



mitsui fudosan
ANNUAL REPORT 2016
Year ended March 31, 2016

SWIFT STRATEGIES FOR THE FUTURE



Editorial Policy

The Mitsui Fudosan Group formulated the medium-term business plan "Innovation 2017 Stage II" and is implementing growth strategies to advance further toward its goal of sustaining growth into the 2020s. For stakeholders to gain a correct understanding of the strategic growth measures presented as our priority issues, in addition to financial information such as financial results, review of operations and management strategies, it is also important to gain a systematic understanding of non-financial information relating to aspects such as society, the environment, human resources and governance. Based on this belief, our Annual Report features enhanced and integrated non-financial information. In editing the report, we referred to the International Integrated Reporting Framework ver 1.0, which was published by the International Integrated Reporting Council (IIRC) in December 2013.

Moreover, the Group's activities have been selected and included based on their importance for stakeholders. For more information, please refer to the website and various other forms of communication issued.

This report is based primarily on figures disclosed in the Annual Securities Report and the Fact Book. Since the figures are rounded down to the nearest whole unit displayed, they may not necessarily match with the figures in the English language financial statements and notes, which are rounded up or down to the nearest unit.

Caution Concerning Forward-Looking Statements

This report contains figures related to the future, which are included in results forecasts and so forth. These are based on judgments made using information obtained at the time of publication, and thus contain risks and uncertainties. Furthermore, Mitsui Fudosan makes no guarantee that these forecasts will be realized. Therefore, you should not rely on these forecasts alone when making investment decisions.

You should be aware that business results arise through various important factors and actual results may vary greatly from forecasts. Important factors influencing actual results include the economic situation encompassing the Group's business domains, foreign currency exchange rates including yen-U.S. dollar cross rate, and the Japanese share market.

CONTENTS

02 ABOUT THE MITSUI FUDOSAN GROUP

- 02 Statement/Vision/Mission
- 04 Mitsui Fudosan Group Business Domains
- 06 The Source of Value Creation
- 08 Our Value Creation
- 10 Feature 1 Creating Neighborhoods that Boost Urban Value
- 12 Feature 2 Raising the Value of Areas and Creating New Industries
- 14 Performance Highlights

ABOUT THE MITSUI FUDOSAN GROUP

16 TOP MESSAGE

TOP MESSAGE

22 BUSINESS SUMMARY

- 22 Leasing
- 26 Property Sales
- 30 Management
- 32 Mitsui Home
- 33 Other
- 34 Overseas Business

BUSINESS SUMMARY

36 MITSUI FUDOSAN GROUP'S APPROACH TO CSR

- 36 The Mitsui Fudosan Group's CSR Efforts
- 38 Initiatives for the Environment
- 40 Initiatives for Social Contribution
- 41 Initiatives for Employees

CSR (CORPORATE SOCIAL RESPONSIBILITY)

42 CORPORATE GOVERNANCE

- 42 Corporate Governance
- 46 Management Team

CORPORATE GOVERNANCE

48 FINANCIAL SECTION/CORPORATE DATA

- 49 Financial Analysis
- 90 Major Properties
- 94 Domestic and Overseas Networks
- 95 Corporate Data/Shareholders' Information

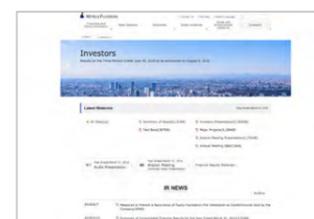
FINANCIAL SECTION
CORPORATE DATA

Detailed Information on the Website

Shareholder and Investor Information

Contains materials related to financial results, audio and video versions of results briefings and information for shareholders and investors.

▶ <http://www.mitsui-fudosan.co.jp/english/corporate/ir/>



Initiatives for Society and the Environment (Detailed CSR information)

Introduces initiatives for society and the environment based on the Mitsui Fudosan Group's &EARTH Group Vision. View the &EARTH Report for detailed commentary on CSR activities.

▶ <http://www.mitsui-fudosan.co.jp/english/corporate/csr/>



Group Statement

The Mitsui Fudosan Group aims to bring affluence and comfort to urban living.

The Group Statement, Vision, and Mission embody the Group management's basic philosophy and its vision for the future. Since their formulation in 1999, they have guided the Mitsui Fudosan Group as an integrated management policy.

Group Vision

What we want to be

Philosophy

Seeking to link diverse values and coexist in harmony with society, as symbolized by the Mitsui Fudosan “” logo, we will work to foster social and economic development as well as global environmental preservation.

—Under “&EARTH,” we will aim for a society that enriches both people and the planet.

Evolution and value creation

By bringing knowledge and experience together in diverse ways, we seek to advance the real estate business and create new value, both at home and abroad, proactively responding to global changes in social environments and market structures.

A profitable and growing Mitsui Fudosan Group

We seek to create a profitable and growing Mitsui Fudosan Group, acting honestly and fairly to realize the capabilities of the entire organization.

Group Mission

What is expected of us

Provide business and lifestyle-related solutions and services

- Maximize urban value creation by providing secure, safe and attractive urban spaces and soft services that bring enrichment and comfort to urban living.
- Provide variable and innovative solutions that stimulate the real estate investment market.

Work in partnership with customers from a global perspective

- Treat customers as the business foundation on which to progress and develop the Company.
- Propose and provide products and services by deploying the collaborative strength of the Group with a multidisciplinary approach that meets the real needs of customers.
- Work in partnership with customers to raise brand value by continuously providing services that are highly valued by them.

Raise our corporate value

- Raise corporate value through sustainable profit growth and continual innovation.
- Optimize the allocation and use of available resources and pursue efficient operations.
- Conduct operations while closely monitoring and managing business risks.

Create strong corporate group by building the capabilities of individuals

- Seek to maintain a creative and pioneering spirit by integrating various skills and values.
- Cultivate and institutionalize the professional capabilities of individuals to raise our creative ability for value-added products and services.
- Maintain high awareness of ethical, disciplinary, and compliance issues, and act accordingly.



OUR BUSINESS

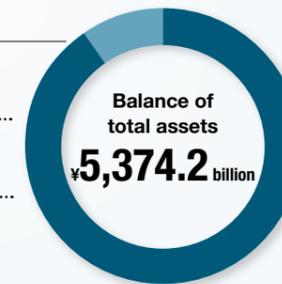
Mitsui Fudosan Group Business Domains

As one of Japan's leading real estate companies, the Mitsui Fudosan Group has expanded its business across a broad swath of the real estate industry. In promoting our business, we will continue to create new markets and grow as a leading company, while establishing a solid position as a global firm.

* To explain the Mitsui Fudosan Group's business expansion more understandably, we use business domains that are different from the financial reporting segments in this table. For a breakdown of our business by financial reporting segment, please refer to "Business Summary" on page 22 or "Breakdown of Businesses by Reporting Segment" on page 48 of this report.

Results (As of March 31, 2016)

Revenue from operations	¥1,567.9 billion
Operating income	¥202.4 billion
Profit attributable to owners of parent	¥117.7 billion



Business Area	Main Data	Main Group Subsidiaries
 <p>Office Buildings Next-Generation Offices Under the slogan "Next-Generation Offices," we continue to create ideal Mitsui Offices, both at home and overseas. By refusing to be tied to the preconceptions of existing office buildings, we build offices that provide sustainability, security, comfort and efficiency, as well as expansion and innovation to the individuals and companies that work or gather in them.</p>	<p>Japan Major cities nationwide</p> <p>Overseas U.S., U.K.</p> <p>Rentable floor space*1 2,799 thousand m²</p> <p>Number of tenants Approx. 3,000 companies</p>	<p>Mitsui Fudosan Building Management</p> <p>Mitsui Fudosan Facilities</p>
 <p>Retail Facilities Creating relaxing gathering places that grow with their communities and those using them We seek a new form of retail facility that is rooted in the local community and nurtured along with its customers. Under the "Growing Together" concept, we are working to develop multifaceted retail properties specifically tailored to the regions and communities in which they are built in Japan and overseas.</p>	<p>Japan Major cities nationwide</p> <p>Overseas China, Taiwan, Malaysia</p> <p>Rentable floor space*1 2,023 thousand m²</p> <p>Number of tenants Approx. 2,300 companies</p>	<p>Mitsui Fudosan Retail Management</p> <p>MITSUI OUTLET PARK</p> <p>Mitsui Shopping Park</p> <p>LaLaport</p> <p>Mitsui Shopping Park Urban</p>
 <p>Property Sales to Individuals/Residential Leasing/Existing Housing Stock Businesses, etc. A home and a lifestyle that sets the standard for the next generation By providing the full range of development sales and post-sale services, we offer quality and products that meet the needs of our customers. By taking advantage of the comprehensive strengths of the Mitsui Fudosan Group, we continue to expand into areas such as new home construction contracting, and existing housing stock businesses including sales and remodeling.</p>	<p>Japan Major cities nationwide</p> <p>Overseas U.S., U.K., China, Malaysia, Singapore, Thailand, Indonesia</p> <p>Number of condominiums delivered 4,391 units</p> <p>Number of detached housing units delivered 751 units</p> <p>Number of brokerage properties 37,827 sales</p>	<p>MITSUI FUDOSAN RESIDENTIAL</p> <p>Mitsui Fudosan Residential Service</p> <p>MITSUI FUDOSAN HOUSING LEASE</p> <p>MITSUI FUDOSAN REALTY</p> <p>Mitsui Fudosan Reform</p> <p>MITSUI HOME</p> <p>三井のリハウス</p> <p>Mitsui Rehouse</p>
 <p>Hotels & Resorts Providing comfortable spaces and services for each customer Guided by the brand statement "Best Moments in Life," Mitsui Fudosan operates a hotel business with Mitsui Garden Hotels located in major cities throughout Japan, and the resort business to cater to the expansion of inbound tourism and leisure needs. It is dedicated to providing customers with a wide range of spaces and services to add color to the priceless moments in their lives.</p>	<p>Japan Nationwide</p> <p>Overseas U.S. (Hawaii), Singapore</p> <p>Mitsui Garden Hotels 18 hotels 4,809 rooms</p>	<p>Mitsui Fudosan Hotel Management Co., Ltd.</p> <p>mitsui garden hotels</p>
 <p>Logistics Facilities Development of advanced logistics facilities in response to diverse values As the need for high-performance logistics facilities has increased in recent years, Mitsui Fudosan has been an active participant in this market since 2012. Backed by our Business Statement of "Connecting Values Together with Customers and Creating New Values Together with Customers," Mitsui Fudosan will leverage its strong relationships with office and retail tenants while continuing to steadily expand this business.</p>	<p>Japan Tokyo metropolitan area, Nagoya metropolitan area, Osaka metropolitan area, Kyushu area and other areas</p> <p>Overseas —</p> <p>Number of project facilities*2 22 facilities</p>	<p>MFLP Mitsui Fudosan Logistics Park</p>
 <p>Synergistic Business Models with Investors Contributing to growth in the real estate investment market Mitsui Fudosan is also active in sales to investors, involving the development and sale of office buildings, retail facilities, rental housing and other income properties. The Group is not only working to contribute to the expansion of the real estate investment market, but to expand its own corporate earnings by offering post-sale asset management and other services.</p>	<p>Japan Major cities nationwide</p> <p>Overseas U.S., U.K.</p> <p>Mitsui Fudosan Group assets under management Approx. ¥3.47 trillion</p>	<p>NBF Nippon Building Fund</p> <p>Nippon Accommodations Fund</p> <p>Frontier Real Estate Investment Corporation</p> <p>MFLP Mitsui Fudosan Logistics Park, Inc.</p> <p>MITSUI FUDOSAN INVESTMENT ADVISORS, INC.</p> <p>Mitsui Fudosan Private REIT Inc.</p>
 <p>Other A wide-ranging real estate solutions business To provide office and retail facility tenants and other originators with a wide range of solutions, Mitsui Fudosan is engaged in a variety of real estate-related businesses.</p>	<p>Japan Nationwide</p> <p>Overseas —</p> <p>Number of parking units managed by Mitsui Repark 191,450 spaces</p> <p>Mega-solar business sites/amount generated 5 sites / Approx. 72 MW</p>	<p>三井のリパーク</p> <p>Mitsui Car Park Leasing</p>

* All figures are as of the end of March 2016. *1 Rentable floor space includes subleased areas. *2 Includes existing facilities and facilities under development.

OUR DNA

The Source of Value Creation

The history of Mitsui Fudosan begins when Takatoshi Mitsui, founder of the House of Mitsui, first opened Echigo-ya, a clothing store, in what is now the Nihonbashi district of Tokyo. In 1941, the real estate division of Mitsui Company was separated from the parent and Mitsui Fudosan Co., Ltd. was established.

Since its founding in 1941 and through multiple transitions in the Japanese economy and real estate markets, Mitsui Fudosan has continued to seek out and provide its customers with optimal solutions for the times. Its ability to constantly create new value and lead its industry is one of the Mitsui Fudosan Group's greatest strengths, and this Mitsui DNA, the very source of value creation, is carried on today.



Mitsui Main Building (completed in 1929)



Kasumigaseki Building (completed in 1968)



Keiyo rinkai reclamation project, Chiba Prefecture (late 1950s)

Foundation to 1970

Against a backdrop of the period of rapid economic growth
Built the foundations of becoming a general developer

- ▶ Completion of Kasumigaseki Building in 1968, the first skyscraper in Japan
- ▶ Keiyo rinkai reclamation project
- ▶ Start of development and sales of condominiums and detached housing



Mita Tsunamachi Park Mansion (completed in 1971)

1970 to 1990

End of the period of rapid economic growth
Moved to diversify management to achieve stable growth

- ▶ Opening of LaLaport shopping center in 1981
- ▶ Entry into the hotel business in 1984
- ▶ Full-scale engagement in overseas business



LaLaport TOKYO-BAY (opened in 1981)



1251 Avenue of the Americas (acquired in 1986)

1990 to 2000

Burst of Japan's economic bubble
Rebuilt business to achieve strategic growth amid asset deflation

- ▶ Pioneered waterfront development
- ▶ Development of Mitsui Outlet Parks in 1995
- ▶ Real estate securitization and creation of the J-REIT market



MITSUI OUTLET PARK OSAKA TSURUMI (opened in 1995)



Okawabata River City 21, West Block (completed in 1993)

2000 to 2010

Asset deflation convergence
Creating Neighborhoods

- ▶ Completion of Tokyo Midtown in 2007
- ▶ Expansion of retail facilities and accommodation businesses
- ▶ Expansion of efficient management and non-asset business



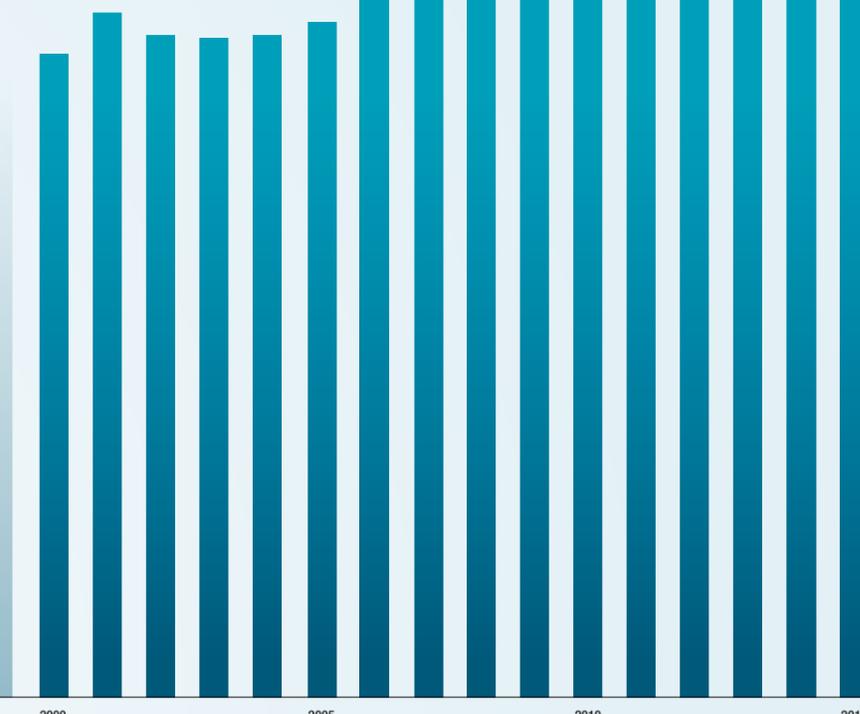
Tokyo Midtown (opened in 2007)



Shiodome City Center (completed in 2003)



Nihonbashi Mitsui Tower (completed in 2005)



Nihonbashi Muromachi East District Development Project (completed in 2014)



2010 to the Present Day

Market maturity and adapting to an aging society
Formulated Innovation 2017, our long-term business plan

- ▶ Accelerate urban-style development/create neighborhoods (Nihonbashi Revitalization Plan, Kashiwa-no-ha Smart City)
- ▶ Expand asset class and enter the logistics business
- ▶ Expand global business
- ▶ First public offering in 32 years (conducted in 2014)



Gate Square, Kashiwa-no-ha Smart City (opened in 2014)



Mitsui Fudosan Logistics Park Yashio (completed in 2014)

Financial capital

Total assets
¥5,374.2 billion

Manufacturing capital

Tangible and intangible assets
¥2,968.9 billion

Intellectual capital

Skills and expertise cultivated through constant innovation

Human capital

Consolidated headcount
17,205

Social capital

Corporate customer relations

1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015 (FY)

OUR VALUE CREATION

Though it inherits a long history and an established culture, the Mitsui Fudosan Group has positioned the creation of communities as the foundation of its growth. Creating communities will involve the integration of diverse functions essential to any neighborhood—the offices, retail facilities, residences and hotels that are the Group's core business. At the same time, we believe that providing comfortable spaces and services for the people who will live in these neighborhoods not only nurtures the history and culture of these places, but is also critical to creating and sustaining their value. By taking full advantage of the many strengths the Group has acquired over its long years in business, Mitsui Fudosan will continue to lead in the creation of communities in Tokyo, while enhancing the Group's corporate value.

Assets Invested (Strength)

Financial capital ¥

Sound and solid financial position

Total assets	D/E ratio
¥5,374.2 billion	1.16

Manufacturing capital 🏢

Steady stream of new investments

Tangible and intangible assets	Real property for sale
¥2,968.9 billion	¥1,167.7 billion

Intellectual capital 💡

Skills and expertise cultivated through constant innovation

Collective capability of the Group for proposing and providing solutions

Human capital 👤

Corporate governance and the people underpinning business

Consolidated headcount
17,205

Social capital 🤝

Corporate customer relations

Corporate customers for office buildings	Corporate customers for retail facilities
Approx. 3,000	Approx. 2,300

Natural capital 🌿

Limited natural resources (energy, materials, etc.)

Securing business opportunities

- ▶ Insight for identifying locations with growth potential
- ▶ The ability to offer solutions as an integrated developer
- ▶ Solid financial foundations and agile responsiveness to investment opportunities

Sales

(Leasing, property sales, brokerage)

- ▶ (Leasing) Strong leasing capabilities based on Mitsui Fudosan's own sales team
- ▶ (Property Sales) A wide-ranging customer base and choice of buyers for both individuals and investors
- ▶ (Brokerage) The track record and reliability that comes from being No. 1 in Japan for the number of brokerage properties nationwide for the 30th consecutive year

Mitsui Fudosan Group's Approach to Creating Neighborhoods —Maximizing Community Value—

Development

- ▶ Optimal concept creation
- ▶ A constant spirit of innovation
- ▶ Advanced development and negotiation skills as evidenced by redevelopment projects

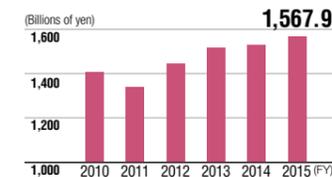
Operation

- ▶ Group collaboration offers superior-quality facility management capabilities
- ▶ Designed to get better with age
- ▶ Numerous achievements in Smart City initiatives

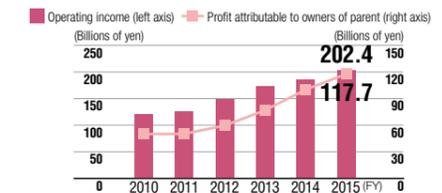
Business Achievements

Financial capital

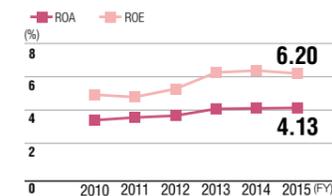
▶ Earnings expansion Revenue from operations



▶ Profit expansion Operating income/Profit attributable to owners of parent



▶ Business efficiency improvements ROA/ROE



▶ Shareholder return enhancements Dividends per share/Payout ratio

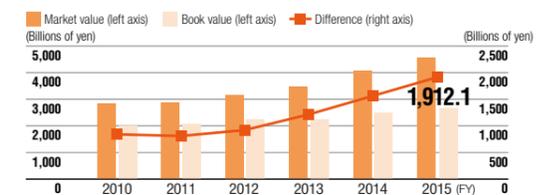


ROA = (Operating Income + Non-operating Income)/Average total assets over the period
ROE = Profit attributable to owners of parent/Average shareholders' equity over the period

Manufacturing capital

▶ Accumulation of quality leased assets

Rental property book value, market value and the difference



Intellectual capital

- ▶ Supply services providing rich and comfortable lifestyles
- ▶ Contribute solutions for corporate customers
- ▶ Further enhance the corporate brand



Business Summary ▶ P.22

Human capital

- ▶ Nurture highly professional employees with broad perspectives
- ▶ Create exciting and challenging work environments and increase steady employment



Initiatives for Employees ▶ P.41

Social capital

- ▶ Create local communities
- ▶ Enhance emergency readiness through strengthened BCP



Initiatives for Social Contribution ▶ P.40
Initiatives in Office Building BCP ▶ P.37

Natural capital

- ▶ Prevent global warming through CO₂ reduction
- ▶ Protect aquatic environments
- ▶ Reduce harmful substances



Initiatives for the Environment ▶ P.38

Creating Neighborhoods that Boost Urban Value

Mitsui Fudosan has set creating neighborhoods as one of the growth strategies under Innovation 2017 Stage II, and is focusing on smart city evolution. To maximize neighborhood value, we are working to build attractive communities by considering areas in their entirety and outfitting them with a diverse mix of interlaced uses and functions.

Aiming to Maximize the Value of Neighborhoods Fusing Mixed-Use and Functionality

To build a community, simply combining various functions is not enough. It calls for creating a safe, secure space where visitors, residents, and workers can comfortably spend time.

With projects underway, including the Nihonbashi Revitalization Plan, to add new vigor to the Nihonbashi area which is already steeped in culture and tradition, we are working to create appealing spaces by integrating various functions essential to the neighborhood, taking into account the respective backgrounds, goals, and future visions for these communities.

By creating such communities, we produce value that only we can by putting into play the strengths we have built up over the years. That includes the power of insight to arrive at the best concepts, the ability to provide solutions backed by extensive experience as an integrated developer, and sophisticated development and negotiating skills.

In the future, we will keep aspiring to maximize neighborhood value by creating mixed-use communities with an eye to tomorrow's cities.

Office buildings
Cutting-edge facilities and specs
High-quality offices with a BCP edge



Nihonbashi Mitsui Tower, Nihonbashi 1-Chome Mitsui Building

Retail facilities
Vibrant retail facilities offering
cultural and historical experiences



COREDO Muromachi 1, 2, and 3, COREDO Nihonbashi

Creating Highly Functional, Mixed-Use Neighborhoods



Cultural and educational properties
Hubs for a variety of events and corporate and cultural information communication



Nihonbashi Mitsui Hall, Mitsui Memorial Museum, Fukutoku Shrine, TOHO CINEMAS Nihonbashi

Medical facilities, etc.
Robust medical facilities and worker support



MITSUI TOWER CLINIC, Kid's Square Nihonbashi Muromachi (daycare center)

Hotels **Housing**
High-quality, comfortable accommodations



Mandarin Oriental Tokyo, Park Axis Premier Nihonbashi Muromachi

Creating Sustainable Value via Neighborhood Management after Project Completion

Even after the tangible parts of a neighborhood are built, we aim to deliver value that is irreplaceable to residents, visitors, and workers by planning and holding an assortment of events.



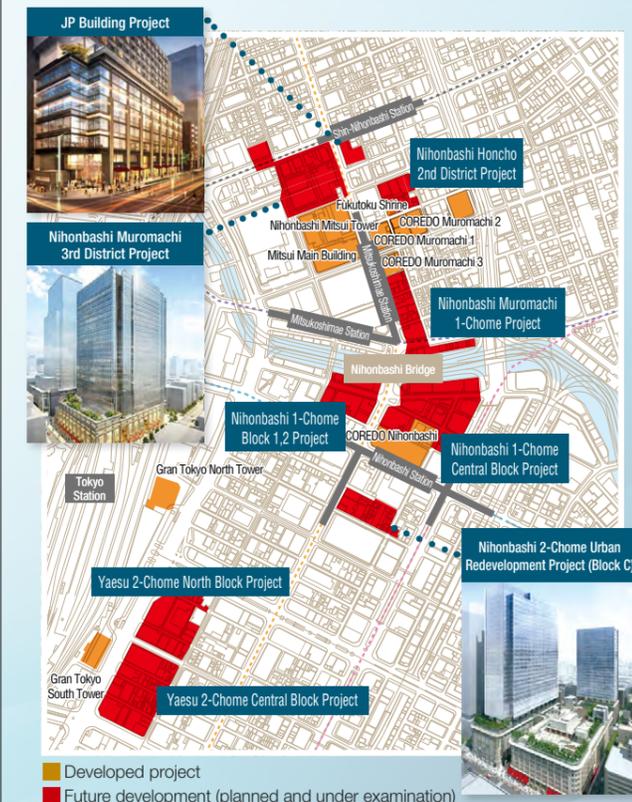
Washing the famous Nihonbashi Bridge

TOKYO KIMONO WEEK 2015

Nihonbashi Revitalization Plan 2nd Stage: Striving for an Urban Smart City

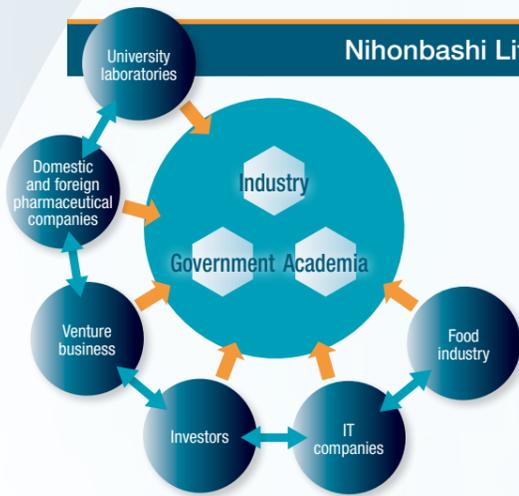
The Nihonbashi Revitalization Plan, a collaborative public, private and neighborhood initiative, has entered its second stage and is headed for further fusion of tradition and innovation.

By considering development of Nihonbashi as an "area" rather than a "point" for offices, retail facilities, and so forth, we aim to expand the scope of community creation and accelerate our urban smart city strategy to make Tokyo even more competitive internationally.



Raising the Value of Areas and Creating New Industries Generating New Demand for Offices

Mitsui Fudosan is focusing on creating new industries with an eye to office building business evolution. By continuing to provide both the places (hard) and opportunities (soft) for building communities, we aim to promote cooperation among private enterprise, government, and academia in Japan and abroad, and to invigorate innovation. In a fresh move to spur medium- to long-term office demand, we are looking to play an active role in growing with communities and bringing together diverse catalysts for interaction to produce new industries.



Nihonbashi Life Science Innovation Promotion Project

Health and longevity are crucial issues in Japan and around the world. Mitsui Fudosan regards open innovation as key to putting into practical use as soon as possible outstanding research results related to life science. To that end, we established the Nihonbashi Life Science Innovation Promotion Project.

We set up three life science bases in the Nihonbashi area where many pharmaceutical companies are headquartered, and attracted tenants such as industry groups, university research organizations, and venture companies. Over the past year, these bases served as a platform for interaction at more than 100 events including seminars and symposiums.

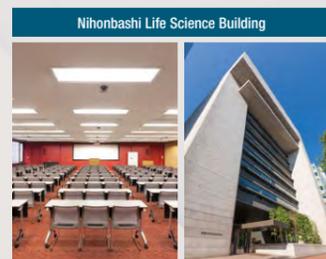
To accelerate this momentum and bring about open innovation, we founded Life Science Innovation Network Japan, Inc. (LINK-J) in June 2016. LINK-J aspires to be an engine for carving out the future by fostering exchange and cooperation in the life science domain among industry, government, and academia. That includes domestic and overseas venture companies and universities, the Tokyo Metropolitan Government, industry organizations, and corporations.

Moving ahead, the Mitsui Fudosan Group aims to further raise the value of the Nihonbashi area by employing an array of resources and ties to help encourage innovation.

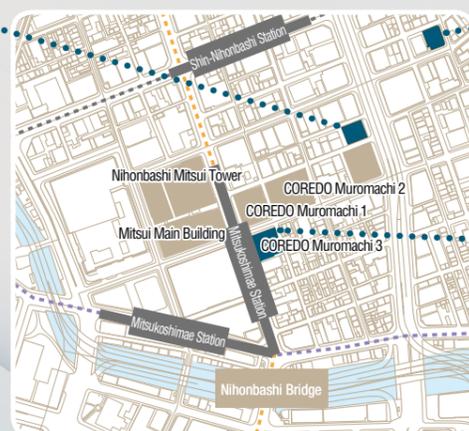
Innovation via cooperation traversing industry, government, and academia



Life Science Innovation Promotion Project Bases



Nihonbashi Life Science Building
Osaka University, the University of Tokyo, Tohoku University and the University of California in San Diego's Tokyo Branch are tenants



Nihonbashi Life Science Building 2
Life science venture companies are tenants



Nihonbashi Life Science Hub
Japan Agency for Medical Research and Development (Department of Innovative Drug Discovery and Development (East Japan Office)) is a tenant

Community

Venture Co-creation Project: Working Together to Form New Industries

31VENTURES

Support

Finance

Mitsui Fudosan is striving to co-create business with startups to contribute to sustainable social development, expand its business domain, and bolster its core operations through the creation of new industries. Going forward, we look to integrate and strengthen services such as business support and operation of offices for venture companies. Based on the three pillars of community, support, and finance, we target co-creation with startups.

Community

Collaboration Created from Exchanges

31VENTURES Club

We will establish an environment to realize business match-ups and collaborations through exchanges between large corporations and consumers, centering on venture companies.

- ▶ We hold daily events and exchanges to accelerate connections in new projects and business



31VENTURES Offices

We provide office spaces matching the growth of venture companies including co-working spaces that also serve as places for exchanges, all types of large or small individual offices and fully equipped offices ready for business immediately after moving in.

- ▶ 31VENTURES KOIL (Kashiwa City, Chiba Prefecture)
- ▶ 31VENTURES Clip Nihonbashi (Chuo-ku, Tokyo)



Support

Management Support Across a Wide Area

The Mitsui Fudosan Group provides its business expertise and client network in addition to support partners such as various specialists with specialized knowledge and expertise as well as a variety of venture organizations to fully support venture company management.

Finance

Prompt Investment in Companies with Potential

We are supporting venture company growth from a financial aspect in such ways as investments through the corporate venture capital (CVC) fund "31VENTURES Global Innovation Fund I" or direct investment from Mitsui Fudosan with the intention of business collaboration.

TOPICS

A Breakthrough Video Surveillance Solution

SeeIT is a video surveillance solution and an example of a joint creative initiative among venture companies coming to fruition.

Mitsui Fudosan focused on a cloud monitoring technology held by CREW SYSTEMS, INC. Collaboration by both companies resulted in the creation of a high-resolution, low-cost surveillance camera system. The Mitsui Fudosan Group contributes to enhancing customers' safety and security by using the system in its office buildings, retail facilities, condominiums, logistics facilities and more.



