

FACT BOOK

For the Year Ended March 31, 2022

May 13, 2022



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

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

Corporate Data

(As of March 31, 2022)

Head Office:

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

Date of Establishment:

July 15, 1941

Share Capital:

¥340,162 million

Number of Issued and Outstanding Shares:

959,474,447

Stock Exchange Listings:

Tokyo (Code: 8801)

Contents

Corporate Data, Contents	1
Consolidated Business Overview	2
Segment Results	3-6
[Reference] Overseas Business	6
Consolidated Balance Sheets	7-8
Disclosure of Market Value of Rental Properties	9
Segment Information	10
Consolidated Statements of Income	11
Consolidated Statements of Cash Flows	12
Consolidated Statements of Earning Forecasts	13-14
Notes to Consolidated Financial Statements	15
Consolidated Financial Highlights	16

Forward-Looking Statements

In this Fact Book, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks and uncertainties related to internal and external factors that may cause actual results and achievements to differ from those anticipated in these statements. Therefore, we do not advise potential investors to base investment decisions solely on this Fact Book.

CONSOLIDATED BUSINESS OVERVIEW

Results of Operations		(¥ millions)		
		Year Ended March 31		Change
		2022	2021	
Revenue from Operations		¥2,100,870	¥2,007,554	¥93,315
Leasing		668,167	623,073	45,094
Property Sales		643,851	714,739	(70,887)
Management		429,350	402,929	26,421
Other		359,499	266,812	92,686
Operating Income		244,978	203,770	41,207
Leasing		129,983	120,777	9,206
Property Sales		138,343	118,213	20,129
Management		57,205	39,969	17,235
Other		(29,641)	(27,215)	(2,425)
Elimination or Corporate		(50,912)	(47,974)	(2,937)
Non-Operating Income/Expenses		(20,037)	(34,904)	14,866
Equity in Net Income/Loss of Affiliated Companies		2,161	(6,157)	8,318
Interest Income/Expense, in Net		(30,421)	(26,476)	(3,944)
Other, in Net		8,221	(2,270)	10,492
Ordinary Income		224,940	168,865	56,074
Extraordinary Gains/Losses		37,463	22,954	14,508
Extraordinary Gains		58,612	77,337	(18,724)
Extraordinary Losses		21,149	54,382	(33,233)
Income before Income Taxes		262,403	191,820	70,583
Income Taxes		86,649	62,092	24,556
Profit		175,754	129,727	46,027
Profit (Loss) Attributable to Non-Controlling Interests		(1,231)	151	(1,383)
Profit Attributable to Owners of Parent		¥176,986	¥129,576	¥47,410

● Overview

Amid the ongoing impact of COVID-19, retail facility leasing exhibited a recovery, property sales in the “Property Sales to Investors” category grew, and revenue from operations and operating income from such activities as the “Repark” (car park leasing) and “Rehouse” (brokerage for individuals) businesses increased year on year in the fiscal year ended March 31, 2022. Taking into account these and other factors, overall revenue from operations climbed ¥93.3 billion, or 4.6% compared with the previous fiscal year. On the earnings front, operating income increased ¥41.2 billion, or 20.2%, ordinary income grew ¥56.0 billion, or 33.2%, and profit attributable to owners of parent improved ¥47.4 billion, or 36.6% year on year.

Revenue from operations and operating income in each of the “Property Sales” and “Management” segments reached record highs.

● Shareholder Return

With a view to strengthening the total shareholder return ratio from the fiscal year under review, we have targeted around 45% of profit attributable to owners of parent, up from the previous target of around 35%.

Accordingly, we plan to pay an annual dividend for the fiscal year ended March 31, 2022 of ¥55. We have also decided to acquire treasury stock to a maximum limit of ¥15 billion. Coupled with the acquisition of treasury stock completed of ¥15 billion, this comes to a total of ¥30 billion. (On an aggregate basis, this amounts to a projected total shareholder return ratio of 46.6%.)

Progress Comparison with Full Year Forecasts		(¥ millions)		
		Year Ended March 31, 2022	Year to March 2022 (Forecast as of February 4, 2022)	Full-Year Results / Full-Year Forecast (%)
Revenue from Operations		¥2,100,870	¥2,150,000	97.7
Operating Income		244,978	240,000	102.1
Ordinary Income		224,940	215,000	104.6
Profit Attributable to Owners of Parent		176,986	175,000	101.1

Extraordinary Gains/Losses

【Extraordinary Gains】		(¥ millions)
Gain on Sales of Investment Securities		¥51,726
Gain on Sales of Fixed Assets		6,885
Total		¥58,612

【Extraordinary Losses】

Impairment Loss		¥9,477
Loss on Retirement of Non-Current Assets		7,447
Loss Related to COVID-19		4,223
Total		¥21,149

Consolidated Statements of Comprehensive Income

	Year Ended March 31	
	2022	2021
Profit	¥175,754	¥129,727
Other Comprehensive Income	134,909	76,281
Valuation Difference on Available-For-Sale Securities	77,188	74,852
Deferred Gains or Losses on Hedges	5,197	5,350
Foreign Currency Translation Adjustment	33,868	(15,179)
Remeasurements of Defined Benefit Plans, Net of Tax	6,419	16,070
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	12,234	(4,812)
Comprehensive Income	¥310,664	¥206,009
(Comprehensive Income Attributable to Owners of the Parent)	310,525	206,395
(Comprehensive Income Attributable to Non-Controlling Interests)	139	(386)

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

		(¥ millions)		
		Year Ended March 31		Change
		2022	2021	
Revenue from Operations	Leasing	¥579,326	¥544,566	¥34,759
	Property Sales	260,629	245,731	14,897
	Other	43,838	68,388	(24,550)
	Total	883,794	858,686	25,107
Gross Profit Margin (%)	Leasing	13.2	12.3	0.9 pt
	Property Sales	34.3	20.7	13.6 pt
	Other	31.4	54.0	(22.6)pt
Operating Income		¥131,496	¥110,937	¥20,558

SEGMENT RESULTS

[1] LEASING

	Year Ended March 31		Change
	(¥ millions)		
	2022	2021	
Revenue from Operations	¥668,167	¥623,073	¥45,094
Operating Income	129,983	120,777	9,206
	Year to March 2022 (Forecast as of February 4, 2022)	Full-Year Results / Full-Year Forecast (%)	
Revenue from Operations	¥680,000	98.3	
Operating Income	130,000	100.0	

● Leasing

Amid the ongoing impact of COVID-19, overall revenue from operations and operating income in the “Leasing” segment grew ¥45.0 billion and ¥9.2 billion, respectively, in the fiscal year ended March 31, 2022. This was mainly due to the year-on-year recovery in sales at retail facilities, the full-term contribution from Bunkyo Garden Gate Tower, which was completed during the previous fiscal year, and an increase in leasing revenue and income from existing office buildings.

