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May 13, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

Company name: Mitsui Fudosan Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 8801
URL: https://www.mitsuifudosan.co.jp/english/
Representative: (Name) Takashi Ueda, (Title) President and Chief Executive Officer
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Scheduled date of the Ordinary General Shareholders' Meeting: June 26, 2026
Scheduled date to commence dividend payments: June 29, 2026
Scheduled date to file annual securities report: June 24, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Consolidated Financial Results for the Year Ended March 31, 2026

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Revenue from operations		Operating income		Business income		Ordinary income		Net income attributable to shareholders of the Company	
For the year ended	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)
March 31, 2026	2,709,747	3.2	397,788	6.7	445,120	11.6	313,319	7.9	278,684	12.0
March 31, 2025	2,625,363	10.2	372,732	9.7	398,688	15.2	290,262	8.4	248,799	10.8

Note: Comprehensive income For the year ended March 31, 2026: ¥318,406 million, increased by 98.1%
For the year ended March 31, 2025: ¥160,756 million, decreased by (51.2)%

Business Income = Operating Income + Equity in Net Income (Loss) of Affiliated Companies (including Gain (Loss) on Sale of Investments in Equity Securities of Affiliated Companies for the Purpose of Real Property Sales) + Gain (Loss) on Sale of Fixed Assets

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to revenue from operations
For the year ended	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2026	101.04	101.00	8.7	3.1	14.7
March 31, 2025	89.26	89.22	8.0	3.0	14.2

Reference: Equity in net income (loss) of affiliated companies
For the year ended March 31, 2026: ¥(4,352) million
For the year ended March 31, 2025: ¥(2,472) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(Yen in millions)	(Yen in millions)	(%)	(Yen)
March 31, 2026	10,103,474	3,384,844	32.4	1,206.06
March 31, 2025	9,859,856	3,270,723	31.9	1,135.07

Reference: Shareholders' Equity
As of March 31, 2026: ¥3,277,508 million
As of March 31, 2025: ¥3,146,837 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
For the year ended	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
March 31, 2026	145,270	(179,014)	(59,118)	82,317
March 31, 2025	599,252	(321,970)	(269,367)	163,272

2. Cash Dividends

	Annual dividends per share					Total cash dividends	Payout ratio, consolidated basis	Ratio of dividends to net assets, consolidated basis
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
For the year ended	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen in millions)	(%)	(%)
March 31, 2025	—	15.00	—	16.00	31.00	86,152	34.7	2.8
March 31, 2026	—	17.00	—	18.00	35.00	96,047	34.6	3.0
For the year ending March 31, 2027 (Forecast)	—	18.50	—	18.50	37.00		35.1	

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2027

(Percentages indicate year-on-year changes)

	Revenue from operations		Operating income		Business income		Ordinary income		Net income attributable to shareholders of the Company		Basic earnings per share
	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen in millions)	(%)	(Yen)
For the year ending March 31, 2027 (Forecast)	2,800,000	3.3	410,000	3.1	450,000	1.1	315,000	0.5	285,000	2.3	105.50

(Note) At the Board of Directors meeting held on May 13, 2026, the Company resolved to acquire treasury stock. "Basic earnings per share" in the consolidated earnings forecasts takes into account the impact of the acquisition of treasury stock. For details of the acquisition of treasury stock, please refer to the "Notice Concerning the Determination of Share Repurchase" announced today (May 13, 2026).

* Notes

(1) Significant changes in the scope of consolidation during the current fiscal year: None
Newly included: – companies (company name) –
Excluded: – companies (company name) –

(2) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of shares outstanding (common shares)

	As of and for the year ended March 31,	
	2026	2025
(i) Total number of shares outstanding at the end of the year (including treasury stocks)	2,755,914,511 shares	2,782,189,711 shares
(ii) Number of treasury stocks at the end of the year	38,378,428 shares	9,818,498 shares
(iii) Average number of shares outstanding during the year	2,758,201,315 shares	2,787,231,606 shares

(Note) For the number of shares used as the basis for calculating net income per share (consolidated), please refer to page 32, (Per Share Information).

* This report of financial results is exempt from audit by certified public accountants or an audit firm.

* Explanation on appropriate use of forecast and other special items
(Cautionary Statement Regarding Forward-looking Statements)
The earnings forecasts contained in this document are based on information available as of the date of release of this document and assumptions concerning uncertain factors that could affect future performance as of the date of release of this document. They are not intended to be the Company's commitment to achieve. Furthermore, actual performance may differ significantly due to various factors in the future. For matters related to earnings forecasts, please refer to "1. Overview of Operating Results (4) Outlook for the Future" on page 11.

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1. Overview of Operating Results

(1) Summary of Operating Results for the Current Fiscal Year

◆ Summary of Consolidated Financial Performance

	For the year ended March 31,		Increase/(Decrease)	
(Yen in millions, except for percentage)	2026	2025	Amount	Rate
Revenue from operations	2,709,747	2,625,363	84,383	3.2%
Business income	445,120	398,688	46,432	11.6%
Ordinary income	313,319	290,262	23,056	7.9%
Net income attributable to shareholders of the Company	278,684	248,799	29,885	12.0%

For the current fiscal year, revenue from operations increased by ¥84.3 billion, or 3.2%, compared to the previous fiscal year, business income increased by ¥46.4 billion, or 11.6%, ordinary income increased by ¥23.0 billion, or 7.9%, and net income attributable to shareholders of the Company increased by ¥29.8 billion, or 12.0%. Furthermore, revenue from operations, business income, ordinary income, and net income attributable to shareholders of the Company all reached record highs. Revenue from operations and business income have reached record highs for 14 and 2 consecutive fiscal years, respectively. Ordinary income and net income attributable to shareholders of the Company have reached record highs for 4 consecutive fiscal years.

◆ Consolidated Financial Performance by Segment

	For the year ended March 31,				Increase/(Decrease)	
	2026		2025			
(Yen in millions)	Revenue from operations	Business income	Revenue from operations	Business income	Revenue from operations	Business income
Leasing	936,601	177,011	872,331	176,429	64,270	581
Property sales	729,271	193,182	758,069	167,078	(28,798)	26,103
Management	511,470	80,891	486,291	71,642	25,178	9,249
Facility operations	244,146	46,345	224,054	38,610	20,091	7,734
Others	288,257	10,178	284,616	6,569	3,641	3,609
Corporate expenses and eliminations	—	(62,488)	—	(61,641)	—	(846)
Total	2,709,747	445,120	2,625,363	398,688	84,383	46,432

◆ Overview of Performance by Segment

The revenue from operations for each segment represents revenue from operations to external customers.

(i) Leasing

(Yen in millions)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
Revenue from operations	936,601	872,331	64,270
Business income	177,011	176,429	581

"Leasing" segment recorded an increase in revenue of ¥64.2 billion and an increase in income of ¥0.5 billion mainly due to the growth in revenue from operations and business income from domestic and overseas offices.

The vacancy rate for the Company's office buildings in the Tokyo metropolitan area (standalone basis) at the end of the fiscal year was 1.6% (increased by 0.1 percentage points from 1.5% at the end of the third quarter).

