

FACT BOOK

For the Nine Months Ended December 31, 2016

February 10, 2017



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

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

Corporate Data

(As of December 31, 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

	Nine Months Ended December 31		Change
	2016	2015	
	(¥ millions)		
Revenue from Operations	¥1,198,672	¥1,146,644	¥52,028
Leasing	395,155	376,585	18,569
Property Sales	327,354	303,987	23,367
Management	251,385	244,315	7,070
Mitsui Home	162,584	160,142	2,441
Other	62,192	61,613	579
Operating Income	166,464	153,205	13,259
Leasing	102,364	94,888	7,475
Property Sales	49,309	38,274	11,035
Management	35,654	39,709	(4,054)
Mitsui Home	(2,515)	(3,287)	772
Other	6,155	6,506	(351)
Elimination or Corporate	(24,504)	(22,886)	(1,618)
Non-Operating Income/Expenses	(10,295)	(9,645)	(650)
Equity in Net Income/Loss of Affiliated Companies	1,846	5,136	(3,289)
Interest Income/Expense, in Net	(17,872)	(18,569)	697
Other, in Net	5,730	3,788	1,941
Ordinary Income	156,168	143,560	12,608
Extraordinary Gains/Losses	-	1,137	(1,137)
Extraordinary Gains	-	2,193	(2,193)
Extraordinary Losses	-	1,056	(1,056)
Income before Income Taxes	156,168	144,697	11,471
Income Taxes	48,626	49,923	(1,297)
Profit	107,542	94,773	12,769
Profit (Loss) Attributable to Non-Controlling Interests	(519)	(378)	(141)
Profit Attributable to Owners of Parent	¥108,062	¥95,151	¥12,910

◆ Overview

● For the nine-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 an increase in revenue and earnings. In the "Property Sales to Individuals" category the reported number of units declined. This largely reflected corrections in response to the concentrated deliveries of units 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 ¥52.0 billion, or 4.5% year on year, to ¥1,198.6 billion; operating income climbed ¥13.2 billion, or 8.7%, to ¥166.4 billion; ordinary income increased ¥12.6 billion, or 8.8%, to ¥156.1 billion; and profit attributable to owners of parent improved ¥12.9 billion, or 13.6%, to ¥108.0 billion. The Company is making steady progress toward achieving its forecasts for the full fiscal year.

Progress Comparison with Full Year Forecasts

	(¥ millions)		
	Nine Months Ended December 31, 2016	Year to March 2017 (Forecast as of May 10, 2016)	9-Month Results/Full-Year Forecast (%)
Revenue from Operations	¥1,198,672	¥1,750,000	68.5
Operating Income	166,464	220,000	75.7
Ordinary Income	156,168	198,000	78.9
Profit Attributable To Owners of Parent	¥108,062	¥125,000	86.4

Extraordinary Gains/Losses

(¥ millions)	
Extraordinary Gains	-
Extraordinary Losses	-

Consolidated Statements of Comprehensive Income

	(¥ millions)	
	Nine Months Ended December 31	
	2016	2015
Profit	¥107,542	¥94,773
Other Comprehensive Income	(60,487)	(46,345)
Valuation Difference on Available-For-Sale Securities	(16,042)	(40,259)
Deferred Gains or Losses on Hedges	386	71
Revaluation Reserve for Land	-	344
Foreign Currency Translation Adjustment	(35,565)	(661)
Remeasurements of Defined Benefit Plans, Net of Tax	1,322	254
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(10,588)	(6,097)
Comprehensive Income	¥47,055	¥48,427
(Comprehensive Income Attributable to Owners of the Parent)	48,014	49,134
(Comprehensive Income Attributable to Non-Controlling Interests)	(959)	(707)

