

MITSUI FUDOSAN  
INTEGRATED REPORT 2019  
**FINANCIAL SECTION**

Year ended March 31, 2019



# Consolidated Financial Statements

## Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries  
As of March 31, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 4)	¥ 157,682	¥ 100,708	¥ 148,547	\$ 1,420,687
Marketable securities (Note 4, 5)	949	182	69	8,550
Notes and accounts receivable - trade (Note 4)	45,276	41,186	36,073	407,929
Short-term loans receivable	18,297	17,519	5,524	164,853
Allowance for doubtful accounts	(409)	(412)	(340)	(3,685)
Inventories (Note 8, 13)	1,635,127	1,527,320	1,344,126	14,732,201
Advances paid for purchases (Note 9)	26,260	27,801	18,653	236,598
Equity investments in properties for sale (Note 4, 5)	6,701	6,723	6,747	60,375
Other current assets	227,356	177,321	155,820	2,048,436
Total current assets	2,117,239	1,898,348	1,715,219	19,075,944
<b>PROPERTY and EQUIPMENT, at cost:</b>				
Land (Note 7, 13)	2,146,037	2,086,195	1,902,002	19,335,409
Buildings and structures (Note 7, 13, 23)	1,796,828	1,551,222	1,416,866	16,189,098
Machinery and equipment (Note 23)	218,137	194,812	174,418	1,965,375
Construction in progress	162,122	270,965	211,529	1,460,690
	4,323,124	4,103,194	3,704,815	38,950,572
Accumulated depreciation	(846,732)	(810,521)	(759,050)	(7,628,903)
Net property and equipment	3,476,392	3,292,673	2,945,765	31,321,669
<b>INVESTMENTS and OTHER ASSETS</b>				
Investments in unconsolidated subsidiaries and affiliated companies	215,175	197,844	174,048	1,938,688
Investment securities (Note 4, 5)	657,511	590,114	453,753	5,924,056
Non-current loans and accounts receivable	117,167	98,451	81,101	1,055,654
Allowance for doubtful accounts	(1,139)	(1,225)	(2,031)	(10,262)
Lease deposits (Note 4, 10)	140,571	138,565	133,439	1,266,520
Net defined benefit asset (Note 12)	31,295	17,975	5,274	281,962
Deferred income taxes (Note 11)	24,428	25,689	23,160	220,092
Deferred tax assets on land revaluation	3	35	3	27
Other	24,090	26,255	22,021	217,046
Total investments and other assets	1,209,101	1,093,703	890,768	10,893,783
<b>Total assets</b>	<b>¥6,802,732</b>	<b>¥6,284,724</b>	<b>¥5,551,752</b>	<b>\$61,291,396</b>

See accompanying notes.

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Bank loans (Note 4, 13)	¥ 55,326	¥ 70,523	¥ 64,944	\$ 498,477
Commercial paper (Note 4, 13)	114,000	125,000	82,000	1,027,120
Long-term debt due within one year (Note 4, 13)	283,792	253,834	257,030	2,556,915
Notes and accounts payable - trade (Note 4)	126,868	123,989	113,682	1,143,058
Accrued expenses	52,012	40,422	34,800	468,619
Accrued income taxes	27,625	44,952	23,263	248,896
Advances and deposits received	264,626	263,260	257,886	2,384,233
Other current liabilities (Note 14)	185,110	141,637	76,167	1,667,808
Total current liabilities	1,109,359	1,063,617	909,772	9,995,126
<b>LONG-TERM LIABILITIES</b>				
Net defined benefit liability (Note 12)	43,504	42,737	41,083	391,963
Allowance for directors' and corporate auditors' retirement benefits	712	716	707	6,415
Long-term debt due after one year (Note 4, 13)	2,453,493	2,155,299	1,883,515	22,105,532
Deposits from tenants (Note 4, 15)	424,335	403,413	374,331	3,823,182
Deferred income taxes (Note 11)	154,941	134,521	94,885	1,395,991
Deferred tax liabilities on land revaluation	151,546	151,701	147,663	1,365,402
Other long-term liabilities (Note 14)	44,037	45,020	42,864	396,766
Total long-term liabilities	3,272,568	2,933,407	2,585,048	29,485,251
CONTINGENT LIABILITIES (Note 26)				
<b>NET ASSETS (Notes 16, 17)</b>				
<b>Shareholders' equity</b>				
Common stock	339,767	339,767	339,767	3,061,240
Authorized – 3,290,000,000 shares				
Issued – 991,424,727 shares in 2019, 2018 and 2017				
Capital surplus	403,269	409,764	413,231	3,633,381
Retained earnings	962,154	834,498	722,364	8,668,835
Treasury stock – 9,187,225 shares in 2019, 3,199,947 shares in 2018 and 3,290,104 shares in 2017	(21,088)	(6,079)	(6,245)	(189,999)
Total shareholders' equity	1,684,102	1,577,950	1,469,117	15,173,457
Accumulated other comprehensive income (loss)				
Net unrealized holding gains on securities	334,612	298,297	205,521	3,014,794
Deferred losses on hedging instruments	72	(242)	(357)	649
Reserve on land revaluation	330,538	330,923	323,828	2,978,088
Foreign currency translation adjustments	(16,334)	(3,956)	(7,076)	(147,166)
Accumulated adjustments for retirement benefit	9,523	1,910	(6,397)	85,800
Total accumulated other comprehensive income	658,411	626,932	515,519	5,932,165
Subscription rights to shares (Note 18)	1,285	1,091	1,104	11,578
Non-controlling interests	77,007	81,727	71,192	693,819
Total net assets	2,420,805	2,287,700	2,056,932	21,811,019
	¥6,802,732	¥6,284,724	¥5,551,752	\$61,291,396

See accompanying notes.

## Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries  
For the years ended March 31, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
Revenue from operations (Note 24)	¥1,861,195	¥1,751,114	¥1,704,416	\$16,769,033
Cost of revenue from operations	(1,423,443)	(1,339,483)	(1,308,438)	(12,824,966)
Selling, general and administrative expenses	(175,604)	(165,729)	(163,279)	(1,582,161)
Operating income (Note 24)	262,148	245,902	232,699	2,361,906
Interest, dividends and miscellaneous income (Note 20)	15,112	9,720	13,127	136,156
Interest expense	(28,284)	(25,672)	(24,635)	(254,834)
Other expenses (Note 19, 21)	(21,829)	(20,460)	(33,499)	(196,674)
Equity in net income of affiliated companies	14,896	15,258	4,565	134,210
Income before income taxes	242,043	224,748	192,257	2,180,764
Income taxes (Note 11)				
Current	69,518	70,994	61,063	626,345
Deferred	2,388	(4,223)	(2,388)	21,515
Total	71,906	66,771	58,675	647,860
Net income	170,137	157,977	133,582	1,532,904
Net income attributable to non-controlling interests	(1,476)	(2,103)	(1,766)	(13,299)
Net income attributable to shareholders of the Company	¥ 168,661	¥ 155,874	¥ 131,816	\$ 1,519,605

See accompanying notes.

## Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries  
For the years ended March 31, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
Net income	¥170,137	¥157,977	¥133,582	\$1,532,904
Other comprehensive income (loss):				
Net unrealized holding gains (losses) on securities	36,383	92,799	(20,704)	327,804
Deferred gains on hedging instruments	322	86	407	2,901
Reserve on land revaluation	-	(1,047)	139	-
Foreign currency translation adjustments	(8,405)	1,149	(14,407)	(75,728)
Adjustments for retirement benefit	7,670	8,421	2,050	69,106
Equity in other comprehensive income (loss) of affiliated companies	(4,569)	2,287	(4,854)	(41,166)
Total other comprehensive income (loss)	31,401	103,695	(37,369)	282,917
Total comprehensive income	¥201,538	¥261,672	¥96,213	\$1,815,821
Comprehensive income attributable to:				
Shareholders of the Company	¥200,524	¥259,132	¥94,399	\$1,806,685
Non-controlling interests	1,014	2,540	1,814	9,136
Total	¥201,538	¥261,672	¥96,213	\$1,815,821

See Note 22.

## PER SHARE INFORMATION

	Yen			U.S. dollars (Note 1)
	2019	2018	2017	2019
Net assets per share*	¥2,384.9	¥2,231.2	¥2,008.5	\$21.488
Net income per share				
— Basic	171.3	157.8	133.4	1.543
— Diluted	171.2	157.6	133.3	1.542
Cash dividends	44.0	40.0	34.0	0.396

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

See accompanying notes.

# Consolidated Statements of Changes in Net Assets

Mitsui Fudosan Co., Ltd. and its Subsidiaries  
For the years ended March 31, 2019, 2018 and 2017

	Millions of yen													
	Shares of common stock (thousands)	Shareholders' equity				Accumulated other comprehensive income (loss)								Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Deferred losses on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Subscription rights to shares	Non-controlling interests		
BALANCE AT MARCH 31, 2016	991,425	¥339,767	¥413,695	¥640,205	¥(6,242)	¥226,170	¥(694)	¥305,633	¥12,144	¥(8,373)	¥1,032	¥65,705	¥1,989,042	
Cumulative effects of the changes in accounting policies	-	-	-	44	-	-	-	-	-	-	-	-	44	
BALANCE AT APRIL 1, 2016, as adjusted for cumulative effects of the changes in accounting policies	991,425	339,767	413,695	640,249	(6,242)	226,170	(694)	305,633	12,144	(8,373)	1,032	65,705	1,989,086	
Cash dividends paid	-	-	-	(31,620)	-	-	-	-	-	-	-	-	(31,620)	
Net income attributable to shareholders of the Company	-	-	-	131,816	-	-	-	-	-	-	-	-	131,816	
Reversal of reserve on land revaluation, net of tax	-	-	-	(18,056)	-	-	-	18,195	-	-	-	-	139	
Purchase of treasury stock	-	-	-	-	(112)	-	-	-	-	-	-	-	(112)	
Sales of treasury stock	-	-	(25)	-	109	-	-	-	-	-	-	-	84	
Changes in the Company's equity due to transactions with non-controlling interests	-	-	(464)	-	-	-	-	-	-	-	-	-	(464)	
Transfer of retained earnings to capital surplus	-	-	25	(25)	-	-	-	-	-	-	-	-	-	
Net unrealized holding losses on securities	-	-	-	-	-	(20,649)	-	-	-	-	-	-	(20,649)	
Deferred gains on hedging instruments	-	-	-	-	-	-	337	-	-	-	-	-	337	
Foreign currency translation adjustment	-	-	-	-	-	-	-	(19,220)	-	-	-	-	(19,220)	
Defined benefit pension plans	-	-	-	-	-	-	-	-	-	1,976	-	-	1,976	
Subscription rights to shares	-	-	-	-	-	-	-	-	-	-	72	-	72	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	5,487	5,487	
BALANCE AT MARCH 31, 2017	991,425	339,767	413,231	722,364	(6,245)	205,521	(357)	323,828	(7,076)	(6,397)	1,104	71,192	2,056,932	
BALANCE AT APRIL 1, 2017	991,425	339,767	413,231	722,364	(6,245)	205,521	(357)	323,828	(7,076)	(6,397)	1,104	71,192	2,056,932	
Cash dividends paid	-	-	-	(35,573)	-	-	-	-	-	-	-	-	(35,573)	
Net income attributable to shareholders of the Company	-	-	-	155,874	-	-	-	-	-	-	-	-	155,874	
Reversal of reserve on land revaluation, net of tax	-	-	-	(8,155)	-	-	-	7,095	-	-	-	-	(1,060)	
Purchase of treasury stock	-	-	-	-	(22)	-	-	-	-	-	-	-	(22)	
Sales of treasury stock	-	-	(12)	-	188	-	-	-	-	-	-	-	176	
Change in the Company's equity due to transactions with non-controlling interests	-	-	(3,467)	-	-	-	-	-	-	-	-	-	(3,467)	
Transfer of retained earnings to capital surplus	-	-	12	(12)	-	-	-	-	-	-	-	-	-	
Net unrealized holding gains on securities	-	-	-	-	-	92,776	-	-	-	-	-	-	92,776	
Deferred gains on hedging instruments	-	-	-	-	-	-	115	-	-	-	-	-	115	
Foreign currency translation adjustment	-	-	-	-	-	-	-	3,120	-	-	-	-	3,120	
Defined benefit pension plans	-	-	-	-	-	-	-	-	-	8,307	-	-	8,307	
Subscription rights to shares	-	-	-	-	-	-	-	-	-	-	(13)	-	(13)	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	10,535	10,535	
BALANCE AT MARCH 31, 2018	991,425	339,767	409,764	834,498	(6,079)	298,297	(242)	330,923	(3,956)	1,910	1,091	81,727	2,287,700	
BALANCE AT APRIL 1, 2018	991,425	339,767	409,764	834,498	(6,079)	298,297	(242)	330,923	(3,956)	1,910	1,091	81,727	2,287,700	
Cash dividends paid	-	-	-	(41,386)	-	-	-	-	-	-	-	-	(41,386)	
Net income attributable to shareholders of the Company	-	-	-	168,661	-	-	-	-	-	-	-	-	168,661	
Reversal of reserve on land revaluation, net of tax	-	-	-	385	-	-	-	(385)	-	-	-	-	-	
Purchase of treasury stock	-	-	-	-	(15,020)	-	-	-	-	-	-	-	(15,020)	
Sales of treasury stock	-	-	(4)	-	11	-	-	-	-	-	-	-	7	
Change in the Company's equity due to transactions with non-controlling interests	-	-	(6,495)	-	-	-	-	-	-	-	-	-	(6,495)	
Transfer of retained earnings to capital surplus	-	-	4	(4)	-	-	-	-	-	-	-	-	-	
Net unrealized holding gains on securities	-	-	-	-	-	36,315	-	-	-	-	-	-	36,315	
Deferred gains on hedging instruments	-	-	-	-	-	-	314	-	-	-	-	-	314	
Foreign currency translation adjustment	-	-	-	-	-	-	-	(12,378)	-	-	-	-	(12,378)	
Defined benefit pension plans	-	-	-	-	-	-	-	-	-	7,613	-	-	7,613	
Subscription rights to shares	-	-	-	-	-	-	-	-	-	-	194	-	194	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,720)	(4,720)	
BALANCE AT MARCH 31, 2019	991,425	¥339,767	¥403,269	¥962,154	¥(21,088)	¥334,612	¥72	¥330,538	¥(16,334)	¥9,523	¥1,285	¥77,007	¥2,420,805	