＜Breakdown of Revenue from Operations＞

(Yen in millions)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
Offices	486,495	466,601	19,893
Retail facilities	334,919	299,100	35,818
Others	115,186	106,628	8,557
Total	936,601	872,331	64,270

・Leased Floor Space

(Square meters in thousands)		For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
Offices	Owned	2,069	2,059	10
	Subleased	1,517	1,573	(56)
Retail facilities	Owned	2,248	2,005	243
	Subleased	800	708	92

・End-of-year Trend of Vacancy Rate

(%)	As of March 31, 2026	2025	2024	2023	2022	2021	2020	2019
Offices / retail facilities, consolidated basis	3.0	3.5	3.8	4.3	3.0	2.9	2.3	1.8
Metropolitan offices, standalone basis	1.6	1.3	2.2	3.8	3.2	3.1	1.9	1.7
Local area offices, standalone basis	3.2	3.4	3.2	2.8	3.7	3.5	1.3	1.8

＜Significant New and Operating Properties during the Current Fiscal Year＞

・Properties Started Operation during the Current Fiscal Year

Property name	Location	Status	Type
LaLaport TAIPEI NANGANG	Taipei, Taiwan	Opened in March 2025	Retail facility
LaLaport ANJO	Anjo, Aichi	Opened in April 2025	Retail facility
LaLa Terrace KAWAGUCHI	Kawaguchi, Saitama	Opened in May 2025	Retail facility
MITSUI OUTLET PARK KISARAZU (4th phase expansion)	Kisarazu, Chiba	Opened in June 2025	Retail facility
LaLa Terrace KITAAYASE	Adachi-ku, Tokyo	Opened in June 2025	Retail facility
LaLaport TOKYO-BAY North Building Phase I (Rebuilt)	Funabashi, Chiba	Opened in October 2025	Retail facility
MITSUI OUTLET PARK OKAZAKI	Okazaki, Aichi	Opened in November 2025	Retail facility
Omotesando Grid Tower	Minato-ku, Tokyo	Construction completed in January 2026	Office
BASEGATE YOKOHAMA KANNAI	Yokohama, Kanagawa	Opened in March 2026	Retail facility

・Properties Started Operation during the Previous Fiscal Year (and Still in Operation at the End of the Current Fiscal Year)

Property name	Location	Status	Type
PARK WELLSTATE Makuhari Bay-Park	Chiba, Chiba	Opened in September 2024	Senior residence
PARK WELLSTATE Nishiazabu	Minato-ku, Tokyo	Opened in October 2024	Senior residence
PARK WELLSTATE Shonan Fujisawa SST	Fujisawa, Kanagawa	Opened in October 2024	Senior residence
MITSUI OUTLET PARK LINKOU Building II	New Taipei, Taiwan	Opened in November 2024	Retail facility
MITSUI OUTLET PARK MARINE PIA KOBE	Kobe, Hyogo	Opened in November 2024	Retail facility

<Breakdown of Standalone Leasing Business>

・Overall

	For the year ended March 31,	
(Yen in millions, except for percentage)	2026	2025
Revenue from operations	781,623	732,733
Gross profit	135,946	132,015
Gross profit margin (%)	17.4	18.0

・Offices and Retail Facilities

	Offices			Retail facilities		
	Metropolitan	Local area	Total	Metropolitan	Local area	Total
Revenue from operations (yen in millions)	332,172	24,505	356,678	186,831	110,293	297,125
Leased floor space (square meters in thousands)	2,551	276	2,827	1,560	1,060	2,620
Buildings in service (number of units)	93	21	114	75	31	106
Vacancy rate (%)	1.6	3.2	1.8	2.4	2.2	2.3

(ii) Property Sales

(Yen in millions)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
Revenue from operations	729,271	758,069	(28,798)
Business income	193,182	167,078	26,103

Residential property sales to individuals (domestic) experienced an increase in revenue and business income mainly due to the progress in deliveries of properties such as “Mita Garden Hills” and “PARK CITY TAKADANOBABA”. Property sales to investors and residential property sales to individuals (overseas), etc. experienced an increase in business income, as asset turnover was accelerated by treating real property for sale and fixed assets on an integrated basis. Overall, “Property Sales” segment reported a decrease of ¥28.7 billion in revenue and an increase of ¥26.1 billion in business income.

Additionally, the contract progress rate for the 2,350 units scheduled to be recorded in the next fiscal year for new condominium developments in Japan was 75%.

＜Breakdown of Revenue from Operations and Business Income＞

(Yen in millions)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
Residential property sales to individuals (domestic)			
Revenue from operations	439,356	413,574	25,781
Business income	112,005	96,431	15,573
Property sales to investors and residential property sales to individuals (overseas), etc.			
Revenue from operations	289,915	344,495	(54,579)
Business income	81,177	70,647	10,530
Total revenue from operations	729,271	758,069	(28,798)
Total business income	193,182	167,078	26,103

＜Residential Property Sales to Individuals (Domestic)＞

- Breakdown of Revenue from Operations

(Yen in millions, except for number of units)	For the year ended March 31, 2026 Amount	2026 Quantity	2025 Amount	2025 Quantity	Increase/(Decrease) Amount	Increase/(Decrease) Quantity
Condominiums	400,848	2,747 units	377,592	3,693 units	23,255	(946 units)
Metropolitan	355,312	2,173 units	346,925	3,182 units	8,386	(1,009 units)
Others	45,536	574 units	30,667	511 units	14,868	63 units
Single-family homes	38,507	407 units	35,981	417 units	2,526	(10 units)
Metropolitan	37,319	392 units	33,908	388 units	3,411	4 units
Others	1,187	15 units	2,072	29 units	(885)	(14 units)
Total revenue from operations	439,356	3,154 units	413,574	4,110 units	25,781	(956 units)

- Status of Contracts

(Number of units)		Condominiums	Single-family homes	Total
Contracts outstanding at the beginning of the year	(A)	3,844	43	3,887
Contracted during the year	(B)	2,604	466	3,070
Number of units delivered	(C)	2,747	407	3,154
Contracts outstanding at the end of the year	(A)＋(B)－(C)	3,701	102	3,803
Completed inventory		36	10	46
Newly released during the year		2,641	458	3,099

(Note) The number of contracted units and newly released units includes units that are scheduled to be delivered in subsequent years.

- End-of-year Trend of Completed Inventory

	As of March 31,							
(Number of units)	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Condominiums	36	32	24	55	82	150	128	141
Single-family homes	10	22	22	0	7	17	58	30
Total	46	54	46	55	89	167	186	171

- Significant Properties Delivered during the Current Fiscal Year (Residential Property Sales to Individuals (Domestic))

Property name	**Location**	**Type**
Mita Garden Hills	Minato-ku, Tokyo	Condominium
PARK CITY TAKADANOBABA	Shinjuku-ku, Tokyo	Condominium
PARK COURT THE SANBANCHO HOUSE	Chiyoda-ku, Tokyo	Condominium
HARUMI FLAG SKY DUO (Tower Building)	Chuo-ku, Tokyo	Condominium
MAKUHARI BAY PARK RISE GATE TOWER	Chiba, Chiba	Condominium

- Significant Properties Delivered during the Current Fiscal Year (Property Sales to Investors and Residential Property Sales to Individuals (Overseas))

Property name	**Location**	**Type**
(Former) Hibiya U-1 Building	Chiyoda-ku, Tokyo	Land
Otemachi Building Nagoya Station Front	Nagoya, Aichi	Office
Nihonbashi Honcho M-SQUARE	Chuo-ku, Tokyo	Office
TOYOSU BAYSIDE CROSS TOWER	Koto-ku, Tokyo	Office
DiverCity Tokyo Plaza	Koto-ku, Tokyo	Retail facility
Cortland	New York, U.S.A.	Condominium

(iii) Management

	For the year ended March 31,		Increase/ (Decrease)
(Yen in millions)	**2026**	**2025**	
Revenue from operations	511,470	486,291	25,178
Business income	80,891	71,642	9,249

Property management experienced an increase in revenue and business income mainly due to increase in revenue from the car-sharing business and an increase in management fees resulting from expanded facility revenue. Brokerage and asset management, etc. experienced increases in revenue and business income mainly due to the increase in project management fees.

