

FACT BOOK

For the Six Months Ended September 30, 2016

November 11, 2016



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

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

Corporate Data

(As of September 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)

Contents

Corporate Data, Contents	1
Consolidated Business Overview	2
Segment Results	3 - 6
Consolidated Balance Sheets	7 - 8
Segment Information	9
Consolidated Statements of Income	10
Consolidated Statements of Cash Flows	11
Consolidated Earning Forecasts	12 - 13
Contingent Liabilities	14

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

(¥ millions)

	Six Months Ended September 30		Change
	2016	2015	
Revenue from Operations	¥810,979	¥798,978	¥12,001
Leasing	260,730	245,267	15,463
Property Sales	241,844	249,833	(7,988)
Management	166,209	160,880	5,329
Mitsui Home	103,483	103,819	(335)
Other	38,711	39,178	(466)
Operating Income	114,752	109,614	5,138
Leasing	68,586	62,842	5,743
Property Sales	39,936	37,116	2,820
Management	23,033	25,594	(2,560)
Mitsui Home	(3,173)	(3,328)	154
Other	2,759	3,047	(288)
Elimination or Corporate	(16,389)	(15,657)	(731)
Non-Operating Income/Expenses	(6,478)	(6,017)	(460)
Equity in Net Income/Loss of Affiliated Companies	1,051	4,848	(3,797)
Interest Income/Expense, in Net	(12,061)	(12,172)	111
Other, in Net	4,532	1,306	3,225
Ordinary Income	108,274	103,597	4,677
Extraordinary Gains/Losses	-	-	-
Extraordinary Gains	-	-	-
Extraordinary Losses	-	-	-
Income before Income Taxes	108,274	103,597	4,677
Income Taxes	36,077	36,922	(844)
Profit	72,197	66,675	5,522
Profit (Loss) Attributable to Non-Controlling Interests	(643)	(411)	(231)
Profit Attributable to Owners of Parent	¥72,840	¥67,086	¥5,753

◆ Overview

● In the six-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 revenue and an increase in earnings. In the "Property Sales to Individuals" category the reported number of units declined. This largely reflected corrections in response to the concentrated sales of properties during the corresponding period of the previous fiscal year. In the "Property Sales to Investors" category, the Company reported steady progress in the sale of logistics facilities and other properties. Accounting for each of these factors, revenue from operations grew ¥12.0 billion, or 1.5% year on year, to ¥810.9 billion; operating income climbed ¥5.1 billion, or 4.7%, to ¥114.7 billion; ordinary income increased ¥4.6 billion, or 4.5%, to ¥108.2 billion; and profit attributable to owners of parent improved ¥5.7 billion, or 8.6%, to ¥72.8 billion. The Company is making steady progress toward achieving its forecasts for the full fiscal year.

◆ Dividends

● The interim dividend is ¥16 per share (¥14 per share for the corresponding period of the previous fiscal year). This is unchanged from the forecast level announced at the beginning of the period on May 10, 2016.

Progress Comparison with Full Year Forecasts

(¥ millions)

	Six Months Ended September 30, 2016	Year to March 2017 (Forecast as of May 10, 2016)	6-Month Results/Full-Year Forecast (%)
Revenue from Operations	¥810,979	¥1,750,000	46.3
Operating Income	114,752	220,000	52.2
Ordinary Income	108,274	198,000	54.7
Profit Attributable To Owners of Parent	¥72,840	¥125,000	58.3

Extraordinary Gains/Losses

(¥ millions)

Extraordinary Gains	-
Extraordinary Losses	-

Consolidated Statements of Comprehensive Income

(¥ millions)

	Six Months Ended September 30	
	2016	2015
Profit	¥72,197	¥66,675
Other Comprehensive Income	(79,507)	(57,463)
Valuation Difference on Available-For-Sale Securities	(40,275)	(61,587)
Deferred Gains or Losses on Hedges	(17)	43
Revaluation Reserve for Land	-	344
Foreign Currency Translation Adjustment	(30,900)	3,592
Remeasurements of Defined Benefit Plans, Net of Tax	881	163
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(9,195)	(19)
Comprehensive Income	¥(7,310)	¥9,212
(Comprehensive Income Attributable to Owners of the Parent)	(6,185)	9,696
(Comprehensive Income Attributable to Non-Controlling Interests)	(1,124)	(484)