Performance Highlights

(FY)	2005	2006	2007	2008	2009	2010	2011	Innovation 2017				2015
								Stage I	Stage II	2012	2013	
(Millions of yen)												
Management Results												
Revenue from operations	¥1,159,280	¥1,229,193	¥1,360,023	¥1,418,945	¥1,384,806	¥1,405,269	¥1,338,102	¥1,445,644	¥1,515,252	¥1,529,036		¥1,567,969
Operating income	137,543	161,842	179,282	171,547	120,585	120,092	126,038	148,184	172,567	186,074		202,482
Ordinary income	118,970	142,324	162,835	146,090	93,901	96,204	102,509	123,066	144,587	163,373		182,521
Profit attributable to owners of parent	56,541	75,213	87,378	83,572	60,084	49,909	50,129	59,451	76,843	100,185		117,722
Financial State												
Total assets	2,986,501	3,294,190	3,634,489	3,758,386	3,710,423	3,780,699	3,868,411	4,390,074	4,548,822	5,077,148		5,374,277
Real property for sale	424,921	552,134	660,486	759,489	682,536	634,479	642,809	915,222	961,449	1,031,080		1,167,745
Tangible and intangible assets	1,674,277	1,716,832	1,961,811	2,047,715	2,105,822	2,252,287	2,304,809	2,503,977	2,526,139	2,788,633		2,968,975
Capital expenditures	92,753	220,357	340,462	165,023	61,971	229,394	111,755	72,355	148,255	273,487		207,172
Depreciation and amortization	40,159	40,122	44,304	48,890	50,286	52,954	53,231	59,022	56,030	61,242		67,460
Interest-bearing debt	1,199,291	1,258,426	1,550,420	1,733,559	1,746,719	1,740,048	1,743,411	2,120,225	2,040,071	1,976,150		2,226,236
Shareholders' equity and accumulated other comprehensive income	858,363	944,195	971,309	978,666	1,007,811	1,019,941	1,078,182	1,181,174	1,274,355	1,871,922		1,922,305
Cash Flows												
Cash flows from operating activities	22,510	57,969	97,762	(40,996)	84,389	185,055	148,161	99,684	189,903	30,343		32,154
Cash flows from investing activities	(60,833)	(77,006)	(392,160)	(141,633)	(64,834)	(170,552)	(124,353)	(71,132)	(44,056)	(261,640)		(239,719)
Cash flows from financing activities	(12,445)	38,085	276,136	182,215	(19,762)	(20,400)	(18,649)	(7,944)	(123,713)	221,508		201,110
Cash and cash equivalents at year-end	62,587	81,816	63,495	62,891	62,739	56,675	61,726	101,588	127,337	118,960		109,966
Indicators per Share												
Earnings per share (EPS) (Net income per share) (¥)	67.5	85.5	99.4	95.1	68.3	56.8	57.0	67.6	87.5	103.8		119.1
Book-value per share (BPS) (Net assets per share) (¥)	975.6	1,073.8	1,105.1	1,113.8	1,147.2	1,161.2	1,227.5	1,344.9	1,451.1	1,894.3		1,945.4
Dividends (¥)	10.00	14.00	20.00	22.00	22.00	22.00	22.00	22.00	22.00	25.00		30.00
Number of outstanding shares (Thousands of shares)	881,424	881,424	881,424	881,424	881,424	881,424	881,424	881,424	881,424	991,424		991,424
Financial Indicators												
ROA (%)	4.92	5.50	5.53	5.06	3.41	3.39	3.55	3.66	4.07	4.10		4.13
ROE (%)	7.31	8.35	9.12	8.57	6.05	4.92	4.78	5.27	6.26	6.37		6.20
Debt/Equity (D/E) ratio (Times)	1.40	1.33	1.60	1.77	1.73	1.71	1.62	1.80	1.60	1.06		1.16
Equity ratio (%)	28.7	28.7	26.7	26.0	27.2	27.0	27.9	26.9	28.0	36.9		35.8
Dividend payout ratio (%)	14.8	16.4	20.1	23.1	32.2	38.7	38.5	32.5	25.1	24.1		25.2
Group and Environmental Data												
Consolidated companies	120	132	139	133	130	135	140	174	181	201		211
Companies accounted for by the equity method	46	49	44	45	42	44	45	47	52	56		64
No. of employees (Consolidated)	13,053	13,299	14,788	15,476	15,922	16,288	16,666	16,377	16,585	16,799		17,205
Energy usage (Crude oil equivalent 1,000 kl/year)	275.3	188.1	342.3	367.7	241.2	240.7	209.3	210.1	217.7	226.6		241.4
CO ₂ emissions (Thousands of tons)	427.8	396.9	725.7	783.8	411.6	392.6	340.1	393.5	448.4	469.2		486.5
Water usage (Thousand m ³)	4,138	3,386	6,047	6,248	5,256	5,332	4,931	4,683	5,176	4,719		5,044

* Real property for sale = Real property for sale + real property for sale in progress + land for development + advances paid for purchases

* Interest-bearing debt = Short-term debt + non-recourse short-term debt + commercial paper + bonds redeemable within one year + non-recourse bonds redeemable within one year + corporate bonds + non-recourse bonds + long-term debt + non-recourse long-term debt

* Shareholders' equity for fiscal 2005 is as of the time before enactment of the Companies Act on May 1, 2006.

* ROA = (Operating income + non-operating income)/average total assets over the period

* ROE = Profit attributable to owners of parent/average shareholders' equity over the period

* Debt/Equity ratio = Interest-bearing debt/shareholders' equity

* Since fiscal 2006, Mitsui Fudosan has announced its consolidated dividend payout ratio. The figures for fiscal 2005 were announced together with the disclosure for fiscal 2006.

* Energy usage values up to and including fiscal 2008 have all been uniformly calculated with the current conversion factor (9.97 GJ/thousand kWh) to reflect a change in the conversion factor.

* Early application of accounting standards for special purpose companies from fiscal 2012 onward enabled SPCs in which Mitsui Fudosan invests to be newly eligible for consolidation.

TOP MESSAGE

We will work to
enhance corporate
value toward achieving
our vision



Masanobu Komoda

*President and Chief Executive Officer
Mitsui Fudosan Co., Ltd.*

Q1

How do you view your results for fiscal 2015?

In the year ended March 31, 2016, the domestic economy saw a steady comeback in corporate performance, and improvement in both hiring and income conditions, as a gradual recovery continued. However, there were also uncertainties, with asset prices dropping and confusion in the financial markets.

In the real estate sector, conditions in the office building leasing market benefited from continuing improvement in vacancy rates in central Tokyo and major regional cities. Asking rents also continued to show signs of recovery, particularly in central Tokyo. The retail facility leasing market saw growth struggle due to the impact of a warmer winter, and the consumer mindset was sluggish after the start of the new year. However, the market was strong overall, supported in part by an increase in inbound tourist consumption. Property sales in the housing market were generally strong, as the number of housing starts was comparatively low, and continuing low interest rate loans and government tax and other

policies, had a positive effect. This was despite concerns about the impact of surging housing prices associated with rising construction costs.

Amidst these conditions, the Mitsui Fudosan Group saw revenue from operations rise 2.5% to ¥1,567.9 billion, while operating income rose 8.8% year on year to ¥202.4 billion, and ordinary income was up by 11.7% to ¥182.5 billion. Profit attributable to owners of parent was ¥117.7 billion, an increase of 17.5%. Even with some uncertainty in the domestic economy, fundamentals in the real estate sector were generally strong, enabling the Group to mark record-high revenue and income and exceed ¥200 billion in operating income for the first time. I believe this was the result not only of a strong real estate market, but of our steady execution of the eight growth strategies set out in Innovation 2017 Stage II, our three-year medium-term business plan for fiscal 2015 to fiscal 2017. Fiscal 2015 was the first year of that plan, and I think that overall, we have gotten off to a strong start.

Q2

What were some of the results over the past year of the growth strategies outlined in Innovation 2017 Stage II (fiscal 2015–fiscal 2017)?

Under the medium-term business plan, we defined a vision for the next decade of being a leader that creates markets and continues to grow in Japan, while securing a solid position as a global company. At the same time, we formulated eight growth strategies for achieving that vision.

The Mitsui Fudosan Group is moving ahead with numerous projects in the Nihonbashi and Yaesu areas. The OH-1 Project in Otemachi and the Yaesu 2-Chome North Block Project have both been singled out for particular recognition for their potential to strengthen international competitiveness. Along with the Hibiya Project, they have been designated as National Strategic Special Zones. In the more immediate future, we have just begun ramping up leasing for the Hibiya Project, which is scheduled for completion in 2018, and for the Nihonbashi 2-Chome Redevelopment Project, both of which are showing strong interest from potential tenants, giving us a real sense of the strong demand for office space.

On the other hand, looking out to the office market in 2020 and beyond, we realize how important it will be to further strengthen our office building business. This view is one reason we are moving forward with our Nihonbashi Life Science Innovation Promotion Project targeting development in Nihonbashi, where many pharmaceutical companies are headquartered. We have already created multiple sites for the life sciences in the Nihonbashi area, which have succeeded in attracting industry organizations, academic research institutions, venture companies and others. In June 2016, Mitsui Fudosan and a number of partners in academia also founded Life Science Innovation Network Japan, Inc. (known as "LINK-J"). The organization will promote open innovation in the life sciences through collaboration between industry, academia and government, and is expected to accelerate a variety of efforts aimed at supporting the creation of new industries. Moreover, in February 2016, we established our

first corporate venture capital (CVC) fund, “31VENTURES Global Innovation Fund I,” to generate further demand for office space from the creation of new industries. At the same time, we are investing in outside venture capital, and along with efforts already underway involving existing ventures, hope to bring a sense of urgency to these initiatives.

In our retail facilities business, fiscal 2015 saw the opening of five new retail facilities in Japan, including LaLaport FUJIMI and EXOCITY, as well as two facilities overseas. All of these retail facilities posted high levels of revenue in their first year in operation, and were significant drivers of income in the Leasing segment. In addition, the positive effect of renovations at existing facilities and strong inbound tourism helped expand the share of rental revenue from the retail facilities business to approximately 40%. Moving forward, we will continue to encourage internal growth by anticipating customer needs through the appealing renewal of our existing facilities, providing a stable income base for the Group. At the same time, we will work to capture new business opportunities while remaining highly selective in our choice of locations.

In the logistics facilities business, we succeeded in winning new opportunities at a much faster pace than expected. As of March 2016, the business had grown to 10 facilities in operation, with a total of 22 facilities including projects under development, and a total project cost in excess of ¥300 billion. Then, on August 2, 2016, Mitsui Fudosan Logistics Park, Inc., which handles nine properties already in operation, became a publicly listed company.

In the housing market, sales remained strong in the central Tokyo and Tokyo Bay areas, primarily in condominiums that create added value, but at the same time, the property acquisition environment was extremely challenging. Amidst these conditions, we merged the Company's residential leasing business with Mitsui Fudosan Residential Co., Ltd. in October 2015. By further evolving our property strategy and product planning, for individuals and investors, or for a mix of sales and leasing, we are working to enhance our buying ability with the goal of continuing to build a stable land bank. Also, given that the housing market is facing a full-throttle drop in population, we believe it is important to avoid aiming for pointless growth in volume, and will instead work to expand our stock business by utilizing good-quality existing homes. To do that, we will do more to further our efforts to leverage the existing customer bases of the Group companies in our residential business, responding to the diverse housing needs associated with changing lifestyles by providing one-stop services.

In the hotel and resort business, we continue to see a strong market against a backdrop of increasing inbound tourism. Mitsui Garden Hotels are maintaining high annual

occupancy rates in excess of 90%, and marked growth in average daily rates (ADR) of nearly 20% compared to the previous fiscal year. The Group has set a target of having 10,000 rooms under management by 2020, primarily through the Mitsui Garden Hotel brand, and we are currently on track toward that goal with prospects in place for about 9,000 rooms. We hope to continue expanding our range of offerings to include new brands, luxury properties and others, as we work to steadily build a portfolio of new projects.

Finally, in our overseas business in fiscal 2015, we take pride in having achieved significant expansion, both geographically and in terms of the products we provide. In New York, construction began on 55 Hudson Yards, a large-scale office project, and work was also completed on 160 Madison, our first condominium for lease building outside Japan. In the U.K., pre-sales began in September last year for housing as part of the redevelopment of London's Television Centre, and sales have been steady. Meanwhile in Asia, Mitsui Outlet Parks opened in Kuala Lumpur and Taiwan. In Taiwan, in particular, Japanese-owned tenants offering Japanese-style hospitality have proven extremely popular, with revenue for the facility exceeding expectations. The success of these projects has aided the steady penetration of the Mitsui brand in these markets, and we hope to continue deepening our relationships with blue-chip partners as we work to capture new business opportunities. To do that, we not only need to be astute in picking up on economic trends and market needs, we must also develop our business at an even more advanced level. We realize this involves important issues such as the development of overseas staff and further localization of our business, and we hope to bring a sense of urgency to those efforts.

We expect further changes in the conditions surrounding our business as ICT evolves at an accelerated pace and diversity progresses, bringing even greater variety to the way people live and work. To ensure the home and work-based lifestyles we offer remain responsive to those needs, the Mitsui Fudosan Group itself must diversify as well. This, I think, will require advancing even further in our efforts to promote the full participation of women and recruit and develop global personnel*. By steadily executing the eight growth strategies I mentioned earlier and giving full consideration to these issues of human resource development, we aim to continue strengthening the competitiveness of our domestic business and delivering further growth in our business overseas.

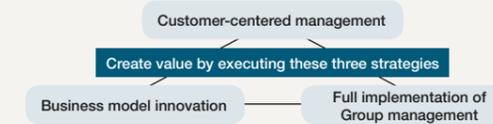
* In April 2016, the Group established a new Workstyle Innovation Department, with the goal of putting in place an environment in which personnel with diverse values and lifestyles can be highly successful and continue to drive the creation of new value.

Medium-Term Business Plan “Innovation 2017 Stage II”

Vision

Be a leader that creates markets and grows continuously in Japan and secure a solid position globally

Basic strategies



Growth strategies

1 Create neighborhoods

- Strategies to create stand-out neighborhoods (evolving the Smart City concept)
- Maximize neighborhood value

2 Evolve the office building business

- Be a business partner that helps solve our corporate customers' problems

3 Further develop the retail facility business

- Meet changing customer needs
- Increase profitability through strengths in sales and operations

4 Expand the logistics facility business

- Scale expansion and establish logistics REIT
- Flexibly combine leasing business with trading and management businesses

5 Strengthen the competitiveness of the housing business

- Grow businesses related to existing homes
- Merge the Company's residential leasing business with Mitsui Fudosan Residential Co., Ltd.

6 Expand the hotel and resort business

- Aim to operate 10,000 rooms

7 Implement a model for joint value creation with investors

- Grow assets in custody to expand management revenue

8 Dramatic growth in the overseas business

- Grow globally by combining our strengths with those of business partners

Further strengthen the competitiveness of our domestic business

Evolve from a real estate solutions partner to a business and lifestyle solutions partner

Dramatic growth in overseas business

Combine our strengths with those of partners to build a highly stable portfolio with abundant growth potential

Target income levels and other benchmarks

	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Estimates as of May 2016)	Mid-Term Business Plan FY2017 (Target)
Operating income	¥186.0 billion	¥202.4 billion	¥220.0 billion	¥245.0 billion or higher
Profit attributable to owners of parent	¥100.1 billion	¥117.7 billion	¥125.0 billion	¥130.0 billion or higher
Interest-bearing debt	¥1,976.1 billion	¥2,226.2 billion	¥2,450.0 billion	Approx. ¥2,500.0 billion
D/E ratio	1.06 times	1.16 times	—	Approx. 1.3 times
ROA*1	4.1%	4.1%	—	Approx. 5%
Operating income by segment				
Leasing	¥107.8 billion	¥124.1 billion	¥131.0 billion	¥133.0 billion
Property Sales	¥45.4 billion	¥44.5 billion	¥60.0 billion	¥65.0 billion
Management	¥49.3 billion	¥52.4 billion	¥52.0 billion	¥52.0 billion
Other	¥(16.6) billion	¥(18.6) billion	¥(23.0) billion	¥(5.0) billion
(Reference)				
Overseas income*2	¥12.0 billion	¥14.0 billion	—	¥30.0 billion or higher
Overseas income ratio	6.4%	6.8%	—	Approx. 12%
ROE*3	6.4%	6.2%	—	Approx. 7%

*1 ROA = (Operating Income + Non-Operating Income)/Average Total Assets over period
*2 Overseas Income = Overseas operating income + equity in earnings of overseas affiliates
*3 ROE = Profit attributable to owners of parent/Average Shareholders' Equity over period

Investment plan

	Mid-Term Business Plan (2015–2017 three-year totals)			FY2015 Actual
	Investments	Recovery	Net	Investments
Domestic capital expenditures	¥550 billion	—	¥550 billion	Approx. ¥170 billion
Overseas capital expenditures (Europe, North America & Asia)	¥550 billion	¥100 billion	¥450 billion	Approx. ¥150 billion
Real property for sale (domestic)	¥1,300 billion	¥1,250 billion	¥50 billion	Approx. ¥420 billion
Net investment	¥1,050 billion			

Shareholder returns

Basic policy for shareholder returns

Mitsui Fudosan reinvests earnings to increase shareholder value over the medium-to-long term and returns profits to shareholders based on comprehensive consideration of such factors as the business environment and the Company's performance and finances

Dividends

Mitsui Fudosan aims to pay approximately 25% of annual profit attributable to owners of parent in dividends on a consolidated basis

Q3

Can you offer some specifics regarding the Nihonbashi Life Science Innovation Promotion Project Mitsui Fudosan is promoting?

We believe our role is to go beyond the traditional concept of a real estate business to generate new industries, and we have advanced a variety of initiatives as part of that belief. In creating neighborhoods, our goal is to address the issues that Japan is facing ahead of the rest of the world, and in our business, those efforts are focused on five themes: energy, health and longevity, safety and security, coexistence with the environment and the creation of industry. In our ultra-aging society, health and longevity are the most important of these issues. It is essential that solutions reach the public as quickly as possible by putting outstanding research in the field of life sciences to practical use through open innovation, and we believe our mission is to contribute to that effort.

Many of Japan's leading pharmaceutical companies have their headquarters and other facilities in the Nihonbashi area, and it has become a focal point for the aggregation of life

science expertise. We have established three bases for the life sciences here, and have already attracted a wide range of people involved in the life sciences from universities, companies and organizations from both inside and outside Japan. Specific initiatives through this collaboration between industry, government and academia are already underway. One of which is Life Science Innovation Network Japan, Inc. (LINK-J), which was established for the purpose of accelerating these efforts and leading the way to the creation of open innovation. Our aim is to have LINK-J serve as an engine for opening a path to the future, through interaction between venture companies and universities at home and abroad, the Tokyo Metropolitan Government, industry organizations, companies and others involved in the field of life sciences. The Mitsui Fudosan Group hopes to continue to contribute to resolving the very important issues of health and longevity, and advance the creation of industry.

Q4

What is your outlook for business performance in fiscal 2016?

In the Leasing segment, we expect to see increased revenue and income resulting from increased rents at existing buildings and from full-year operations at offices and retail facilities completed or opened in the previous fiscal year. In the Property Sales segment we expect an increase in the reported number of units in the Property Sales to Individuals

category and increased revenue and income in the Property Sales to Investors category.

As a result, revenue is expected to rise by ¥182.0 billion year on year to ¥1,750.0 billion, operating income will rise from ¥17.5 billion to ¥220.0 billion, while profit attributable to owners of parent is forecast to increase by ¥7.2 billion to ¥125.0 billion. We hope to continue making steady progress toward achieving our goals in fiscal 2017, the target year of our medium-term business plan.



Q5

How would you describe Mitsui Fudosan's basic policy for shareholder returns?

Mitsui Fudosan makes every effort to maintain and increase dividends within the framework of business conditions, performance and its financial situation, while aiming to expand retained earnings for the purpose of investing in high-margin businesses in order to further enhance corporate value. The Company is targeting a dividend payout ratio of around 25% of annual profit attributable to owners of parent. Taking into

consideration a comprehensive range of factors including the Company's performance in fiscal 2015 and the aforementioned dividend policy, Mitsui Fudosan has decided to pay a fiscal year-end cash dividend of ¥16 per share, bringing the annual cash dividend to ¥30 per share for fiscal 2015. In fiscal 2016, Mitsui Fudosan is planning to pay an annual cash dividend of ¥32 per share (including an interim dividend of ¥16 per share).

Q6

Finally, what message do you have for shareholders?

Regarding the socioeconomic outlook, the U.S. economy is expected to remain generally strong, led by brisk consumer spending. Meanwhile, some uncertainty is seen in the future of China and other emerging countries and for trends in oil prices, as well as for the global economy in general with the U.K.'s move to leave the European Union and an increase in geopolitical risks. In Japan, while there are expectations that consumer spending will grow with further improvement in hiring and income conditions, and that demand for inbound tourism will expand further as well, I think we also need to pay adequate attention to the impact on the Japanese economy of moves involving the further postponement of the consumption tax hike and the global political and economic situation.

Domestically, Mitsui Fudosan will need to respond to the changing needs of customers in a maturing society while also providing services that make affluent, comfortable urban lives possible. To do that, we will undertake innovation in our business model, shifting from a real estate solutions partner to a business and lifestyle solutions partner.

Overseas, achieving dramatic growth will require combining our strengths as an integrated developer with those of partners well-versed in each country's markets, leveraging the respective regional characteristics of North America, Europe and Asia to build a portfolio rich in both stability and growth potential.

We will also continue working to enhance corporate governance, including strengthening internal controls, while at the same time contributing to urban development and the protection of the global environment under our &Earth Environmental Principles to build a society that enriches both people and the planet. In this way, we endeavor to increase corporate value and fulfill our social responsibilities as a corporate citizen.

Masanobu Komoda

President and Chief Executive Officer
Mitsui Fudosan Co., Ltd.

LEASING

Mitsui Fudosan owns and operates a wide range of quality office buildings, as well as shopping centers, outlet malls and other types of retail facilities nationwide, primarily in the Tokyo metropolitan area. Many of the properties are located in prime urban areas, and welcome tenants from a diverse range of industries, tenants with which Mitsui Fudosan has built strong relationships.

Revenue from operations (FY ended March 2016)

¥509,178 million

(YoY +¥44,336 million)

Operating income (FY ended March 2016)

¥124,112 million

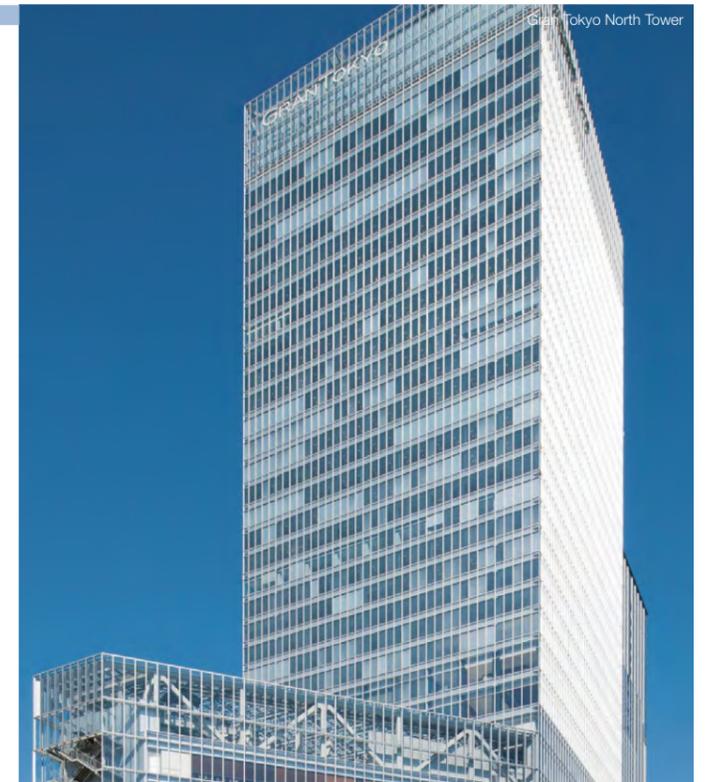
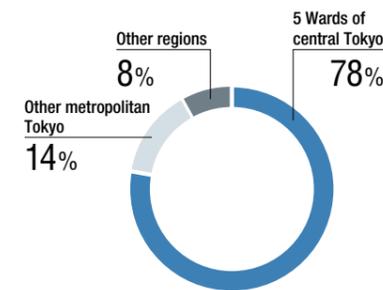
(YoY +¥16,249 million)

Office buildings

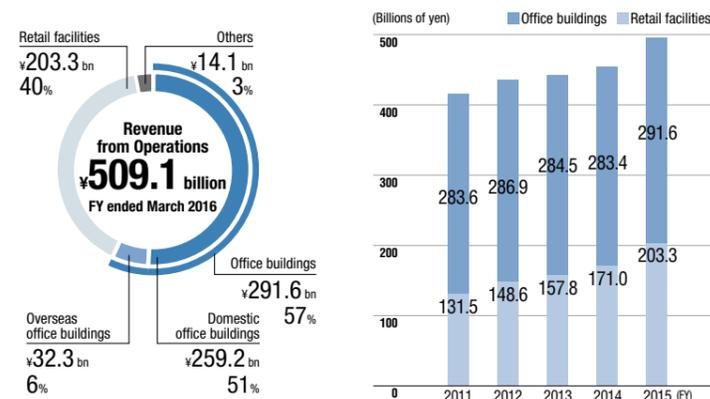
Approximately 78% of non-consolidated office building revenue comprises properties in the five wards of central Tokyo, where demand for office space is strongest. About 92% derives from the Tokyo metropolitan area as a whole. The office portfolio consists primarily of quality office spaces with outstanding business continuity planning (BCP) capabilities. The vacancy rate for Mitsui Fudosan office buildings in metropolitan Tokyo as of the end of March 2016 was 2.6% on a non-consolidated basis, below the market average.*

* The market average vacancy rate was 4.3% in the five central wards as of the end of March 2016 (according to Miki Shoji).

Revenue by Area (FY ended March 2016; non-consolidated)



Analysis of Revenue from Operations



Number of Buildings

(FY ended March 2016; non-consolidated)

Office buildings
133
Retail facilities
78

About 40% of the Leasing segment's overall revenue is derived from the retail facilities business. The retail facilities business and the highly reliable office buildings business with its many industry-leading tenants provide a stable foundation for earnings in the Leasing segment. In addition to offices and retail facilities, Mitsui Fudosan is developing a wide range of asset types, including logistics facilities and rental housing that will further accelerate growth of the Leasing segment.



Major New Projects (completed in FY2014 or FY2015)

FY Completed	Project Name (* Jointly Owned Property)	Location	Rentable Floor Space (Approx.)
2014	8-10 Moorgate	City, London	12,100 m ²
	GATE SQUARE (Kashiwanoha Campus Block 148)	Kashiwa, Chiba	8,000 m ²
	Sapporo Mitsui JP Building*	Sapporo, Hokkaido	25,400 m ²
	1200 17th Street*	Washington D.C.	15,600 m ²
	Iidabashi Grand Bloom*	Chiyoda-ku, Tokyo	71,300 m ²
2015	70 Mark Lane	City, London	16,400 m ²
	OSAKI BRIGHT TOWER*	Shinagawa-ku, Tokyo	53,700 m ²
	OSAKI BRIGHT CORE*	Shinagawa-ku, Tokyo	22,300 m ²
	270 Brannan*	San Francisco	16,900 m ²



Major New Projects (to be completed after FY2016)

FY Completed	Project Name (* Jointly Owned Property)	Location	Total Floor Space (Site Area) (Approx.)
2016	1 Angel Court Project	City, London	46,000 m ²
2017	Hibiya Project	Chiyoda-ku, Tokyo	189,000 m ²
	Shin-Tokyo Takeda Building*	Chuo-ku, Tokyo	45,000 m ²
2017-	White City Place Redevelopment Project*	Wood Lane, London	209,000 m ²
2018	Nihonbashi 2-Chome Redevelopment Project (Block C)*	Chuo-ku, Tokyo	143,400 m ²
	TGMM Shibaura Project (Tower A)*	Minato-ku, Tokyo	132,600 m ²
	55 Hudson Yards*	New York	117,600 m ²
	Television Centre Redevelopment Project*	Wood Lane, London	55,000 m ²
	Nihonbashi Muromachi 3rd District Project*	Chuo-ku, Tokyo	168,000 m ² (ZONE A)
2019	OH-1 Project (Otemachi 1-Chome Block 2)*	Chiyoda-ku, Tokyo	357,800 m ²
	Yaesu 2-Chome Central Block Project*	Chuo-ku, Tokyo	380,000 m ²
After 2020	Yaesu 2-Chome North Block Project*	Chuo-ku, Tokyo	293,600 m ²
	Nihonbashi Muromachi 1-Chome Project*	Chuo-ku, Tokyo	TBD (8,000 m ²)
	Nihonbashi 1-Chome Block 1, 2 Project*	Chuo-ku, Tokyo	TBD (7,000 m ²)
	Nihonbashi 1-Chome Central Block (4-12 Square) Project*	Chuo-ku, Tokyo	TBD (23,000 m ²)
	TBD	Toyosu 2-, 3-Chome Block 2 Project*	Koto-ku, Tokyo

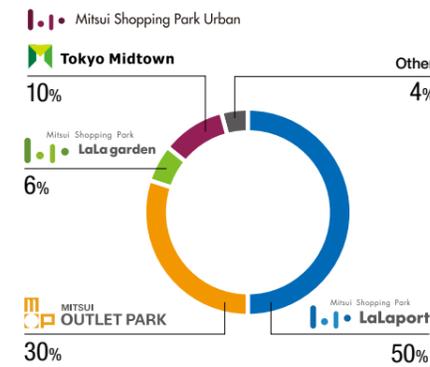
Each FY completed and total floor space may change in the future. Some project names are tentative.



Retail facilities

Located in major metropolitan and surrounding areas, the Company's shopping centers serve as key hubs for regional communities, offering functionality to meet the diverse lifestyles of a broad range of ages. At existing retail facilities, large-scale renovations and expansion in anticipation of future market needs ensures facilities remain attractive, helping to maintain their high-revenue-generating capacity and profitability.

Retail Facility Revenue by Category (FY ended March 2016)

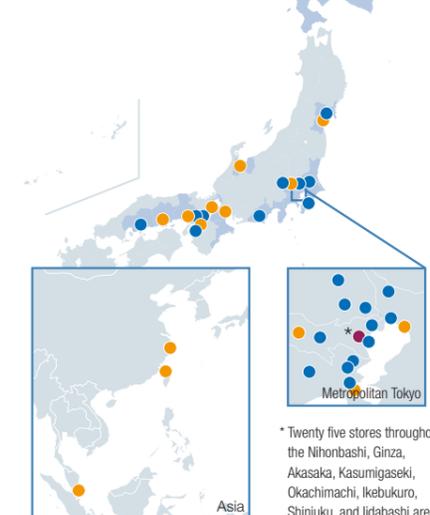


* Includes master-leased properties

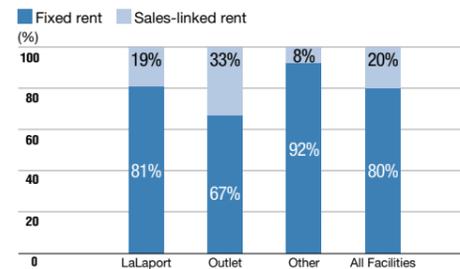
Retail Facilities by Area

We operate a wide variety of retail facilities to meet the needs of regions and local communities.

- Mitsui Shopping Park LaLaport, etc.
- Mitsui Outlet Park
- Mitsui Shopping Park Urban

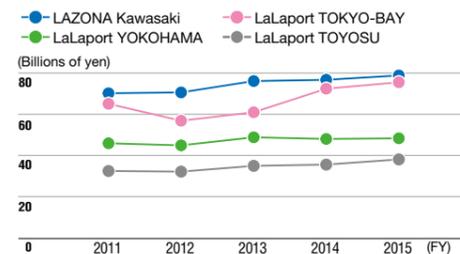


Ratio of Fixed & Sales-Linked Rent by Category (FY ended March 2016)



* Includes some subleased properties

Sales at Mitsui Fudosan Retail Facilities



* Revenue from operations derived from LaLaport TOKYO-BAY declined during the fiscal year ended March 31, 2013 owing to the partial closure of facilities.

Major New Projects (Owned)

FY Opened	Project Name (* Jointly Owned Property)	Location	Store Floor Space (Approx.)
2014	LaLa terrace MUSASHIKOSUGI*	Kawasaki, Kanagawa	8,000 m ²
	MITSUI OUTLET PARK SAPPORO KITA-HIROSHIMA (2nd stage)	Kita-Hiroshima, Hokkaido	7,700 m ²
	MITSUI OUTLET PARK KISARAZU (2nd stage)	Kisarazu, Chiba	8,500 m ²
	LaLaport KASHIWANOHA (North Building)	Kashiwa, Chiba	7,500 m ²
	Akarenga TERRACE*	Sapporo, Hokkaido	8,500 m ²
2015	IIDABASHI SAKURA TERRACE*	Chiyoda-ku, Tokyo	4,900 m ²
	LaLaport IZUMI	Izumi, Osaka	55,000 m ²
	Shin-Kawasaki Square	Kawasaki, Kanagawa	11,000 m ²
	LaLaport FUJIMI	Fujimi, Saitama	80,000 m ²
	MITSUI OUTLET PARK KLIA SEPANG (1st stage)*	Selangor, Malaysia	24,000 m ²
2016	MITSUI OUTLET PARK HOKURIKU OYABE	Oyabe, Toyama	26,000 m ²
	MITSUI OUTLET PARK MAKUHARI (3rd stage)	Chiba, Chiba	6,500 m ²
	LaLaport EBINA	Ebina, Kanagawa	54,000 m ²
	EXPOCITY	Suita, Osaka	71,000 m ² LaLaport EXPOCITY
	MITSUI OUTLET PARK LINKOU*	Linkou District, New Taipei City	45,000 m ²
2018	LaLaport SHONAN HIRATSUKA	Hiratsuka, Kanagawa	60,000 m ²
	Nagoya Komei Project	Nagoya, Aichi	54,600 m ²
2021	LaLaport Kuala Lumpur*	Kuala Lumpur, Malaysia	80,000 m ²
TBD	Retail Facility Development Project in Togocho, Aichi	Aichigun, Aichi	TBD
TBD	Miyashita Park Project	Shibuya-ku, Tokyo	TBD

Note: FY opened and store floor space may change in the future. Some project names are tentative.

