

FACT BOOK

For the Three Months Ended June 30, 2016

August 4, 2016



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

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

Corporate Data

(As of June 30, 2016)

Head Office:

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

Date of Establishment:

July 15, 1941

Share Capital:

¥339,766 million

Number of Issued and Outstanding Shares:

991,424,727

Stock Exchange Listings:

Tokyo (Code: 8801)

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Forward-Looking Statements

In this Fact Book, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks and uncertainties related to internal and external factors that may cause actual results and achievements to differ from those anticipated in these statements. Therefore, we do not advise potential investors to base investment decisions solely on this Fact Book.

CONSOLIDATED BUSINESS OVERVIEW

Results of Operations

	Three Months Ended June 30		Change
	2016	2015	
	(¥ millions)		
Revenue from Operations	¥356,470	¥357,655	¥(1,184)
Leasing	130,982	120,907	10,074
Property Sales	83,352	100,966	(17,613)
Management	82,088	78,342	3,745
Mitsui Home	42,231	39,564	2,667
Other	17,815	17,874	(58)
Operating Income	47,581	52,136	(4,554)
Leasing	36,031	31,217	4,813
Property Sales	12,062	20,405	(8,342)
Management	10,385	12,147	(1,762)
Mitsui Home	(4,483)	(5,410)	927
Other	1,445	1,340	105
Elimination or Corporate	(7,859)	(7,562)	(296)
Non-Operating Income/Expenses	(2,461)	(2,099)	(362)
Equity in Net Income/Loss of Affiliated Companies	790	1,494	(704)
Interest Income/Expense, in Net	(6,196)	(6,080)	(116)
Other, in Net	2,944	2,486	458
Ordinary Income	45,119	50,036	(4,917)
Extraordinary Gains/Losses	-	-	-
Extraordinary Gains	-	-	-
Extraordinary Losses	-	-	-
Income before Income Taxes	45,119	50,036	(4,917)
Income Taxes	11,720	15,907	(4,187)
Profit	33,399	34,129	(729)
Profit (Loss) Attributable to Non-Controlling Interests	(865)	(1,389)	523
Profit Attributable to Owners of Parent	¥34,264	¥35,518	¥(1,253)

◆ Overview

● In the three-month period under review, revenue and earnings improved in the “Leasing” segment. This was mainly due to the full-term contributions from office buildings and retail facilities that were completed and came into operation during the previous fiscal year, and the increase in revenue from existing office buildings. In the “Property Sales” segment, the Company recorded a decrease in the reported number of units in the “Property Sales to Individuals” category. Earnings, however, increased on the back of an improvement in profit margins. Revenue and earnings declined in the “Property Sales to Investors” category. This largely reflected corrections in response to the concentrated sale of properties during the corresponding period of the previous fiscal year. Accounting for each of these factors, revenue from operations edged down ¥1.1 billion, or 0.3% year on year, to ¥356.4 billion; operating income decreased ¥4.5 billion, or 8.7%, to ¥47.5 billion; ordinary income declined ¥4.9 billion, or 9.8%, to ¥45.1 billion; and profit attributable to owners of parent fell ¥1.2 billion, or 3.5%, to ¥34.2 billion. The Company is making steady progress toward achieving its forecasts for the full fiscal year.

Progress Comparison with Full Year Forecasts

	(¥ millions)		
	Three Months Ended June 30, 2016	Year to March 2017 (Forecast as of May 10, 2016)	3-Month Results/Full-Year Forecast (%)
Revenue from Operations	¥356,470	¥1,750,000	20.4
Operating Income	47,581	220,000	21.6
Ordinary Income	45,119	198,000	22.8
Profit Attributable to Owners of Parent	34,264	125,000	27.4

Extraordinary Gains/Losses

(¥ millions)	
Extraordinary Gains	-
Extraordinary Losses	-

Consolidated Statements of Comprehensive Income

	(¥ millions)	
	Three Months Ended June 30	
	2016	2015
Profit	¥33,399	¥34,129
Other Comprehensive Income	(48,551)	(18,248)
Valuation Difference on Available-For-Sale Securities	(32,019)	(14,558)
Deferred Gains or Losses on Hedges	(155)	1
Revaluation Reserve for Land	-	343
Foreign Currency Translation Adjustment	(13,966)	(1,625)
Remeasurements of Defined Benefit Plans, Net of Tax	440	16
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(2,850)	(2,425)
Comprehensive Income	¥(15,151)	¥15,880
(Comprehensive Income Attributable to Owners of the Parent)	(14,135)	17,419
(Comprehensive Income Attributable to Non-Controlling Interests)	(1,016)	(1,538)

【Reference】 Nonconsolidated Operating Income/Expenses (Mitsui Fudosan)