On a separate note, the Company’s office vacancy rate in the Tokyo metropolitan area as of March 31, 2022 (non-consolidated) was 3.2%.

Breakdown of Leasing Operations (Non-consolidated)

		At March 31					
		2022		2021		2021	
		Total	Tokyo Metropolitan Area	Regional Areas			
Office Buildings	Number of Buildings	130	139	105	111	25	28
	Leased Floor Space (1,000m ²)	2,928	2,966	2,633	2,635	295	332
	Leasing Revenue (¥ millions)	330,120	317,802	306,640	295,526	23,479	22,275
	Vacancy Rate (%)	3.3	3.1	3.2	3.1	3.7	3.5
Retail Facilities	Number of Buildings	98	98	72	72	26	26
	Leased Floor Space (1,000m ²)	2,210	2,218	1,469	1,468	741	750
	Leasing Revenue (¥ millions)	216,851	200,249	150,325	136,656	66,525	63,593
	Vacancy Rate (%)	2.3	2.4	2.1	2.7	2.8	1.8

Leased Floor Space

		At March 31				
		2022		2021		
		Change				
Office Buildings and Retail Facilities	Revenue	¥389,811	¥369,256	¥20,555		
		Retail Facilities	226,218	208,841	17,376	
		Total Leased Floor Space (1,000 m ²):	5,788	5,751	37	
		Office Buildings	Owned	1,894	1,955	(61)
			Managed	1,502	1,438	64
		Retail Facilities	Owned	1,758	1,825	(67)
		Managed	634	533	101	
Other	Revenue	52,137	44,975	7,162		
Total Revenue		¥668,167	¥623,073	¥45,094		

Vacancy Rate

	(%)					
	3/2022	3/2021	3/2020	3/2019	3/2018	3/2017
Consolidated						
Office Buildings and Retail Facilities (including overseas)	3.0	2.9	2.3	1.8	2.4	3.1
Non-consolidated						
Tokyo Metropolitan Area Office Buildings	3.2	3.1	1.9	1.7	2.2	3.4
Regional Area Office Buildings	3.7	3.5	1.3	1.8	2.3	2.3

Major Projects during the Period

(NEWLY OPENED)

LaLaport SHANGHAI JINQIAO (Shanghai, China)	Retail facility opened in April 2021
OMIYAKADOMACHI SQUARE (Saitama, Saitama)	Office building completed in October 2021
Innovation Square Phase II (Boston, US)	Office building completed in November 2021
LaLa station SHANGHAI LIANHUA ROAD (Shanghai, China)	Retail facility opened in December 2021

(FULL-TERM CONTRIBUTION)

BUNKYO GARDEN GATETOWER (Bunkyo-ku, Tokyo)	Office building completed in April 2020
MITSUI OUTLET PARK YOKOHAMA BAYSIDE (Yokohama, Kanagawa)	Retail facility opened in June 2020
RAYARD MIYASHITA PARK (Shibuya-ku, Tokyo)	Retail facility opened in July 2020
LaLaport AICHI TOGO (Aichi-gun, Aichi)	Retail facility opened in September 2020
RAYARD Hisaya-odori Park (Nagoya, Aichi)	Retail facility opened in September 2020
Nagoya Mitsui North Building (Nagoya, Aichi)	Office building completed in January 2021

[2] PROPERTY SALES

	Year Ended March 31		Change
	Year Ended March 31		
	2022	2021	
Revenue from Operations	¥643,851	¥714,739	¥(70,887)
Operating Income	138,343	118,213	20,129

	Year to March 2022 (Forecast as of February 4, 2022)	Full-Year Results / Full-Year Forecast (%)
Revenue from Operations	¥670,000	96.1
Operating Income	137,000	101.0

● Property Sales

Revenue and earnings in the “Property Sales to Individuals (Domestic)” category decreased. This was mainly due to the year-on-year decline in the reported number of units. Owing largely to the sale of properties to investors including J-REITs, revenue and earnings in the “Property Sales to Investors and Individuals (Overseas) etc.” category increased in the fiscal year under review. In overall terms, revenue from operations fell ¥70.8 billion and operating income climbed ¥20.1 billion to reach a record high. Of the 3,250 new condominium units in Japan being recorded in the fiscal year ending March 31, 2023, the Company had contract in place for 70% as of March 31, 2022.

Major Projects Undertaken during the Period (Property Sales to Individuals (Domestic))

Park Court SHIBUYA The Tower (Shibuya-ku, Tokyo)	Condominiums
Park Court BUNKYO KOISHIKAWA The Tower (Bunkyo-ku, Tokyo)	Condominiums
Park Court Toranomon (Minato-ku, Tokyo)	Condominiums
Park Homes Kashiwa Tower Residence (Kashiwa, Chiba)	Condominiums
Fine Court Eifuku 4-Chome (Suginami-ku, Tokyo)	Detached Housing

(Property Sales to Investors and Individuals (Overseas))

Iidabashi Grand Bloom (Chiyoda-ku, Tokyo)	Office building
Nakanoshima Mitsui Building (Osaka, Osaka)	Office building
Takeshita-dori Square (Shibuya-ku, Tokyo)	Retail facility
MFLP Yachiyo Katsutadai (Yachiyo, Chiba)	Logistics
MFLP Osaka I (Osaka, Osaka)	Logistics
MFLP Hiratsuka II (Hiratsuka, Kanagawa)	Logistics
Park Axis Kiba Canal West (Koto-ku, Tokyo)	Rental Housing
Park Axis Toyocho Shinsui Koen (Koto-ku, Tokyo)	Rental Housing
8-10 Moorgate (London, UK)	Office building

Property Sales to Individuals and Investors

	Year Ended March 31						Change			
	2022			2021			Change			
	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	
Property Sales to Individuals (Domestic)	Condominiums	¥206,669	3,208	¥6,442	¥290,254	3,775	¥7,689	¥(83,584)	(567)	¥(1,247)
	Detached Housing	38,485	507	7,591	35,110	515	6,814	3,374	(8)	777
	Subtotal	245,155	3,715	6,599	325,364	4,290	7,584	(80,209)	(575)	(985)
	Operating Income	24,028		40,003				(15,975)		
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	398,696		389,374				9,322		
	Operating Income	114,315		78,209				36,105		
Total Revenue	643,851			714,739			(70,887)			
Total Operating Income	¥138,343			¥118,213			¥20,129			

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

	Year Ended March 31				Change		
	2022		2021		Change		
	Revenue	Units	Revenue	Units	Revenue	Units	
Condominiums	Tokyo Metropolitan Area	¥180,674	2,539	¥268,854	3,332	¥(88,179)	(793)
	Other	25,995	669	21,399	443	4,595	226
	Total	206,669	3,208	290,254	3,775	(83,584)	(567)
Detached Housing	Tokyo Metropolitan Area	36,149	467	33,183	482	2,965	(15)
	Other	2,335	40	1,927	33	408	7
	Total	¥38,485	507	¥35,110	515	¥3,374	(8)

