INFORMATIONAL MATERIALS FOR THE 126th ORDINARY GENERAL MEETING OF SHAREHOLDERS
Items Subject to Measures for Providing Information in Electronic Form Excluded From Paper-Based Documents Delivered

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In accordance with the provisions of laws and regulations and the Company’s Articles of Incorporation, the above items are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents.

MITSUBISHI ESTATE CO., LTD.

[Translation for Reference and Convenience Purposes Only]

Situation of Share Acquisition Rights, Etc.

(1) Situation of Share Acquisition Rights Delivered in Compensation for the Execution of Duties, Which Are Held by Officers of the Company (As of March 31, 2025)
Not applicable

(2) Situation of Share Acquisition Rights Delivered to Employees, Etc., During the Fiscal Year in Compensation for the Execution of Duties
Not applicable

(3) Other Important Matters Relating to Share Acquisition Rights
Not applicable

Notes:
1. There are share acquisition rights held by retired officers.
2. The Company has not issued share acquisition rights since fiscal 2016.

[Translation for Reference and Convenience Purposes Only]

Situation of Accounting Auditor

(1) Designation: Ernst & Young ShinNihon LLC

(2) Amounts of Remuneration, Etc.

	Amount to be Paid
Amount of remuneration, etc., to be paid by the Company to the Accounting Auditor pertaining to the fiscal year under review	¥185 million
Total amount of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥438 million

Notes:

1. The Audit Committee has decided to consent to the amount of remuneration, etc., to be paid to the Accounting Auditor as it judged that the audit plan of the Accounting Auditor, the execution of auditing duties, the basis for calculating remuneration estimate, etc., are all appropriate for implementing the auditing of the Company as a result of verification necessary for determining whether they are appropriate or not.
2. Of the Company's material subsidiaries, MEC Group International, Inc., Mitsubishi Estate Europe Ltd. and Mitsubishi Estate Asia Pte. Ltd. are subject to audits by an audit firm (Ernst & Young) other than the Accounting Auditor of the Company.
3. The audit agreement between the Company and the Accounting Auditor does not distinguish the amount of remuneration, etc., for the audit under the Companies Act and that for the audit under the Financial Instruments and Exchange Act, and the two (2) amounts cannot be substantially distinguished from each other. Therefore, the amount of remuneration, etc. pertaining to the fiscal year under review indicates the total of these two (2) kinds of amounts.

(3) Contents of Non-audit Services

The services entrusted by the Company to Accounting Auditor other than those defined in Article 2, paragraph (1) of the Certified Public Accountants Act are creation of comfort letters pertaining to issuance of corporate bonds and other services.

(4) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditor

If the Audit Committee deems that any circumstance stipulated in Article 340 of the Companies Act applies to the Accounting Auditor and its dismissal is deemed appropriate, the Accounting Auditor will be dismissed based on the unanimous approval of all members of the Audit Committee.

Furthermore, the Audit Committee shall, if it is found that execution of duties by the Accounting Auditor will be difficult and there is a need for a change in Accounting Auditor, decide on the content of a proposal to submit to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the Accounting Auditor.

(5) Outline of the Liability Limit Agreement

Not applicable

Systems to Ensure the Propriety of Business Operations and the Operational Status of that System

(1) Systems to Ensure the Propriety of Business Operations

Outline of decisions on systems to ensure the propriety of business operations as stipulated in the Companies Act and the Regulation for Enforcement of the Companies Act is as follows:

1) Systems to Keep and Manage Information Pertaining to the Execution of Duties by Corporate Executive Officers

Pursuant to the "Mitsubishi Estate Group Basic Rules on Information Management," in order to appropriately handle information assets held by the Group and improve information security and enhance its level on an ongoing basis, the Company shall appoint the Officer responsible for the risk management as Chief Information Officer and the Officer responsible for the DX Promotion Department as Chief Information Technology Officer and Chief Information System Security Officer, and the Risk Management & Compliance Committee shall be in charge of companywide control of information storage and management.

The Company shall, under such organizational systems, develop regulations on basic matters for the management procedures necessary for the protection and handling of information held by the Company, matters related to document storage and abolition including the storage method and period for documents and abolition rules, and matters related to the protection of the information system and electronic information. The Company shall appropriately store and manage relevant information pertaining to the execution of Corporate Executive Officers' duties by operating these internal regulations.

2) Rules and Other Systems Regarding Loss Risk Management in the Company and Its Subsidiaries

In the group-wide corporate management, the Group shall practice diverse risk management measures for all business operations of the Group in order to properly evaluate and manage internal and external risk factors related to its businesses and to maintain and raise the corporate value of the Group.

Specifically, the Company has established the "Mitsubishi Estate Group Risk Management Rules" to realize appropriate risk management through establishing systems for risk management to be carried out by all the executives and employees of the Group. Moreover, under the Risk Management Rules above, at the Company, the Risk Management & Compliance Committee shall be in charge of controlling the promotion of risk management activities at the group level, whereas the Risk Management & Compliance Subcommittee shall work as a practical collegial body to collect and streamline risk management-related information. In addition, the officer responsible for the risk management appointed by the resolution of the Board of Directors shall be assigned the responsibility for risk management, and to develop and promote the risk management system.

In the meantime, with these risk management systems as a basis, at the Company, the Strategic Investment Committee, an advisory body of the Executive Committee, shall preliminarily deliberate especially important investment subjects in making decisions thereof prior to the deliberations by the Executive Committee to check the content and degree of risk factors as well as countermeasures, etc., in preparation for possibly realizing risk.

Furthermore, the Company shall appoint an officer in charge of disaster prevention by resolution of the Board of Directors to maintain the most updated action principles, communications and initial measures to be taken and system for business continuity program in case of the occurrence of any emergency. The officer formulates and implements manuals, guidelines, etc., and conducts training as well as reviews and improvements of systems and plans on a periodic basis.

The Internal Audit Department shall conduct internal audit activities in accordance with the Internal Audit Rules to raise the effectiveness of risk management.

3) Systems to Ensure Efficient Execution of Duties by Corporate Executive Officers of the Company and Directors, Etc., of Its Subsidiaries

The Group shall continue improving managerial system that has been designed to fit the Group, to ensure the efficient execution of duties by Corporate Executive Officers of the Company and directors, etc. of its subsidiaries in the course of fulfilling the CSR of the Group. Under this policy, the Company aims to reinforce the management oversight function and the business execution function as well as management efficiency and expedited decision making by adopting the organizational structure of a Company with Nominating Committee, etc., thereby largely delegating authority relating to business execution decisions to Corporate Executive Officers. In addition, the Company shall take such actions as to appoint controlling officers and officers in charge, adopt the Executive Officer System and the Group Executive Officer System and improve the rules related to the authority and decision making in accordance with internal regulations, so as to allow for more efficient execution of duties.

4) Systems to Ensure Compliance of the Execution of Duties by Corporate Executive Officers and Employees of the Company and Directors, Etc. and Employees of Its Subsidiaries With Laws, Regulations and the Articles of Incorporation

The Group has established and intends to thoroughly disseminate "The Mission of the Mitsubishi Estate Group," "The Mitsubishi Estate Group Code of Corporate Conduct" and "Mitsubishi Estate Group Guidelines for Conduct" to present conduct standards by which executives and employees should abide. The Company conducts, as a Company with Nominating Committee, etc., management oversight by the Board of Directors and audits by the Audit Committee.

In addition, while the Risk Management & Compliance Committee conducts group-wide supervision and the Risk Management & Compliance Subcommittee conducts practical discussions in accordance with the "Mitsubishi Estate Group Compliance Rules," the officer responsible for compliance appointed by the resolution of the Board of Directors shall be assigned the responsibility for compliance to take such actions as to manage and promote overall compliance at the Group. The Group also ensures that the execution of duties by Corporate Executive Officers and employees complies with laws and regulations and the Articles of Incorporation through such means as preventive legal activities, risk management promotion activities and internal audit practices.

To handle compliance-related consulting and whistleblowing on concerns, the dedicated Help Lines shall be established and operated internally and externally as contact windows for the Group and business partners.

5) Systems for Reporting Matters Related to the Execution of Duties by Directors, Etc., of Subsidiaries to the Company, and Other Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company, Its Parent Companies and Subsidiaries

The Group shall endeavor to practice group-wide compliance-based management and business ethics and ensure the propriety of business operations by establishing "The Mission of the Mitsubishi Estate Group," "The Mitsubishi Estate Group Code of Corporate Conduct" and "Mitsubishi Estate Group Guidelines for Conduct," etc., all of which are the standards of conduct for the Group, and thoroughly disseminating them under the control of the Risk Management & Compliance Committee.

In addition, the Company specifies the department in charge of operations related to group companies, such as promoting the corporate management of the respective group companies and supporting the staff function, thereby establishes a system to link the company-wide management plan and the measures concerning group companies. Meanwhile, group management shall be enhanced toward the achievement of maximized corporate value of the Group by promoting the propriety and efficiency improvement and upgrading risk management of group-wide corporate management by operating the "Mitsubishi Estate Group Management Rules," through measures such as compulsory consultations and exchange of information between the Company and group companies for certain important matters.

Furthermore, the "Mitsubishi Estate Group Basic Guidelines on Internal Control Regarding Financial Reporting (Basic Rules)" shall be formulated to ensure the reliability of financial reports inside the Group with the aim of appropriately responding to the internal control reporting system for financial reports, as required to follow under the Financial Instruments and Exchange Act.

6) Matters Related to Employees to Support the Duties of the Audit Committee, and Matters Related to Ensuring the Effectiveness of Instructions Given to Such Employees by the Audit Committee

The Audit Committee Office shall be established as a subsidiary organ to assist the Audit Committee in the execution of its duties pursuant to the relevant provisions such as "Job Ladder." The Company shall assign a dedicated General Manager and persons necessary for supporting the Audit Committee's duties.

The General Manager of the Audit Committee Office shall supervise other employees assigned to the office and execute his or her business duties in accordance with the instructions of the Audit Committee.

7) Matters Related to Independence of Employees in the Preceding Item from Corporate Executive Officers

The personnel relocation and/or disciplinary punishment, etc. of the General Manager of the Audit Committee Office shall require an accord of the Audit Committee. The personnel relocation and/or disciplinary punishment, etc. of the staff of the Audit Committee Office other than the General Manager of the Audit Committee Office shall require prior consultation with the General Manager of the Audit Committee Office.

8) Systems for Directors, Corporate Executive Officers and Employees of the Company, Directors, Etc. and Employees of Its Subsidiaries, and Individuals Who Receive Their Reports to Provide Reports to the Audit Committee, and Other Systems Related to Reporting to the Audit Committee

In the case where the occurrence of breach of any laws and regulations or the Articles of Incorporation or significantly unreasonable matter is revealed, anybody shall, either Directors, Corporate Executive Officers or employees, immediately report thereof to the Audit Committee. An obligation shall be established by internal regulations to have important documents such as those requiring approval circulated to Full-time Members of the Audit Committee, and a whistleblower program with Audit Committee members serving as contact windows shall be established. Moreover, matters that may be judged necessary in performing the duties of the Audit Committee, including results of internal audits, the status of compliance promotion activities, the status of risk management promotion activities, and the status of operation of Help Lines established internally and externally as contact windows for Group companies and business partners for consultations and whistleblowing on concerns about compliance, shall also be periodically reported to the Audit Committee. In addition, in accordance with the "Mitsubishi Estate Group Management Rules," matters reported by the Directors, etc. and employees of Group companies shall be shared with the Executive Committee and other meetings attended by the Full-time Members of the Audit Committee.

