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, 2018 is summarized as follows:

Transaction with the Company's directors and major individual shareholders

Millions of yen					
2018					
Type	Name	Ownership ratio of voting shares	Nature of transaction	Transaction amount	Balance outstanding at year end
Corporate Auditor	Yasushi Manago	0.00%	Directly owns Renovation of residence	¥23	-

Policies for terms and conditions of the transaction:

The transaction price is determined in reference to market prices.



26. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2020, 2019 and 2018 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2020	2019	2018	2020
Loans guaranteed	¥25,069	¥21,664	¥32,130	\$230,350

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.

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 and Asahi Kasei Construction Materials Corporation, which installed the foundation piles, based on their tort liabilities and defect liabilities. On November 28, 2017, MFR filed a lawsuit to seek damages incurred against the above 3 companies. The claim amount is approximately ¥50.9 billion (\$467.7 million) as of March 31, 2020. All related temporary payments undertaken by MFR up to March 31, 2020 are recorded as current assets on the consolidated balance sheet.

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

27. SUBSEQUENT EVENTS

There were no applicable items under this category.

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, 2020, 2019 and 2018, 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, 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, 2020, 2019 and 2018, and its consolidated financial performance and 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 determination as to whether to recognize impairment losses on the Properties within property and equipment	
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”) for the current fiscal year, property and equipment of ¥3,718,603 million held primarily as leasing and operating properties were recognized, and the amount of property and equipment (the “Properties”) accounted for approximately 50% of the consolidated total assets. Of the Properties, the determination as to whether to recognize impairment losses mainly concerned certain of the Properties whose profitability has declined such as those experiencing a deviation from the initial business plan.</p> <p>While the Properties are depreciated in a systematic manner, upon identifying any indication of impairment, the Company is required to determine whether an impairment loss should be recognized. The indicators of impairment include recurring operating losses, a significant decline in market value, significant deterioration of business environment, and a change in usage.</p> <p>In particular, the estimates of future cash flows and discount rates used to calculate the market value 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, a revision to real-estate related tax legislation and real-estate/financial laws and regulations, and natural disasters, as well as any impact from the spread of COVID-19 infections. Hence, these estimates involve a high degree of uncertainty, as well as significant subjectivity in the Company’s judgments.</p> <p>We, therefore, determined that the appropriateness of determination as to whether to recognize impairment losses on the Properties within property and equipment was of most significance 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 Company’s judgment with respect to the determination as to whether to recognize impairment losses on the Properties as leasing and operating properties was appropriate, included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of the Company’s certain internal controls relevant to the determination as to whether to recognize impairment losses on the Properties.</p> <p>(2) Evaluation of the appropriateness of the Company’s judgment in identifying any indication of impairment</p> <ul style="list-style-type: none"> ● We examined the accuracy of the actual profit and loss data for respective Properties on which the determination of recurring operating losses was based by comparing them with the relevant supporting materials and analyzing the trend of profit and loss. ● With respect to the future cash flows and discount rates used for calculating the market value of respective Properties, with the assistance of our own real-estate valuation specialists, as necessary, we: <ul style="list-style-type: none"> - evaluated the appropriateness of the valuation method selected to calculate the market value in light of the requirements such as those in the accounting standards; - evaluated the reasonableness of the estimate of future cash flows used to calculate the market value, taking into consideration future economic conditions including the spread of COVID-19 infection, by comparing them against the actual cash flows and other relevant information related to the cash flows published by external sources; and - evaluated the reasonableness of the estimate of discount rates used to calculate the market value by comparing them against the information published by external sources.

	<ul style="list-style-type: none"> ● We inspected the materials relevant to the progress toward and probability of achieving the business plan for respective Properties, to assess whether there is any significant deterioration of business environment or a change in usage, and inquired of management about risk factors that could affect the feasibility of the business plan. In addition, we evaluated the reasonableness of the estimates of development costs and profitability that underlay the business plan by comparing them against the information published by external sources.
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The reasonableness of the valuation of 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 ¥1,043,889 million, real property for sale in progress of ¥516,997 million and land held for development of ¥318,411 million related to the Property Sales business were recognized, and their total amount (collectively, the “Real Property for Sale”) accounted for approximately 25% of the consolidated total assets. 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 or experiencing a decline in profitability.</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” to the consolidated financial statements.</p> <p>The selling prices and development costs including any estimated additional costs that underlie the calculation of net realizable value of the Real Property for Sale are estimated on a property by property basis. 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, a revision to real-estate related tax legislation and real-estate/financial laws and regulations, and natural disasters, as well as any impact from the spread of COVID-19 infection. Hence, these estimates involve 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 of most significance 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>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of the Company’s certain internal controls relevant to the valuation of the Real Property for Sale.</p> <p>(2) Evaluation of the reasonableness of the estimate of net realizable value</p> <ul style="list-style-type: none"> ● With respect to the estimate of the selling price for respective Real Property for Sale, with the assistance of our own real-estate valuation specialists, as necessary, we: <ul style="list-style-type: none"> - evaluated the appropriateness of the valuation method selected to calculate a selling price in light of the requirements such as those in the accounting standards; - evaluated the reasonableness of the estimate of future cash flows used to calculate a selling price, taking into consideration future economic conditions including the spread of COVID-19 infection, by comparing them against the actual cash flows and other relevant information related to the cash flows published by external sources; and - evaluated the reasonableness of the estimate of discount rates used to calculate a selling price by comparing them against the information published by external sources. ● With respect to the Real Property for Sale in progress, we inspected the materials relevant to the status and probability of achieving the respective development plans, and inquired of management about the feasibility of these development plans. In addition, we evaluated the reasonableness of the estimate of development costs and profitability that underlay the development plans by comparing them against the information published by external sources.

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 the condominium complex (the “Condominiums”) located in the City of Yokohama in Note 26. “Contingent Liabilities” to the consolidated financial statements.</p> <p>For this event, 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 undertaken by MFR to date are recorded as part of current assets on the consolidated balance sheets. While depending on the outcome of the pending lawsuit, this matter may have an impact on the results of operations of the Company, at this stage it is difficult to reliably estimate a reasonable amount of any such impact. Accordingly, such estimate involves 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 of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed on the costs incurred at MFR as well as the status and prospect of the pending lawsuit in order to evaluate whether the accounting treatment and disclosures relating to the Condominiums located in the City of Yokohama were appropriate, included the following:</p> <ul style="list-style-type: none"> ● We inquired of management and personnel of MFR responsible for the matter and management of the Company about the costs incurred at MFR as well as the status and prospect of the pending lawsuit. In addition, we evaluated the reasonableness of the estimate by confirming the consistency between the relevant litigation materials and their answers to our queries; ● We circularized, through a written legal confirmation, MFR’s legal counsel handling the matter and confirmed the status and prospect of the pending lawsuit.