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

		(¥ millions)		Change
		Nine Months Ended December 31		
		2016	2015	
Revenue from Operations	Leasing	¥380,704	¥364,149	¥16,555
	Property Sales	41,368	23,041	18,327
	Other	47,951	36,585	11,366
	Total	470,024	423,775	46,248
Gross Profit Margin (%)	Leasing	20.3	19.4	0.9pt
	Property Sales	17.2	19.5	(2.4)pt
	Other	73.0	62.8	10.2pt
Operating Income		¥97,801	¥78,952	¥18,849

SEGMENT RESULTS

[1] LEASING

	Nine Months Ended December 31		Change
	2016	2015	
Revenue from Operations	¥395,155	¥376,585	¥18,569
Operating Income	102,364	94,888	7,475

	Year to March 2017 (Forecast as of May 10, 2016)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥544,000	72.6	¥509,178
Operating Income	131,000	78.1	124,112

● For the nine-month period under review, revenue from operations rose ¥18.5 billion compared with the corresponding period of the previous fiscal year, and operating income increased ¥7.4 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 December 31, 2016.

		At December 31		Change	
		2016	2015		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥218,993	¥217,612	¥1,380
		Retail Facilities	164,266	149,000	15,265
	Total Leased Floor Space (1,000 m ²):		4,887	4,802	85
	Office Buildings	Owned	1,616	1,606	10
		Managed	1,172	1,170	1
	Retail Facilities	Owned	1,550	1,507	43
Managed		549	519	30	
Other	Revenue	11,895	9,972	1,923	
Total Revenue		¥395,155	¥376,585	¥18,569	

	12/2016	3/2016	3/2015	3/2014	3/2013
Consolidated					
Office Buildings and Retail Facilities (including overseas)	1.9	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	2.7	3.1	4.1	4.3	5.3

Major Projects during the Period (nine-month total)

(NEWLY OPENED)

MITSUI OUTLET PARK LINKOU (New Taipei City, Taiwan)	Retail facility opened in January 2016
LaLaport SHONAN HIRATSUKA (Hiratsuka, Kanagawa)	Retail facility opened in October 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

【Reference】 Non-consolidated Results

(Revenue from operations)

- Newly on-stream projects and full-term contribution: ¥17.2 billion increase in revenue year on year.
- Existing properties: ¥4.4 billion increase in revenue year on year.
- Shifting, terminations and other: ¥5.1 billion decrease in revenue year on year.

Breakdown of Leasing Operations (Nonconsolidated)

		At December 31					
		2016		2015		2015	
		Total	Tokyo Metropolitan Area	Regional Areas			
Office Buildings	Number of Buildings	132	133	100	102	32	31
	Leased Floor Space (1,000m ²)	2,571	2,561	2,241	2,229	330	331
	Leasing Revenue (¥ millions)	199,678	196,080	183,648	180,325	16,029	15,755
	Vacancy Rate (%)	2.0	3.3	1.9	3.4	2.7	2.5
Retail Facilities	Number of Buildings	80	78	55	55	25	23
	Leased Floor Space (1,000m ²)	2,029	1,971	1,347	1,300	682	672
	Leasing Revenue (¥ millions)	160,193	148,136	111,605	104,679	48,587	43,456
	Vacancy Rate (%)	0.6	0.3	0.7	0.4	0.3	0.3

[2] PROPERTY SALES

	(¥ millions)		Change
	Nine Months Ended December 31		
	2016	2015	
Revenue from Operations	¥327,354	¥303,987	¥23,367
Operating Income	49,309	38,274	11,035

	Year to March 2017 (Forecast as of May 10, 2016)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
	Revenue from Operations	¥525,000	62.4
Operating Income	60,000	82.2	44,525

● For the nine-month period under review, both revenue and earnings in the "Property Sales to Individuals" category decreased. This was largely due to the small number of units reported due mainly to the concentration of unit deliveries in the fourth quarter. 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. Taking each of these factors into consideration, overall revenue from operations in this segment climbed ¥23.3 billion compared with the corresponding period of the previous fiscal year while operating income grew ¥11.0 billion year on year.

● In newly constructed condominiums, the Company's contract rate as of December 31, 2016 was 99% of the 5,450 units projected for the year.