9) Systems to Ensure Individuals Who Make the Reports in Item 8 Are Not Treated Unfavorably for Making Those Reports

In accordance with the "Mitsubishi Estate Group Risk Management Rules," all executives and employees of the Group are responsible for ensuring compliance in accordance with the "Mitsubishi Estate Group Compliance Rules," and are responsible for collecting and reporting risk information. Also, based on the Whistleblower Protection Act, regarding a whistleblower program with Audit Committee Members serving as contact windows and the Group's internal or external Help Lines, the Company develops and operates rules related to the policy for protection of whistleblowers and notification of redress procedures in order to ensure individuals who make the reports in Item 8 are not treated unfavorably for making those reports.

10) Matters Related to Policy for Handling Costs and Debts Incurred by Audit Committee Members in the Course of Executing Their Duties

In accordance with the audit standards established by the Audit Committee, the Audit Committee Members may invoice the Company beforehand for any costs deemed necessary for the execution of duties of the Audit Committee. The Audit Committee Members may also seek subsequent reimbursement for costs incurred in emergency or special situations.

Based on invoices received from the Audit Committee Members, the Company shall pay costs necessary for the Audit Committee to execute its duties.

11) Other Systems to Ensure Effective Audits by the Audit Committee

In accordance with audit standards established by the Audit Committee, the Full-time Members of the Audit Committee shall have periodic meetings with the management executives of the Company including the President and Chief Executive Officer, the Internal Audit Department, other departments determined necessary according to the duties of the Audit Committee and the Accounting Auditor to exchange opinions with each other.

The Full-time Members of the Audit Committee shall attend the important conferences such as the Executive Committee.

(2) Operational Status of Systems to Ensure the Propriety of Business Operations

Outline of operational status of systems to ensure the propriety of business operations is as follows.

1) Status of Initiatives Related to Risk Management
- The "Risk Management & Compliance Committee" meetings and the "Risk Management & Compliance Subcommittee" meetings have been held three (3) times per year, respectively, to take such actions as to select priority risks that require countermeasures and report the status and results of risk management activities on those priority risks, and thereby monitored the Group's risk management on an ongoing basis.
- In addition to promoting the formulation of information system strategies for the entire Group, the development, operation, and maintenance of information systems, and the strengthening of information system governance, we have developed various rules related to information.
- We provided executives and employees of the Company with education on information security through various training programs, drills, etc.
- Regarding the "response to emergency response risk," which is one of our priority risks, we redeveloped the business continuity plan and various manuals, and developed specific "action plans" for all business groups in case of the occurrence of any emergency, with an aim to respond to multiple hazards. In addition, to respond to a specific risk, we developed a "response manual for an eruption of Mount Fuji," which describes the response measures in case of an eruption of Mount Fuji.

2) Status of Initiatives Related to Ensuring Efficiency in Execution of Duties
- In accordance with the Long-Term Management Plan and annual plan, etc., formulated by the Board of Directors, the Corporate Executive Officers properly executed the duties assigned to them based on the authorities delegated by the Board of Directors. Furthermore, the Board of Directors gauged management issues on a timely basis by receiving regular reports from the Corporate Executive Officers on the conditions surrounding the business execution, as well as deliberating and deciding policy on countermeasures, thereby appropriately monitoring the state of progress of the management plan.

3) Status of Initiatives Related to Compliance
- The "Risk Management & Compliance Committee" meetings and the "Risk Management & Compliance Subcommittee" meetings have been held three (3) times per year to discuss compliance promotion activity plans and report the results of the compliance promotion activities. In this way, the Company managed and promoted overall compliance at the Group.
- Compliance education was provided to the Company's Officers and employees in the form of various trainings and drills, etc.

4) Status of Initiatives Related to Reporting of the Execution of Duties and Other Matters Concerning the Group Management
- Under the supervision of the "Corporate Planning Department Affiliated Group Office," the Company worked to promote appropriateness and efficiency of group company management and strengthen risk management through such means as enforcement of the "Mitsubishi Estate Group Management Rules" and providing business support to group companies.
- With the aim of appropriately responding to the internal control reporting system for financial reports, as required to follow under the Financial Instruments and Exchange Act, in accordance with "Mitsubishi Estate Group Basic Guidelines on Internal Control Regarding Financial Reporting (Basic Rules)," the Company evaluated the development and management status of internal controls regarding financial reporting of the Group, targeting "companywide internal control," etc.

5) Status of Initiatives Related to Ensuring the Effectiveness of the Audit Committee's Audit
- Reports were made as needed to the Audit Committee on the results of internal audits, risk management promotion activities and compliance promotion activities, and the Audit Committee conducted additional hearing and provided advice to the relevant divisions based on the contents of these reports.
- Full-time Audit Committee members held periodic meetings with the management executives of the Company including the President and Chief Executive Officer as well as the Internal Audit Department, the Finance & Accounting Department, the Legal & Compliance Department and the Accounting Auditor to exchange opinions with each other. In addition, they also made an effort to collect information necessary for the Audit Committee audits by attending important internal meetings including the "Executive Committee" and the "Risk Management & Compliance

Committee," reviewing important documents, etc., and shared the details thereof within the Audit Committee properly.

- The Audit Committee Office is composed of eight (8) members including a dedicated General Manager and dedicated employees as well as employees who concurrently serve as staff at other sections, and the Office duly executed affairs they are responsible for.

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Net Assets
(April 1, 2024, through March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity
Balance at the beginning of current period	142,414	156,961	1,265,749	(102,071)	1,463,054
Cumulative effects of changes in accounting policies			(180)		(180)
Restated balance	142,414	156,961	1,265,569	(102,071)	1,462,874
Changes in the fiscal year under review					
Dividend from surplus			(51,602)		(51,602)
Profit attributable to owners of parent			189,356		189,356
Purchase of treasury shares				(50,017)	(50,017)
Disposal of treasury shares			132	391	523
Cancellation of treasury shares			(140,522)	140,522	
Reversal of land revaluation reserve			(31)		(31)
Change in equity of the parent company on transactions with non-controlling interests		22,119			22,119
Net changes in items other than those in shareholders' equity					
Total of changes in the fiscal year under review	–	22,119	(2,667)	90,895	110,347
Balance at the end of current period	142,414	179,080	1,262,902	(11,175)	1,573,222

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	225,396	(226)	526,417	132,469	53,995	938,052	71	223,414	2,624,593
Cumulative effects of changes in accounting policies		180				180			–
Restated balance	225,396	(46)	526,417	132,469	53,995	938,232	71	223,414	2,624,593
Changes in the fiscal year under review									
Dividend from surplus									(51,602)
Profit attributable to owners of parent									189,356
Purchase of treasury shares									(50,017)
Disposal of treasury shares									523
Cancellation of treasury shares									–
Reversal of land revaluation reserve									(31)
Change in equity of the parent company on transactions with non-controlling interests									22,119
Net changes in items other than those in shareholders' equity	(47,248)	5,150	(7,609)	91,433	10,399	52,126	(5)	(46,188)	5,932
Total of changes in the fiscal year under review	(47,248)	5,150	(7,609)	91,433	10,399	52,126	(5)	(46,188)	116,280
Balance at the end of current period	178,148	5,104	518,807	223,902	64,394	990,358	66	177,226	2,740,873

[Translation for Reference and Convenience Purposes Only]

Notes to the Consolidated Financial Statements

Notes on Important Matters for the Preparation of the Consolidated Financial Statements

1. Matters Related to the Scope of Consolidation
   (1) Number of Consolidated Subsidiaries: 344
   The names of major subsidiaries are as stated in "I. Current Situation of the Mitsubishi Estate Group, 9. Situation of Material Subsidiaries" of the "Business Report."
   Newly included in the list of consolidated subsidiaries of the Company are MEC Oceania Investment Pty Ltd. and forty-six (46) other companies due to new establishments, etc.
   Excluded from the list of consolidated subsidiaries are Marunouchi Hotel Co., Ltd. due to an absorption-type merger and No.6 MEC Urban Development SPC and eighteen (18) other companies due to a dissolution, etc.
   (2) Names, Etc. of Major Non-consolidated Subsidiaries
   A major non-consolidated subsidiary is Fuchinobe Development SPC.
   Non-consolidated subsidiaries are excluded from the scope of consolidation because their respective sums of total assets, operating revenue, profit (loss) (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) have no significant impact on the consolidated financial statements.

2. Matters related to Application of the Equity Method
   (1) Number of Non-consolidated Subsidiaries Accounted for by the Equity Method: 0
   (2) Number of Affiliates Accounted for by the Equity Method: 115
   A major affiliate in this category is Tokumei Kumiai Otemachi Kaihatsu.
   Included in the affiliates accounted for by the equity method are DCD II LP and eighteen (18) other companies due to a new establishment, etc.
   Meanwhile, Flushing Commons, LLC and thirty-one (31) other companies are excluded from the affiliates accounted for by the equity method due to a dissolution, etc.
   (3) Names, Etc. of Major Companies Not Accounted for by the Equity Method
   A major non-consolidated subsidiary not accounted for by the equity method is Fuchinobe Development SPC and a major affiliate not accounted for by the equity method is No.5 MEC Urban Development SPC. The equity method is not applied to the Company's investments in these corporations because their respective sums of profit (loss) (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) have no significant impact on the consolidated financial statements.
   (4) Other
   Concerning the companies accounted for by the equity method, the financial statements for the respective fiscal years are used for those that have a closing date that differs from the consolidated closing date.

3. Matters Related to Business Year, Etc. of Consolidated Subsidiaries
   The closing date of MEC Group International, Inc., which is a consolidated subsidiary, and three hundred and six (306) overseas subsidiaries, MEC eco LIFE Co., Ltd. and three (3) other consolidated subsidiaries is December 31, and the closing date of Zama Development SPC and three (3) other consolidated subsidiaries is February 28. In preparing the consolidated financial statements, the financial statements as of and for the year ended respective closing dates are used for these companies with necessary adjustments provided for consolidation purposes with regard to material transactions between their closing dates and the consolidated closing date (March 31).

4. Matters Related to Accounting Policies

(1) Valuation Basis and Method for Important Assets

Securities

Held-to-maturity debt securities

Carried at amortized cost (determined by the straight-line method for the Company and its consolidated domestic subsidiaries and by the interest method for consolidated foreign subsidiaries.)

Other securities

Securities other than shares, etc., that do not have a market price:

Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of equity investments sold is determined mainly by the moving-average method.) For investments in limited partnership for investment and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company's equity interest.

Shares, etc., that do not have a market price:

Stated at cost determined mainly by the moving-average method

Equity investment

Securities other than shares, etc., that do not have a market price:

Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of equity investments sold is determined mainly by the moving-average method.) Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost determined by the moving-average method. For investments in limited partnership for investment and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company's equity interest.

Shares, etc., that do not have a market price:

Stated at cost determined mainly by the moving-average method

Derivatives:

Stated at market values

Inventories:

Real estate for sale: mainly stated at cost determined by the identified cost method. (The amount posted in the consolidated balance sheet was computed by writing down the book value with regard to the inventories for which profitability was clearly declining.)

