

Q&A following the results announcement for the fiscal year ending March 2014

Q : How sustainable is the 8% margin for Property Sales to Individuals in FY March 2015? How is the progress in evolving the housing business in the Property Sales to Individuals business?

A : In our Long-Term Business Plan "Innovation 2017", we set an operating income margin target of 8% in the year ending March 2018 for the Property Sales to Individuals business. However, we are now expecting to achieve that target in the year ending March 2015. This does not mean that we are satisfied with this level. If the current robust market conditions continue, we would like to target double digit margins.

One of our responses to our customers becoming more mature is the in evolving the housing business in the Property Sales to Individuals business, and and we will work on further diversifying our services through "Mitsui-housing LOOP". Another measure is the "Mitsui-housing Mall", through which we are offering one-stop services in the Property Sales to Individuals business by the entire Mitsui Fudosan Group. Both measures have received positive recognition from our customers. By further strengthening both measures, we would like to evolve our business model into one where we respond to the maturing needs of our customers and enjoy the returns.

Q : You are making progress in your investments in global operations, but are you already generating profits from these investments?

A : We are making steady progress in our investments in our global operations. In the Western markets, where we are pursuing development projects which have higher barriers to entry compared to cash-generating properties, we are progressing as planned in securing competent partners with development capabilities, as well as expanding our business areas. For our China operations, we are taking a cautious stance for new investments, in consideration of the situation in the political field and the real estate market. As for the rest of Asia, our outlet mall developments in Kuala Lumpur and Taiwan are going well and are being well-received by our tenants. Sales are robust in our Property Sales to Individuals business in Malaysia, Indonesia and Thailand. However, Asia (excluding China) also has its political and economic risk factors, and we are currently assessing how much we can make up for the lack of progress in China through our South East Asian operations.

Q : Your actual D/E ratio is already below 1 times, and you seem to have sufficient room

for investments. In terms of your future cash usage, are you planning to accelerate your investments, or will you strengthen your shareholder return?

A : We believe that tight financial market pose good opportunities for buying real estate.

In order to be able to raise financing at such times, our financial status is extremely important, and we will continue to improve it. There is a currently a lot of price competition in the real estate transaction market, and it is difficult to accelerate our investments in assets to be turned over.

As for our shareholder return, we will continue to think from a comprehensive perspective. We will balance indirect returns by making new investments and increasing our corporate value, and direct returns through increasing dividend payout, etc.

Q : You seem to have sufficient inventory and unrealized gain in your Property Sales to Investors business. Are you planning to continue increasing your profits from the next fiscal year onwards?

A : That could be the case if the current situation in the real estate market continues.

However, there is a lot of volatility in the real estate investment market, and it is also important to sell properties at the right time. Moreover, selling cash generating properties entails a decline in leasing income, so we believe it is important to maintain a balance between Holding, Trading and Management when we set our sales plans.

Q : As you increase your office floor space in Nihonbashi, what level of rents will you set? Together with high rents, are you also thinking of setting rents flexibly, to match the specifications of each building?

A : In the Nihonbashi and Yaesu area, we are developing multi-purpose properties, which include office, retail, entertainment, hotel and residential, instead of just focusing on offices. Therefore, not all of the rent we collect will be office rent, and we will also consider revenues from residential properties for lease as well as retail facilities in our redevelopments.

Q : What do you have in mind in relation to "Reenergizing Industry" in Nihonbashi? What do you think is needed to turn Tokyo into Asia's headquarters, in terms of taxation schemes, etc.?

A : There is a strong concentration of pharmaceutical manufacturers in Nihonbashi. We are aiming to incubate various new industries related to life science, and are

expecting to have NGO's and medical departments of universities move in, which will help connect the business, government and academic worlds. Moreover, foreigners who come to Japan with their families will need a place for the mother to work, international schools for their children, English-speaking clinics as well as banks where they can withdraw deposits, and we will always consider these needs as we develop the area.

Q : Are you thinking of demolishing your existing offices and converting them into condominiums etc.?

A : There is currently a clear bifurcation in office locations. There are several properties for which we have included conversions and rebuilding as one of the options in our development plan.

Q : How much profit are you expecting, and what business opportunities do you see in the electricity business?

A : We are planning to conduct the electricity supply business in Nihonbashi and several other locations in Tokyo. As of today, we position this business as one of the ways we add value when creating neighborhoods. The megasolar business is starting to generate revenues, but there are uncertainties such as the future stability of government policies, and we are not ready to set future plans yet. We believe one of the issues we need to work on is determining how to position the electricity-related businesses in our overall business strategy.