Major New Projects (Managed)

FY Opened	Project Name	Location	Store Floor Space (Approx.)
2015	LaLaport TACHIKAWA TACHIHI	Tachikawa, Tokyo	60,000 m ²
2020	LaLaport SHANGHAI JINQIAO	Pudong Jinqiao, Shanghai	74,000 m ²

Note: FY opened and store floor space may change in the future. Some project names are tentative.

TOPICS

Mama with LaLaport — Facilities Designed for Families with Young Children

The "Mama with LaLaport" project was conceived by employees of the Company who are also mothers. Under the project, we are developing various initiatives to provide spaces that cater to the needs of families in the child-rearing generation, such as food courts designed for children and enhanced nursing rooms.



PROPERTY SALES

Mitsui Fudosan's Property Sales segment consists of its property sales to individuals category, which enjoys strong brand recognition domestically, and the property sales to investors category, which involves the sale of income properties, including office buildings, retail facilities, rental housing, etc., to outside investors.

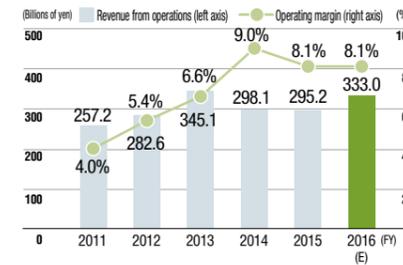


Revenue from operations (FY ended March 2016)
¥391,577 million
 (YoY -¥33,864 million)

Operating income (FY ended March 2016)
¥44,525 million
 (YoY -¥968 million)

Property Sales to Individuals

Property Sales: Revenue from Operations and Operating Margin



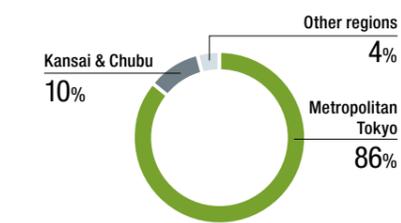
Condominiums: Units Booked and Year-End Inventories



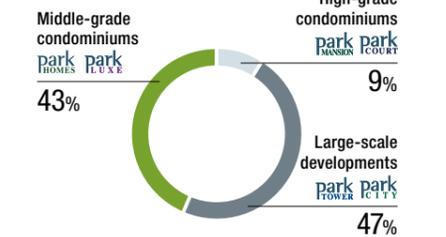
Land Bank (Condominiums) (incl. redevelopment projects in the planning phase)



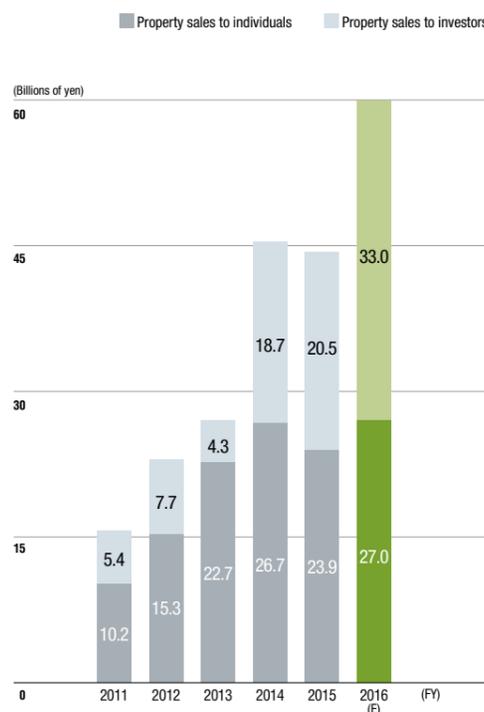
Sales by Region (Condominiums) (FY ended March 2016)



Sales by Brand (Condominiums) (FY ended March 2016)



Property Sales Segment: Operating Income

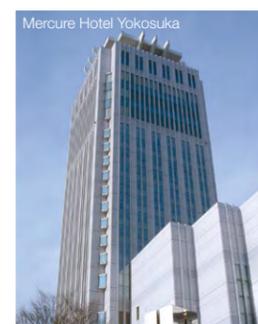


Property Sales to Individuals



Mitsui Fudosan is engaged in the development and sale of high-value-added condominiums and detached housing nationwide. As represented by its development of condominiums, the Company is particularly strong in large-scale urban redevelopment projects, where it enjoys significant brand recognition.

Property Sales to Investors



The Company develops office buildings, retail facilities, rental housing and other income property for sale to diverse investors including J-REITs, private funds and institutional investors. Since 2012, Mitsui Fudosan has worked to broaden its asset class and contribute to the expansion of the real estate investment market by also entering the logistics facilities business.



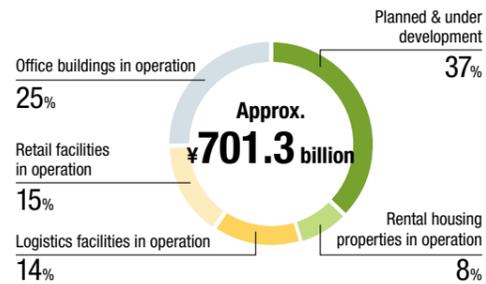
Major Large-Scale Projects

FY to be Reported	Project Name	Location	Total No. of Units Sold (Approx.)
2016	BAYZ TOWER & GARDEN	Koto-ku, Tokyo	550
	KACHIDOKI THE TOWER	Chuo-ku, Tokyo	1,320
	Park City Kashiwanoha Campus The Gate Tower	Kashiwa, Chiba	350
	Park Homes Toyosu The Residence	Koto-ku, Tokyo	690
2017	Park Tower Shin-Kawasaki	Kawasaki, Kanagawa	660
	Park City Musashikosugi The Garden Towers East	Kawasaki, Kanagawa	590
	Park City Chuo-Minato The Tower	Chuo-ku, Tokyo	270
	The Residence Kemigawahama Gardens	Chiba, Chiba	550
After 2018	Park Court Akasaka Hinokicho The Tower	Minato-ku, Tokyo	160
	Park City Musashikosugi The Garden Towers West	Kawasaki, Kanagawa	610
	Park Court Hamarikyu The Tower	Minato-ku, Tokyo	360
	The Shibuya Ward Office Rebuilding Project	Shibuya-ku, Tokyo	500
	Project for the area around Musashikoyama Station	Shinagawa-ku, Tokyo	500
	Kitanakadori Kita Project	Yokohama, Kanagawa	1,200
Project for the area around Kasuga Korakuen Station	Bunkyo-ku, Tokyo	300	
Tsukishima 1-Chome Nishinakadori Project	Chuo-ku, Tokyo	180	

Note: FY to be reported and total number of units sold may change in the future. Some project names are tentative.

Property Sales to Investors

Inventory of Property for Sales to Investors (As of March 31, 2016)



Multiple Exit Strategies and a Model for Cooperation with Investors

MITSUI FUDOSAN GROUP

Sales to a diverse array of investors ↓ ↑ Management contracts after sales

J-REITs managed by the Mitsui Fudosan Group

NBF Nippon Building Fund

AUM: **¥1,080.3** bn (74 properties)

Nippon Accommodations Fund

AUM: **¥296.0** bn (117 properties)

Frontier Real Estate Investment Corporation

AUM: **¥284.9** bn (33 properties)

MFLP Mitsui Fudosan Logistics Park, Inc.

AUM: **¥75.5** bn (9 properties) (planned)

Private funds structured and managed by the Mitsui Fudosan Group

MITSUI FUDOSAN INVESTMENT ADVISORS, INC.
(Structures and manages private funds)

AUM: **¥1,295.0** bn

Mitsui Fudosan Private REIT Inc.

AUM: **¥233.6** bn (40 properties)

Institutional investors, corporations, etc.

Total amount of AUM (on an appraised value basis) and properties owned as of March 31, 2016. However, this does not include Mitsui Fudosan Logistics Park, Inc.

TOPICS

Public Listing of Mitsui Fudosan Logistics Park, Inc.

Mitsui Fudosan Logistics Park, Inc. was publicly listed on August 2, 2016.

Mitsui Fudosan Logistics Park, Inc. forms a strategic partnership with Mitsui Fudosan in the logistics facilities business and will play a role in the sustainable growth in the Mitsui Fudosan Group value chain of “ownership,” “development” and “management.”



Listing date:
August 2, 2016

AUM:
¥75.5 billion
(9 properties) (planned)

Total floor space:
350,000 m²*
(planned)

* Total amount on presumption of proportion of co-owner's shares

Logistics facilities business

We are developing the logistics facilities business as an initiative to further enhance domestic business competitiveness. We are currently developing and operating 22 facilities, of which 10 are operational and 12 are in development, for a total floor space of approximately 2 million m². Since April 2012, we have invested approximately ¥300 billion in this business on a cumulative basis.

As a partner in developing solutions for our tenants, we will connect a wide variety of people, goods and ideas, tackling the challenge of creating value beyond conventional boundaries.

Number of facilities under development and in operation / total floor space

22 facilities / approx. **2** million m²

Total project cost

Over **¥300.0** billion

As of March 31, 2016



Facility Specifications and Initiatives

MFLP Ibaraki



Established areas for employee breaks, such as a cafeteria and rooftop terrace



Operated a shuttle bus for commuting

MFLP Hino



A green area of about 20,000 m² with a plaza and exercise track is available for the community



An authorized day nursery has been set up inside the facility

Main Projects (including owned and sub leased properties)

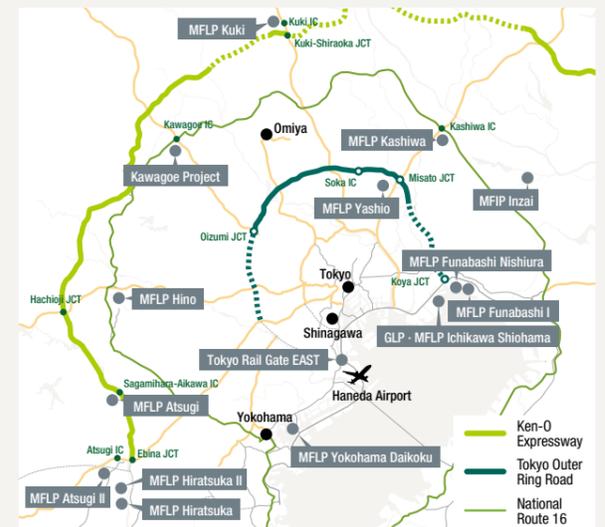
FY Completed	Project Name	Location	Total Floor Space (Approx.)
Acquired in 2013	MFLP Yokohama Daikoku* ^{1,2}	Yokohama, Kanagawa	131,800 m ²
2013	GLP-MFLP Ichikawa Shiohama* ^{1,2}	Ichikawa, Chiba	122,000 m ²
	MFLP Yashio* ²	Yashio, Saitama	41,900 m ²
	MFIP Inzai* ²	Inzai, Chiba	45,800 m ²
2014	MFLP Kuki* ²	Kuki, Saitama	74,500 m ²
	MFLP Sakai* ²	Sakai, Osaka	133,300 m ²
	MFLP Funabashi Nishiura* ²	Funabashi, Chiba	31,000 m ²
2015	MFLP Atsugi* ²	Aiko-gun, Kanagawa	43,000 m ²
	MFLP Hino	Hino, Tokyo	213,400 m ²
	MFLP Kashiwa* ²	Kashiwa, Chiba	31,400 m ²
2016	MFLP Funabashi I	Funabashi, Chiba	198,000 m ²
	MFLP Fukuoka I	Kasuya, Fukuoka	32,400 m ²
	MFLP Hiratsuka	Hiratsuka, Kanagawa	33,200 m ²
2017	MFLP Komaki	Komaki, Aichi	42,500 m ²
	MFLP Inazawa	Inazawa, Aichi	74,300 m ²
	MFLP Ibaraki	Ibaraki, Osaka	241,900 m ²
2018	MFLP Atsugi II	Isehara, Kanagawa	54,000 m ²
	MFLP Hiratsuka II	Hiratsuka, Kanagawa	43,400 m ²
	2021	Tokyo Rail Gate EAST (*managed)	Shinagawa-ku, Tokyo
TBD	Kawagoe Project	Kawagoe, Saitama	TBD

FY completed and total floor space may change in the future. Some project names are tentative.

*1 Jointly owned property

*2 Property eligible for incorporation at the time of listing for Mitsui Fudosan Logistics Park, Inc.

Metropolitan Tokyo



Sites are strategically located for traffic convenience from the ring road (Ken-O Expressway, Tokyo Outer Ring Road, and National Route 16) and the main trunk roads radiating outward.

MANAGEMENT

The Management segment consists of “Property Management” which involves operation and management of office buildings, retail facilities and residential properties, as well as Mitsui Repark car park leasing, and “Brokerage, Asset Management, etc.” which includes brokerage services for individuals such as those provided under the “Mitsui Rehouse” brand name and asset management services for J-REITs, etc. Both are fee-based businesses that do not involve investment and are therefore highly profitable and growing steadily.



Revenue from operations (FY ended March 2016)

¥334,652 million
(YoY +¥16,834 million)

Operating income (FY ended March 2016)

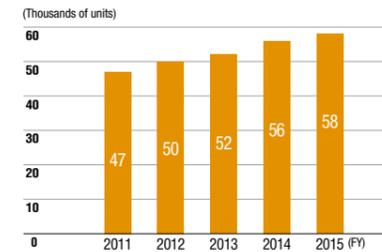
¥52,446 million
(YoY +¥3,128 million)

Property Management

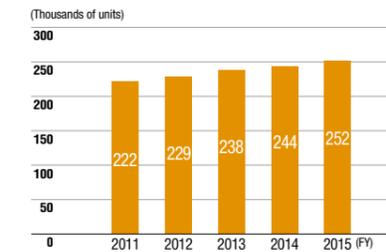
Office buildings Mitsui Fudosan Building Management Co., Ltd. Number of Buildings under Management 533 Mitsui Fudosan Facilities Co., Ltd. Number of Buildings under Management 373	Retail facilities Mitsui Fudosan Retail Management Co., Ltd. Number of Facilities under Management 67	Housing MITSUI FUDOSAN RESIDENTIAL LEASE Number of Properties Handled 58,293 Mitsui Fudosan Residential Service Co., Ltd. Number of Condominiums under Management 251,874	Car park leasing Mitsui Car Park Leasing Number of Parking Units Handled 191,450
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(As of March 31, 2016)

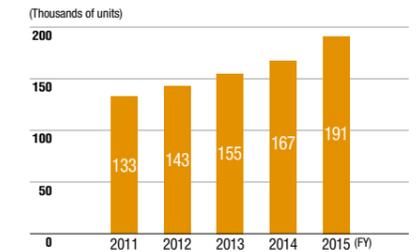
Mitsui Fudosan Residential Lease Co., Ltd. Condominiums for Lease



Mitsui Fudosan Residential Service Group Condominiums for Sale



Mitsui Repark Car Park Leasing



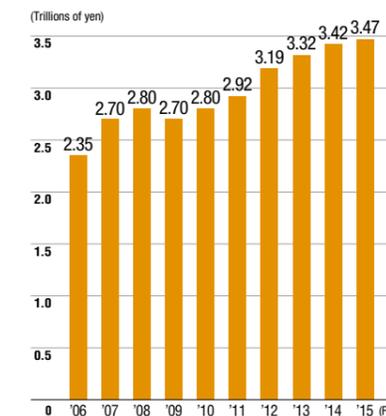
Brokerage, Asset Management, etc.

Mitsui Fudosan Realty Co., Ltd. Number of Real Estate Sales Brokered Nationwide

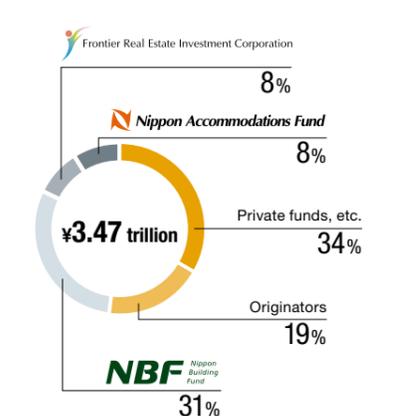
With its high brand recognition, Mitsui Fudosan Realty Co., Ltd. has been No. 1 in Japan for the number of brokered sales nationwide for 30 consecutive years.



Assets under Management: Track Record



Assets under Management (FY ended March 2016)



TOPICS

New Brokerage Style “Mitsui Rehouse 360° Support”

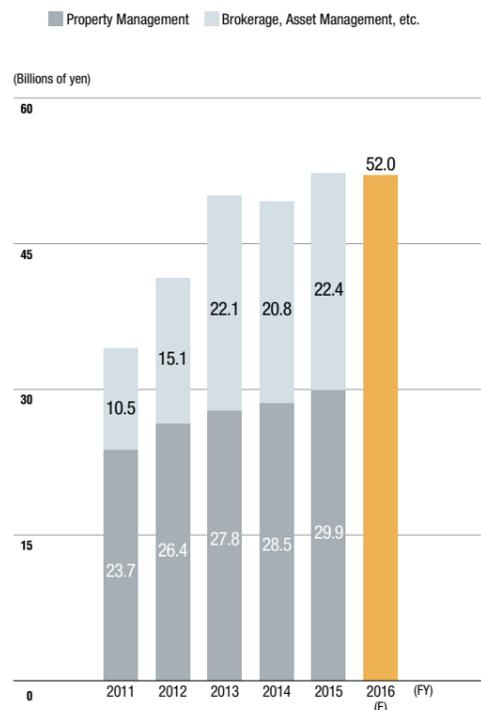
“Mitsui Rehouse 360° Support” provides a full standard service covering all aspects of real estate buying and selling from start to finish. It is a cutting-edge service for both sellers looking to sell property and buyers who seek to purchase property marketed by other companies through “Mitsui Rehouse,” regardless of the type of agency contract involved.



- #### Service Content
- Property check & support service**
Mitsui Fudosan will pay a maximum of ¥2.5 million (including tax) for defects to the property.
 - Facility check & support service**
Replacements and repairs of breakdowns in main facilities.
 - Emergency response**
Emergency response team on call 24 hours a day, every day of the year.

* Conditions apply for all services
* Support is provided for two years from the date of handover

Management Segment: Operating Income



Property Management



This business provides contracted services such as management and operation for diverse assets including office buildings, retail facilities, and housing, as well as construction work to prepare for new tenants. We also operate a car park business under the Mitsui Repark brand.

Brokerage, Asset Management, etc.



In the brokerage business, we provide existing housing brokerage for individual customers and commercial real estate brokerage for corporate customers and others through Mitsui House.

In the asset management business, we provide high-quality investment opportunities such as J-REITs and private funds, along with reliable asset management services.

MITSUI HOME

As Japan's premier builder of 2x4 "platform-frame" single-family homes, Mitsui Home Co., Ltd. is positioned at the core of the Group's custom-built housing business. Leveraging the advanced technology and planning capabilities it has acquired over many years in the business, Mitsui Home works to build homes that offer superior quality and design.



Revenue from operations (FY ended March 2016)

¥247,455 million
(YoY +¥5,304 million)

Operating income (FY ended March 2016)

¥4,724 million
(YoY +¥707 million)

Analysis of Revenue from Operations

(Millions of yen)		FY Ended March 2016	FY Ended March 2015	Change
New Construction	Revenue	174,980	178,172	-3,192
	Orders	153,030	152,706	323
Reform/Renewal	Revenue	33,957	27,215	6,741
	Orders	40,735	34,963	5,771
Lease Management	Revenue	22,763	21,454	1,309
	Orders	-	-	-
Housing-Related Material Sales	Revenue	15,754	15,307	446
	Orders	-	-	-
Revenue Total		247,455	242,150	5,304

Mitsui Home provides design and supervises construction and sub contracting for new single-family homes, as well as renovation and remodeling services for previously built homes, and enjoys an excellent domestic reputation and strong brand recognition. Mitsui Designtec Co., Ltd., a consolidated subsidiary, handles office and retail facility remodeling projects, while MITSUI HOME ESTATE Co., Ltd., another consolidated subsidiary, offers rental housing intermediary and property management services.

Note: The above revenue figures differ from those disclosed by Mitsui Home because sales to the Mitsui Fudosan Group are deducted from Mitsui Home's consolidated revenue from operations.



YOUR SIGN Shinjuku model house

OTHER

The Other segment consists of the domestic hotel category, including the Mitsui Garden Hotel brand now expanding nationwide, and the resort hotel category, including Halekulani in Hawaii and the NEMU HOTEL & RESORT located in Shima City, Mie Prefecture. It also includes the remodeling category covered by Mitsui Fudosan Reform Co., Ltd., with its advanced technical capabilities, as well as golf course management and mega-solar businesses.



Revenue from operations (FY ended March 2016)

¥85,104 million
(YoY +¥6,322 million)

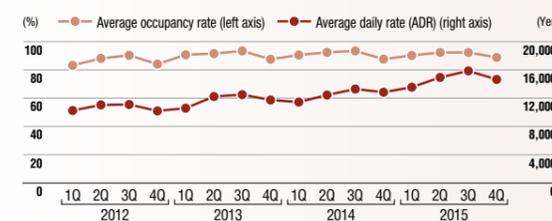
Operating income (FY ended March 2016)

¥7,163 million
(YoY +¥1,976 million)

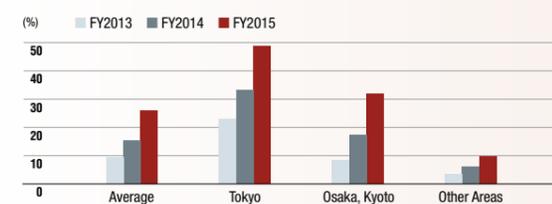
Analysis of Revenue from Operations

(Millions of yen)	FY Ended March 2016	FY Ended March 2015	Change
Facility Operations	57,189	51,974	5,214
Others	27,915	26,808	1,107
Total	85,104	78,782	6,322

Average Occupancy Rate / Average Daily Rate (ADR)



Ratio of Foreign Guests



Facility Operations

Mitsui Fudosan-Operated Hotels & Resorts

Domestically, the Mitsui Fudosan Group primarily operates lodging-focused hotels such as the Mitsui Garden Hotel chain, along with resort properties like NEMU HOTEL & RESORT and Haimurubushi. In March 2016, the Group opened the AMANEMU, the first Aman brand hot spring resort. Overseas, the Company owns and operates the multiple award-winning Halekulani and Waikiki Parc Hotel. The Company also operates six golf courses in Japan, including the Mitsuiinomori Tateshina Golf Club.

Please see the following URLs for lists of Mitsui Fudosan-operated hotels and resorts. ▶
<http://www.mitsui-fudosan.co.jp/english/hotel/>
<http://www.mitsui-fudosan.co.jp/english/resort/>

Steady Capture of Business Opportunities to Achieve a 10,000-Room Business Scale

Under the medium-term business plan "Innovation 2017 Stage II," the Mitsui Fudosan Group seeks to expand hotel operations from the current approximately 5,400 guest rooms to 10,000 guest rooms by 2020. Plans are already in place to achieve approximately 9,000 guest rooms and we are steadily advancing to seize business opportunities.

Other

The Other segment includes the remodeling business, which primarily provides remodeling across a wide range of areas from private homes through to asset regeneration projects, and the Company's five domestic mega-solar projects, which have been brought online successively since fiscal 2013.

OVERSEAS BUSINESS

Since the beginning of the 1970s, Mitsui Fudosan has continued to expand its overseas business, from office buildings and retail facilities to detached housing and rental housing businesses. Combining its strengths as a general developer with the strengths of business partners with thorough understanding of each country's market, the Company will build portfolios that leverage the different characteristics of North America & Europe and China & Asia to provide stability and growth.

Strategic Policy

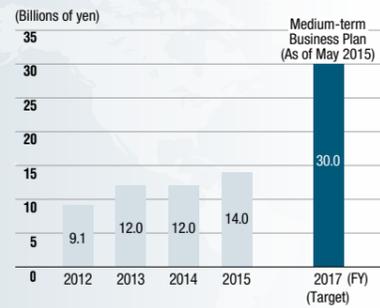
North America & Europe

Continuously secure excellent business opportunities to expand the stable earnings base

China & Asia

Capture rapidly growing demand for quality housing and expanding consumption

Overseas Income



Existing Projects

1251 Avenue of the Americas (New York)



1200 17th Street (Washington D.C.)



70 Mark Lane (London)



5 Hanover Square (London)



Shanjiang Outlet Plaza Ningbo (Ningbo City, Zhejiang Province, China)



527 Madison Avenue (New York)



Homer Building (Washington D.C.)



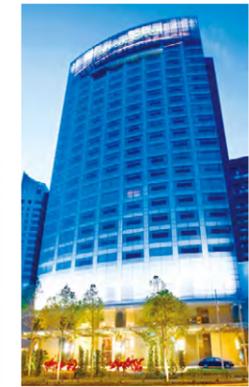
8-10 Moorgate (London)



Halekulani (Hawaii)



St. Regis Hotel & Residences (Singapore, opened in 2008)



New Projects

North America & Europe

270 Brannan (San Francisco)

As a property located in the heart of San Francisco's SOMA (South of Market) district, the site is within walking distance from the Caltrain's San Francisco Station, and is convenient for transportation with freeway ramps nearby.



Television Centre (London)

A project that plans to transform studios and offices and other buildings previously used by the U.K. public broadcaster, the British Broadcasting Corporation (BBC), into a multi-use facility comprising offices, residential housing, a hotel, and other facilities.



55 Hudson Yards (New York)

One of several office buildings comprising Hudson Yards, one of Manhattan's largest multi-use development projects.



White City Place (London)

Acquired from the BBC. The project involves construction of a new building and refurbishment of an existing building.

China & Asia



MITSUI OUTLET PARK LINKOU

A project located in the center of the Linkou Special District being developed by the New Taipei government. This retail facility will leverage its prime location approximately 30 minutes' drive from central Taipei and approximately 20 minutes' drive from Taoyuan International Airport.



MITSUI OUTLET PARK KLI A SEPANG

The first retail property project in Southeast Asia in which Mitsui Fudosan took a controlling interest.



LaLaport Kuala Lumpur

A project to develop and operate the retail facility section of a large-scale redevelopment project (retail facilities, housing, hotels, etc.) in the Kuala Lumpur city center.

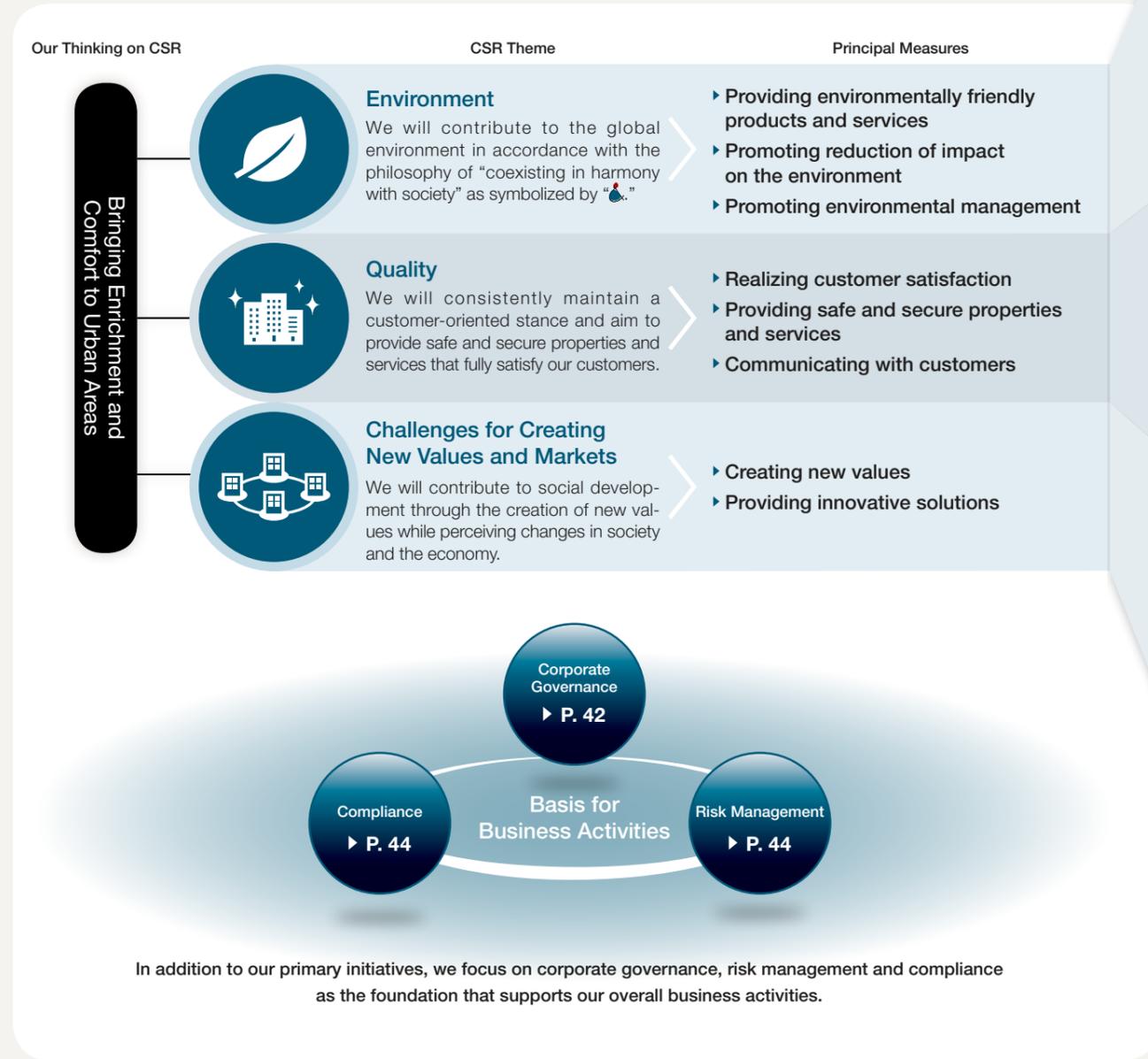
Type	Project Name (* Jointly Owned Property)	Location	Expected Completion	Rentable Floor Space or Units* (Approx.)
Retail	LaLaport SHANGHAI JINQIAO*	China Shanghai, China	2020	74,000 m ²
	MITSUI OUTLET PARK LINKOU*	New Taipei, Taiwan	2016	45,000 m ²
	MITSUI OUTLET PARK KLI A SEPANG (Phase 1)*	Malaysia Selangor, Malaysia	2015	24,000 m ²
	LaLaport Kuala Lumpur*	Malaysia	2021	80,000 m ²
Condominium	House Feng Xiang Yuan*	China Shanghai, China	2016-	1,300 units
	THE MEWS* etc.	Malaysia	2017-	Total 1,100 units
	Bartley Ridge* etc.	Singapore	2016-	Total 2,000 units
	Ideo Q Chula-Samyang* etc.	Thailand Bangkok, Thailand	2016-	Total 8,000 units
	CitraGarden City Citra Lake Suites* etc.	Indonesia	2018-	Total 2,400 units

Expected completion, rentable floor space and total units may change in the future. Some project names are tentative.

MITSUI FUDOSAN GROUP'S APPROACH TO CSR

The social responsibilities that the Mitsui Fudosan Group seeks to fulfill entail contributing to society and economic development while protecting the global environment in accordance with the principles symbolized by the Group's "M" mark. The practice and realization of "bringing enrichment and comfort to urban areas," as outlined in our Group Statement, also precisely represents the crux of our CSR efforts. Taking each of the aforementioned into consideration, we have identified the three themes of "the environment," "quality" and "challenges for creating new values and markets" as the cornerstones of our CSR endeavors.

The Mitsui Fudosan Group's CSR Efforts



CSR Initiative Example

Contributing to the building of a society that realizes the sustainable development of human life is our corporate mission, and we consider this an important business challenge directly related to increasing corporate value. Positioning the promotion of business while addressing collaboration/cooperation with the community, reduction of environmental burden and improvement of security/safety/comfort as vital to "harmonious coexistence with the environment," we endeavor to create urban environments of enrichment and comfort and to contribute to the global environment.



Basic Thinking on Environmental Initiatives

- Realize both "earth-friendly" and "people-friendly" environments
- Promote pioneering urban development in collaboration and cooperation with the community
- Expand both at home and abroad smart cities that will lead the future

The Mitsui Fudosan Group equates quality with efforts to provide a level of comfort, safety and security that fully satisfies its customers and to ensure the sustainable growth and development of society. On this basis, we are committed to developing urban areas that bring to fruition people-friendly environments by further enhancing quality.