Real estate for sale in process: Same as the above

Real estate for development: Same as the above

Costs on construction contracts in progress: Same as the above

Non-current assets

The Company and its consolidated domestic subsidiaries adopt asset-impairment accounting. Consolidated subsidiaries overseas apply International Financial Reporting Standards and U.S. accounting standards.

(2) Depreciation Method of Important Depreciable Assets

Property, plant and equipment

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is calculated principally by the declining-balance method at fixed rates.

However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016.

Depreciation of property, plant and equipment of consolidated foreign subsidiaries is calculated by the straight-line method.

Intangible assets

The amortization of intangible assets is computed by the straight-line method.

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (mainly 5 years).

(3) Accounting Policies for Important Reserves

Allowance for doubtful accounts

An allowance for doubtful accounts is provided, for possible losses from uncollectible loans and receivables, at the amount calculated based on the actual rate of losses from the bad debt for ordinary receivables, and on the estimated recoverability for specific receivables such as doubtful receivables.

Provision for retirement benefits for directors (and other officers)

In consolidated subsidiaries, a provision for retirement benefits for directors (and other officers) is provided at 100% of the amount that would be required at the end of the fiscal year under review in accordance with internal regulations.

(4) Accounting Method for Retirement Allowances

1) Method to attribute estimated retirement allowances to period of services

To calculate the Company's liability for retirement allowances, the method of benefit formula basis is mainly adopted to attribute the estimated amounts of retirement allowance obligations to the period up to the end of the fiscal year under review.

2) Accounting method for actuarial gains or losses and prior service cost

Prior service cost is mainly amortized on a straight-line basis over a certain period (1 year–10 years) within an average remaining period of service of employees at the time of each occurrence.

Actuarial gains or losses are mainly amortized on a straight-line basis over a certain period (1 year–15 years) within an average remaining period of service of employees at the time of their occurrence, with each amount recognized as an expense starting from the following fiscal year.

(5) Translation of Important Assets and Liabilities Denominated in Foreign Currencies Into Yen

The assets and liabilities denominated in foreign currencies of foreign subsidiaries are translated into yen at the spot rate of foreign exchange in effect at the consolidated balance sheet date of the respective subsidiaries. The revenue and expense accounts of foreign subsidiaries are translated into yen using the average rate of foreign exchange during the fiscal year under review. The resulting translation exchange differences have been presented as "Foreign currency translation adjustment" under "Net assets."

(6) Important Hedge Accounting

1) Hedge Accounting

The Company adopts the deferral hedge accounting, in principle. For interest rate swaps, the preferential treatment is applied to the swaps which satisfy the requirements of such preferential treatment. For currency swaps and forward exchange contracts, the appropriation treatment is applied to the contracts which satisfy the requirements of such appropriation treatment.

2) Hedging Instruments and Hedged Items

Hedging instruments:	Hedged items:
Interest rate swaps	Borrowings and corporate bonds
Currency swaps	Borrowings and corporate bonds
Borrowings	Equity of the foreign subsidiaries
Forward exchange contracts	Forecast transactions denominated in foreign currencies

3) Hedging Policy

The risk hedging transactions are intended to hedge the exposure to fluctuation risks in interest rates and foreign currency exchange rates, in accordance with the internal regulations such as "Market Risk Management Rules" and "Management Guideline by Risk."

4) Method of Assessing Hedge Effectiveness

The Company compares the cumulative amounts of fluctuations in the rates or in the cash flows of the hedged items with the cumulative amounts of fluctuations in the rates or in the cash flows of the hedging instruments, and assesses the effectiveness of hedging transactions based on the ratio between the two amounts.

However, the assessment of hedge effectiveness is omitted for interest rate swaps to which special treatment is applied.

(Hedge transactions to which "Treatment of Hedge Accounting for Financial Instruments Referring to LIBOR" is applied)

Among the above hedge transactions, all hedge transactions included in the scope of application of "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Revised Practical Solution No.40, March 17, 2022) are subject to the exceptional treatment prescribed in the Revised Practical Solution. The details of hedging transactions to which the Revised Practical Solution is applied are as follows.

Hedge accounting method:	Deferred hedge accounting, exceptional accounting for interest rate swaps
Hedging instruments:	Interest rate swaps and currency swaps

Hedged items:	Borrowings and corporate bonds
Types of hedging transactions:	Fixing cash flows

(7) Accounting for Consumption Taxes

Non-deductible consumption tax and local consumption tax are charged to income for the fiscal year under review.

(8) Accounting for Significant Revenues and Expenses

The Company and its consolidated subsidiaries measure revenue from contracts with customers based on the consideration stipulated in the contract with the customer. The main performance obligations in the main business relating to contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized) are as follows.

The promised consideration for contracts with customers in our major businesses is usually paid within one year from the time the performance obligation is satisfied, and since the amount of the promised consideration does not include a significant financial component, there are no contracts with customers for which we have adjusted the consideration for this effect.

1) Commercial Property Business Segment and Marunouchi Property Business Segment

Primarily engaged in the business of leasing office buildings and commercial facilities developed and owned, and in the business of selling office buildings and commercial facilities developed and owned.

- Real estate leasing business

  Office buildings and commercial facilities developed and owned are leased, and revenue is recognized for lease transactions in accordance with the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, March 30, 2007, hereinafter referred to as “Lease accounting standards”) and other standards.

- Real estate sales business

  Office buildings and commercial facilities developed and owned are sold, and revenue is recognized when the real estate is delivered to the customer.

- Other

  Other businesses include building operation and management, and hotel business.

  In the building operation and management business, we operate office buildings and commercial facilities and provide real estate management services. As the manager of the entire building, we assume responsibility for overall management throughout the management operations and provide building management services by performing various management tasks such as security, facility management, cleaning, and planting services under contract terms. Since these services are consumed by the customer as the service is provided in satisfaction of its performance obligation, revenue is recognized over the contractual period with the customer and is measured by the amount billed to the customer based on the passage of time. In addition, the Company contracts with lessees for internal construction work, etc. For construction contracts such as internal construction with customers in the building operation and management business, the Company recognizes revenue based on the cost incurred and the degree of completion of the construction work over the contract period with the customer, since the customer controls the asset as the performance obligation is satisfied. In cases where the period of time over which the performance obligation is expected to be fully satisfied from the date of inception of the transaction in the contract is very short, revenue is not recognized over a certain period of time based on alternative treatment of materiality, etc., and revenue is recognized when the performance obligation is satisfied.

  In the hotel business, the Company and its consolidated subsidiaries operate hotels in buildings they own. Revenue related to the hotel business is recognized over the period of use of the facility by the customer, as the customer consumes the service as it is provided in satisfaction of the performance obligation.

2) Residential Business Segment

Mainly engaged in construction, sales, and leasing of developed condominiums and residential houses, as well as management of condominiums and houses on consignment and custom-built housing business, etc.

- Condominium sales business

  Condominiums for sale that have been conducted from the purchase of land to construction are sold to customers, and revenue is recognized at the time the real estate is delivered to the customer.

- Contracted residential property management services
  Property management services for condominiums, residential houses, etc., are rendered. As the manager of the entire building, the company assumes responsibility for general management throughout the management operations and provides building management services by performing various management tasks such as security guard services, facility management, cleaning, and planting under contractual terms. Since these services are consumed by the customer as the service is provided in satisfaction of its performance obligation, revenue is recognized over the contractual period with the customer and is measured by the amount billed to the customer based on the passage of time.
- Design and contract construction of custom-built houses
  Custom-built houses are sold on order, and the Company constructs and delivers houses on the customer's land based on building construction contracts with the customer. For such services, the Company recognizes revenue based on the percentage of completion at cost incurred over the term of the contract with the customer, since the customer controls the asset as it satisfies its performance obligations. In cases where the period of time over which the performance obligation is expected to be fully satisfied from the date of commencement of the transaction in the contract is very short, revenue is not recognized over a certain period of time based on alternative treatment of materiality, etc., and revenue is recognized when the real estate is delivered to the customer.
- Other
  Other activities include sales of rental apartments, etc., renovation and sales of condominiums, real estate brokerage, and leasing of rental apartments. For sales of rental apartments, etc. and sales of renovated condominiums, revenue is recognized at the time the property is delivered to the customer. Real estate brokerage services are provided based on real estate brokerage contracts with customers to conclude real estate sales contracts and real estate lease contracts on behalf of customers and to deliver real estate. The Company recognizes revenue from this service upon completion of the delivery of the brokerage property. For lease transactions related to rental apartments, the Company recognizes revenue in accordance with Lease accounting standards and other standards.

3) International Business Segment
   In overseas, it is engaged in the business of developing and leasing office buildings, residences, commercial facilities, and other properties. In the real estate leasing business, the Company recognizes revenues in accordance with Lease accounting standards. When office buildings developed and owned by the Company are sold to customers, revenue is recognized at the time the properties are delivered to the customers. When the financial statements of foreign consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) or U.S. GAAP, such financial statements are used in accordance with "Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (ASBJ Revised Practical Solution No.18, June 28, 2019, hereinafter referred to as "PITF No.18").
4) Investment Management Business Segment
   It provides comprehensive services related to real estate investment, mainly offering asset management services to investment corporations and real estate funds. Revenue from asset management services includes asset management fees over the contract period as well as success fees for property acquisitions and property sales. Asset management fees include the amount of assets under management multiplied by a contractually defined rate and variable fees based on asset performance multiplied by a contractually defined rate. Because asset management fees are consumed by customers as obligations in contracts with customers are performed and services are rendered, revenue is recognized over the term of the contract with the customer only to the extent that it is probable that, upon subsequent resolution of the uncertainty based on the mode method, there will not be a significant reduction in the revenue recorded by the time the uncertainty is resolved. For success fees at the time of property acquisition or sale, revenue is recognized when the performance obligation is satisfied. When the financial statements of foreign consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) or U.S. GAAP, such financial statements are used in accordance with PITF No.18.
5) Architectural Design & Engineering Business and Real Estate Services Business Segment
   It is engaged in the design and engineering business and the real estate service business.
   - Architectural Design & Engineering Business
     Building design and engineering services are provided until building construction is complete. For such services, the Company recognizes revenue based on the percentage of completion at

cost incurred over the term of the contract with the customer, since the customer controls the asset as it satisfies its performance obligations. In cases where the period of time over which the performance obligation is expected to be fully satisfied from the date of inception of the transaction in the contract is very short, revenue is not recognized over a certain period of time based on alternative treatment of materiality, etc., and revenue is recognized when the performance obligation is satisfied.

- Real Estate Services Business
  Parking management services and real estate brokerage services are provided. In the parking management service, we assume overall management responsibility for customer-owned parking facilities as the manager of the entire facility and provide parking management and operation services by performing various management tasks such as security, facility management, and cleaning under contractual terms. Parking management and operation services are consumed by the customer as the services are provided in satisfaction of its performance obligations, and revenue is recognized over the term of the contract with the customer and is measured by the amount billed to the customer over time.
  Real estate brokerage services are provided based on real estate brokerage contracts with customers to conclude real estate sales contracts and real estate lease contracts on behalf of customers and to deliver real estate. The Company recognizes revenue from this service upon completion of the delivery of the brokerage property.

Recognition of revenues from operating leases:
Revenue is recognized based on the monthly lease payments to be received under the lease contracts over the elapsed term of the leases.

Recognition of revenues from finance lease transactions:
The Company recognizes net sales and cost of sales related to finance lease transactions at the time of receipt of the lease payments.