The appropriateness of revenue recognition for sale of rental housing and office buildings and other to investors in the Property Sales segment

The key audit matter	How the matter was addressed in our audit
<p>As described in Note 24. “Segment Information” to the consolidated financial statements, revenue from operations of ¥1,905,643 million recognized in the Company’s consolidated statement of income for the current fiscal year included revenue from operations of ¥524,095 million 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 recognition for sale of rental housing and office buildings and other to investors were related to the sale transactions using a complex scheme, as well as revenue from an investor with which the Company and its consolidated subsidiaries have recurring sale transactions.</p> <p>Revenue from property sale 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 an investor 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 a 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 recognition for property sale to investors in the Property Sales segment was of most significance 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 recognition for property sale to investors in the Property Sales segment was appropriate, included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of the Company’s certain internal controls relevant to the revenue recognition for property sales to investors in the Property Sales segment.</p> <p>(2) Evaluation of the appropriateness of determining the transfer of risks and rewards</p> <ul style="list-style-type: none"> ● We inspected the final approval document, agreed the evidence including the real-estate sale agreement and confirmation of property transfer to the accounting records, as well as evaluated the economic reasonableness of property sale terms and conditions based on our understanding of an overall scheme including the buyer; ● We evaluated the appropriateness of the selling price by inspecting the real-estate sale agreement and comparing the future cash flows and discount rates reflected in the selling price against the actual cash flows and other relevant information published by external sources; and ● We obtained an understanding of the contractual terms and conditions for repurchase by inspecting the final approval document and the real-estate sale agreement, and evaluated the reasonableness of sales transaction, giving consideration to the extent of continuing involvement in the property after the sale.

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

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

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

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

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

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

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

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

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

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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/Hiroyuki Yamada
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 26, 2020

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.

1. History

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

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

have also been constructing and selling condominiums and detached housing.

In recent years, the Mitsui Fudosan Group's main businesses are office building leasing, retail property 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 established (capital: 3 million yen)
May	1949	Stock listed on the First Section of the Tokyo Stock Exchange
October	1956	Absorption of Mitsui Company by Mitsui Fudosan
February	1962	Osaka Branch Office (now Kansai Head Office) opened
December	1966	Construction of Yurigaoka Residential Land Development Phase 1 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 Suncity 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.
February	1993	Mitsui Home Co., Ltd. stock listed on the Second Section of the Tokyo Stock Exchange
July	1993	Construction of Bell Park City fully completed
September	1994	Mitsui Home Co., Ltd. stock listed on the First Section of the Tokyo Stock Exchange
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 (and delisted from the First Section of the Tokyo Stock Exchange) Construction of 55 Hudson Yards completed
March	2019	Construction of Nihonbashi-Muromachi Mitsui Tower completed

2. Mitsui Fudosan's Businesses

Descriptions of the main businesses operated by Mitsui Fudosan and our 365 subsidiaries and affiliates (comprising 275 consolidated subsidiaries and 90 equity method affiliates) as well as the names of the main companies engaging in each business and how these companies are positioned within the business are as follows.

Leasing

Mitsui Fudosan leases properties such as office buildings and 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) Pte. Ltd. and Mitsui Fudosan Taiwan Co., Ltd. (both consolidated subsidiaries) lease retail facilities in Malaysia and Taiwan.

Property Sales

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

Management

Property Management

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

Brokerage, Asset Management, etc.

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

Other

New Construction

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

Facility Operations

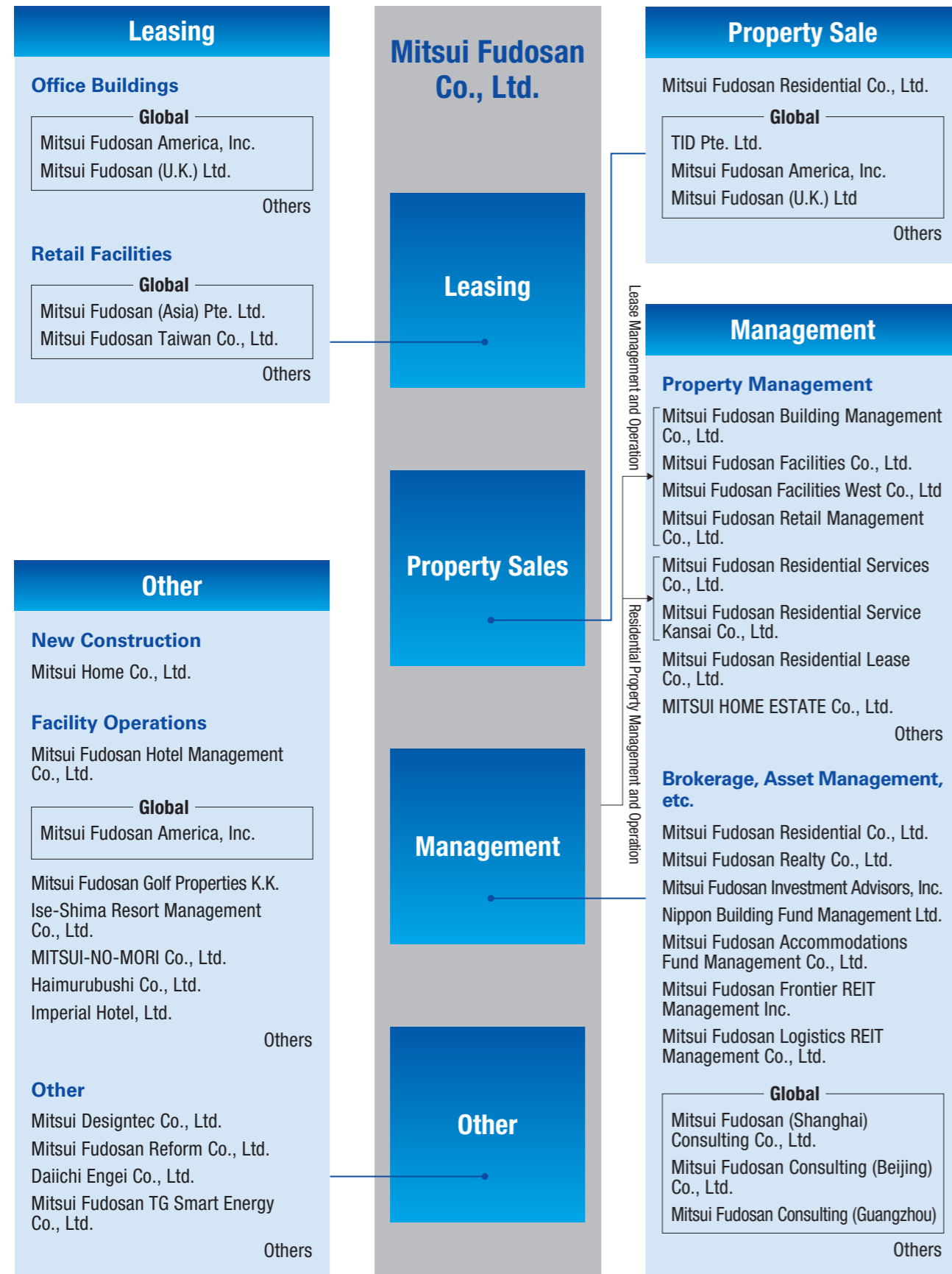
Mitsui Fudosan Hotel Management Co., Ltd. (a consolidated subsidiary) operates hotels, primarily those leased from Mitsui Fudosan. Mitsui Fudosan America, Inc. operates hotels in Hawaii, USA. Imperial Hotel, Ltd.* (an equity method affiliate) operates hotels. Mitsui Fudosan Golf Properties K.K. and MITSUI-NO-MORI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

Other

Mitsui Designtec Co., Ltd. and Mitsui Fudosan Reform Co., Ltd. (both consolidated subsidiaries) carry 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 equity method affiliate) is listed on the Second Section of the Tokyo Stock Exchange.