		(¥ millions)		Change
		Three Months Ended June 30		
		2016	2015	
Revenue from Operations	Leasing	¥124,673	¥116,926	¥7,746
	Property Sales	9,763	17,344	(7,580)
	Other	7,396	17,230	(9,833)
	Total	141,833	151,501	(9,667)
Gross Profit Margin (%)	Leasing	21.4	19.8	1.6pt
	Property Sales	12.8	28.3	(15.5)pt
	Other	42.7	73.0	(30.3)pt
Operating Income		¥24,159	¥34,304	¥(10,144)

SEGMENT RESULTS

[1] LEASING

	Three Months Ended June 30		Change
	2016	2015	
Revenue from Operations	¥130,982	¥120,907	¥10,074
Operating Income	36,031	31,217	4,813

	Year to March 2017 (Forecast as of May 10, 2016)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥544,000	24.1	¥509,178
Operating Income	131,000	27.5	124,112

● For the three-month period under review, revenue from operations rose ¥10.0 billion compared with the corresponding period of the previous fiscal year, and operating income increased ¥4.8 billion year on year. This growth in revenue and earnings was mainly due to the full-term contributions from office buildings and retail facilities that were completed and came into operation during the previous fiscal year, and the increase in revenue from existing office buildings.

● 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 June 30, 2016.

Leased Floor Space

		At June 30		Change		
		2016	2015			
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥73,642	¥71,370	¥2,272	
		Retail Facilities	53,161	46,202	6,959	
	Total Leased Floor Space (1,000 m ²):		4,816	4,585	231	
		Office Buildings	Owned	1,625	1,639	(14)
			Managed	1,170	1,156	14
	Retail Facilities	Owned	1,492	1,321	171	
		Managed	529	469	59	
Other	Revenue		4,177	3,334	842	
Total Revenue			¥130,982	¥120,907	¥10,074	

Vacancy Rate

	6/2016	3/2016	3/2015	3/2014	3/2013
Consolidated					
Office Buildings and Retail Facilities (including overseas)	2.3	2.2	3.2	3.5	3.3
Non-consolidated					
Tokyo Metropolitan Area Office Buildings	2.6	2.6	3.2	3.3	3.8
Regional Area Office Buildings	3.2	3.1	4.1	4.3	5.3

Major Projects during the Period (three-month total)

(NEWLY OPENED)

MITSUI OUTLET PARK LINKOU (New Taipei City, Taiwan)	Retail facility opened in January 2016
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(FULL-TERM CONTRIBUTION)

OSAKI BRIGHT TOWER (Shinagawa-ku, Tokyo)	Office building completed in April 2015
OSAKI BRIGHT CORE (Shinagawa-ku, Tokyo)	Office building completed in April 2015
LaLaport FUJIMI (Fujimi, Saitama)	Retail facility opened in April 2015
MITSUI OUTLET PARK KLIA SEPANG (Selangor, Malaysia)	Retail facility opened in May 2015
MITSUI OUTLET PARK HOKURIKU OYABE (Oyabe, Toyama)	Retail facility opened in July 2015
LaLaport EBINA (Ebina, Kanagawa)	Retail facility opened in October 2015
EXPOCITY (Suita, Osaka)	Retail facility opened in November 2015
LaLaport TACHIKAWA TACHIHI (Tachikawa, Tokyo)	Retail facility opened in December 2015

[Reference] Non-consolidated Results

(Revenue from operations)

- Newly on-stream and full-term contribution projects: ¥7.3 billion year-on-year increase in revenue
- Existing properties: ¥2.3 billion year-on-year increase in revenue
- Shifting and terminations: ¥1.9 billion year-on-year decrease in revenue

Breakdown of Leasing Operations (Nonconsolidated)

		At June 30					
		2016		2015		2015	
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	134	135	102	104	32	31
	Leased Floor Space (1,000m ²)	2,574	2,554	2,245	2,227	329	327
	Leasing Revenue (¥ millions)	66,326	64,468	61,004	59,278	5,321	5,189
	Vacancy Rate (%)	2.7	4.0	2.6	4.0	3.2	4.2
Retail Facilities	Number of Buildings	77	73	53	52	24	21
	Leased Floor Space (1,000m ²)	1,960	1,753	1,287	1,193	674	560
	Leasing Revenue (¥ millions)	51,606	46,158	35,900	33,553	15,706	12,604
	Vacancy Rate (%)	0.8	0.6	0.8	0.6	0.7	0.7

[2] PROPERTY SALES

(¥ millions)

	Three Months Ended June 30		Change
	2016	2015	
Revenue from Operations	¥83,352	¥100,966	¥(17,613)
Operating Income	12,062	20,405	(8,342)

	Year to March 2017 (Forecast as of May 10, 2016)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥525,000	15.9	¥391,577
Operating Income	60,000	20.1	44,525

● For the three-month period under review, in "Property Sales to Individuals" category, the reported number of units decreased. Earnings, on the other hand, increased on the back of improvements in profit margins. In the "Property Sales to Investors" category, both revenue and earnings declined. This largely reflected corrections in response to the concentrated sale of properties during the corresponding period of the previous fiscal year. Accordingly, overall revenue from operations in this segment edged down ¥17.6 billion compared with the corresponding period of the previous fiscal year, and operating income fell ¥8.3 billion year on year.