(9) Amortization Method and Amortization Period of Goodwill
Goodwill is equally amortized over five (5) years on a straight-line basis. However, if the effect-emerging period can be reasonably estimated, the amount is equally amortized over the estimated period or if the amount is small, it is amortized for one (1) time.

[Translation for Reference and Convenience Purposes Only]

Notes on Changes in Accounting Policies

1. Application of the Accounting Standard for Current Income Taxes, Etc.
   The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the fiscal year under review.
   Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022"), with the cumulative impact adjusted to retained earnings at the beginning of the fiscal year under review. As a result, retained earnings decreased by ¥180 million and deferred gains or losses on hedges increased by the same amount at the beginning of the fiscal year under review. Impact of the change in accounting policies on the Consolidated Financial Statements for the fiscal year under review is immaterial.
   In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the fiscal year under review.

2. Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, Etc.
   The Company has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (Practical Solution No. 46, March 22, 2024), etc. from the beginning of the fiscal year under review This change in accounting policies has no impact on the consolidated financial statements.

[Translation for Reference and Convenience Purposes Only]

Notes on Accounting Estimates

1. Valuation of Property, Plant and Equipment

(1) Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of Yen)
Property, plant and equipment	4,854,464
Impairment losses	13,121

(2) Other Information

1) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

The Group mainly owns real estate properties such as office buildings, commercial facilities, outlet malls, hotels, logistics facilities as property, plant and equipment. For property, plant and equipment owned by the Company, if the total undiscounted future cash flows from an asset or asset group, for which events or changes in circumstances indicate that the book value of the asset or asset group may not be recoverable, are less than the book value, the book value is reduced to the recoverable amount, and such reduced amount is recorded as an impairment loss, in accordance with the Accounting Standard for Impairment of Fixed Assets.

When grouping assets in order to judge whether to recognize impairment losses or to perform the measurement of impairment losses, a unit for asset grouping shall be the smallest unit that generates cash flows that are largely independent of the cash flows of other assets or groups of assets.

The higher of net sale value and value in use is used as recoverable amount. While the net sale value is expressed as an appraised value by a real estate appraiser or estimated trading price, the discounted future cash flows are used to measure the value in use.

2) Major Assumptions

In principle, the Group estimates rents, capital expenditures, and discount rates for each individual property. The estimation is made based on major assumptions by each asset class, taking into account the condition of individual properties.

The major assumptions used when estimates were made in the fiscal year under review are as follows.

■ Offices

Average rents have remained steadily high since the previous fiscal year. As upward revision of rents at the time of renewal of contracts has progressed, the average rents are expected to remain high in the next fiscal year. The vacancy rate improved as leasing performed steadily in the fiscal year under review, and we assume that the rate will continue to stay stable in the next fiscal year and beyond.

■ Commercial facilities and outlet malls

As commercial rents include variable rents that are linked to tenant sales, there is a correlation between rents and tenant sales at the relevant commercial facilities. In the fiscal year under review, sales and rents of facilities remained high due to strong demand from inbound tourists. We assume that steady business performance will continue in the next fiscal year.

■ Hotels

Business performance for the fiscal year under review remained steady due to an increase in demand from inbound tourists. We assume that steady business performance will continue in the next fiscal year.

■ Logistics facilities

For logistics facilities, the market has been favorable. Therefore, we assume that performance of logistics facilities will continue to be steady in the next fiscal year and beyond as is expected for the market trend.

■ Redevelopment projects

The Group is engaged in multiple redevelopment projects. Compared with other development projects, redevelopment projects have potential risks entailing that their profitability will be lower than initial estimates as a result of delays or changes in plans. Such risks include the risk of not obtaining agreement from other landowners in the area planned for redevelopment, and the risk of not obtaining development permission from local governments.

The Company comprehensively assesses these various risks for redevelopment projects. However, for the redevelopment projects currently underway, we expect to make progress with their development while securing a certain level of profitability by implementing various measures to address the deterioration of the business environment, such as increased costs.

3) Impact on the Consolidated Financial Statements for the Next Fiscal Year

The estimation of impairment losses is made based on the descriptions of 2) Major Assumptions. Therefore, if major assumptions used for estimating impairment losses worsen, additional impairment losses may be recognized in the next fiscal year.

2. Valuation of Inventories

(1) Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of yen)
Real estate for sale	86,518
Real estate for sale in process	484,196
Loss on devaluation of equity investments recorded	258

(2) Other Information

1) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

If the net sale value of inventories falls below the book value, due to a decline in profitability, the Group reduces the book value to the net sale value and records the reduced amount as loss on devaluation, in accordance with the Accounting Standard for Measurement of Inventories. The net sale value is the estimated sales value less the estimated additional construction costs and estimated sales expenses.

2) Major Assumptions

The major assumption used in the estimation of net sale value for the fiscal year under review are as follows.

Considering factors such as the latest quarterly distribution of sales by agreement date, contract prices and number of model units visitors, the net sale values of projects whose performance is generally in line with or better the initial business plan are estimated based on the initial business plan. Meanwhile, the net sale values of projects whose performance has deteriorated from the initial business plan are estimated based on a revised business plan, taking into consideration conditions unique to each project such as the status of progress, market prices in the neighborhood and incurrence of additional costs.

In addition, pre-construction land for development related to the condominium business has potential risks entailing that its profitability may be lower than initially expected as a result of delays in the projects or changes in the plan during the period up to the sales. Such risks include the risk of the declining of future selling price, the risk of excessive supply, and the risk of construction delay due to consultation with neighbors.

The Group comprehensively assesses these various risks for pre-construction land for development. However, for the pre-construction projects currently underway, we expect to make progress with their development while securing a certain level of profitability by implementing various measures to address the deterioration of the business environment, such as increased costs.

3) Impact on the Consolidated Financial Statements for the Next Fiscal Year

In the valuation of inventories, the book value is written down based on the descriptions of 2) Major Assumptions by the lower of cost or market (LCM) method. Therefore, changes in these major assumptions used for the valuation of inventories may result in the recording of a gain on sales or an additional loss on devaluation in the next fiscal year.

3. Valuation of Equity Investments

(1) Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of yen)
Equity investments	1,063,570
Loss on devaluation of equity investments recorded	–

(2) Other Information

1) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

If the effective market value of equity investments without market price declines significantly, the Group reduces the book value by a reasonable amount, and records such reduced amount as an impairment loss on equity investments, in accordance with the Accounting Standard for Financial Instruments.

In calculating the effective market value, the Group performs valuations of assets held by investees for each purpose of holding.

2) Major Assumptions

For assets held by investees, major assumptions are determined according to the purpose of holding such assets. For the details of assumptions made for the relevant assets, please refer to 1. Valuation of Property, Plant and Equipment and 2. Valuation of Inventories.

3) Impact on the Consolidated Financial Statements for the Next Fiscal Year

The estimation for impairment losses on equity investments is made based on assumptions described in 2) Major Assumptions. Therefore, if there are changes in these major assumptions, it may result in impairment losses on equity investments in the next fiscal year.

[Translation for Reference and Convenience Purposes Only]

Notes to the Consolidated Balance Sheet

1. Accumulated Depreciation for Property, Plant and Equipment: ¥2,001,655 million
   The accumulated depreciation above includes the accumulated impairment loss.

2. Assets Subject to Collateral and Secured Debt
   (1) Assets Subject to Collateral:

Cash and deposits	¥150 million
Real estate for sale (Note 1)	¥5,770 million
Equity investment (Note 2)	¥17,330 million
Buildings and structures	¥229,672 million
Machinery, equipment and vehicles	¥15 million
Land	¥191,813 million
Construction in progress	¥102,510 million
Investment securities (Note 2)	¥14,485 million
Other (Note 2)	¥2,010 million
Total	¥563,759 million

   (2) Debt Secured by the Above:

Current portion of long-term borrowings	¥3,684 million
Long-term borrowings	¥117,303 million
Non-current liabilities and other (Note 1)	¥5,013 million
Total	¥126,001 million

(Notes)

1. Real estate for sale of ¥5,770 million and non-current liabilities and other of ¥5,013 million are for transactions to transfer land to SPC Mikawa Logi Development, in which the Company made a preferred equity investment. Accordingly, these transactions are treated as financial transactions in accordance with the “Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies” (Transferred Guidance No.10, July 1, 2024).
2. Equity Investment of ¥17,330 million, investment securities of ¥14,485 million and other of ¥2,010 million are pledged as collateral for the debts of the affiliated companies.

3. Contingent Obligations

(1) Guarantee Obligations

Warrantee	Amount of obligation	Substance of obligation
Home buyers	¥17,300 million	Borrowings from financial institutions
Total	¥17,300 million	

The guarantee obligations for home buyers mainly mean the Company's joint and several guarantees to secure the repayment of housing loans of home buyers in favor of financial institutions, which continue until the registration of the creation of the corresponding mortgages has been completed.

(2) Guarantee of Acceptance of Businesses

Warrantee	Amount of obligation	Substance of obligation
PT.Windas Development	¥22,717 million (US$143,615 thousand)	Borrowings from financial institutions
Square 487 GL LLC	¥4,245 million (US$26,841 thousand)	Borrowings from financial institutions
3400 Walnut Street Owner LLC	¥2,537 million (US$16,045 thousand)	Borrowings from financial institutions
Byberry North Owner, LLC	¥2,377 million (US$15,030 thousand)	Borrowings from financial institutions
TRCC/Rock Outlet Center, LLC	¥1,625 million (US$10,277 thousand)	Borrowings from financial institutions
RML 548 Co., Ltd.	¥7,886 million (THB1,792 million)	Borrowings from financial institutions
Vista Ventures Taft, Inc.	¥1,393 million (PHP530,025 thousand)	Borrowings from financial institutions
Total	¥42,784 million	

The Company guarantees acceptance of businesses in favor of creditors of RML 548 Co., Ltd. and Vista Ventures Taft, Inc. in the amount equivalent to the percentage of equity interest owned by the Company. MEC Group International Inc. guarantees acceptance of businesses in favor of creditors of Square 487 GL LLC, 3400 Walnut Street Owner LLC, Byberry North Owner, LLC and TRCC/Rock Outlet Center, LLC. Mitsubishi Estate Asia Pte. Limited and MEA Commercial Holdings Pte. Ltd. guarantee acceptance of businesses in favor of creditors of PT. Windas Development. Furthermore, for the amount in excess of the amount equivalent to the percentage of equity interest owned by Mitsubishi Estate Asia Pte. Limited and MEA Commercial Holdings Pte. Ltd., the Company has received either the provision of collateral or guarantees from its business partners.

4. Revaluation of Land
   The Company and some of its consolidated subsidiaries revalued the land used for its business in accordance with the "Act on Revaluation of Land" (Act No. 34, March 31, 1998) and the "Act Partially Amending the Act on Revaluation of Land" (Act No. 19, March 31, 2001). The revaluation difference has been included in "Net assets" as "Revaluation reserve for land," net of the related tax that is included in "Liabilities" as "Deferred tax liabilities for land revaluation."