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

	3/2022	3/2021	3/2020	3/2019	3/2018	3/2017
Condominiums	82	150	128	141	108	321
Detached Housing	7	17	58	30	40	69
Total	89	167	186	171	148	390

Contracted for Sale from the Property Sales to Individuals (Domestic) (Units)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Condominiums	3,043	4,167	7,210	3,208	4,002	3,994
Detached Housing	145	517	662	507	155	500
Total	3,188	4,684	7,872	3,715	4,157	4,494

[3] MANAGEMENT

	Year Ended March 31		Change
	2022	2021	
	(¥ millions)		
Revenue from Operations	¥429,350	¥402,929	¥26,421
Operating Income	57,205	39,969	17,235

	Year to March 2022	Full-Year Results / Full-Year Forecast (%)
	(Forecast as of February 4, 2022)	
Revenue from Operations	¥435,000	98.7
Operating Income	57,000	100.4

● Management

In the “Property Management” category, revenue and earnings increased owing mainly to continuous efforts to reduce costs and the year-on-year recovery in occupancy rates in the “Repark” (car park leasing) business. Revenue and earnings in the “Brokerage and Asset Management, etc.” category also improved. This was due to a variety of factors including increases in the number of brokerage units and improvements in unit prices per transaction handled in the “Rehouse” (brokerage for individuals) business compared with the previous fiscal year. In overall terms, both revenue from operations and operating income reached record highs in the “Management” segment increasing ¥26.4 billion and ¥17.2 billion, respectively.

		Year Ended March 31		Change
		2022	2021	
		(¥ millions)		
Property Management	Revenue	¥321,572	¥309,099	¥12,473
	Operating Income	31,296	21,888	9,407
Brokerage, Asset Management, etc.	Revenue	107,777	93,829	13,948
	Operating Income	25,909	18,081	7,828
Total	Revenue	¥429,350	¥402,929	¥26,421
	Operating Income	57,205	39,969	17,235

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

	Year Ended March 31		Change
	At March 31, 2022	At March 31, 2021	
(Units)			
Total Managed Units	251,506	273,704	(22,198)

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

	Year Ended March 31				Change	
	2022		2021		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
(¥ millions)						
Brokerage	¥1,892,665	41,183	¥1,563,891	38,507	¥328,774	2,676

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

	Year Ended March 31				Change	
	2022		2021		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
(¥ millions)						
Consignment Sales	¥55,484	765	¥95,385	1,149	¥(39,900)	(384)

[4] OTHER

(¥ millions)			
	Year Ended March 31		Change
	2022	2021	
Revenue from Operations	¥359,499	¥266,812	¥92,686
Operating Income	(29,641)	(27,215)	(2,425)

	Year to March 2022 (Forecast as of February 4, 2022)	Full-Year Results / Full-Year Forecast (%)
Revenue from Operations	¥365,000	98.5
Operating Income	(31,000)	95.6

● Other

Overall revenue from operations in the “Other” segment increased ¥92.6 billion while operating income declined ¥2.4 billion. This was mainly due to the inclusion of the revenue and operating loss of Tokyo Dome Group and the recovery trend exhibited by the hotel and resort business in the “Facility Operations” category amid the ongoing impact of COVID-19.

(¥ millions)			
	Year Ended March 31		Change
	2022	2021	
New Construction under Consignment	¥158,307	¥147,222	¥11,085
Facility Operations	46,803	32,736	14,066
Tokyo Dome	59,388	-	59,388
Other	95,000	86,854	8,146
Total Revenue	¥359,499	¥266,812	¥92,686

	Year Ended March 31		Change
	2022	2021	
Revenue from New Construction under Consignment Orders Received	¥139,797	¥129,875	¥9,922

Major Projects Undertaken during the Period (FULL-TERM CONTRIBUTION)

Mitsui Garden Hotel Fukuoka Nakasu (Fukuoka, Fukuoka)	Hotel opened in July 2020
sequence MIYASHITA PARK (Shibuya-ku, Tokyo)	Hotel opened in August 2020
sequence KYOTO GOJO (Kyoto, Kyoto)	Hotel opened in August 2020
Mitsui Garden Hotel Toyosu BAYSIDE CROSS Tokyo (Koto-ku, Tokyo)	Hotel opened in August 2020
MGH Mitsui Garden Hotel Taipei Zhongxiao (Taipei, Taiwan)	Hotel opened in August 2020
FOUR SEASONS HOTEL TOKYO OTEMACHI (Chiyoda-ku, Tokyo)	Hotel opened in September 2020
Mitsui Garden Hotel Kyoto Kawaramachi Jokyoji (Kyoto, Kyoto)	Hotel opened in September 2020
HOTEL THE MITSUI KYOTO (Kyoto, Kyoto)	Hotel opened in November 2020
sequence SUIDOBASHI (Chiyoda-ku, Tokyo)	Hotel opened in November 2020

[REFERENCE] OVERSEAS BUSINESS

(¥ millions)				
		Year Ended March 31		Change
		2022	2021	
Leasing	Revenue	¥77,977	¥67,228	¥10,748
	Operating Income	16,931	14,824	2,107
Property Sales	Revenue	46,278	17,335	28,943
	Operating Income	12,122	(2,126)	14,248
Management, Other, etc.	Revenue	2,616	3,430	(814)
	Operating Income	(5,434)	(2,095)	(3,339)
Pro forma Operating Income of Overseas Affiliates *1		7,715	17,352	(9,637)
Total Overseas Income		31,335	27,955	3,380
Overseas Income Ratio*2		12.4%	12.6%	(0.2)pt

*1: The sum of the following amounts:

- Calculated by multiplying the operating income or the amount equivalent to operating income of each overseas equity-method affiliated company by the Company's equity interest

Note: The amount equivalent to operating income is the amount of profit calculated on a simplified basis after taking into consideration the tax burden.