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

(¥ millions)

		Six Months Ended September 30		Change
		2016	2015	
Revenue from Operations	Leasing	¥249,765	¥236,507	¥13,257
	Property Sales	40,564	21,953	18,610
	Other	37,881	28,913	8,968
	Total	328,211	287,374	40,837
Gross Profit (%)	Leasing	20.1	19.3	0.8pt
	Property Sales	19.2	22.6	(3.4)pt
	Other	77.6	68.4	9.3pt
Operating Income		¥72,991	¥57,563	¥15,427

SEGMENT RESULTS

[1] LEASING

(¥ millions)

	Six Months Ended September 30		Change
	2016	2015	
Revenue from Operations	¥260,730	¥245,267	¥15,463
Operating Income	68,586	62,842	5,743

	Year to March 2017 (Forecast as of May 10, 2016)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥544,000	47.9	¥509,178
Operating Income	131,000	52.4	124,112

● For the six-month period under review, revenue from operations rose ¥15.4 billion compared with the corresponding period of the previous fiscal year, and operating income increased ¥5.7 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 1.9% on a non-consolidated basis as of September 30, 2016.

【Reference】 Non-consolidated Results

(Revenue from operations)

- Newly on-stream and full-term contribution projects: ¥14.3 billion year-on-year increase in revenue
- Existing properties: ¥2.7 billion year-on-year increase in revenue
- Shifting and terminations: ¥3.8 billion year-on-year decrease in revenue

Breakdown of Leasing Operations (Nonconsolidated)

		At September 30					
		2016		2015		2015	
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	133	135	101	104	32	31
	Leased Floor Space (1,000m ²)	2,572	2,560	2,246	2,234	326	326
	Leasing Revenue (¥ millions)	132,744	130,219	122,085	119,741	10,659	10,477
	Vacancy Rate (%)	2.2	3.8	1.9	3.8	4.0	4.0
Retail Facilities	Number of Buildings	78	75	54	53	24	22
	Leased Floor Space (1,000m ²)	1,955	1,764	1,283	1,181	672	583
	Leasing Revenue (¥ millions)	103,433	93,281	71,571	66,693	31,861	26,587
	Vacancy Rate (%)	0.8	0.9	0.8	1.0	0.7	0.6

Leased Floor Space

(¥ millions)

		At September 30		Change	
		2016	2015		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥146,384	¥145,096	¥1,288
		Retail Facilities	106,145	93,780	12,365
	Total Leased Floor Space (1,000 m ²):		4,837	4,581	256
	Office Buildings	Owned	1,619	1,610	9
		Managed	1,172	1,158	14
Retail Facilities	Owned	1,497	1,349	148	
	Managed	549	464	85	
Other	Revenue	8,200	6,389	1,810	
Total Revenue		¥260,730	¥245,267	¥15,463	

Vacancy Rate

(%)

	9/2016	3/2016	3/2015	3/2014	3/2013
Consolidated					
Office Buildings and Retail Facilities (including overseas)	2.4	2.2	3.2	3.5	3.3
Non-consolidated					
Tokyo Metropolitan Area Office Buildings	1.9	2.6	3.2	3.3	3.8
Regional Area Office Buildings	4.0	3.1	4.1	4.3	5.3

Major Projects during the Period (six-month total)

(NEWLY OPENED)

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

(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

[2] PROPERTY SALES

(¥ millions)

	Six Months Ended September 30		Change
	2016	2015	
Revenue from Operations	¥241,844	¥249,833	¥(7,988)
Operating Income	39,936	37,116	2,820

	Year to March 2017 (Forecast as of May 10, 2016)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥525,000	46.1	¥391,577
Operating Income	60,000	66.6	44,525

● For the six-month period under review, both revenue and earnings in the "Property Sales to Individuals" category decreased. This was largely due to the decline in the reported number of units, which reflected corrections in response to the concentrated sales of units during the corresponding period of the previous fiscal year. Revenue and earnings increased in the "Property Sales to Investors" category owing mainly to steady progress in the sale of logistics facilities and other properties. Accordingly, overall revenue from operations in this segment fell ¥7.9 billion compared with the corresponding period of the previous fiscal year while operating income climbed ¥2.8 billion year on year.