Revaluation method:	The value of land is determined based on the assessed value of the fixed property tax adjusted reasonably, as stipulated in Article 2, Item 3, of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998).
Date of revaluation:	March 31, 2002

[Translation for Reference and Convenience Purposes Only]

Notes to the Consolidated Statement of Changes in Net Assets

1. Class and Total Number of Issued Shares and Class and Number of Treasury Shares

(Thousands of shares)

	Number of Shares as of the Beginning of Fiscal Year under Review	Increase during the Fiscal Year under Review	Decrease during the Fiscal Year under Review	Number of Shares as of the End of Fiscal Year under Review
Issued shares:				
Common stock:	1,324,288	–	73,449	1,250,838
Total	1,324,288	–	73,449	1,250,838
Treasury shares				
Shares of common stock (Notes)	58,052	20,444	73,642	4,854
Total	58,052	20,444	73,642	4,854

Notes:

1. The Decrease in the number of issued shares was due to the cancellation of treasury shares by decision of President and Chief Executive Officer based on delegation by resolution of the Board of Directors (73,449 thousand shares).
2. The increase of 20,444 thousand shares in the number of the treasury shares of the Company was due to the purchase of treasury shares by resolution of the Board of Directors (20,437 thousand shares) and the purchase of shares less than one (1) unit (7 thousand shares). The decrease of 73,642 thousand shares was due to the cancellation of treasury shares (73,449 thousand shares), the exercise of stock options (5 thousand shares), and the disposal of treasury shares as restricted share awards (187 thousand shares).

2. Matters Related to Dividends From Surplus

(1) Dividends Paid

Date of Resolution	Class of Shares	Total Amount of Dividends (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 27, 2024	Common stock	25,324	20	March 31, 2024	June 28, 2024
Meeting of Board of Directors held on November 7, 2024	Common stock	26,277	21	September 30, 2024	December 6, 2024

(2) Of the Dividends for Which the Record Date Belongs to the Fiscal Year Under Review, Those for Which the Effective Date of the Dividends Will Be in the Following Fiscal Year

Planned Date of Resolution	Class of Shares	Total Amount of Dividends (Millions of yen)	Source of Funds for Dividends	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 27, 2025	Common stock	27,411	Retained earnings	22	March 31, 2025	June 30, 2025

[Translation for Reference and Convenience Purposes Only]

3. Matters Related to Share Acquisition Rights

Breakdown of Stock Acquisition Rights	Class of Shares Subject to Share Acquisition Rights	Number of the Shares subject to Share Acquisition Rights (Shares)			
		As of the Beginning of Fiscal Year under Review	Increase during the Fiscal Year under Review	Decrease during the Fiscal Year under Review	As of the End of Fiscal Year under Review
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 29, 2011 (Note)	Common stock	5,000	–	5,000	–
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2012	Common stock	6,000	–	–	6,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2013	Common stock	5,000	–	–	5,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2014	Common stock	9,000	–	–	9,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2015	Common stock	10,000	–	–	10,000

Note: The decrease in the number of share acquisition rights, which were granted by a resolution at the meeting of the Board of Directors held on July 29, 2011, for the fiscal year under review resulted from the exercise of the share acquisition rights.

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. Matters Relating to Financial Instruments

(1) Policies to Approach to Financial Instruments

The Group raises the necessary funds (mainly bank borrowings and bond issues) in light of the capital investment plan. In terms of fund management, it makes every effort to avoid market risks by emphasizing liquidity and shortening the fund management period. As for derivative transactions, the Group makes it a policy not to engage in speculative transactions, focusing primarily on hedging exposures to fluctuation of interest rates, reducing interest expenses, and hedging the exposure to fluctuation risks in foreign currency exchange rates.

(2) Contents and Risks of Financial Instruments

Trade notes and accounts receivable, which are trade receivables, are exposed to the credit risks of customers. Trade receivables in foreign currencies arising from overseas operations are exposed to risks of currency fluctuations.

Securities and investment securities include mainly held-to-maturity debt securities and shares of companies with which we have business relationships, and are exposed to risks of fluctuations in market prices.

Equity investments includes mainly preferred equity investments in special-purpose companies under the Law Concerning Liquidation of Assets, investments in investment units of real estate investment trusts, and investments in anonymous partnerships into special-purpose companies. They are exposed to credit risks of respective issuers, risks of changes in interest rates, and risks of fluctuations in market prices.

Leasehold and guarantee deposits for leased premises are exposed to credit risks of business partners.

Most of trade notes and accounts payable, which are trade payables, are due within one (1) year. Some of them in foreign currencies are exposed to risks of currency fluctuations.

Borrowings and bonds payable are intended to raise funds required mainly for capital expenditures, and their maturity dates and repayment dates are in a maximum of fifty-six (56) years after the closing date. Although some of them have floating rates and are exposed to interest rate risks, they are hedged through derivative transactions (interest rate swaps).

Derivative transactions include interest rate swaps, currency swaps and forward exchange contracts. Interest rate swaps hedge exposures to interest rates by fixing interest rates for financing at floating interest rates. Some of the consolidated subsidiaries trade interest rate and currency swaps based on the same trading policies and for the same utilization purposes as the Company adopts.

(3) Risk Management Systems Relating to Financial Instruments

(i) Management of credit risks (risks of contractual defaults by business partners)

The Group periodically monitors trade receivables, and leasehold and guarantee deposits of major business partners through the department in charge of each segment, manages the due date and the balance by business partner, and discovers promptly and reduces the risks of failures to collect money due to their deteriorating financial positions.

(ii) Management of market risks (risks of fluctuations in foreign exchange rates and interest rates)

The Group capitalizes on interest rate swap and currency swap transactions to limit the risks of fluctuations in interest rates on borrowings and bonds payable. The Group also uses foreign currency borrowings to hedge the risk of foreign exchange rate fluctuations on its net investments in foreign subsidiaries. In terms of securities and investment securities, the Group assesses the market values and financial positions of issuers (business partners) on a regular basis. As for those excluding held-to-maturity debt securities, the Group continuously reviews positions in consideration of the market conditions and relationships with business partners.

(iii) Management of liquidity risks of financing (risks of failure to pay on the due date)

The Group in a timely way develops and updates the financing plans through departments in charge based on reports from each department, and manages liquidity risks by maintaining cash balances.

(4) Supplemental Explanation for Matters Relating to Market Values, Etc. of Financial Instruments

Since measurement of market values of financial instruments incorporate variable factors, the relevant values may vary depending on the assumptions adopted.

[Translation for Reference and Convenience Purposes Only]

2. Matters Related to Market Values, Etc. of Financial Instruments
Amounts stated on the consolidated balance sheet as of March 31, 2025, market values, and their differences are shown as follows.

(Millions of Yen)

	Reported Amounts on the Consolidated Balance Sheet	Fair Value	Difference
(1) Securities and Investment securities (*2)			
(i) Held-to-maturity debt securities	95	94	(0)
(ii) Other securities (*4)	302,702	302,702	–
(2) Equity investments (*2)(*4)	25,846	25,846	–
Total assets	328,643	328,642	(0)
(1) Current portion of long-term borrowings	199,438	198,843	(594)
(2) Current portion of bonds payable	10,000	9,977	(22)
(3) Bonds payable	789,472	728,015	(61,457)
(4) Long-term borrowings	2,136,406	2,091,256	(45,149)
(5) Leasehold and guarantee deposits received	465,652	430,453	(35,199)
Total liabilities	3,600,969	3,458,545	(142,423)
Derivative transactions (*3)	79	79	–

(*1) Cash and items whose market value approximates their carrying amount due to their short maturities are omitted.

(*2) Equity securities without market prices are not included in "(1) Securities and Investment securities" and "(2) Equity investments." The carrying amounts of such financial instruments in the consolidated balance sheets are as follows.

Category	Reported Amounts on the Consolidated Balance Sheet (Millions of yen)
1) Non-listed shares	45,385
2) Investments in capital	1,875

(*3) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in "( )."

(*4) Investments in partnerships, etc., which are recorded on the consolidated balance sheet at the net amount of the Company's equity interest, are not included in "(1) Securities and Investment securities (ii) Other securities" and "(2) Equity investments."
The amount of such financial instruments recorded on the consolidated balance sheet is ¥20,195 million.

3. Matters Concerning the Breakdown of the Market Value of Financial Instruments by Level, Etc.

The market value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate the market value.

Level 1 market value:	Market value calculated based on quoted market prices for assets or liabilities for which such market value is calculated that are formed in an active market among the inputs for the calculation of observable market value.
Level 2 market value:	Market value calculated using inputs other than Level 1 inputs for the calculation of observable market value.
Level 3 market value:	Market value calculated using inputs for calculating unobservable market value

When multiple inputs that have a significant impact on the calculation of market value are used, the market value is classified to the level with the lowest priority in the calculation of market value among the levels to which each of those inputs belongs.

(1) Financial Instruments Carried on the Consolidated Balance Sheet at Market Value

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Stocks	292,225	–	–	292,225
Corporate bonds	–	–	4,555	4,555
Other securities	5,920	–	–	5,920
Equity investment	16,269	–	9,576	25,846
Total assets	314,416	–	14,132	328,548
Derivative transactions (*)				
Interest-related	–	79	–	79
Total liabilities	–	79	–	79

(*) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in "( )."

(2) Financial Instruments Other Than Those Recorded on the Consolidated Balance Sheets at Market Value

Classification	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Government bonds	94	–	–	94
Total assets	94	–	–	94
Current portion of long-term borrowings	–	198,843	–	198,843
Current portion of bonds payable	–	9,977	–	9,977
Bonds payable	–	728,015	–	728,015
Long-term borrowings	–	2,091,256	–	2,091,256
Leasehold and guarantee deposits received	–	430,453	–	430,453
Total liabilities	–	3,458,545	–	3,458,545

(Notes) Explanation of valuation techniques used in the calculation of market value and inputs related to the calculation of market value

Securities and Investment securities

Listed stocks and government bonds with quoted market prices held by the Company and its consolidated subsidiaries are valued using quoted market prices and are classified as Level 1 market value. Non-marketable corporate bonds are valued using the discounted present value method based on the total principal and interest based on the remaining period and interest rate taking into account credit risk, and are classified as Level 3 market value because the effect of unobservable inputs on the market value is significant.

Equity investment

Equity investments with market value held by the Company and its consolidated subsidiaries are valued using quoted market prices and are classified as Level 1 market value. Non-marketable equity investments are valued using the adjusted net worth method, whereby real estate owned by the investee is marked to market, and are classified as Level 3 market value due to the significant impact of unobservable inputs on the market value.

Derivative transactions

The market values of interest rate swaps are calculated based on prices quoted by counterparty financial institutions, etc., and are classified as Level 2 market values.

Current portion of bonds payable and Bonds payable

The market value of bonds issued by the Company and its consolidated subsidiaries is based on the market price for bonds with market quotations and is classified as Level 2 market value. The market value of bonds issued by the Company and its consolidated subsidiaries with no quoted market price is calculated using the discounted present value method based on the total amount of principal and interest (for bonds that qualify for special treatment as interest rate swaps, the total amount of principal and interest based on the interest rate swap rate) and an interest rate that takes into account the remaining period of the bonds and credit risk, and is classified as Level 2 market value. (Certain bonds are subject to currency swaps, etc., and their market values are calculated as if they were yen-denominated bonds.)

Current portion of long-term borrowings and Long-term borrowings

The market value of long-term borrowings is calculated using the discounted present value method based on the sum of the principal and interest (or the principal and interest at the rate of the interest rate swap for loans that qualify for the special treatment of interest rate swaps), with interest rates taking into account the remaining term of the debt and credit risk, and is classified as Level 2 market value. (Certain borrowings are subject to currency swaps, etc., and their market value are calculated as if it were a yen-denominated debt.)

