

# FACT BOOK

*For the Three Months Ended June 30, 2017*

August 3, 2017



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

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

**Corporate Data**

(As of June 30, 2017)

**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

(¥ millions)

	Three Months Ended June 30		Change
	2017	2016	
<b>Revenue from Operations</b>	¥381,553	¥356,470	¥25,082
Leasing	133,887	130,982	2,904
Property Sales	98,922	83,352	15,569
Management	83,921	82,088	1,833
Mitsui Home	44,180	42,231	1,948
Other	20,642	17,815	2,826
<b>Operating Income</b>	51,750	47,581	4,168
Leasing	36,216	36,031	185
Property Sales	16,039	12,062	3,976
Management	9,699	10,385	(685)
Mitsui Home	(3,950)	(4,483)	533
Other	2,141	1,445	695
Elimination or Corporate	(8,396)	(7,859)	(536)
<b>Non-Operating Income/Expenses</b>	(3,646)	(2,461)	(1,184)
Equity in Net Income/Loss of Affiliated Companies	75	790	(714)
Interest Income/Expense, in Net	(6,191)	(6,196)	4
Other, in Net	2,469	2,944	(474)
<b>Ordinary Income</b>	48,103	45,119	2,984
<b>Extraordinary Gains/Losses</b>	-	-	-
Extraordinary Gains	-	-	-
Extraordinary Losses	-	-	-
<b>Income before Income Taxes</b>	48,103	45,119	2,984
Income Taxes	15,320	11,720	3,599
<b>Profit</b>	32,783	33,399	(615)
Profit (Loss) Attributable to Non-Controlling Interests	(1,091)	(865)	(226)
<b>Profit Attributable to Owners of Parent</b>	¥33,875	¥34,264	¥(389)

## ◆ Overview

● In the three-month period under review, revenue and earnings improved compared with the corresponding period of the previous fiscal year. In specific terms, revenue from operations increased ¥25.0 billion, or 7.0%, to ¥381.5 billion, and operating income climbed ¥4.1 billion, or 8.8%, to ¥51.7 billion year on year. This was mainly attributable to the year-on-year upswing in the reported number of units in "Property Sales to Individuals."

Ordinary income grew ¥2.9 billion, or 6.6%, to ¥48.1 billion. Profit attributable to owners of parent fell ¥0.3 billion, or 1.1%, to ¥33.8 billion owing mainly to the increase in income taxes.

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, 2017	Year to March 2018 (Forecast as of May 12, 2017)	3-Month Results/Full-Year Forecast (%)
Revenue from Operations	¥381,553	¥1,790,000	21.3
Operating Income	51,750	245,000	21.1
Ordinary Income	48,103	227,000	21.2
Profit Attributable to Owners of Parent	33,875	140,000	24.2

## Extraordinary Gains/Losses

(¥ millions)

Extraordinary Gains	-
Extraordinary Losses	-

## Consolidated Statements of Comprehensive Income

(¥ millions)

	Three Months Ended June 30	
	2017	2016
Profit	¥32,783	¥33,399
Other Comprehensive Income	21,910	(48,551)
Valuation Difference on Available-For-Sale Securities	28,360	(32,019)
Deferred Gains or Losses on Hedges	59	(155)
Revaluation Reserve for Land	-	-
Foreign Currency Translation Adjustment	(5,452)	(13,966)
Remeasurements of Defined Benefit Plans, Net of Tax	470	440
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(1,527)	(2,850)
Comprehensive Income	¥54,694	¥(15,151)
(Comprehensive Income Attributable to Owners of the Parent)	55,772	(14,135)
(Comprehensive Income Attributable to Non-Controlling Interests)	(1,077)	(1,016)

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

(¥ millions)

		Three Months Ended June 30		Change
		2017	2016	
Revenue from Operations	Leasing	¥127,223	¥124,673	¥2,549
	Property Sales	15,106	9,763	5,343
	Other	7,261	7,396	(135)
	<b>Total</b>	149,591	141,833	7,757
Gross Profit Margin (%)	Leasing	21.9	21.4	0.5pt
	Property Sales	30.7	12.8	17.9pt
	Other	33.6	42.7	(9.1)pt
<b>Operating Income</b>		¥27,788	¥24,159	¥3,629