	Thousands of U.S. dollars (Note 1)											
BALANCE AT APRIL 1, 2018	\$3,061,240	\$3,691,900	\$7,518,677	\$(54,771)	\$2,687,602	\$(2,180)	\$2,981,557	\$(35,643)	\$17,209	\$9,830	\$736,346	\$20,611,767
Cash dividends paid	-	-	(372,880)	-	-	-	-	-	-	-	-	(372,880)
Net income attributable to shareholders of the Company	-	-	1,519,605	-	-	-	-	-	-	-	-	1,519,605
Reversal of reserve on land revaluation, net of tax	-	-	3,469	-	-	-	(3,469)	-	-	-	-	-
Purchase of treasury stock	-	-	-	(135,327)	-	-	-	-	-	-	-	(135,327)
Sales of treasury stock	-	(36)	-	99	-	-	-	-	-	-	-	63
Change in the Company's equity due to transactions with non-controlling interests	-	(58,519)	-	-	-	-	-	-	-	-	-	(58,519)
Transfer of retained earnings to capital surplus	-	36	(36)	-	-	-	-	-	-	-	-	-
Net unrealized holding gains on securities	-	-	-	-	327,192	-	-	-	-	-	-	327,192
Deferred gains on hedging instruments	-	-	-	-	-	2,829	-	-	-	-	-	2,829
Foreign currency translation adjustment	-	-	-	-	-	-	(111,523)	-	-	-	-	(111,523)
Defined benefit pension plans	-	-	-	-	-	-	-	68,591	-	-	-	68,591
Subscription rights to shares	-	-	-	-	-	-	-	-	1,748	-	-	1,748
Non-controlling interests	-	-	-	-	-	-	-	-	-	(42,527)	-	(42,527)
BALANCE AT MARCH 31, 2019	\$3,061,240	\$3,633,381	\$8,668,835	\$(189,999)	\$3,014,794	\$649	\$2,978,088	\$(147,166)	\$85,800	\$11,578	\$693,819	\$21,811,019

See accompanying notes.

## Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries  
For the years ended March 31, 2019, 2018 and 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2019	2018	2017	2019
Cash flows from operating activities:				
Income before income taxes	¥242,043	¥224,748	¥192,257	\$2,180,764
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortization	79,035	70,167	71,357	712,091
Loss on impairment of fixed assets	11,415	8,042	25,560	102,847
Interest and dividend income	(7,137)	(6,084)	(5,610)	(64,303)
Interest expense	28,284	25,672	24,635	254,834
Equity in net income of affiliated companies	(14,896)	(15,258)	(4,565)	(134,210)
Gain on sale of investment securities	(1,481)	-	-	(13,344)
Loss on disposal of property and equipment	2,130	7,550	1,791	19,191
Government grants income	(3,973)	-	-	(35,796)
Advanced depreciation on property and equipment	3,960	-	-	35,679
Increase in accounts receivable	(4,323)	(4,961)	(122)	(38,949)
Increase (decrease) in accounts payable	3,827	1,704	(9,118)	34,481
Increase in real property for sale and advances paid for purchases	(31,878)	(217,385)	(59,572)	(287,215)
Other, net	9,418	(10,570)	83,894	84,854
Subtotal	316,424	83,625	320,507	2,850,924
Interests and dividends received	15,019	10,378	8,604	135,318
Interests paid	(27,422)	(25,652)	(24,553)	(247,067)
Income taxes paid	(87,312)	(38,207)	(77,125)	(786,665)
Net cash provided by operating activities	216,709	30,144	227,433	1,952,510
Cash flows from investing activities:				
Purchases of property and equipment	(338,318)	(360,076)	(168,581)	(3,048,185)
Proceeds from sale of property and equipment	1,173	4,682	4,131	10,569
Purchases of investment securities	(33,216)	(11,777)	(16,157)	(299,270)
Proceeds from sale of investment securities	3,029	2,028	598	27,291
Payments of lease deposits	(9,401)	(10,968)	(8,291)	(84,701)
Proceeds from collections of lease deposits	7,386	5,102	8,844	66,547
Repayments of deposits from tenants	(34,386)	(38,041)	(32,514)	(309,812)
Proceeds from deposits from tenants	55,645	66,752	33,653	501,351
Increase in non-current loans and accounts receivable	(21,149)	(22,934)	(27,931)	(190,549)
Proceeds from collections of non-current loans and accounts receivable	19,914	12,815	13,872	179,422
Transfers to time deposits	(35,564)	-	(8,046)	(320,425)
Proceeds from refunds of time deposits	18,759	14	9,410	169,015
Purchases of consolidated subsidiaries, net	(3,302)	2,741	(11,025)	(29,750)
Government grants received	1,570	-	-	14,145
Other, net	(21,035)	(15,802)	453	(189,522)
Net cash used in investing activities	(388,895)	(365,464)	(201,584)	(3,503,874)
Cash flows from financing activities:				
Proceeds from bank loans and commercial paper	3,562,943	3,346,884	3,170,459	32,101,478
Repayments of bank loans and commercial paper	(3,585,861)	(3,293,553)	(3,201,269)	(32,307,965)
Proceeds from long-term debt	448,636	371,957	225,268	4,042,130
Repayments of long-term debt	(268,840)	(220,506)	(178,816)	(2,422,200)
Proceeds from issuance of bonds	246,318	179,665	105,993	2,219,281
Payments for redemption of bonds	(97,590)	(54,113)	(66,972)	(879,268)
Cash dividends paid	(41,364)	(35,573)	(31,621)	(372,682)
Proceeds from non-controlling shareholders	19,070	4,499	2,001	171,817
Payments of dividends to non-controlling shareholders	(5,207)	(5,580)	(5,251)	(46,914)
Repayments of capital to non-controlling shareholders	(486)	(105)	(196)	(4,379)
Repayments of lease obligations	(3,883)	(3,943)	(3,906)	(34,985)
Net increase in treasury stocks	(15,013)	(18)	(94)	(135,264)
Additional investments in consolidated subsidiaries	(27,474)	(464)	(525)	(247,536)
Other, net	(10)	-	-	(91)
Net cash provided by financing activities	231,239	289,150	15,071	2,083,422
Effect of exchange rate changes on cash and cash equivalents	(2,079)	(1,669)	(2,339)	(18,732)
Net increase (decrease) in cash and cash equivalents	56,974	(47,839)	38,581	513,326
Cash and cash equivalents at beginning of year	100,708	148,547	109,966	907,361
Cash and cash equivalents at end of year	¥157,682	¥100,708	¥148,547	\$1,420,687

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

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, 2019, which was ¥110.99 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (A) CONSOLIDATION

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

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

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

### (B) USE OF ESTIMATES

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

### (C) EQUITY METHOD

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

### (D) TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

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

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

Differences arising from translation are presented as "Foreign currency translation adjustments" in accumulated other compre-

hensive 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, 2019, 2018 and 2017.

#### **(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**

The Company and its consolidated subsidiaries adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28; February 16, 2018) and other standards commencing on April 1, 2018. In compliance with the amendments, deferred tax assets are presented under "INVESTMENTS and OTHER ASSETS", while deferred tax liabilities are presented under "LONG-TERM LIABILITIES."

As a result, deferred tax assets, deferred tax liabilities and total assets at March 31, 2018 and 2017 were changed as follows.

At March 31, 2018:

Deferred tax assets under "CURRENT ASSETS" decreased by ¥29,615 million and deferred tax assets under "INVESTMENTS and OTHER ASSETS" increased by ¥13,050 million, while deferred tax liabilities under "CURRENT LIABILITIES" decreased

by ¥1,077 million and deferred tax assets under "LONG-TERM LIABILITIES" decreased by ¥15,488 million. Deferred tax assets and liabilities of the same taxable entity are offset, and as a result, total assets decreased by ¥16,565 million.

At March 31, 2017:

Deferred tax assets under "CURRENT ASSETS" decreased by ¥30,090 million and deferred tax assets under "INVESTMENTS and OTHER ASSETS" increased by ¥11,091 million, while deferred tax liabilities under "CURRENT LIABILITIES" decreased by ¥1,194 million and deferred tax assets under "LONG-TERM LIABILITIES" decreased by ¥17,805 million.

Deferred tax assets and liabilities of the same taxable entity are offset, and as a result, total assets decreased by ¥18,999 million.

#### **(AA) NEW ACCOUNTING STANDARDS NOT YET ADOPTED**

The Company and its consolidated subsidiaries have not yet adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and 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 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.

### **3. BUSINESS REORGANIZATIONS**

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

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 Busi-

ness 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	Thousands of U.S. dollars (See Note 1)
Cash (includes accounts payable)	¥27,575	\$248,446
<b>Total</b>	<b>¥27,575</b>	<b>\$248,446</b>

**(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 (\$61,717 thousand)

There were no significant business reorganizations for the years ended March 31, 2018 and 2017.