Overall, the “Management” segment reported an increase of ¥25.1 billion in revenue and ¥9.2 billion in business income.

＜Breakdown of Revenue from Operations and Business Income＞

	For the year ended March 31,		Increase/ (Decrease)
(Yen in millions)	**2026**	**2025**	
Property management			
Revenue from operations (*1)	376,330	361,400	14,930
Business income	44,334	38,464	5,869
Brokerage & asset management, etc.			
Revenue from operations	135,139	124,891	10,248
Business income	36,557	33,177	3,379
Total revenue from operations	511,470	486,291	25,178
Total business income	80,891	71,642	9,249

*1 Status of Repark (car park leasing) management units at the end of the current fiscal year:
Repark Management Units: 252,857 units (at the end of the previous fiscal year: 247,740 units)

・Mitsui Fudosan Realty's Brokerage Business (included in Brokerage and Asset Management, etc.)

(Yen in millions, except for number of deal)	For the year ended March 31, 2026 Transaction volume	2026 Number of transactions	2025 Transaction volume	2025 Number of transactions	Increase/ (Decrease) Transaction volume	Increase/ (Decrease) Number of transactions
Brokerage	2,287,966	36,220 deals	2,218,842	38,103 deals	69,124	(1,883 deals)

・Mitsui Fudosan Residential's Consignment Sales Business (included in Brokerage and Asset Management, etc.)

(Yen in millions, except for number of deal)	For the year ended March 31, 2026 Transaction volume	2026 Number of transactions	2025 Transaction volume	2025 Number of transactions	Increase/ (Decrease) Transaction volume	Increase/ (Decrease) Number of transactions
Consignment sales	85,216	729 deals	116,045	1,056 deals	(30,829)	(327 deals)

(iv) Facility Operations

(Yen in millions)	For the year ended March 31, 2026	2025	Increase/ (Decrease)
Revenue from operations	244,146	224,054	20,091
Business income	46,345	38,610	7,734

As a result of an increase in ADR (average daily rate) and occupancy rate at hotels and resorts, as well as the increment of facility usage fees at Tokyo Dome, the segment as a whole recorded an increase in revenue of ¥20.0 billion and an increase in business income of ¥7.7 billion.

＜Breakdown of Revenue from Operations＞

(Yen in millions)	For the year ended March 31, 2026	2025	Increase/ (Decrease)
Hotels & resorts	177,584	162,105	15,479
Sports & entertainment	66,561	61,948	4,612
Total	244,146	224,054	20,091

・ Hotel Occupancy Rate

	For the year ended March 31, 2026	2025	Increase/ (Decrease)
Lodging-focused hotels	85%	82%	3 pt

＜Significant New and Operating Properties during the Current Fiscal Year＞

・Properties Started Operation during the Current Fiscal Year

Not applicable.

・Properties Started Operation during the Previous Fiscal Year (and Still in Operations at the End of the Current Fiscal Year)

Property name	Location	Status	Type
LaLa arena TOKYO-BAY	Funabashi, Chiba	Opened in May 2024	Arena
Mitsui Garden Hotel Kyoto Sanjo PREMIER	Kyoto, Kyoto	Opened in July 2024	Hotel
Mitsui Garden Hotel Ginza Tsukiji	Chuo-ku, Tokyo	Opened in September 2024	Hotel

(v) Others

(Yen in millions)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
Revenue from operations	288,257	284,616	3,641
Business income	10,178	6,569	3,609

＜Breakdown of Revenue from Operations＞

(Yen in millions)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
New construction under consignment & renovations	247,300	244,370	2,930
Others	40,956	40,245	711
Total	288,257	284,616	3,641

・Amount of Orders Received

(Yen in millions)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
New construction under consignment	131,294	138,680	(7,385)

(2) Summary of Financial Position for the Current Fiscal Year

◆ Assets, Liabilities, and Net Assets at the End of the Current Fiscal Year

(Yen in millions, except for ratio)	For the year ended March 31, 2026	For the year ended March 31, 2025	Increase/ (Decrease)
Total assets	10,103,474	9,859,856	243,617
Total liabilities	6,718,630	6,589,133	129,497
Interest-bearing debt included	4,632,547	4,416,086	216,460
Net assets	3,384,844	3,270,723	114,120
Shareholders' equity included	3,277,508	3,146,837	130,671
D/E ratio	1.41	1.40	0.01

(Note) Interest-bearing debt: The total of short-term debt, non-recourse short-term debt, commercial paper, bonds payable due within one year, non-recourse bonds payable due within one year, bonds payable, non-recourse bonds payable, long-term debt, and non-recourse long-term debt recorded on the consolidated balance sheets.

D/E Ratio: Interest-bearing Debt / Shareholders' Equity

Of the interest-bearing debt, non-recourse debt amounted to ¥352,671 million at the end of the current fiscal year and ¥462,741 million at the end of the previous fiscal year.

◆ Overview of Significant Assets and Liabilities

1. Real Property for Sale

The balance of real property for sale (including real property for sale - in progress, real property for sale - land held for development, and advances paid for purchases) at the end of the current fiscal year was ¥2,603.0 billion, an increase of ¥102.3 billion compared to the end of the previous fiscal year. The net increase was derived from the following multiple factors: a decrease of ¥520.3 billion from cost recovery, an increase from new investments of ¥644.4 billion, as well as an increase from the impact of foreign exchange translation differences due to depreciation of the yen.

2. Tangible and Intangible Fixed Assets

The balance of tangible and intangible fixed assets at the end of the current fiscal year was ¥4,679.1 billion, a decrease of ¥28.3 billion compared to the end of the previous fiscal year. The net decrease resulted from several factors, including an increase of new investments of ¥246.3 billion, a ¥150.9 billion decrease due to depreciation, and the sale by Mitsui Fudosan Co., Ltd. of the "(Former) Hibiya U-1 Building" and the "Otemachi Building Nagoya Station Front".

3. Interest-bearing Debt

The balance of interest-bearing debt at the end of the current fiscal year increased by ¥216.4 billion compared to the end of the previous fiscal year, resulting in ¥4,632.5 billion. This increase was due to cash inflows of ¥145.2 billion from operating activities, cash outflows of ¥179.0 billion from investment activities such as new investments in tangible and intangible fixed assets, cash outflows of ¥191.3 billion from dividend payments and acquisition of treasury stock, and the impact of foreign exchange translation differences due to the depreciation of the yen.

(3) Summary of Cash Flows for the Current Fiscal Year

◆ Current Fiscal Year Cash Flows

The balance of cash and cash equivalents at the end of the current fiscal year decreased by ¥80.9 billion compared to the end of the previous fiscal year, resulting in ¥82.3 billion.

1. Cash Flows from Operating Activities

In the current fiscal year, operating activities resulted in a cash increase of ¥145.2 billion. This was mainly due to the income before income taxes and non-controlling interests of ¥397.0 billion and depreciation expenses of ¥150.9 billion. On the other hand, cash flows related to the acquisition and sale of real estate held for sale decreased by ¥151.0 billion as cash outflows from acquisitions exceeded cash inflows from sales. In addition, there was a cash outflow due to payments or refunds of income taxes of ¥126.7 billion, etc.