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



3. Current Subsidiaries and Affiliates

(A) Consolidated Subsidiaries

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Accommodation First Co., Ltd.	Minato-ku, Tokyo	10	Management	100.0	100.0			4	4
Ise-Shima Resort Management Co., Ltd.	Shima, Mie	50	Other	100.0	—	Leasing resort facilities from Mitsui Fudosan.		7	7
Wave Real Estate Co., Ltd.	Chuo-ku, Tokyo	90	Leasing, Property sales	100.0	—		Yes	4	4
NBF Office Management Co., Ltd.	Chuo-ku, Tokyo	10	Management	100.0	—	Commissioned by Mitsui Fudosan to manage buildings.	Yes	4	4
MF Service Apartment Co., Ltd.	Chuo-ku, Tokyo	10	Management	100.0	—			4	4
31 VENTURES Global Innovation Fund L.P.	Shibuya-ku, Tokyo	4,000	Other	99.0	—			0	0
MF Living Support Co., Ltd.	Koto-ku, Tokyo	100	Management	100.0	100.0			2	2
Kashimada Station Western Area Redevelopment Co., Ltd.	Kawasaki, Kanagawa	74	Property sales	98.6	78.7			4	3
Kyushin Kaihatsu Inc.	Usuki, Oita	120	Other	96.0	—			4	4
GREENCOLLAR, Inc.	Chuo-ku, Tokyo	22	Other	66.7	—			4	4
31VENTURES-Global Brain-Growth I GK	Chuo-ku, Tokyo	2,810	Other	99.7	—			0	0
SUNLIFE CREATION Co., Ltd.	Chuo-ku, Tokyo	300	Property sales, Management, etc.	100.0	100.0		Yes	1	1
Shima Resort Management Co., Ltd.	Shima, Mie	100	Other	100.0	—	Leasing resort facilities from Mitsui Fudosan.		5	5
Sumai Support Co., Ltd.	Chiyoda-ku, Tokyo	50	Management	100.0	100.0			2	2
Mitsui Fudosan Taiwan Co., Ltd.	Taipei, Taiwan	NT\$1,955,785,127	Leasing	100.0	10.5			4	3
Daiasama Golf Co., Ltd.	Kitasaku, Nagano	150	Other	86.6	1.6			4	2
Daiichi Engei Co., Ltd.	Shinagawa-ku, Tokyo	480	Leasing, Other	100.0	—		Yes	6	6
Tsunamachi Club Co., Ltd.	Minato-ku, Tokyo	10	Other	100.0	—			4	4
TM Serviced Apartment CO., Ltd.	Minato-ku, Tokyo	10	Management	100.0	—			4	4
TM Park Residences Co., Ltd.	Minato-ku, Tokyo	10	Management	100.0	—			5	5
Tokyo Property Service Co., Ltd.	Chuo-ku, Tokyo	10	Management	100.0	100.0			2	2
Tokyo Midtown Management Co., Ltd.	Minato-ku, Tokyo	100	Management	100.0	—		Yes	9	9
Narita Sports Development Co., Ltd.	Narita, Chiba	30	Other	100.0	—			4	4
Haimurubushi Co., Ltd.	Yaeyama, Okinawa	200	Other	100.0	—	Leasing resort facilities from Mitsui Fudosan.		5	5
First Facilities Gunma Co., Ltd.	Maebashi, Gunma	10	Management	100.0	100.0			1	1
First Facilities Chiba Co., Ltd.	Chiba, Chiba	20	Management	100.0	100.0		Yes	1	1

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
First Facilities Challenged Co., Ltd.	Chuo-ku, Tokyo	10	Management	100.0	100.0			0	0
Funabashi Health Center Co., Ltd.	Funabashi, Chiba	10	Other	100.0	100.0			1	1
Frontier REIT SC Management Co., Ltd.	Chuo-ku, Tokyo	10	Management	100.0	100.0			4	4
Mitsui Designtec Co., Ltd.	Minato-ku, Tokyo	500	Other	100.0	—	Contracted by Mitsui Fudosan for office and retail property interior work, etc.	Yes	5	5
MITSUI DEVELOPMENT CO., LTD	Chuo-ku, Tokyo	1,000	Leasing, Property sales	100.0	100.0			1	1
MITSUI-NO-MORI Co., Ltd.	Chino, Nagano	200	Management, other	100.0	—		Yes	4	4
Mitsui Fudosan Architectural Engineering Co., Ltd.	Chuo-ku, Tokyo	100	Management	100.0	—			6	6
Mitsui Fudosan Accommodations Fund Management Co., Ltd.	Chuo-ku, Tokyo	300	Management	100.0	—		Yes	5	5
MITSUI FUDOSAN AUSTRALIA PTY. LTD.	Sydney, Australia	A\$6,000,000	Leasing	100.0	—			3	3
Mitsui Fudosan Golf Properties K.K.	Chuo-ku, Tokyo	490	Other	100.0	—			4	4
Mitsui Fudosan Consulting (Guangzhou) Co., Ltd.	Guangzhou, China	CNY2,426,130	Management	100.0	—			5	4
Mitsui Fudosan Consulting (Beijing) Co., Ltd.	Beijing, China	CNY2,429,160	Management	100.0	—			5	4
Mitsui Fudosan (Shanghai) Consulting Co., Ltd.	Shanghai, China	CNY7,870,440	Management	100.0	—			5	4
Mitsui Fudosan Residential Lease Co., Ltd.	Shinjuku-ku, Tokyo	490	Management	100.0	100.0	Commissioned by Mitsui Fudosan to manage rental housing.	Yes	7	7
Mitsui Fudosan Retail Management Co., Ltd.	Chuo-ku, Tokyo	450	Management	100.0	—	Commissioned by Mitsui Fudosan to manage retail facilities, etc.	Yes	10	8
Mitsui Fudosan TG Smart Energy Co., Ltd.	Chuo-ku, Tokyo	100	Other	70.0	—		Yes	5	5
Mitsui Fudosan Investment Advisors, Inc.	Chuo-ku, Tokyo	490	Management	100.0	—		Yes	5	4
Mitsui Fudosan Building Management Co., Ltd.	Chuo-ku, Tokyo	490	Management	100.0	—	Commissioned by Mitsui Fudosan to manage buildings.	Yes	9	6
Mitsui Fudosan Facilities Co., Ltd.	Chuo-ku, Tokyo	490	Management	100.0	—	Commissioned by Mitsui Fudosan to manage, clean, and maintain properties and adjacent facilities.	Yes	13	11
Mitsui Fudosan Facilities West Co., Ltd.	Osaka, Osaka	200	Management	100.0	100.0		Yes	3	3
Mitsui Fudosan Frontier REIT Management Inc.	Chuo-ku, Tokyo	450	Management	100.0	—		Yes	6	6
Mitsui Fudosan Hotel Management Co., Ltd.	Chuo-ku, Tokyo	490	Other	100.0	—	Leasing hotels from Mitsui Fudosan.	Yes	7	6