## **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 38 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, 2019, 2018 and 2017 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
2019						
Assets						
Cash and bank deposits *1	¥ 174,250	¥ 174,250	¥ -	\$ 1,569,961	\$ 1,569,961	\$ -
Notes and accounts receivable-trade	45,276	45,276	-	407,929	407,929	-
Marketable and investment securities	622,558	622,583	25	5,609,136	5,609,361	225
Liabilities						
Notes and accounts payable-trade	126,868	126,868	-	1,143,058	1,143,058	-
Bank loans and long-term debt due within one year						
Non-recourse	94,130	94,135	5	848,095	848,140	45
Recourse	244,988	246,193	1,205	2,207,297	2,218,154	10,857
Commercial paper	114,000	114,000	-	1,027,120	1,027,120	-
Long-term debt due after one year						
Non-recourse	339,018	339,215	197	3,054,492	3,056,267	1,775
Recourse	2,114,475	2,189,592	75,117	19,051,040	19,727,831	676,791
Derivative instruments *2	2,179	2,179	-	19,633	19,633	-

	Millions of yen					
	2018			2017		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets						
Cash and bank deposits *1	¥ 100,889	¥ 100,889	¥ -	¥ 148,742	¥ 148,742	¥ -
Notes and accounts receivable-trade	41,186	41,186	-	36,073	36,073	-
Marketable and investment securities	563,330	563,368	38	428,604	428,656	52
Liabilities						
Notes and accounts payable-trade	123,989	123,989	-	113,682	113,682	-
Bank loans and long-term debt due within one year						
Non-recourse	79,894	80,196	302	105,455	105,469	14
Recourse	244,463	245,953	1,490	216,519	217,588	1,069
Commercial paper	125,000	125,000	-	82,000	82,000	-
Long-term debt due after one year						
Non-recourse	361,060	361,107	47	260,631	261,234	603
Recourse	1,794,239	1,851,112	56,873	1,622,884	1,688,526	65,642
Derivative instruments *2	3,749	3,749	-	2,352	2,352	-

\*1 Carrying amount of cash and bank deposits consists of ¥ 157,682 million (\$1,420,687 thousand) of cash and cash equivalents and ¥ 16,568 million (\$149,274 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, 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.

Carrying amount of cash and bank deposits consists of ¥148,547 million of cash and cash equivalents and ¥195 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, 2017.

\*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)
	2019	2018	2017	2019
<b>Assets:</b>				
Equity investments in properties for sale	¥ 6,701	¥ 6,723	¥ 6,747	\$ 60,375
Other securities				
Unlisted stocks (excluding OTC securities)	10,157	7,075	6,275	91,513
Other (TK investments, preferred securities and others)	25,598	19,729	18,821	230,633
Lease deposits *	140,571	138,565	133,439	1,266,520
<b>Liabilities:</b>				
Deposits from tenants *	424,335	403,413	374,331	3,823,182

\* 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, 2019, 2018 and 2017 is as follows.

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

	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 * <sup>1</sup>	¥174,250	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	45,276	-	-	-
Other securities				
National and local government bonds and other	949	551	151	-
<b>Total</b>	<b>¥220,475</b>	<b>¥551</b>	<b>¥151</b>	<b>¥ -</b>

	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 * <sup>1</sup>	¥100,889	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	41,186	-	-	-
Other securities				
National and local government bonds and other	182	1,358	279	-
<b>Total</b>	<b>¥142,257</b>	<b>¥1,358</b>	<b>¥279</b>	<b>¥ -</b>

	Millions of yen			
	2017			
	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 * <sup>1</sup>	¥148,742	¥ -	¥ -	¥ -
Notes and accounts receivable-trade	36,073	-	-	-
Other securities				
National and local government bonds and other	69	1,338	377	-
<b>Total</b>	<b>¥184,884</b>	<b>¥1,338</b>	<b>¥377</b>	<b>¥ -</b>

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

	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	\$1,569,961	\$ -	\$ -	\$ -
Notes and accounts receivable-trade	407,929	-	-	-
Other securities				
National and local government bonds and other	8,550	4,964	1,360	-
<b>Total</b>	<b>\$1,986,440</b>	<b>\$4,964</b>	<b>\$1,360</b>	<b>\$ -</b>

\*1 Carrying amount of cash and bank deposits consists of ¥ 157,682 million (\$1,420,687 thousand) of cash and cash equivalents and ¥ 16,568 million (\$149,274 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, 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.

Carrying amount of cash and bank deposits consists of ¥148,547 million of cash and cash equivalents and ¥195 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, 2017

## 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, 2019, 2018 and 2017:

(a) Held-to-maturity securities:

	Millions of yen								
	2019			2018			2017		
	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	¥1,651	¥1,676	¥25	¥1,819	¥1,857	¥38	¥1,784	¥1,836	¥52
Securities whose fair value does not exceed book value									
National and local government bonds and other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>¥1,651</b>	<b>¥1,676</b>	<b>¥25</b>	<b>¥1,819</b>	<b>¥1,857</b>	<b>¥38</b>	<b>¥1,784</b>	<b>¥1,836</b>	<b>¥52</b>

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

	2019		
	Book Value	Fair Value	Difference
Securities whose fair value exceeds book value			
National and local government bonds and other	\$14,874	\$15,100	\$226
Securities whose fair value does not exceed book value			
National and local government bonds and other	-	-	-
<b>Total</b>	<b>\$14,874</b>	<b>\$15,100</b>	<b>\$226</b>

(b) Other securities:

	Millions of yen								
	2019			2018			2017		
	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	¥544,419	¥ 91,421	¥452,998	¥496,948	¥ 87,731	¥409,217	¥359,967	¥87,716	¥272,251
Other	67,545	40,722	26,823	57,730	36,369	21,361	61,609	36,380	25,229
Subtotal	611,964	132,143	479,821	554,678	124,100	430,578	421,576	124,096	297,480
Securities whose book value (fair value) does not exceed historical cost									
Stocks	8,940	11,108	(2,168)	6,825	7,690	(865)	5,239	6,798	(1,559)
Other	3	3	-	8	8	-	5	6	(1)
Subtotal	8,943	11,111	(2,168)	6,833	7,698	(865)	5,244	6,804	(1,560)
Total	¥620,907	¥143,254	¥477,653	¥561,511	¥131,798	¥429,713	¥426,820	¥130,900	¥295,920

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

	2019		
	Book Value (Fair Value)	Historical Cost	Difference
Securities whose book value (fair value) exceeds historical cost			
Stocks	\$4,905,118	\$ 823,687	\$4,081,431
Other	608,568	366,898	241,670
Subtotal	5,513,686	1,190,585	4,323,101
Securities whose book value (fair value) does not exceed historical cost			
Stocks	80,549	100,081	(19,532)
Other	27	27	-
Subtotal	80,576	100,108	(19,532)
Total	\$5,594,262	\$1,290,693	\$4,303,569

(2) The following table summarizes other securities sold in the years ended March 31, 2019, 2018 and 2017:

	Millions of yen								
	2019			2018			2017		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	¥2,858	¥1,481	¥(171)	¥233	¥101	¥ -	¥620	¥278	¥(113)
Total	¥2,858	¥1,481	¥(171)	¥233	¥101	¥ -	¥620	¥278	¥(113)

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

	2019		
	Sales amount	Gains	Losses
Stocks	\$25,750	\$13,344	\$(1,541)
Total	\$25,750	\$13,344	\$(1,541)

(3) The Company and its consolidated subsidiaries did not recognize impairment loss on investment securities for the years ended March 31, 2019, 2018 and 2017.



## 6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes derivative financial instruments for which hedge accounting is not applied as of March 31, 2019, 2018 and 2017:

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

		Millions of yen			
		2018			
		Nominal Amount		Fair value <sup>(*)</sup>	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)
<b>Total</b>		<b>¥27,907</b>	<b>¥13,234</b>	<b>¥(1,110)</b>	<b>¥(1,110)</b>

		Millions of yen			
		2017			
		Nominal Amount		Fair value <sup>(*)</sup>	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	¥12,350	¥8,147	¥1,412	¥1,412
	Foreign exchange forward				
	Buy				
	U.S. dollars	642	-	37	37
<b>Total</b>		<b>¥12,992</b>	<b>¥8,147</b>	<b>¥1,449</b>	<b>¥1,449</b>

		Thousands of U.S. dollars			
		2019			
		Nominal Amount		Fair value <sup>(*)</sup>	Gain (loss)
		Total	Due after 1 year		
Non-market transactions	Interest rate and currency swap	\$278,980	\$ 85,017	\$(5,280)	\$(5,280)
	Interest rate swap				
	Buy	350,032	350,031	81	81
<b>Total</b>		<b>\$629,012</b>	<b>\$435,048</b>	<b>\$(5,199)</b>	<b>\$(5,199)</b>

(\*) 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, 2019, 2018 and 2017:

		Millions of yen		
		2019		
		Nominal Amount		Fair value <sup>(**4)</sup>
Hedged items		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 <sup>(**2)</sup>	Long-term debt	11,933	11,933	¥ 107
Pay : fixed rate				
Receive : floating rate				
Interest rate and currency swap <sup>(**2)</sup>	Long-term debt	12,000	-	(1,875)
Foreign exchange forward <sup>(**3)</sup>				
Buy	Forecasted transactions denominated			
U.S. dollars	in foreign currencies	23,248	-	166
<b>Total</b>		<b>¥510,580</b>	<b>¥431,742</b>	<b>¥(1,602)</b>

		Millions of yen		
		2018		
		Nominal Amount		Fair value <sup>(**4)</sup>
Hedged items		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 <sup>(**2)</sup>	Long-term debt	5,650	5,650	¥ 73
Pay : fixed rate				
Receive : floating rate				
Interest rate and currency swap <sup>(**2)</sup>	Long-term debt	14,000	12,000	(2,674)
Foreign exchange forward <sup>(**3)</sup>				
Buy	Forecasted transactions denominated			
U.S. dollars	in foreign currencies	1,124	-	(38)
<b>Total</b>		<b>¥563,503</b>	<b>¥471,689</b>	<b>¥(2,639)</b>

		Millions of yen		
		2017		
		Nominal Amount		Fair value <sup>(**4)</sup>
Hedged items		Total	Due after 1 year	
Interest rate swap	Long-term debt	¥599,759	¥544,359	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap <sup>(**2)</sup>	Long-term debt	5,824	5,824	¥ 24
Pay : fixed rate				
Receive : floating rate				
Interest rate and currency swap <sup>(**2)</sup>	Long-term debt	16,000	14,000	(3,887)
Foreign exchange forward <sup>(**3)</sup>				
Buy	Forecasted transactions denominated			
U.S. dollars	in foreign currencies	1,468	-	62
<b>Total</b>		<b>¥623,051</b>	<b>¥564,183</b>	<b>¥(3,801)</b>

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

		2019		
		Nominal Amount		Fair value <sup>(*4)</sup>
Hedged items		Total	Due after 1 year	
Interest rate swap	Long-term debt	\$4,175,142	\$3,782,404	*1
Pay : fixed rate				
Receive : floating rate				
Interest rate swap <sup>(*2)</sup>	Long-term debt	107,514	107,514	\$964
Pay : fixed rate				
Receive : floating rate				
Interest rate and currency swap <sup>(*2)</sup>	Long-term debt	108,118	-	(16,893)
Foreign exchange forward <sup>(*3)</sup>				
Buy	Forecasted transactions denominated			
U.S. dollars	in foreign currencies	209,460	-	1,495
<b>Total</b>		<b>\$4,600,234</b>	<b>\$3,889,918</b>	<b>\$(14,434)</b>

(\*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 ¥136,200 million (\$1,227,138

thousand), ¥965 million (\$8,694 thousand), and ¥1,020 million (\$9,190 thousand) 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. Net rent income, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥130,099 million, ¥14,206 million, and ¥829 million for the year ended March 31, 2017, 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, 2019, 2018 and 2017 are stated below:

Millions of yen											
2019				2018				2017			
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
¥2,960,709	¥63,320	¥3,024,029	¥5,773,672	¥2,645,057	¥315,652	¥2,960,709	¥5,436,150	¥2,648,353	¥(3,296)	¥2,645,057	¥4,828,440

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

2019			
Carrying amount		Fair value	
Net increase during			
Beginning of year	the year	End of year	End of year
\$26,675,457	\$570,502	\$27,245,959	\$52,019,750

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 ¥281,969 million (\$2,540,490 thousand), transfers to real property for sale which amounts to ¥83,275 million (\$750,293 thousand), transfers to in-house

use which amounts to ¥55,568 million (\$500,658 thousand) and sales of real estate which amounts to ¥ 920 million (\$8,289 thousand) 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.