● In newly constructed condominiums, the Company's contract rate as of June 30, 2016, was 77% of the 5,450 units projected for the year, compared with 92% as of June 30, 2015.

Major Projects Undertaken during the Period (three-month total)

Park Mansion Mita Tsunamachi the Forest (Minato-ku, Tokyo)	Condominiums
Park Court Akasaka Sakurazaka (Minato-ku, Tokyo)	Condominiums
GLOBAL FRONT TOWER (Minato-ku, Tokyo)	Condominiums
Park Homes Shiki the Residence (Shiki, Saitama)	Condominiums
Park Luxe Ginza mono (Chuo-ku, Tokyo)	Condominiums
Fine Court Todoroki Oukeitei (Setagaya-ku, Tokyo)	Detached Housing

Property Sales to Individuals and Investors

(¥ millions)

		Three Months Ended June 30						Change			
		2016			2015			Revenue	Units	Unit Price (¥10 thousand)	
		Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)				
Property Sales to Individuals	Condominiums	Tokyo Metropolitan Area	¥39,857	494	¥8,068	¥38,419	584	¥6,573	¥1,437	(90)	¥1,495
		Other	2,884	64	4,507	1,957	63	3,130	926	1	1,377
		Subtotal	42,741	558	7,660	40,377	647	6,240	2,364	(89)	1,420
	Detached Housing	Tokyo Metropolitan Area	4,248	71	5,984	7,105	132	5,383	(2,856)	(61)	601
		Other	912	19	4,801	792	11	7,201	119	8	(2,400)
Subtotal		5,160	90	5,734	7,897	143	5,523	(2,736)	(53)	211	
Revenue		47,902	648	7,392	48,274	790	6,110	(371)	(142)	1,282	
Operating Income		6,879		4,119				2,759			
Property Sales to Investors		Revenue		35,450		52,692		(17,241)			
		Operating Income		5,183		16,285		(11,101)			
Total Revenue		83,352		100,966		(17,613)					
Total Operating Income		¥12,062		¥20,405		¥(8,342)					

Inventories (Property Sales to Individuals)

(Units)

	6/2016	3/2016	3/2015	3/2014	3/2013	3/2012
Condominiums	74	88	83	170	223	380
Detached Housing	77	127	100	65	57	24
Total	151	215	183	235	280	404

Contracted for Sale (Property Sales to Individuals)

(Units)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Condominiums	4,304	1,116	5,420	558	4,862	1,017
Detached Housing	34	160	194	90	104	136
Total	4,338	1,276	5,614	648	4,966	1,153

[3] MANAGEMENT

	Three Months Ended June 30		Change
	2016	2015	
Revenue from Operations	¥82,088	¥78,342	¥3,745
Operating Income	10,385	12,147	(1,762)

	Year to March 2017 (Forecast as of May 10, 2016)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥340,000	24.1	¥334,652
Operating Income	52,000	20.0	52,446

● For the three-month period under review, both revenue and earnings increased in the "Property Management" category owing mainly to the increase in the number of consigned properties under management. In the "Brokerage and Asset Management, etc." category, the "Mitsui Rehouse" business (brokerage business for individuals) witnessed an increase in the number of brokerage properties handled. Earnings, on the other hand, declined as a result of such factors as the correction in consignment sales at Mitsui Fudosan Residential Co., Ltd. Accounting for each of these factors, overall revenue from operations in this segment increased ¥3.7 billion compared with the corresponding period of the previous fiscal year, while operating income declined ¥1.7 billion year on year.

		Three Months Ended June 30		Change
		2016	2015	
Property Management	Revenue	¥62,136	¥57,488	¥4,647
	Operating Income	6,871	6,162	708
Brokerage, Asset Management, etc.	Revenue	19,951	20,853	(901)
	Operating Income	3,513	5,984	(2,470)
Total	Revenue	¥82,088	¥78,342	¥3,745
	Operating Income	10,385	12,147	(1,762)

Property Management Business: Car Park Leasing (including "Property Management" category)

	At June 30, 2016		At June 30, 2015		Change
	Transaction Volume	Units	Transaction Volume	Units	
Total Managed Units	200,118		170,594		29,524

Brokerage Business: Mitsui Fudosan Realty (including "Brokerage and Asset Management, etc." category)

	Three Months Ended June 30				Change	
	2016		2015		Transaction Volume	Units
Brokerage	Transaction Volume	Units	Transaction Volume	Units		
	¥346,737	9,348	¥330,680	9,277	¥16,057	71

Note: Above figures for brokerage revenue and units represent the entire Mitsui Fudosan Realty Group, including Rehouse, an equity-method affiliate.