# SEGMENT RESULTS

## [1] LEASING

(¥ millions)			
	Three Months Ended June 30		Change
	2017	2016	
Revenue from Operations	¥133,887	¥130,982	¥2,904
Operating Income	36,216	36,031	185

  

	Year to March 2018 (Forecast as of May 12, 2017)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥547,000	24.5	¥536,518
Operating Income	135,000	26.8	135,774

● For the three-month period under review, revenue from operations rose ¥2.9 billion compared with the corresponding period of the previous fiscal year, and operating income increased ¥0.1 billion year on year for the segment as a whole. This growth in revenue and earnings was mainly due to the full-term contribution from LaLaport SHONAN HIRATSUKA that came into operation during the previous fiscal year.

● The vacancy rate for the Company's office buildings located in the Tokyo metropolitan area was 3.0% on a non-consolidated basis as of June 30, 2017.

### 【Reference】 Non-consolidated Results

(Revenue from operations)

- Newly on-stream and full-term contribution projects: ¥2.2 billion year-on-year increase in revenue
- Existing properties: ¥0.9 billion year-on-year increase in revenue
- Shifting, terminations, etc.: ¥0.6 billion year-on-year decrease in revenue

### Breakdown of Leasing Operations (Nonconsolidated)

		At June 30					
		2017		2016		2016	
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	135	134	104	102	31	32
	Leased Floor Space (1,000m <sup>2</sup> )	2,554	2,574	2,223	2,245	331	329
	Leasing Revenue (¥ millions)	65,841	66,326	60,482	61,004	5,359	5,321
	Vacancy Rate (%)	3.0	2.7	3.0	2.6	2.5	3.2
Retail Facilities	Number of Buildings	79	77	55	53	24	24
	Leased Floor Space (1,000m <sup>2</sup> )	2,010	1,960	1,335	1,287	674	674
	Leasing Revenue (¥ millions)	54,359	51,606	38,304	35,900	16,054	15,706
	Vacancy Rate (%)	1.3	0.8	1.5	0.8	0.9	0.7

### Leased Floor Space

		At June 30		Change	
		2017	2016		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥73,810	¥73,642	¥168
		Retail Facilities	55,429	53,161	2,267
		Total Leased Floor Space (1,000 m <sup>2</sup> ):	4,924	4,816	108
		Office Buildings	Owned	1,670	1,625
		Managed	1,171	1,170	2
	Retail Facilities	Owned	1,518	1,492	25
		Managed	565	529	36
Other	Revenue		4,646	4,177	468
<b>Total Revenue</b>			<b>¥133,887</b>	<b>¥130,982</b>	<b>¥2,904</b>

### Vacancy Rate

	6/2017	3/2017	3/2016	3/2015	3/2014
<b>Consolidated</b>					
Office Buildings and Retail Facilities (including overseas)	3.0	3.1	2.2	3.2	3.5
<b>Non-consolidated</b>					
Tokyo Metropolitan Area Office Buildings	3.0	3.4	2.6	3.2	3.3
Regional Area Office Buildings	2.5	2.3	3.1	4.1	4.3

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

#### (NEWLY OPENED)

I Angel Court (City of London, UK)	Office building completed in March 2017
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#### (FULL-TERM CONTRIBUTION)

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
Sophia University Bldg. No. 6 (Sophia Tower) (Chiyoda-ku, Tokyo)	Office building completed in January 2017

## [2] PROPERTY SALES

	Three Months Ended June 30		Change
	2017	2016	
Revenue from Operations	¥98,922	¥83,352	¥15,569
Operating Income	16,039	12,062	3,976

(¥ millions)

  

	Year to March 2018 (Forecast as of May 12, 2017)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥544,000	18.2	¥488,710
Operating Income	82,000	19.6	65,285

● For the three-month period under review, in "Property Sales to Individuals" category, the reported number of units increased year on year. As a result, overall revenue from operations in this segment climbed ¥15.5 billion compared with the corresponding period of the previous fiscal year, and operating income grew ¥3.9 billion year on year.

● In newly constructed condominiums, the Company's contract rate as of June 30, 2017, was 78% of the 3,900 units projected for the year, compared with 77% as of June 30, 2016.