- Gain on sale of shares of overseas equity-method affiliated companies

(Limited to overseas equity-method affiliated companies whose principal business is the sale of real estate)

*2: Total overseas income / (Operating income + Proforma operating income of overseas affiliates) × 100

CONSOLIDATED BALANCE SHEETS

(¥ millions)			
ASSETS:	March 31, 2022	March 31, 2021	Change
Cash and Time Deposits	¥146,329	¥189,542	¥(43,213)
Accounts Receivable—Trade	-	41,368	(41,368)
Accounts Receivable—Trade and Contract Assets	61,465	-	61,465
Marketable Securities	99	87	12
Real Property for Sale	1,188,685	1,080,339	108,346
Real Property for Sale in Process	540,648	536,766	3,881
Real Property for Development	300,080	297,576	2,503
Expenditure on Contracts in Progress	8,157	17,710	(9,553)
Other Inventories	10,419	6,204	4,214
Advance Payments—Trade	22,290	15,844	6,445
Short-Term Loans	16,949	17,186	(237)
Equity Investments in Properties for Sale	9,803	10,013	(209)
Other	263,752	243,928	19,824
Allowance for Doubtful Accounts	(810)	(574)	(236)
Current Assets	2,567,870	2,455,996	111,873
Buildings and Structures	2,347,361	2,166,326	181,034
Accumulated Depreciation—Buildings and Structures	(942,718)	(882,174)	(60,544)
Buildings and Structures, Net	1,404,643	1,284,152	120,490
Machinery, Equipment and Vehicles	117,997	117,169	827
Accumulated Depreciation—Machinery, Equipment and Vehicles	(64,417)	(58,129)	(6,288)
Machinery, Equipment and Vehicles	53,579	59,040	(5,461)
Land	2,047,375	2,058,993	(11,617)
Construction in Progress	252,515	249,386	3,129
Other	217,174	186,073	31,101
Accumulated Depreciation	(133,463)	(120,480)	(12,983)
Other, Net	83,711	65,593	18,117
Tangible Fixed Assets	3,841,825	3,717,166	124,658
Leasehold Interests in Land	34,115	40,952	(6,836)
Other	38,194	38,681	(487)
Intangible Fixed Assets	72,310	79,633	(7,323)
Investment Securities	1,217,008	1,049,085	167,923
Long-Term Loans	8,302	8,857	(555)
Lease Deposits	170,859	160,943	9,915
Net Defined Benefit Asset	65,082	50,677	14,404
Deferred Income Taxes	25,574	26,586	(1,012)
Deferred Tax Assets on Land Revaluation	15	2	12
Other	240,228	194,220	46,008
Allowance for Doubtful Accounts	(1,064)	(1,198)	134
Investments and Other Assets	1,726,006	1,489,174	236,831
Total Non-Current Assets	5,640,141	5,285,975	354,166
Total Assets	¥8,208,012	¥7,741,972	¥466,039

[Real Property for Sale]

(¥ millions)			
(a) Breakdown by Company	At March 31, 2022	At March 31, 2021	Change
Mitsui Fudosan Residential	¥699,528	¥693,200	¥6,327
Mitsui Fudosan	627,886	645,179	(17,293)
Mitsui Fudosan America Group	541,255	410,208	131,046
SPCs Total	119,421	120,010	(589)
Mitsui Fudosan UK Group	48,088	39,979	8,109
Other and Elimination	15,524	21,948	(6,424)
Consolidated Total	¥2,051,704	¥1,930,528	¥121,176

(¥ millions)						
(b) Accounts of Real Property for Sale	Year Ended March 31	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
	2022	¥1,930,528	¥524,784	¥(465,971)	¥62,363	¥2,051,704
	2021	¥1,907,839	¥516,702	¥(544,194)	¥50,181	¥1,930,528

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥127.3 billion for the year ended under review.
* New investments include the increase in real property for sale at subsidiaries in which the company invested during the period.

[Tangible and Intangible Fixed Assets]

Tangible and intangible fixed assets rose ¥117.3 billion, to ¥3,914.1 billion.
Main reasons for the increase were new investments in 50 Hudson Yards in the U.S. and LaLaPort SHANGHAI JINQIAO in China as well as the impact of exchange rate fluctuations at overseas subsidiaries.

Foreign currency exchange rates:
¥115.02:US\$1 as of March 31, 2022, ¥103.50:US\$1 as of March 31, 2021;
¥155.24:£1 as of March 31, 2022, ¥139.82:£1 as of March 31, 2021

(¥ millions)			
(a) Breakdown by Company	At March 31, 2022	At March 31, 2021	Change
Mitsui Fudosan	¥2,556,290	¥2,608,459	¥(52,168)
Mitsui Fudosan America Group	559,961	469,998	89,962
Tokyo Dome Group	280,752	286,617	(5,865)
SPCs Total	127,234	122,968	4,266
Mitsui Fudosan Residential	94,019	74,856	19,163
Mitsui Fudosan UK Group	51,198	55,636	(4,438)
Other and Elimination	244,679	178,264	66,414
Consolidated Total	¥3,914,135	¥3,796,800	¥117,334

Above figures include revaluation reserve for land.

(¥ millions)						
(b) Accounts of Tangible and Intangible Fixed Assets	Year Ended March 31	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
	2022	¥3,796,800	¥272,389	¥(111,500)	¥(43,553)	¥3,914,135
	2021	¥3,753,141	¥565,266	¥(98,196)	¥(423,411)	¥3,796,800

* New investments include the increase in tangible and intangible fixed assets at subsidiaries in which the Company invested during the period.

CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
LIABILITIES:	March 31, 2022	March 31, 2021	Change
Accounts Payable—Trade	¥135,097	¥97,969	¥37,128
Short-Term Debt	299,018	231,152	67,866
Non-Recourse Short-Term Debt	198,172	75,708	122,464
Commercial Papers	36,000	99,500	(63,500)
Bond Redeemable Within One Year	86,707	35,042	51,665
Non-Recourse Bond Redeemable Within One Year	21,700	21,635	65
Income Taxes Payable	59,591	50,339	9,251
Advances from Contracts in Progress	-	21,566	(21,566)
Contract Liabilities	141,891	-	141,891
Allowance for Completed Project Indemnities	744	705	38
Allowance for Possible Guarantee Losses	0	1	(0)
Other	298,155	367,546	(69,390)
Current Liabilities	1,277,080	1,001,167	275,912
Corporate Bonds	652,559	733,697	(81,137)
Non-Recourse Corporate Bonds	49,750	63,350	(13,600)
Long-Term Debt	2,043,198	1,981,443	61,754
Non-Recourse Deposits from Tenants	280,127	381,909	(101,782)
Deposits from Tenants	443,919	435,929	7,989
Deferred Income Taxes	299,398	269,233	30,164
Deferred Tax Liabilities on Land Revaluation	91,088	94,835	(3,747)
Net Defined Benefit Liability	49,865	48,066	1,799
Allowance for Directors' and Corporate Auditors' Retirement Benefits	775	846	(70)
Other	106,497	75,501	30,995
Long-Term Liabilities	4,017,179	4,084,813	(67,634)
Total Liabilities	5,294,259	5,085,981	208,278
NET ASSETS:			
Common Stock	340,162	339,897	265
Capital Surplus	372,471	372,293	177
Retained Earnings	1,390,511	1,259,715	130,795
Treasury Stock	(21,582)	(5,920)	(15,662)
Total Shareholders' Equity	2,081,563	1,965,986	115,577
Net Unrealized Holding Gains on Securities	471,794	394,873	76,921
Deferred Gains or Losses on Hedges	10,303	5,165	5,137
Reserve on Land Revaluation	194,159	202,686	(8,527)
Foreign Currency Translation Adjustment	10,430	(34,524)	44,955
Remeasurements of Defined Benefit Plans	28,222	21,697	6,524
Total Accumulated Other Comprehensive Income	714,910	589,898	125,011
New Share Subscription Rights	1,340	1,422	(82)
Non-Controlling Interests	115,938	98,683	17,255
Total Net Assets	2,913,752	2,655,991	257,761
Total Liabilities and Net Assets	¥8,208,012	¥7,741,972	¥466,039

