

FACT BOOK

For the Year Ended March 31, 2018

May 11, 2018



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

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

Corporate Data

(As of March 31, 2018)

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)

| | Year Ended March 31 | | Change |
|---|---------------------|------------|----------|
| | 2018 | 2017 | |
| Revenue from Operations | ¥1,751,114 | ¥1,704,416 | ¥46,698 |
| Leasing | 558,165 | 536,518 | 21,646 |
| Property Sales | 499,607 | 488,710 | 10,897 |
| Management | 353,813 | 347,672 | 6,141 |
| Mitsui Home | 252,180 | 247,195 | 4,985 |
| Other | 87,346 | 84,320 | 3,026 |
| Operating Income | 245,902 | 232,698 | 13,203 |
| Leasing | 138,338 | 135,774 | 2,563 |
| Property Sales | 83,010 | 65,285 | 17,724 |
| Management | 48,727 | 53,838 | (5,111) |
| Mitsui Home | 5,463 | 4,907 | 556 |
| Other | 6,849 | 5,994 | 854 |
| Elimination or Corporate | (36,487) | (33,102) | (3,385) |
| Non-Operating Income/Expenses | (5,561) | (13,091) | 7,529 |
| Equity in Net Income/Loss of Affiliated Companies | 15,258 | 4,564 | 10,693 |
| Interest Income/Expense, in Net | (24,833) | (23,530) | (1,302) |
| Other, in Net | 4,013 | 5,874 | (1,861) |
| Ordinary Income | 240,341 | 219,607 | 20,733 |
| Extraordinary Gains/Losses | (15,592) | (27,350) | 11,757 |
| Extraordinary Gains | - | - | - |
| Extraordinary Losses | 15,592 | 27,350 | (11,757) |
| Income before Income Taxes | 224,748 | 192,257 | 32,490 |
| Income Taxes | 66,771 | 58,675 | 8,096 |
| Profit | 157,976 | 133,582 | 24,394 |
| Profit (Loss) Attributable to Non-Controlling Interests | 2,102 | 1,766 | 336 |
| Profit Attributable to Owners of Parent | ¥155,874 | ¥131,815 | ¥24,058 |

◆ Overview

● For the fiscal year ended March 31, 2018, revenue and earnings increased in the "Leasing" segment. This was mainly due to the upward revision in rents at existing office buildings and sales growth at retail facilities. In the "Property Sales" segment, the Company recorded an upswing in revenue and earnings. This largely reflected an improvement in profit margins on the back of robust sales conditions in the "Property Sales to Individuals (Domestic)" category and such factors as growth in property sales to investors including J-REITs in the "Property Sales to Investors" category. Accounting for each of these factors, revenue from operations across the Company as a whole climbed ¥46.6 billion, or 2.7% year on year, to ¥1,751.1 billion. From a profit perspective, earnings increased. In specific terms, operating income improved ¥13.2 billion, or 5.7%, to ¥245.9 billion; ordinary income increased ¥20.7 billion, or 9.4%, to ¥240.3 billion; and profit attributable to owners of parent grew ¥24.0 billion, or 18.3%, to ¥155.8 billion. In addition to reporting record highs in revenue from operations, operating income, ordinary income and profit attributable to owners of parent, the Company also achieved its profit targets in the fiscal year ended March 31, 2018, the final fiscal year of its Medium-Term Business Plan Innovation 2017 Stage II.

◆ Shareholder Return

● The Company plans to pay an annual cash dividend of ¥40.00 per share for the fiscal year ended March 31, 2018, an increase of ¥4.00 per share from ¥36.00 per share announced at the start of the period. In addition, the Company decided to purchase its own shares to maximum of 7,500,000 shares and ¥15.0 billion for the purpose of enhancing capital efficiency.