Leasehold and guarantee deposits received

The market value of leasehold and guarantee deposits received is determined using the discounted present value method based on the amount of the obligation to return the guarantee money and deposits, the period until the due date, and an interest rate that takes into account credit risk, and is classified as Level 2 market value.

[Translation for Reference and Convenience Purposes Only]

Notes on Leased Real Estate

The Company and some of its consolidated subsidiaries own office buildings for rent, commercial facilities for rent and others in Tokyo and other areas including overseas areas (the United States, United Kingdom, etc.) for the purpose of obtaining revenue from leases.

Some office buildings for rent in Japan are regarded as real estate including parts used as leased real estate since they are used by the Company and some of its consolidated subsidiaries.

The reported amounts on the consolidated balance sheet and the fair values of these leased real estate and real estate including parts used as leased real estate at the end of the fiscal year under review are as follows:

	Reported Amounts on the Consolidated Balance Sheet (Millions of yen)	Fair Value (Millions of yen)
Leased real estate	4,258,795	8,873,849
Real estate including spaces used as leased real estate	529,120	959,688

Notes:

1. The reported amounts on the consolidated balance sheet have deducted accumulated depreciation costs and accumulated impairment losses from the acquisition cost.
2. Fair values at the end of the fiscal year under review are based on the following:
   (1) Fair values of real estate in Japan are calculated by the Company based mainly on the Real Estate Appraisal Standards.
   (2) Fair values of real estate overseas are values appraised principally by local real estate appraisers.

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Notes on Revenue Recognition

1. Information on disaggregation of revenue from contracts with customers

The Company breaks down its operating revenues based on its business segments and further breaks down its Commercial Property Business, Marunouchi Property Business and Residential Business by goods and services.

Due to the partial changes in the organization of the Company, the Company changed the segment classification from the fiscal year under review.

・ The organization that handles the functions related to the Otemachi, Marunouchi and Yurakucho districts was transferred to the newly established "Marunouchi Property Business Group," and the existing "Commercial Property Business Group" was split into the "Commercial Property Business Group" and the "Marunouchi Property Business Group."

Consequently, the Company changed its reporting segments from "Commercial Property Business," "Residential Business," "International Business," "Investment Management Business" and "Architectural Design & Engineering Business and Real Estate Services Business" to "Commercial Property Business," "Marunouchi Property Business," "Residential Business," "International Business," "Investment Management Business" and "Architectural Design & Engineering Business and Real Estate Services Business."

	For the fiscal year under review (Millions of yen)
Commercial Property Business	
Real estate leasing business (Note 1)	313,653
Real estate sales business (Note 1)	151,158
Other	74,019
Sub-total	538,832
Marunouchi Property Business	
Real estate leasing business (Note 1)	268,792
Other	125,804
Sub-total	394,596
Residential Business	
Condominium sales business	156,651
Contracted residential property management services	62,589
Design and contract construction of custom-built houses	36,178
Other (Note 1)	166,483
Sub-total	421,902
International Business (Note 1)	160,186
Investment Management Business	40,969
Architectural Design & Engineering Business and Real Estate Services Business	82,188
Other business	11,666
Total	1,650,343
Inter-segment transactions (Note 2)	(70,530)
Amount recorded in consolidated financial statements	1,579,812
Revenue from contracts with customers	798,929
Revenue from other sources (Note 1)	780,883

Notes:

1. Operating revenues from real estate leasing in the Commercial Property Business and the Marunouchi Property Business and from the International Business are recognized mainly by applying "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and other related standards. Operating revenue from sales of real estate in the Commercial Property Business and other operating revenue in the Residential Business include operating revenues that are recognized by applying the Transferred Guidance No.10 of the Accounting Standards Board of Japan: "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies." When the financial statements of foreign consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) or U.S. GAAP, such financial statements are used in accordance with PITF No.18.
2. The above revenue breakdown includes intersegment revenues and transfers.

2. Basis Information for Understanding Revenues Arising From Contracts With Customers
As described in Note "4 Matters related to Accounting Policies (8) Accounting for Significant Revenues and Expenses" in the Notes on Important Matters for the Preparation of the Consolidated Financial Statements.

3. Information to Understand the Amount of Revenue in the Fiscal Year Under Review and Subsequent Fiscal Years
(1) Receivables, Contract Assets, and Contract Liabilities Arising From Contracts With Customers
The balances of receivables, contract assets and contract liabilities arising from contracts with customers at the end of the fiscal year under review are as follows. In the consolidated balance sheets, receivables and contract assets arising from contracts with customers are included in "Trade notes and accounts receivable, and contract assets," and contract liabilities are included in "Other" under "Current liabilities," respectively.

	For the fiscal year under review (Millions of yen)
Receivables arising from contracts with customers	63,527
Contract assets	13,639
Contract liabilities	98,875

Contract assets consist mainly of the rights to the consideration based on the progress of the construction work at the end of the reporting period for design and engineering contracts and housing contracts, excluding receivables, which are transferred to receivables when the work is completed and the consideration is invoiced to the customer.
Contract liabilities consist primarily of deposits, etc., received from customers under contracts for the sales of condominium units and other real estate. When the condominium units and other real estate are transferred to customers, the performance obligations are satisfied and the contract liabilities are transferred to revenue.
Of the contract liability balances of ¥93,532 million at the beginning of the fiscal year under review, ¥80,716 million was related to sales of condominiums and other real estate, of which ¥26,920 million was recognized as revenue in the fiscal year under review. Almost all of the contract liabilities other than those related to condominiums and other real estate were recognized as revenues during the fiscal year under review.
(2) Transaction Price Allocated to Remaining Performance Obligations
The transaction value allocated to the residual performance obligation was ¥254,891 million at the end of the fiscal year under review, of which ¥89,891 million was allocated to the Commercial Property Business and ¥165,000 million to the Residential Business.
As of the end of the fiscal year under review, the estimated timing of performance of outstanding performance obligations is generally within one year for the Commercial property business and generally within three years for the Residential business. The notes apply the practical expedient method and do not include contracts with initial expected contract periods of one year or less and contracts for which revenue from satisfaction of performance obligations is recognized in accordance with Paragraph 19 of the Implementation Guidance.

Per-share Information

Net assets per share	¥2,057.47
Earnings per share	¥151.04

Significant Subsequent Events
(Purchase of Treasury Shares)
The Company resolved to purchase its treasury shares under Article 156, which is applicable in accordance with Article 165, paragraph (3) of the Companies Act, at the meeting of the Board of Directors held on May 12, 2025. The details are as follows.
1 Reason for the purchase of Treasury Shares
As part of the capital policy in the Long-Term Management Plan, the Company decided to purchase its treasury shares.
2 Details of Matters Concerning Purchase
(1) Class of Shares to Be Purchased
Common stock

(2) Total Number of Shares to Be Purchased
60,000,000 shares (Maximum)
(4.82% of the total number of issued shares (excluding treasury shares))
(3) Total Amount of Purchase Price
¥100,000 million (Maximum)
(4) Period of Purchase
From May 13, 2025 to November 12, 2025
(5) Method of Purchase
Open market purchase on the Tokyo Stock Exchange

* During the period of purchase, the Company will not purchase shares from July 10, 2025 to July 16, 2025, as it may consider to grant restricted stock compensation stipulated by the officer remuneration system of the Company.

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Other Notes

1. Impairment losses

The impairment loss is recorded for the following asset groups for the fiscal year under review.

Major application	Category	Location
Leased assets, etc. (total 41 groups)	Land and buildings, etc.	London City, United Kingdom, etc.

Asset grouping for the Group was made based on a minimum unit that generates cash flows, which is substantially independent from cash flows of other assets or asset groups. Company condominiums are regarded as shared assets.

As a result, the book values of forty-one (41) asset groups, consisting of those for which the market prices fell considerably compared with the book values due to a decline of land prices and those for which profitability decreased considerably due to fallen rent levels or deteriorated market conditions, etc., were reduced to the respective recoverable amounts and such reduced amounts were recorded as an impairment loss (¥13,121 million) under extraordinary losses.

The breakdown of such impairment loss was ¥6,475 million in land, and ¥6,645 million in buildings, structures and others.

The recoverable amounts of asset groups are measured with net sale value or value in use, and the net sale value is principally expressed as an appraised value by a real estate appraiser. Future cash flows discounted at a rate of five (5) % are principally used to compute the value in use.

2. Asset Retirement Obligations

(1) Asset Retirement Obligations Posted on the Consolidated Balance Sheet

1) Outline of the asset retirement obligations

These obligations include obligations to restore the original state related to periodically renewed land lease contracts and building lease contracts.

2) Computation method for the asset retirement obligations

Asset retirement obligations are computed regarding the remaining contract years as an expected use period and using a discount rate between 0.0% and 5.8%.

3) Increase (decrease) of asset retirement obligations for the fiscal year under review

Balance at the beginning of the fiscal year under review:	¥9,668	million
Increase due to the acquisition of property, plant and equipment:	¥195	million
Adjustments due to the elapse of time:	¥84	million
Decrease due to the fulfillment of asset retirement obligations:	¥(70)	million
Increase (decrease) due to other reasons:	¥(165)	million
Balance at the end of the fiscal year:	¥9,712	million

(2) Asset Retirement Obligations That Are Not Posted on the Consolidated Balance Sheet

The following asset retirement obligations are excluded from the posted amounts:

1) Obligation to remove asbestos that is used for some property, plant and equipment at the time of removal of the property, plant and equipment in a particular way required by the Ordinance on Preventing Asbestos Hazards

For some of the property, plant and equipment of the Company, the demolition of a building involves an obligation to remove asbestos. However, no demolition has taken place yet other than demolition related to redevelopment or other projects that required arrangements with many business associates. It is difficult to estimate the timing to fulfill such obligation due to causes such as deterioration, based on the estimated physically usable period of the asset. We cannot estimate when to demolish the property, plant and equipment without relevant specific management plans. To address the issue of asbestos, we have been voluntarily conducting asbestos removal work when tenants move out or when other opportunities allow us to do so. However, we cannot make a reasonable estimate of how such voluntary asbestos removal work will progress in the future based on the data such as how long past tenants stayed. Also, we cannot estimate the remaining amount of asbestos when such property, plant and equipment are demolished. Moreover, it is difficult to only estimate the asbestos removal cost separately from regular demolition costs. For these reasons, an asbestos removal-related probability assessment relative to the domain and amounts of asset retirement obligation is difficult. Therefore, an obligation to remove asbestos is excluded from the reported asset retirement obligations although we made a best estimate taking into account the evidence available as of the closing date.

2) Obligation to restore the original state based on some real estate rental agreements

Periodically renewed land lease contracts for some commercial facilities require restoration to the original state when the contract term ends and the facility must be returned. In reality, however, it is possible to continue to use such facilities by renewing such contracts and some contracts set forth a special provision to reduce the possibility of performing such obligation to restore the original state, which makes the timing to fulfill the obligation somewhat vague. In terms of our business strategies and the business environment, we do intend to continue with our operations and therefore fulfillment of this obligation is not intended. For these reasons, a probability assessment relative to the domain and amounts of asset retirement obligation is difficult to ascertain. Therefore, an obligation to restore the original state is excluded from the reported asset retirement obligations although we made a best estimate taking into account the evidence available as of the closing date.