2. Cash Flows from Investing Activities

In the current fiscal year, investing activities resulted in a cash decrease of ¥179.0 billion. This was mainly due to payments for acquisition of tangible and intangible fixed assets of ¥236.4 billion and payments for acquisition of investment securities of ¥127.7 billion. On the other hand, there was an increase due to sale of tangible and intangible fixed assets of ¥135.3 billion, as well as sale of investment securities of ¥73.0 billion, among others.

3. Cash Flows from Financing Activities

In the current fiscal year, financing activities resulted in a cash decrease of ¥59.1 billion. This was mainly due to dividend payments and repayment of borrowings.

◆ Trend of Cash Flow-related Indicators

	For the year ended March 31,			
	2023	**2024**	**2025**	**2026**
Equity ratio	32.8%	32.8%	31.9%	32.4%
Fair value-based equity ratio	26.2%	48.6%	37.4%	44.5%
Cash flow to interest-bearing debt ratio	13.6 years	18.3 years	7.4 years	31.9 years
Interest coverage ratio	7.8	6.4	6.2	7.1

(Note) 1. The criteria for each indicator are as follows. All are calculated based on consolidated financial figures.

Equity Ratio:	Shareholders' Equity / Total Assets
Fair Value-based Equity Ratio:	Market Capitalization / Total Assets
Market Capitalization:	End-of-year Closing Share Price × Number of Shares Issued at Year-end (after Deducting Treasury Stocks)
Cash Flow to Interest-bearing Debt Ratio:	Interest-bearing Debt / Operating Cash Flow
Interest Coverage Ratio:	EBITDA / Interest Payments
EBITDA:	Operating Income + Depreciation Expenses
Interest payments:	Interest expense as reported on the consolidated statements of income

(4) Outlook for the Future

(Outlook for the Next Fiscal Year)

◆ Outlook for Consolidated Financial Performance

(Yen in millions, except for percentage)	Outlook for the year ending March 31, 2027	Actual results for the year ended March 31, 2026	Increase/(Decrease)	
			Amount	%
Revenue from operations	2,800,000	2,709,747	90,252	3.3
Operating income	410,000	397,788	12,211	3.1
Business income	450,000	445,120	4,879	1.1
Ordinary income	315,000	313,319	1,680	0.5
Net income attributable to shareholders of the Company	285,000	278,684	6,315	2.3

For the next fiscal year, revenue from operations is expected to reach ¥2.8 trillion, an increase of ¥90.2 billion compared to the current fiscal year, operating income is expected to be ¥410.0 billion, an increase of ¥12.2 billion, business income is expected to be ¥450.0 billion, an increase of ¥4.8 billion, and ordinary income is expected to be ¥315.0 billion, an increase of ¥1.6 billion. Additionally, net income attributable to shareholders of the Company is expected to reach ¥285.0 billion, an increase of ¥6.3 billion.

◆ Outlook for Consolidated Financial Performance by Segment

(Yen in millions, except for percentage)	Outlook for the year ending March 31, 2027		Actual results for the year ended March 31, 2026		Increase/(Decrease)			
					Revenue from operations		Business income	
	Revenue from operations	Business income	Revenue from operations	Business income	Amount	%	Amount	%
Leasing	970,000	180,000	936,601	177,011	33,398	3.6	2,988	1.7
Property sales	740,000	210,000	729,271	193,182	10,728	1.5	16,817	8.7
Management	510,000	75,000	511,470	80,891	(1,470)	(0.3)	(5,891)	(7.3)
Facility operations	260,000	45,000	244,146	46,345	15,853	6.5	(1,345)	(2.9)
Others	320,000	10,000	288,257	10,178	31,742	11.0	(178)	(1.7)
Corporate expenses and eliminations	—	(70,000)	—	(62,488)	—	—	(7,511)	12.0
Total	2,800,000	450,000	2,709,747	445,120	90,252	3.3	4,879	1.1

“Leasing” segment is expected to record an increase in revenue and business income, despite increases in expenses associated with the completion of domestic and overseas offices and leasing properties in the U.S.A. The expectation is due to growth in leasing income driven by increased rents for domestic and overseas offices and increases in revenue at domestic and overseas retail facilities.

“Property Sales” segment is expected to record an increase in revenue and business income, despite the impact of the sale of centrally located, high-priced and large-scale properties in residential property sales to individuals (domestic) recorded in the current fiscal year, due to the accelerated asset turnover achieved by treating real property for sale and fixed assets on an integrated basis in property sales to investors and residential property sales to individuals (overseas), etc.

“Management” segment is expected to record a decrease in business income due to the impact caused by one-time management fees, etc. recorded in the current fiscal year.

In the “Facility Operations” segment, despite further growth of revenue and income supported by robust demand at hotels and resorts, revenue from operations and business income are expected to remain at roughly the same level as the current fiscal year, due to anticipated increases in costs associated with the completion of new large-scale new properties.

◆ Outlook for the Financial Position for the Next Fiscal Year

The full-year investment in property and equipment is expected to be ¥300.0 billion, depreciation expenses are projected to be ¥160.0 billion, and the year-end balance of interest-bearing debt is anticipated to be ¥4.8 trillion.

(5) Basic Policy on Income Distribution and Dividends for the Current and Next Fiscal Year

The Company is committed to boosting shareholder value by reinvesting income with a medium to long-term outlook and strategically distributing earnings to shareholders after a thorough analysis of the business climate, performance, and financial health.

Regarding the redistribution of income, the Company recognizes the importance of a stable and continuous return policy based on sustainable growth. For the period from fiscal year 2024 to 2026, the Company will carry out stable dividend increases (progress dividend payout) and flexible/continuous acquisition of treasury stocks. The Company aims for an annual total payout ratio of "50% or more" and an annual dividend payout ratio of "approximately 35%" based on the Group's long-term vision "& INNOVATION 2030".

Considering the favorable performance of the current fiscal year and the above shareholder return policy, the annual dividend for the current fiscal year will be ¥35 per share, an increase of ¥1 from the previous forecast. The interim cash dividends have already been paid at ¥17 per share, and the year-end cash dividends will be ¥18 per share.

In the next fiscal year, the Company intends to distribute an annual dividend of ¥37 per share, with an interim dividend of ¥18.5 per share, after a thorough evaluation of the future outlook and the shareholder return policy.

2. Basic Policy on the Selection of Accounting Standards

The Group currently applies Generally Accepted Accounting Principles in Japan (JGAAP), and it has not decided to adopt International Financial Reporting Standards (IFRS) in the future.