Progress Comparison with Full Year Forecasts (¥ millions)

| | Year Ended March 31, 2018 | Year to March 2018 (Forecast as of May 12, 2017) | Full-Year Results/Full-Year Forecast (%) |
|---|---------------------------|--|--|
| Revenue from Operations | ¥1,751,114 | ¥1,790,000 | 97.8 |
| Operating Income | 245,902 | 245,000 | 100.4 |
| Ordinary Income | 240,341 | 227,000 | 105.9 |
| Profit Attributable To Owners of Parent | 155,874 | ¥140,000 | 111.3 |

Extraordinary Gains/Losses

| 【Extraordinary Losses】 (¥ millions) | |
|-------------------------------------|---------|
| Impairment Loss | ¥8,042 |
| Loss on Disposal of Fixed Assets | ¥7,550 |
| Total | ¥15,592 |

Consolidated Statements of Comprehensive Income (¥ millions)

| | Year Ended March 31 | |
|---|---------------------|----------|
| | 2018 | 2017 |
| Profit | ¥157,976 | ¥133,582 |
| Other Comprehensive Income | 103,695 | (37,369) |
| Valuation Difference on Available-For-Sale Securities | 92,799 | (20,704) |
| Deferred Gains or Losses on Hedges | 85 | 406 |
| Revaluation Reserve for Land | (1,047) | 138 |
| Foreign Currency Translation Adjustment | 1,149 | (14,406) |
| Remeasurements of Defined Benefit Plans, Net of Tax | 8,421 | 2,050 |
| Share of Other Comprehensive Income of Associates Accounted for Using Equity Method | 2,287 | (4,853) |
| Comprehensive Income | ¥261,672 | ¥96,212 |
| (Comprehensive Income Attributable to Owners of Parent) | 259,132 | 94,398 |
| (Comprehensive Income Attributable to Non-Controlling Interests) | 2,540 | 1,814 |

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

| | | Year Ended March 31 | | Change |
|-------------------------|-------------------------|---------------------|----------|----------|
| | | 2018 | 2017 | |
| Revenue from Operations | Leasing | ¥524,936 | ¥509,532 | ¥15,403 |
| | Property Sales | 180,622 | 42,907 | 137,714 |
| | Other | 46,400 | 65,587 | (19,187) |
| | Total | 751,959 | 618,028 | 133,931 |
| Gross Profit Margin (%) | Leasing | 19.5 | 19.5 | (0.0)pt |
| | Property Sales | 24.7 | 12.8 | 11.9pt |
| | Other | 52.7 | 71.7 | (19.0)pt |
| | Operating Income | ¥140,007 | ¥123,373 | ¥16,633 |

SEGMENT RESULTS

[1] LEASING

| | Year Ended March 31 | | Change |
|-------------------------|---------------------|----------|---------|
| | 2018 | 2017 | |
| Revenue from Operations | ¥558,165 | ¥536,518 | ¥21,646 |
| Operating Income | 138,338 | 135,774 | 2,563 |

| | Year to March 2018 (Forecast as of May 12, 2017) | Full-year Results/ Full-Year Forecast (%) |
|-------------------------|--|--|
| Revenue from Operations | ¥547,000 | 102.0 |
| Operating Income | 135,000 | 102.5 |

● In the “Leasing” segment, overall revenue from operations rose ¥21.6 billion compared with the previous fiscal year, and operating income increased ¥2.5 billion year on year. These improvements were mainly due to the upward revision of rents from existing office buildings, the full-term contributions from LaLaport SHONAN HIRATSUKA which came into operation during the previous fiscal year, and sales growth at existing retail facilities.

● The vacancy rate for the Company’s office buildings located in the Tokyo Metropolitan Area was 2.2% on a non-consolidated basis as of March 31, 2018.

[Reference] Non-consolidated Results

(Revenue from operations)

- Newly on-stream and full-term contribution projects: ¥7.7 billion increase in revenue year on year
- Existing properties: ¥6.7 billion increase in revenue year on year
- Shifting and terminations: ¥0.9 billion increase in revenue year on year