Consignment Sales Business: Mitsui Fudosan Residential (including "Brokerage and Asset Management, etc." category)

	Three Months Ended June 30				Change	
	2016		2015		Transaction Volume	Units
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units		
	¥10,106	125	¥20,299	276	¥(10,194)	(151)

[4] MITSUI HOME, [5] OTHER

[4] MITSUI HOME

	Three Months Ended June 30		Change
	2016	2015	
Revenue from Operations	¥42,231	¥39,564	¥2,667
Operating Income	(4,483)	(5,410)	927

	Year to March 2017 (Forecast as of May 10, 2016)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥249,000	17.0	¥247,455
Operating Income	4,200	-	4,724

● For the three-month period under review, in addition to an increase in the number of houses sold in the "New Construction" category, results were bolstered by an upswing in revenue from the "Reform/Renewal" category. Accordingly, revenue from operations for the segment as a whole was up ¥2.6 billion year on year. The operating loss narrowed ¥0.9 billion due to an improvement in the gross profit margin in the "New Construction" category and other factors.

This segment reported an operating loss because the completion and handover of properties under consignment are concentrated in the fourth quarter.

		Three Months Ended June 30		Change
		2016	2015	
New Construction	Revenue	¥24,953	¥23,736	¥1,216
	Orders	33,225	35,549	(2,324)
Reform/Renewal	Revenue	7,795	6,914	880
	Orders	11,445	8,639	2,805
Lease Management		5,786	5,567	218
Housing-Related Material Sales		3,697	3,345	351
Total Revenue		¥42,231	¥39,564	¥2,667

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.

[5] OTHER

	Three Months Ended June 30		Change
	2016	2015	
Revenue from Operations	¥17,815	¥17,874	¥(58)
Operating Income	1,445	1,340	105

	Year to March 2017 (Forecast as of May 10, 2016)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥92,000	19.4	¥85,104
Operating Income	7,000	20.6	7,163

● For the three-month period under review, trends in the "Hotel" business were robust. As a result, operating income rose ¥0.1 billion compared with the corresponding period of the previous year in the "Other" segment as a whole.

		Three Months Ended June 30		Change
		2016	2015	
Facility Operations		¥13,895	¥13,223	¥672
Other		3,920	4,651	(731)
Total Revenue		¥17,815	¥17,874	¥(58)

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	(¥ millions)		
ASSETS:	June 30, 2016	March 31, 2016	Change
I. Current Assets:	¥1,583,020	¥1,520,585	¥62,434
Cash and Time Deposits	109,047	111,156	(2,109)
Accounts Receivable—Trade	27,219	36,093	(8,874)
Marketable Securities	64	142	(77)
Real Property for Sale (including Advances Paid for Purchases)	1,228,042	1,167,745	60,296
Expenditure on Contracts in Progress	32,663	23,803	8,859
Other Inventories	4,596	4,822	(226)
Short-Term Loans	10,763	8,898	1,864
Equity Investments in Properties for Sale	9,776	10,159	(383)
Deferred Income Taxes	26,020	22,894	3,125
Other	135,095	135,195	(99)
Allowance for Doubtful Accounts	(269)	(327)	57
II. Fixed Assets:	3,763,188	3,853,691	(90,502)
1. Tangible Fixed Assets:	2,887,493	2,902,171	(14,678)
Buildings and Structures	766,431	772,014	(5,583)
Machinery, Equipment and Materials Handling Equipment	34,961	32,367	2,594
Land	1,894,508	1,896,767	(2,259)
Construction in Progress	153,675	162,357	(8,682)
Other	37,917	38,664	(747)
2. Intangible Fixed Assets:	67,113	66,803	310
Tangible and Intangible Fixed Assets:	2,954,606	2,968,975	(14,368)
3. Investments and Other Assets:	808,582	884,716	(76,134)
Investment Securities	588,583	667,832	(79,249)
Long-Term Loans	9,480	7,193	2,287
Lease Deposits	134,116	133,913	203
Net Defined Benefit Asset	1,689	2,186	(496)
Deferred Income Taxes	13,604	12,109	1,494
Deferred Tax Assets on Land Revaluation	2	2	-
Other	63,377	64,020	(642)
Allowance for Doubtful Accounts	(2,272)	(2,542)	269
Total Assets	¥5,346,209	¥5,374,277	¥(28,068)