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

Park Tower Shin-Kawasaki (Kawasaki, Kanagawa)	Condominiums
Park Mansion Mita Tsunamachi the Forest (Minato-ku, Tokyo)	Condominiums
BAYZ TOWER & GARDEN (Koto-ku, Tokyo)	Condominiums
Park Homes Chofu Sakurazutsumi-Dori (Chofu, Tokyo)	Condominiums
Park Court Akasaka Sakurazaka (Minato-ku, Tokyo)	Condominiums
Fine Court Fujisawa SST (Fujisawa, Kanagawa)	Detached Housing

Property Sales to Individuals and Investors

		(¥ millions)						Change			
		Nine Months Ended December 31									
		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	¥119,532	2,099	¥5,695	¥159,995	2,551	¥6,272	¥(40,462)	(452)	¥(577)
		Other	14,551	325	4,477	28,705	791	3,629	(14,153)	(466)	848
		Subtotal	134,083	2,424	5,532	188,700	3,342	5,646	(54,616)	(918)	(114)
	Detached Housing	Tokyo Metropolitan Area	22,529	371	6,073	21,403	396	5,405	1,126	(25)	668
		Other	2,046	41	4,991	2,908	53	5,488	(862)	(12)	(497)
		Subtotal	24,576	412	5,965	24,312	449	5,415	263	(37)	550
Revenue		158,660	2,836	5,595	213,012	3,791	5,619	(54,352)	(955)	(24)	
Operating Income		11,963			16,647			(4,683)			
Property Sales to Investors		Revenue	168,694			90,974			77,720		
		Operating Income	37,346			21,627			15,719		
Total Revenue		327,354			303,987			23,367			
Total Operating Income		¥49,309			¥38,274			¥11,035			

Inventories (Property Sales to Individuals)

	(Units)					
	12/2016	3/2016	3/2015	3/2014	3/2013	3/2012
Condominiums	185	88	83	170	223	380
Detached Housing	54	127	100	65	57	24
Total	239	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	3,528	7,832	2,424	5,408	3,551
Detached Housing	34	528	562	412	150	504
Total	4,338	4,056	8,394	2,836	5,558	4,055

[3] MANAGEMENT

	Nine Months Ended December 31		Change
	2016	2015	
Revenue from Operations	¥251,385	¥244,315	¥7,070
Operating Income	35,654	39,709	(4,054)

	Year to March 2017 (Forecast as of May 10, 2016)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥340,000	73.9	¥334,652
Operating Income	52,000	68.6	52,446

● For the nine-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 ¥7.0 billion compared with the corresponding period of the previous fiscal year, while operating income declined ¥4.0 billion year on year.

		Nine Months Ended December 31		Change
		2016	2015	
Property Management	Revenue	¥190,067	¥180,344	¥9,722
	Operating Income	23,265	22,283	982
Brokerage, Asset Management, etc.	Revenue	61,318	63,970	(2,652)
	Operating Income	12,389	17,425	(5,036)
Total	Revenue	251,385	244,315	7,070
	Operating Income	¥35,654	¥39,709	¥(4,054)

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

	At December 31, 2016		At December 31, 2015		Change
	Transaction Volume	Units	Transaction Volume	Units	
Total Managed Units	206,999	188,137			18,862

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

	Nine Months Ended December 31				Change	
	2016		2015		Transaction Volume	Units
Brokerage	Transaction Volume	Units	Transaction Volume	Units		
	¥1,070,477	28,432	¥1,050,310	28,049	¥20,167	383

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)

		Nine Months Ended December 31				Change	
		2016		2015		Transaction Volume	Units
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units	Transaction Volume		
	¥26,496	416	¥101,442	1,670	¥(74,946)	(1,254)	

[4] MITSUI HOME, [5] OTHER

[4] MITSUI HOME

	Nine Months Ended December 31		Change
	2016	2015	
Revenue from Operations	¥162,584	¥160,142	¥2,441
Operating Income	(2,515)	(3,287)	772