3. Consolidated Financial Statements and Accompanying Notes

(1) Consolidated Balance Sheets

(Yen in millions)	As of March 31, 2025	As of March 31, 2026
ASSETS		
CURRENT ASSETS		
Cash and deposits	164,106	82,354
Notes and accounts receivable - trade and contract assets	78,990	85,739
Marketable securities	60	—
Real property for sale - completed	1,474,044	1,378,722
Real property for sale - in progress	461,641	591,214
Real property for sale - land held for development	542,796	559,200
Expenditure on contracts in progress	11,894	10,438
Other inventories	7,723	8,895
Advances paid for purchases	22,274	73,950
Short-term loans receivable	9,396	11,468
Equity investments in properties for sale	5,516	5,670
Others	391,421	439,368
Allowance for doubtful accounts	(1,432)	(1,927)
Total current assets	3,168,436	3,245,095
NON-CURRENT ASSETS		
Tangible fixed assets		
Buildings and structures	3,076,819	3,148,773
Accumulated depreciation	(1,176,140)	(1,253,563)
Buildings and structures, net	1,900,679	1,895,210
Machinery, equipment, and vehicles	175,971	188,990
Accumulated depreciation	(95,571)	(107,878)
Machinery, equipment, and vehicles, net	80,400	81,112
Land	2,209,205	2,139,048
Construction in progress	148,932	209,090
Others	433,877	435,319
Accumulated depreciation	(188,728)	(208,060)
Others, net	245,148	227,258
Total tangible fixed assets	4,584,366	4,551,721
Intangible fixed assets		
Leasehold rights	63,555	61,033
Others	59,497	66,355
Total intangible fixed assets	123,052	127,389
Investments and other assets		
Investment securities	1,334,510	1,480,844
Long-term loans receivable	37,073	47,072
Deposits and security deposits paid	176,617	178,767
Net defined retirement benefit assets	81,361	105,015
Deferred tax assets	32,176	34,416
Deferred tax assets for land revaluation	349	132
Others	323,102	334,219
Allowance for doubtful accounts	(1,190)	(1,200)
Total investments and other assets	1,984,001	2,179,269
Total non-current assets	6,691,420	6,858,379
Total assets	9,859,856	10,103,474

(Yen in millions)	As of March 31, 2025	As of March 31, 2026
LIABILITIES		
CURRENT LIABILITIES		
Notes and accounts payable - trade	197,043	185,403
Short-term debt	573,164	792,271
Non-recourse short-term debt	66,902	17,991
Commercial paper	108,000	132,794
Bonds payable due within one year	30,000	—
Non-recourse bonds payable due within one year	53,100	13,100
Accrued income taxes	75,694	80,023
Contract liabilities	210,864	186,109
Allowance for warranty repair on completed construction	884	1,816
Others	533,897	438,190
Total current liabilities	1,849,551	1,847,702
NON-CURRENT LIABILITIES		
Bonds payable	822,428	996,935
Non-recourse bonds payable	45,360	51,140
Long-term debt	2,419,751	2,357,874
Non-recourse long-term debt	297,379	270,439
Deposits and security deposits received	490,351	513,526
Deferred tax liabilities	248,571	263,501
Deferred tax liabilities for land revaluation	81,082	81,082
Net defined retirement benefit liabilities	34,996	36,721
Allowance for directors' retirement benefits	672	939
Provision for stock compensation	—	1,699
Others	298,988	297,068
Total non-current liabilities	4,739,581	4,870,928
Total liabilities	6,589,133	6,718,630
NET ASSETS		
Shareholders' equity		
Common stock	341,800	341,800
Capital surplus	313,835	311,560
Retained earnings	1,782,181	1,922,741
Treasury stock	(12,210)	(67,463)
Total shareholders' equity	2,425,606	2,508,639
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities	311,043	335,470
Deferred gains (losses) on hedging instruments	12,007	8,744
Reserve on land revaluation	165,439	165,931
Foreign currency translation adjustments	201,744	216,411
Cumulative adjustments for net defined retirement benefit liabilities	30,994	42,311
Total accumulated other comprehensive income	721,230	768,868
Subscription rights to shares	652	585
Non-controlling interests	123,234	106,750
Total net assets	3,270,723	3,384,844
Total liabilities and net assets	9,859,856	10,103,474

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Yen in millions)	Note	For the year ended March 31, 2025	For the year ended March 31, 2026
Revenue from operations		2,625,363	2,709,747
Cost of revenue from operations		1,990,236	2,034,962
Gross profit		635,126	674,785
Selling, general and administrative expenses		262,393	276,996
Operating income		372,732	397,788
Non-operating income			
Interest income		3,027	3,505
Dividend income		8,743	7,248
Others		5,519	4,342
Total non-operating income		17,290	15,096
Non-operating expenses			
Interest expenses		82,349	76,999
Equity in loss of affiliated companies		2,472	4,352
Others		14,939	18,214
Total non-operating expenses		99,761	99,566
Ordinary income		290,262	313,319
Extraordinary income			
Gain on sale of fixed assets		29,186	51,776
Gain on sale of investment securities		54,505	51,676
Total extraordinary income		83,692	103,453
Extraordinary losses			
Impairment loss on fixed assets	*1	10,894	19,757
Total extraordinary losses		10,894	19,757
Income before income taxes and non-controlling interests		363,060	397,014
Income taxes - current		111,567	126,859
Income taxes - deferred		5,426	(1,695)
Total income taxes		116,994	125,163
Net income		246,066	271,851
Net loss attributable to non-controlling shareholders		(2,733)	(6,833)
Net income attributable to shareholders of the Company		248,799	278,684

(Consolidated Statements of Comprehensive Income)

(Yen in millions)	For the year ended March 31, 2025	For the year ended March 31, 2026
Net income	246,066	271,851
Other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities	(169,409)	24,427
Deferred gains (losses) on hedging instruments	(5,706)	(4,097)
Reserve on land revaluation	(2,321)	0
Foreign currency translation adjustments	52,884	4,572
Adjustments for net defined retirement benefit liabilities	(4,932)	11,180
Equity in other comprehensive income of affiliated companies	44,176	10,471
Total other comprehensive income	(85,309)	46,555
Comprehensive income	160,756	318,406
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	163,244	325,831
Comprehensive income attributable to non-controlling shareholders	(2,487)	(7,424)

(3) Consolidated Statements of Changes in Equity

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

(Yen in millions)	Shareholders' equity				
	Common stock	**Capital surplus**	**Retained earnings**	**Treasury stock**	**Total shareholders' equity**
Balance at the beginning of the year	341,000	311,428	1,658,821	(7,256)	2,303,994
Changes for the year					
Restricted stock compensation	800	800			1,600
Dividends from retained earnings			(87,563)		(87,563)
Net income attributable to shareholders of the Company			248,799		248,799
Reversal of reserve on land revaluation, net of tax			(692)		(692)
Acquisition of treasury stock				(42,094)	(42,094)
Disposal of treasury stock		(192)		420	228
Retirement of treasury stock		(36,719)		36,719	—
Changes in the Company's equity due to transactions with non-controlling shareholders		1,606			1,606
Changes in the scope of equity method			(273)		(273)
Transfer of retained earnings to capital surplus		36,911	(36,911)		—
Changes in items other than shareholders' equity for the year, net					
Total changes for the year	800	2,406	123,359	(4,954)	121,612
Balance at the end of the year	341,800	313,835	1,782,181	(12,210)	2,425,606

(Yen in millions)	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on available-for-sale securities	Deferred gains (losses) on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Cumulative adjustments for net defined retirement benefit liabilities	Total accumulated other comprehensive income			
Balance at the beginning of the year	480,100	17,200	167,068	105,580	36,144	806,093	880	123,688	3,234,656
Changes for the year									
Restricted stock compensation									1,600
Dividends from retained earnings									(87,563)
Net income attributable to shareholders of the Company									248,799
Reversal of reserve on land revaluation, net of tax									(692)
Acquisition of treasury stock									(42,094)
Disposal of treasury stock									228
Retirement of treasury stock									—
Changes in the Company's equity due to transactions with non-controlling shareholders									1,606
Changes in the scope of equity method									(273)
Transfer of retained earnings to capital surplus									—
Changes in items other than shareholders' equity for the year, net	(169,056)	(5,192)	(1,628)	96,164	(5,149)	(84,863)	(228)	(453)	(85,545)
Total changes for the year	(169,056)	(5,192)	(1,628)	96,164	(5,149)	(84,863)	(228)	(453)	36,066
Balance at the end of the year	311,043	12,007	165,439	201,744	30,994	721,230	652	123,234	3,270,723