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

Park Homes Itabashi Hasune Nibangai (Itabashi-ku, Tokyo)	Condominiums
Park Homes Toyosu The Residence (Koto-ku, Tokyo)	Condominiums
Park Homes Tachikawa (Tachikawa, Tokyo)	Condominiums
BLUE HARBOR TOWER Minatomirai (Yokohama, Kanagawa)	Condominiums
Park Homes LaLa Shonan Hiratsuka (Hiratsuka, Kanagawa)	Condominiums
Fine Court Musashi-Koganei (Kodaira, Tokyo)	Detached Housing

### Property Sales to Individuals and Investors

	Three Months Ended June 30						Change			
	2017			2016			Revenue	Units	Unit Price (¥10 thousand)	
	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)				
Property Sales to Individuals	Condominiums	¥68,806	1,083	¥6,353	42,741	558	7,660	¥26,064	525	¥(1,307)
	Detached Housing	8,182	141	5,803	5,160	90	5,734	3,021	51	69
	Subtotal	76,989	1,224	6,290	47,902	648	7,392	29,086	576	(1,102)
	Operating Income	10,776		6,879				3,897		
Property Sales to Investors	Revenue	21,933			35,450			(13,516)		
	Operating Income	5,263			5,183			79		
<b>Total Revenue</b>	<b>98,922</b>			<b>83,352</b>			<b>15,569</b>			
<b>Total Operating Income</b>	<b>¥16,039</b>			<b>¥12,062</b>			<b>¥3,976</b>			

### Breakdown for the Revenue from the Property Sales to Individuals

		Three Months Ended June 30				Change	
		2017		2016		Revenue	Units
		Revenue	Units	Revenue	Units		
Condominiums	Tokyo Metropolitan Area	¥61,778	929	¥39,857	494	¥21,921	435
	Other	7,027	154	2,884	64	4,142	90
	Total	68,806	1,083	42,741	558	26,064	525
Detached Housing	Tokyo Metropolitan Area	8,059	139	4,248	71	3,810	68
	Other	123	2	912	19	(789)	(17)
	Total	¥8,182	141	¥5,160	90	¥3,021	51

(¥ millions)

### Inventories (Property Sales to Individuals)

	(Units)					
	6/2017	3/2017	3/2016	3/2015	3/2014	3/2013
Condominiums	226	321	88	83	170	223
Detached Housing	51	69	127	100	65	57
<b>Total</b>	<b>277</b>	<b>390</b>	<b>215</b>	<b>183</b>	<b>235</b>	<b>280</b>

### 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	3,583	705	4,288	1,083	3,205	566
Detached Housing	106	130	236	141	95	136
<b>Total</b>	<b>3,689</b>	<b>835</b>	<b>4,524</b>	<b>1,224</b>	<b>3,300</b>	<b>702</b>

### [3] MANAGEMENT

	Three Months Ended June 30		Change
	2017	2016	
Revenue from Operations	¥83,921	¥82,088	¥1,833
Operating Income	9,699	10,385	(685)

	Year to March 2018 (Forecast as of May 12, 2017)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥360,000	23.3	¥347,672
Operating Income	52,000	18.7	53,838

● For the three-month period under review, overall revenue from operations in this segment increased ¥1.8 billion compared with the corresponding period of the previous fiscal year. This was mainly due to an increase in the number of managed units in the Repark business (car park leasing business) and an upswing in the number of brokerage units handled in the “Mitsui Rehouse” business (brokerage business for individuals). Operating income, on the other hand, declined ¥0.6 billion year on year, largely as a result of an increase in expenses including advertising expenses.

		Three Months Ended June 30		Change
		2017	2016	
Property Management	Revenue	¥62,961	¥62,136	¥825
	Operating Income	6,584	6,871	(287)
Brokerage, Asset Management, etc.	Revenue	20,959	19,951	1,007
	Operating Income	3,115	3,513	(398)
<b>Total</b>	Revenue	<b>¥83,921</b>	<b>¥82,088</b>	<b>¥1,833</b>
	Operating Income	<b>9,699</b>	<b>10,385</b>	<b>(685)</b>

#### Property Management Business: Car Park Leasing (including “Property Management” category)

	At June 30, 2017		At June 30, 2016		Change
	Transaction Volume	Units	Transaction Volume	Units	
Total Managed Units	215,604	9,880	200,118	9,730	15,486

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

	Three Months Ended June 30				Change	
	2017		2016		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
Brokerage	¥347,226	9,880	¥362,778	9,730	¥(15,552)	150

Notes:

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

2) Effective from the first quarter of the fiscal year ending March 31, 2018, the calculation method for transaction volume and the number of units has been partially changed. The number of units and transaction volume for the first quarter of the previous fiscal year have also been recalculated using the method after the change.