	Year to March 2017 (Forecast as of May 10, 2016)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥249,000	65.3	¥247,455
Operating Income	4,200	-	4,724

● For the nine-month period under review, orders as of the start of the period in the "New Construction" category fell below the level recorded in the corresponding period of the previous fiscal year. On the other hand, revenue in the "Reform/Renewal" category and others increased. Accounting for each of these factors, revenue from operations for the segment as a whole increased ¥2.4 billion year on year. From a profit perspective, the operating loss narrowed ¥0.7 billion compared with the corresponding period of the previous fiscal year 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.

		Nine Months Ended December 31		Change
		2016	2015	
New Construction	Revenue	¥106,061	¥108,382	¥(2,320)
	Orders	112,472	109,039	3,432
Reform/Renewal	Revenue	26,764	23,648	3,115
	Orders	31,414	30,202	1,212
Lease Management		17,556	16,781	775
Housing-Related Material Sales		12,201	11,329	871
Total Revenue		¥162,584	¥160,142	¥2,441

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

	Nine Months Ended December 31		Change
	2016	2015	
Revenue from Operations	¥62,192	¥61,613	¥579
Operating Income	6,155	6,506	(351)

	Year to March 2017 (Forecast as of May 10, 2016)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2016
Revenue from Operations	¥92,000	67.6	¥85,104
Operating Income	7,000	87.9	7,163

● For the nine-month period under review, existing hotel operations were robust. This was offset by such factors as expenses related to the opening of Mitsui Garden Hotel Kyobashi and Mitsui Garden Hotel Nagoya Premier. As a result, overall revenue in the "Other" segment climbed ¥0.5 billion while operating income, on the other hand, declined ¥0.3 billion year on year.

		Nine Months Ended December 31		Change
		2016	2015	
Facility Operations		¥44,601	¥43,191	¥1,410
Other		17,590	18,421	(830)
Total Revenue		¥62,192	¥61,613	¥579

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

ASSETS:	December 31, 2016	March 31, 2016	Change
I. Current Assets:	¥1,618,771	¥1,520,585	¥98,185
Cash and Time Deposits	176,005	111,156	64,848
Accounts Receivable—Trade	29,376	36,093	(6,717)
Marketable Securities	66	142	(75)
Real Property for Sale (including Advances Paid for Purchases)	1,174,503	1,167,745	6,757
Expenditure on Contracts in Progress	36,013	23,803	12,209
Other Inventories	4,992	4,822	169
Short-Term Loans	10,830	8,898	1,932
Equity Investments in Properties for Sale	6,759	10,159	(3,399)
Deferred Income Taxes	25,379	22,894	2,484
Other	155,185	135,195	19,990
Allowance for Doubtful Accounts	(341)	(327)	(14)
II. Fixed Assets:	3,830,682	3,853,691	(23,009)
1. Tangible Fixed Assets:	2,932,490	2,902,171	30,318
Buildings and Structures	779,050	772,014	7,036
Machinery, Equipment and Materials Handling Equipment	32,853	32,367	486
Land	1,889,690	1,896,767	(7,077)
Construction in Progress	193,081	162,357	30,723
Other	37,813	38,664	(850)
2. Intangible Fixed Assets:	63,465	66,803	(3,337)
Tangible and Intangible Fixed Assets:	2,995,955	2,968,975	26,980
3. Investments and Other Assets:	834,726	884,716	(49,990)
Investment Securities	615,426	667,832	(52,405)
Long-Term Loans	11,855	7,193	4,662
Lease Deposits	132,407	133,913	(1,506)
Net Defined Benefit Asset	1,579	2,186	(606)
Deferred Income Taxes	11,745	12,109	(363)
Deferred Tax Assets on Land Revaluation	2	2	-
Other	63,951	64,020	(68)
Allowance for Doubtful Accounts	(2,243)	(2,542)	298
Total Assets	¥5,449,453	¥5,374,277	¥75,175