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

(Yen in millions)	Shareholders' equity				
	Common stock	**Capital surplus**	**Retained earnings**	**Treasury stock**	**Total shareholders' equity**
Balance at the beginning of the year	341,800	313,835	1,782,181	(12,210)	2,425,606
Changes for the year					
Restricted stock compensation	—	—			—
Dividends from retained earnings			(91,489)		(91,489)
Net income attributable to shareholders of the Company			278,684		278,684
Reversal of reserve on land revaluation, net of tax			(492)		(492)
Acquisition of treasury stock				(99,914)	(99,914)
Disposal of treasury stock		(60)		128	67
Retirement of treasury stock		(44,532)		44,532	—
Changes in the Company's equity due to transactions with non-controlling shareholders		(2,274)			(2,274)
Changes in the scope of equity method			(1,549)		(1,549)
Transfer of retained earnings to capital surplus		44,593	(44,593)		—
Changes in items other than shareholders' equity for the year, net					
Total changes for the year	—	(2,274)	140,560	(55,253)	83,032
Balance at the end of the year	341,800	311,560	1,922,741	(67,463)	2,508,639

(Yen in millions)	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on available-for-sale securities	Deferred gains (losses) on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Cumulative adjustments for net defined retirement benefit liabilities	Total accumulated other comprehensive income			
Balance at the beginning of the year	311,043	12,007	165,439	201,744	30,994	721,230	652	123,234	3,270,723
Changes for the year									
Restricted stock compensation									—
Dividends from retained earnings									(91,489)
Net income attributable to shareholders of the Company									278,684
Reversal of reserve on land revaluation, net of tax									(492)
Acquisition of treasury stock									(99,914)
Disposal of treasury stock									67
Retirement of treasury stock									—
Changes in the Company's equity due to transactions with non-controlling shareholders									(2,274)
Changes in the scope of equity method									(1,549)
Transfer of retained earnings to capital surplus									—
Changes in items other than shareholders' equity for the year, net	24,426	(3,263)	492	14,667	11,316	47,638	(66)	(16,483)	31,088
Total changes for the year	24,426	(3,263)	492	14,667	11,316	47,638	(66)	(16,483)	114,120
Balance at the end of the year	335,470	8,744	165,931	216,411	42,311	768,868	585	106,750	3,384,844

(4) Consolidated Statements of Cash Flows

(Yen in millions)	For the year ended March 31, 2025	For the year ended March 31, 2026
Cash flows from operating activities		
Income before income taxes	363,060	397,014
Depreciation expenses	140,516	150,976
Impairment loss on fixed assets	10,894	19,757
Interest and dividend income	(11,770)	(10,754)
Interest expenses	82,349	76,999
Equity in net income (loss) of affiliated companies	2,472	4,352
(Gain) loss on sale of investment securities	(54,505)	(51,676)
Gain on sale of fixed assets	(29,186)	(51,776)
(Increase) decrease in notes and accounts receivable - trade and contract assets	1,072	(6,627)
Increase (decrease) in notes and accounts payable - trade	9,410	(3,492)
(Increase) decrease in real property for sale	40,302	(151,032)
Others	204,094	(42,955)
Subtotal	758,708	330,785
Interests and dividends received	19,625	16,608
Interests paid	(78,873)	(75,410)
(Payments) refunds of income taxes	(100,208)	(126,712)
Net cash provided by (used in) operating activities	599,252	145,270
Cash flows from investing activities		
Payments for acquisition of tangible fixed assets and intangible fixed assets	(271,480)	(236,411)
Proceeds from sale of tangible fixed assets and intangible fixed assets	43,965	135,389
Payments for acquisition of investment securities	(137,092)	(127,743)
Proceeds from sale of investment securities	103,574	73,042
Payments for deposits and security deposits paid	(11,269)	(9,894)
Proceeds from recovery of deposits and security deposits paid	8,678	7,109
Payments for refund of deposits and security deposits received	(24,836)	(38,129)
Proceeds from acceptance of deposits and security deposits received	49,377	59,490
Payments for execution of loans receivable	(72,641)	(34,606)
Proceeds from collection of loans	42,609	21,609
Payments for deposits to time deposits	(1,729)	(3,415)
Proceeds from withdrawal from time deposits	5,967	3,415
Payments for acquisition of subsidiary shares involving changes in scope of consolidation	(8,082)	(777)
Proceeds from acquisition of subsidiary shares involving changes in scope of consolidation	41	—
Proceeds from sale of subsidiary shares involving changes in scope of consolidation	180	—
Others	(49,232)	(28,091)
Net cash provided by (used in) investing activities	(321,970)	(179,014)

(Yen in millions)	For the year ended March 31, 2025	For the year ended March 31, 2026
Cash flows from financing activities		
Proceeds from short-term debt	4,396,385	6,189,920
Repayment of short-term debt	(4,364,429)	(6,137,216)
Proceeds from long-term debt	427,268	487,500
Repayment of long-term debt	(545,025)	(485,103)
Proceeds from issuance of bonds	45,060	203,680
Payments for redemption of bonds	(80,602)	(104,800)
Payments of dividends	(87,534)	(91,467)
Proceeds from contributions from non-controlling shareholders	3,780	2,976
Payments of dividends to non-controlling shareholders	(8,447)	(7,471)
Payments for refunds to non-controlling shareholders	(1,865)	(1,952)
Repayment of finance lease obligations	(11,862)	(13,731)
(Payments for acquisition of) proceeds from sales of treasury stock	(42,093)	(99,913)
Payments for acquisition of subsidiary shares not involving changes in scope of consolidation	—	(4,294)
Proceeds from sale of subsidiary shares not involving changes in scope of consolidation	—	2,755
Net cash provided by (used in) financing activities	(269,367)	(59,118)
Effects of exchange rate changes on cash and cash equivalents	(24,312)	11,906
Net increase (decrease) in cash and cash equivalents	(16,397)	(80,955)
Cash and cash equivalents at the beginning of the year	179,249	163,272
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	421	—
Cash and cash equivalents at the end of the year	163,272	82,317

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Changes in Presentation)

(Consolidated Statements of Income)

"Foreign exchange gains" included in "non-operating income", which had been presented separately in the previous consolidated fiscal year, has been included in "others" from the current consolidated fiscal year due to its decreased materiality. To reflect the change in presentation, the consolidated statements of income for the previous consolidated fiscal year have been reclassified.

As a result, ¥2,145 million that had been presented as "foreign exchange gains" in "non-operating income" in the consolidated statements of income for the previous consolidated fiscal year has been reclassified to "others".

(Consolidated Balance Sheets)

(Contingent liabilities)

Mitsui Fudosan Residential Co., Ltd. (hereinafter referred to as "Residential Company"), a consolidated subsidiary of the Company, presumed some defects in the piles forming the foundation of a condominium located in Yokohama (hereinafter referred to as "the Condominium"). On April 11, 2016, the Residential Company was informed by Sumitomo Mitsui Construction Co., Ltd., the construction company, that the current condition survey revealed some of the piles failed to reach the supporting layer. Furthermore, on August 26, 2016, the Residential Company received a notice from Yokohama stating that the Condominium was in violation of the Building Standards Act and that the Residential Company was required to discuss corrective measures for the violation with the unit owners of the Condominium and to take necessary actions to resolve the issue.