Initiatives in Office Building BCP

Given the increased need for greater safety, security and business continuity planning (BCP) among tenant firms following the Great East Japan Earthquake, we are working to enhance disaster response and preparedness by promoting initiatives related to disaster prevention and BCP at both our existing and newly constructed office buildings. Other efforts underway include putting in place a crisis management system with a crisis management center staffed 365 days a year, including overnight; distribution of stockpiles of emergency supplies to tenants; and drills for taking in ordinary stranded commuters. These and other initiatives are intended to contribute to bolstering BCP measures and community disaster preparedness in terms of both physical requirements and the ability to respond.



In creating new neighborhoods, we continue to create new value in keeping with the needs of the times. We also believe in the importance of continuing to enhance that value over time, with neighborhoods that are designed to get better with age. By offering solutions that capture current social and economic changes, we also work to create new markets.



Collaboration with the Venture Community

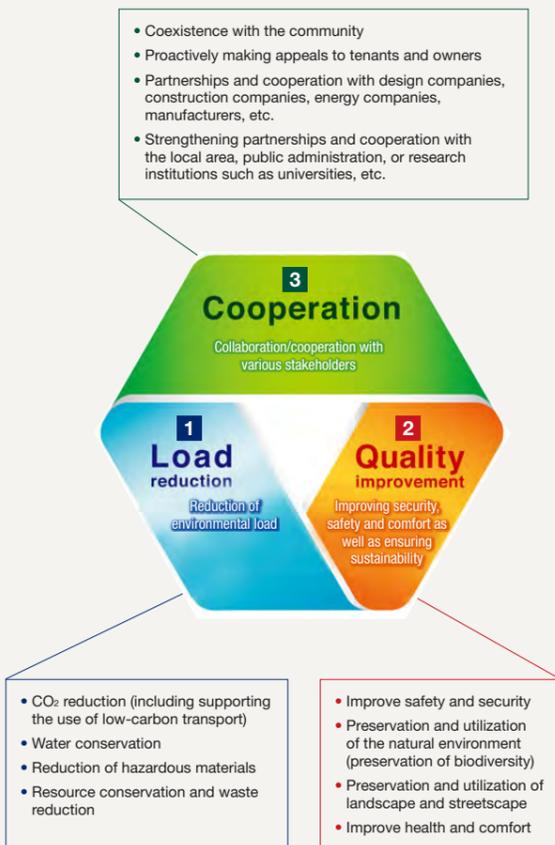
We are developing a venture collaboration program that accelerates venture businesses through support for the formation of venture company communities pivoting on venture offices, as well as financial and business support. We have established a ¥5.0 billion corporate venture capital "CVC" fund to strengthen the program and have built a system to facilitate flexible investment. The goal is to create new innovation through venture support.



Initiatives for the Environment

Under our Group Environmental Policy, we conduct environmental activities in an integrated manner through the promotion of three areas: reduction of environmental load (Load reduction); improving security, safety and comfort while ensuring sustainability (Quality improvement); and collaboration/cooperation with various stakeholders (Cooperation).

Environmental Initiatives



Major Initiatives

1 Load reduction Reduction of environmental load

The Mitsui Fudosan Group has identified reducing its environmental impact as a central theme of its environmental initiatives. We work to achieve a sustainable society by reducing CO₂ emissions, conserving water resources, reducing hazardous substances and saving resources while reducing waste.

Reducing CO₂/Conserving, Creating and Storing Energy
Our initiatives go beyond energy conservation efforts, as we offer buildings that reduce CO₂ and are compatible with equipment that creates energy through solar power and co-generation systems and stores it in large-scale storage batteries. We are also involved in mega-solar projects as part of our energy creation business.

Certification as an Outstanding Specified Anti-Global Warming Facility Renewed by the Tokyo Metropolitan Government

Five business facilities* certified as outstanding specified anti-global warming facilities under the Tokyo Metropolitan Environmental Security Ordinance since fiscal 2010 successfully renewed their certifications in March 2016.

This certification program sets the emissions reduction obligations of business facilities with exceptional management systems for CO₂ reduction, building facility performance and office equipment operations. Mitsui Fudosan has more certified office building facilities (13 facilities in 16 buildings) than any other company.

Looking ahead, Mitsui Fudosan will utilize its operational and management expertise to realize the next dimension of living comfortably in harmony with the environment.

* Top-Level Facilities: Tokyo Midtown, Nihonbashi Mitsui Tower, Ginza Mitsui Building
Near-Top-Level Facilities: Shiodome City Center, Nihonbashi 1-Chome Mitsui Building

Saving Resources while Reducing Waste

We aim to conserve resources and reduce waste through the three Rs (reduce, reuse and recycle), while striving to prolong the useful life of our buildings. We also make sure our waste management subcontractors dispose of waste properly.

Introduction of a Metering System at Retail Facilities

In an attempt to reduce waste from stores, our retail facilities feature a metering system that charges for the volume of waste generated.

The &EARTH Concept

The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of harmony and coexistence while working to link diverse values as represented by its "♾️" corporate logo.

Under our "&EARTH" principle, we recognize the need to create neighborhoods that remain in tune with global environmental concerns. This principle therefore reflects our aim to help establish a society that enriches both people and the planet.



2 Quality improvement Improving safety, security, and comfort as well as ensuring sustainability

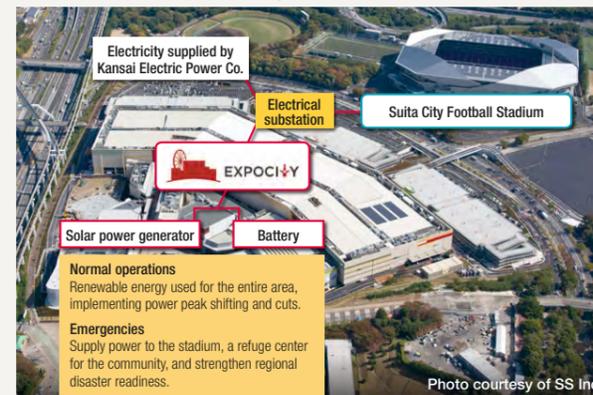
Improving safety and security

We aim to be an environmentally advanced company leading future community creation. We do this by drawing up grand designs that meet the characteristics of the region or the project and by expanding our smart city environmentally based community creation ideas, which work around the globe, throughout Japan and the world.

Expo Area Smart Community Initiative

As a part of the EXPOCITY (Osaka Suita) large-scale, mixed-use facility, Mitsui Fudosan has partnered with Gamba Osaka and Kansai Electric Power Co. to develop an environmentally friendly, disaster-resilient community by utilizing renewable energies, making shared use of energy locally between EXPOCITY and a football stadium, and providing an independent power supply in the event of a widespread disaster.

EXPOCITY Smart Community



Nihonbashi Smart City Project

We plan to establish an energy plant that supplies electricity and heat to the local area as a part of the Nihonbashi Muromachi 3rd District Project. Supplying energy on an integrated basis is expected to reduce energy use and CO₂ emissions as we pursue safety and security in emergencies through gas power generation, which is highly reliable during disasters.

3 Cooperation Collaboration/cooperation with various stakeholders

Coexisting and Collaborating with the Community

We seek to create communities that integrate and cooperate with the region and greater society. This is the starting point for all of our activities. We believe it is essential to create communities that are linked, and help each other while respecting the diversity of values held by our customers, tenants and other communities.

WANGAN ACTION Sports Academy

Mitsui Fudosan Residential is promoting the WANGAN ACTION project to help energize the Tokyo Bay area, which includes the Kachidoki, Tsukishima and Toyosu districts. As a part of this initiative, the WANGAN ACTION Sports Academy was held for local children, an enjoyable family program led by elite athletes. The academy serves to promote community development through the power of sports.



Making Retail Facilities the Center of Regional Communities

In the retail facilities business, our goal is to provide facilities that become the center of their regional communities. More than just spaces for shopping, they bring together a wide range of essential services and functions, provide a place for people and information to interact, and work to contribute to regional vitalization.

Key Efforts in Retail Facilities

- Set up municipal information counters within the facilities
- Set up places for police officers to stop by
- Conclude agreements regarding support and cooperation during disasters
- Promote local consumption of local produce and food crop education by offering retail space to local agricultural cooperatives
- Invite participation from authorized childcare facilities and clinics to support secure living for local residents from children through to seniors

Initiatives for Social Contribution

Based on our own Social Contribution Activity Policy, we engage in various social contribution activities, centered on the four fields of the global environment, local communities, culture and education, and international exchanges, while contributing to a greater society through our core business of creating communities.

The Mitsui Fudosan Group's Policy for Social Contribution Initiatives

In line with our Group Statement, "Bringing affluence and comfort to urban living," we contribute to society by revitalizing and creating urban areas, and engage in various activities from a global perspective to offer affluence and comfort, with the aim of achieving the sustained development of society and the economy.

- 1 We are primarily involved in the four fields of the global environment, local communities, culture and education, and international exchanges.
- 2 We strive to achieve harmony with local communities.
- 3 We proactively make use of our own resources, including properties, networks, and personnel.

Mitsui Fudosan Group-Owned Forest

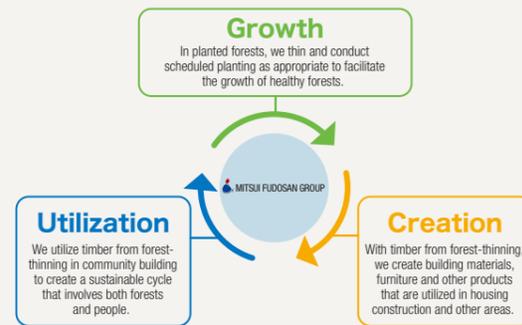
Addressing Global Environmental Problems

Care and Use of Group-Owned Forests

The Mitsui Fudosan Group owns approximately 5,000 hectares of forest located in 31 municipalities in Hokkaido. Our Group-owned forests as a whole have received forestry management certification from the Sustainable Green Ecosystem Council (SGEC). In addition, we utilize the timber from forest-thinning that is produced through forest preservation practices as building materials and other products in our primary business, and are working to further expand its use. Through this, we are building a cycle of forestry growth, creation and utilization that supports the sustainable growth of healthy forests.



Cycle of Forest Growth, Creation and Utilization



Growth

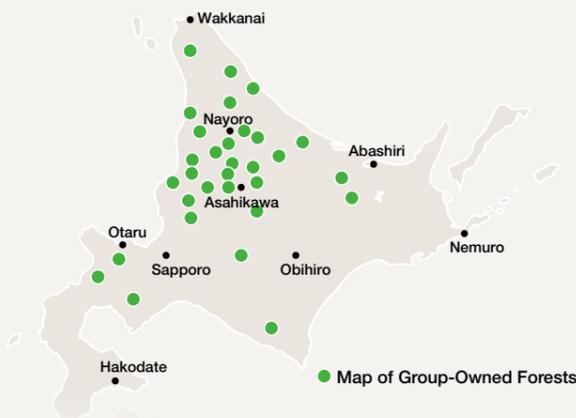
We grow healthy forests through appropriate forestry practices. Tree-planting training is also held every year by Group employees. Forests that have been grown appropriately become places inhabited by diverse wildlife and also serve as carbon sinks. This also contributes to national land preservation through watershed protection and landslide prevention.

Creation

We utilize timber from forest-thinning and other forest products from Group-owned forests in building construction and other primary businesses by creating condominium flooring and other materials as well as furniture like benches and tables. Utilizing timber from forest-thinning and other forest products in building materials and other applications provides long-term carbon fixation to help prevent global warming.

Utilization

Timber from thinning of Group-owned forests is utilized in the wood interiors of large, steel-reinforced concrete buildings in urban areas where wood products are generally difficult to use, and this practice is being developed horizontally among Group businesses to further increase use of the materials. It also contributes to the vitalization of the country's forestry industry and the sustainable development of healthy forests.



Utilization of Timber from Forest-Thinning in Group-Owned Forests

Kashiwa-no-ha Smart City

- Park Axis Kashiwa-no-ha
Flooring materials
- Gate Square Hotel and Residences
Balcony floors, ceiling thermowood material

Sapporo Mitsui JP Building

- Basement passage benches
- LaLaport Ebina
Learning through wood facility "Wood Cube"

Commitment to Local Society

Disaster Area Support "Watasu Nihonbashi"

"Watasu Nihonbashi" has been established as a place for people to gather and exchange information that connects Tohoku and Tokyo. It is intended to support the Tohoku region as it rebuilds from the Great East Japan Earthquake through utilization of the Group's know-how and resources.

The café and bar serves local food items from dedicated Tohoku producers, remote classes for junior high school students in the region are administered using the facility's online conferencing system, films on the region are screened, and networking events with the producers are organized—a wide variety of support and networking activities are held on an ongoing basis.

* Japanese, "Watasu" means "to cross" a bridge, and therefore, the desire to create bridges between Tohoku and Nihonbashi.



"Watasu Lunch," the specialty dish



Exterior view of "Watasu Nihonbashi"

Initiatives for Employees

Mitsui Fudosan recognizes that there are human resources with various senses of values, abilities and lifestyles, and enables people to select a working style that matches their stage in life to enable them to continue their career, while at the same time seeks to enable individuals to maximize the display of their experience and abilities. Mitsui Fudosan realizes this is indispensable for its medium- to long-term growth and sustainable development and implements various types of policies.

Aiming To Be an Organization Where Various Human Resources Can Maximize their Capabilities

Mitsui Fudosan is implementing a reform in work practices to become an organization that enables diverse human resources to maximize the display of their capabilities. From the perspective of promoting an active role for women, Mitsui Fudosan established an environment encouraging childcare and nursing care, including allowing childcare leave longer than legally mandated periods, setting flexible working times for those engaged in both work and childcare or nursing care, opening daycare centers inside worksites and subsidizing the cost of raising children or providing nursing care.* In addition, Mitsui Fudosan introduced a "Return Entry System" that provides the opportunity of re-employment to employees who had been forced to leave the Company due to their partner being transferred. Furthermore, from fiscal 2016, the Company has introduced a childcare leave system for men, promoting male participation in childcare and

fomenting understanding of childcare among men.

Going forward, Mitsui Fudosan will promote a variety of support measures to enable employees to continue their careers and permit diverse working styles in response to changing life stages.

* In fiscal 2014, Mitsui Fudosan obtained the "Kurumin" Mark, recognition by the Minister for Health, Labour and Welfare that it is a company supporting childcare.

Supporting Work-Life Balance

Support for Childcare	Support for Family Care	Support for Ensuring Work-Life Balance
<ul style="list-style-type: none"> • Maternal leave before and after childbirth • Childcare leave system • Shortened work hour system for childcare • In-office nurseries 	<ul style="list-style-type: none"> • Family care leave • Shortened work hour system for family care • Family care consultations • Family care seminars • Nursing care leave 	<ul style="list-style-type: none"> • Special summer leave, special consecutive leave • Refreshment leave • Return entry system • Male childcare participation leave (From fiscal 2016) • Company-wide holiday on the foundation memorial day (From fiscal 2016)

Nurturing Employees with Broad Perspectives and Specialized Skills

We have established a systematic and diverse training program for employees in order to assist the development of their skills in line with their individual capabilities and needs. All employees are trained in programs created by the Personnel Department to acquire the knowledge and skills needed as an employee of the Mitsui Fudosan Group. Employees may also advance with specialized training in programs created by each business unit to acquire the skills particular to a specific business and product.

Moreover, we have also introduced and implemented global personnel training, which is globalization training for young employees, and overseas management training, for the purpose of sophisticating and growing global human resources.

Commitment to Culture and Education

Cosponsorship of the Sumida River Fireworks Festival

We have cosponsored and provided financial backing for the Sumida River Fireworks Festival on a continuing basis since 1985. This annual summer event is infused with traditional Tokyo culture.



Commitment to International Exchange

Clothing Support Project

Unused clothing items are gathered and donated around the world through an NPO to refugees and other people affected by disasters. The initiative is conducted each year at nationwide retail properties operated by the Mitsui Fudosan Group.



CORPORATE GOVERNANCE

The Mitsui Fudosan Group takes a standpoint of sound, transparent and efficient management in the aim of building optimum corporate governance to earn the trust of all stakeholders.

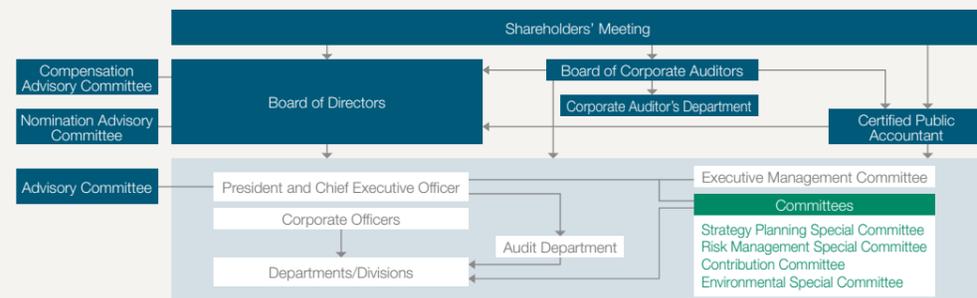
Corporate Governance Structure

Mitsui Fudosan has both a Board of Directors and a Board of Corporate Auditors and has also established a Compensation Advisory Committee and Nomination Advisory Committee to enhance transparency regarding compensation for directors and nomination of directors. It has also adopted a corporate officer system to enhance the soundness and efficiency of management by separating and strengthening management and executive functions. Mitsui Fudosan also invites and appoints outside directors to strengthen the oversight functions of the directors and enhance management transparency. Further, Mitsui Fudosan has established an Advisory Committee consisting of experts from business and academia

to diversify the perspective of management by providing a more comprehensive viewpoint.

In addition, corporate auditors conduct audits to evaluate the status of business execution by directors while coordinating with the Corporate Auditor's Department, which serves as the Company's internal auditing department, as well as with the certified public accountant.

Moreover, steps have been taken to put in place the Mitsui Fudosan Group Compliance Policies, as well as a structure that will ensure that Group directors and employees engage in business activities in an appropriate manner.



Board of Directors

The Board of Directors, which consists of 12 members (including four outside directors), decides on issues material to Mitsui Fudosan and monitors the execution of business by the directors. In addition, under Article 373 (1) of the Companies Act, Mitsui Fudosan has designated a special director who may pass judgment on the urgent acquisition of assets via bidding, etc., when so empowered by the Board of Directors under Article 362 (4) of the Companies Act. The corporate auditors also attend meetings of the Board of Directors and provide opinions as necessary.

Compensation Advisory Committee

The Compensation Advisory Committee, comprising the President and CEO, one internal director, and four outside directors, meets on matters pertaining to the compensation of directors.

Nomination Advisory Committee

The Nomination Advisory Committee, comprising the President and CEO, one internal director, and four outside directors, meets on matters pertaining to the nomination of directors and corporate auditors.

Board of Corporate Auditors / Corporate Auditor's Department

The Board of Corporate Auditors, comprising five corporate auditors, including three outside auditors,

formulates auditing policies and determines assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments.

Note that the Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and each corporate auditor has been assigned two dedicated employees.

Corporate Officer System

Mitsui Fudosan has introduced a corporate officer system with the aim of creating a business execution framework that best suits its operating environment and activities. By promoting the separation and reinforcement of the management and executive functions, the system enhances management soundness and efficiency. In addition, seeking to further reinforce the management of the Mitsui Fudosan Group, we have also introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

Executive Management Committee

The Executive Management Committee, consisting of executive corporate officers, has been formed to deliberate and report on important matters related to business execution and supervises internal control and risk management. Full-time corporate auditors

also attend meetings to stay informed of important decision-making processes and the status of business execution, and provide opinions as necessary.

Advisory Committee

Mitsui Fudosan has also established an Advisory Committee, consisting of experts from business and academia, to diversify the perspective of management by providing comprehensive and forward-looking advice from an objective viewpoint.

Financial Auditing

Mitsui Fudosan has concluded an auditing contract with KPMG AZSA LLC as its certified public accountant, which conducts audits.

The names of the certified public accountants executing auditing duties during the fiscal year in question, along with their length of service as auditors and any assistants involved in the audit work are as follows:

- A. Names of certified public accountants
Designated limited liability managing partners: Hiroyuki Takanami (3 years), Hiroyuki Yamada (1 year), and Kanako Ogura (7 years) () indicates continuous years of audit work
- B. Composition of assistants involved in the audit work: 13 certified public accountants, 11 of whom have passed the CPA exam, and 13 others.

Strategy Planning Special Committee

Formulates and deliberates Group strategy and management plans and supervises risk management, with the goal of discussing and managing the execution of those plans and other specific management issues

Risk Management Special Committee

Manages business risk by formulating risk management policies and plans; tracking, evaluating and formulating responses to risk issues; issuing instructions, etc.

Contribution Committee

Promotes social contributions by formulating policies and measures related to social contribution activities and revising and evaluating objectives, targets and plans

Environmental Special Committee

Promotes environmental activities by formulating policies and measures related to environmental activities and revising and evaluating objectives, targets and plans

Outside Directors and Outside Auditors

Mitsui Fudosan appoints its outside directors with the expectation that they will contribute their extensive experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the audit function of the Board of Directors and ensuring transparency. The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the directors in the performance of their duties, based on their expert knowledge and extensive experience. Note that, in line

with Tokyo Stock Exchange requirements for judging the independence of independent officers, the Company uses the following standards for judging said independence: whether there is a risk of conflicts of interest with any of the Company's general shareholders; whether any special interests exist with the Company; and whether in working to enhance the soundness and transparency of the Company's management, the individual is capable of making objective, fair and impartial judgments.

Appointment of Outside Directors

Mitsui Fudosan has appointed outside directors since 2005, and is working to enhance corporate value by strengthening its governance foundation.

Year	2005-06	2007-08	2009-10	2011-16
Number of Outside Directors	1	2	3	4

Introduction of Outside Directors (As of June 29, 2016)

Masayuki Matsushima



Apr. 1968 Joined Bank of Japan
Jun. 1998 Governor (responsible for International Relations), Bank of Japan
Jun. 2002 Senior Advisor, Boston Consulting Group
Feb. 2005 Senior Executive Advisor, Credit Suisse Securities (Japan) Limited
Jun. 2008 Chairman, Credit Suisse Securities (Japan) Limited
May 2011 Senior Advisor, Boston Consulting Group
Jun. 2011 Managing Director, Mitsui Fudosan Co., Ltd. (current position)
Sep. 2014 Senior Advisor, Integral Corporation (current position)

Toru Yamashita



Apr. 1971 Joined Nippon Telegraph and Telephone Public Corporation
Jun. 1999 Director, NTT DATA Corporation
Jun. 2003 Executive Managing Director, NTT DATA Corporation
Jun. 2005 Executive Vice President and Senior Executive Manager, NTT DATA Corporation
Jun. 2007 Representative Director, President and Chief Executive Officer, NTT DATA Corporation
Jun. 2012 Counselor and Director, NTT DATA Corporation
Jun. 2013 Managing Director, Mitsui Fudosan Co., Ltd. (current position)
Jun. 2014 Counselor, NTT DATA Corporation (current position)

Toshiaki Egashira



Apr. 1972 Joined Taisho Marine & Fire Insurance Co., Ltd.
Jun. 2006 President and Chief Executive Officer, Mitsui Sumitomo Insurance Co., Ltd.
Apr. 2008 President and Director, Mitsui Sumitomo Insurance Group Holdings, Inc.
Apr. 2010 President, Director and CEO, MS&AD Insurance Group Holdings, Inc. Chairman of the Board, Mitsui Sumitomo Insurance Co., Ltd.
Jun. 2013 Managing Director, Mitsui Fudosan Co., Ltd. (current position)
Jun. 2014 Representative Director and Executive Officer, MS&AD Insurance Group Holdings, Inc.
Jun. 2016 Senior Advisor, Mitsui Sumitomo Insurance Co., Ltd. (current position)

Masako Egawa



Apr. 1980 Joined Citibank, N.A. Tokyo Branch
Sep. 1986 Joined Salomon Brothers Inc. New York Head Office
Jun. 1988 Joined Salomon Brothers Asia Limited Tokyo Branch
Dec. 1993 Joined S.G. Warburg & Co. Ltd. Tokyo Branch
Nov. 2001 Executive Director, Harvard Business School Japan Research Center
Apr. 2009 Executive Vice President, The University of Tokyo
Jun. 2015 Managing Director, Mitsui Fudosan Co., Ltd. (current position)
Sep. 2015 Professor, Graduate School of Commerce and Management, Hitotsubashi University (current position)

MANAGEMENT TEAM

(As of June 29, 2016)

Members of the Board



Back row from left: Yasuo Onozawa, Kiyotaka Fujibayashi, Hitoshi Saito, Yoshiaki Inuma, Yoshikazu Kitahara, Masatoshi Satou
Front row from left: Toshiaki Egashira, Masayuki Matsushima, Hiromichi Iwasa, Masanobu Komoda, Toru Yamashita, Masako Egawa

Chairman of the Board and
Chief Executive Officer
Hiromichi Iwasa

President and
Chief Executive Officer
Masanobu Komoda

Managing Director and
Executive Vice President
Yoshiaki Inuma

Managing Director
Hitoshi Saito

Managing Director
Yoshikazu Kitahara

Managing Director
Kiyotaka Fujibayashi

Managing Director
Masatoshi Satou

Managing Director
Yasuo Onozawa

Managing Director
(Outside Director)
Masayuki Matsushima

Managing Director
(Outside Director)
Toru Yamashita

Managing Director
(Outside Director)
Toshiaki Egashira

Managing Director
(Outside Director)
Masako Egawa

Corporate Auditors



From left: Yasushi Manago, Kenji Ino, Hiroshi Asai, Yoshitaka Kato, Yukimi Ozeki

Senior Corporate Auditor
Hiroshi Asai

Senior Corporate Auditor
Kenji Ino

Corporate Auditor
(Outside Auditor)
Yoshitaka Kato

Corporate Auditor
(Outside Auditor)
Yasushi Manago

Corporate Auditor
(Outside Auditor)
Yukimi Ozeki

Corporate Officers

Chairman and Chief Executive Officer
Hiromichi Iwasa

President and Chief Executive Officer
Masanobu Komoda
In charge of Internal Audit Department,
Corporate Planning Department

Executive Vice President
Yoshiaki Inuma
In charge of Affiliated Business Department

Senior Executive Managing Officer
Hitoshi Saito
Chief Operating Officer, International Division

Senior Executive Managing Officer
Yoshikazu Kitahara
In charge of Architectural and Construction
Services Department, Venture Co-creation
Department, Hibiya Urban Planning and
Development Department;
Overall management of Nihonbashi Urban
Planning and Development Department;
In charge of Tokyo Midtown Development
Department, Toyosu-Project Development
Planning Department, Kashiwanoha Urban
Planning and Development Department,
Development Planning Department,
Gotanda Project Department

Senior Executive Managing Officer
Shoichiro Kawamoto
In charge of Planning and Research Department,
Space & Environment Institute

Executive Managing Officer
Kiyotaka Fujibayashi
In charge of Housing Sales Business,
Rental Apartment Development Business;
President and Representative Director,
Mitsui Fudosan Residential Co., Ltd.

Executive Managing Officer
Masatoshi Satou
In charge of General Administration Department,
Accounting and Finance Department,
Information Systems Department

Executive Managing Officer
Yasuo Onozawa
In charge of Executive Secretarial Department,
Corporate Communications Department,
Personnel Department;
Overall management of Branch Offices

Executive Managing Officer
Shogo Nakai
Overall management of the Kansai Head Office;
General Manager, Kansai Head Office

Executive Managing Officer
Hiroyuki Ishigami
Chief Operating Officer, Retail Properties Division

Executive Managing Officer
Takashi Yamamoto
Deputy Chief Operating Officer,
International Division

Executive Managing Officer
Akihiko Funaoka
Deputy Chief Operating Officer,
International Division

Executive Managing Officer
Takashi Ueda
Chief Operating Officer, Office Building Division

Managing Officer
Yosuke Seko
Chief Operating Officer, Hotels and Resorts
Division

Managing Officer
Takayuki Miki
Chief Operating Officer, Logistics Properties
Business Division;
General Manager, Logistics Properties Project
Planning Department

Managing Officer
Satoshi Hironaka
Chief Operating Officer, Real Estate Solution
Services Division

Managing Officer
Wataru Hamamoto
General Manager, Corporate Planning
Department

Managing Officer
Yoshihiro Hirokawa
Deputy Chief Operating Officer, Retail Properties
Division;
General Manager, Retail Properties Management
Department

Managing Officer
Hiroki Saito
General Manager, Personnel Department

Managing Officer
Osamu Obayashi
General Manager, International Department (II)

Managing Officer
Ayumu Miyata
Deputy Chief Operating Officer, Office Building
Division;
General Manager, Tenant Relations and Business
Development Department (I)

Group Officers

Group Senior Officer
Yasuhiko Yamashiro
Mitsui Fudosan Realty Co., Ltd.

Group Senior Officer
Masatoshi Ozaki
Mitsui Fudosan Reform Co., Ltd.

Group Officer
Tooru Inoue
Mitsui Fudosan Residential Co., Ltd.

Group Officer
Shuji Tomikawa
Mitsui Fudosan Investment Advisors, Inc.

Group Officer
Hideki Moriya
Mitsui Fudosan Residential Co., Ltd.

Group Officer
Akira Ikeda
Mitsui Fudosan Residential Co., Ltd.

FINANCIAL SECTION / CORPORATE DATA

49 FINANCIAL ANALYSIS

- 49 Operating Conditions and an Overview of Results
- 50 Segment Information
- 52 Consolidated Financial Position
- 53 Consolidated Cash Flows
- 54 Rental Properties
- 54 Shareholder Returns
- 54 Outlook for Fiscal 2016 (Year Ending March 31, 2017)
- 55 Risk Information

56 CONSOLIDATED FINANCIAL STATEMENTS

- 56 Consolidated Balance Sheets
- 58 Consolidated Statements of Income
- 59 Consolidated Statements of Comprehensive Income
- 59 Per Share Information
- 60 Consolidated Statements of Changes in Net Assets
- 61 Consolidated Statements of Cash Flows
- 62 Notes to Consolidated Financial Statements
- 89 Independent Auditor's Report

90 MAJOR PROPERTIES

94 DOMESTIC AND OVERSEAS NETWORKS

95 CORPORATE DATA/SHAREHOLDERS' INFORMATION

The figures in the financial notes and statements section are based primarily on figures disclosed in the Annual Securities Report and the Fact Book. Since the figures are rounded down to the nearest whole unit displayed, they may not necessarily match with the figures in the English language financial statements and notes, which are rounded up or down to the nearest unit.

Breakdown of Businesses by Reporting Segment

Reporting Segment	Reporting Sub-Segment	Businesses
Leasing	Office Building	Office building leasing business
	Retail Facilities	Retail facility leasing business
	Others	Leasing of logistics facilities, rental housing and other properties
Property Sales	Property Sales to Individuals	Sales of mid- to high-rise condominiums and detached housing
	Property Sales to Investors	Sales of real estate for investment (offices, retail facilities, logistics facilities, rental housing and other properties)
Management	Property Management	Facility operation and management, parking lot rental and other businesses
	Brokerage, Asset Management, etc.	Brokerage of existing housing and other properties, management of custodial assets of J-REITs and other investors
Mitsui Home	—	Construction contracting of new homes and related operations
Other	Facility Operations	Hotels and resorts business and golf course management
	Other	Businesses including housing renovation and the mega-solar business

FINANCIAL ANALYSIS

Operating Conditions and an Overview of Results

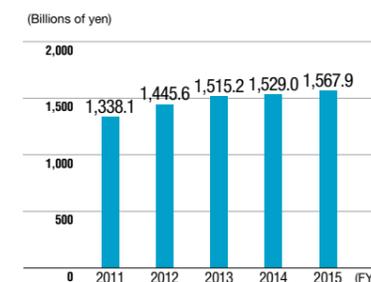
In fiscal 2015, the year ended March 31, 2016, the Japanese economy continued to recover gradually, underpinned mainly by a steady recovery in corporate earnings and improvements in the employment and wage environment. However, this was overshadowed by uncertainties such as a fall in resource prices and turmoil in the financial markets.

In the real estate sector, the office building leasing market saw continued improvement in vacancy rates in central Tokyo and major regional cities. Asking rents also continued to climb, primarily in central Tokyo. Conditions in the retail facility leasing market were up for the most part as well, as strong consumer spending by inbound tourists and other travelers from abroad outweighed a retrenchment in Japanese consumer mindsets and sluggishness in certain retail segments from the start of the year, brought on by an unseasonably warm winter. On the whole, property sales in the housing market remained buoyant, underpinned by a comparatively low level in the supply of new housing and persistently low interest rates on housing loans, as well as tax breaks and other government measures, despite the concerns over the impact of higher housing prices due to rising construction costs and other factors. In the real estate investment market, REITs acquired more real estate assets as the Bank of Japan eased its monetary policy. This drove the asset value of Japan's 53 listed J-REITs to exceed ¥14 trillion as of March 31, 2016. Meanwhile, the asset value of Japan's 16 open-ended private-placement REITs surpassed ¥1.4 trillion.