Note: Debt-Equity Ratio 1.31 times (1.42 times at March 31, 2021)

Interest-Bearing Debt:	3,667,234	3,623,438	43,795
Non-Recourse Debt	549,749	542,602	7,146
Surplus lease deposits/guarantee deposits	273,060	274,986	(1,925)

	(¥ millions)		
[Interest-Bearing Debt] Breakdown by Company	At March 31, 2022	At March 31, 2021	Change
Mitsui Fudosan	¥2,802,748	¥2,650,410	¥152,338
Mitsui Fudosan America Group	921,051	688,186	232,865
Mitsui Fudosan Residential	638,400	621,000	17,400
SPCs Total	186,970	184,905	2,065
Tokyo Dome Group	129,500	167,875	(38,375)
Mitsui Fudosan Asia Group	103,848	88,850	14,997
Mitsui Fudosan UK Group	25,459	43,348	(17,889)
Loans to Subsidiaries	(1,297,902)	(979,603)	(318,299)
Other and Elimination	157,159	158,465	(1,306)
Consolidated Total	¥3,667,234	¥3,623,438	¥43,795
(Non-recourse Debt of Total)	549,749	542,602	7,146

DISCLOSURE OF MARKET VALUE OF RENTAL PROPERTIES

[Rental Properties]

The Company and some of its consolidated subsidiaries own office buildings for leasing, as well as retail facilities, in Tokyo and other areas.

In the fiscal year ended March 31, 2021, profit/loss on these rental properties was a positive ¥118,075 million (rental revenues are recorded in operating revenue; rental expenses are recorded in operating costs), the impairment loss was ¥29,795 million, and the gains on sale of fixed assets was ¥20,668 million (the impairment loss is recorded as an extraordinary loss and the gains on sale of fixed assets are recorded as extraordinary gains).

In the fiscal year ended March 31, 2022, profit/loss on rental properties was a positive ¥127,249 million (rental revenues are recorded in operating revenue; rental expenses are recorded in operating costs), the impairment loss was ¥8,048 million, and the gains on sale of fixed assets was ¥6,682 million (the impairment loss is recorded as an extraordinary loss and the gains on sale of fixed assets are recorded as extraordinary gains).

The consolidated balance sheet values of these rental properties, the changes in their value during the fiscal year under review and their market value at the end of the fiscal year are outlined below.

(¥ millions)

	At March 31, 2022	At March 31, 2021	Change
Amount Shown on Consolidated Balance Sheets	¥3,106,548	¥3,029,628	¥76,920
Market Value	6,136,879	5,856,124	280,755
Change	¥3,030,331	¥2,826,496	¥203,834

SEGMENT INFORMATION

Year Ended March 31, 2022

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Impairment Loss	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total					
(1)Leasing	¥668,167	¥21,850	¥690,018	¥129,983	¥4,022,565	¥71,106	¥8,027	¥222,498
(2)Property Sales	643,851	85	643,937	138,343	2,278,466	544	-	1,930
(3)Management	429,350	77,531	506,882	57,205	644,599	10,821	541	9,697
(4)Other	359,499	13,930	373,430	(29,641)	680,448	23,989	908	33,546
Elimination or Corporate	-	(113,398)	(113,398)	(50,912)	581,932	5,039	-	4,715
Consolidated	¥2,100,870	-	¥2,100,870	¥244,978	¥8,208,012	¥111,500	¥9,477	¥272,389

Year Ended March 31, 2021

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Impairment Loss	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total					
(1)Leasing	¥623,073	¥21,246	¥644,319	¥120,777	¥3,854,932	¥69,426	¥37,996	¥230,443
(2)Property Sales	714,739	217	714,956	118,213	2,151,038	618	1,198	5,326
(3)Management	402,929	75,219	478,148	39,969	480,535	10,731	452	12,289
(4)Other	266,812	17,507	284,320	(27,215)	699,207	12,460	-	313,658
Elimination or Corporate	-	(114,189)	(114,189)	(47,974)	556,258	4,958	-	3,548
Consolidated	¥2,007,554	-	¥2,007,554	¥203,770	¥7,741,972	¥98,196	¥39,648	¥565,266

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Year Ended March 31	
	2022	2021
Revenue from Operations	¥2,100,870	¥2,007,554
Cost of Revenue from Operations	1,650,428	1,609,639
Gross Operating Profit	450,441	397,915
Selling, General and Administrative Expenses	205,462	194,144
Operating Income	244,978	203,770
Interest Income	1,184	1,302
Dividend Income	6,223	5,573
Equity In Net Income of Affiliated Companies	2,161	-
Subsidy Income	5,485	2,319
Other Non-Operating Income	3,711	2,228
Non-Operating Income	18,767	11,424
Interest Expenses	31,606	27,779
Share of Loss of Entities Accounted For Using Equity Method	-	6,157
Other Non-Operating Expenses	7,199	12,391
Non-Operating Expenses	38,805	46,328
Ordinary Income	224,940	168,865
Gain on Sales of Non-Current Assets	6,885	20,704
Gain on Sales of Investment Securities	51,726	45,931
Gain on Sales of Shares of Subsidiaries and Associates	-	10,701
Extraordinary Income	58,612	77,337
Loss on Retirement of Non-Current Assets	7,447	-
Impairment Loss	9,477	39,648
Loss Related to COVID-19 *	4,223	14,734
Extraordinary Losses	21,149	54,382
Income Before Income Taxes	262,403	191,820
Income Taxes-current	101,361	89,146
Income Taxes-deferred	(14,712)	(27,053)
Income Taxes	86,649	62,092
Profit	175,754	129,727
Profit (Loss) Attributable to Non-Controlling Interests	(1,231)	151
Profit Attributable to Owners of Parent	¥176,986	¥129,576