[Real Property for Sale]

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2016	At March 31, 2016	Change
Mitsui Fudosan Residential	¥451,688	¥458,468	¥(6,780)
Mitsui Fudosan	333,860	317,885	15,975
SPCs Total	267,433	247,199	20,233
Other and Elimination	175,060	144,191	30,868
Consolidated Total	¥1,228,042	¥1,167,745	¥60,296

(¥ millions)					
(b) Accounts of Real Property for Sale					
Three Months Ended June 30	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2016	¥1,167,745	¥135,134	¥(61,750)	¥(13,087)	¥1,228,042
2015	¥1,031,080	¥117,881	¥(70,997)	¥(3,077)	¥1,074,887

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥14.8 billion for the three-month period under review.
* New investments include the increase in real property for sale at subsidiaries in which the Company invested during the period.

[Tangible and Intangible Assets]

The consolidated balance of tangible and intangible fixed assets stood at ¥2,954.6 billion as of June 30, 2016, down ¥14.3 billion compared with the end of the previous fiscal year. While the Group undertook new investments such as the OH-1 Project and the Hibiya Project by Mitsui Fudosan as well as the Fifty Five Hudson Yards by Mitsui Fudosan America Group, this decrease reflected the depreciation and the impact of foreign currency exchange rates at overseas subsidiaries.

(Foreign currency exchange rates:
¥112.68:US\$1 as of June 30, 2016, ¥120.61:US\$1 as of March 31, 2016; ¥161.92:£1 as of June 30, 2016, ¥178.78:£1 as of March 31, 2016)

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2016	At March 31, 2016	Change
Mitsui Fudosan	¥2,293,958	¥2,295,118	¥(1,160)
SPCs Total	231,313	232,020	(706)
Mitsui Fudosan America Group	209,472	219,708	(10,236)
Mitsui Fudosan UK Group	72,639	77,171	(4,531)
Mitsui Home Group	27,790	27,754	35
Other and Elimination	119,432	117,201	2,230
Consolidated Total	¥2,954,606	¥2,968,975	¥(14,368)

Above figures include revaluation reserve for land.

(¥ millions)					
(b) Accounts of Tangible and Intangible Fixed Assets					
Three Months Ended June 30	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2016	¥2,968,975	¥25,905	¥(17,253)	¥(23,020)	¥2,954,606
2015	¥2,788,633	¥40,179	¥(15,588)	¥(6,960)	¥2,806,264

* New investments include the increase in tangible and intangible fixed assets at subsidiaries in which the Company invested during the period.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	June 30, 2016	March 31, 2016	Change
I. Current Liabilities:	¥871,451	¥840,656	¥30,794
Accounts Payable—Trade	58,237	95,876	(37,638)
Short-Term Debt	267,378	240,979	26,399
Commercial Paper	167,000	109,000	58,000
Bond Redeemable Within One Year	81,842	54,842	27,000
Income Taxes Payable	10,622	27,495	(16,873)
Advances from Contracts in Progress	23,960	18,489	5,470
Allowance for Completed Project Indemnities	1,189	1,244	(54)
Allowance for Possible Guarantee Losses	30	115	(85)
Deferred Income Taxes	1,602	1,170	432
Other	259,587	291,443	(31,856)
II. Long-Term Liabilities:	2,519,579	2,544,579	(24,999)
Corporate Bonds	302,742	304,055	(1,313)
Long-Term Debt	1,506,252	1,517,358	(11,106)
Deposits from Tenants	372,628	373,084	(455)
Allowance for Directors' and Corporate Auditors' Retirement Benefits	680	689	(9)
Net Defined Benefit Liability	40,404	40,109	294
Deferred Income Taxes	111,290	124,538	(13,247)
Deferred Tax Liabilities on Land Revaluation	139,830	139,830	-
Other	45,748	44,911	837
Total Liabilities	3,391,030	3,385,235	5,794
NET ASSETS:			
Common Stock	339,766	339,766	-
Capital Surplus	413,694	413,694	-
Retained Earnings	658,707	640,204	18,502
Treasury Stock	(6,260)	(6,241)	(19)
Reserve on Land Revaluation	305,633	305,633	-
Net Unrealized Holding Gains on Securities	194,142	226,169	(32,027)
Deferred Gains or Losses on Hedges	(812)	(693)	(118)
Foreign Currency Translation Adjustment	(4,529)	12,143	(16,673)
Remeasurements of Defined Benefit Plans	(7,953)	(8,372)	419
New Share Subscription Rights	1,072	1,031	40
Non-Controlling Interests	61,718	65,704	(3,986)
Total Net Assets	1,955,178	1,989,041	(33,862)
Total Liabilities and Net Assets	¥5,346,209	¥5,374,277	¥(28,068)