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

		Three Months Ended June 30				Change	
		2017		2016		Transaction Volume	Units
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units	¥(190)		
		¥9,916	191	¥10,106		125	

## [4] MITSUI HOME, [5] OTHER

### [4] MITSUI HOME

	Three Months Ended June 30		Change
	2017	2016	
Revenue from Operations	¥44,180	¥42,231	¥1,948
Operating Income	(3,950)	(4,483)	533

  

	Year to March 2018 (Forecast as of May 12, 2017)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥251,000	17.6	¥247,195
Operating Income	5,100	-	4,907

● For the three-month period under review, revenue from operations for the segments as a whole was up ¥1.9 billion compared with the corresponding period of the previous fiscal year. This was mainly due to the increase in sales in the "New Construction" category. The operating loss narrowed ¥0.5 billion.

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
		2017	2016	
New Construction	Revenue	¥26,572	¥24,953	¥1,619
	Orders	33,897	33,225	672
Reform/Renewal	Revenue	7,228	7,795	(566)
	Orders	10,411	11,445	(1,034)
Lease Management		6,098	5,786	312
Housing-Related Material Sales		4,279	3,697	582
<b>Total Revenue</b>		<b>¥44,180</b>	<b>¥42,231</b>	<b>¥1,948</b>

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
	2017	2016	
Revenue from Operations	¥20,642	¥17,815	¥2,826
Operating Income	2,141	1,445	695

  

	Year to March 2018 (Forecast as of May 12, 2017)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥88,000	23.5	¥84,320
Operating Income	6,000	35.7	5,994

● For the three-month period under review, trends in the "Hotel" business were robust. As a result of this and other factors, revenue from operations climbed ¥2.8 billion and operating income rose ¥0.6 billion compared with the corresponding period of the previous year in the "Other" segment as a whole.

		Three Months Ended June 30		Change
		2017	2016	
Facility Operations		¥14,541	¥13,895	¥645
Other		6,100	3,920	2,180
<b>Total Revenue</b>		<b>¥20,642</b>	<b>¥17,815</b>	<b>¥2,826</b>

# CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
ASSETS:	June 30, 2017	March 31, 2017	Change
<b>I. Current Assets:</b>	¥1,718,430	¥1,745,308	¥(26,878)
Cash and Time Deposits	132,002	148,742	(16,739)
Accounts Receivable—Trade	27,983	36,073	(8,089)
Marketable Securities	102	69	33
Real Property for Sale (including Advances Paid for Purchases)	1,329,193	1,334,167	(4,974)
Expenditure on Contracts in Progress	32,177	24,247	7,930
Other Inventories	4,611	4,364	246
Short-Term Loans	9,152	5,524	3,627
Equity Investments in Properties for Sale	6,730	6,746	(16)
Deferred Income Taxes	32,112	30,090	2,022
Other	144,708	155,623	(10,914)
Allowance for Doubtful Accounts	(344)	(339)	(4)
<b>II. Tangible and Intangible Fixed Assets:</b>	2,969,974	2,967,788	2,186
1. Tangible Fixed Assets:	2,907,162	2,905,156	2,005
Buildings and Structures	765,632	765,266	366
Machinery, Equipment and Materials Handling Equipment	37,379	29,322	8,056
Land	1,857,937	1,861,393	(3,456)
Construction in Progress	209,254	211,529	(2,275)
Other	36,958	37,644	(686)
2. Intangible Fixed Assets:	62,811	62,631	180
<b>III. Investments and Other Assets:</b>	901,170	857,653	43,516
Investment Securities	668,923	627,800	41,122
Long-Term Loans	13,231	11,992	1,238
Lease Deposits	133,702	133,438	263
Net Defined Benefit Asset	4,830	5,273	(443)
Deferred Income Taxes	11,939	12,068	(129)
Deferred Tax Assets on Land Revaluation	2	2	-
Other	69,851	69,107	743
Allowance for Doubtful Accounts	(1,309)	(2,031)	721
<b>Total Assets</b>	<b>¥5,589,575</b>	<b>¥5,570,750</b>	<b>¥18,824</b>