The net decrease in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥140,501 million, transfer to inventories which amounts to ¥ 67,987 million and sales of real estate which amounts to ¥ 4,485 million for the year ended March 31, 2017.

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

## 8. INVENTORIES

Inventories at March 31, 2019, 2018 and 2017 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Real property for sale				
Completed	¥ 802,625	¥ 707,579	¥ 647,536	\$ 7,231,507
In progress	480,237	468,310	454,764	4,326,849
Land held for development	321,438	321,173	213,215	2,896,099
Expenditure on contracts in progress	25,327	25,401	24,247	228,192
Other	5,500	4,857	4,364	49,554
<b>Total</b>	<b>¥1,635,127</b>	<b>¥1,527,320</b>	<b>¥1,344,126</b>	<b>\$14,732,201</b>

## 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, 2019, 2018 and 2017 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
<b>Deferred tax assets:</b>				
Loss on impairment of fixed assets	¥23,193	¥19,472	¥17,563	\$208,965
Net defined benefit liability	11,927	12,268	11,961	107,460
Unrealized inter-company transactions	11,913	7,567	7,466	107,334
Accrued employees' bonuses	6,332	5,926	5,685	57,050
Excess depreciation expense	5,854	5,860	5,814	52,744
Allowance for loss on devaluation of real property held for sale	4,678	5,215	5,207	42,148
Unrealized loss on valuation of lease deposits	3,592	3,575	3,558	32,363
Accrued enterprise tax	3,394	3,716	2,804	30,579
Net operating loss carryforwards	3,278	3,110	2,789	29,534
Other	30,633	31,930	31,240	275,998
Subtotal	104,794	98,639	94,087	944,175
Valuation allowances *	(13,129)	(9,596)	(4,101)	(118,290)
<b>Total</b>	<b>¥91,665</b>	<b>¥89,043</b>	<b>¥89,986</b>	<b>\$825,885</b>
<b>Deferred tax liabilities:</b>				
Unrealized gain on valuation of securities	(147,337)	(130,873)	(91,091)	(1,327,480)
Deferred gain on sale of land and buildings for tax purposes	(12,034)	(12,188)	(12,350)	(108,424)
Consolidation difference in real property	(4,345)	(5,539)	(5,684)	(39,148)
Unrealized gain on valuation of lease deposits	(3,543)	(3,519)	(3,498)	(31,922)
Other	(54,919)	(45,756)	(49,088)	(494,810)
<b>Total</b>	<b>¥(222,178)</b>	<b>¥(197,875)</b>	<b>¥(161,711)</b>	<b>\$(2,001,784)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>¥(130,513)</b>	<b>¥(108,832)</b>	<b>¥ (71,725)</b>	<b>\$(1,175,899)</b>

\* 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, 2019, 2018 and 2017 were immaterial, and therefore are not disclosed.

On December 22, 2017, the tax reform bill in the United States was enacted, which, among other effects, reduced U.S. corporate tax effective for annual reporting periods beginning on or after

January 1, 2018. The Company's consolidated U.S. subsidiaries are subject to reduced tax rate of 21% from existing tax rate of 35%.

As a result of the tax reform, deferred income tax liabilities, net of deferred tax assets, at March 31, 2018 and deferred income taxes for the year then ended decreased by ¥4,799 million and ¥4,848 million, respectively.

## 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, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Benefit obligation at beginning of year	¥164,282	¥158,774	¥155,983	\$1,480,151
Service cost	7,509	7,354	7,395	67,655
Interest cost	1,504	1,455	1,455	13,551
Actuarial differences	(219)	1,308	(1,606)	(1,973)
Prior service costs	(7,443)	156	105	(67,060)
Benefits paid	(5,462)	(4,784)	(4,539)	(49,212)
Other	9	19	(19)	81
Benefit obligation at end of year	¥160,180	¥164,282	¥158,774	\$1,443,193

(b) Change in plan assets, excluding plans accounted for under the simplified method, for the years ended March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Fair value of plan assets at beginning of year	¥143,174	¥126,384	¥121,301	\$1,289,972
Expected return on plan assets	2,966	2,716	2,545	26,723
Actuarial differences	2,486	10,811	(1,144)	22,398
Employer contribution	6,712	6,317	6,601	60,474
Benefits paid	(3,750)	(3,158)	(3,030)	(33,787)
Other	102	104	111	920
Fair value of plan assets at end of year	¥151,690	¥143,174	¥126,384	\$1,366,700

(c) Change in net defined benefit liability under simplified method for the years ended March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Net defined benefit liability at beginning of year	¥3,653	¥3,420	¥3,241	\$32,913
Retirement benefit expenses	547	517	521	4,928
Benefits paid	(401)	(439)	(248)	(3,613)
Contribution to the plan	(68)	(52)	(44)	(612)
Other	(12)	207	(50)	(108)
Net defined benefit liability at end of year	¥3,719	¥3,653	¥3,420	\$33,508

(d) Amount recognized in the consolidated balance sheets, including plans accounted for under the simplified method, at March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Benefit obligation for funded plan	¥136,505	¥138,817	¥135,011	\$1,229,886
Plan assets	(152,124)	(143,571)	(126,749)	(1,370,610)
	¥ (15,619)	¥ (4,754)	¥8,262	\$ (140,724)
Benefit obligation for unfunded plan	27,828	29,516	27,547	250,725
Net amount recognized on the consolidated balance sheets	¥ 12,209	¥ 24,762	¥ 35,809	\$ 110,001
Net defined benefit liability	43,504	42,737	41,083	391,963
Net defined benefit asset	(31,295)	(17,975)	(5,274)	(281,962)
Net amount recognized on the consolidated balance sheets	¥ 12,209	¥ 24,762	¥ 35,809	\$ 110,001

(e) Details of retirement benefit expenses for the years ended March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Service cost	¥7,509	¥7,354	¥7,395	\$67,655
Interest cost	1,504	1,455	1,455	13,551
Expected return on plan assets	(2,966)	(2,716)	(2,545)	(26,723)
Actuarial differences recognized in earnings	891	2,619	2,570	8,028
Prior service costs recognized in earnings	(32)	166	77	(289)
Retirement benefit expenses under simplified method	547	517	521	4,928
Defined benefit expenses	¥7,453	¥9,395	¥9,473	\$67,150

Premium benefits payments other than the above defined benefit expenses of ¥255 million (\$2,298 thousand), ¥197 million and ¥144 million are recognized for the years ended on March 31, 2019, 2018 and 2017, respectively.

(f) Amount recognized in other comprehensive income (pretax) at March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Prior service costs	¥ (7,412)	¥ (9)	¥ 27	\$(66,781)
Actuarial differences	(3,598)	(12,118)	(3,032)	(32,418)
Total	¥(11,010)	¥(12,127)	¥(3,005)	\$(99,199)

(g) Amount recognized in accumulated other comprehensive income (pretax) at March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Unrecognized prior service costs	¥ (7,430)	¥ (18)	¥ (9)	\$ (66,943)
Unrecognized actuarial differences	(6,634)	(3,036)	9,082	(59,771)
Total	¥(14,064)	¥(3,054)	¥9,073	\$(126,714)

(h) The asset allocation for the plans, excluding plans accounted for under the simplified method, at March 31, 2019, 2018 and 2017:

	2019	2018	2017
Domestic stocks	26.6%	26.6%	22.9%
Domestic bonds	25.5	26.6	27.5
Foreign stocks	13.4	12.1	14.3
Life insurance company general accounts	9.5	10.1	11.4
Foreign bonds	6.6	5.4	6.0
Cash and bank deposits	3.5	4.2	3.8
Other	14.9	15.0	14.1
Total	100.0%	100.0%	100.0%

\* The plan assets include retirement benefit trust established for corporate pension plan which accounts for 14.8%, 13.6% and 9.1% of the total plan assets as of March 31, 2019, 2018 and 2017, 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:

	2019	2018	2017
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 ¥554 million (\$4,991 thousand), ¥501 million and ¥241 million for the years ended March 31, 2019, 2018 and 2017, 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, 2019, 2018 and 2017 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Bank loans				
Non-recourse, with the weighted average interest rates of 0.12% in 2017	¥ -	¥ -	¥ 40	\$ -
Recourse, with the weighted average interest rates of 1.97% in 2019, 1.72% in 2018 and 0.98% in 2017	55,326	70,523	64,904	498,477
Commercial paper, with the weighted average interest rates of -0.00% in 2019 and 2018, and -0.01% in 2017	114,000	125,000	82,000	1,027,120



## (2) Long-term debt

Long-term debt at March 31, 2019, 2018 and 2017 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Long-term loans, principally from banks and insurance companies:				
Loans secured by collateral or bank guarantees	¥ 280,913	¥ 284,640	¥ 246,129	\$ 2,530,976
Unsecured loans	1,784,180	1,605,270	1,496,497	16,075,142
Total long-term loans, principally from banks and insurance companies	2,065,093	1,889,910	1,742,626	18,606,118
Bonds and debentures				
2.06%yen notes due 2017	-	-	20,000	-
1.97%yen notes due 2017	-	-	20,000	-
1.92%yen notes due 2018	-	10,000	10,000	-
2.09%yen notes due 2019	-	10,000	10,000	-
1.72%yen notes due 2019	10,000	10,000	10,000	90,098
1.63%yen notes due 2019	10,000	10,000	10,000	90,098
1.49%yen notes due 2019	10,000	10,000	10,000	90,098
1.50%yen notes due 2020	10,000	10,000	10,000	90,098
1.19%yen notes due 2020	10,000	10,000	10,000	90,098
1.06%yen notes due 2020	10,000	10,000	10,000	90,098
1.32%yen notes due 2020	10,000	10,000	10,000	90,098
2.30%yen notes due 2030	10,000	10,000	10,000	90,098
1.27%yen notes due 2021	10,000	10,000	10,000	90,098
1.17%yen notes due 2021	10,000	10,000	10,000	90,098
1.00%yen notes due 2022	10,000	10,000	10,000	90,098
0.96%yen notes due 2022	10,000	10,000	10,000	90,098
1.95%yen notes due 2032	10,000	10,000	10,000	90,098
2.05%yen notes due 2033	10,000	10,000	10,000	90,098
1.33%yen notes due 2046	10,000	10,000	10,000	90,098
1.00%yen notes due 2046	10,000	10,000	10,000	90,098
0.00%yen notes due 2019	10,000	10,000	10,000	90,098
0.71%yen notes due 2036	7,000	7,000	7,000	63,069
1.18%yen notes due 2056	6,000	6,000	6,000	54,059
0.00%yen notes due 2020	25,000	25,000	25,000	225,246
0.93%yen notes due 2037	10,000	10,000	10,000	90,098
0.20%yen notes due 2024	10,000	10,000	-	90,098
0.24%yen notes due 2027	10,000	10,000	-	90,098
0.10%yen notes due 2023	10,000	10,000	-	90,098
0.22%yen notes due 2025	10,000	10,000	-	90,098
0.31%yen notes due 2028	10,000	-	-	90,098
0.09%yen notes due 2023	10,000	-	-	90,098
0.20%yen notes due 2025	10,000	-	-	90,098
0.37%yen notes due 2028	20,000	-	-	180,196
0.08%yen notes due 2022	20,000	-	-	180,196
0.16%yen notes due 2024	30,000	-	-	270,296
0.28%yen notes due 2026	20,000	-	-	180,196
0.38%yen notes due 2029	20,000	-	-	180,196
3.65%U.S. dollar notes due 2027	55,460	53,083	-	499,686
2.95%U.S. dollar notes due 2023	33,258	31,826	-	299,650
3.95%U.S. dollar notes due 2029	33,239	-	-	299,478
0.00% - 0.99% notes due 2019 - 2022 (*1)	152,235	156,314	119,919	1,371,611
Total bonds and debentures	672,192	519,223	397,919	6,056,329
Less amount due within one year	(283,792)	(253,834)	(257,030)	(2,556,915)
Long-term debt due after one year	¥2,453,493	¥2,155,299	¥1,883,515	\$22,105,532