● In newly constructed condominiums, the Company's contract rate as of September 30, 2016, was 91% of the 5,450 units projected for the year.

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

Park Mansion Mita Tsunamachi the Forest (Minato-ku, Tokyo)	Condominiums
BAYZ TOWER & GARDEN (Koto-ku, Tokyo)	Condominiums
Park Court Akasaka Sakurazaka (Minato-ku, Tokyo)	Condominiums
Park Homes Chofu Sakurazutsumi-Dori (Chofu, Tokyo)	Condominiums
GLOBAL FRONT TOWER (Minato-ku, Tokyo)	Condominiums
Fine Court Fukazawa Oukeitei (Setagaya-ku, Tokyo)	Detached Housing

Property Sales to Individuals and Investors

(¥ millions)

		Six Months Ended September 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	¥68,584	1,119	¥6,129	¥129,770	2,035	¥6,377	¥(61,185)	(916)	¥(248)
		Other	6,001	142	4,227	21,064	592	3,559	(15,062)	(450)	668
		Subtotal	74,586	1,261	5,915	150,834	2,627	5,742	(76,248)	(1,366)	173
	Detached Housing	Tokyo Metropolitan Area	15,720	255	6,165	14,079	261	5,394	1,641	(6)	771
		Other	1,630	34	4,795	2,138	38	5,628	(508)	(4)	(833)
		Subtotal	17,351	289	6,004	16,218	299	5,424	1,132	(10)	580
	Revenue		91,937	1,550	5,931	167,053	2,926	5,710	(75,115)	(1,376)	221
	Operating Income		4,860		16,910		(12,049)				
	Property Sales to Investors		Revenue		149,906		82,780		67,126		
	Operating Income		35,076		20,206		14,870				
Total Revenue		241,844		249,833		(7,988)					
Total Operating Income		¥39,936		¥37,116		¥2,820					

Inventories (Property Sales to Individuals)

(Units)

	9/2016	3/2016	3/2015	3/2014	3/2013	3/2012
Condominiums	111	88	83	170	223	380
Detached Housing	92	127	100	65	57	24
Total	203	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	2,565	6,869	1,261	5,608	2,490
Detached Housing	34	322	356	289	67	289
Total	4,338	2,887	7,225	1,550	5,675	2,779

[3] MANAGEMENT

	Six Months Ended September 30		Change
	2016	2015	
Revenue from Operations	¥166,209	¥160,880	¥5,329
Operating Income	23,033	25,594	(2,560)

(¥ millions)

	Year to March 2017 (Forecast as of May 10, 2016)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥340,000	48.9	¥334,652
Operating Income	52,000	44.3	52,446

● For the six-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 units 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 ¥5.3 billion compared with the corresponding period of the previous fiscal year, while operating income declined ¥2.5 billion year on year.

		Six Months Ended September 30		Change
		2016	2015	
Property Management	Revenue	¥125,438	¥118,055	¥7,383
	Operating Income	14,845	13,885	960
Brokerage, Asset Management, etc.	Revenue	40,770	42,824	(2,054)
	Operating Income	8,187	11,708	(3,521)
Total	Revenue	166,209	160,880	5,329
	Operating Income	¥23,033	¥25,594	¥(2,560)

(¥ millions)

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

	At September 30, 2016		At September 30, 2015		Change
	Transaction Volume	Units	Transaction Volume	Units	
Total Managed Units	204,495		176,463		28,032

(Units)

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

	Six Months Ended September 30				Change	
	2016		2015		Transaction Volume	Units
Brokerage	Transaction Volume	Units	Transaction Volume	Units		
		¥727,724	18,712	¥679,223	18,551	¥48,500

(¥ millions)

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)

		Six Months Ended September 30				Change	
		2016		2015		Transaction Volume	Units
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units			
		¥22,017	328	¥81,002	1,300	¥(58,984)	(972)

(¥ millions)