## [Real Property for Sale]

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2017	At March 31, 2017	Change
Mitsui Fudosan	¥425,415	¥426,051	¥(636)
Mitsui Fudosan Residential	423,637	436,898	(13,260)
SPCs Total	235,972	234,044	1,928
Other and Elimination	244,168	237,172	6,995
<b>Consolidated Total</b>	<b>¥1,329,193</b>	<b>¥1,334,167</b>	<b>¥(4,974)</b>

(¥ 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
2017	¥1,334,167	¥77,701	¥(72,755)	¥(9,920)	¥1,329,193
2016	¥1,167,745	¥135,134	¥(61,750)	¥(13,087)	¥1,228,042

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥13.0 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 ¥2,969.9 billion as of June 30, 2017, up ¥2.1 billion compared with the end of the previous fiscal year. In addition to the Group undertaking new investments such as the Hibiya Project by Mitsui Fudosan as well as the 55 Hudson Yards Project by Mitsui Fudosan America Group, this increase reflected depreciation and the impact of foreign currency exchange rates at overseas subsidiaries.

Foreign currency exchange rates:

¥112.19:US\$1 as of June 30, 2017, ¥116.49:US\$1 as of March 31, 2017;

¥140.08:£1 as of June 30, 2017, ¥143.00:£1 as of March 31, 2017

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2017	At March 31, 2017	Change
Mitsui Fudosan	¥2,294,220	¥2,287,715	¥6,505
SPCs Total	228,928	229,566	(637)
Mitsui Fudosan America Group	220,942	222,374	(1,432)
Mitsui Fudosan UK Group	58,455	58,280	175
Mitsui Fudosan Residential	34,252	33,641	610
Other and Elimination	133,174	136,209	(3,035)
<b>Consolidated Total</b>	<b>¥2,969,974</b>	<b>¥2,967,788</b>	<b>¥2,186</b>

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
2017	¥2,967,788	¥28,462	¥(16,681)	¥(9,593)	¥2,969,974
2016	¥2,968,975	¥25,905	¥(17,253)	¥(23,020)	¥2,954,606

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

# CONSOLIDATED BALANCE SHEETS

(¥ millions)

LIABILITIES:	June 30, 2017	March 31, 2017	Change
<b>I. Current Liabilities:</b>	¥815,527	¥910,966	¥(95,438)
Accounts Payable—Trade	71,230	113,682	(42,451)
Short-Term Debt	227,564	274,318	(46,753)
Commercial Paper	180,000	82,000	98,000
Bond Redeemable Within One Year	30,000	47,655	(17,655)
Income Taxes Payable	9,641	23,262	(13,621)
Advances from Contracts in Progress	25,474	20,646	4,827
Allowance for Completed Project Indemnities	1,012	1,095	(83)
Allowance for Possible Guarantee Losses	20	24	(4)
Deferred Income Taxes	1,176	1,194	(18)
Other	269,408	347,085	(77,677)
<b>II. Long-Term Liabilities:</b>	2,680,822	2,602,853	77,969
Corporate Bonds	369,134	350,263	18,871
Long-Term Debt	1,576,608	1,533,251	43,356
Deposits from Tenants	377,581	374,331	3,250
Allowance for Directors' and Corporate Auditors' Retirement Benefits	685	706	(21)
Net Defined Benefit Liability	41,342	41,083	259
Deferred Income Taxes	124,844	112,689	12,154
Deferred Tax Liabilities on Land Revaluation	147,662	147,662	-
Other	42,962	42,864	98
<b>Total Liabilities</b>	3,496,350	3,513,819	(17,468)
<b>NET ASSETS:</b>			
Common Stock	339,766	339,766	-
Capital Surplus	413,230	413,230	0
Retained Earnings	738,329	722,363	15,965
Treasury Stock	(6,247)	(6,244)	(2)
Reserve on Land Revaluation	323,950	323,827	123
Net Unrealized Holding Gains on Securities	233,864	205,521	28,343
Deferred Gains or Losses on Hedges	(295)	(357)	61
Foreign Currency Translation Adjustment	(14,037)	(7,076)	(6,961)
Remeasurements of Defined Benefit Plans	(5,943)	(6,397)	453
New Share Subscription Rights	1,136	1,103	32
Non-Controlling Interests	69,470	71,191	(1,721)
<b>Total Net Assets</b>	2,093,225	2,056,931	36,293
<b>Total Liabilities and Net Assets</b>	<b>¥5,589,575</b>	<b>¥5,570,750</b>	<b>¥18,824</b>