Breakdown of Leasing Operations (Nonconsolidated)

| | | At March 31 | | | | | |
|-------------------|---|--------------------------------|---------|-----------------------|---------|--------|--------|
| | | 2018 | | 2017 | | 2018 | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | Total | Tokyo Metropolitan Area | | Regional Areas | | | |
| Office Buildings | Number of Buildings | 134 | 135 | 104 | 103 | 30 | 32 |
| | Leased Floor Space (1,000m ²) | 2,631 | 2,549 | 2,303 | 2,217 | 328 | 331 |
| | Leasing Revenue (¥ millions) | 271,179 | 266,680 | 249,664 | 245,254 | 21,514 | 21,426 |
| | Vacancy Rate (%) | 2.2 | 3.2 | 2.2 | 3.4 | 2.3 | 2.3 |
| Retail Facilities | Number of Buildings | 83 | 80 | 58 | 55 | 25 | 25 |
| | Leased Floor Space (1,000m ²) | 2,041 | 1,998 | 1,360 | 1,329 | 681 | 669 |
| | Leasing Revenue (¥ millions) | 223,874 | 215,221 | 156,537 | 150,191 | 67,337 | 65,030 |
| | Vacancy Rate (%) | 1.4 | 2.0 | 1.5 | 2.0 | 1.2 | 2.2 |

| | | | At March 31 | | |
|--|---|-------------------|----------------|----------------|---------------|
| | | | 2018 | 2017 | Change |
| Office Buildings and Retail Facilities | Revenue | Office Buildings | ¥307,840 | ¥298,685 | ¥9,154 |
| | | Retail Facilities | 229,335 | 221,253 | 8,082 |
| | Total Leased Floor Space (1,000 m ²): | | 5,025 | 4,836 | 189 |
| | Office Buildings | Owned | 1,748 | 1,586 | 161 |
| | | Managed | 1,162 | 1,182 | (21) |
| | Retail Facilities | Owned | 1,536 | 1,509 | 27 |
| Managed | | 580 | 559 | 21 | |
| Other | Revenue | 20,989 | 16,579 | 4,410 | |
| Total Revenue | | | 558,165 | 536,518 | 21,646 |

Vacancy Rate

| | 3/2018 | 3/2017 | 3/2016 | 3/2015 | 3/2014 | 3/2013 |
|---|--------|--------|--------|--------|--------|--------|
| Consolidated | | | | | | |
| Office Buildings and Retail Facilities (including overseas) | 2.4 | 3.1 | 2.2 | 3.2 | 3.5 | 3.3 |
| Non-consolidated | | | | | | |
| Tokyo Metropolitan Area Office Buildings | 2.2 | 3.4 | 2.6 | 3.2 | 3.3 | 3.8 |
| Regional Area Office Buildings | 2.3 | 2.3 | 3.1 | 4.1 | 4.3 | 5.3 |

Major Projects during the Period

(NEWLY OPENED)

| | |
|--|--|
| I Angel Court (City of London, UK) | Office building completed in March 2017 |
| G-BASE Tamachi (Minato-ku, Tokyo) | Office building completed in January 2018 |
| Shinjuku M-SQUARE (Shinjuku-ku, Tokyo) | Office building completed in January 2018 |
| TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo) | Mixed-use development project completed in February 2018 |

(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 |
| Waterfront Corporate Center III (New Jersey, U.S) | Office building acquired in November 2016 |
| Sophia University Bldg. No. 6 (Sophia Tower) (Chiyoda-ku, Tokyo) | Office building completed in January 2017 |

[2] PROPERTY SALES

| | Year Ended March 31 | | Change |
|-------------------------|---------------------|----------|---------|
| | 2018 | 2017 | |
| Revenue from Operations | ¥499,607 | ¥488,710 | ¥10,897 |
| Operating Income | 83,010 | 65,285 | 17,724 |

| | Year to March 2018 (Forecast as of May 12, 2017) | Full-year Results/ Full-Year Forecast (%) |
|-------------------------|--|--|
| Revenue from Operations | ¥544,000 | 91.8 |
| Operating Income | 82,000 | 101.2 |

● For the fiscal year under review, revenue in the "Property Sales to Individuals (Domestic)" category decreased due to a downturn in the reported number of units. Operating income, on the other hand, increased on the back of an upswing in profit margins favorably affected by robust sales conditions. Both revenue and earnings in the "Property Sales to Investors and Individuals (Overseas)" category improved. This largely reflected the growth in sales of properties to investors including J-REITs. Taking each of these factors into consideration, overall revenue from operations in the "Property Sales" segment climbed ¥10.8 billion compared with the previous fiscal year, and operating income increased ¥17.7 billion year on year.