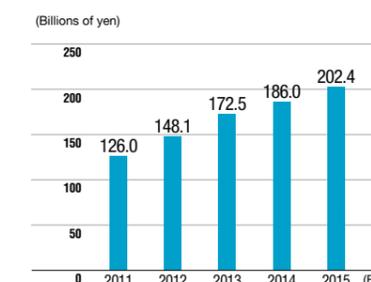
In this operating environment, the Mitsui Fudosan Group unveiled its investment plan and policy on shareholder returns for Stage II of its Innovation 2017 medium-term business plan, covering the three years of the second half of the plan. To continue to grow as a company into the 2020s, the Group set forth (1) further strengthening of domestic business competitiveness and (2) dramatic growth in overseas business as the pillars to Innovation 2017 Stage II. At the same time, it continued to create value by carrying out the three basic strategies of Innovation 2017: (1) customer-centered management, (2) business model innovation, and (3) full implementation of Group management.

As a result, revenue from operations in fiscal 2015 was ¥1,567.9 billion, up 2.5%, or ¥38.9 billion, compared with the previous fiscal year. This was largely attributable to the opening of new retail facilities, full-term contributions from office buildings and retail facilities completed or opened in fiscal 2014, and increased revenues from existing properties in the "Leasing" segment. Earnings also grew with operating income improving 8.8%, or ¥16.4 billion, year on year to ¥202.4 billion. Ordinary income rose 11.7%, or ¥19.1 billion, year on year to ¥182.5 billion. Profit attributable to owners of the parent increased 17.5%, or ¥17.5 billion, from the previous fiscal year to ¥117.7 billion.

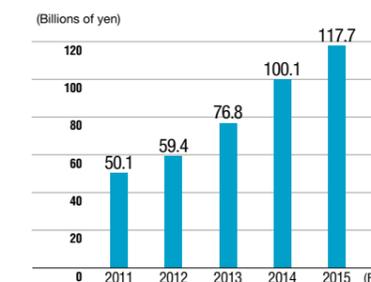
Revenue from Operations



Operating Income



Profit Attributable to Owners of Parent



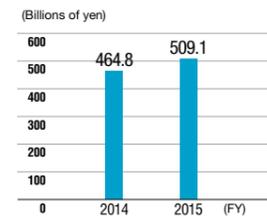
Segment Information

Leasing

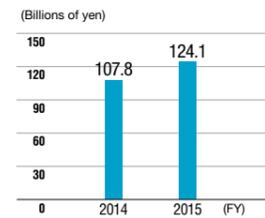
In fiscal 2015, revenue from operations in the “Leasing” segment overall rose ¥44.3 billion from the previous fiscal year and operating income increased ¥16.2 billion. This was mainly due to revenue contributions from the opening of new retail facilities such as LaLaport FUJIMI and EXOCITY, as well as full-term contributions to revenue from office buildings and retail facilities completed or opened in fiscal 2014 and increased revenues from existing properties.

The vacancy rate for the Company’s office buildings located in the Tokyo metropolitan area was 2.6% on a non-consolidated basis as of March 31, 2016.

Revenue from Operations

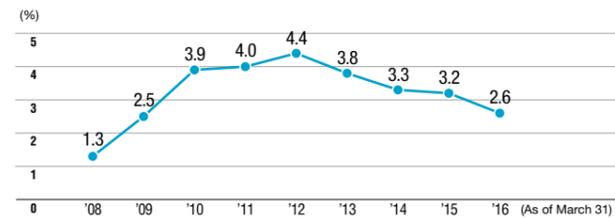


Operating Income



		(Millions of yen)	
		2014	2015
Office Buildings and Retail Facilities	Revenue	¥283,459	¥291,674
	Office Buildings		
	Retail Facilities	171,052	203,360
	Total Leased Floor Space (1,000 m ²)	4,473	4,823
	Office Buildings		
	Owned	1,598	1,622
Managed	1,142	1,177	
Retail Facilities			
Owned	1,239	1,500	
Managed	493	523	
Other	Revenue	10,331	14,144
Total	Revenue	464,842	509,178
	Operating Income	107,863	124,112

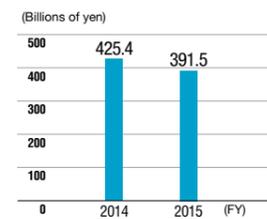
Vacancy Rate for Tokyo Metropolitan Area Office Buildings (Non-Consolidated)



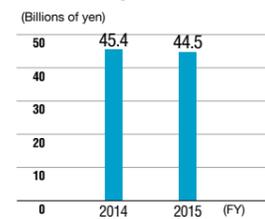
Property Sales

In the “Property Sales to Individuals” category, a decline in the reported number of units resulted in revenue from operations falling ¥2.8 billion compared with the previous fiscal year and operating income falling ¥2.7 billion. Meanwhile, in the “Property Sales to Investors” category, despite a ¥31.0 billion fall in revenue from operations, operating income increased ¥1.8 billion from the previous fiscal year, mainly due to the sale of properties with high profit margins. Consequently, revenue from operations in the “Property Sales” segment as a whole fell by ¥33.8 billion from the previous fiscal year while operating income declined ¥0.9 billion.

Revenue from Operations



Operating Income



Inventories (Property Sales to Individuals)

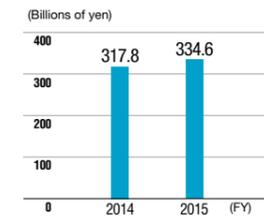
(FY)	2011	2012	2013	2014	2015
Condominiums	380	223	170	83	88
Detached Housing	24	57	65	100	127
Total	404	280	235	183	215

		(Millions of yen)		
		2014	2015	
Property Sales to Individuals	Condominiums			
	Tokyo Metropolitan Area	Revenue	¥206,037	¥217,751
	Units	3,744	3,385	
	Other	Revenue	43,491	35,686
	Units	1,114	1,006	
	Subtotal	Revenue	249,528	253,438
	Units	4,858	4,391	
	Detached Housing			
	Tokyo Metropolitan Area	Revenue	43,087	38,078
	Units	789	682	
Other	Revenue	5,510	3,767	
Units	110	69		
Subtotal	Revenue	48,598	41,845	
Units	899	751		
Property Sales to Investors	Revenue	298,126	295,284	
	Units	5,757	5,142	
	Operating Income	26,730	23,934	
	Revenue	127,315	96,293	
Total	Operating Income	18,763	20,591	
	Revenue	425,442	391,577	
	Operating Income	45,493	44,525	

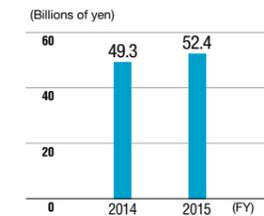
Management

In the “Property Management” category, revenue from operations increased, mainly due to an increase in the number of management contracts. Turning to the “Brokerage and Asset Management, etc.” category, the number of brokerage properties handled and contract unit prices increased in the “Mitsui Rehouse” (brokerage business for individuals) business. As a result, revenue from operations in the “Management” segment as a whole rose ¥16.8 billion from the previous fiscal year and operating income increased ¥3.1 billion.

Revenue from Operations



Operating Income

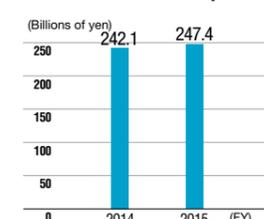


		(Millions of yen)	
		2014	2015
Property Management	Revenue	¥235,289	¥247,183
	Operating Income	28,502	29,956
Brokerage, Asset Management, etc.	Revenue	82,528	87,469
	Operating Income	20,815	22,490
Total	Revenue	317,818	334,652
	Operating Income	49,317	52,446

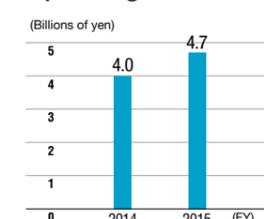
Mitsui Home

In the “New Construction” category, increases in revenues from “Reform Renewal” and “Lease Management”, as well as a decrease in SG&A expenses, more than offset a decline in the balance of orders received at the beginning of the period. As a result, revenue from operations in the “Mitsui Home” segment as a whole climbed ¥5.3 billion and operating income increased ¥0.7 billion from the previous fiscal year.

Revenue from Operations



Operating Income

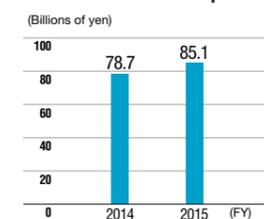


		(Millions of yen)	
		2014	2015
New Construction	Revenue	¥178,172	¥174,980
	Orders	152,706	153,030
Reform/Renewal	Revenue	27,215	33,957
	Orders	34,963	40,735
Lease Management	Revenue	21,454	22,763
Housing-Related Material Sales	Revenue	15,307	15,754
Total	Revenue	242,150	247,455
	Operating Income	4,017	4,724

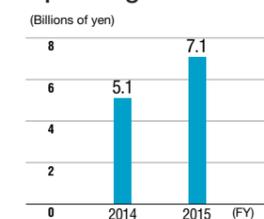
Other

Revenue from operations in the “Other” segment rose ¥6.3 billion year on year and operating income increased ¥1.9 billion, driven mainly by strong performance in hotel operations.

Revenue from Operations



Operating Income



		(Millions of yen)	
		2014	2015
Facility Operations	Revenue	¥51,974	¥57,189
Other	Revenue	26,808	27,915
Total	Revenue	78,782	85,104
	Operating Income	5,186	7,163

Consolidated Financial Position

Assets

As of March 31, 2016, total assets were ¥5,374.2 billion, an increase of ¥297.1 billion from the end of the previous fiscal year.

This was mainly due to an increase of ¥136.6 billion in real property for sale (including real property for sale in progress, land for development and advances paid for purchases), and an increase of ¥180.3 billion in tangible and intangible assets due to capital expenditures.

Capital expenditures were ¥207.1 billion and depreciation and amortization was ¥67.4 billion.

Liabilities

Interest-bearing debt (the total of short-term debt, non-recourse short-term debt, commercial paper, bonds redeemable within one year, non-recourse bonds redeemable within one year, corporate bonds, non-recourse bonds, long-term debt, and non-recourse long-term debt) stood at ¥2,226.2 billion on an overall consolidated basis as of March 31, 2016, an increase of ¥250.0 billion from the end of the previous fiscal year.

Mitsui Fudosan has established committed lines of credit totaling ¥280.0 billion with several financial institutions to ensure access to funds and adequate liquidity. The Company had not accessed these lines of credit as of the balance sheet date.

The current ratio declined to 1.81 times, compared with 2.04 times at the end of the previous fiscal year.

Net Assets

Total net assets were ¥1,989.0 billion, an increase of ¥56.9 billion compared with the end of the previous fiscal year. This increase was mainly attributable to increases of ¥90.5 billion in retained earnings and ¥7.4 billion in reserve on land revaluation.

The equity ratio fell to 35.8% from 36.9% at the end of the previous fiscal year, while the debt/equity ratio rose to 1.16 times from 1.06 times. Net assets per share increased to ¥1,945.41 from ¥1,894.35 as of the previous fiscal year-end.

Consolidated Cash Flows

As of March 31, 2016, cash and cash equivalents were ¥109.9 billion, a decrease of ¥8.9 billion from the end of the previous fiscal year.

Cash Flows from Operating Activities

Operating activities provided net cash of ¥32.1 billion. Cash provided included income before income taxes of ¥181.3 billion and depreciation and amortization of ¥67.4 billion. This more than offset cash used, including an increase in real property for sale and advances paid for purchases which used net cash of ¥173.9 billion

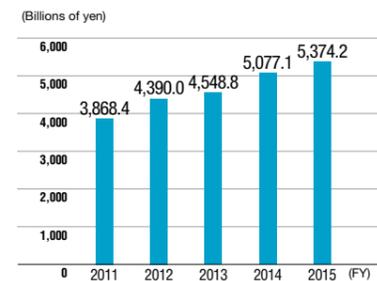
Cash Flows from Investing Activities

Investing activities used net cash of ¥239.7 billion. The main use of cash was purchases of property and equipment of ¥205.1 billion.

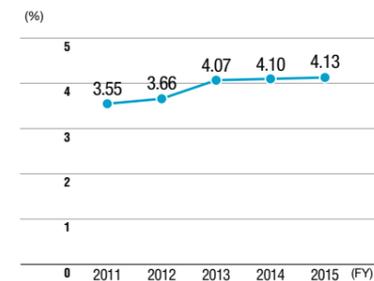
Cash Flows from Financing Activities

Financing activities provided net cash of ¥201.1 billion. Cash was mainly provided by proceeds from debt.

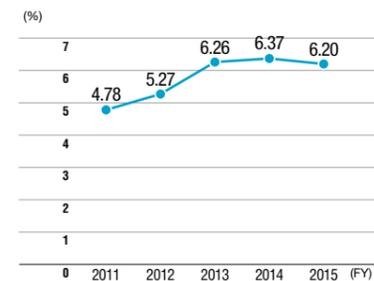
Total Assets



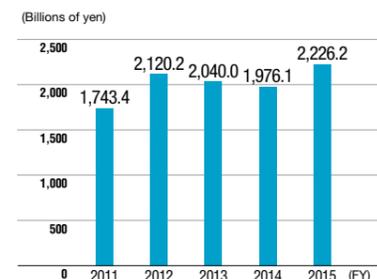
ROA



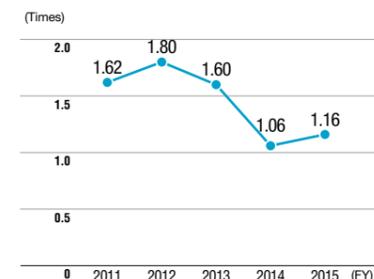
ROE



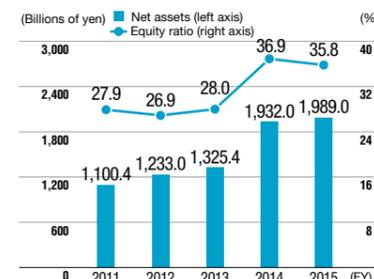
Interest-Bearing Debt



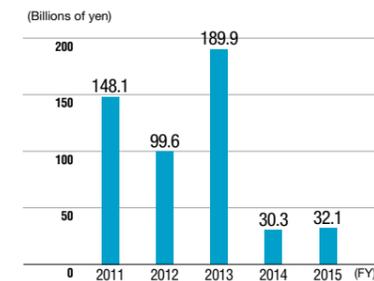
Debt/Equity Ratio



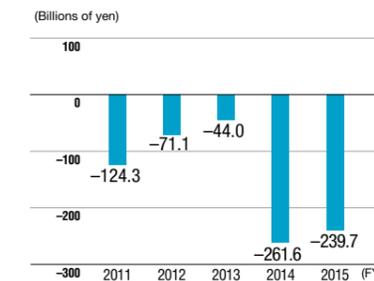
Net Assets (Other than Non-Controlling Interests) and Equity Ratio



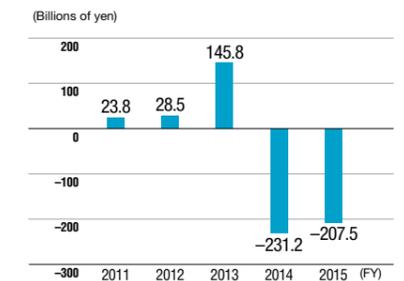
Cash Flows from Operating Activities



Cash Flows from Investing Activities



Free Cash Flows



* Free cash flow = Cash flows from operating activities + cash flows from investing activities

Rental Properties

Mitsui Fudosan and some of its consolidated subsidiaries have rental properties including office buildings and retail facilities in the Tokyo metropolitan area and other areas. Profit on such properties amounted to ¥103.4 billion in fiscal 2014 and ¥117.8 billion in fiscal 2015 (rental revenue is reported in revenue from operations and rental expenses are reported in cost of revenue from operations). Meanwhile, the Mitsui Fudosan Group incurred a ¥0.2 billion loss on disposal of property and equipment in fiscal 2015 (loss on disposal of property and equipment is reported in other expense).

The carrying amount recorded on the consolidated balance sheets, the change during the fiscal year, and the market value of these properties are as follows:

(FY)	(Millions of yen)	
	2014	2015
Rental Properties		
Carrying Amount Recorded on the Consolidated Balance Sheets		
Balance as of the Beginning of the Period	¥2,256,785	¥2,489,932
Increase (Decrease) During the Period	233,146	158,420
Balance as of the End of the Period	2,489,932	2,648,353
Market Value at the End of the Period	4,054,375	4,560,531
Difference	1,564,443	1,912,177

Shareholder Returns

Mitsui Fudosan makes every effort to maintain and increase dividends within the framework of business conditions, performance and its financial situation, while aiming to expand retained earnings for the purpose of investing in high-margin businesses in order to further enhance corporate value. The Company is targeting a dividend payout ratio of around 25% of profit attributable to owners of parent.

Taking into consideration a comprehensive range of factors including the Company's performance in fiscal 2015 and the aforementioned dividend policy, Mitsui Fudosan has decided to pay a fiscal year-end cash dividend of ¥16 per share, bringing the annual cash dividend to ¥30 per share for fiscal 2015. In fiscal 2014, the annual cash dividend was ¥25 per share, comprising interim and fiscal year-end cash dividends.

Outlook for Fiscal 2016 (Year Ending March 31, 2017)

In fiscal 2016, Mitsui Fudosan is expected to report another year of historic highs in revenue from operations, operating income, ordinary income, and profit attributable to owners of parent.

Revenue from operations is projected to reach ¥1,750.0 billion, up ¥182.0 billion year on year. Operating income is estimated to climb ¥17.5 billion to ¥220.0 billion and ordinary income is estimated to climb ¥15.4 billion to ¥198.0 billion. Profit attributable to owners of parent is forecast to grow ¥7.2 billion to ¥125.0 billion.

Segment Forecasts

Leasing: Revenue from operations is forecast to rise ¥34.8 billion and operating income is projected to increase ¥6.8 billion in this segment as a whole. These forecasts are based on an increase in rents from existing buildings and a full-year contribution from office buildings and retail facilities completed during fiscal 2015.

Property Sales: Revenue from operations is forecast to climb ¥133.4 billion and operating income is projected to increase ¥15.4 billion in this segment as a whole. This factors in a projected increase in the reported number of units in property sales, as well as a forecast increase in revenue and income on sales of property to investors.

Management: Revenue from operations is forecast to rise ¥5.3 billion while operating income is projected to decline ¥0.4 billion in this segment as a whole. These forecasts are based,

on one hand, on robust trends continuing in the brokerage business for individuals and the Mitsui Repark car park leasing business undertaken by Mitsui Fudosan Realty Co., Ltd. On the other hand, Mitsui Fudosan Residential Co., Ltd.'s revenue and income is projected to fall in a backswing from an increase in commissioned sales of housing in fiscal 2015.

Other: Revenue from operations is forecast to rise, but a marginal decline in operating income is projected in this segment as a whole. This is because continued strong performance in the hotel business is expected to be accompanied by an increase in expenses for opening new hotels.

Dividends

The Company plans to pay a cash dividend of ¥32 per share for the fiscal year ending March 31, 2017, comprising interim and year-end dividends of ¥16 per share.

Risk Information

The operations of the Mitsui Fudosan Group are subject to a number of risks, some of which are outlined below along with issues that may not necessarily constitute risk factors but may still influence investor decisions. These risk factors and issues are identified from among matters that may have a bearing on the Group's business performance and operating conditions, as well as financial position and other aspects. The forward-looking statements in this report were determined by the Group as of March 31, 2016.

Trends in Economic Conditions

Trends in economic conditions influence demand for the office buildings and retail facilities that the Group owns and manages in Japan and overseas, while employment and economic conditions also influence demand among individuals for housing. Other factors include trends in real estate market conditions, which can trigger a slump in land and other property prices. A downturn in economic conditions in Japan or overseas may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets. Moreover, a drop in the value of investment securities held may cause the Group's financial condition to deteriorate.

Interest Rates

Higher interest rates in the future could increase the Mitsui Fudosan Group's funding costs, raise the returns investors expect from real estate investments and reduce demand among individuals for housing, and may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets. Moreover, the interest rates applicable to interest-bearing debt may be affected by changes in the Group's credit ratings.

Changes in Real Estate Taxes

Future changes in real estate taxes that increase the cost of owning, acquiring or selling real estate or reduce consumer willingness to purchase housing may exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

Changes in Real Estate and Finance Laws

Future changes in laws or regulations relevant to Mitsui Fudosan's businesses, including the Building Standard Law, the City Planning Act and the Financial Instruments and Exchange Law, could have consequences such as producing new obligations, increasing costs and limiting asset ownership rights. These factors may exert a material impact on the Mitsui Fudosan Group's performance by reducing the value of its assets and limiting the scope of its operations.

Natural Disasters, Environmental Issues and Other Extraordinary Phenomena

Natural disasters, environmental issues, soil contamination and other factors, including any defect in real estate and property, may lead to the damage of assets held by the Mitsui Fudosan Group or give rise to a performance warranty obligation. This in turn may affect the Group's performance and the value of its assets.

Real Estate Development and Other Related Activities

Instances where the Mitsui Fudosan Group engages in real estate development and other activities, excluding those cases where the Group's directors and employees are directly involved, may be affected by many factors outside of our control including contracting with third parties with specialized skills such as construction companies, increases in the price of land and development costs, and inadequacies relating to such key activities as construction. These factors may then lead to an unexpected substantial increase in expenditure or give rise to the delay or suspension of a project. Accordingly, unforeseen circumstances may exert a material impact on the Mitsui Fudosan Group's performance.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
As of March 31, 2016, 2015 and 2014

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	¥ 109,966	¥ 118,960	¥ 127,337	\$ 975,914
Marketable securities (Notes 4, 5)	142	303	244	1,260
Notes and accounts receivable—trade (Note 4)	36,094	34,760	34,400	320,323
Short-term loans receivable	8,899	10,683	10,205	78,976
Allowance for doubtful accounts	(327)	(353)	(330)	(2,902)
Inventories (Notes 8, 13)	1,187,020	1,050,478	978,190	10,534,434
Advances paid for purchases (Note 9)	9,352	8,177	11,209	82,996
Equity investments in properties for sale (Notes 4, 5)	10,160	9,692	12,065	90,167
Deferred income taxes (Note 11)	22,894	23,620	28,618	203,177
Other current assets	136,386	118,573	114,232	1,210,383
Total current assets	1,520,586	1,374,893	1,316,170	13,494,728
Property and equipment, at cost				
Land (Notes 7, 13)	1,945,032	1,878,186	1,784,429	17,261,555
Buildings and structures (Notes 7, 13)	1,399,068	1,294,480	1,163,108	12,416,294
Machinery and equipment	171,055	157,429	126,215	1,518,060
Construction in progress	162,358	110,960	55,576	1,440,877
	3,677,513	3,441,055	3,129,328	32,636,786
Accumulated depreciation	(727,076)	(670,375)	(620,784)	(6,452,574)
Net property and equipment	2,950,437	2,770,680	2,508,544	26,184,212
Investments and other assets				
Investments in unconsolidated subsidiaries and affiliated companies	165,851	169,335	156,076	1,471,876
Investment securities (Notes 4, 5)	501,981	531,363	339,650	4,454,925
Non-current loans and accounts receivable	71,213	69,336	64,722	631,993
Allowance for doubtful accounts	(2,542)	(2,613)	(3,078)	(22,559)
Lease deposits (Notes 4, 10)	133,914	127,978	135,770	1,188,445
Net defined benefit asset (Notes 12)	2,186	7,883	80	19,400
Deferred income taxes (Note 11)	12,109	10,337	13,287	107,464
Deferred tax assets on land revaluation	3	3	3	27
Other	18,540	17,954	17,598	164,537
Total investments and other assets	903,255	931,576	724,108	8,016,108
Total assets	¥5,374,278	¥5,077,149	¥4,548,822	\$47,695,048

See accompanying notes.

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
LIABILITIES AND NET ASSETS				
Current Liabilities				
Bank loans (Notes 4, 13)	¥ 73,854	¥ 47,296	¥ 28,566	\$ 655,431
Commercial paper (Notes 4, 13)	109,000	—	—	967,341
Long-term debt due within one year (Notes 4, 13)	221,968	199,749	305,583	1,969,897
Notes and accounts payable - trade (Note 4)	95,876	98,247	130,695	850,870
Accrued expenses	36,254	30,049	27,047	321,743
Accrued income taxes	27,495	32,134	22,374	244,010
Advances and deposits received	196,156	180,241	211,963	1,740,824
Deferred income taxes (Note 11)	1,171	1,212	2,113	10,392
Other current liabilities (Note 14)	78,883	83,503	117,971	700,062
Total current liabilities	840,657	672,431	846,312	7,460,570
Long-term liabilities				
Net defined benefit liability (Note 12)	40,110	31,192	37,406	355,964
Allowance for directors' and corporate auditors' retirement benefits	690	733	795	6,124
Long-term debt due after one year (Notes 4, 13)	1,821,415	1,729,105	1,705,923	16,164,492
Deposits from tenants (Notes 4, 15)	373,084	365,298	345,617	3,311,005
Deferred income taxes (Note 11)	124,538	151,848	79,761	1,105,236
Deferred tax liabilities on land revaluation	139,831	147,959	170,148	1,240,957
Other long-term liabilities (Note 14)	44,911	46,499	37,440	398,570
Total long-term liabilities	2,544,579	2,472,634	2,377,090	22,582,348
Contingent liabilities (Note 26)				
NET ASSETS (Notes 16, 17)				
Shareholders' equity				
Common stock	339,767	339,767	174,296	3,015,327
Authorized - 3,290,000,000 shares				
Issued—991,424,727 shares in 2016 and 2015 and 881,424,727 shares in 2014				
Capital surplus	413,695	413,798	248,293	3,671,415
Retained earnings	640,205	549,660	454,750	5,681,621
Treasury stock—3,303,441 shares in 2016, 3,263,711 shares in 2015 and 3,270,884 shares in 2014	(6,242)	(6,065)	(5,926)	(55,397)
Total shareholders' equity	1,387,425	1,297,160	871,413	12,312,966
Accumulated other comprehensive income (loss)				
Net unrealized holding gains on securities	226,170	255,074	111,121	2,007,188
Deferred losses on hedging instruments	(694)	(879)	(840)	(6,159)
Reserve on land revaluation	305,633	298,230	296,704	2,712,399
Foreign currency translation adjustments	12,144	19,553	(1,442)	107,774
Accumulated adjustments for retirement benefit	(8,373)	2,784	(2,601)	(74,308)
Total accumulated other comprehensive income	534,880	574,762	402,942	4,746,894
Subscription rights to shares (Note 18)	1,032	914	824	9,159
Non-controlling interests	65,705	59,248	50,241	583,111
Total net assets	1,989,042	1,932,084	1,325,420	17,652,130
Total liabilities and net assets	¥5,374,278	¥5,077,149	¥4,548,822	\$47,695,048

See accompanying notes.

Consolidated Statements of Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2016, 2015 and 2014

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Revenue from operations (Note 24)	¥ 1,567,970	¥ 1,529,037	¥ 1,515,252	\$ 13,915,247
Cost of revenue from operations	(1,214,805)	(1,200,736)	(1,189,743)	(10,781,017)
Selling, general and administrative expenses	(150,682)	(142,226)	(152,941)	(1,337,256)
Operating income (Note 24)	202,483	186,075	172,568	1,796,974
Interest, dividends and miscellaneous income (Note 20)	10,665	14,489	21,387	94,649
Interest expense	(25,432)	(26,380)	(30,864)	(225,701)
Other expenses (Notes 19, 21)	(11,962)	(9,722)	(37,800)	(106,160)
Equity in net income of affiliated companies	5,564	2,379	1,420	49,379
Income before income taxes	181,318	166,841	126,711	1,609,141
Income taxes (Note 11)				
Current	63,892	56,544	43,992	567,021
Deferred	(1,881)	5,149	3,043	(16,693)
Total	62,011	61,693	47,035	550,328
Net income	119,307	105,148	79,676	1,058,813
Net income attributable to non-controlling interests	(1,584)	(4,962)	(2,832)	(14,058)
Net income attributable to shareholders of the Company	¥ 117,723	¥ 100,186	¥ 76,844	\$ 1,044,755

See accompanying notes.

Consolidated Statements of Comprehensive Income

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2016, 2015 and 2014

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Net income	¥119,307	¥105,148	¥ 79,676	\$1,058,813
Other comprehensive income (loss):				
Net unrealized holding gains (losses) on securities	(28,943)	143,936	8,360	(256,860)
Deferred gains (losses) on hedging instruments	130	(36)	248	1,154
Reserve on land revaluation	7,885	14,812	(1,203)	69,977
Foreign currency translation adjustments	(1,808)	14,414	20,564	(16,046)
Adjustments for retirement benefit	(11,202)	5,603	—	(99,414)
Equity in other comprehensive income (loss) of affiliated companies	(5,927)	6,866	10,438	(52,601)
Total other comprehensive income (loss)	(39,865)	185,595	38,407	(353,790)
Total comprehensive income	¥ 79,442	¥290,743	¥118,083	\$ 705,023
Comprehensive income attributable to:				
Shareholders of the Company	¥ 78,384	¥285,293	¥115,501	\$ 695,634
Non-controlling interests	1,058	5,450	2,582	9,389
Total	¥ 79,442	¥290,743	¥118,083	\$ 705,023

See Note 22.