3. Impact of Changes, etc. of the Income Tax Rate

Due to the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the "Special Corporate Tax for National Defense" will be imposed from the fiscal years beginning on or after April 1, 2026. Consequently, deferred tax assets and deferred tax liabilities related to temporary differences, which are expected to be reversed in or after the fiscal year beginning on April 1, 2026, are calculated by changing the statutory effective tax rate from 30.62% to 31.52%.

As a result of this change, the amount of deferred tax liabilities (the amount after deducting deferred tax assets) for the fiscal year under review increased by ¥8,156 million, and income taxes-deferred increased by ¥5,014 million, while valuation difference on available-for-sale securities, remeasurements of defined benefit plans and deferred gains or losses on hedges decreased by ¥2,234 million, ¥889 million and ¥17 million, respectively.

In addition, deferred tax liabilities for land revaluation increased by ¥7,738 million, and revaluation reserve for land decreased by the same amount.

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Non-consolidated Statement of Changes in Net Assets

(April 1, 2024, through March 31, 2025)

(Millions of yen)

	Shareholders' equity												
		Capital surplus		Retained earnings									
					Other retained earnings								
	Share capital	Capital reserve	Total capital surplus	Retained earnings	Reserve for special deprecia-tion	Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced deprecia-tion of non-current assets	Reserve for open innova-tion promotion	General reserve	Earned surplus carried forward	Total retained earnings	Treasury shares	Total share-holders' equity
Balance at the beginning of current period	142,414	171,526	171,526	21,663	31	155,958	–	674	108,254	439,673	726,256	(102,071)	938,125
Cumulative effects of changes in accounting policies										(180)	(180)		(180)
Restated balance	142,414	171,526	171,526	21,663	31	155,958	–	674	108,254	439,493	726,075	(102,071)	937,945
Changes in the fiscal year under review													
Dividend from surplus										(51,602)	(51,602)		(51,602)
Profit										204,082	204,082		204,082
Purchase of treasury shares												(50,017)	(50,017)
Disposal of treasury shares										132	132	391	523
Cancellation of treasury shares										(140,522)	(140,522)	140,522	
Reversal of reserve for special depreciation					(31)					31			
Provision for reserve for advanced depreciation of non-current assets						847				(847)			
Reversal of reserve for advanced depreciation of non-current assets						(6,255)				6,255			
Provision for reserve for special account for advanced depreciation of non-current assets							2,628			(2,628)			
Reversal of reserve for open innovation promotion								(190)		190			
Reversal of land revaluation reserve										81	81		81

Net changes in items other than those in shareholders' equity													
Total of changes in the fiscal year under review	–	–	–	–	(31)	(5,407)	2,628	(190)	–	15,173	12,171	90,895	103,067
Balance at the end of current period	142,414	171,526	171,526	21,663	–	150,550	2,628	483	108,254	454,666	738,247	(11,175)	1,041,012

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(Millions of yen)

	Valuation, translation adjustments and others				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation, translation adjustments and others		
Balance at the beginning of current period	222,838	(1,012)	529,822	751,648	71	1,689,845
Cumulative effects of changes in accounting policies		180		180		–
Restated balance	222,838	(832)	529,822	751,828	71	1,689,845
Changes in the fiscal year under review						
Dividend from surplus						(51,602)
Profit						204,082
Purchase of treasury shares						(50,017)
Disposal of treasury shares						523
Cancellation of treasury shares						–
Reversal of reserve for special depreciation						–
Provision for reserve for advanced depreciation of non-current assets						–
Reversal of reserve for advanced depreciation of non-current assets						–
Provision for reserve for special account for advanced depreciation of non-current assets						
Reversal of reserve for open innovation promotion						–
Reversal of land revaluation reserve						81
Net changes in items other than those in shareholders' equity	(48,530)	2,051	(7,785)	(54,264)	(5)	(54,269)
Total of changes in the fiscal year under review	(48,530)	2,051	(7,785)	(54,264)	(5)	48,798
Balance at the end of current period	174,307	1,218	522,037	697,564	66	1,738,643

[Translation for Reference and Convenience Purposes Only]

Notes to the Non-consolidated Financial Statements

Notes on Matters Related to Significant Accounting Policies

1. Valuation Basis and Method for Securities

Held-to-maturity debt securities:	Carried at amortized cost (straight-line method)
Shares of subsidiaries and affiliates:	Stated at cost determined by the moving-average method
Other securities:	
Securities other than shares, etc., that do not have a market price:	Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of equity investments sold is determined mainly by the moving-average method.) For investments in limited partnership for investment and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company's equity interest.
Shares, etc., that do not have a market price:	Stated at cost determined mainly by the moving-average method
Equity investments:	
Securities other than shares, etc., that do not have a market price:	Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of equity investments sold is determined mainly by the moving-average method.) For investments in limited partnership for investment and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company's equity interest.
Shares, etc., that do not have a market price:	Stated at cost determined mainly by the moving-average method

2. Valuation Basis and Method for Derivatives Stated at market values

3. Valuation Basis and Method for Inventories

Real estate for sale	Stated at cost determined by the identified cost method (The amount posted in the Non-consolidated Balance Sheets was computed by writing down the book value with regard to the inventories for which profitability was clearly declining.)
Real estate for sale in process:	The same as above
Real estate for development:	The same as above

4. Depreciation Method of Non-current Assets

Property, plant and equipment: Depreciation is computed by the declining-balance method at fixed rates.

However, the straight-line method is adopted for the Yokohama Landmark Tower and buildings (excluding building improvements) acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016.

Intangible assets: The amortization of intangible assets is computed by the straight-line method.

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

5. Accounting Policies for Reserves

Allowance for doubtful accounts: An allowance for doubtful accounts is provided, for possible losses from uncollectible loans and receivables, at the amount calculated based on the actual rate of losses from the bad debt for ordinary receivables, and on the estimated recoverability for specific receivables such as doubtful receivables.

Reserve for retirement allowances: A reserve for retirement allowances is provided at the amount calculated based on the projected amounts of retirement benefit obligations and plan assets at the end of the fiscal year under review for ordinary employees, and at 100% of the amount that would be required at the end of the fiscal year under review in accordance with internal regulations for executive officers.

To calculate the Company’s liability for retirement allowances to employees, the method of benefit formula basis is adopted to attribute the estimated retirement allowances to accounting periods up to the end of the fiscal year under review.

Prior service cost is amortized, starting from the time of its occurrence, on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of its occurrence. Actuarial gains or losses are amortized, starting from the following fiscal year, on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their occurrence.

6. Accounting for Deferred Assets

The costs are fully charged to income when disbursed.

7. Accounting for Significant Revenues and Expenses

The Company measures revenue from contracts with customers based on the consideration stipulated in the contract with the customer. The main performance obligations in the main business relating to contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized) are as follows.

The promised consideration for contracts with customers in our major businesses is usually paid within one year from the time the performance obligation is satisfied, and since the amount of the promised consideration does not include a significant financial component, there are no contracts with customers for which we have adjusted the consideration for this effect.

The Company is primarily engaged in the business of leasing office buildings and commercial facilities developed and owned, and in the business of selling office buildings and commercial facilities developed and owned.

In the real estate leasing business, office buildings and commercial facilities developed and owned are leased, and revenue is recognized for lease transactions in accordance with the “Accounting Standard for Lease

Transactions" (ASBJ Statement No.13, March 30, 2007, hereinafter referred to as "Lease accounting standards") and other standards.
In the real estate sales business, office buildings and commercial facilities developed and owned are sold, and revenue is recognized when the real estate is delivered to the customer.
Recognition of revenues from operating leases:
Revenue is recognized based on the monthly lease payments to be received under the lease contracts over the elapsed term of the leases.
Recognition of revenues from finance lease transactions:
The Company recognizes net sales and cost of sales related to finance lease transactions at the time of receipt of the lease payments.

8. Hedge Accounting
(1) Hedge Accounting:
The Company adopts the deferral hedge accounting, in principle. For interest rate swaps, the preferential treatment is applied to the swaps which satisfy the requirements of such preferential treatment. For currency swaps and forward exchange contracts, the appropriation treatment is applied to the contracts which satisfy the requirements of such appropriation treatment.
(2) Hedging Instruments and Hedged Items:

Hedging instruments:	Hedged items:
Interest rate swaps	Borrowings and corporate bonds
Currency swaps	Borrowings and corporate bonds
Borrowings	Equity of the foreign subsidiaries
Forward exchange contracts	Forecast transactions denominated in foreign currencies

(3) Hedging Policy:
The risk hedging transactions of the Company are intended to hedge its exposure to fluctuation risks in interest rates and foreign currency exchange rates, in accordance with the Company's internal regulations such as "Market Risk Management Rules" and "Management Guideline by Risk."
(4) Method of Assessing Hedge Effectiveness
The Company compares the cumulative amounts of fluctuations in the rates or in the cash flows of the hedged items with the cumulative amounts of fluctuations in the rates or in the cash flows of the hedging instruments, and assesses the effectiveness of hedging transactions based on the ratio between the two amounts.
However, the assessment of hedge effectiveness is omitted for interest rate swaps to which special treatment is applied.
(Hedge transactions to which "Treatment of Hedge Accounting for Financial Instruments Referring to LIBOR" is applied)
Among the above hedge transactions, all hedge transactions included in the scope of application of "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Revised Practical Solution No.40, March 17, 2022) are subject to the exceptional treatment prescribed in the Revised Practical Solution. The details of hedging transactions to which the Revised Practical Solution is applied are as follows.

Hedge accounting method:	Deferred hedge accounting, exceptional accounting for interest rate swaps
Hedging instruments:	Interest rate swaps and currency swaps
Hedged items:	Borrowings and corporate bonds
Types of hedging transactions:	Fixing cash flows

9. Accounting for Consumption Taxes
Non-deductible consumption tax and local consumption tax are charged to income for the fiscal year under review.

Notes on Changes in Accounting Policies

1. Application of the Accounting Standard for Current Income Taxes, Etc.
   The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the fiscal year under review.
   Revisions to categories for recording current income taxes conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022. The amount of cumulative effect is added to or subtracted from retained earnings at the beginning of the fiscal year under review. As a result, retained earnings decreased by ¥180 million and deferred gains or losses on hedges increased by the same amount at the beginning of the fiscal year under review. Impact of the change in accounting policies on the non-consolidated financial statements for the fiscal year under review is immaterial.

2. Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, Etc.
   The Company has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (Practical Solution No. 46, March 22, 2024), etc. from the beginning of the fiscal year under review. This change in accounting policies has no impact on the non-consolidated financial statements.

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Notes on Accounting Estimates

1. Valuation of Property, Plant and Equipment

(1) Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year Under Review

	Amount (Millions of yen)
Property, plant and equipment	2,964,950
Impairment losses	–

(2) Other Information

1) Calculation Method for the Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year Under Review

The Company mainly owns real estate properties such as office buildings, commercial facilities, hotels, logistics facilities as property, plant and equipment. For property, plant and equipment owned by the Company, if the total undiscounted future cash flows from an asset or asset group, for which events or changes in circumstances indicate that the book value of the asset or asset group may not be recoverable, are less than the book value, the book value is reduced to the recoverable amount, and such reduced amount is recorded as an impairment loss, in accordance with the Accounting Standard for Impairment of Fixed Assets.