Major Projects Undertaken during the Period

| | |
|--|------------------|
| Park City Chuo Minato The Tower (Chuo-ku, Tokyo) | Condominiums |
| Park City Musashi-Kosugi The Garden Towers East (Kawasaki, Kanagawa) | Condominiums |
| Park Homes Itabashi Hasune Nibangai (Itabashi-ku, Tokyo) | Condominiums |
| Park Court Sanbancho Hilltop Residence (Chiyoda-ku, Tokyo) | Condominiums |
| Fine Court Musashi-Koganei (Kodaira, Tokyo) | Detached Housing |

| | Year Ended March 31 | | | | | | Change | | | |
|---|---------------------|----------------|---------------------------------|---------|----------------|---------------------------------|---------|----------------|---------------------------------|--------|
| | 2018 | | | 2017 | | | Revenue | Units | Unit Price (¥10 thousand) | |
| | Revenue | Units | Unit Price (¥10 thousand) | Revenue | Units | Unit Price (¥10 thousand) | | | | |
| Property Sales to Individuals (Domestic) | Condominiums | ¥246,989 | 3,707 | ¥6,663 | ¥277,156 | 5,200 | ¥5,330 | ¥(30,167) | (1,493) | ¥1,333 |
| | Detached Housing | 28,998 | 501 | 5,788 | 38,478 | 639 | 6,022 | (9,479) | (138) | (234) |
| | Subtotal | 275,988 | 4,208 | 6,559 | 315,635 | 5,839 | 5,406 | (39,647) | (1,631) | 1,153 |
| | Operating Income | 31,167 | | | 30,605 | | | 562 | | |
| Property Sales to Investors and Individuals (Overseas), etc. | Revenue | 223,619 | | | 173,074 | | | 50,545 | | |
| | Operating Income | 51,843 | | | 34,680 | | | 17,162 | | |
| Total Revenue | | 499,607 | | | 488,710 | | | 10,897 | | |
| Total Operating Income | | ¥83,010 | | | ¥65,285 | | | ¥17,724 | | |

Breakdown for the Revenue from the Property Sales to Individuals (Domestic) (¥ millions)

| | | Year Ended March 31 | | | | Change | |
|------------------|-------------------------|---------------------|-------|----------|-------|-----------|---------|
| | | 2018 | | 2017 | | Revenue | Units |
| | | Revenue | Units | Revenue | Units | | |
| Condominiums | Tokyo Metropolitan Area | ¥219,800 | 3,098 | ¥247,047 | 4,525 | ¥(27,247) | (1,427) |
| | Other | 27,188 | 609 | 30,108 | 675 | (2,920) | (66) |
| | Total | 246,989 | 3,707 | 277,156 | 5,200 | (30,167) | (1,493) |
| Detached Housing | Tokyo Metropolitan Area | 27,778 | 479 | 35,924 | 589 | (8,146) | (110) |
| | Other | 1,220 | 22 | 2,554 | 50 | (1,333) | (28) |
| | Total | ¥28,998 | 501 | ¥38,478 | 639 | ¥(9,479) | (138) |

Inventories of Property Sales to Individuals (Domestic) (Units)

| | 3/2018 | 3/2017 | 3/2016 | 3/2015 | 3/2014 | 3/2013 | 3/2012 | 3/2011 |
|------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Condominiums | 108 | 321 | 88 | 83 | 170 | 223 | 380 | 638 |
| Detached Housing | 40 | 69 | 127 | 100 | 65 | 57 | 24 | 46 |
| Total | 148 | 390 | 215 | 183 | 235 | 280 | 404 | 684 |

Contracted for Sale from the Property Sales to Individuals (Domestic) (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 | 4,312 | 7,895 | 3,707 | 4,188 | 4,125 |
| Detached Housing | 106 | 548 | 654 | 501 | 153 | 520 |
| Total | 3,689 | 4,860 | 8,549 | 4,208 | 4,341 | 4,645 |