Note: Debt-Equity Ratio 1.18 times (1.15 times at March 31, 2017)

<b>Interest-Bearing Debt:</b>	2,383,307	2,287,489	95,817
Non-recourse Debt	372,506	366,087	6,418
<b>Surplus lease deposits/guarantee deposits</b>	243,879	240,892	2,986

## [Interest-Bearing Debt]

As of June 30, 2017, interest-bearing debt stood at ¥2,383.3 billion on a consolidated basis, up ¥95.8 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 ¥59.4 billion attributable to such factors as new investments in real property for sale, a cash outflow from investing activities of ¥42.9 billion attributable mainly to new investments in tangible and intangible fixed assets and a cash outflow of ¥17.5 billion attributable to such factors as cash dividends paid.

## Breakdown by Company

(¥ millions)

	At June 30, 2017	At March 31, 2017	Change
Mitsui Fudosan	¥1,775,903	¥1,697,795	¥78,108
SPCs Total	380,146	378,618	1,527
Mitsui Fudosan Residential	332,100	273,300	58,800
Mitsui Fudosan America Group	250,204	247,836	2,368
Loans to Subsidiaries	(565,136)	(488,375)	(76,760)
Other and Elimination	210,088	178,314	31,774
<b>Consolidated Total</b>	<b>¥2,383,307</b>	<b>¥2,287,489</b>	<b>¥95,817</b>
(Non-recourse Debt of Total)	<b>372,506</b>	<b>366,087</b>	<b>6,418</b>

## SEGMENT INFORMATION

### Three Months Ended June 30, 2017

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total				
(1)Leasing	¥133,887	¥4,447	¥138,334	¥36,216	¥3,180,347	¥12,090	¥17,551
(2)Property Sales	98,922	-	98,922	16,039	1,515,350	366	441
(3)Management	83,921	15,969	99,890	9,699	308,774	2,118	3,049
(4)Mitsui Home	44,180	1,220	45,400	(3,950)	120,308	719	357
(5)Other	20,642	600	21,243	2,141	105,930	1,041	6,518
Elimination or Corporate	-	(22,237)	(22,237)	(8,396)	358,864	345	543
Consolidated	¥381,553	-	¥381,553	¥51,750	¥5,589,575	¥16,681	¥28,462

### 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

## CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Three Months Ended June 30	
	2017	2016
<b>I. Revenue from Operations</b>	¥381,553	¥356,470
<b>II. Cost of Revenue from Operations</b>	290,590	271,344
<b>Gross Operating Profit</b>	90,962	85,126
<b>III. Selling, General and Administrative Expenses</b>	39,212	37,544
<b>Operating Income</b>	51,750	47,581
<b>IV. Non-Operating Income:</b>	3,995	5,916
Interest Income	257	150
Dividend Income	2,798	2,463
Equity in Net Income of Affiliated Companies	75	790
Other Non-Operating Income	864	2,511
<b>V. Non-Operating Expenses:</b>	7,642	8,378
Interest Expenses	6,449	6,347
Other Non-Operating Expenses	1,193	2,030
<b>Ordinary Income</b>	48,103	45,119
<b>Income before Income Taxes</b>	48,103	45,119
<b>Income Taxes</b>	15,320	11,720
<b>Profit</b>	32,783	33,399
<b>Profit (Loss) Attributable to Non-Controlling Interests</b>	(1,091)	(865)
<b>Profit Attributable to Owners of Parent</b>	¥33,875	¥34,264