Note: Debt-Equity Ratio 1.23 times (1.16 times at March 31, 2016)

Interest-Bearing Debt:	2,325,217	2,226,236	98,980
Non-recourse Debt	349,850	322,080	27,770
Surplus lease deposits/guarantee deposits	238,511	239,170	(658)

[Interest-Bearing Debt]

As of June 30, 2016, interest-bearing debt stood at ¥2,325.2 billion on a consolidated basis, up ¥98.9 billion compared with the end of the previous fiscal year. During the period under review, Mitsui Fudosan witnessed a cash outflow from operating activities of ¥49.5 billion attributable to such factors as new investments in real property for sale, a cash outflow from investing activities of ¥36.1 billion attributable mainly to new investments in tangible and intangible fixed assets and a cash outflow of ¥15.5 billion attributable to such factors as cash dividends paid.

Breakdown by Company

(¥ millions)

	At June 30, 2016	At March 31, 2016	Change
Mitsui Fudosan	¥1,770,358	¥1,703,906	¥66,452
SPCs Total	399,964	377,693	22,270
Mitsui Fudosan Residential	363,500	341,494	22,005
Mitsui Fudosan America Group	178,321	178,008	313
Loans to Subsidiaries	(558,794)	(538,587)	(20,206)
Other and Elimination	171,866	163,721	8,145
Consolidated Total	¥2,325,217	¥2,226,236	¥98,980
(Non-recourse Debt of Total)	349,850	322,080	27,770

SEGMENT INFORMATION (UNAUDITED)

Three Months Ended June 30, 2016

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total				
(1)Leasing	¥130,982	¥4,497	¥135,479	¥36,031	¥3,174,795	¥12,609	¥19,083
(2)Property Sales	83,352	-	83,352	12,062	1,408,317	274	2,146
(3)Management	82,088	14,754	96,842	10,385	292,273	2,147	2,724
(4)Mitsui Home	42,231	1,053	43,285	(4,483)	117,089	730	1,053
(5)Other	17,815	704	18,519	1,445	104,475	1,164	639
Elimination or Corporate	-	(21,010)	(21,010)	(7,859)	249,258	326	258
Consolidated	¥356,470	-	¥356,470	¥47,581	¥5,346,209	¥17,253	¥25,905

Three Months Ended June 30, 2015

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total				
(1)Leasing	¥120,907	¥4,500	¥125,407	¥31,217	¥2,946,745	¥11,351	¥35,069
(2)Property Sales	100,966	220	101,186	20,405	1,310,793	354	491
(3)Management	78,342	14,990	93,332	12,147	269,044	1,893	2,057
(4)Mitsui Home	39,564	1,160	40,725	(5,410)	118,868	733	439
(5)Other	17,874	519	18,394	1,340	95,009	981	1,796
Elimination or Corporate	-	(21,391)	(21,391)	(7,562)	374,449	274	324
Consolidated	¥357,655	-	¥357,655	¥52,136	¥5,114,911	¥15,588	¥40,179

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Three Months Ended June 30	
	2016	2015
I. Revenue from Operations	¥356,470	¥357,655
II. Cost of Revenue from Operations	271,344	269,596
Gross Operating Profit	85,126	88,058
III. Selling, General and Administrative Expenses	37,544	35,922
Operating Income	47,581	52,136
IV. Non-Operating Income:	5,916	4,883
Interest Income	150	196
Dividend Income	2,463	2,291
Equity in Net Income of Affiliated Companies	790	1,494
Other Non-Operating Income	2,511	900
V. Non-Operating Expenses:	8,378	6,982
Interest Expenses	6,347	6,277
Other Non-Operating Expenses	2,030	705
Ordinary Income	45,119	50,036
Income before Income Taxes	45,119	50,036
Income Taxes	11,720	15,907
Profit	33,399	34,129
Profit (Loss) Attributable to Non-Controlling Interests	(865)	(1,389)
Profit Attributable to Owners of Parent	¥34,264	¥35,518

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ millions)