On May 8, 2016, the Residential Company entered into an agreement with the management association of the Condominium regarding several corrective plans, including the reconstruction of the Condominium due to the pile defects, and the policy on compensation, as well as an agreement that the Residential Company would bear the costs related to the incident (hereinafter referred to as "the Agreement"). Additionally, on September 19, 2016, the management association of the Condominium made a resolution based on the Act on Building Unit Ownership, as a corrective method, and decided to reconstruct the entire building, which was completed on February 25, 2021.

The Residential Company has received a report from Sumitomo Mitsui Construction Co., Ltd., the construction company, stating that the construction records were manipulated for the data of pile installation, and it has been confirmed that some of the piles did not reach the supporting layer, and that the Condominium was in violation of the Building Standards Act. Therefore, the Residential Company has been seeking compensation from Sumitomo Mitsui Construction Co., Ltd., Hitachi High-Technologies Corporation (currently Hitachi High-Tech Corporation), and ASAHI KASEI CONSTRUCTION MATERIALS CORPORATION, the companies responsible for the pile installation, based on tort liability, warranty against defects, for all costs incurred, including the reconstruction costs of the Condominium and temporary housing expenses during the construction period. Following this compensation policy, on November 28, 2017, the Residential Company filed a lawsuit against the three companies for damages. The amount claimed at the end of the fiscal year is approximately ¥50.5 billion. The amount that the Residential Company has provisionally paid by the end of the fiscal year is recorded as current assets in the Company's consolidated balance sheets.

In the future, depending on the progress of this incident, there is a possibility that it may affect the consolidated results of operations of the Group. At present, however, it is difficult to reasonably estimate the amount of the impact.

(Consolidated Statements of Income)

*1 The Company has recognized impairment losses on the following asset groups.

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

Purpose of use	Classification	Location
Leasing facilities, others	Building, land, etc.	Chuo-ku Tokyo, others

The Company groups its assets based on the smallest cash generating unit that is largely independent of the cash flows of other assets or asset groups. The head quarter office building, etc. are categorized as common assets.

In the previous consolidated fiscal year, impairment losses for an amount of ¥10,894 million were recognized as extraordinary losses by reducing the carrying amount to the recoverable amount for the asset group which expected to decrease profitability due to market conditions. The impairment losses consist of ¥385 million for land, ¥7,475 million for buildings and structures, ¥1,459 million for software, and ¥1,573 million for others.

The recoverable amount of the asset group is mainly measured by value in use. The value in use is set as zero if the value in use based on the future cash flows is negative.

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

Purpose of use	Classification	Location
Leasing facilities, others	Building, etc.	Kuala Lumpur Malaysia, others

The Company groups its assets based on the smallest cash generating unit that is largely independent of the cash flows of other assets or asset groups. The head quarter office building, etc. are categorized as common assets.

In the current consolidated fiscal year, impairment losses for an amount of ¥19,757 million were recognized as extraordinary losses by reducing the carrying amount to the recoverable amount for the asset group which expected to decrease profitability due to market conditions. The impairment losses consist of ¥17,928 million for buildings and structures, ¥6 million for software, and ¥1,822 million for others.

The recoverable amount of the asset group is mainly measured by value in use. The value in use is set as zero if the value in use based on the future cash flows is negative.

(Leasing Properties)

The Company and some of its consolidated subsidiaries own properties such as office buildings and retail facilities for rent in Tokyo and other regions. Leasing revenue and expenses related to such leasing properties for the fiscal year ended March 31, 2025 amounted to ¥169,456 million (leasing revenue is recorded in revenue from operations, and leasing expenses are recorded in cost of revenue from operations), and the gain on sale of fixed assets was ¥25,882 million (gain on sale of fixed assets is recorded in extraordinary income). For the year ended March 31, 2026, the leasing revenue and expenses related to such leasing properties amounted to ¥179,626 million (leasing revenue is recorded in revenue from operations, and leasing expenses are recorded in cost of revenue from operations), and the gain on sale of fixed assets was ¥50,924 million (gain on sale of fixed assets is recorded in extraordinary income).

Furthermore, the carrying amount on the consolidated balance sheets, the increase or decrease during the year, and the fair value at the end of the fiscal year for such leasing properties are as follows.

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

	Carrying amount on the consolidated balance sheets			
(Yen in millions)	**Beginning of the fiscal year**	**Increase/(Decrease) during the year**	**End of the fiscal year**	**Fair value at the end of the fiscal year**
Leasing properties	3,592,735	214,520	3,807,255	7,492,787

(Note)

1. The carrying amount on the consolidated balance sheets is the amount of acquisition cost, net of accumulated depreciation and accumulated impairment losses.
2. The increase or decrease during the fiscal year mainly comprises an increase due to the acquisition of real estate in the amount of ¥216,413 million and a decrease due to the sale of real estate in the amount of ¥12,583 million.
3. The fair value at the end of the fiscal year is generally calculated by the Company's appraisal department based on the "Real Estate Appraisal Standards".

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

	Carrying amount on the consolidated balance sheets			
(Yen in millions)	**Beginning of the fiscal year**	**Increase/(Decrease) during the year**	**End of the fiscal year**	**Fair value at the end of the fiscal year**
Leasing properties	3,807,255	(77,714)	3,729,540	7,714,645

(Note)

1. The carrying amount on the consolidated balance sheets is the amount of acquisition cost, net of accumulated depreciation and accumulated impairment losses.
2. The increase or decrease during the fiscal year mainly comprises an increase due to the acquisition of real estate in the amount of ¥124,549 million and a decrease due to the sale of real estate in the amount of ¥82,433 million.
3. The fair value at the end of the fiscal year is generally calculated by the Company's appraisal department based on the "Real Estate Appraisal Standards".

(Segment Information)

【Segment Information】

1. Overview of Reportable Segments

The Company's reportable segments are components of the Company for which separate financial information is available and which are regularly reviewed by the chief operating decision maker to make decisions about resource allocation and performance assessment.

The Company has departments for each product at the head office, and together with the subsidiaries managed by each department, it conducts business activities mainly focused on "Leasing Business", "Property Sales Business", "Management Business", and "Facility Operations Business".

Therefore, the Company is composed of product-based departments and a matrix of service-based segments, and it reports five segments: "Leasing", "Property Sales", "Management", "Facility Operations", and "Others" which are aggregated by the services provided in the matrix.

The "Leasing Business" involves leasing office buildings and retail facilities. The "Property Sales Business" involves the development and sale of condominiums and single-family homes for individual customers, as well as the development and sale of leasing housing and office buildings for investors. The "Management Business" conducts non-asset businesses such as property management and brokerage and asset management, etc. The "Facility Operations Business" operates the hotels and resorts business and the sports and entertainment business. "Others" mainly includes new construction under consignment.

2. Method of Calculation of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting practices applied to the reported business segments are the same as those applied in preparing the consolidated financial statements. Inter-segment sales or transfers are based on market prices.