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Three Months Ended June 30	
	2017	2016
<b>I. Cash Flows From Operating Activities:</b>		
Income before Income Taxes	¥48,103	¥45,119
Depreciation and Amortization	16,681	17,253
Interest and Dividend Income Receivable	(3,055)	(2,614)
Interest Expense	6,449	6,347
(Gain) Loss on Equity-Method Investments	(75)	(790)
(Increase) Decrease in Accounts Receivable	8,115	8,761
Increase (Decrease) in Accounts Payable	(17,863)	(22,889)
(Increase) Decrease in Real Property for Sale	(30,526)	(59,613)
Other	(60,660)	(8,959)
Subtotal	(32,832)	(17,384)
Cash Receipts of Interest and Dividend Income	4,120	2,950
Cash Payments of Interest Expense	(5,492)	(5,099)
Income Taxes Paid	(25,285)	(30,048)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(59,489)</b>	<b>(49,581)</b>
<b>II. Cash Flows From Investing Activities:</b>		
Purchase of Tangible and Intangible Fixed Assets	(35,928)	(30,540)
Proceeds from Sale of Tangible and Intangible Fixed Assets	962	61
Purchase of Investment Securities	(3,384)	(481)
Payment of Lease Deposits	(863)	(1,458)
Proceeds from Collection of Lease Deposits	924	1,021
Repayment of Deposits from Tenants	(4,969)	(7,679)
Proceeds from Deposits from Tenants	8,079	7,877
Payment of Loan Receivable	(5,436)	(7,481)
Collection of Loan Receivable	1,279	2,857
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	(268)	-
Other	(3,315)	(358)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥(42,919)</b>	<b>¥(36,180)</b>

(¥ millions)

	Three Months Ended June 30	
	2017	2016
<b>III. Cash Flows From Financing Activities:</b>		
Proceeds from Short-Term Debt	¥770,855	¥1,001,567
Repayment of Short-Term Debt	(664,117)	(941,203)
Proceeds from Long-Term Debt	49,515	27,208
Repayment of Long-Term Debt	(52,096)	(4,711)
Proceeds from Issuance of Bonds	30,171	27,000
Redemption of Bonds	(28,955)	(1,313)
Cash Dividends Paid	(17,536)	(15,578)
Proceeds from Share Issuance to Non-Controlling Shareholders	43	449
Dividends Paid to Non-Controlling Shareholders	(960)	(3,090)
Repayment of Finance Lease Obligations	(997)	(941)
(Increase) Decrease in Treasury Stocks	(2)	(19)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>85,918</b>	<b>89,366</b>
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(249)</b>	<b>(5,714)</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(16,739)</b>	<b>(2,109)</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>148,546</b>	<b>109,966</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>¥131,806</b>	<b>¥107,856</b>

# CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2018

(¥ millions)

	Year to March 31		Change
	2018 (forecast)	2017 (actual)	
<b>Revenue from Operations</b>	¥1,790,000	¥1,704,416	¥85,584
Leasing	547,000	536,518	10,482
Property Sales	544,000	488,710	55,290
Management	360,000	347,672	12,328
Mitsui Home	251,000	247,195	3,805
Other	88,000	84,320	3,680
<b>Operating Income</b>	245,000	232,698	12,302
Leasing	135,000	135,774	(774)
Property Sales	82,000	65,285	16,715
Management	52,000	53,838	(1,838)
Mitsui Home	5,100	4,907	193
Other	6,000	5,994	6
Elimination or Corporate	(35,100)	(33,102)	(1,998)
<b>Non-Operating Income/Expenses</b>	(18,000)	(13,091)	(4,909)
Interest Income/Expense, in Net	(25,000)	(23,530)	(1,470)
Other, in Net	7,000	10,439	(3,439)
<b>Ordinary Income</b>	227,000	219,607	7,393
<b>Extraordinary Gains/Losses</b>	(15,000)	(27,350)	12,350
<b>Income before Income Taxes</b>	212,000	192,257	19,743
Income Taxes	69,000	58,675	10,325
<b>Profit</b>	143,000	133,582	9,418
Profit (Loss) Attributable to Non-controlling Interests	3,000	1,766	1,234
<b>Profit Attributable to Owners of Parent</b>	¥140,000	¥131,815	¥8,185

● **Leasing:** While overall revenue from operations is forecast to climb ¥10.4 billion, operating income is projected to decline ¥0.7 billion. The increase in revenue from operations is largely attributable to the increase in rents at existing office buildings as well as full-term contributions from those retail facilities that opened during the fiscal year under review. In contrast, the forecast decline in operating income reflects the impact of such factors as the increase in expenses in line with the newly opened the Hibiya Project.