	Three Months Ended June 30	
	2016	2015
I. Cash Flows From Operating Activities:		
Income before Income Taxes	¥45,119	¥50,036
Depreciation and Amortization	17,253	15,588
Interest and Dividend Income Receivable	(2,614)	(2,488)
Interest Expense	6,347	6,277
(Gain) Loss on Equity-Method Investments	(790)	(1,494)
(Increase) Decrease in Accounts Receivable	8,761	7,828
Increase (Decrease) in Accounts Payable	(22,889)	(19,765)
(Increase) Decrease in Real Property for Sale	(59,613)	(62,663)
Other	(8,959)	(11,004)
Subtotal	(17,384)	(17,684)
Cash Receipts of Interest and Dividend Income	2,950	2,926
Cash Payments of Interest Expense	(5,099)	(4,969)
Income Taxes Paid	(30,048)	(33,561)
Net Cash Provided by (Used in) Operating Activities	(49,581)	(53,289)
II. Cash Flows From Investing Activities:		
Purchase of Tangible and Intangible Fixed Assets	(30,540)	(53,767)
Proceeds from Sale of Tangible and Intangible Fixed Assets	61	827
Purchase of Investment Securities	(481)	(3,914)
Payment of Lease Deposits	(1,458)	(4,627)
Proceeds from Collection of Lease Deposits	1,021	1,518
Repayment of Deposits from Tenants	(7,679)	(7,542)
Proceeds from Deposits from Tenants	7,877	12,563
Payment of Loan Receivable	(7,481)	(9,666)
Collection of Loan Receivable	2,857	1,786
Other	(358)	(852)
Net Cash Provided by (Used in) Investing Activities	¥(36,180)	¥(63,674)

(¥ millions)

	Three Months Ended June 30	
	2016	2015
III. Cash Flows From Financing Activities:		
Proceeds from Short-Term Debt	¥1,001,567	¥1,062,115
Repayment of Short-Term Debt	(941,203)	(963,902)
Proceeds from Long-Term Debt	27,208	56,899
Repayment of Long-Term Debt	(4,711)	(33,470)
Proceeds from Issuance of Bonds	27,000	2,250
Redemption of Bonds	(1,313)	(10,113)
Cash Dividends Paid	(15,578)	(13,593)
Proceeds from Share Issuance to Non-Controlling Shareholders	449	149
Dividends Paid to Non-Controlling Shareholders	(3,090)	(811)
Repayment of Finance Lease Obligations	(941)	(841)
(Increase) Decrease in Treasury Stocks	(19)	(58)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	-	(1,634)
Net Cash Provided by (Used in) Financing Activities	89,366	96,989
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,714)	(401)
V. Net Increase (Decrease) in Cash and Cash Equivalents	(2,109)	(20,375)
VI. Cash and Cash Equivalents at Beginning of the Period	109,966	118,960
VII. Cash and Cash Equivalents at End of the Period	¥107,856	¥98,585

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2017

(¥ millions)

	Year to March 31		Change
	2017 (forecast)	2016 (actual)	
Revenue from Operations	¥1,750,000	¥1,567,969	¥182,031
Leasing	544,000	509,178	34,822
Property Sales	525,000	391,577	133,423
Management	340,000	334,652	5,348
Mitsui Home	249,000	247,455	1,545
Other	92,000	85,104	6,896
Operating Income	220,000	202,482	17,518
Leasing	131,000	124,112	6,888
Property Sales	60,000	44,525	15,475
Management	52,000	52,446	(446)
Mitsui Home	4,200	4,724	(524)
Other	7,000	7,163	(163)
Elimination or Corporate	(34,200)	(30,490)	(3,710)
Non-Operating Income/Expenses	(22,000)	(19,961)	(2,039)
Interest Income/Expense, in Net	(26,000)	(24,704)	(1,296)
Other, in Net	4,000	4,743	(743)
Ordinary Income	198,000	182,521	15,479
Extraordinary Gains/Losses	(10,000)	(1,203)	(8,797)
Income before Income Taxes	188,000	181,317	6,683
Income Taxes	60,000	62,011	(2,011)
Profit	128,000	119,306	8,694
Profit (Loss) Attributable to Non-controlling Interests	3,000	1,583	1,417
Profit Attributable to Owners of Parent	¥125,000	¥117,722	¥7,278

● **Leasing:** Revenue from operations and operating income are forecast to climb ¥34.8 billion and ¥6.8 billion, respectively. This is largely attributable to the increase in rents at existing office buildings as well as the full-term contributions from those office buildings and retail facilities that were completed and opened during the fiscal year under review.

● **Property Sales:** Revenue from operations and operating income in the “Property Sales” segment as a whole are anticipated to increase ¥133.4 billion and ¥15.4 billion, respectively. This is mainly due to the forecast increase in the reported number of units in the “Property Sales to Individuals” category, and the expected increase in revenue from operations and operating income in the “Property Sales to Investors” category.

● **Management:** Revenue from operations in the “Management” segment as a whole is projected to improve ¥5.3 billion compared with the fiscal year under review. In contrast, operating income is forecast to decline ¥0.4 billion year on year. These forecasts reflect a variety of factors including ongoing firm trends in the “Brokerage” business for individuals and the “Repark (Car Park Leasing)” business undertaken by Mitsui Fudosan Realty as well as corrective adjustments to the robust consignment sales income recorded by Mitsui Fudosan Residential in the fiscal year under review.