[3] MANAGEMENT

(¥ millions)

| | Year Ended March 31 | | Change |
|-------------------------|---------------------|----------|---------|
| | 2018 | 2017 | |
| Revenue from Operations | ¥353,813 | ¥347,672 | ¥6,141 |
| Operating Income | 48,727 | 53,838 | (5,111) |

| | Year to March 2018 (Forecast as of May 12, 2017) | Full-year Results/ Full-Year Forecast (%) |
|-------------------------|--|--|
| Revenue from Operations | ¥360,000 | 98.3 |
| Operating Income | 52,000 | 93.7 |

● For the fiscal year under review, overall revenue from operations increased mainly due to growth 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 as a result of such factors as the absence of large corporate brokerage transactions, which occurred during the previous fiscal year and the drop in consignment construction management contracts. Accounting for each of these factors, overall revenue from operations in the "Management" segment as a whole climbed ¥6.1 billion compared with the previous fiscal year and operating income decreased ¥5.1 billion year on year.

(¥ millions)

| | | Year Ended March 31 | | Change |
|-----------------------------------|------------------|---------------------|----------|---------|
| | | 2018 | 2017 | |
| Property Management | Revenue | ¥263,420 | ¥259,736 | ¥3,683 |
| | Operating Income | 28,914 | 32,550 | (3,636) |
| Brokerage, Asset Management, etc. | Revenue | 90,393 | 87,935 | 2,457 |
| | Operating Income | 19,813 | 21,288 | (1,475) |
| Total | Revenue | ¥353,813 | ¥347,672 | ¥6,141 |
| | Operating Income | 48,727 | 53,838 | (5,111) |

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

(Units)

| | At March 31, 2018 | At March 31, 2017 | Change |
|---------------------|-------------------|-------------------|--------|
| Total Managed Units | 226,125 | 210,549 | 15,576 |

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

(¥ millions)

| | Year Ended March 31 | | | | Change | |
|-----------|---------------------|--------|--------------------|--------|--------------------|-------|
| | 2018 | | 2017 | | Transaction Volume | Units |
| Brokerage | Transaction Volume | Units | Transaction Volume | Units | | |
| | ¥1,568,074 | 40,658 | ¥1,561,167 | 40,167 | | |

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 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)

(¥ millions)

| | Year Ended March 31 | | | | Change | |
|-------------------|---------------------|-------|--------------------|-------|--------------------|-------|
| | 2018 | | 2017 | | Transaction Volume | Units |
| Consignment Sales | Transaction Volume | Units | Transaction Volume | Units | | |
| | ¥60,457 | 949 | ¥89,551 | 1,468 | | |

[4] MITSUI HOME, [5] OTHER

[4] MITSUI HOME

| | Year Ended March 31 | | Change |
|-------------------------|---------------------|----------|--------|
| | 2018 | 2017 | |
| Revenue from Operations | ¥252,180 | ¥247,195 | ¥4,985 |
| Operating Income | 5,463 | 4,907 | 556 |

| | Year to March 2018 (Forecast as of May 12, 2017) | Full-year Results/ Full-Year Forecast (%) |
|-------------------------|--|--|
| Revenue from Operations | ¥251,000 | 100.5 |
| Operating Income | 5,100 | 107.1 |

● Despite a downturn in sales in the "New Construction" category, revenue from operations in the "Reform/Renewal," "Lease Management," and "Housing-Related Material Sales" categories improved in the fiscal year ended March 31, 2018. At the same time, overhead expenses in the "New Construction" category decreased. Accounting for each of these factors, revenue from operations for the segment grew ¥4.9 billion compared with the previous fiscal year while operating income increased ¥0.5 billion year on year.

| | | Year Ended March 31 | | Change |
|--------------------------------|---------|---------------------|-----------------|---------------|
| | | 2018 | 2017 | |
| New Construction | Revenue | ¥168,579 | ¥169,246 | ¥(666) |
| | Orders | 152,988 | 151,384 | 1,603 |
| Reform/Renewal | Revenue | 37,196 | 36,722 | 474 |
| | Orders | 45,094 | 41,185 | 3,908 |
| Lease Management | | 25,321 | 22,867 | 2,454 |
| Housing-Related Material Sales | | 21,083 | 18,359 | 2,723 |
| Total Revenue | | ¥252,180 | ¥247,195 | ¥4,985 |