[4] MITSUI HOME, [5] OTHER

[4] MITSUI HOME

	Six Months Ended September 30		Change
	2016	2015	
Revenue from Operations	¥103,483	¥103,819	¥(335)
Operating Income	(3,173)	(3,328)	154

	Year to March 2017 (Forecast as of May 10, 2016)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥249,000	41.6	¥247,455
Operating Income	4,200	-	4,724

● For the six-month period under review, revenue in the "Reform/Renewal" category increased. Orders as of the start of the period in the "New Construction" category, on the other hand, fell below the level recorded in the corresponding period of the previous fiscal year. Accounting for this and other factors, revenue from operations for the segment as a whole declined ¥0.3 billion year on year. From a profit perspective, the operating loss narrowed ¥0.1 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.

		Six Months Ended September 30		Change
		2016	2015	
New Construction	Revenue	¥66,517	¥71,749	¥(5,232)
	Orders	77,157	74,508	2,648
Reform/Renewal	Revenue	17,262	13,839	3,422
	Orders	21,642	19,133	2,508
Lease Management		11,726	11,180	545
Housing-Related Material Sales		7,977	7,050	927
Total Revenue		¥103,483	¥103,819	¥(335)

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

	Six Months Ended September 30		Change
	2016	2015	
Revenue from Operations	¥38,711	¥39,178	¥(466)
Operating Income	2,759	3,047	(288)

	Year to March 2017 (Forecast as of May 10, 2016)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥92,000	42.1	¥85,104
Operating Income	7,000	39.4	7,163

● Despite robust trends in the existing hotel business, operating income in the "Other" segment as a whole declined ¥0.2 billion compared with the corresponding period of the previous fiscal year for the six-month period September 30, 2016. This was largely attributable to expenses relating to the Mitsui Garden Hotel Kyobashi and Mitsui Garden Hotel Nagoya Premier, which opened during the fiscal year under review.

		Six Months Ended September 30		Change
		2016	2015	
Facility Operations		¥28,484	¥27,845	¥639
Other		10,226	11,333	(1,106)
Total Revenue		¥38,711	¥39,178	¥(466)

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	September 30, 2016	March 31, 2016	Change
I. Current Assets:	¥1,575,252	¥1,520,585	¥54,666
Cash and Time Deposits	167,023	111,156	55,866
Accounts Receivable—Trade	29,290	36,093	(6,802)
Marketable Securities	64	142	(77)
Real Property for Sale (including Advances Paid for Purchases)	1,158,139	1,167,745	(9,605)
Expenditure on Contracts in Progress	30,642	23,803	6,838
Other Inventories	4,766	4,822	(56)
Short-Term Loans	9,688	8,898	790
Equity Investments in Properties for Sale	6,767	10,159	(3,392)
Deferred Income Taxes	25,798	22,894	2,904
Other	143,375	135,195	8,179
Allowance for Doubtful Accounts	(305)	(327)	22
II. Fixed Assets:	3,754,130	3,853,691	(99,561)
1. Tangible Fixed Assets:	2,896,551	2,902,171	(5,620)
Buildings and Structures	761,480	772,014	(10,533)
Machinery, Equipment and Materials Handling Equipment	33,085	32,367	717
Land	1,893,336	1,896,767	(3,431)
Construction in Progress	170,912	162,357	8,554
Other	37,736	38,664	(928)
2. Intangible Fixed Assets:	64,629	66,803	(2,173)
Tangible and Intangible Fixed Assets:	2,961,180	2,968,975	(7,794)
3. Investments and Other Assets:	792,949	884,716	(91,766)
Investment Securities	575,605	667,832	(92,226)
Long-Term Loans	9,489	7,193	2,296
Lease Deposits	132,094	133,913	(1,818)
Net Defined Benefit Asset	1,555	2,186	(630)
Deferred Income Taxes	13,201	12,109	1,092
Deferred Tax Assets on Land Revaluation	2	2	-
Other	63,273	64,020	(746)
Allowance for Doubtful Accounts	(2,273)	(2,542)	268
Total Assets	¥5,329,382	¥5,374,277	¥(44,894)

[Real Property for Sale]

(a) Breakdown by Company

(¥ millions)