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Mitsui Fudosan Residential Co., Ltd. ^{1, 2}	Chuo-ku, Tokyo	40,000	Leasing, Property sales, etc.	100.0	—		Yes	10	4
Mitsui Fudosan Residential Services Co., Ltd.	Koto-ku, Tokyo	400	Management	100.0	100.0		Yes	7	7
Mitsui Fudosan Residential Service Kansai Co., Ltd.	Osaka, Osaka	300	Management	100.0	100.0		Yes	4	4
Mitsui Fudosan Residential Service Kyushu Co., Ltd.	Fukuoka, Fukuoka	100	Management	100.0	100.0		Yes	1	1
Mitsui Fudosan Residential Service Chugoku Co., Ltd.	Hiroshima, Hiroshima	100	Management	100.0	100.0		Yes	1	1
Mitsui Fudosan Residential Service Tohoku Co., Ltd.	Sendai, Miyagi	100	Management	100.0	100.0		Yes	1	1
Mitsui Fudosan Residential Service Hokkaido Co., Ltd.	Sapporo, Hokkaido	100	Management	100.0	100.0		Yes	1	1
Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Management	100.0	—		Yes	5	5
Mitsui Fudosan Loan Credit Co., Ltd.	Chuo-ku, Tokyo	100	Other	100.0	—	Guarantees loans for properties sold by Mitsui Fudosan.	Yes	4	4
Mitsui Fudosan Reform Co., Ltd.	Shinjuku-ku, Tokyo	300	Other	100.0	—		Yes	7	6
Minato Estate Co., Ltd.	Chuo-ku, Tokyo	110	Other	100.0	—			4	4
LaLaport Agency Co., Ltd.	Chuo-ku, Tokyo	20	Management	100.0	100.0			7	7
RESIDENT FIRST Co., Ltd.	Minato-ku, Tokyo	10	Management	100.0	100.0			5	5
Nippon Building Fund Management Ltd. ³	Chuo-ku, Tokyo	495	Management	46.0	—		Yes	4	4
56 other companies					—				

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
MFA Holding, Inc.	Wilmington, Delaware, U.S.A.	US\$1,000	Leasing, Property sales, etc.	100.0	—			3	2
Mitsui Fudosan Amerida, Inc.	Newark, Delaware, U.S.A.	US\$722,000	Leasing, Property sales, etc.	100.0	100.0			3	2
93 other MFA Holding, Inc. Group companies					—				
Mitsui Fudosan (Asia) Pte. Ltd.	Singapore	S\$103,863,128	Leasing, Property sales, etc.	100.0	40.0			7	6
11 other Mitsui Fudosan (Asia) Pte. Ltd. Group companies					—				
Mitsui Fudosan (U.K.) Ltd. ¹	London, U.K.	£477,250,000	Leasing, Property sales	100.0	—			3	2
28 other Mitsui Fudosan (U.K.) Ltd. Group companies					—				
Mitsui Fudosan Realty Co., Ltd.	Chiyoda-ku, Tokyo	20,000	Management	100.0	—		Yes	7	1
7 other Mitsui Fudosan Realty Co., Ltd. Group companies					—				

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Mitsui Home Co., Ltd.	Shinjuku-ku, Tokyo	13,900	Other	100.0	—		Yes	9	6
MITSUI HOME ESTATE Co., Ltd.	Chiyoda-ku, Tokyo	100	Management	100.0	100.0		Yes	0	0
MITSUIHOME ENGINEERING Co., LTD.	Setagaya-ku, Tokyo	100	Other	100.0	100.0			0	0
Mitsui Home Components Co., Ltd.	Chuo-ku, Tokyo	300	Other	100.0	100.0			0	0
MITSUIHOME LINKAGE Co., Ltd.	Shinjuku-ku, Tokyo	300	Other	100.0	100.0			0	0
8 other Mitsui Home Co., Ltd. Group companies		—							

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

2. *1: Qualifies as a specified subsidiary.

3. *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 ¥328,609 million

(2) Ordinary income ¥44,963 million

(3) Net profit ¥33,170 million

(4) Net assets ¥142,346 million

(5) Total assets ¥897,363 million

4. *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) Equity Method Affiliates

Name	Location	Capital (¥million)	Business	Proportion of voting rights owned by Mitsui Fudosan	Portion indirectly owned	Relationship with Mitsui Fudosan	Renting office space from Mitsui Fudosan	Officers in concurrent posts	Mitsui Fudosan officers among concurrent officers
Imperial Hotel, Ltd. ^{*1}	Chiyoda-ku, 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-ku, Tokyo	3,948	Operation of resort facilities, etc.	41.0	—		Yes	3	2
Keiyo Tochi Kaihatsu Co., Ltd.	Chiyoda-ku, Tokyo	400	Real estate business	33.3	—			2	2
SENON LIMITED	Shinjuku-ku, Tokyo	781	Security business	20.7	—	Commissioned to provide security for Mitsui Fudosan buildings.	Yes	1	1
ST. LUKE'S TOWERS Co., Ltd.	Chuo-ku, Tokyo	100	Building lease business	42.5	—	Rents properties from Mitsui Fudosan.	Yes	2	2
Kyushu Kumamoto International Airport Co., Ltd.	Kamimashiki, Kumamoto	5,840	Management and operation of Kyushu Kumamoto International Airport	28.8	—			2	2
Village Shonan, Inc. ^{*2}	Miura, Kanagawa	494	Management and operation of Shonan Village Center	16.0	—			1	1
Shanjing Business Administration (Ningbo) Co., Ltd.	Ningbo, China	CNY337,600,000	Operation of retail facilities, etc.	36.0	36.0			1	1
CREW SYSTEMS, INC.	Chiyoda-ku, Tokyo	133	Surveillance camera and system business, etc.	38.2	—		Yes	3	2
5 other Mitsui Home Co., Ltd. Group companies									
40 other Mitsui Fudosan (Asia) Pte. Ltd. Group companies									
8 other Mitsui Fudosan (U.K) Ltd. Group companies									
8 other MFA Holding, Inc. Group companies									
19 other companies									

Notes 1. *1: Submits a securities report.

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

4. Major Properties

(A) LEASING SEGMENT

(1) Properties

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Mitsui Main Building (Chuo-ku, Tokyo)	Office	Steel-reinforced concrete structure 7 floors above ground 2 basement floors	Mar. 1929	32,245	14,256	2,305	122,472	21	160,142
	Mitsui Building No. 2 (Chuo-ku, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 3 basement floors	Feb. 1985	26,490		6,204		267	
	Nihonbashi Mitsui Tower (Chuo-ku, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 39 floors above ground 4 basement floors	Jul. 2005	133,727		28,381		489	
Mitsui Fudosan Co., Ltd. M Three Real Estate Co. Ltd. Murosan Real Estate Co., Ltd.	Nihonbashi Muromachi Mitsui Tower (Chuo-ku, Tokyo)	Office, Retail property	Reinforced concrete structure / steel-reinforced concrete structure (portion) 26 floors above ground 3 basement floors	Mar. 2019	151,579 ^{*1}	10,255 ^{**2}	87,041	108,443	5,890	201,375
Mitsui Fudosan Co., Ltd.	Muromachi Higashi Mitsui Building (Chuo-ku, Tokyo)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 22 floors above ground 4 basement floors	Oct. 2010	40,363	2,454	9,650	25,088	185	34,925
	Muromachi Furukawa Mitsui Building (Chuo-ku, Tokyo)	Office, Retail property, 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}	5,050	7,487	153	12,691
	Muromachi Chibagin Mitsui Building (Chuo-ku, Tokyo)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 17 floors above ground 4 basement floors	Feb. 2014	13,380 ^{*1}	771 ^{**2}	2,669	8,398	87	11,155
	Nihonbashi 1-Chome Mitsui Building (Chuo-ku, Tokyo)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 4 basement floors	Jan. 2004	98,063	8,185	14,336	66,039	217	80,593
	Nihonbashi Astellas Mitsui Building (Chuo-ku, Tokyo)	Office	Steel construction / reinforced concrete structure / steel-reinforced concrete structure 17 floors above ground 2 basement floors	Jan. 2013	26,516	2,364	5,472	21,338	97	26,907
Mitsui Fudosan Co., Ltd.	Suruga Building (Chuo-ku, Tokyo)	Office	Reinforced concrete structure 9 floors above ground 4 basement floors	Oct. 2019	16,445	1,358	2,647	33,188	2	35,838
	Nihonbashi Takashimaya Mitsui Building (Chuo-ku, Tokyo)	Office	Reinforced concrete structure / steel-reinforced concrete structure 32 floors above ground 5 basement floors	Jun. 2018	83,746 ^{*1}	3,460 ^{*1}	33,824	55,776	1,148	90,749
	Yaesu Mitsui Building (Chuo-ku, Tokyo)	Office	Steel-reinforced concrete structure 10 floors above ground 3 basement floors	Jun. 1965	22,520 ^{*1}	1,865 ^{**2}	815	15,811	22	16,649
	Kojun Building (Chuo-ku, Tokyo)	Retail property	Steel-reinforced concrete structure 10 floors above ground 2 basement floors	Sep. 2004	13,662 ^{*1}	1,316 ^{*1}	2,338	7,832	43	10,213
	Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda-ku, 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	15,501	89,148	125	104,776