3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

(Yen in millions)	**Leasing**	**Property sales**	**Management**	**Facility operations**	**Others**	**Adjustments** (Note 1, 2)	**Carrying amount on the consolidated financial statements** (Note 3)
Revenue from operations							
Sales to external customers	872,331	758,069	486,291	224,054	284,616	—	2,625,363
Inter-segment sales or transfers	24,374	400	91,020	525	21,010	(137,330)	—
Total	896,705	758,469	577,311	224,579	305,626	(137,330)	2,625,363
Operating income or (loss)	176,479	142,886	71,642	38,610	4,755	(61,641)	372,732
Equity in net income (loss) of affiliated companies (Note 4)	(50)	(4,577)	—	—	1,813	—	(2,813)
Gain (loss) on sale of fixed assets (Note 5)	—	28,769	—	—	—	—	28,769
Segment income (business income) or (loss)	176,429	167,078	71,642	38,610	6,569	(61,641)	398,688
Segment assets	5,253,238	3,334,700	469,180	523,352	346,131	(66,747)	9,859,856
Other items							
Depreciation expenses	94,979	627	10,533	21,780	7,758	4,836	140,516
Impairment loss on fixed assets	5,222	243	1,748	2,379	1,300	—	10,894
Investment in equity method affiliated companies	58,440	530,668	—	—	101,678	—	690,787
Increase in tangible fixed assets and intangible fixed assets	282,833	2,706	14,503	37,392	18,396	6,928	362,760

(Note)

1. Adjustments for segment income (business income) or loss of ¥(61,641) million include inter-segment transaction eliminations of ¥(1,285) million and unallocated corporate expenses of ¥(60,356) million. The corporate expenses mainly consist of general and administrative expenses of the Company that are not attributable to any reportable segment.
2. Adjustments for segment assets of ¥(66,747) million include inter-segment transaction eliminations of ¥(1,506,081) million, and unallocated corporate assets of ¥1,439,333 million.
3. Segment income (business income) or loss is the operating income presented in the consolidated statements of income, adjusted for the equity in net income (loss) of affiliated companies (including gain (loss) on sale of investments in equity securities of affiliated companies for the purpose of real property sales) and gain (loss) on sale of fixed assets.
4. “Property Sales” segment includes gain (loss) on sale of investments in equity securities of affiliated companies for the purpose of real property sales of ¥(341) million.
5. The gain (loss) on sale of fixed assets includes the impairment loss resulted from decisions made based on the property disposal policy.

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

(Yen in millions)	**Leasing**	**Property sales**	**Management**	**Facility operations**	**Others**	**Adjustments** (Note 1, 2)	**Carrying amount on the consolidated financial statements** (Note 3)
Revenue from operations							
Sales to external customers	936,601	729,271	511,470	244,146	288,257	—	2,709,747
Inter-segment sales or transfers	23,081	48	98,531	807	23,278	(145,745)	—
Total	959,682	729,320	610,001	244,953	311,535	(145,745)	2,709,747
Operating income or (loss)	181,565	143,501	80,891	46,345	7,973	(62,488)	397,788
Equity in net income (loss) of affiliated companies (Note 4)	(4,554)	(2,073)	—	—	2,205	—	(4,422)
Gain (loss) on sale of fixed assets	—	51,754	—	—	—	—	51,754
Segment income (business income) or (loss)	177,011	193,182	80,891	46,345	10,178	(62,488)	445,120
Segment assets	5,153,465	3,604,502	535,810	539,633	384,320	(114,258)	10,103,474
Other items							
Depreciation expenses	106,299	592	9,637	22,038	7,356	5,051	150,976
Impairment loss on fixed assets	19,112	—	622	—	23	—	19,757
Investment in equity method affiliated companies	32,654	659,999	—	—	108,012	—	800,666
Increase in tangible fixed assets and intangible fixed assets	136,865	600	22,816	41,267	36,188	8,637	246,375

(Note)

1. Adjustments for segment income (business income) or loss of ¥(62,488) million include inter-segment transaction eliminations of ¥(1,965) million and unallocated corporate expenses of ¥(60,523) million. The corporate expenses mainly consist of general and administrative expenses of the Company that are not attributable to any reportable segment.
2. Adjustments for segment assets of ¥(114,258) million include inter-segment transaction eliminations of ¥(1,707,348) million, and unallocated corporate assets of ¥1,593,089 million.
3. Segment income (business income) or loss is the operating income presented in the consolidated statements of income, adjusted for the equity in net income (loss) of affiliated companies (including gain (loss) on sale of investments in equity securities of affiliated companies for the purpose of real property sales) and gain (loss) on sale of fixed assets.
4. “Property Sales” segment includes gain (loss) on sale of investments in equity securities of affiliated companies for the purpose of real property sales of ¥(69) million.

【Segment Related Information】

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

1. Information by Product and Service

Information by product and service is omitted because similar information is provided in (Segment Information) under "3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment".

2. Information by Geographic Area

(1) Revenue from Operations

(Yen in millions)

Japan	Others	Total
2,306,427	318,935	2,625,363

(2) Tangible Fixed Assets

(Yen in millions)

Japan	U.S.A.	Others	Total
3,338,028	850,740	395,597	4,584,366

3. Information by Major Customer

Information by major customers is omitted because revenue from operations from any specific external customer does not account for 10% or more of the revenue from operations on the consolidated statements of income.

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

1. Information by Product and Service

Information by product and service is omitted because similar information is provided in (Segment Information) under "3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment".

2. Information by Geographic Area

(1) Revenue from Operations

(Yen in millions)

Japan	Others	Total
2,363,895	345,851	2,709,747

(2) Tangible Fixed Assets

(Yen in millions)

Japan	U.S.A.	Others	Total
3,337,083	833,758	380,879	4,551,721

3. Information by Major Customer

Information by major customers is omitted because revenue from operations from any specific external customer does not account for 10% or more of the revenue from operations on the consolidated statements of income.

【Information on Impairment Losses of Fixed Assets by Reportable Segment】

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

Information on impairment losses of fixed assets by reportable segment is omitted because it is included in “Other items” under “3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment” under (Segment Information).

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

Information on impairment losses of fixed assets by reportable segment is omitted because it is included in “Other items” under “3. Information on the Amounts of Revenue from Operations, Income or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment” under (Segment Information).

【Information on Amortization and Unamortized Balances of Goodwill by Reportable Segment】

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

Information on the amortization and unamortized balances of goodwill by reportable segment is omitted due to immateriality.

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

Information on the amortization and unamortized balances of goodwill by reportable segment is omitted due to immateriality.

【Information on Gains on Negative Goodwill by Reportable Segment】

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

Information on gains on negative goodwill by reportable segment is omitted due to immateriality.

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

Information on gains on negative goodwill by reportable segment is omitted due to immateriality.

(Per Share Information)

(Yen)	As of and for the year ended March 31, 2025	2026
Net assets per share	1,135.07	1,206.06
Basic earnings per share	89.26	101.04
Diluted earnings per share	89.22	101.00

(Note)

1. The basis for calculating net assets per share, net earnings per share, and diluted earnings per share is as follows.

(Yen in millions, except for share in thousands)	As of and for the year ended March 31, 2025	2026
Net assets per share		
Total net assets	3,270,723	3,384,844
Amount to be deducted from total of net assets	123,886	107,335
(Subscription rights to shares)	652	585
(Non-controlling interests)	123,234	106,750
Net assets related to common shares	3,146,837	3,277,508
Number of common shares used for calculating net assets per share	2,772,371 shares	2,717,536 shares
Basic earnings per share		
Net income attributable to shareholders of the Company	248,799	278,684
Amount not attributable to common shareholders	—	—
Net income attributable to shareholders of the Company related to common shares	248,799	278,684
Average number of common shares during the year	2,787,231 shares	2,758,201 shares
Diluted earnings per share		
Adjustment to net income attributable to shareholders of the Company	—	—
Increase in number of common shares	1,234 shares	938 shares
(Subscription rights to shares)	1,234 shares	938 shares
Summary of dilutive shares not included in the calculation of diluted earnings per share because they do not have dilution effect	———	———

(Subsequent Events)

Not applicable.