* Losses attributable to COVID-19 mainly comprise fixed costs, including land and rental fees applicable to retail facilities, hotels, and other properties for the duration of closure as well as depreciation and amortization.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Year Ended March 31	
	2022	2021
Cash Flows From Operating Activities		
Income before Income Taxes	¥262,403	¥191,820
Depreciation and Amortization	111,500	98,196
Impairment Loss	9,477	39,648
Interest and Dividend Income Receivable	(7,408)	(6,876)
Interest Expense	31,606	27,779
(Gain) Loss on Equity-Method Investments	(2,161)	6,157
(Gain) Loss on Sales of Investment Securities	(51,726)	(45,931)
(Gain) Loss on Sales of Shares of Associates	-	(10,701)
Subsidy Income	(5,485)	(2,319)
(Gain) Loss on Sales of Fixed Assets	(6,885)	(20,704)
Loss on Retirement of Fixed Assets	7,447	-
Loss Related to COVID-19	4,223	14,734
(Increase) Decrease in Accounts Receivable	(13,692)	(507)
Increase (Decrease) in Accounts Payable	8,367	(7,751)
(Increase) Decrease in Real Property for Sale	(26,383)	(4,635)
Other	59,363	15,919
Subtotal	380,647	294,827
Cash Receipts of Interest and Dividend Income	10,468	14,547
Cash Payments of Interest Expense	(31,441)	(31,538)
Payments Related to COVID-19	(2,871)	(12,080)
Proceeds from Subsidy Income	4,754	1,861
(Payment) Income Taxes Paid and Refunded	(90,086)	(79,755)
Net Cash Provided by (Used in) Operating Activities	271,469	187,862
Cash Flows From Investing Activities		
Purchase of Tangible and Intangible Fixed Assets	(241,567)	(276,337)
Proceeds from Sale of Tangible and Intangible Fixed Assets	57,158	245,956
Purchase of Investment Securities	(64,112)	(65,769)
Proceeds from Sale of Investment Securities	72,680	69,532
Payment of Lease Deposits	(18,202)	(23,200)
Proceeds from Collection of Lease Deposits	9,554	8,328
Repayment of Deposits from Tenants	(38,365)	(46,380)
Proceeds from Deposits from Tenants	46,002	44,123
Payment of Loan Receivable	(18,474)	(15,460)
Collection of Loan Receivable	17,969	11,581
Payments into Time Deposits	(2,858)	(157)
Proceeds from Withdrawal of Time Deposits	1,277	2,703
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-	(77,788)
Payments for Sales of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-	(164)
Proceeds from Sales of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-	23
Other	(31,118)	(8,028)
Net Cash Provided by (Used in) Investing Activities	¥(210,057)	¥(131,035)

(¥ millions)

	Year Ended March 31	
	2022	2021
Cash Flows From Financing Activities		
Proceeds from Short-Term Debt	¥1,598,897	¥1,272,236
Repayment of Short-Term Debt	(1,583,384)	(1,352,109)
Proceeds from Long-Term Debt	288,752	239,200
Repayment of Long-Term Debt	(318,271)	(162,585)
Proceeds from Issuance of Bonds	42,602	137,650
Redemption of Bonds	(101,035)	(142,100)
Cash Dividends Paid	(42,331)	(42,522)
Proceeds from Share Issuance to Non-Controlling Shareholders	7,871	8,058
Dividends Paid to Non-Controlling Shareholders	(3,509)	(2,413)
Repayment to Non-Controlling Shareholders	(2)	(379)
Repayment of Finance Lease Obligations	(4,994)	(4,772)
(Increase) Decrease in Treasury Stocks	(30,012)	(16,828)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	(18,288)	-
Proceeds from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	24,105	-
Net Cash Provided by (Used in) Financing Activities	(139,600)	(66,565)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	33,147	17,989
Net Increase (Decrease) in Cash and Cash Equivalents	(45,041)	8,251
Cash and Cash Equivalents at Beginning of the Period	187,723	179,472
Cash and Cash Equivalents at End of the Period	¥142,682	¥187,723

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2023

(¥ millions)

	Year to March 31		Change
	2023 (Forecast)	2022 (Actual)	
Revenue from Operations	¥2,200,000	¥2,100,870	¥99,130
Leasing	720,000	668,167	51,833
Property Sales	650,000	643,851	6,149
Property Sales to Individuals (Domestic)	285,000	245,155	39,845
Property Sales to Investors and Individuals (Overseas), etc.	365,000	398,696	(33,696)
Management	420,000	429,350	(9,350)
Other	410,000	359,499	50,501
Operating Income	300,000	244,978	55,022
Leasing	152,000	129,983	22,017
Property Sales	140,000	138,343	1,657
Property Sales to Individuals (Domestic)	33,000	24,028	8,972
Property Sales to Investors and Individuals (Overseas), etc.	107,000	114,315	(7,315)
Management	57,000	57,205	(205)
Other	3,000	(29,641)	32,641
Elimination or Corporate	(52,000)	(50,912)	(1,088)
Non-Operating Income/Expenses	(40,000)	(20,037)	(19,963)
Interest Income/Expense, in Net	(50,000)	(30,421)	(19,579)
Other, in Net	10,000	10,382	(382)
Ordinary Income	260,000	224,940	35,060
Extraordinary Gains/Losses	30,000	37,463	(7,463)
Income before Income Taxes	290,000	262,403	27,597
Income Taxes	90,000	86,649	3,351
Profit	200,000	175,754	24,246
Profit (Loss) Attributable to Non-controlling Interests	10,000	(1,231)	11,231
Profit Attributable to Owners of Parent	¥190,000	¥176,986	¥13,014

While the impact of COVID-19 is yet to dissipate, social and economic activities are progressing toward “business as usual” amid efforts to control the pandemic.

Taking into consideration these prevailing trends, revenue from operations, operating income, ordinary income, and profit attributable to owners of parent are all projected to reach record highs in the fiscal year ending March 31, 2023. In addition to the recovery in operating results particularly in the retail facility category of the “Leasing” segment, the hotel and resort category of the “Other” segment, as well as Tokyo Dome Group, this year-on-year improvement largely reflects contributions to revenue and earnings from such newly completed properties as offices and retail facilities in the “Leasing” segment and successful efforts to capture new demand through measures aimed at addressing COVID-19.

While some of the effects of the pandemic are projected to linger impacting hotels, resorts and Tokyo Dome Group, we will continue toward a performance recovery by improving profitability and reducing costs on an ongoing basis.

● Earnings Forecast by Segment

(Leasing)

Reflecting such factors as contributions to revenue and earnings from “Tokyo Midtown Yaesu,” “50 Hudson Yards,” and “LaLaport FUKUOKA,” which are scheduled for completion during the next fiscal year, the recovery in sales in retail facilities, and an increase in sales in the Work Styling business, revenue from operations and operating income are expected to increase reaching record highs in the fiscal year ending March 31, 2023.

(Property Sales)

Taking into consideration increases in unit prices per property and improvements in profit margins in the “Property Sales to Individuals (Domestic)” category and the continuous replacement of assets in the “Property Sales to Investors” category, overall revenue and earnings in the “Property Sales” segment are anticipated to increase with operating income reaching a record high.

(Management)

Carrying on from the fiscal year under review, trends in the “Brokerage for Individuals” and “Repark” (car park leasing) businesses are expected to remain firm. Owing to these and other factors, results in the fiscal year ending March 31, 2023 are projected to come in at around the same level as the fiscal year ended March 31, 2022.