[Real Property for Sale]

(a) Breakdown by Company

(¥ millions)

	At December 31, 2016	At March 31, 2016	Change
Mitsui Fudosan Residential	¥470,596	¥458,468	¥12,127
Mitsui Fudosan	325,589	317,885	7,704
SPCs Total	231,905	247,199	(15,294)
Other and Elimination	146,412	144,191	2,220
Consolidated Total	¥1,174,503	¥1,167,745	¥6,757

(b) Accounts of Real Property for Sale

(¥ millions)

Nine Months Ended December 31	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2016	¥1,167,745	¥308,581	¥(254,668)	¥(47,155)	¥1,174,503
2015	¥1,031,080	¥360,677	¥(233,611)	¥(12,875)	¥1,145,270

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥50.3 billion for the nine-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 ¥2,995.9 billion as of December 31, 2016, up ¥26.9 billion compared with the end of the previous fiscal year. During the period under review, 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. Meanwhile, the balance of tangible and intangible fixed assets also reflected the depreciation and the impact of foreign currency exchange rates at overseas subsidiaries.

Foreign currency exchange rates:

¥101.12:US\$1 as of December 31, 2016; ¥120.61:US\$1 as of March 31, 2016;

¥131.00:£1 as of December 31, 2016, ¥178.78:£1 as of March 31, 2016

(a) Breakdown by Company

(¥ millions)

	At December 31, 2016	At March 31, 2016	Change
Mitsui Fudosan	¥2,338,416	¥2,295,118	¥43,298
SPCs Total	229,946	232,020	(2,073)
Mitsui Fudosan America Group	197,212	219,708	(22,496)
Mitsui Fudosan UK Group	64,223	77,171	(12,947)
Mitsui Fudosan Residential	32,871	9,157	23,714
Other and Elimination	133,283	135,799	(2,515)
Consolidated Total	¥2,995,955	¥2,968,975	¥26,980

Above figures include revaluation reserve for land.

(b) Accounts of Tangible and Intangible Fixed Assets

(¥ millions)

Nine Months Ended December 31	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2016	¥2,968,975	¥128,650	¥(52,380)	¥(49,289)	¥2,995,955
2015	¥2,788,633	¥137,488	¥(49,045)	¥(12,978)	¥2,864,098

* 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:	December 31, 2016	March 31, 2016	Change
I. Current Liabilities:	¥931,494	¥840,656	¥90,837
Accounts Payable—Trade	71,243	95,876	(24,633)
Short-Term Debt	235,715	240,979	(5,263)
Commercial Paper	242,000	109,000	133,000
Bond Redeemable Within One Year	57,669	54,842	2,826
Income Taxes Payable	10,162	27,495	(17,332)
Advances from Contracts in Progress	26,861	18,489	8,371
Allowance for Completed Project Indemnities	1,130	1,244	(113)
Allowance for Possible Guarantee Losses	26	115	(89)
Deferred Income Taxes	1,189	1,170	18
Other	285,496	291,443	(5,946)
II. Long-Term Liabilities:	2,519,014	2,544,579	(25,564)
Corporate Bonds	314,763	304,055	10,707
Long-Term Debt	1,490,160	1,517,358	(27,198)
Deposits from Tenants	373,678	373,084	594
Allowance for Directors' and Corporate Auditors' Retirement Benefits	738	689	49
Net Defined Benefit Liability	41,892	40,109	1,782
Deferred Income Taxes	117,910	124,538	(6,627)
Deferred Tax Liabilities on Land Revaluation	139,830	139,830	-
Other	40,039	44,911	(4,872)
Total Liabilities	3,450,508	3,385,235	65,272
NET ASSETS:			
Common Stock	339,766	339,766	-
Capital Surplus	413,689	413,694	(4)
Retained Earnings	717,213	640,204	77,008
Treasury Stock	(6,279)	(6,241)	(37)
Reserve on Land Revaluation	305,114	305,633	(519)
Net Unrealized Holding Gains on Securities	210,174	226,169	(15,995)
Deferred Gains or Losses on Hedges	(398)	(693)	294
Foreign Currency Translation Adjustment	(33,465)	12,143	(45,608)
Remeasurements of Defined Benefit Plans	(7,110)	(8,372)	1,262
New Share Subscription Rights	1,127	1,031	95
Non-Controlling Interests	59,112	65,704	(6,592)
Total Net Assets	1,998,944	1,989,041	9,903
Total Liabilities and Net Assets	¥5,449,453	¥5,374,277	¥75,175