● **Other:** In the “Other” segment as a whole, revenue from operations is anticipated to increase compare with the fiscal year ended March 31, 2016. Operating income, on the other hand, is expected to decrease slightly. While trends in the “Hotel Operation” business are forecast to remain strong, this slight decline in operating income largely reflects the impact of expenses associated with the opening of new hotels.

● Taking each of the aforementioned factors into consideration, revenue from operations is forecast to amount to ¥1,750.0 billion, an increase of ¥182.0 billion compared with the fiscal year under review. From a profit perspective, operating income is expected to reach ¥220.0 billion, up ¥17.5 billion, ordinary income is anticipated to total ¥198.0 billion, up ¥15.4 billion, and profit attributable to owners of parent is estimated to amount to ¥125.0 billion, an improvement of ¥7.2 billion.

● Mitsui Fudosan is expecting to increase its dividend per share for the fiscal year ending March 31, 2017 to ¥32 per share comprising an interim and period-end dividend of ¥16 per share.

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

【Tangible and Intangible Assets】

(¥ millions)

	Year to March 2017 (forecast)	Year Ended March 2016 (actual)	YoY Change
New Investments	¥230,000	¥207,172	¥22,828
Depreciation	70,000	67,460	2,540

【Real Property for Sale】

(¥ millions)

	Year to March 2017 (forecast)	Year Ended March 2016 (actual)	YoY Change
New Investments	¥580,000	¥514,530	¥65,470
Recovery of Costs	400,000	302,037	97,963

Note: Real Property for Sale: real property for sale + real property for sale in progress + land for development + advances paid for purchases

【Interest-Bearing Debt】

(¥ millions)

	Year to March 2017 (forecast)	Year Ended March 2016 (actual)	YoY Change
Interest-Bearing Debt	¥2,450,000	¥2,226,236	¥223,764

【Property Sales】

Revenue, Operating Margin

(¥ millions)

	Year to March 2017 (forecast)	Year Ended March 2016 (actual)	YoY Change
Property Sales to Individuals			
Revenue from Operations:	¥333,000	¥295,284	¥37,716
Condominiums	289,000	253,438	35,562
Detached Housing	44,000	41,845	2,155
Operating Income	27,000	23,934	3,066
Operating Margin (%)	8.1	8.1	0.0pt
Property Sales to Investors			
Revenue from Operations:	192,000	96,293	95,707
Operating Income	33,000	20,591	12,409
Total			
Revenue from Operations:	525,000	391,577	133,423
Operating Income	¥60,000	¥44,525	¥15,475

Number of Housing Units

(Units)

	Year to March 2017 (forecast)	Year Ended March 2016 (actual)	YoY Change
Condominiums	5,450	4,391	1,059
Detached Housing	700	751	(51)
Total	6,150	5,142	1,008

【Mitsui Home (Consolidated)】

(¥ millions)

	Year to March 2017 (forecast)	Year Ended March 2016 (actual)	YoY Change
Revenue from Operations	257,000	256,247	752
Operating Income	4,200	4,724	(524)
Ordinary Income	4,100	4,598	(498)
Profit Attributable to Owners of Parent	2,200	1,733	466

* The above figures were disclosed by Mitsui Home on April 27, 2016.

CONTINGENT LIABILITIES

(Contingent Liabilities)

In response to concerns regarding the faulty installation of foundation piles at a condominium complex located in Yokohama and sold by Mitsui Fudosan Residential, a consolidated subsidiary of Mitsui Fudosan, the company received a report confirming that a portion of the piling used in construction failed to reach the necessary depth and required bearing layer from Sumitomo Mitsui Construction Co., Ltd., the building contractor, on April 11, 2016. Thereafter, Mitsui Fudosan Residential received an assessment that the findings of Sumitomo Mitsui Construction were accurate from the Japan Association for Building Research Promotion, an independent third party, on April 28, 2016.

In outlining its stance toward corrective measures including the reconstruction of the condominium complex impacted by faulty installation as well as compensation, Mitsui Fudosan Residential executed an agreement with the condominium association on May 8, 2016, confirming that the company would shoulder all expenses. While plans are in place to pursue ongoing discussions with the condominium association, specific corrective measures have not been determined at this stage.

In accordance with the provisions stipulated under the Act on Building Unit Ownership, etc., a resolution of the condominium association, as well as other procedural requirements must be obtained or completed in order to determine and carry out specific corrective measures. While Mitsui Fudosan Residential will lodge a claim for compensation based on studies implemented to clarify the causes of the defect as well as remedial costs with the construction company and other relevant parties in accordance with construction contracts and liabilities for defect warranty, ongoing steps are being taken to determine the reasons behind the faulty installation.

Depending on the flow of future events, any incidence of expenditure may impact the consolidated results of the Mitsui Fudosan Group. At this stage, however, the Company is unable to provide a reasonable estimate of any such impact.