(Other)

The “Other” segment is anticipated to make a return to profit with increases in both revenue and earnings in the fiscal year ending March 31, 2023. In addition to the recovery from the fiscal year under review, this is mainly due the promotion of measures aimed at capturing new demand.

● Accounting for each of the aforementioned factors, revenue from operations is expected to increase ¥99.1 billion, to ¥2,200.0 billion. Operating income is forecast to climb ¥55.0 billion, to ¥300.0 billion and ordinary income grow ¥35.0 billion, to ¥260.0 billion. After factoring in such items as extraordinary gains/losses of ¥30.0 billion, profit attributable to owners of parent is projected to increase ¥13.0 billion, to ¥190.0 billion.

● We plan to pay an interim dividend of ¥30 per share and a period-end dividend of ¥30 per share for an annual dividend of ¥60 per share for the fiscal year ending March 31, 2023, up ¥5 per share compared with the fiscal year under review.

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

【Property Sales】

Revenue, Operating Margin

(¥ millions)

	Year to March 2023 (Forecast)	Year Ended March 2022 (Actual)	YoY Change
Property Sales to Individuals			
Revenue from Operations:	¥285,000	¥245,155	¥39,845
Condominiums	250,000	206,669	43,331
Detached Housing	35,000	38,485	(3,485)
Operating Income	33,000	24,028	8,972
Operating Margin (%)	11.6	9.8	1.8pt
Property Sales to Investors			
Revenue from Operations:	365,000	398,696	(33,696)
Operating Income	107,000	114,315	(7,315)
Total			
Revenue from Operations:	650,000	643,851	6,149
Operating Income	¥140,000	¥138,343	¥1,657

Number of Domestic Housing Units

(Units)

	Year to March 2023 (Forecast)	Year Ended March 2022 (Actual)	YoY Change
Condominiums	3,250	3,208	42
Detached Housing	450	507	(57)
Total	3,700	3,715	(15)

【Tangible and Intangible Assets】

(¥ millions)

	Year to March 2023 (Forecast)	Year Ended March 2022 (Actual)	YoY Change
New Investments	¥400,000	¥272,389	¥127,611
Depreciation	120,000	111,500	8,500

【Real Property for Sale】

(¥ millions)

	Year to March 2023 (Forecast)	Year Ended March 2022 (Actual)	YoY Change
New Investments	¥500,000	¥524,784	¥(24,784)
Recovery of Costs	480,000	465,971	14,029

【Interest-Bearing Debt】

(¥ millions)

	Year to March 2023 (Forecast)	Year Ended March 2022 (Actual)	YoY Change
Interest-Bearing Debt	¥3,950,000	¥3,667,234	¥282,766

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contingent Liabilities

In response to concerns regarding the faulty installation of foundation piles at a condominium complex located in Yokohama and sold by Mitsui Fudosan Residential Co., Ltd., a consolidated subsidiary of Mitsui Fudosan, the company received a report confirming that a portion of the piling used in construction failed to reach the necessary depth and required bearing layer from Sumitomo Mitsui Construction Co., Ltd., the building contractor, on April 11, 2016. Furthermore, Mitsui Fudosan Residential received a notice from the City of Yokohama that the subject condominium complex violated the Building Standards Law and a request that the company take all responsible measures to address and correct the situation in line with discussions with condominium owners on August 26, 2016.

In outlining its stance toward corrective measures including the reconstruction of the condominium complex impacted by faulty installation as well as compensation, Mitsui Fudosan Residential executed an agreement with the condominium association on May 8, 2016, confirming that the company would shoulder all expenses. Later, on September 19, 2016, the condominium association resolved that it would seek the complete reconstruction of the entire condominium complex in accordance with the Act on Building Unit Ownership, etc. This reconstruction was completed on February 25, 2021.

According to the report issued by Sumitomo Mitsui Construction, which noted that construction records had been diverted and modified in connection with the installation of foundation piles and that certain foundation piles failed to reach the necessary depth and required bearing layer, the condominium complex was deemed to be in violation of the Building Standards Law. As a result, and in accordance with the aforementioned agreement, Mitsui Fudosan Residential has decided to seek damages including reconstruction costs as well as expenses relating to the temporary housing of residents during the period of construction under such remedies as tort liability and warranties against defects from Sumitomo Mitsui Construction, as well as Hitachi High-Technologies Corporation and Asahi Kasei Construction Materials Corporation, who installed the foundation piles. On November 28, 2017, Mitsui Fudosan Residential filed a lawsuit against the above three companies for damages in accordance with this reimbursement policy. The amount claimed is approximately ¥50.9 billion as of the end of the fiscal year under review. Meanwhile, the amount of expenses incurred provisionally paid by Mitsui Fudosan Residential up to the end of the fiscal year under review has been posted under current assets on the Company's consolidated balance sheet.

Depending on the flow of future events, any incidence of expenditure may impact the consolidated results of the Mitsui Fudosan Group. At this stage, however, the Company is unable to provide a reasonable estimate of any such impact.

Change in Accounting Policies

Application of the Accounting Standard for Revenue Recognition, etc.

The Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) and other accounting standards effective from the beginning of the consolidated fiscal year under review and has decided to recognize the amount expected to be received in exchange for goods or services as revenue when the control of promised goods or services has been transferred to the customer. The Accounting Standard for Revenue Recognition, etc. is applied in accordance with the transitional procedures set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. Under this application method, the cumulative effect of retroactively applying the new accounting policies to before the beginning of the consolidated fiscal year under review, is added to or deducted from the retained earnings at the beginning of the consolidated fiscal year under review, and the new accounting policies are applied from said starting balance. Meanwhile, the impact of this change on the consolidated financial statements is immaterial. Due to the application of the Accounting Standard for Revenue Recognition, etc., "Accounts Receivable-Trade," which were presented under "Current Assets" in the consolidated balance sheet for the previous consolidated fiscal year, have been included in "Accounts Receivable-Trade and Contract Assets," starting the consolidated fiscal year under review. Moreover, "Advances from Contracts in Progress" and a portion of "Advances Received" included in "Other," which were presented under "Current Liabilities," have been included in "Contract Liabilities" from the consolidated fiscal year under review. In accordance with the transitional procedures set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, reclassification based on the new presentation method has not been carried out for the previous consolidated fiscal year.

Application of the Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019) and other standards effective from the beginning of the consolidated fiscal year under review and has decided to apply the new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. into the future in accordance with the transitional procedures stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019).

As a result, the Company changed the valuation basis for other marketable securities with market prices from the market value method based on the average market price during the month prior to the balance sheet date to the market value method as of the balance sheet date.

Meanwhile, the impact of this change on the consolidated financial statements is immaterial.

Additional Information

The Mitsui Fudosan Group assumes that conditions surrounding COVID-19 will have a certain impact on its future earnings with respect to the necessity or otherwise to post an impairment loss on fixed assets and accounting estimates in connection with such items as the valuation of real estate for sale based on information available at the time consolidated financial statements were prepared.