(\*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)
	2019	2018	2017	2019
Due within one year				
Non-recourse, with the weighted average interest rate of 0.09% in 2019, 1.59% in 2018 and 1.52% in 2017	¥ 64,930	¥ 48,744	¥ 97,760	\$ 585,008
Recourse, with the weighted average interest rate of 2.09% in 2019, 1.46% in 2018 and 1.84% in 2017	139,662	153,940	111,615	1,258,330
Subtotal	204,592	202,684	209,375	1,843,338
Due after one year				
Non-recourse, with the weighted average interest rate of 3.37% in 2019, 1.83% in 2018 and 0.76% in 2017	215,983	235,896	148,368	1,945,968
Recourse, with the weighted average interest rate of 1.24% in 2019, 1.34% in 2018 and 1.34% in 2017	1,644,518	1,451,330	1,384,883	14,816,812
Subtotal	1,860,501	1,687,226	1,533,251	16,762,780
Total	¥2,065,093	¥1,889,910	¥1,742,626	\$18,606,118

Bonds and debentures consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Due within one year				
Non-recourse	¥ 29,200	¥ 31,150	¥ 7,655	\$ 263,087
Recourse	50,000	20,000	40,000	450,491
Subtotal	79,200	51,150	47,655	713,578
Due after one year				
Non-recourse	123,035	125,164	112,263	1,108,523
Recourse	469,957	342,909	238,001	4,234,228
Subtotal	592,992	468,073	350,264	5,342,751
Total	¥672,192	¥519,223	¥397,919	\$6,056,329

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Secured loans				
Long-term loans, principally from banks and insurance companies				
Non-recourse	¥280,913	¥284,640	¥246,129	\$2,530,976
Subtotal	280,913	284,640	246,129	2,530,976
Bonds and debentures				
Non-recourse	152,235	151,514	119,919	1,371,610
Subtotal	152,235	151,514	119,919	1,371,610
Total	¥433,148	¥436,154	¥366,048	\$3,902,586

The following assets are pledged as collateral for secured loans:

	Millions of yen						Thousands of U.S. dollars (See Note 1)	
	2019		2018		2017		2019	
	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *	Total	Non-recourse *
Real property for sale	¥355,597	¥355,597	¥295,391	¥295,391	¥288,684	¥288,684	\$3,203,865	\$3,203,865
Buildings and structures	31,843	28,444	61,787	58,213	63,562	59,787	286,900	256,275
Land	216,601	208,811	187,531	179,753	81,891	74,087	1,951,536	1,881,350
Other	89,424	89,412	182,473	182,461	140,492	140,477	805,694	805,586
Total	¥693,465	¥682,264	¥727,182	¥715,818	¥574,629	¥563,035	\$6,247,995	\$6,147,076

\* 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, 2019, 2018 and 2017 are as follows:

	2019			2018			2017		
	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total	Non-recourse	Recourse	Total
Due within 1 year	¥ 94,130	¥ 189,662	¥ 283,792	¥ 79,894	¥ 173,940	¥ 253,834	¥105,416	¥ 151,614	¥ 257,030
Due after 1 to 2 years	65,165	149,042	214,207	146,063	187,431	333,494	51,030	172,672	223,702
Due after 2 to 3 years	108,037	186,526	294,563	60,951	147,091	208,042	125,430	176,628	302,058
Due after 3 to 4 years	120,199	211,262	331,461	37,752	165,377	203,129	84,170	127,020	211,190
Due after 4 to 5 years	11,200	219,455	230,655	108,294	177,253	285,547	-	135,380	135,380
Thereafter	34,417	1,348,190	1,382,607	8,000	1,117,087	1,125,087	-	1,011,185	1,011,185
Total	¥433,148	¥2,304,137	¥2,737,285	¥440,954	¥1,968,179	¥2,409,133	¥366,046	¥1,774,499	¥2,140,545

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

	2019		
	Non-recourse	Recourse	Total
Due within 1 year	\$ 848,094	\$ 1,708,821	\$ 2,556,915
Due after 1 to 2 years	587,125	1,342,842	1,929,967
Due after 2 to 3 years	973,394	1,680,566	2,653,960
Due after 3 to 4 years	1,082,971	1,903,433	2,986,404
Due after 4 to 5 years	100,910	1,977,250	2,078,160
Thereafter	310,092	12,146,949	12,457,041
Total	\$3,902,586	\$20,759,861	\$24,662,447

## 14. ASSET RETIREMENT OBLIGATIONS

### (1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2019, 2018 and 2017

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, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Beginning of year	¥4,281	¥3,924	¥3,718	\$38,571
Increase due to acquisition of fixed assets	959	573	451	8,640
Net increase due to revisions to original estimate*	43	120	25	388
Decrease due to settlement	(174)	(391)	(287)	(1,568)
Other	17	55	17	153
End of year	¥5,126	¥4,281	¥3,924	\$46,184

\* Increase for the years ended March 31, 2019, 2018 and 2017 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, 2019, 2018 and 2017

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, 2019, 2018 and 2017 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Non-interest-bearing	¥423,425	¥402,232	¥372,802	\$3,814,983
Interest-bearing	910	1,181	1,529	8,199
Total	¥424,335	¥403,413	¥374,331	\$3,823,182
Average interest rate	1.00%	1.00%	1.03%	

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, 2016	991,425	3,303
Numbers of shares increased <sup>(*1)</sup>	-	44
Numbers of shares decreased <sup>(*2)</sup>	-	(57)
Numbers of shares as of March 31, 2017	991,425	3,290
Numbers of shares increased <sup>(*1)</sup>	-	9
Numbers of shares decreased <sup>(*3)</sup>	-	(99)
Numbers of shares as of March 31, 2018	991,425	3,200
Numbers of shares increased <sup>(*4)</sup>	-	5,993
Numbers of shares decreased <sup>(*5)</sup>	-	(6)
Numbers of shares as of March 31, 2019	991,425	9,187

(\*1) Treasury stock increased due to purchase of odd shares.

(\*2) Treasury stock decreased due to sale of 7 thousand odd shares and exercise of 50 thousand shares of subscription rights.

(\*3) Treasury stock decreased due to sale of 1 thousand odd shares and exercise of 98 thousand shares of subscription rights.

(\*4) 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.

(\*5) Treasury stock decreased due to sale of 1 thousand odd shares and exercise of 5 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, 2017	¥1,104	-	¥1,104			
Balance as of March 31, 2018	¥1,091	-	¥1,091			
Balance as of March 31, 2019	¥1,285	-	¥1,285	\$11,578	-	\$11,578

Number of shares regarding stock options as of March 31, 2019, 2018 and 2017 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 28, 2018, June 29, 2017 and June 29, 2016:

Date of shareholders' meeting	June 28, 2018	June 29, 2017	June 29, 2016
Type of stock	Common stock	Common stock	Common stock
Total amount	¥21,741 million (\$195,882 thousand)	¥17,786 million	¥15,810 million
Per share amount	¥22 (\$0.198)	¥18	¥16
Record date	March 31, 2018	March 31, 2017	March 31, 2016
Effective date	June 29, 2018	June 30, 2017	June 30, 2016

The following resolution was approved by the Board of Directors' meeting held on November 9, 2018, November 10, 2017 and November 11, 2016:

Date of board of directors' meeting	November 9, 2018	November 10, 2017	November 11, 2016
Type of stock	Common stock	Common stock	Common stock
Total amount	¥19,645 million (\$176,998 thousand)	¥17,787 million	¥15,810 million
Per share amount	¥20 (\$0.180)	¥18	¥16
Record date	September 30, 2018	September 30, 2017	September 30, 2016
Effective date	December 4, 2018	December 4, 2017	December 2, 2016

(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 27, 2019, June 28, 2018 and 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 (\$212,398 thousand)	¥21,741 million	¥17,786 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥24 (\$0.216)	¥22	¥18
Record date	March 31, 2019	March 31, 2018	March 31, 2017
Effective date	June 28, 2019	June 29, 2018	June 30, 2017

## 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, 2019, 2018 and 2017 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Cost of revenue from operations	¥ 91	¥ 71	¥ 38	\$ 820
Selling, general and administrative expenses	108	88	100	973
Total	¥199	¥159	¥138	\$1,793

The following table summarizes the contents and activity of stock options as of March 31, 2019 and for the year then ended:

	2018 plan	2017 plan	2016 plan	2015 plan	2014 plan	2013 plan
Grantees	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)	Directors, corporate officers and group managing officers; 27 in total (*1)
Type of stock and number of shares granted	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	66,650 shares of common stock
Grant date	July 17, 2018	July 14, 2017	August 19, 2016	August 21, 2015	August 22, 2014	August 23, 2013
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 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	August 24, 2013 - August 23, 2043
Non-vested options (number of shares):						
Outstanding at beginning of year	-	80,440	66,800	43,420	40,100	50,960
Granted	95,920	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Vested	-	(4,550)	(4,550)	(1,630)	(1,670)	(2,120)
Outstanding at end of year	95,920	75,890	62,250	41,790	38,430	48,840
Vested options (number of shares):						
Outstanding at beginning of year	-	-	3,710	2,390	2,450	3,110
Vested	-	4,550	4,550	1,630	1,670	2,120
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding at end of year	-	4,550	8,260	4,020	4,120	5,230
	Yen/U.S. dollars (See Note 1)	Yen	Yen	Yen	Yen	Yen
Exercise price	¥1/\$0.01	¥1	¥1	¥1	¥1	¥1
Average stock price on exercise date	-	-	-	-	-	-
Grant-date fair value	¥2,188/\$19.71	¥2,093	¥1,670	¥3,218	¥3,067	¥2,796

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

(\*2) Vesting conditions and exercise period:

Stock options granted are exercisable on the day following grantees leaving the positions of director, statutory auditor, corporate officer or group managing officer, and for 5 years commencing on that date.

2012 plan	2011 plan	2010 plan	2009 plan	2008 plan	2007 plan
Directors, corporate officers and group managing officers; 25 in total (*1) 134,640 shares of common stock August 17, 2012 (*2)	Directors, corporate officers and group managing officers; 25 in total (*1) 143,040 shares of common stock August 12, 2011 (*2)	Directors, corporate officers and group managing officers; 25 in total (*1) 140,420 shares of common stock August 13, 2010 (*2)	Directors, corporate officers and group managing officers; 25 in total (*1) 109,650 shares of common stock August 14, 2009 (*2)	Directors, corporate officers and group managing officers; 26 in total (*1) 71,250 shares of common stock August 15, 2008 (*2)	Directors, corporate officers and group managing officers; 27 in total (*1) 48,880 shares of common stock September 18, 2007 (*2)
Not specified August 18, 2012 - August 17, 2042	Not specified August 13, 2011 - August 12, 2041	Not specified August 14, 2010 - August 13, 2040	Not specified August 15, 2009 - August 14, 2039	Not specified August 16, 2008 - August 15, 2038	Not specified September 19, 2007 - September 18, 2037
94,060	100,620	56,570	43,410	18,450	11,580
-	-	-	-	-	-
-	-	-	-	-	-
(4,670)	(5,000)	(3,900)	(3,080)	-	-
89,390	95,620	52,670	40,330	18,450	11,580
5,310	5,680	7,400	-	-	-
4,670	5,000	3,900	3,080	-	-
-	(2,560)	(2,440)	-	-	-
-	-	-	-	-	-
9,980	8,120	8,860	3,080	-	-
Yen ¥1	Yen ¥1	Yen ¥1	Yen ¥1	Yen ¥1	Yen ¥1
-	¥2,741	¥2,741	-	-	-
¥1,265	¥919	¥1,029	¥1,493	¥1,967	¥2,357

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

	2018 plan	2017 plan	2016 plan
Expected volatility (*1)	36%	38%	38%
Expected life (*2)	15 years	15 years	15 years
Expected dividend (*3)	¥40 (\$0.36) per share	¥36 per share	¥32 per share
Risk-free rate (*4)	0.27%	0.36%	0.08%

(\*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, 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 (\$102,847 thousand) are comprised of ¥3,992 million (\$35,967 thousand) of land, ¥2,619 million (\$23,597 thousand) of buildings and structures and ¥4,804 million (\$43,283 thousand) of others.