	At September 30, 2016	At March 31, 2016	Change
Mitsui Fudosan Residential	¥441,520	¥458,468	¥(16,948)
Mitsui Fudosan	315,977	317,885	(1,907)
SPCs Total	252,938	247,199	5,738
Other and Elimination	147,703	144,191	3,512
Consolidated Total	¥1,158,139	¥1,167,745	¥(9,605)

(b) Accounts of Real Property for Sale

(¥ millions)

Six Months Ended September 30	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2016	¥1,167,745	¥218,668	¥(183,079)	¥(45,194)	¥1,158,139
2015	¥1,031,080	¥263,042	¥(189,126)	¥(8,506)	¥1,096,490

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥26.7 billion for the six-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 ¥2,961.1 billion as of September 30, 2016, down ¥7.7 billion compared with the end of the previous fiscal year. While the Group undertook new investments such as the OH-1 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:

¥102.91:US\$1 as of September 30, 2016, ¥120.61:US\$1 as of March 31, 2016;

¥138.41:£1 as of September 30, 2016, ¥178.78:£1 as of March 31, 2016

(a) Breakdown by Company

(¥ millions)

	At September 30, 2016	At March 31, 2016	Change
Mitsui Fudosan	¥2,302,973	¥2,295,118	¥7,855
SPCs Total	230,530	232,020	(1,489)
Mitsui Fudosan America Group	197,320	219,708	(22,388)
Mitsui Fudosan UK Group	64,822	77,171	(12,348)
Mitsui Fudosan Residential	30,920	9,157	21,763
Other and Elimination	134,611	135,799	(1,187)
Consolidated Total	¥2,961,180	¥2,968,975	¥(7,794)

Above figures include revaluation reserve for land.

(b) Accounts of Tangible and Intangible Fixed Assets

(¥ millions)

Six Months Ended September 30	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2016	¥2,968,975	¥65,601	¥(34,621)	¥(38,775)	¥2,961,180
2015	¥2,788,633	¥81,358	¥(31,897)	¥4,507	¥2,842,602

* 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:	September 30, 2016	March 31, 2016	Change
I. Current Liabilities:	¥892,802	¥840,656	¥52,146
Accounts Payable—Trade	83,353	95,876	(12,523)
Short-Term Debt	261,519	240,979	20,540
Commercial Paper	159,000	109,000	50,000
Bond Redeemable Within One Year	79,472	54,842	24,630
Income Taxes Payable	22,309	27,495	(5,186)
Advances from Contracts in Progress	25,848	18,489	7,358
Allowance for Completed Project Indemnities	1,155	1,244	(89)
Allowance for Possible Guarantee Losses	29	115	(86)
Deferred Income Taxes	1,526	1,170	355
Other	258,589	291,443	(32,853)
II. Long-Term Liabilities:	2,475,268	2,544,579	(69,310)
Corporate Bonds	278,429	304,055	(25,626)
Long-Term Debt	1,494,834	1,517,358	(22,524)
Deposits from Tenants	371,619	373,084	(1,464)
Allowance for Directors' and Corporate Auditors' Retirement Benefits	708	689	19
Net Defined Benefit Liability	41,091	40,109	981
Deferred Income Taxes	106,581	124,538	(17,956)
Deferred Tax Liabilities on Land Revaluation	139,830	139,830	-
Other	42,172	44,911	(2,739)
Total Liabilities	3,368,071	3,385,235	(17,164)
NET ASSETS:			
Common Stock	339,766	339,766	-
Capital Surplus	413,689	413,694	(5)
Retained Earnings	697,495	640,204	57,290
Treasury Stock	(6,252)	(6,241)	(11)
Reserve on Land Revaluation	305,420	305,633	(212)
Net Unrealized Holding Gains on Securities	185,924	226,169	(40,245)
Deferred Gains or Losses on Hedges	(691)	(693)	2
Foreign Currency Translation Adjustment	(27,471)	12,143	(39,614)
Remeasurements of Defined Benefit Plans	(7,540)	(8,372)	831
New Share Subscription Rights	1,095	1,031	63
Non-Controlling Interests	59,875	65,704	(5,828)
Total Net Assets	1,961,311	1,989,041	(27,730)
Total Liabilities and Net Assets	¥5,329,382	¥5,374,277	¥(44,894)