While the impact of conditions surrounding COVID-19 are yet to dissipate, steps taken to normalize social and economic activities continue to progress together with efforts to control infections. Accounting for these factors, the Group is anticipating a recovery trend throughout the next consolidated fiscal year. While the Hotel business is expected to exhibit a recovery trend, the impact of COVID-19 is projected to partially linger after the next consolidated fiscal year.

Consolidated Financial Highlights

Fiscal Year		13	14	15	16	17	18
Income Statement	Revenue from Operations	1,515,252	1,529,036	1,567,969	1,704,416	1,751,114	1,861,195
	Operating Income	172,567	186,074	202,482	232,698	245,902	262,147
	Ordinary Income	144,587	163,373	182,521	219,607	240,341	254,106
	Profit Attributable to Owners of Parent	76,843	100,185	117,722	131,815	155,874	168,661
Revenue by Segment	Leasing	466,759	464,842	509,178	536,518	558,165	603,284
	Property Sales	409,466	425,442	391,577	488,710	499,607	530,766
	Management	372,526	317,818	334,652	347,672	353,813	377,490
	Mitsui Home	247,233	242,150	247,455	247,195	252,180	261,702
	Other	109,267	78,782	85,104	84,320	87,346	87,950
	Total Revenue from Operations	1,515,252	1,529,036	1,567,969	1,704,416	1,751,114	1,861,195
Operating Income by Segment	Leasing	109,205	107,863	124,112	135,774	138,338	141,945
	Property Sales	27,099	45,493	44,525	65,285	83,010	98,037
	Management	49,945	49,317	52,446	53,838	48,727	53,445
	Mitsui Home	4,192	4,017	4,724	4,907	5,463	6,208
	Other	3,071	5,186	7,163	5,994	6,849	4,681
	Operating Income	172,567	186,074	202,482	232,698	245,902	262,147
Balance Sheets	Total Assets	4,548,822	5,067,187	5,363,477	5,551,751	6,284,723	6,802,731
	Real Property for Sale	961,449	1,031,080	1,167,745	1,334,167	1,524,863	1,630,558
	Tangible and Intangible Assets	2,526,139	2,788,633	2,968,975	2,967,788	3,318,928	3,500,482
	Capital Outlays	148,255	273,487	207,172	173,745	440,752	390,514
	Depreciation	56,030	61,242	67,460	71,357	70,167	79,034
	Interest-Bearing Debt	2,040,071	1,976,150	2,226,236	2,287,489	2,604,656	2,906,610
	Retained Earnings	454,750	549,660	640,204	722,363	834,497	962,153
Shareholders' Equity	1,274,355	1,871,922	1,922,305	1,984,635	2,204,882	2,342,512	
Cash Flows	Cash Flows from Operating Activities	189,903	30,343	32,154	227,432	30,143	216,709
	Cash Flows from Investing Activities	(44,056)	(261,640)	(239,719)	(201,583)	(365,464)	(388,895)
	Cash Flows from Financing Activities	(123,713)	221,508	201,110	15,071	289,150	231,238
	Free Cash Flow	145,847	(231,296)	(207,564)	25,848	(335,320)	(172,185)
Key Ratios	Return on Assets (%)	4.07%	4.10%	4.14%	4.59%	4.58%	4.44%
	Return on Equity (%)	6.26%	6.37%	6.20%	6.75%	7.44%	7.42%
	Debt/Equity Ratio (times)	1.60	1.06	1.16	1.15	1.18	1.24
	Equity Ratio (%)	28.0%	36.9%	35.8%	35.7%	35.1%	34.4%
Scope of Consolidation	Consolidated Subsidiaries (companies)	181	201	211	216	242	255
	Equity-Method Affiliates (companies)	52	56	64	67	71	78

* Segment Revenue: Revenue from Outside customers and inter-segment

* Real Property for Sale: Real Property for Sale + Real Property for Sale in Progress + Land for Development + Advances Paid for Purchases

* Interest-Bearing Debt: Short-Term Debt + Non-Recourse Short-Term Debt + Commercial Paper + Bond Redeemable within One Year + Non-Recourse Bond Redeemable within One Year + Corporate Bonds + Non-Recourse Bond + Long-Term Debt + Non-Recourse Long-Term Debt

* ROA: (Operating Income + Non-Operating Income) / Average Total Assets over period

* ROE: Profit Attributable to Owners of Parent / Average Shareholders' Equity over period

* Debt/Equity Ratio: Interest-Bearing Debt / Shareholders' Equity

[Millions of Yen]

	18	19	20	21
Revenue from Operations	1,861,195	1,905,642	2,007,554	2,100,870
Operating Income	262,147	280,617	203,770	244,978
Ordinary Income	254,106	258,510	168,865	224,940
Profit Attributable to Owners of Parent	168,661	183,972	129,576	176,986
Leasing	603,284	636,056	623,073	668,167
Property Sales	530,766	524,094	714,739	643,851
Management	404,346	421,490	402,929	429,350
Other	322,797	324,001	266,812	359,499
Total Revenue from Operations	1,861,195	1,905,642	2,007,554	2,100,870

Leasing	141,945	145,893	120,777	129,983
Property Sales	98,037	123,745	118,213	138,343
Management	55,180	55,670	39,969	57,205
Other	9,157	2,291	(27,215)	(29,641)
Operating Income	262,147	280,617	203,770	244,978

Total Assets	6,802,731	7,395,359	7,741,972	8,208,012
Real Property for Sale	1,630,558	1,907,839	1,930,528	2,051,704
Tangible and Intangible Assets	3,500,482	3,753,141	3,796,800	3,914,135
Capital Outlays	390,514	379,279	565,266	272,389
Depreciation	79,034	91,434	98,196	111,500
Interest-Bearing Debt	2,906,610	3,481,117	3,623,438	3,667,234
Retained Earnings	962,153	1,070,239	1,259,715	1,390,511
Shareholders' Equity	2,342,512	2,408,679	2,555,885	2,796,474
Cash Flows from Operating Activities	216,709	87,094	187,862	271,469
Cash Flows from Investing Activities	(388,895)	(532,806)	(131,035)	(210,057)
Cash Flows from Financing Activities	231,238	467,751	(66,565)	(139,600)
Free Cash Flow	(172,185)	(445,712)	56,826	61,412
Return on Assets (%)	4.44%	4.18%	2.84%	3.31%
Return on Equity (%)	7.42%	7.74%	5.22%	6.61%
Debt/Equity Ratio (times)	1.24	1.45	1.42	1.31
Equity Ratio (%)	34.4%	32.6%	33.0%	34.1%
Consolidated Subsidiaries (companies)	255	275	286	286
Equity-Method Affiliates (companies)	78	90	86	81

* Segment changes have been implemented since April 2019 as follows.

Mitsui Fudosan Co.,Ltd.