When grouping assets in order to judge whether to recognize impairment losses or to perform the measurement of impairment losses, a unit for asset grouping shall be the smallest unit that generates cash flows that are largely independent of the cash flows of other assets or groups of assets. The higher of net sale value and value in use is used as recoverable amount. While the net sale value is expressed as an appraised value by a real estate appraiser or estimated trading price, the discounted future cash flows are used to measure the value in use.

2) Major Assumptions

In principle, the Company estimates rents, capital expenditures, and discount rates for each individual property. The estimation is made based on major assumptions by each asset class, taking into account the condition of individual properties.

The major assumptions used when making estimations in the fiscal year under review are as follows.

■ Offices

Average rents have remained steadily high since the previous fiscal year. As upward revision of rents at the time of renewal of contracts has progressed, the average rents are expected to remain high in the next fiscal year. The vacancy rate improved as leasing performed steadily in the fiscal year under review, and we assume that the rate will continue to stay stable in the next fiscal year and beyond.

■ Commercial facilities

As commercial rents include variable rents that are linked to tenant sales, there is a correlation between rents and tenant sales at the relevant commercial facilities. In the fiscal year under review, sales and rents of facilities remained high due to strong demand from inbound tourists. We assume that steady business performance will continue in the next fiscal year.

■ Hotels

Business performance for the fiscal year under review remained steady due to an increase in demand from inbound tourists. We assume that steady business performance will continue in the next fiscal year.

■ Logistics facilities

For logistics facilities, the market has been favorable. Therefore, we assume that performance of logistics facilities will continue to be steady in the next fiscal year and beyond as is expected for the market trend.

■ Redevelopment projects

The Company is engaged in multiple redevelopment projects. Redevelopment projects have potential risks entailing that their profitability will be lower than initially estimated as a result of delays or changes in plans. Such risks include the risk of not obtaining agreement from other landowners in the area planned for redevelopment, and the risk of not obtaining development permission from local governments.

The Company comprehensively assesses these various risks for redevelopment projects. However, for the redevelopment projects currently underway, we expect to make progress with their development while securing a certain level of profitability by implementing various measures to address the deterioration of the business environment, such as increased costs.

3) Impact on the Non-consolidated Financial Statements for the Next Fiscal Year

The estimation of impairment losses is made based on the descriptions of 2) Major Assumptions. Therefore, if major assumptions used for estimating impairment losses worsen, impairment losses may be recognized in the next fiscal year.

2. Valuation of Equity Investments

(1) Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year Under Review

	Amount (Millions of yen)
Equity investment	868,250
Loss on devaluation of equity investments recorded	–

(2) Other Information

1) Calculation Method for the Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year Under Review

If the effective market value of equity investments without market price declines significantly, the Company reduces the book value by a reasonable amount, and records such reduced amount as an impairment loss on equity investments, in accordance with the Accounting Standard for Financial Instruments.

In calculating the effective market value, the Group performs valuations of assets held by investees for each purpose of holding.

2) Major Assumptions

For assets held by investees, major assumptions are determined according to the purpose of holding such assets. For the details of assumptions made for the relevant assets, please refer to “1. Valuation of Property, Plant and Equipment and 2. Valuation of Inventories in the Notes on Accounting Estimates” in the Notes to the Consolidated Financial Statements.

3) Impact on the Non-consolidated Financial Statements for the Next Fiscal Year

The estimation for impairment losses on equity investments is made based on assumptions described in 2) Major Assumptions. Therefore, if there are changes in these major assumptions, it may result in impairment losses on equity investments in the next fiscal year.

[Translation for Reference and Convenience Purposes Only]

Notes to the Non-consolidated Balance Sheet

1. Accumulated Depreciation for Property, Plant and Equipment:¥1,321,772 million
   The accumulated depreciation above includes the accumulated impairment loss.

2. Assets Subject to Collateral and Secured Debt
   (1) Assets Subject to Collateral:

Cash and deposits	¥150 million
Real estate for sale (Note 1)	¥5,770 million
Investment securities (Note 2)	¥3,355 million
Shares of affiliated companies (Note 2)	¥11,130 million
Other (Note 2)	¥2,010 million
Total	¥22,417 million

   (2) Debt Secured by the Above:

Non-current liabilities and other (Note 1)	¥5,013 million
Total	¥5,013 million

   (Notes)
   1. Real estate for sale of ¥5,770 million and non-current liabilities and other of ¥5,013 million are for transactions to transfer land to SPC Mikawa Logi Development, in which the Company made a preferred equity investment. Accordingly, these transactions are treated as financial transactions in accordance with the “Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies” (Transferred Guidance No.10, July 1, 2024).
   2. Investment securities of ¥3,355 million, shares of affiliated companies of ¥11,130 million and other of ¥2,010 million are pledged as collateral for the debts of the affiliated companies.

3. Contingent Obligations
   Guarantee Obligations

Warrantee	Amount of obligation	Substance of obligation
Mitsubishi Estate London Limited	¥214,417 million (GBP1,020,000 thousand, SEK1,116,962 thousand)	Borrowings from financial institutions
MEC Global Partners Holdings LLC	¥37,380 million (US$250,000 thousand)	Borrowings from financial institutions
RML 548 Co., Ltd.	¥7,886 million (THB1,792 million)	Borrowings from financial institutions
MITSUBISHI ESTATE NEW YORK Inc.	¥7,476 million (US$50,000 thousand)	Borrowings from financial institutions
Vista Ventures Taft, Inc.	¥1,393 million (PHP530,025 thousand)	Borrowings from financial institutions
Ryoei Life Service Co., Ltd.	¥15 million	Deposits for repayment obligation to residents
Total	¥268,569 million	

4. Monetary Receivables/Payables due from/to Affiliated Companies

Short-term receivables due from affiliated companies	¥34,093 million	Long-term receivables due from affiliated companies	¥22,029 million
Short-term payables due to affiliated companies	¥219,167 million	Long-term payables due to affiliated companies	¥49,982 million

5. Revaluation of Land

The Company revalued the land used for its business in accordance with the "Act on Revaluation of Land" (Act No. 34, March 31, 1998) and the "Act Partially Amending the Act on Revaluation of Land" (Act No. 19, March 31, 2001). The revaluation difference has been included in "Net assets" as "Revaluation reserve for land," net of the related tax that is included in "Liabilities" as "Deferred tax liabilities for land revaluation."

Revaluation method:	The value of land is determined based on the assessed value of the fixed property tax adjusted reasonably, as stipulated in Article 2, Item 3, of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998).
Date of revaluation:	March 31, 2002

6. Equity Investments

Of the equity investments projects, the total amount of investments in anonymous partnership and preferred equity investments, etc. into anonymous partnerships and special-purpose companies that fall under the category of affiliated companies is ¥845,467 million.

Notes to the Non-consolidated Statement of Income

Transactions With Affiliated Companies

Operating revenue:	¥68,879 million
Operating costs:	¥67,958 million
Transactions other than operating transactions:	¥73,701 million

Notes to the Non-consolidated Statement of Changes in Net Assets

Class and Number of Treasury Shares at the End of the Fiscal Year Under Review

Common stock:	4,854,638 shares

Notes on Tax-effect Accounting

The significant components of deferred tax assets and liabilities are summarized as follows:

Deferred tax assets:	(Millions of yen)
Loss on devaluation of non-current assets	41,989
Revaluation reserve for land	23,395
Transfer of business due to reorganization	9,160
Loss on devaluation of investment securities	3,650
Reserve for retirement allowances	3,113
Impairment loss on equity investments	2,803
Accrued bonus	1,610
Other	41,400
Subtotal deferred tax assets	127,123
Valuation reserve	(80,272)
Total deferred tax assets	46,851

Deferred tax liabilities:	
Revaluation reserve for land	273,329
Valuation difference on available-for-sale securities	79,083
Reserve for advanced depreciation of non-current assets	69,566
Non-current assets valuation difference	56,459
Gain on establishing a trust for retirement benefits	5,786
Other	18,079
Total deferred tax liabilities	502,305
Net deferred tax liabilities	455,454

Notes on Revenue Recognition
Since the basic information for understanding revenue from contracts with customers is identical to the information stated in "Notes on Revenue Recognition" in the Notes to the Consolidated Financial Statements, the notes are omitted.

Notes on Transactions with Related Parties
Subsidiaries and Affiliates, Etc.

Category	Name of Company, etc.	Ownership Percentage of Voting Rights, etc.	The Company's Relationship with the Related Party	Description of Transactions	Transaction Amount (Millions of yen)	Account Item	Fiscal Year-end Balance (Millions of yen)
Subsidiary	Mitsubishi Estate London Limited	Indirectly holding (100%)	Guarantee obligation	Guarantee obligation (Note 1)	214,417	–	–
Subsidiary	Mitsubishi Estate Residence Co., Ltd.	Directly holding (100%)	Provision of loans Interlocking directors	Provision of loans (Note 2)	652,000	Short-term loans of affiliated companies	623,000
				Collection of loans	631,000		
				Interest income (Note 2)	3,302	–	–
Subsidiary	One MEA Holdings Pte. Ltd.	Directly holding (100%)	–	Equity investment (Note 3)	93,605	–	–
Subsidiary	No.9 MEC Urban Development SPC	–	–	Equity investment (Note 3)	90,000	–	–
Subsidiary	Mitsubishi Jisho Property Management Co., Ltd.	Directly holding (100%)	Building operation and management consignment Provision of loans Interlocking directors	Cash management system transactions (Note 4)	–	Deposits received	62,709
				Interest expenses (Note 4)	114	–	–

Transaction conditions and decision policy thereof, etc.:
Notes:
1. The amount represents guarantee obligation to secure bank borrowings (GBP1,020,000 thousand, SEK1,116,962 thousand) of Mitsubishi Estate London Limited.
2. Interest rates on loans are determined in consideration of market interest rates.
3. The amounts represent the Company's investments in its subsidiaries.
4. Cash management system transactions are related to the cash management system provided by the Company to its group companies. The transaction amount is not stated as transactions occur repetitively. Interest expenses are determined in consideration of market interest rates.

Per-share Information

Net assets per share	¥1,395.34
Earnings per share	¥162.79

Significant Subsequent Events
(Purchase of Treasury Shares)
The Company resolved to purchase its treasury stock under Article 156, which is applicable in accordance with Article 165, paragraph (3) of the Companies Act, at a meeting of the Board of Directors held on May 12, 2025. The overview is as stated in "Significant Subsequent Events" in the Notes to the Consolidated Financial Statements.

Other Notes
Impact of Changes, etc. of the Income Tax Rate
Due to the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the "Special Corporate Tax for National Defense" will be imposed from the fiscal years beginning on or after April 1, 2026. Consequently, deferred tax assets and deferred tax liabilities related to temporary differences, which are expected to be reversed in or after the fiscal year beginning on

April 1, 2026, are calculated by changing the statutory effective tax rate from 30.62% to 31.52%.
As a result of this change, the amount of deferred tax liabilities (the amount after deducting deferred tax assets) for the fiscal year under review increased by ¥5,427 million, and income taxes-deferred increased by ¥3,176 million, while valuation difference on available-for-sale securities and deferred gains or losses on hedges decreased by ¥2,232 million and ¥17 million, respectively.
In addition, deferred tax liabilities for land revaluation increased by ¥7,738 million, and revaluation reserve for land decreased by the same amount.

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