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Kasumigaseki Building (Chiyoda-ku, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 36 floors above ground 3 basement floors	Apr. 1968	145,494 ^{*1}	8,264 ^{**2}	15,571	1,556	901	18,029
	Shin-Kasumigaseki Building (Chiyoda-ku, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 3 basement floors	Feb. 1987	14,895 ^{*1}	2,891 ^{*1}	1,072	16,597	11	17,681
	Toranomon Mitsui Building (Chiyoda-ku, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 14 floors above ground 2 basement floors	Sep. 1972	23,606	3,264	1,296	32,292	57	33,646
	Marunouchi Mitsui Building (Chiyoda-ku, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Feb. 1981	20,373	1,851	2,923	23,690	28	26,641
	Jimbocho Mitsui Building (Chiyoda-ku, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 23 floors above ground 2 basement floors	Mar. 2003	13,361 ^{*1}	1,235 ^{*1}	3,503	7,975	19	11,498
	Gran Tokyo North Tower (Chiyoda-ku, 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}	13,571	43,778	141	57,491
	Iidabashi Grand Bloom (Chiyoda-ku, Tokyo)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 30 floors above ground 2 basement floors	Jun. 2014	89,282 ^{*1}	7,965 ^{*1}	20,180	70,668	476	91,325
	TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) 35 floors above ground 4 basement floors	Feb. 2018	189,245	10,702	85,422	121,375	3,825	210,623
	Hibiya U-1 Building (Chiyoda-ku, Tokyo)	Office	Steel-reinforced concrete structure 26 floors above ground 4 basement floors	Mar. 2018	50,848	5,065	1,790	62,739	18	64,573
	Otemachi One Tower (Chiyoda-ku, Tokyo)	Office	Steel-reinforced concrete structure 40 floors above ground 5 basement floors	Feb. 2020	108,232 ^{*1}	6,306 ^{*1}	51,671	158,154	3,510	213,336
Chorus Property	Aoyama OM-SQUARE (Minato-ku, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 25 floors above ground 3 basement floors	Jul. 2008	14,603 ^{*1}	2,040 ^{*1}	2,701	8,903	38	11,643
Mitsui Fudosan Co., Ltd.	Shiodome City Center (Minato-ku, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Jan. 2003	15,775 ^{*1}	1,322 ^{*1}	1,852	9,468	14	11,335
Mitsui Fudosan Co., Ltd. RP Beta Tokutei Mokuteki Kaisha RP Gamma Tokutei Mokuteki Kaisha RP Eta Tokutei Mokuteki Kaisha RP Delta Tokutei Mokuteki Kaisha RP Epsilon Tokutei Mokuteki Kaisha	TOKYO MIDTOWN (Minato-ku, Tokyo)	Office, Retail property, 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}	43,483	148,163	1,464	193,111
Mitsui Fudosan Co., Ltd.	msb Tamachi (Tamachi Station Tower South) (Minato-ku, Tokyo)	Office	Reinforced concrete structure / steel-reinforced concrete structure (portion) 31 floors above ground 2 basement floors	May 2018	75,178 ^{*1}	5,407 ^{**2}	30,815	-	1,612	32,428

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Gate City Osaki (Shinagawa-ku, 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}	5,874	13,445	81	19,401
	Shinjuku Mitsui Building (Shinjuku-ku, Tokyo)	Office	Steel construction / reinforced concrete structure (portion) 55 floors above ground 3 basement floors	Sep. 1974	179,697	14,449	15,267	186,668	1,182	203,118
	Urban Dock LaLaport TOYOSU (Koto-ku, Tokyo)	Retail property	Steel construction / steel-reinforced concrete structure (portion) 5 floors above ground 1 basement floor	Aug. 2006	164,525	67,499 ^{*2}	8,742	20,199	785	29,727
	Mitsui Fudosan Industrial Park Haneda (Ota-ku, Tokyo)	Logistics facility	Steel construction 5 floors above ground	Jun. 2019	81,030	36,213 ^{*2}	11,542	16,362	1,056	28,960
	LAZONA Kawasaki (Kawasaki, Kanagawa)	Retail property	Steel construction / reinforced concrete structure (portion) 6 floors above ground 1 basement floor	Sep. 2006	69,081 ^{*1}	72,013 ^{*2}	3,849	26,022	558	30,430
	Yokohama Mitsui Building (Yokohama, 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	16,272	7,068	410	23,751
Mitsui Fudosan Co., Ltd. Kamoi Properties Co., Ltd.	LaLaport YOKOHAMA (Yokohama, Kanagawa)	Retail property	Steel construction 6 floors above ground 1 basement floor	Feb. 2007	244,154	102,030	11,777	17,073	512	29,363
Mitsui Fudosan Co., Ltd.	LaLaport EBINA (Ebina, Kanagawa)	Retail property	Steel construction 4 floors above ground	Oct. 2015	121,127	32,942 ^{*2}	12,118	—	550	12,669
	LaLaport Mitsui Building (Funabashi, Chiba)	Office	Steel-reinforced concrete structure / steel construction (portion) 14 floors above ground 1 basement floor	Jun. 1988	23,558	157,850	1,842	48,919	29	74,820
	LaLaport TOKYO-BAY (Funabashi, Chiba)	Retail property	Reinforced concrete structure / steel construction (portion) / steel-reinforced concrete structure (portion) 10 floors above ground 1 basement floor	Apr. 1981	280,529		20,987		3,041	
	Mitsui Fudosan Logistics Park Funabashi I (Funabashi, Chiba)	Logistics facility	Reinforced concrete structure / steel construction (portion) 8 floors above ground	Oct. 2016	202,156	51,000	25,805	4,425	1,344	31,575
	GATE SQUARE (Kashiwa, Chiba)	Office, Retail property, Residence	Shop & Office Steel-reinforced concrete structure 7 floors above ground 1 basement floor Hotel & Residence Reinforced concrete structure 14 floors above ground 1 basement floor	Apr. 2014	48,166	20,871	8,533	4,858	649	14,041
	Park City Kashiwa-no-ha Campus The Gate Tower West (Kashiwa, Chiba)	Residence, Retail property	Steel-reinforced concrete structure 36 floors above ground	Jan. 2018	38,771	6,095	9,985	2,823	680	13,488
	LaLaport FUJIMI (Fujimi, Saitama)	Retail property	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Feb. 2015	183,858	152,055	18,257	10,365	1,202	29,826