Per Share Information

	Yen			U.S. dollars (Note 1)
	2016	2015	2014	2016
Net assets per share (*)	¥1,945.4	¥1,894.4	¥1,451.2	\$17.265
Net income per share				
—Basic	119.1	103.9	87.5	1.057
—Diluted	119.1	103.8	87.4	1.057
Cash dividends	30.0	25.0	22.0	0.266

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

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2016, 2015 and 2014

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income (loss)							
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Deferred losses on hedging instruments	Reserve on land revaluation	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Subscription rights to shares	Non-controlling interests	Total net assets
BALANCE AT APRIL 1, 2013	881,425	¥174,296	¥248,299	¥402,224	¥(5,533)	¥102,694	¥(1,094)	¥292,384	¥(32,096)	¥ —	¥ 729	¥51,178	¥1,233,081
Cash dividends paid	—	—	—	(19,322)	—	—	—	—	—	—	—	—	(19,322)
Net income attributable to shareholders of the Company	—	—	—	76,844	—	—	—	—	—	—	—	—	76,844
Reversal of reserve on land revaluation, net of tax	—	—	—	(4,996)	—	—	—	4,320	—	—	—	—	(676)
Purchase of treasury stock	—	—	—	—	(498)	—	—	—	—	—	—	—	(498)
Sales of treasury stock	—	—	(6)	—	105	—	—	—	—	—	—	—	99
Net unrealized holding gains on securities	—	—	—	—	—	8,427	—	—	—	—	—	—	8,427
Deferred gains on hedging instruments	—	—	—	—	—	—	254	—	—	—	—	—	254
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	30,654	—	—	—	30,654
Defined benefit pension plans	—	—	—	—	—	—	—	—	(2,601)	—	—	—	(2,601)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	95	—	—	95
Non-controlling interests	—	—	—	—	—	—	—	—	—	—	(937)	—	(937)
BALANCE AT MARCH 31, 2014	881,425	174,296	248,293	454,750	(5,926)	111,121	(840)	296,704	(1,442)	(2,601)	824	50,241	1,325,420
BALANCE AT APRIL 1, 2014	881,425	174,296	248,293	454,750	(5,926)	111,121	(840)	296,704	(1,442)	(2,601)	824	50,241	1,325,420
Cumulative effects of the changes in accounting policies	—	—	—	1,973	—	—	—	—	—	—	—	—	1,973
BALANCE AT APRIL 1, 2014, as adjusted for cumulative effects of the changes in accounting policies	881,425	174,296	248,293	456,723	(5,926)	111,121	(840)	296,704	(1,442)	(2,601)	824	50,241	1,327,393
Issuance of stock	110,000	165,471	165,471	—	—	—	—	—	—	—	—	—	330,942
Cash dividends paid	—	—	—	(20,530)	—	—	—	—	—	—	—	—	(20,530)
Net income attributable to shareholders of the Company	—	—	—	100,186	—	—	—	—	—	—	—	—	100,186
Reversal of reserve on land revaluation, net of tax	—	—	—	13,285	—	—	—	1,526	—	—	—	—	14,811
Purchase of treasury stock	—	—	—	—	(286)	—	—	—	—	—	—	—	(286)
Sales of treasury stock	—	—	30	—	147	—	—	—	—	—	—	—	177
Transfer of retained earnings to capital surplus	—	—	4	(4)	—	—	—	—	—	—	—	—	—
Net unrealized holding gains on securities	—	—	—	—	—	143,953	—	—	—	—	—	—	143,953
Deferred losses on hedging instruments	—	—	—	—	—	—	(39)	—	—	—	—	—	(39)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	20,995	—	—	—	20,995
Defined benefit pension plans	5,385	—	—	5,385	—	—	—	—	—	—	—	—	—
Subscription rights to shares	—	—	—	—	—	—	—	—	—	90	—	—	90
Non-controlling interests	—	—	—	—	—	—	—	—	—	—	9,007	—	9,007
BALANCE AT MARCH 31, 2015	991,425	339,767	413,798	549,660	(6,065)	255,074	(879)	298,230	19,553	2,784	914	59,248	1,932,084
BALANCE AT APRIL 1, 2015	991,425	339,767	413,798	549,660	(6,065)	255,074	(879)	298,230	19,553	2,784	914	59,248	1,932,084
Cash dividends paid	—	—	—	(27,668)	—	—	—	—	—	—	—	—	(27,668)
Net income attributable to shareholders of the Company	—	—	—	117,723	—	—	—	—	—	—	—	—	117,723
Reversal of reserve on land revaluation, net of tax	—	—	—	493	—	—	—	7,403	—	—	—	—	7,896
Purchase of treasury stock	—	—	—	—	(237)	—	—	—	—	—	—	—	(237)
Sales of treasury stock	—	—	(5)	—	60	—	—	—	—	—	—	—	55
Changes in the Company's equity due to transactions with non-controlling interests	—	—	(103)	—	—	—	—	—	—	—	—	—	(103)
Changes in scope of consolidation	—	—	—	2	—	—	—	—	—	—	—	—	2
Transfer of retained earnings to capital surplus	—	—	5	(5)	—	—	—	—	—	—	—	—	—
Net unrealized holding losses on securities	—	—	—	—	—	(28,904)	—	—	—	—	—	—	(28,904)
Deferred gains on hedging instruments	—	—	—	—	—	—	185	—	—	—	—	—	185
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	(7,409)	—	—	—	(7,409)
Defined benefit pension plans	—	—	—	—	—	—	—	—	(11,157)	—	—	—	(11,157)
Subscription rights to shares	—	—	—	—	—	—	—	—	—	118	—	—	118
Non-controlling interests	—	—	—	—	—	—	—	—	—	—	6,457	—	6,457
BALANCE AT MARCH 31, 2016	991,425	¥339,767	¥413,695	¥640,205	¥(6,242)	¥226,170	¥(694)	¥305,633	¥12,144	¥(8,373)	¥1,032	¥65,705	¥1,989,042
		Thousands of U.S. dollars (Note 1)											
BALANCE AT APRIL 1, 2015		\$3,015,327	\$3,672,329	\$4,878,062	\$(53,825)	\$2,263,703	\$(7,801)	\$2,646,699	\$173,527	\$24,707	\$8,111	\$525,808	\$17,146,647
Cash dividends paid		—	—	(245,545)	—	—	—	—	—	—	—	—	(245,545)
Net income attributable to shareholders of the Company		—	—	1,044,755	—	—	—	—	—	—	—	—	1,044,755
Reversal of reserve on land revaluation, net of tax		—	—	4,375	—	—	—	65,700	—	—	—	—	70,075
Purchase of treasury stock		—	—	—	(2,104)	—	—	—	—	—	—	—	(2,104)
Sales of treasury stock		—	(44)	—	532	—	—	—	—	—	—	—	488
Changes in the Company's equity due to transactions with non-controlling interests		—	(914)	—	—	—	—	—	—	—	—	—	(914)
Changes in scope of consolidation		—	—	18	—	—	—	—	—	—	—	—	18
Transfer of retained earnings to capital surplus		—	—	44	(44)	—	—	—	—	—	—	—	—
Net unrealized holding losses on securities		—	—	—	—	(256,515)	—	—	—	—	—	—	(256,515)
Deferred gains on hedging instruments		—	—	—	—	—	1,642	—	—	—	—	—	1,642
Foreign currency translation adjustments		—	—	—	—	—	—	(65,753)	—	—	—	—	(65,753)
Defined benefit pension plans		—	—	—	—	—	—	—	(99,015)	—	—	—	(99,015)
Subscription rights to shares		—	—	—	—	—	—	—	—	1,048	—	—	1,048
Non-controlling interests		—	—	—	—	—	—	—	—	—	57,303	—	57,303
BALANCE AT MARCH 31, 2016		\$3,015,327	\$3,671,415	\$5,681,621	\$(55,397)	\$2,007,188	\$(6,159)	\$2,712,399	\$107,774	\$(74,308)	\$9,159	\$583,111	\$17,652,130

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Fudosan Co., Ltd. and its Subsidiaries
For the years ended March 31, 2016, 2015 and 2014

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Cash flows from operating activities:				
Income before income taxes	¥ 181,318	¥ 166,841	¥ 126,711	\$ 1,609,141
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortization	67,461	61,242	56,030	598,695
Loss on impairment of fixed assets	—	—	11,557	—
Interest and dividend income	(4,822)	(4,307)	(4,344)	(42,794)
Interest expense	25,432	26,380	30,864	225,701
Equity in net income of affiliated companies	(5,564)	(2,379)	(1,420)	(49,379)
Loss on disposal of property and equipment	3,894	1,531	2,498	34,558
Gain on sale of property and equipment	—	—	(4,080)	—
Gain on sales of securities	(2,690)	(37)	(797)	(23,873)
Gain on sales of investments in unconsolidated subsidiaries and affiliated companies	—	(5,604)	—	—
Increase in accounts receivable	(1,386)	(271)	(5,071)	(12,300)
Increase in accounts payable	6,535	152	7,574	57,996
Increase in real property for sale and advances paid for purchases	(173,929)	(141,399)	(3,008)	(1,543,566)
Other, net	23,640	(2,292)	47,016	209,799
Subtotal	119,889	99,857	263,530	1,063,978
Interests and dividends received	6,756	5,248	6,062	59,957
Interests paid	(25,448)	(26,697)	(31,513)	(225,843)
Income taxes paid	(69,042)	(48,064)	(48,176)	(612,726)
Net cash provided by operating activities	32,155	30,344	189,903	285,366
Cash flows from investing activities:				
Purchases of property and equipment	(205,150)	(304,188)	(123,161)	(1,820,643)
Proceeds from sale of property and equipment	8,072	4,293	79,516	71,636
Purchases of investment securities	(9,263)	(10,687)	(12,977)	(82,206)
Proceeds from sale of investment securities	15,838	2,423	1,695	140,557
Payments of lease deposits	(13,548)	(6,428)	(5,960)	(120,234)
Proceeds from collections of lease deposits	5,735	11,876	18,202	50,896
Repayments of deposits from tenants	(35,295)	(44,169)	(48,196)	(313,232)
Proceeds from deposits from tenants	42,902	62,686	46,954	380,742
Increase in non-current loans and accounts receivable	(23,719)	(14,756)	(11,948)	(210,499)
Proceeds from collections of non-current loans and accounts receivable	20,064	24,596	11,065	178,062
Purchases of consolidated subsidiaries	(6,202)	(3,690)	(3,035)	(55,041)
Proceeds from sales of consolidated subsidiaries, net	—	6,127	4,117	—
Other, net	(39,154)	10,277	(328)	(347,479)
Net cash used in investing activities	(239,720)	(261,640)	(44,056)	(2,127,441)
Cash flows from financing activities:				
Proceeds from bank loans and commercial paper	3,166,555	906,523	2,170,431	28,102,192
Repayments of bank loans and commercial paper	(3,049,221)	(886,500)	(2,202,184)	(27,060,889)
Proceeds from long-term debt	311,532	162,232	173,450	2,764,750
Repayments of long-term debt	(174,762)	(289,195)	(207,023)	(1,550,958)
Proceeds from issuance of bond	46,911	88,940	11,420	416,321
Payments for redemption of bond	(68,118)	(55,520)	(44,964)	(604,526)
Proceeds from issuance of stock	—	329,125	—	—
Cash dividends paid	(27,674)	(20,538)	(19,333)	(245,598)
Proceeds from non-controlling shareholders	4,239	1,846	1,023	37,620
Payments of dividends to non-controlling shareholders	(1,667)	(4,465)	(1,884)	(14,794)
Repayments of capital to non-controlling shareholders	(1,274)	(7,570)	(1,383)	(11,306)
Repayments of lease obligations	(3,547)	(3,103)	(2,780)	(31,480)
Net increase in treasury stocks	(226)	(266)	(486)	(2,006)
Additional investments in consolidated subsidiaries	(1,637)	—	—	(14,528)
Net cash provided by (used in) financing activities	201,111	221,509	(123,713)	1,784,798
Effect of exchange rate changes on cash and cash equivalents	(2,540)	1,410	3,614	(22,542)
Net increase (decrease) in cash and cash equivalents	(8,994)	(8,377)	25,748	(79,819)
Cash and cash equivalents at beginning of year	118,960	127,337	101,589	1,055,733
Cash and cash equivalents at end of year	¥ 109,966	¥ 118,960	¥ 127,337	\$ 975,914

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui Fudosan Co., Ltd. and its Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

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

2. SIGNIFICANT ACCOUNTING POLICIES**(A) CONSOLIDATION**

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

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

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

(B) USE OF ESTIMATES

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

(C) EQUITY METHOD

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

(D) TRANSLATION OF FOREIGN CURRENCY ACCOUNTS

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

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

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

(E) CASH AND CASH EQUIVALENTS

Deposits in banks and short-term investments which are highly liquid,

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

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2016, which was ¥112.68 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

readily convertible to cash and with insignificant risk of market value fluctuation, with a maturity of three months or less at the time of purchase are treated as cash equivalents.

(F) SECURITIES

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

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

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

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

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

(G) INVENTORIES, REVENUE AND RELATED COSTS

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

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

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

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

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

Property and equipment are carried mainly at cost.

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

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

1. Office buildings of the Company
2. Buildings acquired by the domestic consolidated subsidiaries after April 1, 1998
3. Property and equipment of the overseas consolidated subsidiaries

Estimated useful lives used in the computation of depreciation are generally as follows:

Buildings	29-50 years
Structures	15-17 years
Machinery	7-15 years
Equipment	3-15 years

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

(I) IMPAIRMENT LOSSES ON FIXED ASSETS

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

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

(J) LAND REVALUATION

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

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

(K) GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

(L) ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

(M) EMPLOYEES' RETIREMENT BENEFITS

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

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

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

Change in accounting policies for the year ended March 31, 2015: The Company and its consolidated subsidiaries adopted the main text of Article 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, revised on May 17, 2012) and the main text of Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, revised on May 17, 2012) commencing from the year ended March 31, 2015.

In accordance with those standards, the Company and its consolidated subsidiaries changed an allocation method for the projected retirement benefits from the straight-line method to the benefit formula method, and discount rate determination method to be determined based on a single weighted average discount rate.

In accordance with transitional treatment described in Article 37 of "Accounting Standard for Retirement Benefits", effects of the changes in accounting policies arising from initial application are recognized in retained earnings as of April 1, 2014.

As a result, net defined benefit asset increased by ¥1,307 million, net defined benefit liability decreased ¥3,056 million and retained earnings increased by ¥1,973 million as of April 1, 2014. Effect of those changes on the consolidated income statements and per share information is immaterial.

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

Allowance for retirement benefits for directors and corporate auditors of the Company and its 32 consolidated subsidiaries are also provided at the amounts to be paid if all eligible directors and corporate auditors would have retired at year end under the internal guidelines.

(O) ACCOUNTING FOR LEASE TRANSACTIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Lease Transactions" (Statement No.13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by ASBJ on March 30, 2007) and the "Implementation Guidance on Accounting Standard for Lease Transactions" (the Financial Accounting Standard Implementation Guidance No.16 issued originally by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007).

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

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

(P) INCOME TAXES

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

Tax rates:

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of approximately 24%, an inhabitants tax of approximately 5% and a deductible enterprise tax of approximately 6%, which in the aggregate resulted in a statutory income tax rate of approximately 33% for the year ended March 31, 2016.

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of approximately 26%, an inhabitants tax of approximately 5% and a deductible enterprise tax of approximately 8%, which in the aggregate resulted in a statutory income tax rate of approximately 36% for the year ended March 31, 2015.

The Company and its consolidated domestic subsidiaries are subject to a corporate tax of approximately 28%, an inhabitants tax of approximately 5% and a deductible enterprise tax of approximately 8%, which in the aggregate resulted in a statutory income tax rate of approximately 38% for the year ended March 31, 2014.

Tax reforms:

As a result of promulgation of the amended tax laws on March 31, 2016, the Company and its domestic consolidated subsidiaries are subject to the reduced effective income tax rate of 31% for the years beginning on or after April 1, 2016.

As a result of promulgation of the amended tax laws on March 31, 2015, the Company and its domestic consolidated subsidiaries are subject to the reduced effective income tax rate of 33% for the years beginning on or after April 1, 2015.

As a result of promulgation of the amended tax laws on March 31, 2014, the restoration surtax was abolished a year ahead of the original schedule, reducing the effective income tax rate from 38% to 36% for the year beginning on or after April 1, 2014.

(Q) DERIVATIVES AND HEDGE ACCOUNTING**1. Hedge accounting**

The Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized, if derivative financial instruments are used as hedges and meet certain hedging criteria.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

- (1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
 - (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statements in the period which includes the inception date, and
 - (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
- (2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

2. The following summarizes hedging derivative financial instruments used by the Company and its consolidated subsidiaries and items hedged:

Hedging instruments:

- Forward foreign exchange contracts
- Foreign currency swap contracts
- Interest rate swap contracts

Hedged items:

- Expected foreign currency transactions
- Foreign currency debt
- Borrowings and debentures

3. Hedge policy

The Company and its consolidated subsidiaries use interest rate swap contracts to mitigate risk of fair value changes of borrowings due to fluctuating interest rates and risk of changes in cash flows. Exchange rate risk on borrowings made and debentures issued in non-functional currencies is hedged by utilizing currency swaps. Exchange rate risk on forecasted transactions to be settled in non-functional currencies is hedged by using forward foreign exchange contracts.

4. Assessment of hedge effectiveness

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

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

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

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

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

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

(T) DIRECTORS' BONUS

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

(U) SHARE-BASED PAYMENTS

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

Those standards require that the cost of stock options be measured based on the grant-date fair value. Outstanding options are presented as subscription rights to shares as a component of net assets in the balance sheet.

(V) ASSET RETIREMENT OBLIGATIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18; March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21; March 31, 2008). According to the standards, obligations associated with the retirement of tangible fixed assets are recorded as liabilities when those obligations are incurred, with the amount of the liability initially measured by discounting the future cash flows. The associated asset retirement costs are capitalized as part of the carrying amount of the fixed asset and allocated as period expenses.

(W) ACCOUNTING CHANGES AND ERROR CORRECTIONS

The Company and its consolidated subsidiaries have followed "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009). Those standards require that changes in accounting policies, changes in presentations and corrections of prior period errors be accounted for retrospectively, and changes in accounting estimates be accounted for prospectively.

(X) EARNINGS PER SHARE

Basic income per share is computed by dividing the net income available for distribution to shareholders of common stock by the weighted average number of shares of common stock outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

(Y) RECLASSIFICATIONS

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

(Z) CHANGES IN ACCOUNTING POLICIES

Commencing from the year ended March 31, 2016, the Company and its consolidated subsidiaries adopted "Accounting Standard for Business Combinations" (ASBJ Statement No.21, revised on September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, revised on September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ

Statement No.7, revised on September 13, 2013). In compliance with those standards, the changes in the Company's ownership interest in its subsidiary while it retains its controlling interest in the subsidiary is recognized in capital surplus, and acquisition-related costs are expensed in the period incurred. Also, finalization of provisional purchase price allocation, which arose from business combinations occurred on and after April 1, 2015, is reflected in the consolidated financial statements for the year in which the business combination occurred. In addition, the presentation of net income has changed and former "minority interests" is presented as "non-controlling interests." Prior years' consolidated financial statements have been reclassified to conform to the change.

Cash flows from purchases and sales of shares of subsidiaries which do not give rise to changes in the scope of consolidation is presented in "cash flows from financing activities", while cash flows from acquisition related costs of subsidiaries which give rise to changes in the scope of consolidation and cash flows from costs related to purchases and sales of shares of subsidiaries which do not give rise to changes in the scope of consolidation is presented in "cash flows from operating activities."

In accordance with the transitional treatment set forth in those standards, the Company and its consolidated subsidiaries adopted those standards prospectively commencing on April 1, 2015.

Effect of those changes on capital surplus at March 31, 2016, the consolidated income statement for the year then ended and per share information is immaterial.

(AA) NEW ACCOUNTING STANDARDS NOT YET ADOPTED

The Company and its consolidated subsidiaries have not yet adopted "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, revised on March 28, 2016).

In relocating implementation guidance regarding accounting treatment and auditing treatment (accounting related parts only), which had been discussed by Japanese Institute of Certified Public Accountants (JICPA), to Accounting Standards Board of Japan (ASBJ), the implementation guidance, while basically continuing to apply the framework used in the "Auditing Treatment for Judgment of Recoverability of Deferred Tax Assets"(JICPA Auditing Guidance No.66) where recoverability of deferred tax assets is assessed by classifying entities into 5 categories, made certain changes to accounting treatments as follows:

- (1) Treatments of entities not meeting any of the criteria of the 5 categories, "Category 1" to "Category 5."
- (2) Criteria of "Category 2" and "Category 3."
- (3) Treatments of unscheduled deductible temporary differences for entities which fall in "Category 2."
- (4) Treatments for reasonable estimation period for taxable income before adjusting temporary differences for entities which fall in "Category 3."
- (5) Treatments of entities meeting the criteria of "Category 4" which fall in "Category 2" or "Category 3."

The Company and its consolidated subsidiaries will adopt the revised standard at the beginning of the year commencing on April 1, 2016. The effect that the adoption of the standard will have on the consolidated financial statements is currently under evaluation.

3. BUSINESS REORGANIZATIONS

On October 1, 2015, the Company transferred its residential leasing business to Mitsui Fudosan Residential Co. Ltd. through corporate divestiture.

(1) Outline of the transaction

(a) Business subject to the transfer

The business subject to the transfer is residential leasing business, which includes construction, leasing and sale of residences for leasing.

(b) Date of the business combination

October 1, 2015

(c) Legal form of the business combination

Absorption-type split where the Company is a split company and Mitsui Fudosan Residential Co. Ltd. is a successor company.

(d) Name of the company after the business combination

Mitsui Fudosan Residential Co. Ltd. ("MFR")

(e) Allotment of shares

The transfer was made in exchange for 500,000 shares of common stock issued by MFR. The Company owns 100% of common stock issued by MFR and all new shares of common stock issued by MFR in connection with the transfer is owned by the Company. Thus, there were no changes in the Company's shareholders' equity regardless of the numbers of new shares issued.

(f) Other matters

Integration of the Company's residential leasing business and MFR's residential sales business will enable one-stop and quick offering of solutions for various demands on housing based on diversifying life styles of customers confronting the mature society.

The business transfer aims to strengthen the ability to develop and provide variety of products such as urban development by a combination of residential sales and leasing. It is also believed to contribute to centralize land acquisition function and strengthen construction order ability, thus enhancing the business efficiency.

(2) Accounting treatment

The transfer is to be accounted for as transactions among entities under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21, revised on September 13, 2013) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, revised on September 13, 2013).

There were no significant business reorganizations for the years ended March 31, 2015 and 2014.

mainly used for capital expenditures. Debt with floating interest rates is subject to interest-rate risk. The Company and its consolidated subsidiaries utilize derivatives (interest rate swaps) as hedging instruments for some long-term debt with floating interest rates to fix the cash flows of interest payments. Exchange rate risk on borrowings made in non-functional currencies are hedged by utilizing currency swaps. Refer to Note 2 (Q) for details on hedge accounting, hedge policy, assessment of hedge effectiveness and other matters.

By using derivative instruments, the Company and its consolidated subsidiaries are exposed to counterparty's credit risk and market risks such as interest rate risk and exchange rate risk. The Company and its consolidated subsidiaries manage the credit risk by carefully evaluating the financial positions of major financial institutions before entering into contracts. The derivative transactions are executed in compliance with procedures set forth in the policies established in each group company, and transaction volumes and fair values are reported as appropriate to directors in charge.

Payables, debt and deposits from customers are subject to liquidity risk (risk of being unable to pay on a due date). The risk is managed by preparing and updating monthly cash schedules and by preserving liquidity on hand.

4. FINANCIAL INSTRUMENTS

(1) Risk management policy regarding financial instruments

a. Policy on financial instruments

The Company and its consolidated subsidiaries make fund procurements mainly through bank loans and issuance of bonds. The temporary surplus funds are invested in low-risk financial assets. Derivative instruments are used to mitigate risks referred to below, and the Company and its consolidated subsidiaries do not enter into speculative derivative transactions or transactions with high volatility on fair value.

b. Risk management

Notes and accounts receivable and lease deposits are subject to customers' credit risk (risk related to customers' failure to perform a contract). Each business division monitors due dates and balances for each counterparty to mitigate the risk of those receivables being uncollectible due to financial difficulties and other factors.

Investment in equity securities is exposed to market-price risk. The securities are mainly those of companies with business relationships. The Company and its consolidated subsidiaries periodically monitor market prices and continuously review whether the securities should be held.

Notes and accounts payable are mostly due within one year.

Short-term debt is mainly used for funding working capital. Procurement from long-term debt and bonds payable, of which the maturities are due within 30 years from the balance sheet date, are

(2) Estimated fair value of financial instruments

The carrying amount, estimated fair value and the difference of financial instruments as of March 31, 2016, 2015 and 2014 are summarized in the following table. Information on financial instruments for which the fair value is not reliably measurable is not included in the below table (refer to b).

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
				2016		
Assets						
Cash and bank deposits ^{(*)1}	¥ 111,157	¥ 111,157	¥ —	\$ 986,484	\$ 986,484	\$ —
Notes and accounts receivable-trade	36,094	36,094	—	320,323	320,323	—
Marketable and investment securities	447,987	448,067	80	3,975,745	3,976,455	710
Liabilities						
Notes and accounts payable-trade	95,876	95,876	—	850,870	850,870	—
Bank loans and long-term debt due within one year						
Non-recourse	32,738	32,742	4	290,540	290,575	35
Other	263,084	264,637	1,553	2,334,788	2,348,570	13,782
Commercial paper	109,000	109,000	—	967,341	967,341	—
Long-term debt due after one year						
Non-recourse	289,343	289,722	379	2,567,829	2,571,193	3,364
Other	1,532,072	1,630,390	98,318	13,596,663	14,469,205	872,542
Derivative instruments ^{(*)3}	5,362	5,362	—	47,586	47,586	—

	Millions of yen					
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
				2015		
				2014		
Assets						
Cash and bank deposits ^{(*)1}	¥ 107,152	¥ 107,152	¥ —	¥ 127,883	¥ 127,883	¥ —
Certificates of deposits ^{(*)2}	12,000	12,000	—	—	—	—
Notes and accounts receivable-trade	34,760	34,760	—	34,400	34,400	—
Marketable and investment securities	499,296	499,355	59	291,533	291,589	56
Liabilities						
Notes and accounts payable-trade	98,247	98,247	—	130,695	130,695	—
Bank loans and long-term debt due within one year						
Non-recourse	13,731	13,731	—	115,316	115,316	—
Other	233,314	234,843	1,529	218,833	219,995	1,162
Long-term debt due after one year						
Non-recourse	257,861	257,984	123	120,950	121,079	129
Other	1,471,244	1,529,258	58,014	1,584,973	1,631,497	46,524
Derivative instruments ^{(*)3}	6,520	6,520	—	3,325	3,325	—

^{(*)1} Carrying amount of cash and bank deposits consists of ¥109,966 million (\$975,914 thousand) of cash and cash equivalents and ¥1,191 million (\$10,570 thousand) of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2016.

Carrying amount of cash and bank deposits consists of ¥118,960 million of cash and cash equivalents subtracted by ¥12,000 million of certificates of deposits (refer to ^{(*)2}) and ¥192 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2015.

Carrying amount of cash and bank deposits consists of ¥127,337 million of cash and cash equivalents and ¥546 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2014.

^{(*)3} Carrying amount and estimated fair value of derivative instruments represent derivative assets netted against derivative liabilities.

a. Estimation of fair value

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

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

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

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

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

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

Long-term debt due after one year—Fair value of long-term debt due after one year is calculated by discounting the future cash flows, using the borrowing interest rates expected to be currently available for the Company and its consolidated subsidiaries for debt with similar terms and remaining maturities as the discount rates.
Derivative instruments—Refer to Note 6.

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

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

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Assets:				
Equity investments in properties for sale	¥ 10,160	¥ 9,692	¥ 12,065	\$ 90,167
Other securities				
Unlisted stocks (excluding OTC securities)	33,689	13,700	14,731	298,979
Other (TK investments, preferred securities and others)	20,331	18,537	33,502	180,431
Lease deposits ^(*)	133,914	127,978	135,770	1,188,445
Liabilities:				
Deposits from tenants ^(*)	373,084	365,298	345,617	3,311,005

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

c. Redemption schedule

The redemption schedule on cash and cash equivalents, receivables and securities with maturities as of March 31, 2016, 2015 and 2014 is as follows.

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

	Millions of yen			
	2016			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 Years and within 10 Years	Due after 10 Years
Cash and bank deposits ^{(*)1}	¥111,157	¥ —	¥ —	¥—
Notes and accounts receivable-trade	36,094	—	—	—
Other securities				
National and local government bonds, etc.	142	1,500	379	—
	¥147,393	¥1,500	¥379	¥—

	Millions of yen			
	2015			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 Years and within 10 Years	Due after 10 Years
Cash and bank deposits ^{(*)1}	¥107,152	¥ —	¥ —	¥—
Certificates of deposits ^{(*)2}	12,000	—	—	—
Notes and accounts receivable-trade	34,760	—	—	—
Other securities				
National and local government bonds, etc.	298	1,211	585	—
	¥154,210	¥1,211	¥585	¥—

	Millions of yen			
	2014			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 Years and within 10 Years	Due after 10 Years
Cash and bank deposits ^{(*)1}	¥127,883	¥ —	¥ —	¥—
Notes and accounts receivable-trade	34,400	—	—	—
Other securities				
National and local government bonds, etc.	249	603	1,260	—
	¥162,532	¥603	¥1,260	¥—

	Thousands of U.S. dollars (See Note 1)			
	2016			
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 Years and within 10 Years	Due after 10 Years
Cash and bank deposits ^{*1}	\$986,484	\$—	\$—	\$—
Notes and accounts receivable-trade	320,323	—	—	—
Other securities				
National and local government bonds, etc.	1,260	13,312	3,364	—
	\$1,308,067	\$13,312	\$3,364	\$—

(^{*1}) Carrying amount of cash and bank deposits consists of ¥109,966 million (\$975,914 thousand) of cash and cash equivalents and ¥1,191 million (\$10,570 thousand) of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2016.

Carrying amount of cash and bank deposits consists of ¥118,960 million of cash and cash equivalents subtracted by ¥12,000 million of certificates of deposits (refer to ^{*2}) and ¥192 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2015.

Carrying amount of cash and bank deposits consists of ¥127,337 million of cash and cash equivalents and ¥546 million of bank deposits with maturities exceeding 3 months, which is included in other current assets in the accompanying consolidated balance sheets, as of March 31, 2014.

5. FAIR VALUE INFORMATION OF MARKETABLE SECURITIES, INVESTMENT SECURITIES AND OTHERS

(1) The following tables summarize historical cost, book value and fair value of securities as of March 31, 2016, 2015 and 2014:

(a) Held-to-maturity securities:

	Millions of yen								
	2016			2015			2014		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities whose fair value exceeds book value									
National and local government bonds, etc.	¥2,021	¥2,101	¥80	¥1,807	¥1,868	¥61	¥1,815	¥1,874	¥59
Securities whose fair value does not exceed book value									
National and local government bonds, etc.	—	—	—	287	285	(2)	297	294	(3)
Total	¥2,021	¥2,101	¥80	¥2,094	¥2,153	¥59	¥2,112	¥2,168	¥56

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

	2016		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value			
National and local government bonds, etc.	\$17,936	\$18,646	\$710
Securities whose fair value does not exceed book value			
National and local government bonds, etc.	—	—	—
Total	\$17,936	\$18,646	\$710

(b) Other securities:

	Millions of yen								
	2016			2015			2014		
	Book value (fair value)	Historical cost	Difference	Book value (fair value)	Historical cost	Difference	Book value (fair value)	Historical cost	Difference
Securities whose book value (fair value) exceeds historical cost									
Stocks	¥379,671	¥76,207	¥303,464	¥443,102	¥ 89,013	¥354,089	¥227,534	¥ 72,964	¥154,570
Other	53,850	31,259	22,591	51,395	28,600	22,795	47,918	28,600	19,318
Subtotal	433,521	107,466	326,055	494,497	117,613	376,884	275,452	101,564	173,888
Securities whose book value (fair value) does not exceed historical cost									
Stocks	12,443	15,455	(3,012)	2,705	2,955	(250)	13,969	15,353	(1,384)
Other	2	2	—	—	—	—	—	—	—
Subtotal	12,445	15,457	(3,012)	2,705	2,955	(250)	13,969	15,353	(1,384)
Total	¥445,966	¥122,923	¥323,043	¥497,202	¥120,568	¥376,634	¥289,421	¥116,917	¥172,504

	Thousands of U.S. dollars (See Note 1)		
	2016		
	Book value (fair value)	Historical cost	Difference
Securities whose book value (fair value) exceeds historical cost			
Stocks	\$3,369,462	\$ 676,313	\$2,693,149
Other	477,902	277,414	200,488
Subtotal	3,847,364	953,727	2,893,637
Securities whose book value (fair value) does not exceed historical cost			
Stocks	110,427	137,158	(26,731)
Other	18	18	—
Subtotal	110,445	137,176	(26,731)
Total	\$3,957,809	\$1,090,903	\$2,866,906

(2) The following table summarizes other securities sold in the years ended March 31, 2016, 2015 and 2014:

	Millions of yen								
	2016			2015			2014		
	Sales amount	Gains	Losses	Sales amount	Gains	Losses	Sales amount	Gains	Losses
Stocks	¥15,977	¥2,690	¥—	¥77	¥37	¥—	¥1,547	¥85	¥(32)
Total	¥15,977	¥2,690	¥—	¥77	¥37	¥—	¥1,547	¥85	¥(32)

	Thousands of U.S. dollars (See Note 1)		
	2016		
	Sales amount	Gains	Losses
Stocks	\$141,791	\$23,873	\$—
Total	\$141,791	\$23,873	\$—

(3) The Company and its consolidated subsidiaries did not recognize impairment loss on investment securities for the years ended March 31, 2016, 2015 and 2014.

6. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The following summarizes hedging derivative financial instruments accounted for under hedge accounting as of March 31, 2016, 2015 and 2014:

	Hedged items	Millions of yen		
		2016		
		Nominal Amount		Fair value ^(*)
		Total	Due after 1 year	
Interest rate swap ^(*)	Long-term debt	¥653,500	¥567,000	(*)
Pay : fixed rate				
Receive : floating rate				
Foreign currency swap ^(*)	Long-term debt	23,465	21,465	5,538
	Forecasted transactions denominated in			
Foreign exchange forward ^(*)	foreign currencies	2,676	—	(176)
Total		¥679,641	¥588,465	¥5,362

	Hedged items	Millions of yen		
		2015		
		Nominal Amount		Fair value ^(*)
		Total	Due after 1 year	
Interest rate swap ^(*)	Long-term debt	¥695,500	¥636,500	(*)
Pay : fixed rate				
Receive : floating rate				
Foreign currency swap ^(*)	Long-term debt	23,679	21,679	¥6,508
	Forecasted transactions denominated in			
Foreign exchange forward ^(*)	foreign currencies	1,309	—	12
Total		¥720,488	¥658,179	¥6,520

	Hedged items	Millions of yen		
		2014		
		Nominal Amount		Fair value ^(*)
		Total	Due after 1 year	
Interest rate swap ^(*)	Long-term debt	¥775,000	¥691,500	(*)
Pay : fixed rate				
Receive : floating rate				
Foreign currency swap ^(*)	Long-term debt	20,000	20,000	¥3,323
	Forecasted transactions denominated in			
Foreign exchange forward ^(*)	foreign currencies	1,607	—	2
Total		¥796,607	¥711,500	¥3,325

	Hedged items	Thousands of U.S. dollars (See Note 1)		
		2016		
		Nominal Amount		Fair value ^(*)
		Total	Due after 1 year	
Interest rate swap ^(*)	Long-term debt	\$5,799,609	\$5,031,949	(*)
Pay : fixed rate				
Receive : floating rate				
Foreign currency swap ^(*)	Long-term debt	208,245	190,495	49,148
	Future transactions denominated in foreign			
Foreign exchange forward ^(*)	currencies	23,749	—	(1,562)
Total		\$6,031,603	\$5,222,444	\$47,586

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

(*) Recognition of gains or losses resulting from changes in fair value of foreign currency swap contracts are deferred until the related losses or gains on the hedged items are recognized.