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

During the year ended March 31, 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. Values in current use are calculated based on the present values of future cash flows, using a discount rate of 5.8% - 6.2%.

During the year ended March 31, 2017, 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	Osaka City, Osaka, Japan and other
Operating facilities	Buildings, land and other	Minato-ku, Tokyo, Japan and other

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

In the light of a significant decrease in the projected recoverable amount due to the Company's decision to sell the leasing properties early, the Company recorded impairment loss on those properties. In addition, 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 operating facilities to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥25,560 million are comprised of ¥17,044 million of land, ¥7,731 million of buildings and structures and ¥785 million of others.

Recoverable amounts are measured by net realizable values. Net realizable values are determined mainly based upon income approach and comparable transactions.



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

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Interest income	¥ 1,351	¥ 839	¥ 1,104	\$ 12,172
Dividend income	5,786	5,245	4,506	52,131
Gain on sale of investment securities	1,481	-	-	13,344
Government grants income	3,973	-	-	35,796
Other	2,521	3,636	7,517	22,713
<b>Total</b>	<b>¥15,112</b>	<b>¥9,720</b>	<b>¥13,127</b>	<b>\$136,156</b>

## 21. MAJOR COMPONENTS OF OTHER EXPENSES

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Loss on disposal of property and equipment	¥ 2,130	¥ 7,550	¥ 1,791	\$ 19,191
Impairment loss on fixed assets	11,415	8,042	25,560	102,847
Advanced depreciation on property and equipment	3,960	-	-	35,679
Other	4,324	4,868	6,148	38,957
<b>Total</b>	<b>¥21,829</b>	<b>¥20,460</b>	<b>¥33,499</b>	<b>\$196,674</b>

## 22. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the years ended March 31, 2019, 2018 and 2017 is presented as follows.

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Net unrealized holding gains (losses) on securities				
Unrealized holding gains (losses) arising during the year	¥53,114	¥133,893	¥(29,588)	\$478,548
Reclassification to income for the year	(1,183)	(95)	(278)	(10,659)
Pretax amount	51,931	133,798	(29,866)	467,889
Tax benefit (expense)	(15,548)	(40,999)	9,162	(140,085)
Net-of-tax amount	36,383	92,799	(20,704)	327,804
Deferred gains (losses) on hedging instruments				
Deferred gains (losses) arising during the year	(44)	(304)	28	(397)
Reclassification to income for the year	507	567	722	4,568
Pretax amount	463	263	750	4,171
Tax expense	(141)	(177)	(343)	(1,270)
Net-of-tax amount	322	86	407	2,901
Reserve on land revaluation				
Tax benefit (expense)	-	(1,047)	139	-
Foreign currency translation adjustments				
Aggregated adjustment during the year resulting from foreign currency translation	(8,405)	1,150	(13,551)	(75,728)
Reclassification to income for the year	-	(1)	(856)	-
Net amount	(8,405)	1,149	(14,407)	(75,728)
Adjustments for retirement benefit				
Adjustments for retirement benefit arising during the year	10,151	9,536	463	91,459
Reclassification to income for the year	859	2,591	2,542	7,740
Pretax amount	11,010	12,127	3,005	99,199
Tax expense	(3,340)	(3,706)	(955)	(30,093)
Net-of-tax amount	7,670	8,421	2,050	69,106
Equity in other comprehensive income (loss) of affiliated companies				
Unrealized gains (losses) arising during the year	(3,805)	2,359	(4,070)	(34,282)
Reclassification to income for the year	(764)	(72)	(784)	(6,884)
Net amount	(4,569)	2,287	(4,854)	(41,166)
<b>Total other comprehensive income (loss)</b>	<b>¥31,401</b>	<b>¥103,695</b>	<b>¥(37,369)</b>	<b>\$282,917</b>

## 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, 2019, 2018 and 2017:

	Millions of yen					
	2019		2018		2017	
	Buildings and structures	Total	Buildings and structures	Total	Buildings and structures	Total
Acquisition cost	¥519	¥519	¥519	¥519	¥778	¥778
Accumulated depreciation	415	415	380	380	590	590
Net book value	¥104	¥104	¥139	¥139	¥188	¥188

	Thousands of U.S. dollars (See Note 1)	
	2019	
	Buildings and structures	Total
Acquisition cost	\$4,676	\$4,676
Accumulated depreciation	3,739	3,739
Net book value	\$ 937	\$ 937

(2) Future lease payment inclusive of interest at March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Amount due within one year	¥ 35	¥ 35	¥ 50	\$315
Amount due after one year	69	104	138	622
Total	¥104	¥139	¥188	\$937

(3) Lease expense and the assumed amount of depreciation expense for the years ended March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Lease expense	¥35	¥50	¥159	\$315
Depreciation expense	35	50	159	315

(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, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Amount due within one year	¥ 89,091	¥ 77,772	¥ 69,028	\$ 802,694
Amount due after one year	299,722	271,106	261,667	2,700,441
Total	¥388,813	¥348,878	¥330,695	\$3,503,135

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2019, 2018 and 2017:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Amount due within one year	¥ 95,386	¥ 88,819	¥ 76,029	\$ 859,411
Amount due after one year	653,096	628,429	278,571	5,884,278
Total	¥748,482	¥717,248	¥354,600	\$6,743,689

## 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 5 reportable segments of "Leasing," "Property Sales," "Management," "Mitsui Home," a listed subsidiary, 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) Mitsui Home  
New housing construction and renovation and other
- (5) Other  
Facility operations and other

Financial information about reportable segments for the years ended March 31, 2019, 2018 and 2017 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.

	Millions of yen							
Year ended March 31, 2019	(1)	(2)	(3)	(4)	(5)	Adjustments <sup>(*)</sup>	Consolidated	
Revenue from operations:								
Outside customers	¥ 603,284	¥ 530,766	¥377,491	¥261,703	¥ 87,951	¥ -	¥1,861,195	
Inter-segment	19,483	558	74,642	8,388	3,597	(106,668)	-	
<b>Total revenue from operations</b>	<b>¥ 622,767</b>	<b>¥ 531,324</b>	<b>¥452,133</b>	<b>¥270,091</b>	<b>¥ 91,548</b>	<b>¥(106,668)</b>	<b>¥1,861,195</b>	
Segment operating income	¥ 141,946	¥ 98,038	¥ 53,446	¥ 6,209	¥ 4,681	¥ (42,172)	¥ 262,148	
Segment assets	3,792,511	1,866,804	376,616	142,055	145,228	479,518	6,802,732	
Depreciation	59,451	1,553	8,979	2,587	4,678	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	10,772	2,916	42,319	(5,466)	390,515	

	Millions of yen							
Year ended March 31, 2018	(1)	(2)	(3)	(4)	(5)	Adjustments <sup>(*)2</sup>	Consolidated	
Revenue from operations:								
Outside customers	¥ 558,166	¥ 499,608	¥353,813	¥252,181	¥ 87,346	¥ -	¥1,751,114	
Inter-segment	17,782	234	71,602	7,929	3,920	(101,467)	-	
<b>Total revenue from operations</b>	<b>¥ 575,948</b>	<b>¥ 499,842</b>	<b>¥425,415</b>	<b>¥260,110</b>	<b>¥ 91,266</b>	<b>¥(101,467)</b>	<b>¥1,751,114</b>	
Segment operating income	¥ 138,338	¥ 83,011	¥ 48,728	¥ 5,464	¥ 6,848	¥ (36,487)	¥ 245,902	
Segment assets	3,535,907	1,730,914	344,269	137,405	125,234	410,995	6,284,724	
Depreciation	51,045	1,611	8,727	2,865	4,347	1,572	70,167	
Loss on impairment of fixed assets	7,584	18	440	-	-	-	8,042	
Additions to property and equipment and intangible assets	397,744	2,389	13,144	3,252	20,858	3,366	440,753	

	Millions of yen							
Year ended March 31, 2017	(1)	(2)	(3)	(4)	(5)	Adjustments <sup>(*)3</sup>	Consolidated	
Revenue from operations:								
Outside customers	¥ 536,519	¥ 488,710	¥347,672	¥247,195	¥ 84,320	¥ -	¥1,704,416	
Inter-segment	17,484	-	68,349	7,649	4,321	(97,803)	-	
<b>Total revenue from operations</b>	<b>¥ 554,003</b>	<b>¥ 488,710</b>	<b>¥416,021</b>	<b>¥254,844</b>	<b>¥ 88,641</b>	<b>¥ (97,803)</b>	<b>¥1,704,416</b>	
Segment operating income	¥ 135,775	¥ 65,286	¥ 53,839	¥ 4,907	¥ 5,995	¥ (33,103)	¥ 232,699	
Segment assets	3,178,949	1,523,060	342,521	130,183	101,215	275,824	5,551,752	
Depreciation	52,104	1,354	8,770	2,946	4,794	1,389	71,357	
Loss on impairment of fixed assets	19,174	-	542	-	5,844	-	25,560	
Additions to property and equipment and intangible assets	139,527	8,030	12,426	2,455	11,020	288	173,746	

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

Year ended March 31, 2019	(1)	(2)	(3)	(4)	(5)	Adjustments <sup>(*)</sup>	Consolidated
Revenue from operations:							
Outside customers	\$ 5,435,481	\$ 4,782,106	\$3,401,126	\$2,357,897	\$ 792,423	\$ -	\$16,769,033
Inter-segment	175,538	5,028	672,511	75,574	32,408	(961,059)	-
Total revenue from operations	\$ 5,611,019	\$ 4,787,134	\$4,073,637	\$2,433,471	\$ 824,831	\$ (961,059)	\$16,769,033
Segment operating income	\$ 1,278,908	\$ 883,305	\$ 481,539	\$ 55,942	\$ 42,175	\$ (379,963)	\$ 2,361,906
Segment assets	34,169,844	16,819,569	3,393,243	1,279,890	1,308,478	4,320,372	61,291,396
Depreciation	535,643	13,992	80,899	23,308	42,148	16,101	712,091
Loss on impairment of fixed assets	8,694	45	3,973	-	90,134	-	102,847
Additions to property and equipment and intangible assets	3,036,571	26,534	97,054	26,273	381,287	(49,249)	3,518,470

(\*1) Adjustments to segment operating income of ¥ (42,172) million (\$ (379,963) thousand) consists of ¥ (379) million (\$ (3,415) thousand) of inter-segment elimination and ¥ (41,793) million (\$ (376,548) 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 ¥479,518 million (\$4,320,372 thousand) consists of ¥ (1,053,011) million (\$ (9,487,440) thousand) of inter-segment elimination, ¥1,317,354 million (\$11,869,124 thousand) of corporate assets and investments in affiliated companies of ¥215,175 million (\$1,938,688 thousand).

(\*2) Adjustments to segment operating income of ¥ (36,487) million consists of ¥ (617) million of inter-segment elimination and ¥ (35,870) 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.