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	LaLaport NUMAZU (Numazu, Shizuoka)	Retail property	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Aug. 2019	164,353	119,816 ^{*2}	23,455	—	2,950	26,405
	Otemachi Tatemono Nagoya Station Building (Nagoya, Aichi)	Office, Retail property	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Aug. 2007	37,834	2,976	258	14,242	2	14,504
	LaLaPort NAGOYA minato AQUUS (Nagoya, Aichi)	Retail property	Steel construction 4 floors above ground (6 floors above ground in part)	Sep. 2018	171,815	83,200 ^{*2}	20,555	—	2,260	22,816
	Nakanoshima Mitsui Building (Osaka, Osaka)	Office	Steel construction / steel-reinforced concrete structure (portion) 31 floors above ground 2 basement floors	Aug. 2002	71,269	4,456	8,408	12,131	528	21,067
	Yodoyabashi Mitsui Building (Osaka, Osaka)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 16 floors above ground 3 basement floors	Mar. 2008	38,838 ^{**1}	3,087 ^{*1}	5,197	14,556	62	19,816
	EXPOCITY (Suita, Osaka)	Retail property	Steel construction 1-3 floors above ground	Nov. 2015	222,506	172,240 ^{*2}	19,381	—	2,093	21,475
	MITSUI OUTLET PARK MARINE PIA KOBE (Kobe, Hyogo)	Retail property	Factory Outlet Steel construction 3 floors above ground Annex Steel construction 2 floors above ground	Jul. 1999	61,961	78,205	1,483	11,096	708	13,288
	MITSUI OUTLET PARK SHIGA RYUO (Gamo, Shiga)	Retail property	1st Stage Steel construction 2 floors above ground 2nd Stage Steel construction 3 floors above ground	Jul. 2010	91,831	174,231 ^{*2}	5,568	2,550 ^{*2}	901	9,019
	Sapporo Mitsui JP Building (Sapporo, Hokkaido)	Office, Retail property	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}	9,126	6,707	148	15,982
	Mitsui Fudosan America, Inc. (Overseas subsidiary)	1251 Avenue of the Americas (New York, New York, U.S.A.)	Office	Steel construction 54 floors above ground 4 basement floors	Dec. 1986	215,308	9,232	31,263	24,325	15
527 Madison Avenue (New York, New York, U.S.A.)		Office	Steel construction 26 floors above ground 1 basement floor	Sep. 2008	19,472	1,082	14,477	12,218	—	26,695
55 Hudson Yards (New York, New York, U.S.A.)		Office	Reinforced concrete structure 51 floors above ground 2 basement floor	Oct. 2018	117,585 ^{*1}	3,718 ^{*1}	70,850	46,363	—	117,213
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	3,222	8,721	422	12,366
	8-10 Moorgate (London, U.K.)	Office	Steel construction / reinforced concrete structure (portion) 9 floors above ground 1 basement floor	May 2014	16,750	2,040 ^{*2}	4,432	5,409 ^{*2}	1,575	11,418
	1 Angel Court (London, U.K.)	Office	Steel construction / reinforced concrete structure (portion) 27 floors above ground 2 basement floor	Mar. 2017	45,384	3,925 ^{*2}	14,525	11,941 ^{*2}	8,103	34,570

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Sanxin Outlets Co., Ltd. (Overseas subsidiary)	MITSUMI OUTLET PARK LINKOU (New Taipei City, Taiwan)	Retail property	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}	11,179	—	3,291	14,470
San Zhong Gong Outlet Co., Ltd. (Overseas subsidiary)	MITSUMI OUTLET PARK TAICHUNG PORT (Taichung City, Taiwan)	Retail property	Reinforced concrete structure 1 floors above ground (2 floors above ground in part)	Dec. 2018	79,790	177,932 ^{*2}	6,274	—	3,030	9,304

(2) Others

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)				
						Building	Land	Other	Total	
Mitsui Fudosan Co., Ltd.	Chuo-ku, Tokyo Land	Planned construction site	—	—	2,574	—	12,251	—	—	12,251
Mitsui Fudosan America, Inc. (Overseas subsidiary)	New York, New York, U.S.A. Land	Planned construction site	—	—	5,760 ^{*1}	—	109,356	—	—	109,356

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

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

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

(B) OTHERS

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Resort Management Co., Ltd.	Halekulani Okinawa (Kunigami, Okinawa)	Hotel	Reinforced concrete structure 10 floors above ground	May 2019	40,731	126,746 ^{*2}	20,427	3,907 ^{*2}	5,739	30,075
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Hotel Management Co., Ltd.	Mitsui Garden Hotel Ginza Premier Other domestic hotels in 15 locations	Hotel	—	—	178,877 ^{*1}	26,366 ^{*1*2}	36,801	8,323 ^{*2}	3,461	48,586
MITSUMI FUDOSAN AMERICA, INC. (Overseas subsidiary)	Halekulani One other overseas hotel in another location	Hotel	—	—	77,172	20,927 ^{*2}	13,055	2,672 ^{*2}	2,322	18,049
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Golf Properties Co., Ltd. Daigasama Golf Club Co., Ltd. Kyunin Kaihatsu Inc.	Mitsuinomori Karuizawa Country Club Six other locations	Golf course	—	—	32,057	6,896,415 ^{*2}	781	1,568 ^{*2}	1,802	4,152
Mitsui Fudosan Co., Ltd.	Tsunamachi Mitsui Club (Minato-ku, Tokyo)	State guest house	Floors: reinforced concrete structure Walls: masonry construction 2 floors above ground 1 basement floor	Feb. 1913	5,427	28,563	925	23,571	171	24,668

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

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

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

5. Strategic Shareholdings**(A) Standards and Approach to the Classification of Investment Shares**

In overall consideration for business strategy and relationships with business partners, to improve the Group's corporate value, Mitsui Fudosan holds shares considered effective for

management strategies as shares for purposes other than net investments from a medium- to long-term perspective.

(B) Investment Shares Held for Purposes Other Than Net Investments**(1) Method for verifying policy and rationality of shareholdings and content of verifications of individual stocks by the Board of Directors, etc.**

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

Furthermore, we continuously review shareholding status. Upon confirming the significance of shareholdings based on the quantitative rationality of holdings and relationships with business partners, we have decided to reduce our shareholdings. In fiscal 2019, we sold 13 stock brands worth a total of ¥20.3 billion.

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

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

At a meeting held on May 12, 2020, the Board of Directors verified appropriateness with regard to the significance of strategic shareholdings based on the quantitative rationality of holding and relationships with business partners for each stock. As a result, we are considering selling stocks for which the rationality of holding or significance of holding has decreased, based on factors such as impact on the stock market.