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

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

7. INVESTMENT AND LEASING PROPERTIES

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

The Company and its certain subsidiaries own office buildings for rent, commercial facilities and other properties in Tokyo and other areas. Net rent income and loss on disposal of property and

equipment was ¥117,891 million (\$1,046,246 thousand) and ¥203 million (\$1,802 thousand) for the year ended March 31, 2016, respectively. Net rent income was ¥103,423 million for the year ended March 31, 2015. Net rent income, gain on disposal of property and equipment, impairment loss and loss on disposal of property and equipment regarding those investments and leasing properties were ¥97,359 million, ¥13,178 million, ¥10,131 million and ¥9,070 million for the year ended March 31, 2014. Gross rent revenue is included in revenue from operations and gross cost for rent is included in cost of revenue from operations. Gain on disposal of property and equipment is included in interest, dividends and miscellaneous income (see Note 20). Impairment loss and loss on disposal of property and equipment are included in other costs and expenses (see Note 21).

The carrying amounts, net changes in the carrying amounts and the fair value of the investment and leasing properties as of and for the years ended March 31, 2016, 2015 and 2014 are stated below:

Millions of yen											
2016			2015			2014					
Carrying amount		Fair value	Carrying amount		Fair value	Carrying amount		Fair value			
Beginning of year	Net Increase during the year	End of year	Beginning of year	Net Increase during the year	End of year	Beginning of year	Net Increase during the year	End of year	Beginning of year	Net Increase during the year	End of year
¥2,489,933	¥158,420	¥2,648,353	¥4,560,531	¥2,256,786	¥233,147	¥2,489,933	¥4,054,376	¥2,247,555	¥9,231	¥2,256,786	¥3,472,694

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

2016			
Carrying amount		Fair value	
Beginning of year	Net Increase during the year	End of year	End of year
\$22,097,382	\$1,405,928	\$23,503,310	\$40,473,296

Carrying amount represents acquisition cost less accumulated depreciation and accumulated loss on impairment.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥169,243 million (\$1,501,979 thousand) and sales of real estate which amounts to ¥6,528 million (\$57,934 thousand) for the year ended March 31, 2016.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥237,573 million and sales of real estate which amounts to ¥8,328 million for the year ended March 31, 2015.

The net increase in the carrying amounts mainly consists of acquisitions of real estate which amounts to ¥112,638 million and sales of real estate which amounts to ¥83,463 million for the year ended March 31, 2014.

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

8. INVENTORIES

Inventories at March 31, 2016, 2015 and 2014 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Real property for sale				
Completed	¥ 571,371	¥ 481,389	¥483,669	\$ 5,070,740
In progress	399,361	299,837	270,060	3,544,205
Land held for development	187,661	241,677	196,512	1,665,433
Expenditure on contracts in progress	23,804	22,584	17,446	211,253
Other	4,823	4,991	10,503	42,803
Total	¥1,187,020	¥1,050,478	¥978,190	\$10,534,434

9. ADVANCES PAID FOR PURCHASES

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

10. LEASE DEPOSITS

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

11. INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2016, 2015 and 2014 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Deferred tax assets:				
Net defined benefit liability	¥ 12,100	¥ 11,151	¥ 14,049	\$ 107,384
Unrealized inter-company transactions	7,592	7,415	7,389	67,377
Loss on impairment of fixed assets	7,008	7,493	10,681	62,194
Allowance for loss on devaluation of real property held for sale	6,061	7,543	9,359	53,789
Accrued employees' bonuses	5,564	5,800	6,218	49,379
Excess depreciation expense	5,410	4,004	4,155	48,012
Allowance for loss on valuation of securities	5,250	8,494	9,153	46,592
Accrued enterprise tax	3,564	3,306	2,730	31,629
Unrealized loss on valuation of lease deposits	3,545	3,723	4,035	31,461
Other	25,352	25,257	22,921	224,991
Total	81,446	84,186	90,690	722,808
Deferred tax liabilities:				
Unrealized gain on valuation of securities	(100,622)	(121,809)	(61,965)	(892,989)
Deferred gain on sale of land and buildings for tax purposes	(12,444)	(15,500)	(17,209)	(110,437)
Consolidation difference in real property	(5,779)	(6,623)	(7,367)	(51,287)
Unrealized gain on valuation of lease deposits	(3,480)	(3,653)	(3,967)	(30,884)
Unrealized loss on valuation of shares held in consolidated subsidiaries	(2,464)	(4,358)	(4,805)	(21,867)
Other	(47,363)	(51,346)	(35,346)	(420,331)
Total	¥(172,152)	¥(203,289)	¥(130,659)	\$(1,527,795)
Net deferred tax assets (liabilities)	¥ (90,706)	¥(119,103)	¥ (39,969)	\$ (804,987)

Amounts of total deferred tax assets as of March 31, 2016, 2015 and 2014 are presented net of valuation allowances of ¥4,257 million (\$37,780 thousand), ¥4,158 million and ¥7,177 million, respectively.

Differences between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2016, 2015 and 2014 were immaterial, and therefore are not disclosed.

As a result of promulgation of the amended tax laws on March 31, 2014, the Company and its domestic consolidated subsidiaries are no longer subject to the restoration surtax for the years beginning on or after April 1, 2014 (Refer to Note 2(P)).

As a result of promulgation of the amended tax laws on March 31, 2015, the Company and its domestic consolidated subsidiaries are subject to the new income tax rates for the years beginning on or after April 1, 2015 (Refer to Note 2(P)).

As a result of the amendment, income taxes increased by ¥1,518 million. Current deferred income tax assets, non-current deferred income tax assets, current deferred income tax liabilities, non-current deferred income tax liabilities, deferred income tax assets on land revaluation and deferred income tax liabilities on land revaluation decreased by ¥2,300 million, ¥4,524 million, ¥463 million, ¥17,507 million, ¥2,819 million and ¥17,632 million, respectively. Net unrealized

holding gains on securities, reserve on land revaluation and accumulated adjustments for retirement benefit increased by ¥12,473 million, ¥14,813 million and ¥192 million, respectively.

As a result of promulgation of the amended tax laws on March 31, 2016 based on passage of the tax reform bill by the National Diet on March 29, 2016, the Company and its domestic consolidated subsidiaries are subject to the new income tax rates for the years beginning on or after April 1, 2016 (Refer to Note 2(P)).

As a result of the amendment, deferred income taxes increased by ¥698 million (\$6,195 thousand). Current deferred income tax assets, non-current deferred income tax assets, current deferred income tax liabilities, non-current deferred income tax liabilities, deferred income tax assets on land revaluation, deferred income tax liabilities on land revaluation and accumulated adjustments for retirement benefit decreased by ¥1,230 million (\$10,916 thousand), ¥2,366 million (\$20,998 thousand), ¥297 million (\$2,636 thousand), ¥7,723 million (\$68,539 thousand), ¥1,406 million (\$12,478 thousand), ¥8,619 million (\$76,491 thousand) and ¥207 million (\$1,837 thousand), respectively. Net unrealized holding gains (losses) on securities and reserve on land revaluation and increased by ¥5,329 million (\$47,293 thousand) and ¥7,214 million (\$64,022 thousand), respectively.

12. EMPLOYEES' RETIREMENT BENEFITS

(1) Outline of retirement benefit plan

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

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

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

(2) Defined benefit plans

(a) Change in benefit obligation, excluding plans accounted for under the simplified method, for the years ended March 31, 2016, 2015 and 2014:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Benefit obligation at beginning of year	¥141,550	¥133,076	¥128,709	\$1,256,212
Cumulative effects of the changes in accounting policies	—	(4,363)	—	—
Benefit obligation at beginning of year, as adjusted for cumulative effects of the changes in accounting policies	141,550	128,713	128,709	1,256,212
Service cost	6,716	6,145	5,800	59,602
Interest cost	1,653	2,097	2,263	14,670
Actuarial differences	10,665	9,921	215	94,649
Prior service costs	56	—	(223)	497
Benefits paid	(4,820)	(4,394)	(3,764)	(42,776)
Other	163	(932)	76	1,447
Benefit obligation at end of year	¥155,983	¥141,550	¥133,076	\$1,384,301

(b) Change in plan assets, excluding plans accounted for under the simplified method, for the years ended March 31, 2016, 2015 and 2014:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Fair value of plan assets at beginning of year	¥121,462	¥ 98,458	¥86,799	\$1,077,938
Expected return on plan assets	2,511	2,133	1,877	22,284
Actuarial differences	(6,083)	17,174	4,743	(53,985)
Employer contribution	6,678	6,660	7,537	59,265
Benefits paid	(3,267)	(2,708)	(2,567)	(28,993)
Other	—	(255)	69	—
Fair value of plan assets at end of year	¥121,301	¥121,462	¥98,458	\$1,076,509

(c) Change in net defined benefit liability under simplified method for the years ended March 31, 2016, 2015 and 2014:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Net defined benefit liability at beginning of year	¥3,222	¥2,706	¥2,696	\$28,594
Retirement benefit expenses	435	785	341	3,860
Benefits paid	(218)	(263)	(272)	(1,935)
Contribution to the plan	(42)	(42)	(34)	(373)
Other	(156)	36	(25)	(1,383)
Net defined benefit liability at end of year	¥3,241	¥3,222	¥2,706	\$28,763

(d) Amount recognized in the consolidated balance sheets, including plans accounted for under the simplified method, at March 31, 2016, 2015 and 2014:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Benefit obligation for funded plan	¥ 131,897	¥ 118,915	¥110,405	\$ 1,170,545
Plan assets	(121,638)	(121,776)	(98,737)	(1,079,499)
Benefit obligation for unfunded plan	¥ 10,259	¥ (2,861)	¥ 11,668	\$ 91,046
Net amount recognized on the consolidated balance sheets	¥ 37,924	¥ 23,309	¥ 37,326	\$ 336,564
Net defined benefit liability	40,110	31,192	37,406	355,964
Net defined benefit asset	(2,186)	(7,883)	(80)	(19,400)
Net amount recognized on the consolidated balance sheets	¥ 37,924	¥ 23,309	¥ 37,326	\$ 336,564

(e) Details of retirement benefit expenses for the years ended March 31, 2016, 2015 and 2014:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Service cost	¥ 6,716	¥ 6,145	¥ 5,800	\$ 59,602
Interest cost	1,653	2,097	2,263	14,670
Expected return on plan assets	(2,511)	(2,134)	(1,877)	(22,284)
Actuarial differences recognized in earnings	555	1,221	1,494	4,925
Prior service costs recognized in earnings	(19)	(21)	42	(169)
Retirement benefit expenses under simplified method	426	785	341	3,781
Defined benefit expenses	¥ 6,820	¥ 8,093	¥ 8,063	\$ 60,525

(f) Amount recognized in other comprehensive income (pretax) at March 31, 2016, 2015 and 2014:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Prior service costs	¥ 75	¥ 28	¥—	\$ 665
Actuarial differences	16,171	(8,574)	—	143,513
Total	¥16,246	¥(8,546)	¥—	\$144,178

(g) Amount recognized in accumulated other comprehensive income (pretax) at March 31, 2016, 2015 and 2014:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Unrecognized prior service costs	¥ (37)	¥ (111)	¥ (139)	\$ (329)
Unrecognized actuarial differences	12,115	(4,057)	4,518	107,517
Total	¥12,078	¥(4,168)	¥4,379	\$107,188

(h) The asset allocation for the plans, excluding plans accounted for under the simplified method, at March 31, 2016, 2015 and 2014:

	2015	2014	2015
	Domestic bonds	29.1%	25.9%
Domestic stocks	23.7	28.2	21.7
Foreign stocks	12.2	12.8	13.2
Life insurance company general accounts	11.6	11.9	14.1
Foreign bonds	5.5	4.7	5.3
Cash and bank deposits	5.3	0.7	4.9
Other	12.6	15.8	15.7
Total	100.0%	100.0%	100.0%

* The plan assets include retirement benefit trust established for corporate pension plan which accounts for 11.8%, 13.3% and 7.3% of the total plan assets as of March 31, 2016, 2015 and 2014, respectively.

The expected long-term rate of return on plan assets is determined based on the actual return on the plan asset portfolios and the expected rate of return on those portfolios.

(i) Basis for actuarial calculation:

	2016	2015	2016
Discount rates	0.6—1.3%	0.7—1.9%	1.2—1.9%
Expected long-term rates of return on plan assets	1.5—2.5%	1.5—2.5%	1.0—2.5%

(3) Defined contribution plans

Contribution made to the defined contribution plans by the Company's certain consolidated subsidiaries amounted to ¥227 million (\$2,015 thousand), ¥204 million and ¥88 million for the years ended March 31, 2016, 2015 and 2014, respectively.

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

(1) Bank loans and commercial paper

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

The amounts and the weighted average interest rates of bank loans and commercial paper at March 31, 2016, 2015 and 2014 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Bank loans				
Non-recourse, with the weighted average interest rates of 0.16% in 2016 and 0.20% in 2014	¥ 200	¥ —	¥ 8,000	\$ 1,775
Other, with the weighted average interest rates of 0.63% in 2016, 0.49% in 2015 and 0.81% in 2014	73,654	47,296	20,566	653,656
Commercial paper, with the weighted average interest rates of 0.00% in 2016	109,000	—	—	967,341

(2) Long-term debt

Long-term debt at March 31, 2016, 2015 and 2014 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Long-term loans, principally from banks and insurance companies:				
Loans secured by collateral or bank guarantees	¥ 212,982	¥ 161,704	¥ 189,814	\$ 1,890,149
Unsecured loans	1,471,502	1,387,045	1,475,007	13,059,123
Total long-term loans, principally from banks and insurance companies	1,684,484	1,548,749	1,664,821	14,949,272
Bonds and debentures				
1.81%yen notes due 2014	—	—	10,000	—
1.64%yen notes due 2014	—	—	10,000	—
1.65%yen notes due 2015	—	10,000	10,000	—
1.81%yen notes due 2016	—	20,000	20,000	—
1.99%yen notes due 2016	10,000	10,000	10,000	88,747
1.91%yen notes due 2016	20,000	20,000	20,000	177,494
1.84%yen notes due 2017	10,000	10,000	10,000	88,747
2.06%yen notes due 2017	20,000	20,000	20,000	177,494
1.65%yen notes due 2014	—	—	10,000	—
1.97%yen notes due 2017	20,000	20,000	20,000	177,494
1.92%yen notes due 2018	10,000	10,000	10,000	88,747
2.09%yen notes due 2019	10,000	10,000	10,000	88,747
1.72%yen notes due 2019	10,000	10,000	10,000	88,747
1.63%yen notes due 2019	10,000	10,000	10,000	88,747
1.49%yen notes due 2019	10,000	10,000	10,000	88,747
1.50%yen notes due 2020	10,000	10,000	10,000	88,747
1.19%yen notes due 2020	10,000	10,000	10,000	88,747
1.06%yen notes due 2020	10,000	10,000	10,000	88,747
1.32%yen notes due 2020	10,000	10,000	10,000	88,747
2.30%yen notes due 2030	10,000	10,000	10,000	88,747
1.27%yen notes due 2021	10,000	10,000	10,000	88,747
1.17%yen notes due 2021	10,000	10,000	10,000	88,747
1.00%yen notes due 2022	10,000	10,000	10,000	88,747
0.96%yen notes due 2022	10,000	10,000	10,000	88,747
1.95%yen notes due 2032	10,000	10,000	10,000	88,747
2.05%yen notes due 2033	10,000	10,000	10,000	88,747
1.33%yen notes due 2046	10,000	—	—	88,747
0.08% - 1.00% notes due 2016 - 2020 ^(*)	108,899	110,105	46,685	966,442
Total bonds and debentures	358,899	380,105	346,685	3,185,117
Less amount due within one year	(221,968)	(199,749)	(305,583)	(1,969,897)
Long-term debt due after one year	¥1,821,415	¥1,729,105	¥1,705,923	\$16,164,492

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

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Due within one year				
Non-recourse, with the weighted average interest rate of 0.58% in 2016, 0.65% in 2015 and 0.56% in 2014	¥ 17,695	¥ 6,213	¥ 87,216	\$ 157,038
Other, with the weighted average interest rate of 1.17% in 2016, 1.76% in 2015 and 1.43% in 2014	149,430	156,018	168,267	1,326,145
Subtotal	¥ 167,125	¥ 162,231	¥ 255,483	\$ 1,483,183
Due after one year				
Non-recourse, with the weighted average interest rate of 0.92% in 2016, 0.76% in 2015 and 1.11% in 2014	195,287	155,274	94,365	1,733,111
Other, with the weighted average interest rate of 1.42% in 2016, 1.38% in 2015 and 1.38% in 2014	1,322,072	1,231,244	1,314,973	11,732,978
Subtotal	1,517,359	1,386,518	1,409,338	13,466,089
Total	¥1,684,484	¥1,548,749	¥1,664,821	\$14,949,272

Bonds and debentures consist of the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Due within one year				
Non-recourse	¥ 14,843	¥ 7,518	¥ 20,100	\$ 131,727
Other	40,000	30,000	30,000	354,987
Subtotal	¥ 54,843	¥ 37,518	¥ 50,100	\$ 486,714
Due after one year				
Non-recourse	94,056	102,587	26,585	834,718
Other	210,000	240,000	270,000	1,863,685
Subtotal	¥304,056	¥342,587	¥296,585	\$2,698,403
Total	¥358,899	¥380,105	¥346,685	\$3,185,117

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Secured loans				
Long-term loans, principally from banks and insurance companies				
Non-recourse	¥213,181	¥161,487	¥189,581	\$1,891,915
Other	—	217	233	—
Subtotal	213,181	161,704	189,814	1,891,915
Bonds and debentures				
Non-recourse	108,899	110,105	46,220	966,445
Subtotal	108,899	110,105	46,220	966,445
Total	¥322,080	¥271,809	¥236,034	\$2,858,360

The following assets are pledged as collateral for secured loans:

	Millions of yen				Thousands of U.S. dollars (See Note 1)			
	2016		2015		2014		2016	
	Total	Non-recourse (*)	Total	Non-recourse (*)	Total	Non-recourse (*)	Total	Non-recourse (*)
Real property for sale	¥278,104	¥278,104	¥191,962	¥191,962	¥213,703	¥213,703	\$2,468,087	\$2,468,087
Buildings and structures	50,845	46,920	51,656	47,368	35,742	31,249	451,233	416,400
Land	72,988	65,184	73,399	65,184	56,454	48,239	647,746	578,488
Other	133,531	133,516	65,036	65,020	36,240	36,222	1,185,046	1,184,913
Total	¥535,468	¥523,724	¥382,053	¥369,534	¥342,139	¥329,413	\$4,752,112	\$4,647,888

(*) Represents assets pledged as collateral for non-recourse loans.

As is customary in Japan, collateral must be given if requested, under certain circumstances, by a lending bank and such bank has the right to offset cash deposited with it against any debt or obligation that becomes due and, in case of default and certain other specified

events, against all debt payable to the bank. The Company and its consolidated subsidiaries have never received any such requests nor do they expect that any such request will be made.

The annual maturities of long-term debt at March 31, 2016, 2015 and 2014 are as follows:

	2016			2015			2014		
	Non-recourse	Other	Total	Non-recourse	Other	Total	Non-recourse	Other	Total
Due within 1 year	¥ 32,538	¥ 189,430	¥ 221,968	¥ 13,731	¥ 186,018	¥ 199,749	¥107,316	¥ 198,267	¥ 305,583
Due after 1 to 2 years	85,741	151,638	237,379	44,888	166,673	211,561	9,185	189,057	198,242
Due after 2 to 3 years	65,130	168,522	233,652	81,438	146,950	228,388	30,151	164,837	194,988
Due after 3 to 4 years	93,358	165,858	259,216	26,550	162,627	189,177	66,314	136,037	202,351
Due after 4 to 5 years	45,113	103,405	148,518	98,485	165,167	263,652	15,300	161,736	177,036
Thereafter	1	942,649	942,650	6,500	829,827	836,327	—	933,306	933,306
Total	¥321,881	¥1,721,502	¥2,043,383	¥271,592	¥1,657,262	¥1,928,854	¥228,266	¥1,783,240	¥2,011,506

	Thousands of U.S. dollars (See Note 1)		
	2016		
	Non-recourse	Other	Total
Due within 1 year	\$ 288,765	\$ 1,681,132	\$ 1,969,897
Due after 1 to 2 years	760,925	1,345,740	2,106,665
Due after 2 to 3 years	578,008	1,495,581	2,073,589
Due after 3 to 4 years	828,523	1,471,938	2,300,461
Due after 4 to 5 years	400,364	917,687	1,318,051
Thereafter	9	8,365,717	8,365,726
Total	\$2,856,594	\$15,277,795	\$18,134,389

14. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations recognized in the consolidated balance sheets as of March 31, 2016, 2015 and 2014. The Company and its consolidated subsidiaries, in connection with operating commercial facilities and parking business (Mitsui Repark), have entered into real estate lease contracts with terms ranging from several months to 20 years. Asset retirement obligations have been recognized in respect of the obligation of the Company and its

consolidated subsidiaries to the landlords to remove the facilities from leased real estate at the end of those contracts. The liability has been calculated with expected useful lives ranging from several months to 20 years and discount rates ranging from 0 to 2.5%.

Asset retirement obligations are included in other current liabilities and other long-term liabilities on the consolidated balance sheets.

The following table summarizes the changes in the aggregate carrying amount of asset retirement obligations for the year ended March 31, 2016, 2015 and 2014:

	Millions of yen			
	2016	2015	2014	2016
Beginning of year	¥3,520	¥3,475	¥3,146	\$31,239
Increase due to acquisition of fixed assets	324	356	356	2,876
Net increase due to revisions to original estimate *	109	60	54	967
Decrease due to settlement	(258)	(176)	(122)	(2,290)
Other	23	(195)	41	204
End of year	¥3,718	¥3,520	¥3,475	\$32,996

(*) Increase for the year ended March 31, 2016, 2015 and 2014 was mainly due to additions of decommissioning costs that have become measurable in a more accurate manner.

(2) Asset retirement obligations not recognized in the consolidated balance sheets as of March 31, 2016, 2015 and 2014. The Company and its consolidated subsidiaries own properties containing asbestos material and are obligated to remove those materials upon disposition of the properties. However, since sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the method and timing of settlement, asset retirement obligation is not recognized for the obligations to remove asbestos materials.

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

15. DEPOSITS FROM TENANTS

Deposits from tenants at March 31, 2016, 2015 and 2014 comprise the following:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Non-interest-bearing	¥371,261	¥363,173	¥343,172	\$3,294,826
Interest-bearing	1,823	2,125	2,445	16,179
Total	¥373,084	¥365,298	¥345,617	\$3,311,005
Average interest rate	1.03%	1.03%	1.02%	

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

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

16. NET ASSETS

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

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

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

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

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

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

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

(1) Changes in number of shares issued and outstanding during the years ended March 31, 2016, 2015 and 2014 are as follows:

	(Thousands)	
	Issued	Treasury stock
	Common stock	Common stock
Numbers of shares as of March 31, 2013	881,425	3,180
Numbers of shares increased ^{(*)1}	—	149
Numbers of shares decreased ^{(*)2}	—	(58)
Numbers of shares as of March 31, 2014	881,425	3,271
Numbers of shares increased ^{(*)1} ^{(*)3}	110,000	85
Numbers of shares decreased ^{(*)4}	—	(92)
Numbers of shares as of March 31, 2015	991,425	3,264
Numbers of shares increased ^{(*)1}	—	72
Numbers of shares decreased ^{(*)5}	—	(33)
Numbers of shares as of March 31, 2016	991,425	3,303

^{(*)1} Treasury stock increased due to purchase of odd shares.

^{(*)2} Treasury stock decreased due to sale of 4 thousand odd shares and exercise of 54 thousand shares of subscription rights.

^{(*)3} Common stock increased due to issuance of new shares through public offering and third-party allotment.

^{(*)4} Treasury stock decreased due to sale of 5 thousand odd shares, exercise of 56 thousand shares of subscription rights and sale by affiliated companies of 31 thousand shares attributable to the Company.

^{(*)5} Treasury stock decreased due to sale of 4 thousand odd shares and exercise of 29 thousand shares of subscription rights.

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

	Millions of yen			Thousands of U.S. dollars (See Note 1)		
	Company	Consolidated subsidiaries	Total	Company	Consolidated subsidiaries	Total
Type of subscription rights to shares	Stock option					
Balance as of March 31, 2014	¥ 824	—	¥ 824			
Balance as of March 31, 2015	914	—	914			
Balance as of March 31, 2016	1,032	—	1,032	\$9,159	—	¥9,159

Number of shares regarding stock options as of March 31, 2016, 2015 and 2014 and number of such shares increased and decreased during the years then ended are not presented as they are insignificant.

(3) Information of dividends is summarized as follows:

(a) Dividends paid

The following resolution was approved by the ordinary general shareholders' meeting held on June 26, 2015, June 27, 2014 and June 27, 2013:

	June 26, 2015	June 27, 2014	June 27, 2013
Date of shareholders' meeting	June 26, 2015	June 27, 2014	June 27, 2013
Type of stock	Common stock	Common stock	Common stock
Total amount	¥13,834 million (\$122,773 thousand)	¥9,660 million	¥9,661 million
Per share amount	¥14 (\$0.124)	¥11	¥11
Record date	March 31, 2015	March 31, 2014	March 31, 2013
Effective date	June 29, 2015	June 30, 2014	June 28, 2013

The following resolution was approved by the Board of Directors' meeting held on November 6, 2015, November 6, 2014 and November 7, 2013:

	November 6, 2015	November 6, 2014	November 7, 2013
Date of board of directors' meeting	November 6, 2015	November 6, 2014	November 7, 2013
Type of stock	Common stock	Common stock	Common stock
Total amount	¥13,834 million (\$122,772 thousand)	¥10,870 million	¥9,661 million
Per share amount	¥14 (\$0.124)	¥11	¥11
Record date	September 30, 2015	September 30, 2014	September 30, 2013
Effective date	December 2, 2015	December 2, 2014	December 3, 2013

(b) Dividend whose record date falls within the current fiscal year but to be effective in the following fiscal year

The following resolution was approved by the ordinary general shareholders' meeting held on June 29, 2016, June 26, 2015 and June 27, 2014:

	June 29, 2016	June 26, 2015	June 27, 2014
Date of shareholders' meeting	June 29, 2016	June 26, 2015	June 27, 2014
Type of stock	Common stock	Common stock	Common stock
Total amount	¥15,810 million (\$140,309 thousand)	¥13,834 million	¥9,660 million
Source	Retained earnings	Retained earnings	Retained earnings
Per share amount	¥16 (\$0.142)	¥14	¥11
Record date	March 31, 2016	March 31, 2015	March 31, 2014
Effective date	June 30, 2016	June 29, 2015	June 30, 2014

18. STOCK OPTION PLANS

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

Stock option expenses charged to income for the years ended March 31, 2016, 2015 and 2014 are as follows:

	Millions of yen				Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016	
Cost of revenue from operations	¥ 41	¥ 47	¥ 48	\$ 364	
Selling, general and administrative expenses	121	120	134	1,074	
Total	¥162	¥167	¥182	\$1,438	

The following table summarizes the contents and activity of stock options as of March 31, 2016 and for the year then ended:

	2015 plan	2014 plan	2013 plan	2012 plan	2011 plan	2010 plan	2009 plan	2008 plan	2007 plan
Grantees	Directors, corporate officers and group managing officers; 27 in total ^{(*)1}	Directors, corporate officers and group managing officers; 27 in total ^{(*)1}	Directors, corporate officers and group managing officers; 27 in total ^{(*)1}	Directors, corporate officers and group managing officers; 25 in total ^{(*)1}	Directors, corporate officers and group managing officers; 25 in total ^{(*)1}	Directors, corporate officers and group managing officers; 25 in total ^{(*)1}	Directors, corporate officers and group managing officers; 25 in total ^{(*)1}	Directors, corporate officers and group managing officers; 26 in total ^{(*)1}	Directors, corporate officers and group managing officers; 27 in total ^{(*)1}
Type of stock and number of shares granted	50,460 shares of common stock	52,450 shares of common stock	66,650 shares of common stock	134,640 shares of common stock	143,040 shares of common stock	140,420 shares of common stock	109,650 shares of common stock	71,250 shares of common stock	48,880 shares of common stock
Grant date	August 21, 2015	August 22, 2014	August 23, 2013	August 17, 2012	August 12, 2011	August 13, 2010	August 14, 2009	August 15, 2008	September 18, 2007
Vesting conditions	^{(*)2}								
Requisite service period	Not specified								
Exercise period ^{(*)2}	August 22, 2015— August 21, 2045	August 23, 2014— August 22, 2044	August 24, 2013— August 23, 2043	August 18, 2012— August 17, 2042	August 13, 2011— August 12, 2041	August 14, 2010— August 13, 2040	August 15, 2009— August 14, 2039	August 16, 2008— August 15, 2038	September 19, 2007— September 18, 2037
Non-vested options (number of shares):									
Outstanding at beginning of year	—	52,450	66,650	130,880	137,790	89,940	69,780	34,050	21,880
Granted	50,460	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—	—
Vested	—	(5,130)	(6,520)	(19,970)	(19,150)	(18,160)	(14,350)	(8,780)	(5,980)
Outstanding at end of year	50,460	47,320	60,130	110,910	118,640	71,780	55,430	25,270	15,900
Vested options (number of shares):									
Outstanding at beginning of year	—	—	—	—	—	—	—	—	—
Vested	—	5,130	6,520	19,970	19,150	18,160	14,350	8,780	5,980
Exercised	—	—	—	(6,870)	(6,110)	—	(4,120)	(6,730)	(4,650)
Expired	—	—	—	—	—	—	—	—	—
Outstanding at end of year	—	5,130	6,520	13,100	13,040	18,160	10,230	2,050	1,330
	Yen/U.S. dollars (See Note 1)				Yen				
Exercise price	¥1/\$0.01	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price on exercise date	—/—	—	—	¥3,230	¥3,230	—	¥2,907	¥2,906	¥2,904
Grant-date fair value	¥3,218/\$28.56	¥3,067	¥2,796	¥1,265	¥ 919	¥1,029	¥1,493	¥1,967	¥2,357

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

(*)2 Vesting conditions and exercise period:

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

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

	2015 plan	2014 plan	2013 plan
Expected volatility ^{(*)1}	38%	39%	40%
Expected life ^{(*)2}	15 years	15 years	15 years
Expected dividend ^{(*)3}	¥28 (\$0.25) per share	¥22 per share	¥22 per share
Risk-free rate ^{(*)4}	0.76%	0.98%	1.28%

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

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

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

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

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

19. IMPAIRMENT LOSS ON FIXED ASSETS

During the years ended March 31, 2016 and 2015, there were no impairment losses recognized by the Company and its consolidated subsidiaries.

During the year ended March 31, 2014, the Company and certain consolidated subsidiaries recognized impairment losses for the following groups of assets.

Primary use	Type of assets	Location
Leasing properties, etc.	Buildings, land, etc.	New York State, U.S.A., etc.

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

In the light of a significant decrease in the projected recoverable amount due to the Company's decision to sell the leasing properties early, the Company recorded impairment loss on those properties. In addition, considering significant deterioration of profitability due to a decline in current rental rates, adverse changes in market

conditions and other factors, the Company reduced the book values of operating facilities to their recoverable amounts and recognized impairment losses.

Impairment losses totaling ¥11,557 million are comprised of ¥4,642 million of buildings and structures and ¥6,915 million of land.

Recoverable amounts are measured by net realizable values or values in current use. Net realizable values are determined mainly based upon appraisal values calculated by real-estate appraisers. Values in current use are calculated based on the present values of future cash flows, using a discount rate of 5%.

20. MAJOR COMPONENTS OF INTEREST, DIVIDENDS AND MISCELLANEOUS INCOME

Years ended March 31,	Millions of yen				Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016	2016
Interest income	¥ 727	¥ 722	¥ 584		\$ 6,452
Dividend income	4,095	3,585	3,760		36,342
Gain on sale of investment securities	2,690	—	—		23,873
Gain on sales of investments in unconsolidated subsidiaries and affiliated companies	—	5,604	—		—
Gain on sale of property and equipment	—	—	13,190		—
Other	3,153	4,578	3,853		27,982
Total	¥10,665	¥14,489	¥21,387		\$94,649

21. MAJOR COMPONENTS OF OTHER EXPENSES

Years ended March 31,	Millions of yen				Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016	2016
Loss on disposal of property and equipment	¥ 3,894	¥2,136	¥ 8,273		\$ 34,558
Loss on sale of property and equipment	—	—	9,110		—
Impairment loss on fixed assets	—	—	11,557		—
Loss on liquidation of consolidated subsidiaries	—	—	2,127		—
Other	8,068	7,586	6,733		71,602
Total	¥11,962	¥9,722	¥37,800		\$106,160

22. COMPREHENSIVE INCOME

An analysis of each component of other comprehensive income (loss) and related tax effects for the year ended March 31, 2016, 2015 and 2014 is presented as follows.