Note: Debt-Equity Ratio 1.20 times (1.16 times at March 31, 2016)

Interest-Bearing Debt:	2,273,256	2,226,236	47,019
Non-recourse Debt	324,924	322,080	2,844
Surplus Lease Deposits/Guarantee Deposits	239,524	239,170	354

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash inflow from operating activities of ¥83.8 billion and a cash outflow from investing activities of ¥85.9 billion. Cash outflow attributable to cash dividends paid came to ¥15.8 billion. Accounting for each of these activities, cash and cash equivalents increased ¥52.8 billion. As a result, interest-bearing debt stood at ¥2,273.2 billion on a consolidated basis as of September 30, 2016, up ¥47.0 billion compared with the end of the previous fiscal year.

Breakdown by Company

(¥ millions)

	At September 30, 2016	At March 31, 2016	Change
Mitsui Fudosan	¥1,745,444	¥1,703,906	¥41,537
SPCs Total	373,754	377,693	(3,939)
Mitsui Fudosan Residential	394,360	341,494	52,865
Mitsui Fudosan America Group	180,285	178,008	2,276
Loans to Subsidiaries	(588,512)	(538,587)	(49,924)
Other and Elimination	167,925	163,721	4,203
Consolidated Total	¥2,273,256	¥2,226,236	¥47,019
(Non-recourse Debt of Total)	324,924	322,080	2,844

SEGMENT INFORMATION (UNAUDITED)

Six Months Ended September 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	¥260,730	¥9,019	¥269,750	¥68,586	¥3,182,861	¥25,309	¥51,055
(2)Property Sales	241,844	-	241,844	39,936	1,360,752	620	4,201
(3)Management	166,209	31,529	197,739	23,033	285,636	4,290	5,925
(4)Mitsui Home	103,483	3,222	106,706	(3,173)	121,120	1,461	1,400
(5)Other	38,711	1,919	40,631	2,759	103,675	2,278	2,302
Elimination or Corporate	-	(45,691)	(45,691)	(16,389)	275,335	661	715
Consolidated	¥810,979	-	¥810,979	¥114,752	¥5,329,382	¥34,621	¥65,601

Six Months Ended September 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	¥245,267	¥9,007	¥254,274	¥62,842	¥2,975,469	¥23,273	¥68,308
(2)Property Sales	249,833	3,196	253,030	37,116	1,365,757	725	1,052
(3)Management	160,880	29,460	190,340	25,594	277,760	3,846	4,047
(4)Mitsui Home	103,819	4,080	107,899	(3,328)	120,433	1,480	1,280
(5)Other	39,178	1,240	40,418	3,047	101,497	2,000	8,735
Elimination or Corporate	-	(46,985)	(46,985)	(15,657)	290,252	571	(2,066)
Consolidated	¥798,978	-	¥798,978	¥109,614	¥5,131,170	¥31,897	¥81,358

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Six Months Ended September 30	
	2016	2015
I. Revenue from Operations	¥810,979	¥798,978
II. Cost of Revenue from Operations	621,014	613,592
Gross Operating Profit	189,964	185,386
III. Selling, General and Administrative Expenses	75,211	75,771
Operating Income	114,752	109,614
IV. Non-Operating Income:	8,309	8,931
Interest Income	312	397
Dividend Income	2,494	2,188
Equity in Net Income of Affiliated Companies	1,051	4,848
Other Non-Operating Income	4,451	1,496
V. Non-Operating Expenses:	14,787	14,948
Interest Expenses	12,374	12,570
Other Non-Operating Expenses	2,413	2,378
Ordinary Income	108,274	103,597
Income before Income Taxes	108,274	103,597
Income Taxes	36,077	36,922
Profit	72,197	66,675
Profit (Loss) Attributable to Non-Controlling Interests	(643)	(411)
Profit Attributable to Owners of Parent	¥72,840	¥67,086