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

	Number of stocks	Book Value of Shares (millions of yen)
Unlisted shares	68	8,510
Other holdings	60	526,658

(Stocks which saw an increase in the number of shares in fiscal 2019)

	Number of stocks	Total amount of transactions to increase the number of shares (millions of yen)	Reason for increase
Unlisted shares	4	2,485	Considered effective for management strategies from a medium- to long-term perspective
Other holdings	1	2,503	Considered effective for management strategies from a medium- to long-term perspective

(Stocks which saw a decrease in the number of shares in fiscal 2019)

	Number of stocks	Total amount of sales to decrease the number of shares (millions of yen)
Unlisted shares	3	0
Other holdings	13	20,344

(3) Information regarding the number of shares and total amount as recorded on the balance sheet for each strategic shareholding and deemed shareholdings

Strategic Shareholdings

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Oriental Land Co., Ltd.	29,796,900	30,757,200	Mitsui Garden Hotel Prana Tokyo Bay in Urayasu, Chiba Prefecture, a property operated and managed by the Mitsui Fudosan Group, is a partner hotel of Tokyo Disney Resort. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities. The Company is an official sponsor of Tokyo Disneyland and Tokyo DisneySea, which are operated by Tokyo Disney Resort. We believe that the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	397,575	380,751		
Mitsui & Co., Ltd.	6,493,466	6,493,466	Mitsui & Co., Ltd. is a co-operator of Otemachi One in Chiyoda-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group. Mitsui & Co., Ltd. is a tenant in properties including Sapporo Mitsui JP Building in Sapporo, Hokkaido. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	10,285	11,389		
Toray Industries, Inc.	19,460,720	19,460,720	Toray Industries, Inc. is a tenant in properties including Nihonbashi Mitsui Tower in Chuo-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	9,783	14,458		
MS&AD Insurance Group Holdings, Inc.	3,025,069	3,473,869	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, 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.
	9,154	11,581		
Tokyo Broadcasting System Holdings, Inc.	5,713,728	5,713,728	Tokyo Broadcasting System Holdings, Inc. is a co-operator of the akasaka Sacas commercial complex in Minato-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	8,766	11,871		
SHIMIZU CORPORATION	8,554,000	8,554,000	SHIMIZU CORPORATION is the supplier of new construction including Mitsui Garden Hotel Roppongi Premier in Minato-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	7,196	8,333		
Daiwa House Industry Co., Ltd.	2,565,300	2,565,300	Daiwa House Industry Co., Ltd. is a co-operator of properties including Diver City Tokyo Plaza in Koto-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group. Daiwa House Industry Co., Ltd. is a tenant in Shin-Kawasaki Mitsui Building in Kawasaki, Kanagawa Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	6,833	8,920		
Taisei Corporation	2,096,400	2,096,400	Taisei Corporation is the supplier of new construction including Toyosu Bayside Cross Tower in Koto-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	6,831	10,908		
East Japan Railway Company	673,100	673,100	East Japan Railway Company is a co-operator of the GranTokyo North Tower in Chiyoda-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	5,463	7,185		
FUJIFILM Holdings Corporation	1,092,600	1,092,600	FUJIFILM Holdings Corporation is a tenant in Tokyo Midtown in Minato-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	5,427	5,530		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Sumitomo Mitsui Financial Group, Inc.	1,744,657	2,492,257	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 Building in Chiyoda-ku, 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.
	5,063	9,821		
Toshiba Corporation	1,439,050	1,439,050	Toshiba Corporation is a tenant in properties including Nakaya Mitsui Building in Kanazawa, Ishikawa Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	3,673	5,099		
Obayashi Corporation	3,678,800	3,678,800	Obayashi Corporation is the supplier of new construction including LaLaport NUMAZU in Numazu, Shizuoka Prefecture. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	3,442	4,092		
Seven & i Holdings Co., Ltd.	815,300	815,300	Seven & i Holdings Co., Ltd.'s consolidated subsidiary Ito-Yokado Co., Ltd. is a tenant in properties including LaLaport KOSHIE in Nishinomiya, Hyogo Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	2,893	3,676		
T&D Holdings, Inc.	3,129,560	3,129,560	The Company has borrowings from T&D Holdings, Inc.'s consolidated subsidiary Taiyo Life Insurance Company. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. The Company has borrowings from T&D Holdings, Inc.'s consolidated subsidiary Daido Life Insurance Company. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	No However, T&D Holdings, Inc.'s consolidated subsidiaries Taiyo Life Insurance Company and Daido Life Insurance Company hold shares.
	2,720	3,831		
TOBU RAILWAY CO., LTD.	784,600	784,600	TOBU RAILWAY CO., LTD. is the land and building owner of Tobu Annex Building, in which WORK STYLING Ikebukuro is a tenant, in Toshima-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	2,644	2,484		
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-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	2,644	3,559		
Kajima Corporation	2,465,770	2,465,770	Kajima Corporation is the supplier of new construction including Otemachi One in Chiyoda-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	2,617	4,046		
Sumitomo Mitsui Construction Co., Ltd.	5,397,965	5,397,965	Sumitomo Mitsui Construction Co., Ltd. is the supplier of new construction including the sequence SUIDOBASHI Project (tentative name) in Chiyoda-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	2,604	4,056		
Sumitomo Mitsui Trust Holdings, Inc.	816,996	816,996	The Company has borrowings from Sumitomo Mitsui Trust Holdings, Inc.'s consolidated subsidiary Sumitomo Mitsui Trust Bank, Limited. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. Sumitomo Mitsui Trust Holdings, Inc.'s consolidated subsidiary Sumitomo Mitsui Trust Bank, Limited is a tenant in properties including Mitsui Main Building in Chuo-ku, 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.
	2,583	3,393		
Asahi Kasei Corp.	3,247,084	3,247,084	Asahi Kasei Corp. is a tenant in Hibiya Mitsui Tower in Chiyoda-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	2,473	3,919		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Mitsui Chemicals, Inc.	1,148,080	1,148,080	Mitsui Chemicals, Inc. is a tenant in properties including Shiodome City Center in Minato-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	2,470	3,166		
Keisei Electric Railway Co., Ltd.	748,500	748,500	Keisei Electric Railway Co., Ltd. is the building owner of Mitsui Garden Hotel Shiodome Italia-gai in Minato-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	2,359	2,918		
MAEDA CORPORATION	2,902,600	-	MAEDA CORPORATION is the supplier of new construction at Halekulani Okinawa in Onna Village, Kunigami District, Okinawa Prefecture. We believe the investment is beneficial to the smooth promotion of our Group's business activities. Furthermore, MAEDA CORPORATION is an important business partner so we acquired shares after judging that it is effective management strategy from a medium- to long-term perspective.	Yes
	2,340	-		
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
	2,115	2,419		
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 EBINA in Ebina, Kanagawa Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	1,502	1,407		
Seibu Holdings Inc.	1,088,000	1,088,000	Seibu Holdings Inc.'s consolidated subsidiary Seibu Construction Co., Ltd. is the supplier of new construction including Park Court Minami-Azabu in Minato-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	No
	1,425	2,060		
IBIDEN	620,778	620,778	IBIDEN's consolidated subsidiary IBIDEN GREENTEC CO., LTD. is the supplier of planting management work at properties including Tokyo Midtown in Minato-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	1,349	1,025		
Nihon Unisys, Ltd.	425,300	425,300	Nihon Unisys, Ltd. is a tenant in properties including Toyosu ON Building in Koto-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	1,218	1,239		
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-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	908	973		
The Gunma Bank, Ltd.	2,832,904	3,238,004	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. The Gunma Bank, Ltd. is a tenant in Midosuji Mitsui Building in Osaka. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	866	1,495		
Mebuki Financial Group, Inc.	4,229,190	4,229,190	The Company has borrowings from Mebuki Financial Group, Inc.'s consolidated subsidiary Joyo Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group. Mebuki Financial Group, Inc.'s consolidated subsidiary Joyo Bank, Ltd. is a tenant in Yaesu Mitsui Building in Chuo-ku, 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.
	851	1,244		
FUJI MEDIA HOLDINGS, INC.	757,200	757,200	FUJI MEDIA HOLDINGS, INC. is a co-operator of Diver City Tokyo Plaza in Koto-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	844	1,178		
IHI Corporation	513,200	513,200	IHI Corporation is a co-operator of Toyosu Bayside Cross in Koto-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group. IHI Corporation is a tenant in properties including Nagoya Mitsui Building in Nagoya, Aichi Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	819	1,398		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Taiheiyo Cement Corporation	384,400	384,400	Taiheiyo Cement Corporation is a tenant in properties including Midosuji Mitsui Building in Osaka. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	805	1,441		
The Japan Steel Works, LTD.	560,541	560,541	The Japan Steel Works, LTD. is a tenant in properties including Gate City Osaki in Shinagawa-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	708	1,111		
Nakamura Co., Ltd.	180,000	180,000	Nakamura Co., Ltd. is a co-operator of the Shinjuku Nakamura Building in Shinjuku-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	661	779		
Denka Company Limited	269,261	269,261	Denka Company Limited is a tenant in properties including Nihonbashi Mitsui Tower in Chuo-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group. Denka Company Limited is the land owner of Mitsui Fudosan Tomakomai Solar Power Plant in Tomakomai, Hokkaido. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	621	871		
Nippon Steel Corporation	490,400	490,400	(Nippon Steel Corporation's consolidated subsidiary Nippon Steel & Sumikin Engineering Co., Ltd. is the supplier of new construction at Mitsui Fudosan Industrial Park Haneda in Ota-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	No
	492	967		
ONWARD HOLDINGS CO., Ltd.	841,000	841,000	ONWARD HOLDINGS CO., Ltd.'s consolidated subsidiary Onward Kashiya Co. Ltd. is a tenant in properties including LaLaport Koshien in Nishinomiya, Hyogo Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	391	500		
OHBA & CO., LTD.	727,050	727,050	OHBA & CO., LTD. is a tenant in properties including Chiba Chuo Twin Building 1 in Chiba, Chiba Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	365	444		
Heiwa Real Estate Co., Ltd.	121,400	121,400	Heiwa Real Estate Co., Ltd. is a leaseholder of land in Chuo-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	334	259		
Seiyoken KK	417,500	417,500	Seiyoken KK is a partial land owner of Mitsui Garden Hotel Roppongi Premier in Minato-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	327	416		
Mitsui E&S Holdings Co., Ltd.	520,957	520,957	Mitsui E&S Holdings Co., Ltd. is a tenant in properties including Hamarikyu Mitsui Building in Chuo-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group. Mitsui E&S Holdings Co., Ltd.'s consolidated subsidiary Mitsui E&S Shipbuilding Co., Ltd. is a co-operator of the Mitsui E&S / Mitsui Fudosan Solar Power Plant in Oita, Oita Prefecture. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	325	608		
Mitsui O.S.K. Lines, Ltd.	150,087	150,087	Mitsui O.S.K. Lines, Ltd. is a tenant in Nagoya Mitsui Main Building in Nagoya, Aichi Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	277	368		
Concordia Financial Group, Ltd.	848,245	848,245	The Company has borrowings from Concordia Financial Group, Ltd.'s consolidated subsidiary The Bank of Yokohama, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	No However, Concordia Financial Group, Ltd.'s consolidated subsidiary The Bank of Yokohama, Ltd. holds shares.
	270	369		
Sanki Engineering Co., Ltd.	175,000	175,000	Sanki Engineering Co., Ltd. is a tenant in properties including Shinanobashi Mitsui Building in Osaka. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	208	213		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
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
	203	268		
Fujikura Ltd.	518,650	518,650	Fujikura Ltd.'s consolidated subsidiary Fujikura Dia Cable LTD. is a tenant in Kita-Ichijo Mitsui Building in Sapporo, Hokkaido. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	154	229		
Mitsubishi UFJ Financial Group, Inc.	304,000	304,000	The Company has borrowings from Mitsubishi UFJ Financial Group, Inc.'s consolidated subsidiary MUFG Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	No However, Mitsubishi UFJ Financial Group, Inc.'s consolidated subsidiary MUFG Bank, Ltd. holds shares.
	133	172		
KDDI Corporation	37,200	37,200	KDDI Corporation is a tenant in properties including Garden Air Tower in Chiyoda-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	114	94		
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-ku, 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.
	109	188		
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, Fukuoka Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	100	135		
NIPPON COKE & ENGINEERING CO., LTD.	1,545,820	1,545,820	NIPPON COKE & ENGINEERING CO., LTD. is a tenant in properties including Toyosu Center Building in Koto-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	94	156		
Mitsui-Soko Holdings Co., Ltd.	62,929	62,929	Mitsui-Soko Holdings Co., Ltd.'s consolidated subsidiary Mitsui-Soko Logistics Co., Ltd. is a tenant in Mitsui Fudosan Logistics Park Ibaraki in Ibaraki, Osaka Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	88	114		
Mitsui Sugar Co., Ltd.	20,160	20,160	The Mitsui Fudosan Group performs contracted leasing operation and management work for the leased residences held by Mitsui Sugar Co., Ltd. We believe that the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	38	57		
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
	23	46		
OSAKI ELECTRIC CO., LTD.	43,172	43,172	OSAKI ELECTRIC CO., LTD. is the land owner of Mitsui Garden Hotel Gotanda in Shinagawa-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	21	30		
JAPAN PULP AND PAPER COMPANY LIMITED	5,876	5,876	Nakamura Co., Ltd. is a co-operator of OVOL Nihonbashi Building in Chuo-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	19	25		
NANTO BANK, LTD.	5,512	5,512	The Company has borrowings from The NANTO BANK, LTD. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	Yes
	11	11		
MARUI GROUP CO., LTD.	-	687,300	(Previous fiscal year) MARUI GROUP CO., LTD.'s consolidated subsidiary Marui Co., Ltd. is a tenant in properties including Mitsui Outlet Park Iruma in Iruma, Saitama Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	-	1,437		
ANA HOLDINGS INC.	-	100,000	(Previous fiscal year) ANA HOLDINGS INC. is a tenant in Shiodome City Center in Minato-ku, Tokyo. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	-	403		