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Net unrealized holding gains (losses) on securities				
Unrealized holding gains (losses) arising during the year	¥(51,296)	¥204,211	¥13,000	\$(455,236)
Reclassification to income for the year	(461)	(11)	—	(4,091)
Pretax amount	(51,757)	204,200	13,000	(459,327)
Tax benefit (expense)	22,814	(60,264)	(4,640)	202,467
Net-of-tax amount	(28,943)	143,936	8,360	(256,860)
Deferred gains (losses) on hedging instruments				
Deferred losses arising during the year	(550)	(909)	(304)	(4,881)
Reclassification to income for the year	861	856	990	7,641
Pretax amount	311	(53)	686	2,760
Tax benefit (expense)	(181)	17	(438)	(1,606)
Net-of-tax amount	130	(36)	248	1,154
Reserve on land revaluation				
Tax benefit (expense)	7,885	14,812	(1,203)	69,977
Foreign currency translation adjustments				
Aggregated adjustment during the year resulting from foreign currency translation	(1,808)	14,414	20,564	(16,046)
Adjustments for retirement benefit				
Adjustments for retirement benefit arising during the year	(16,782)	7,347	—	(148,935)
Reclassification to income for the year	536	1,199	—	4,757
Pretax amount	(16,246)	8,546	—	(144,178)
Tax benefit (expense)	5,044	(2,943)	—	44,764
Net-of-tax amount	(11,202)	5,603	—	(99,414)
Equity in other comprehensive income (loss) of affiliated companies				
Unrealized gains (losses) arising during the year	(5,927)	6,866	10,438	(52,601)
Total other comprehensive income (loss)	¥(39,865)	¥185,595	¥38,407	\$(353,790)

23. LEASES

As lessee:

(A) Finance leases

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

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

(1) Assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2016, 2015 and 2014:

	Millions of yen								
	2016			2015			2014		
	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total	Buildings and structures	Machinery and equipment	Total
Acquisition cost	¥2,111	¥48	¥2,159	¥2,184	¥49	¥2,233	¥2,184	¥49	¥2,233
Accumulated depreciation	1,765	46	1,811	1,658	41	1,699	1,469	36	1,505
Net book value	¥ 346	¥ 2	¥ 348	¥ 526	¥ 8	¥ 534	¥ 715	¥13	¥ 728

	Thousands of U.S. dollars (See Note 1)		
	2016	2015	2014
	Buildings and structures	Machinery and equipment	Total
Acquisition cost	\$18,734	\$426	\$19,160
Accumulated depreciation	15,664	408	16,072
Net book value	\$ 3,070	\$ 18	\$ 3,088

(2) Future lease payment inclusive of interest at March 31, 2016, 2015 and 2014:

	Millions of yen				Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016	
Amount due within one year	¥159	¥188	¥195	\$1,411	
Amount due after one year	189	346	533	1,677	
Total	¥348	¥534	¥728	\$3,088	

(3) Lease expense and the assumed amount of depreciation expense for the years ended March 31, 2016, 2015 and 2014:

	Millions of yen				Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016	
Lease expense	¥188	¥222	¥227	\$1,668	
Depreciation expense	188	222	227	1,668	

(4) Calculation of the assumed amount of depreciation expense:

Assumed depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

(B) Operating leases

Future lease payments under non-cancellable operating leases at March 31, 2016, 2015 and 2014:

	Millions of yen				Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016	
Amount due within one year	¥ 63,697	¥ 55,587	¥ 52,603	\$ 565,291	
Amount due after one year	159,043	123,708	108,341	1,411,457	
Total	¥222,740	¥179,295	¥160,944	\$1,976,748	

As lessor:

Operating leases

Future lease revenue under non-cancellable operating leases at March 31, 2016, 2015 and 2014:

	Millions of yen				Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016	
Amount due within one year	¥ 68,114	¥ 49,443	¥ 46,937	\$ 604,491	
Amount due after one year	370,624	293,462	228,777	3,289,173	
Total	¥438,738	¥342,905	¥275,714	\$3,893,664	

24. SEGMENT INFORMATION**Reportable Segment Information:**

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

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

The Company employs a matrix form of segment categorized by business unit organized by Head Office and by services provided. The Company's segments have been aggregated based on the nature of products and services into the 5 reportable segments of "Leasing", "Property Sales", "Management", "Mitsui Home", a listed subsidiary, and "Other."

Descriptions of reportable segments are stated below.

- (1) Leasing
Leasing of office buildings and commercial facilities, etc.
- (2) Property Sales
Sales of condominiums and detached housing to individuals, and sales of rental housing and office buildings, etc. to investors.
- (3) Management
Property management and brokerage and asset management, etc.
- (4) Mitsui Home
New housing construction and renovation, etc.
- (5) Other
Facility operations, etc.

Financial information about reportable segments for the years ended March 31, 2016, 2015 and 2014 is summarized in the following tables. The accounting policies of segments are almost the same as those described in Note 2. Segment operating income is based on revenue from operations, cost of revenue from operations and selling, general and administrative expenses. Transactions and transfers between segments are made at amounts based on prevailing market prices.

Millions of yen							
Year ended March 31, 2016	(1)	(2)	(3)	(4)	(5)	Adjustments ^(*)	Consolidated
Revenue from operations:							
Outside customers	¥ 509,179	¥ 391,578	¥334,652	¥247,455	¥ 85,106	¥ —	¥1,567,970
Inter-segment	17,948	3,287	64,951	8,792	3,092	(98,070)	—
Total revenue from operations	¥ 527,127	¥ 394,865	¥399,603	¥256,247	¥ 88,198	¥ (98,070)	¥1,567,970
Segment operating income	¥ 124,113	¥ 44,525	¥ 52,447	¥ 4,725	¥ 7,164	¥ (30,491)	¥ 202,483
Segment assets	3,166,125	1,354,808	309,575	129,779	107,139	306,852	5,374,278
Depreciation	49,523	1,251	8,087	3,245	4,123	1,232	67,461
Additions to property and equipment and intangible assets	174,891	4,294	10,561	2,998	15,779	(1,350)	207,173

Millions of yen							
Year ended March 31, 2015	(1)	(2)	(3)	(4)	(5)	Adjustments ^(*)	Consolidated
Revenue from operations:							
Outside customers	¥ 464,843	¥ 425,442	¥317,818	¥242,151	¥78,783	¥ —	¥1,529,037
Inter-segment	17,372	—	63,173	10,832	2,762	(94,139)	—
Total revenue from operations	¥ 482,215	¥ 425,442	¥380,991	¥252,983	¥81,545	¥ (94,139)	¥1,529,037
Segment operating income	¥ 107,863	¥45,494	¥ 49,318	¥ 4,017	¥ 5,187	¥ (25,804)	¥ 186,075
Segment assets	2,930,908	1,288,248	289,488	127,948	95,787	344,770	5,077,149
Depreciation	44,172	1,372	7,312	3,091	4,030	1,265	61,242
Additions to property and equipment and intangible assets	252,098	1,685	9,569	2,988	4,817	2,331	273,488

Millions of yen							
Year ended March 31, 2014	(1)	(2)	(3)	(4)	(5)	Adjustments ^(*)	Consolidated
Revenue from operations:							
Outside customers	¥449,700	¥409,466	¥314,230	¥237,069	¥104,787	¥—	¥1,515,252
Inter-segment	17,060	—	58,296	10,165	4,480	(90,001)	—
Total revenue from operations	¥466,760	¥409,466	¥372,526	¥247,234	¥109,267	¥(90,001)	¥1,515,252
Segment operating income	¥109,206	¥27,100	¥49,945	¥4,192	¥3,072	¥(20,947)	¥172,568
Segment assets	2,670,436	1,189,779	301,105	135,143	90,851	161,508	4,548,822
Depreciation	39,477	1,214	6,920	3,079	4,296	1,044	56,030
Loss on impairment of fixed assets	10,270	—	1,287	—	—	—	11,557
Additions to property and equipment and intangible assets	117,284	1,041	18,688	3,521	6,698	1,024	148,256

Thousands of U.S. dollars (See Note 1)							
Year ended March 31, 2016	(1)	(2)	(3)	(4)	(5)	Adjustments ^(*)	Consolidated
Revenue from operations:							
Outside customers	\$ 4,518,805	\$ 3,475,133	\$2,969,933	\$2,196,086	\$755,290	\$ —	\$13,915,247
Inter-segment	159,283	29,171	576,420	78,026	27,441	(870,341)	—
Total revenue from operations	\$ 4,678,088	\$ 3,504,304	\$3,546,353	\$2,274,112	\$782,731	\$ (870,341)	\$13,915,247
Segment operating income	\$ 1,101,464	\$ 395,146	\$ 465,451	\$ 41,933	\$ 63,578	\$ (270,598)	\$ 1,796,974
Segment assets	28,098,376	12,023,500	2,747,382	1,151,748	950,826	2,723,216	47,695,048
Depreciation	439,501	11,102	71,770	28,798	36,590	10,934	598,695
Additions to property and equipment and intangible assets	1,552,103	38,108	93,726	26,606	140,034	(11,981)	1,838,596

(*) Adjustments to segment operating income of ¥(30,491) million (\$270,598) thousand consists of ¥(1,355) million (\$12,025) thousand of inter-segment elimination and ¥(29,136) million (\$258,573) thousand of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥306,852 million (\$2,723,216 thousand) consists of ¥(788,155) million (\$6,994,631) thousand of inter-segment elimination, ¥929,156 million (\$8,245,971 thousand) of corporate assets and investments in affiliated companies of ¥165,851 million (\$1,471,876 thousand).

(*) Adjustments to segment operating income of ¥(25,804) million consists of ¥(947) million of inter-segment elimination and ¥(24,857) million of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥344,770 million consists of ¥(756,995) million of inter-segment elimination, ¥932,430 million of corporate assets and investments in affiliated companies of ¥169,335 million.

(*) Adjustments to segment operating income of ¥(20,947) million consists of ¥(362) million of inter-segment elimination and ¥(20,585) million of corporate expenses, which mainly represent the Company's general and administrative expenses that are not allocable to any of the reportable segments. Adjustments to segment assets of ¥161,508 million consists of ¥(658,609) million of inter-segment elimination, ¥664,041 million of corporate assets and investments in affiliated companies of ¥156,076 million.

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

Products and Services Information:
Refer to reportable segment information.

Geographic Area Information:
Geographic area information has been omitted since revenue from outside customers in the Japan area and property and equipment located in the Japan area accounted for more than 90% of revenue from operations on the consolidated income statements and property and equipment on the consolidated balance sheets, respectively.

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

25. RELATED PARTIES

There were no significant related party transaction for the year ended March 31, 2016.

Significant related party transactions for the year ended March 31, 2015 are summarized as follows:

Transaction with the Company's directors and major individual shareholders

				Millions of yen	
				2015	
Type	Name	Ownership ratio of voting shares	Nature of transaction	Transaction amount	Balance outstanding at year end
Director	Hiroshi Asai	Directly owns 0.00%	Renovation of residence	¥33	¥—
Director	Toshiaki Egashira	Directly owns 0.00%	Renovation of residence	12	—

Policies for terms and conditions of the transaction:
The price of residence is determined in reference to market prices.

Significant related party transactions for the year ended March 31, 2014 are summarized as follows:

Transaction with the Company's directors and major individual shareholders

				Millions of yen	
				2014	
Type	Name	Ownership ratio of voting shares	Nature of transaction	Transaction amount	Balance outstanding at year end
Director	Kenji Iino	Directly owns 0.00%	Construction of residence	¥59	—

Policies for terms and conditions of the transaction:
The price of residence is determined in reference to market prices.

26. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2016, 2015 and 2014 are as follows:

	Millions of yen			Thousands of U.S. dollars (See Note 1)
	2016	2015	2014	2016
Loans guaranteed	¥31,826	¥24,665	¥26,535	\$282,446

It had been presumed that some of the foundation piles, part of a building's substructure, were faulty on condominiums located in the city of Yokohama that were sold by Mitsui Fudosan Residential Co. Ltd. ("MFR"), the Company's consolidated subsidiary. On April 11, 2016, MFR received a report confirming that a portion of the piling used in construction failed to reach the necessary depth from the building contractor, Sumitomo Mitsui Construction Co. Ltd. In addition, on April 28, 2016, MFR received an assessment from the Japan Association for Building Research Promotion, an independent third party, that Sumitomo Mitsui Construction Co. Ltd.'s findings were proper.

On May 8, 2016, MFR executed an agreement with the condominium association, outlining its stance towards corrective measures, including the reconstruction of the condominium complex impacted by faulty installation, as well as compensation and confirming that it would shoulder relevant expenses. The discussions with the

condominium association are ongoing and specific corrective measures have not been determined at this stage. In order to determine and carry out specific corrective measures, a resolution of the condominium association needs to be passed in accordance with the provisions stipulated under the Act on Building Unit Ownership, and other conditions need to be met. While MFR will lodge a claim for compensation based on studies implemented to clarify the causes of the defect as well as remedial cost with the construction company and other relevant parties who have defect liabilities based on the construction contract, efforts to determine the causes behind the faulty installation are still ongoing.

Depending on the flow of future events, any incidents of expenditure may impact the consolidated results of the Company and its consolidated subsidiaries. At this stage, however, it is difficult to provide a reasonable estimate of any such impact.

27. SUBSEQUENT EVENTS

There were no applicable items under this category.

INDEPENDENT AUDITOR'S REPORT**Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui Fudosan Co., Ltd. and its consolidated subsidiaries as at March 31, 2016, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG ARSA LLC

June 29, 2016
Tokyo, Japan

MAJOR PROPERTIES

1 LEASING SEGMENT

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

1) Properties

Mitsui Fudosan Co., Ltd.	Mitsui Main Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 7 floors above ground 2 basement floors	Mar. 1929	32,245	14,256	2,779	122,472	18	46	163,571
	Mitsui Building No. 2 (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 3 basement floors	Feb. 1985	26,490						
	Nihonbashi Mitsui Tower (Chuo Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 39 floors above ground 4 basement floors	Jul. 2005	133,727						
	Muromachi Higashi Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 22 floors above ground 4 basement floors	Oct. 2010	40,363	2,454	11,924	25,088	424	37,437	
	Muromachi Furukawa Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility, Residential	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 22 floors above ground 4 basement floors	Feb. 2014	25,439 ¹	1,534 ¹	6,285	7,487	389	14,162	
	Muromachi Chibagin Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 17 floors above ground 4 basement floors	Feb. 2014	13,380 ¹	771 ^{1, 2}	3,305	8,398	231	11,935	
Mitsui Fudosan Co., Ltd. T Tower Corporation	Nihonbashi 1-Chome Mitsui Building (Chuo Ward, Tokyo)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 4 basement floors	Jan. 2004	98,063	8,185	16,165	58,848	247	75,261	
Mitsui Fudosan Co., Ltd. Lotus Estate Co., Ltd.	Nihonbashi Astellas Mitsui Building (Chuo Ward, Tokyo)	Office	Steel construction / reinforced concrete structure / steel-reinforced concrete structure 17 floors above ground 2 basement floors	Jan. 2013	26,516	2,364	5,758	18,843	235	24,836	
Mitsui Fudosan Co., Ltd.	Yaesu Mitsui Building (Chuo Ward, Tokyo)	Office	Steel-reinforced concrete structure 10 floors above ground 3 basement floors	Jun. 1965	22,520 ¹	1,865 ^{1, 2}	1,051	15,811 ²	42	16,906	
	Kojun Building (Chuo Ward, Tokyo)	Retail facility	Steel-reinforced concrete structure 10 floors above ground 2 basement floors	Sep. 2004	13,662 ¹	1,316 ¹	2,552	7,832	38	10,423	
	Sumitomo Mitsui Banking Corporation Head Office Building (Chiyoda Ward, Tokyo)	Office	Steel construction 23 floors above ground 4 basement floors	Jul. 2010	80,047	5,430	19,227	89,148	227	108,603	
	Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 36 floors above ground 3 basement floors	Apr. 1968	145,494 ¹	8,264 ^{1, 2}	16,686	1,356 ²	891	18,934	
	Shin-Kasumigaseki Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 20 floors above ground 3 basement floors	Feb. 1987	14,895 ¹	2,891 ¹	1,359	16,597	4	17,961	
	Toranomon Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 14 floors above ground 2 basement floors	Sep. 1972	23,606	3,264	1,541	32,292	26	33,860	
	Marunouchi Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Feb. 1981	20,373	1,851	3,233	23,690	43	26,966	
	Jimbocho Mitsui Building (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 23 floors above ground 2 basement floors	Mar. 2003	45,125 ¹	4,171 ¹	12,616	25,165	84	37,866	

Mitsui Fudosan Co., Ltd.	Gran Tokyo North Tower (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Oct. 2007	82,001 ¹	3,723 ¹	16,336	43,778	291	60,407
	Gran Tokyo South Tower (Chiyoda Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 42 floors above ground 4 basement floors	Feb. 2013	18,202 ¹	921 ¹	6,569	26,890	31	33,491
	Iidabashi Grand Bloom (Chiyoda Ward, Tokyo)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 30 floors above ground 2 basement floors	Jun. 2014	89,282 ¹	7,965 ¹	25,979	74,181	1,083	101,244
Chorus Property	Aoyama OM-SQUARE (Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 25 floors above ground 3 basement floors	Jul. 2008	14,603 ¹	2,040 ¹	2,985	8,903	62	11,950
Mitsui Fudosan Co., Ltd.	Shiodome City Center (Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 43 floors above ground 4 basement floors	Jan. 2003	15,775 ¹	1,322 ¹	2,204	9,468	9	11,681
	Celestine Shiba Mitsui Building (Minato Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) 17 floors above ground 2 basement floors	Apr. 2002	18,967 ¹	2,431 ¹	2,797	8,777	75	11,651
Mitsui Fudosan Co., Ltd. RP Beta Tokutei Mokuteki Kaisha RP Gamma Tokutei Mokuteki Kaisha RP Eta Tokutei Mokuteki Kaisha RP Delta Tokutei Mokuteki Kaisha RP Epsilon Tokutei Mokuteki Kaisha	Tokyo Midtown (Minato Ward, Tokyo)	Office, Retail facility, Residential	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 54 floors above ground 5 basement floors	Jan. 2007	281,901 ¹	34,465 ¹	52,291	148,163	1,923	202,378
Mitsui Fudosan Co., Ltd.	Gate City Ohsaki (Shinagawa Ward, Tokyo)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 24 floors above ground 4 basement floors	Jan. 1999	33,633 ¹	5,393 ¹	6,372	13,376	106	19,855
	Shinjuku Mitsui Building (Shinjuku Ward, Tokyo)	Office	Steel construction / reinforced concrete structure (portion) 55 floors above ground 3 basement floors	Sep. 1974	179,697	14,449	16,751	186,668	726	204,147
	Urban Dock LaLaport TOYOSU (Koto Ward, Tokyo)	Retail facility	Steel construction / steel-reinforced concrete structure (portion) 5 floors above ground 1 basement floor	Aug. 2006	164,525	67,499 ²	7,293	19,772	859	27,925
	LAZONA Kawasaki (Kawasaki City, Kanagawa Prefecture)	Retail facility	Steel construction / reinforced concrete structure (portion) 6 floors above ground 1 basement floor	Sep. 2006	69,081 ¹	72,013 ²	3,621	26,022	237	29,881
	Yokohama Mitsui Building (Yokohama City, Kanagawa Prefecture)	Office	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 30 floors above ground 2 basement floors	Feb. 2012	90,356	7,799	21,208	7,331	1,088	29,628
	Mitsui Fudosan Co., Ltd. Kamoi Properties Co., Ltd.	LaLaport YOKOHAMA (Yokohama City, Kanagawa Prefecture)	Retail facility	Steel construction 6 floors above ground 1 basement floor	Feb. 2007	244,154	102,002	12,680	17,073	519

MAJOR PROPERTIES

Mitsui Fudosan Co., Ltd.	LaLaport Ebina (Ebina City, Kanagawa Prefecture)	Retail facility	Steel construction 4 floors above ground	Oct. 2015	121,127	32,942 ²	15,734	—	1,071	16,805
	LaLaport Mitsui Building (Funabashi City, Chiba Prefecture)	Office	Steel-reinforced concrete structure / partial steel construction 14 floors above ground 1 basement floor	Jun. 1988	23,558		1,953		30	
	LaLaport TOKYO-BAY (Funabashi City, Chiba Prefecture)	Retail facility	Reinforced concrete structure / partial steel construction / steel-reinforced concrete structure (portion) 10 floors above ground 1 basement floor	Apr. 1981	280,529	157,850	23,018	48,919	2,170	76,092
	GATE SQUARE (Kashiwa City, Chiba Prefecture)	Office, Retail facility, Residential	Shop & Office Steel-reinforced concrete structure 7 floors above ground 1 basement floor Hotel & Residence Reinforced concrete structure 14 floors above ground 1 basement floor	Apr. 2014	48,166	20,871	10,418	4,858	1,304	16,581
	LaLaport FUJIMI (Fujimi City, Saitama Prefecture)	Retail facility	Retail Steel construction 4 floors above ground Parking Tower Steel construction 5 floors above ground	Feb. 2015	183,858	152,055	22,687	10,360	1,852	34,899
	Nagoya Mitsui Building Main Building (Nagoya City, Aichi Prefecture)	Office	Steel construction 18 floors above ground 2 basement floors	Mar. 1987	31,257	3,526	2,695	9,875	64	12,635
	Otemachi Tatemono Nagoya Station Building (Nagoya City, Aichi Prefecture)	Office, Retail facility	Steel-reinforced concrete structure 11 floors above ground 2 basement floors	Aug. 2007	37,834	2,976	338	14,242	3	14,584
	Nakanoshima Mitsui Building (Osaka City, Osaka Prefecture)	Office	Steel construction / steel-reinforced concrete structure (portion) 31 floors above ground 2 basement floors	Aug. 2002	71,269	4,456	9,397	12,131	353	21,882
	Yodoyabashi Mitsui Building (Osaka City, Osaka Prefecture)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 16 floors above ground 3 basement floors	Mar. 2008	38,838 ¹¹	3,087 ¹¹	6,534	14,556	136	21,228
	Midosuji Mitsui Building (Osaka City, Osaka Prefecture)	Office	Steel-reinforced concrete structure 12 floors above ground 3 basement floors	Dec. 1976	28,715	2,724	5,068	15,060	41	20,170
	EXPOCITY (Suita City, Osaka Prefecture)	Retail facility	Steel construction 1-3 floors above ground	Nov. 2015	222,506	172,240 ²	24,409	—	3,871	28,281
	MITSUI OUTLET PARK MARINE PIA KOBE (Kobe City, Hyogo Prefecture)	Retail facility	Factory Outlet Steel construction 3 floors above ground Annex Steel construction 2 floors above ground	Jul. 1999	61,961	78,205	1,840	11,096	962	13,899
	MITSUI OUTLET PARK SHIGA RYUO (Gamo-gun, Shiga Prefecture)	Retail facility	1st Stage Steel construction 2 floors above ground 2nd Stage Steel construction 3 floors above ground	Jul. 2010	91,831	174,231 ²	7,054	2,550 ²	1,616	11,221
	Sapporo Mitsui JP Building (Sapporo City, Hokkaido)	Office, Retail facility	Steel construction / steel-reinforced concrete structure (portion) / reinforced concrete structure (portion) 20 floors above ground 3 basement floors	Aug. 2014	47,714 ¹¹	3,861 ¹¹	11,691	6,707	363	18,763
Mitsui Fudosan America, Inc. (Overseas subsidiary)	1251 Avenue of the Americas (New York City, New York, U.S.A.)	Office	Steel construction 54 floors above ground 4 basement floors	Dec. 1986	215,308	9,232	38,538	27,203	15	65,757
	527 Madison Avenue (New York City, New York, U.S.A.)	Office	Steel construction 26 floors above ground 1 basement floor	Sep. 2008	19,472	1,082	16,596	13,283	—	29,879
	1200 17th Street (Washington D.C., U.S.A.)	Office	Steel construction 11 floors above ground 2 basement floors	Sep. 2014	21,658 ¹	1,550	5,784	5,729	35	11,549
	Homer Building (Washington D.C., U.S.A.)	Office	Steel construction 12 floors above ground 5 basement floors	Jan. 2012	45,699	4,024 ²	31,502	4,790 ²	—	36,292

Mitsui Fudosan (U.K.) Ltd. (Overseas subsidiary)	5 Hanover Square (London, U.K.)	Office	Steel construction 7 floors above ground 1 basement floor	Mar. 2012	7,957	1,122	4,393	10,866	1,067	16,327
	70 Mark Lane (London, U.K.)	Office	Steel construction / reinforced concrete structure (portion) 16 floors above ground 1 basement floor	Nov. 2014	23,217	1,664 ²	9,449	4,486 ²	5,457	19,394
	8-10 Moorgate (London, U.K.)	Office	Steel construction / reinforced concrete structure (portion) 9 floors above ground 1 basement floor	May 2014	16,750	2,040 ²	5,725	6,740 ²	3,293	15,759

2) Others

Mitsui Fudosan Co., Ltd., M3 Real Estate Co., Ltd., Murosano Real Estate Co., Ltd.	Chuo Ward, Tokyo Land	Planned construction site	—	—	3,643	—	54,421	—	54,421
Mitsui Fudosan Co., Ltd.	Yurakucho, Chiyoda Ward, Tokyo Land	Planned construction site	—	—	10,702	—	121,375	—	121,375
	Otemachi, Chiyoda Ward, Tokyo Land	Planned construction site	—	—	6,752	—	156,246	—	156,246
	Funabashi City, Chiba Prefecture Land	Lot for rent	—	—	216,006 ²	—	10,840 ²	16	10,860
Mitsui Fudosan America, Inc. (Overseas subsidiary)	New York City, New York, U.S.A. Land	Planned construction site	—	—	3,347 ¹	—	52,674	—	52,674
Mitsui Fudosan (U.K.) Ltd. (Overseas subsidiary)	London, U.K. Land	Planned construction site	—	—	3,925 ²	—	15,020 ²	—	15,020

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

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

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

2 OTHERS

Company Name	Property Name (Location)	Type of Property	Structure and Scale	Date of Construction Completion / Acquisition	Total Floor Area (m ²)	Total Land Area (m ²)	Book Value (Millions of Yen)			
							Building	Land	Other	Total
Mitsui Fudosan Co., Ltd.	Mitsui Garden Hotel	Hotel	—	—	130,279 ¹¹	19,562 ^{11, 12}	15,882	14,109 ²	874	30,865
Mitsui Fudosan Hotel Management Co., Ltd.	Ginza Premier									
Hotel Management Co., Ltd.	Other domestic hotels in 11 locations									
MITSUI FUDOSAN AMERICA, INC. (Overseas subsidiary)	Halekulani	Hotel	—	—	77,172	20,927 ²	7,390	2,963 ²	1,502	11,856
Mitsui Fudosan Co., Ltd.	Mitsui Fudosan Golf Properties Co., Ltd.	Golf course	—	—	32,057	6,896,415 ²	1,790	5,399 ²	7,386	14,576
Mitsui Fudosan Golf Properties Co., Ltd.	Mitsuiinomorikaruizawa Country Club									
Nippon Midori Development Co., Ltd.	Six other locations									
Kyusin Kaihatsu Inc.										
Mitsui Fudosan Co., Ltd.	Tsunamachi Mitsui Club (Minato Ward, Tokyo)	State guest house	Floors: reinforced concrete structure Walls: masonry construction 2 floors above ground 1 basement floor	Feb. 1913	5,427	28,563	971	23,571	220	24,763

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

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

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

DOMESTIC AND OVERSEAS NETWORKS

DOMESTIC NETWORK

Head Office

1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-0022
Tel: +81-3-3246-3131

Branch Offices

Kansai Head Office

Midosuji Mitsui Building
1-3, Bingo-machi 4-chome, Chuo-ku, Osaka-shi,
Osaka 541-0051
Tel: +81-6-6205-6701

Kyoto Branch

Kyoto Mitsui Building
8 Naginataboko-cho, Shijodori-Karasuma, Higashiiru,
Shimogyo-ku, Kyoto-shi, Kyoto 600-8008
Tel: +81-75-255-4733

Hokkaido Branch

Sapporo Mitsui JP Building
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Hokkaido 060-0002
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Tohoku Branch

Sendai Honcho Mitsui Building
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Tel: +81-22-711-1131

Chiba Branch

Chiba Chuo Twin Building No.1
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Yokohama Mitsui Building
1-2, Takashima 1-chome, Nishi-ku, Yokohama-shi,
Kanagawa 220-0011
Tel: +81-45-680-5711

Chubu Branch

Nagoya Mitsui Main Building
24-30, Meieki Minami 1-chome, Nakamura-ku, Nagoya-shi,
Aichi 450-0003
Tel: +81-52-586-1767

Chugoku Branch

Nakamachi Mitsui Building
9-12, Nakamachi, Naka-ku, Hiroshima-shi,
Hiroshima 730-0037
Tel: +81-82-240-1111

Kyushu Branch

Hakata Mitsui Building
10-1, Kami Gofuku-machi, Hakata-ku, Fukuoka-shi,
Fukuoka 812-0036
Tel: +81-92-271-3871

OVERSEAS NETWORK

Mitsui Fudosan America, Inc.

1251 Avenue of the Americas, Suite 800
New York, NY 10020, U.S.A.
Tel: 1-212-403-5600

Mitsui Fudosan America, Inc. San Francisco Branch

100 First Street, Suite 2350
San Francisco, CA 94105, U.S.A.
Tel: 1-415-840-2500

Halekulani Corporation

2222 Kalakaua Avenue, Suite 900
Honolulu, HI 96815, U.S.A.
Tel: 1-808-526-1186

Mitsui Fudosan (U.K.) Ltd.

7th Floor, Berger House, 38 Berkeley Square London,
W1J 5AE, United Kingdom
Tel: 44-20-7318-4370

Mitsui Fudosan (Asia) Pte. Ltd.

16 Raffles Quay, #37-01 Hong Leong Building,
Singapore 048581
Tel: 65-6220-8158

Mitsui Fudosan (Asia) Pte. Ltd. Malaysia Branch

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No.1, Jalan P.Ramlee, 50250 Kuala Lumpur, Malaysia
Tel: 60-3-2022-1116

Mitsui Fudosan (Asia) Pte. Ltd. Taipei Branch

15F, No.18, Nanjing East Road, Sec.4,
Taipei, 10553, Taiwan
Tel: 886-2-2570-7665

Mitsui Fudosan (Shanghai) Consulting Co., Ltd.

Unit 2112, One ICC, Shanghai International Commerce Center,
999 Middle Huaihai Road Xuhui District Shanghai, 200031, China
Tel: 86-21-5396-6969

Mitsui Fudosan Consulting (Beijing) Co., Ltd.

17th Floor, Unit 17, China World Office 1,
No.1 Jianguomenwai Avenue, Beijing, 100004, China
Tel: 86-10-6505-3101

Mitsui Fudosan Consulting (Guangzhou) Co., Ltd.

Room 1405, R&F CENTRE, No.10,
Huaxia Road, Zhujiang New town, Guangzhou,
510623, China
Tel: 86-20-2802-3188

Mitsui Fudosan Co., Ltd. Hong Kong Branch

Level 3, Three Pacific Place,
1 Queen's Road East, Admiralty, Hong Kong
Tel: 852-2855-6951

CORPORATE DATA/SHAREHOLDERS' INFORMATION

(Parent company; as of March 31, 2016)

Corporate Data

Mitsui Fudosan Co., Ltd.

Head Office:

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

Date of Establishment:

July 15, 1941

Capital:

¥339,766 million

Listing:

Tokyo Stock Exchange (Ticker: 8801)

Number of Shares:

Authorized: 3,290,000,000

Issued and outstanding: 991,424,727

Number of Shareholders:

30,568

Transfer Agent:

Sumitomo Mitsui Trust Bank, Limited

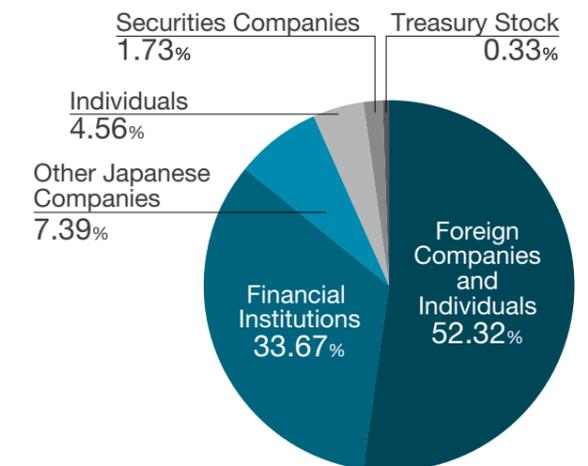
Number of Employees:

1,332 (Consolidated 17,205)

Website:

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

Shareholder Composition (Shareholding Ratio)



Status of Large Shareholders

Shareholder	Number of Shares Held (Thousands)	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust account)	73,642	7.43
Japan Trustee Services Bank, Ltd. (Trust account)	65,913	6.65
The Bank of New York Mellon SA/NV 10	25,412	2.56
State Street Bank and Trust Company 505223	19,929	2.01
State Street Bank and Trust Company	19,726	1.99
Sumitomo Mitsui Banking Corporation	18,546	1.87
State Street Bank West Pension Fund Clients – Exempt 505233	15,720	1.59
State Street Bank West Client-Treaty 505234	15,629	1.58
JP MORGAN CHASE BANK 385628	14,887	1.50
THE BANK OF NEW YORK, NON-TREATY. JASDEC ACCOUNT	14,059	1.42
Total	283,465	28.59

Monthly Stock Data (TSE)



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