(\*3) Adjustments to segment operating income of ¥ (33,103) million consists of ¥ (842) million of inter-segment elimination and ¥ (32,261) 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 ¥275,824 million consists of ¥ (761,831) million of inter-segment elimination, ¥863,607 million of corporate assets and investments in affiliated companies of ¥174,048 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, 2019, 2018 and 2017 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Japan	¥3,017,088	¥2,840,247	¥2,645,116	\$27,183,422
U.S.A.	356,885	355,966	217,713	3,215,470
U.K.	58,516	63,125	58,281	527,219
Other	43,903	33,335	24,655	395,558
Total	¥3,476,392	¥3,292,673	¥2,945,765	\$31,321,669

#### 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

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

Type	Name	Ownership ratio of voting shares	Nature of transaction	Millions of yen		Thousands of U.S. dollars (Note 1)	
				Transaction amount	Balance outstanding at year end	Transaction amount	Balance outstanding at year end
				2019			
Director	Toru Yamashita	0.00%	Directly owns Renovation of residence	¥17	-	\$153	-

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

Type	Name	Ownership ratio of voting shares	Nature of transaction	Millions of yen	
				Transaction amount	Balance outstanding at year end
				2018	
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.

There were no significant related party transactions for the year ended March 31, 2017.

## 26. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2019, 2018 and 2017 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2019	2018	2017	2019
Loans guaranteed	¥21,664	¥32,130	¥27,051	\$195,189

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 (\$458.6 million) as of March 31, 2019. All related temporary payments undertaken by MFR up to March 31, 2019 are recorded as current assets on the consolidated balance sheet.

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

## 27. SUBSEQUENT EVENTS

There were no applicable items under this category.



**Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2019, 2018 and 2017, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries as at March 31, 2019, 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 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.

**KPMG AZSA LLC**

June 27, 2019  
Tokyo, Japan

# Major Properties

## 1 LEASING SEGMENT

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m <sup>2</sup> )	Total Land Area (m <sup>2</sup> )	Book Value (Millions of Yen)			
							Building	Land	Other	Total

### 1) Properties

Mitsui Fudosan Co., Ltd.	Mitsui Main Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 7 floors above ground 2 basement floors	Mar. 1929	32,245	14,256	2,388	122,472	18	158,967
	Mitsui Building No. 2 (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 3 basement floors	Feb. 1985	26,490		4,646		33	
	Nihonbashi Mitsui Tower (Chuo Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 39 floors above ground 4 basement floors	Jul. 2005	133,727		29,071		335	
Mitsui Fudosan Co., Ltd. M Three Real Estate Co. Ltd. Murosan Real Estate Co. Ltd.	Nihonbashi Muromachi Mitsui Tower (Chuo Ward, Tokyo)	Office, Retail property	Reinforced concrete structure / steel-reinforced concrete structure (portion) 26 floors above ground 3 basement floors	Mar. 2019	128,997 <sup>*1</sup>	8,604 <sup>*1, *2</sup>	89,378	108,438	6,648	204,465
Mitsui Fudosan Co., Ltd.	Muromachi Higashi Mitsui Building (Chuo Ward, 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	10,179	25,088	220	35,488
	Muromachi Furukawa Mitsui Building (Chuo Ward, 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 <sup>*1</sup>	1,534 <sup>*1</sup>	5,323	7,487	200	13,012
	Muromachi Chibagin Mitsui Building (Chuo Ward, 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 <sup>*1</sup>	771 <sup>*1, *2</sup>	2,785	8,398	116	11,300
Mitsui Fudosan Co., Ltd.	Nihonbashi 1-Chome Mitsui Building (Chuo Ward, Tokyo)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 4 basement floors	Jan. 2004	98,063	8,185	15,061	66,039	284	81,385
Mitsui Fudosan Co., Ltd. Lotus Estate Co., Ltd.	Nihonbashi Astellas Mitsui Building (Chuo Ward, Tokyo)	Office	Steel construction / reinforced concrete structure / steel-reinforced concrete structure 17 floors above ground 2 basement floors	Jan. 2013	26,516	2,364	4,797	22,454	122	27,375
Mitsui Fudosan Co., Ltd.	Nihonbashi Takashimaya Mitsui Building (Chuo Ward, Tokyo)	Office	reinforced concrete structure / steel-reinforced concrete structure 32 floors above ground 5 basement floors	Jun. 2018	83,746 <sup>*1</sup>	3,460 <sup>*1</sup>	34,918	55,777	1,457	92,153
	Yaesu Mitsui Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 10 floors above ground 3 basement floors	Jun. 1965	22,520 <sup>*1</sup>	1,865 <sup>*1, *2</sup>	871	15,811 <sup>*2</sup>	30	16,713
	Kojun Building (Chuo Ward, Tokyo)	Retail property	Steel-reinforced concrete structure 10 floors above ground 2 basement floors	Sep. 2004	13,662 <sup>*1</sup>	1,316 <sup>*1</sup>	2,374	7,832	44	10,251
	Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 23 floors above ground 4 basement floors	Jul. 2010	80,047	5,430	16,384	89,148	157	105,690

Mitsui Fudosan Co., Ltd.	Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 36 floors above ground 3 basement floors	Apr. 1968	145,494 <sup>*1</sup>	8,264 <sup>*1,*2</sup>	15,165	1,556 <sup>*2</sup>	601	17,122
	Shin-Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 3 basement floors	Feb. 1987	14,895 <sup>*1</sup>	2,891 <sup>*1</sup>	1,151	16,597	4	17,753
	Toranomon Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 14 floors above ground 2 basement floors	Sep. 1972	23,606	3,264	1,316	32,292	25	33,634
	Marunouchi Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Feb. 1981	20,373	1,851	3,075	23,690	31	26,797
	Gran Tokyo North Tower (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Oct. 2007	82,001 <sup>*1</sup>	3,723 <sup>*1</sup>	14,183	43,778	160	58,122
	Iidabashi Grand Bloom (Chiyoda Ward, 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 <sup>*1</sup>	7,965 <sup>*1</sup>	21,454	70,668	596	92,719
	TOKYO MIDTOWN HIBIYA (Chiyoda Ward, Tokyo)	Office, Retail property	Steel construction / steel-reinforced concrete structure (portion) 35 floors above ground 4 basement floors	Feb. 2018	189,245	10,702	88,404	121,375	4,543	214,322
	Hibiya U-1 Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 26 floors above ground 4 basement floors	Mar. 2018	50,848	5,065	1,895	62,739	23	64,659
Chorus Property	Aoyama OM-SQUARE(Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 25 floors above ground 3 basement floors	Jul. 2008	14,603 <sup>*1</sup>	2,040 <sup>*1</sup>	2,576	8,903	42	11,522
Mitsui Fudosan Co., Ltd.	Shiodome City Center(Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Jan. 2003	15,775 <sup>*1</sup>	1,322 <sup>*1</sup>	1,929	9,468	12	11,411
Mitsui Fudosan Co., Ltd.RP Beta TokuteiMokuteki Kaisha RP Gamma Tokutei Mokuteki Kaisha RP Eta Tokutei Mokuteki Kaisha RP Delta Tokutei Mokuteki Kaisha RP Epsilon Tokutei Mokuteki Kaisha	TOKYO MIDTOWN(Minato Ward, 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 <sup>*1</sup>	34,465 <sup>*1</sup>	44,752	148,163	1,498	194,414
Mitsui Fudosan Co., Ltd.	msb Tamachi (Tamachi Station Tower South) (Minato Ward, Tokyo)	Office	Reinforced concrete structure steel-reinforced concrete structure (portion) 31 floors above ground 2 basement floors	May 2018	75,178 <sup>*1</sup>	5,407 <sup>*1,*2</sup>	32,061	–	1,962	34,024
	Gate City Osaki (Shinagawa Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 24 floors above ground 4 basement floors	Jan. 1999	33,612 <sup>*1</sup>	5,405 <sup>*1</sup>	6,060	13,459	84	19,603
	Shinjuku Mitsui Building (Shinjuku Ward, Tokyo)	Office	Steel construction / reinforced concrete structure (portion) 55 floors above ground 3 basement floors	Sep. 1974	179,697	14,449	15,617	186,668	1,174	203,460



Mitsui Fudosan Co., Ltd.	Urban Dock LaLaport TOYOSU (Koto Ward, Tokyo)	Retail property	Steel construction / steel-reinforced concrete structure (portion) 5 floors above ground 1 basement floor	Aug. 2006	164,525	67,499 <sup>*2</sup>	7,533	20,199	798	28,531
	LAZONA Kawasaki (Kawasaki City, Kanagawa Prefecture)	Retail property	Steel construction / reinforced concrete structure (portion) 6 floors above ground 1 basement floor	Sep. 2006	69,081 <sup>**1</sup>	72,013 <sup>**2</sup>	3,955	26,022	312	30,290
	Yokohama Mitsui Building (Yokohama City, Kanagawa Prefecture)	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	17,338	7,133	560	25,032
Mitsui Fudosan Co., Ltd. Kamoi Properties Co., Ltd.	LaLaport YOKOHAMA (Yokohama City, Kanagawa Prefecture)	Retail property	Steel construction 6 floors above ground 1 basement floor	Feb. 2007	244,154	102,030	12,030	17,073	486	29,590
Mitsui Fudosan Co., Ltd.	LaLaport EBINA (Ebina City, Kanagawa Prefecture)	Retail property	Steel construction 4 floors above ground	Oct. 2015	121,127	32,942 <sup>**2</sup>	12,964	–	581	13,545
	LaLaport Mitsui Building (Funabashi City, Chiba Prefecture)	Office	Steel-reinforced concrete structure / steel construction (portion) 14 floors above ground 1 basement floor	Jun. 1988	23,558	157,850	1,805	48,919	21	74,813
	LaLaport TOKYO-BAY (Funabashi City, Chiba Prefecture)	Retail property	Reinforced concrete structure / steel construction (portion) / steel-reinforced concrete structure (portion) 10 floors above ground 1 basement floor	Apr. 1981	280,529		21,827		2,240	
	Mitsui Fudosan Logistics Park Funabashi I (Funabashi City, Chiba Prefecture)	Logistics facility	Reinforced concrete structure / steel construction (portion) 8 floors above ground	Oct. 2016	198,386	42,060	25,294	3,851	1,219	30,365
	GATE SQUARE (Kashiwa City, Chiba Prefecture)	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	8,965	4,858	772	14,596
	Park City Kashiwa-no-ha Campus The Gate Tower West (Kashiwa City, Chiba Prefecture)	Residence, Retail property	Steel-reinforced concrete structure 36 floors above ground	Jan. 2018	38,771	6,095	10,402	2,823	837	14,063
	LaLaport FUJIMI (Fujimi City, Saitama Prefecture)	Retail property	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Feb. 2015	183,858	152,055	19,459	10,365	1,343	31,168
	Nagoya Mitsui Building Main Building (Nagoya City, Aichi Prefecture)	Office	Steel construction 18 floors above ground 2 basement floors	Mar. 1987	31,257	3,526	2,580	9,875	42	12,497
	Otemachi Tatemono Nagoya Station Building (Nagoya City, Aichi Prefecture)	Office, Retail property	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Aug. 2007	37,834	2,976	243	14,242	0	14,487
	LaLaPort NAGOYA minato AQUUS (Nagoya City, Aichi Prefecture)	Retail property	Steel construction 4 floors above ground (6 floors above ground in part)	Sep. 2018	171,815	83,200 <sup>**2</sup>	21,624	–	2,630	24,255
Nakanoshima Mitsui Building (Osaka City, Osaka Prefecture)	Office	Steel construction / steel-reinforced concrete structure (portion) 31 floors above ground 2 basement floors	Aug. 2002	71,269	4,456	8,251	12,131	299	20,682	