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
MESCO, Inc.	-	100,000	(Previous fiscal year) MESCO, Inc.'s parent company MITSUI MINING & SMELTING CO., LTD. is the land owner of Mitsui Fudosan Oomuta Solar Power Plant in Oomuta, Fukuoka Prefecture. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group. MESCO, Inc.'s parent company MITSUI MINING & SMELTING CO., LTD. is a tenant in Yodoyabashi Mitsui Building in Osaka. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No
	-	114		
Tokyo Kaikan Co., Ltd.	-	24,582	(Previous fiscal year) Tokyo Kaikan Co., Ltd. is a tenant in Fukoku Seimei Building, where the Company conducts office management work, in Chiyoda-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	-	97		
Taiheiyō Kouhatsu Incorporated	-	100,000	(Previous fiscal year) Taiheiyō Kouhatsu Incorporated is the purchaser of a fee-based nursing home for the aged in Kita-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	-	76		

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

Deemed Shareholdings

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held See Note 1	Number of Shares Held See Note 1		
	Book Value of Shares (millions of yen) See Note 2	Book Value of Shares (millions of yen) See Note 2		
Oriental Land Co., Ltd.	1,736,400	1,736,400	We have the authority to direct the exercise of voting rights for these shares	No
	24,035	21,861		

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

(C) Shares held for the purpose of investment income

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

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

Note: The symbol "-" indicates that the Company does not hold the shares in question.