● **Property Sales:** Revenue from operations in the "Property Sales to Individual" category is anticipated to decrease owing mainly to a downturn in the reported number of units. Operating income, on the other hand, is expected to increase on the back of improvements in the profit margin. After factoring in the forecast increase in revenue from operations and operating income in the "Property Sales to Investors" category, revenue from operations and operating income in the "Property Sales" segment as a whole is estimated to climb ¥55.2 billion and ¥16.7 billion, respectively.

● **Management:** Revenue from operations in the "Management" segment as a whole is projected to improve ¥12.3 billion compared with the fiscal year under review. In contrast, operating income is forecast to decline ¥1.8 billion year on year. These forecasts reflect a variety of factors including ongoing firm trends in the "Mitsui Rehouse Business" ("Brokerage" business for individuals), while a decline in consignment sales income at Mitsui Fudosan Residential.

● **Other:** In the "Other" segment as a whole, revenue from operations is anticipated to increase ¥3.6 billion compared with the fiscal year ended March 31, 2017. Operating income, on the other hand, is expected to increase 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 ¥1,790.0 billion, an increase of ¥85.5 billion compared with the fiscal year under review. From a profit perspective, operating income is expected to reach ¥245.0 billion, up ¥12.3 billion, ordinary income is anticipated to total ¥227.0 billion, up ¥7.3 billion, and profit attributable to owners of parent is estimated to amount to ¥140.0 billion, an improvement of ¥8.1 billion.

● Mitsui Fudosan is expecting to increase its dividend per share for the fiscal year ending March 31, 2018 to ¥36.00 per share comprising an interim and period-end dividend of ¥18.00 per share.

# CONSOLIDATED STATEMENTS OF EARNING FORECASTS

## 【Tangible and Intangible Assets】

(¥ millions)

	Year to March 2018 (forecast)	Year Ended March 2017 (actual)	YoY Change
New Investments	¥380,000	¥173,745	¥206,255
Depreciation	70,000	71,357	(1,357)

## 【Real Property for Sale】

(¥ millions)

	Year to March 2018 (forecast)	Year Ended March 2017 (actual)	YoY Change
New Investments	¥540,000	¥525,762	¥14,238
Recovery of Costs	410,000	379,841	30,159

## 【Interest-Bearing Debt】

(¥ millions)

	Year to March 2018 (forecast)	Year Ended March 2017 (actual)	YoY Change
Interest-Bearing Debt	¥2,700,000	¥2,287,489	¥412,511

## 【Property Sales】 Revenue, Operating Margin

(¥ millions)

	Year to March 2018 (forecast)	Year Ended March 2017 (actual)	YoY Change
<b>Property Sales to Individuals</b>			
Revenue from Operations:	¥308,000	¥315,635	¥(7,635)
Condominiums	271,000	277,156	(6,156)
Detached Housing	37,000	38,478	(1,478)
Operating Income	34,000	30,605	3,395
Operating Margin (%)	11.0	9.7	1.3pt
<b>Property Sales to Investors</b>			
Revenue from Operations:	236,000	173,074	62,926
Operating Income	48,000	34,680	13,320
<b>Total</b>			
Revenue from Operations:	544,000	488,710	55,290
Operating Income	¥82,000	¥65,285	¥16,715

## Number of Housing Units

(Units)

	Year to March 2018 (forecast)	Year Ended March 2017 (actual)	YoY Change
Condominiums	3,900	5,200	(1,300)
Detached Housing	550	639	(89)
<b>Total</b>	4,450	5,839	(1,389)

## 【Mitsui Home (Consolidated)】

(¥ millions)

	Year to March 2018 (forecast)	Year Ended March 2017 (actual)	YoY Change
Revenue from Operations	¥260,000	¥254,954	¥5,045
Operating Income	5,100	5,074	25
Ordinary Income	5,100	5,054	45
<b>Profit Attributable to Owners of Parent</b>	¥3,100	¥3,099	¥0

\* The above figures were disclosed by Mitsui Home on May 8, 2017.

## CONTINGENT LIABILITIES

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### (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 Co., Ltd., 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 June 30, 2017 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.