Mitsui Fudosan Co., Ltd.	Yodoyabashi Mitsui Building (Osaka City, Osaka Prefecture)	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 <sup>*1</sup>	3,087 <sup>*1</sup>	5,528	14,556	77	20,163
	EXPOCITY (Suita City, Osaka Prefecture)	Retail property	Steel construction 1-3 floors above ground	Nov. 2015	222,506	172,240 <sup>*2</sup>	20,704	–	2,476	23,180
	MITSUI OUTLET PARK MARINE PIA KOBE (Kobe City, Hyogo Prefecture)	Retail property	Factory Outlet Steel construction 3 floors above ground Annex Steel construction 2 floors above ground	Jul. 1999	61,961	78,205	1,526	11,096	755	13,378
	MITSUI OUTLET PARK SHIGA RYUO (Gamo-gun, Shiga Prefecture)	Retail property	1st Stage Steel construction 2 floors above ground 2nd Stage Steel construction 3 floors above ground	Jul. 2010	91,831	174,231 <sup>*2</sup>	5,887	2,550 <sup>*2</sup>	1,066	9,503
	Sapporo Mitsui JP Building (Sapporo City, 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 <sup>*1</sup>	3,861 <sup>*1</sup>	9,684	6,707	184	16,576
MITSUI FUDOSAN AMERICA, INC. (Overseas subsidiary)	1251 Avenue of the Americas (New York City, New York, U.S.A.)	Office	Steel construction 54 floors above ground 4 basement floors	Dec. 1986	215,308	9,232	31,906	24,645	2	56,554
	527 Madison Avenue (New York City, New York, U.S.A.)	Office	Steel construction 26 floors above ground 1 basement floor	Sep. 2008	19,472	1,082	14,955	12,378	–	27,334
	55 Hudson Yards (New York City, New York, U.S.A.)	Office	Steel construction 51 floors above ground 2 basement floors	Oct. 2018	117,585 <sup>*1</sup>	3,718 <sup>*1</sup>	70,528	46,972	–	117,501
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	3,228	8,537	499	12,266
	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 <sup>*2</sup>	4,434	5,296 <sup>*2</sup>	1,779	11,510
	1 Angel Court (London, U.K.)	Office	Steel construction / reinforced concrete structure (portion) 27 floors above ground 2 basement floors	Mar. 2017	45,384	3,925 <sup>*2</sup>	14,489	11,688 <sup>*2</sup>	8,550	34,729
三新奥特莱斯股份 (Overseas subsidiary)	MITSUI OUTLET PARK LINKOU (New Taipei City, Taiwan)	Retail property	Reinforced concrete structure / steel construction (portion) 2 floors above ground (3 floors above ground in part) 1 basement floor	Jan. 2016	53,200	47,138 <sup>*2</sup>	11,441	–	3,580	15,021
三中港奥特莱斯股份 (Overseas subsidiary)	MITSUI OUTLET PARK TAICHUNG PORT (Taichung City, Taiwan)	Retail property	Reinforced concrete structure 1 floor above ground (2 floors above ground in part)	Dec. 2018	79,790	177,932 <sup>*2</sup>	6,709	–	3,222	9,932

## 2) Others

Shirane Properties Tokutei Mokuteki Kaisha	Chuo Ward, Tokyo Land	Planned construction site	–	–	2,574	–	11,847	–	11,847
Mitsui Fudosan Co., Ltd.	Chiyoda Ward, Tokyo Land	Planned construction site	–	–	6,752	–	157,531	–	157,531
	Ota Ward, Tokyo Land	Planned construction site	–	–	36,213 <sup>*2</sup>	–	15,898	–	15,898
MITSUI FUDOSAN AMERICA, INC. (Overseas subsidiary)	New York City, New York, U.S.A. Land	Planned construction site	–	–	5,760 <sup>*1</sup>	–	110,240	–	110,240

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.

## 2 OTHERS

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion/Acquisition	Total Floor Area (m <sup>2</sup> )	Total Land Area (m <sup>2</sup> )	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Hotel Management Co., Ltd.	Mitsui Garden Hotel Ginza Premier Other domestic hotels in 11 locations	Hotel	–	–	135,142 <sup>*1</sup>	17,808 <sup>*1, *2</sup>	19,299	8,323 <sup>*2</sup>	3,222	30,845
MITSUI FUDOSAN AMERICA, INC. (Overseas subsidiary)	Halekulani One other overseas hotel in another location	Hotel	–	–	77,172	20,927 <sup>*2</sup>	4,888	2,712 <sup>*2</sup>	846	8,447
Mitsui Fudosan Co., Ltd. Mitsui Fudosan Golf Properties Co., Ltd. Daiasama Golf Club Co., Ltd. Kyusin Kaihatsu Inc.	Mitsuinomori Karuizawa Country Club Six other locations	Golf course	–	–	32,057	6,896,415 <sup>*2</sup>	705	1,568 <sup>*2</sup>	1,779	4,053
Mitsui Fudosan Co., Ltd.	Tsunamachi Mitsui Club (Minato Ward, Tokyo)	State guest house	Floors: reinforced concrete structure Walls: masonry construction 2 floors above ground 1 basement floor	Feb. 1913	5,427	28,563	871	23,571	213	24,656

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.

# Strategic Investment Shareholdings

Stock Name	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding, and reasons for increase in number of shares See Note 1	Holdings by the company of the Company's shares
	Number of Shares Held	Number of Shares Held		
	Book Value of Shares (Millions of Yen)	Book Value of Shares (Millions of Yen)		
Oriental Land Co., Ltd.	30,757,200	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
	380,751	321,639		
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
	14,458	20,037		
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
	11,871	12,920		
MS&AD Insurance Group Holdings, Inc.	3,473,869	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.
	11,581	11,471		
Mitsui & Co., Ltd.	6,493,466	6,493,466	Mitsui & Co., Ltd. is a co-operator of the OH-1 Project (tentative name) 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
	11,389	12,089		
Taisei Corporation	2,096,400	1,661,200	Taisei Corporation is the supplier of new construction including the AC Building in District 2-1 of the Toyosu 2-chome Stationfront Area Urban Redevelopment Project (tentative name) in Koto-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities. Taisei Corporation is also a major business partner, and, from a medium- to long-term perspective, we deem the acquisition of shares to be beneficial in terms of management strategy. Accordingly, the Company has acquired shares.	Yes
	10,908	8,800		
Sumitomo Mitsui Financial Group, Inc.	2,492,257	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.
	9,821	11,307		
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
	8,920	10,183		

SHIMIZU CORPORATION	8,554,000	8,554,000	SHIMIZU CORPORATION is the supplier of new construction including the Roppongi 3-chome Hotel Project (tentative name) in Minato-ku, Tokyo. We believe the investment is beneficial to the smooth promotion of the Mitsui Fudosan Group's business activities.	Yes
	8,333	8,170		
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
	7,185	6,590		
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
	5,530	4,678		
Toshiba Corporation	1,439,050	14,390,500	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
	5,099	4,532		
Obayashi Corporation	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. Obayashi Corporation is also a major business partner, and, from a medium- to long-term perspective, we deem the acquisition of shares to be beneficial in terms of management strategy. Accordingly, the Company has acquired shares.	Yes
	4,092	-		
Sumitomo Mitsui Construction Co., Ltd.	5,397,965	3,275,365	Sumitomo Mitsui Construction Co., Ltd. is the supplier of new construction including the Suidobashi Stationfront Hotel 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. Sumitomo Mitsui Construction Co., Ltd. is also a major business partner, and, from a medium- to long-term perspective, we deem the acquisition of shares to be beneficial in terms of management strategy. Accordingly, the Company has acquired shares.	Yes
	4,056	2,057		
Kajima Corporation	2,465,770	4,931,541	Kajima Corporation is the supplier of new construction including the OH-1 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
	4,046	4,879		
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
	3,919	4,460		
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. T&D Holdings, Inc.'s consolidated subsidiary Taiyo Life Insurance Company is a co-operator of the Nihonbashi 2-chome District Type-1 Urban Area Redevelopment Project in Chuo-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for 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. T&D Holdings, Inc.'s consolidated subsidiary Daido Life Insurance Company is a tenant in Nakanoshima Mitsui Building in Osaka. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	No However, T&D Holdings, Inc.'s consolidated subsidiaries Taiyo Life Insurance Company and Daido Life Insurance Company hold shares.
	3,831	5,304		
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 Koshien in Nishinomiya, Hyogo Prefecture. We believe the investment is beneficial to the leasing business of the Mitsui Fudosan Group.	Yes
	3,676	3,610		
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
	3,559	4,783		

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.	No However, Sumitomo Mitsui Trust Holdings, Inc.'s consolidated subsidiary Sumitomo Mitsui Trust Bank, Limited holds shares.
	3,393	3,560	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.	
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
	3,166	3,786		
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
	2,918	2,460		
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
	2,484	2,518		
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
	2,419	2,788		
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
	2,060	1,991		
The Gunma Bank, Ltd.	3,238,004	4,047,004	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.	Yes
	1,495	2,536	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.	
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
	1,441	1,451		
MARUI GROUP CO., LTD.	687,300	1,374,600	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	2,778		
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
	1,407	978		
IHI Corporation	513,200	513,200	IHI Corporation is a co-operator of the AC Building in District 2-1 of the Toyosu 2-chome Stationfront Area Urban Redevelopment Project (tentative name) in Koto-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	Yes
	1,398	1,752	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.	
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.	No However, Mebuki Financial Group, Inc.'s consolidated subsidiary Joyo Bank, Ltd. holds shares.
	1,244	1,749	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.	

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
	1,239	974		
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
	1,178	1,382		
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
	1,111	1,902		
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
	1,025	1,034		
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
	973	806		
Nippon Steel & Sumitomo Metal Corporation (Nippon Steel Corporation from April 1, 2019)	490,400	490,400	(Nippon Steel Corporation's consolidated subsidiary Nippon Steel & Sumikin Engineering Co., Ltd. (Nippon Steel Engineering from April 1, 2019) 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
	967	1,159		
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.	Yes
	871	1,007	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.	
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
	779	847		
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.	Yes
	608	946	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.	
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
	500	752		
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
	444	488		
Seiyoken KK	417,500	417,500	Seiyoken KK is a partial land owner of the Roppongi 3-chome Hotel Project (tentative name) in Minato-ku, Tokyo. We believe the investment is beneficial to the creation of business opportunities for the Mitsui Fudosan Group.	No
	416	471		
ANA HOLDINGS INC.	100,000	100,000	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	416		
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.
	369	502		

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
	368	468		
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
	268	343		
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
	259	241		
Fujikura Ltd.	518,650	740,650	Fujikura 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
	229	547		
Sanki Engineering Co., Ltd.	175,000	250,000	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
	213	293		
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.
	188	203		
Mitsubishi UFJ Financial Group, Inc.	304,000	304,000	The Company has borrowings from Mitsubishi UFJ Financial Group, Inc.'s consolidated subsidiary MUFG Bank, Ltd. We believe that the investment is beneficial to the stable procurement of funds by the Mitsui Fudosan Group.	No However, Mitsubishi UFJ Financial Group, Inc.'s consolidated subsidiary MUFG Bank, Ltd. holds shares.
	172	217		
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
	156	167		
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
	135	138		
Mitsui-Soko Holdings Co., Ltd.	62,929	314,645	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
	114	106		
MESCO, Inc.	100,000	100,000	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	148		
Tokyo Kaikan Co., Ltd.	24,582	24,582	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	98		
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
	94	99		
Taiheiyo Kouhatsu Incorporated	100,000	100,000	Taiheiyo 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	104		



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
	57	84		
Sapporo Holdings Limited	-	44,000	(Previous fiscal year) Sapporo Holdings Limited's consolidated subsidiary SAP-PORO LION, Inc. 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.	No
	-	133		

Notes: 1. The Company believes that, from a medium- to long-term perspective, the holding of shares is beneficial to our management strategy, including the maintenance and strengthening of partnerships. For reasons of confidentiality, details of specific transactions are not noted.  
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
	21,861	18,900		

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.