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	(¥ millions)	
	Six Months Ended September 30	
	2016	2015
I. Cash Flows From Operating Activities:		
Income before Income Taxes	¥108,274	¥103,597
Depreciation and Amortization	34,621	31,897
Interest and Dividend Income Receivable	(2,807)	(2,586)
Interest Expense	12,374	12,570
(Gain) Loss on Equity-Method Investments	(1,051)	(4,848)
(Increase) Decrease in Accounts Receivable	6,390	5,559
Increase (Decrease) in Accounts Payable	(21,234)	(15,543)
(Increase) Decrease in Real Property for Sale	(794)	(39,972)
Other	4,899	(38,997)
Subtotal	140,673	51,675
Cash Receipts of Interest and Dividend Income	4,779	4,039
Cash Payments of Interest Expense	(12,434)	(12,623)
Income Taxes Paid	(49,162)	(45,276)
Net Cash Provided by (Used in) Operating Activities	83,855	(2,184)
II. Cash Flows From Investing Activities:		
Purchase of Tangible and Intangible Fixed Assets	(68,650)	(86,879)
Sales of Tangible and Intangible Fixed Assets	3,472	847
Purchase of Investment Securities	(8,215)	(5,883)
Payment of Lease Deposits	(2,851)	(6,083)
Proceeds from Collection of Lease Deposits	4,883	2,428
Repayment of Deposits from Tenants	(15,426)	(16,316)
Proceeds from Deposits from Tenants	14,299	21,847
Payment of Loan Receivable	(11,673)	(15,340)
Collection of Loan Receivable	5,957	9,968
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-	(6,328)
Other	(7,776)	396
Net Cash Provided by (Used in) Investing Activities	¥(85,980)	¥(101,344)

	(¥ millions)	
	Six Months Ended September 30	
	2016	2015
III. Cash Flows From Financing Activities:		
Proceeds from Short-Term Debt	¥1,578,813	¥1,546,858
Repayment of Short-Term Debt	(1,520,366)	(1,511,925)
Proceeds from Long-Term Debt	81,159	169,092
Repayment of Long-Term Debt	(55,771)	(92,275)
Proceeds from Issuance of Bonds	30,000	9,715
Redemption of Bonds	(30,996)	(30,091)
Cash Dividends Paid	(15,809)	(13,837)
Proceeds from Share Issuance to Non-Controlling Shareholders	987	1,640
Dividends Paid to Non-Controlling Shareholders	(3,122)	(849)
Repayments to Non-Controlling Shareholders	(171)	(1,274)
Repayment of Finance Lease Obligations	(1,909)	(1,712)
(Increase) Decrease in Treasury Stock	(26)	(131)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	-	(1,692)
Net Cash Provided by (Used in) Financing Activities	62,786	73,515
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(7,813)	269
V. Net Increase (Decrease) in Cash and Cash Equivalents	52,848	(29,745)
VI. Cash and Cash Equivalents at Beginning of the Period	109,966	118,960
VII. Cash and Cash Equivalents at End of the Period	¥162,814	¥89,215

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 compared 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. Furthermore, Mitsui Fudosan Residential received a notice from the City of Yokohama that the subject condominium complex violated the Building Standards Law and a request that the company take all responsible measures to address and correct the situation in line with discussions with condominium owners on August 26, 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. Later, on September 19, 2016, the condominium association resolved that it would seek the complete reconstruction of the entire condominium complex in accordance with the Act on Building Unit Ownership, etc.

According to the report issued by Sumitomo Mitsui Construction, which noted that construction records had been diverted and modified in connection with the installation of foundation piles and that certain foundation piles failed to reach the necessary depth and required bearing layer, the condominium complex was deemed to be in violation of the Building Standards Law. As a result, and in accordance with the aforementioned agreement, Mitsui Fudosan Residential will seek damages including reconstruction costs as well as expenses relating to the temporary housing of residents during the period of construction under such remedies as tort liability and warranties against defects from Sumitomo Mitsui Construction, as well as Hitachi High-Technologies Corporation and Asahi Kasei Construction Materials Corporation, who installed the foundation piles. The costs and expenses identified above are estimated to come in at roughly ¥39 billion. Mitsui Fudosan has posted all related temporary payments undertaken by Mitsui Fudosan Residential up to September 30, 2016 as current assets on its consolidated balance sheet.

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.