Note: Debt-Equity Ratio 1.21 times (1.16 times at March 31, 2016)

Interest-Bearing Debt:	2,340,307	2,226,236	114,071
Non-recourse Debt	338,437	322,080	16,357
Surplus Lease Deposits/Guarantee Deposits	241,271	239,170	2,100

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash inflow from operating activities of ¥113.9 billion and cash outflows from investing activities of ¥156.3 billion and cash dividends paid of ¥31.5 billion. The net increase in cash and cash equivalents increased ¥61.4 billion. As a result, interest-bearing debt stood at ¥2,340.3 billion on a consolidated basis as of December 31, 2016, up ¥114.0 billion compared with the end of the previous fiscal year.

Breakdown by Company

(¥ millions)

	At December 31, 2016	At March 31, 2016	Change
Mitsui Fudosan	¥1,818,125	¥1,703,906	¥114,219
SPCs Total	382,772	377,693	5,079
Mitsui Fudosan Residential	401,500	341,494	60,005
Mitsui Fudosan America Group	186,805	178,008	8,796
Loans to Subsidiaries	(610,864)	(538,587)	(72,276)
Other and Elimination	161,968	163,721	(1,753)
Consolidated Total	¥2,340,307	¥2,226,236	¥114,071
(Non-recourse Debt of Total)	338,437	322,080	16,357

SEGMENT INFORMATION (UNAUDITED)

Nine Months Ended December 31, 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	¥395,155	¥13,568	¥408,723	¥102,364	¥3,215,777	¥38,305	¥108,193
(2)Property Sales	327,354	-	327,354	49,309	1,374,768	972	6,662
(3)Management	251,385	48,863	300,249	35,654	316,385	6,478	9,184
(4)Mitsui Home	162,584	4,706	167,290	(2,515)	122,330	2,176	1,663
(5)Other	62,192	2,923	65,116	6,155	104,240	3,424	3,483
Elimination or Corporate	-	(70,063)	(70,063)	(24,504)	315,950	1,021	(537)
Consolidated	¥1,198,672	-	¥1,198,672	¥166,464	¥5,449,453	¥52,380	¥128,650

Nine Months Ended December 31, 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	¥376,585	¥13,520	¥390,105	¥94,888	¥3,038,504	¥36,050	¥118,959
(2)Property Sales	303,987	3,286	307,274	38,274	1,323,615	982	1,722
(3)Management	244,315	46,807	291,123	39,709	297,930	5,879	7,035
(4)Mitsui Home	160,142	4,804	164,947	(3,287)	122,907	2,243	1,753
(5)Other	61,613	1,935	63,548	6,506	103,473	2,998	10,115
Elimination or Corporate	-	(70,355)	(70,355)	(22,886)	354,523	890	(2,097)
Consolidated	¥1,146,644	-	¥1,146,644	¥153,205	¥5,240,954	¥49,045	¥137,488

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Nine Months Ended December 31	
	2016	2015
I. Revenue from Operations	¥1,198,672	¥1,146,644
II. Cost of Revenue from Operations	917,353	882,125
Gross Operating Profit	281,318	264,518
III. Selling, General and Administrative Expenses	114,854	111,313
Operating Income	166,464	153,205
IV. Non-Operating Income:	12,683	12,092
Interest Income	554	321
Dividend Income	4,498	4,058
Equity in Net Income of Affiliated Companies	1,846	5,136
Other Non-Operating Income	5,784	2,575
V. Non-Operating Expenses:	22,979	21,737
Interest Expenses	18,426	18,891
Other Non-Operating Expenses	4,552	2,845
Ordinary Income	156,168	143,560
VI. Extraordinary Gains:	-	2,193
Gain on Sales of Investment Securities	-	2,193
VII. Extraordinary Losses:	-	1,056
Loss on Disposal of Fixed Assets	-	1,056
Income before Income Taxes	156,168	144,697
Income Taxes	48,626	49,923
Profit	107,542	94,773
Profit (Loss) Attributable to Non-Controlling Interests	(519)	(378)
Profit Attributable to Owners of Parent	¥108,062	¥95,151

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	(¥ millions)	
	Nine Months Ended December 31	
	2016	2015
I. Cash Flows From Operating Activities:		
Income before Income Taxes	¥156,168	¥144,697
Depreciation and Amortization	52,380	49,045
Loss on Disposal of Fixed Assets	698	1,056
Interest and Dividend Income Receivable	(5,052)	(4,380)
(Gain) Loss on Sales of Investment Securities	-	(2,193)
Interest Expense	18,426	18,891
(Gain) Loss on Equity-Method Investments	(1,846)	(5,136)
(Increase) Decrease in Accounts Receivable	6,495	4,289
Increase (Decrease) in Accounts Payable	(17,308)	(11,406)
(Increase) Decrease in Real Property for Sale	(37,082)	(98,294)
Other	24,274	(18,744)
Subtotal	197,153	77,824
Cash Receipts of Interest and Dividend Income	7,244	6,119
Cash Payments of Interest Expense	(17,280)	(17,381)
Income Taxes Paid	(73,194)	(66,422)
Net Cash Provided by (Used in) Operating Activities	113,923	138
II. Cash Flows From Investing Activities:		
Purchase of Tangible and Intangible Fixed Assets	(132,097)	(119,664)
Sales of Tangible and Intangible Fixed Assets	3,506	7,417
Purchase of Investment Securities	(14,027)	(8,863)
Sales of Investment Securities	437	12,430
Payment of Lease Deposits	(3,856)	(11,837)
Proceeds from Collection of Lease Deposits	5,593	4,060
Repayment of Deposits from Tenants	(21,968)	(22,964)
Proceeds from Deposits from Tenants	22,593	29,852
Payment of Loan Receivable	(18,007)	(18,978)
Collection of Loan Receivable	8,986	12,350
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-	(6,230)
Other	(7,490)	(3,709)
Net Cash Provided by (Used in) Investing Activities	¥(156,329)	¥(126,135)

	(¥ millions)	
	Nine Months Ended December 31	
	2016	2015
III. Cash Flows From Financing Activities:		
Proceeds from Short-Term Debt	¥2,319,812	¥2,008,432
Repayment of Short-Term Debt	(2,196,477)	(1,961,085)
Proceeds from Long-Term Debt	121,011	241,565
Repayment of Long-Term Debt	(112,731)	(123,827)
Proceeds from Issuance of Bonds	68,492	36,911
Redemption of Bonds	(54,958)	(48,104)
Cash Dividends Paid	(31,592)	(27,652)
Proceeds from Share Issuance to Non-Controlling Shareholders	1,638	2,265
Dividends Paid to Non-Controlling Shareholders	(4,560)	(1,072)
Repayments to Non-Controlling Shareholders	(195)	(1,274)
Repayment of Finance Lease Obligations	(2,893)	(2,620)
(Increase) Decrease in Treasury Stock	(52)	(194)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	-	(1,649)
Net Cash Provided by (Used in) Financing Activities	107,492	121,694
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,628)	(611)
V. Net Increase (Decrease) in Cash and Cash Equivalents	61,458	(4,913)
VI. Cash and Cash Equivalents at Beginning of the Period	109,966	118,960
VII. Cash and Cash Equivalents at End of the Period	¥171,424	¥114,046

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. 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 December 31, 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.