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

| | Year Ended March 31 | | Change |
|-------------------------|---------------------|---------|--------|
| | 2018 | 2017 | |
| Revenue from Operations | ¥87,346 | ¥84,320 | ¥3,026 |
| Operating Income | 6,849 | 5,994 | 854 |

| | Year to March 2018 (Forecast as of May 12, 2017) | Full-year Results/ Full-Year Forecast (%) |
|-------------------------|--|--|
| Revenue from Operations | ¥88,000 | 99.3 |
| Operating Income | 6,000 | 114.2 |

● In the fiscal year under review, revenue from operations in the "Other" segment as a whole increased ¥3.0 billion compared with the previous fiscal year and operating income improved ¥0.8 billion year on year. In addition to steady trends in the "Hotel and Resort" category, these results mainly reflected the full-term contribution from hotels that opened during the previous fiscal year.

| | Year Ended March 31 | | Change |
|---|---------------------|----------------|---------------|
| | 2018 | 2017 | |
| Facility Operations (Hotels, resorts and others) | ¥60,120 | ¥60,348 | ¥(227) |
| Other | 27,226 | 23,972 | 3,254 |
| Total Revenue | ¥87,346 | ¥84,320 | ¥3,026 |

Major Projects during the Period (full-year total)

(NEWLY OPENED)

| | |
|---|--------------------------------|
| Hotel The Celestine Kyoto Gion (Kyoto, Kyoto) | Hotel opened in September 2017 |
| Hotel The Celestine Ginza (Chuo-ku, Tokyo) | Hotel opened in October 2017 |

(FULL-TERM CONTRIBUTION)

| | |
|--|--------------------------------|
| Mitsui Garden Hotel Kyobashi (Chuo-ku, Tokyo) | Hotel opened in September 2016 |
| Mitsui Garden Hotel Nagoya Premier (Nagoya, Aichi) | Hotel opened in September 2016 |

[REFERENCE] OVERSEAS BUSINESS

| | | Year Ended March 31 | | Change |
|--|------------------|---------------------|---------|---------|
| | | 2018 | 2017 | |
| Leasing | Revenue | ¥43,837 | ¥37,985 | ¥5,853 |
| | Operating Income | 11,668 | 10,056 | 1,612 |
| Property Sales | Revenue | 2,200 | 5,270 | (3,069) |
| | Operating Income | (2,314) | 1,012 | (3,325) |
| Management, Other, etc. | Revenue | 16,072 | 16,791 | (719) |
| | Operating Income | 2,038 | 2,303 | (265) |
| Pro forma Operating Income of Overseas Affiliates *1 | | 6,827 | 6,468 | 359 |
| Total Overseas Income | | 18,220 | 19,839 | (1,619) |
| Overseas Income Ratio*2 | | 7.2% | 8.3% | (1.1)pt |

*1 Calculated by multiplying the operating income or the amount equivalent to operating income of each overseas equity-method affiliated company by the Company's equity interest (Note).

Note: The amount equivalent to operating income is the amount of profit calculated on a simplified basis after taking into consideration the tax burden.

*2 Total overseas income ÷ (Operating income + Pro forma operating income of overseas affiliates) x 100

CONSOLIDATED BALANCE SHEETS

(¥ millions)

| ASSETS: | March 31, 2018 | March 31, 2017 | Change |
|---|-------------------|-------------------|-----------------|
| I. Current Assets: | ¥1,927,962 | ¥1,745,308 | ¥182,653 |
| Cash and Time Deposits | 100,889 | 148,742 | (47,852) |
| Accounts Receivable—Trade | 41,186 | 36,073 | 5,113 |
| Marketable Securities | 181 | 69 | 112 |
| Real Property for Sale (including Advances Paid for Purchases) | 1,524,863 | 1,334,167 | 190,695 |
| Expenditure on Contracts in Progress | 25,400 | 24,247 | 1,153 |
| Other Inventories | 4,857 | 4,364 | 493 |
| Short-Term Loans | 17,519 | 5,524 | 11,994 |
| Equity Investments in Properties for Sale | 6,723 | 6,746 | (23) |
| Deferred Income Taxes | 29,615 | 30,090 | (475) |
| Other | 177,138 | 155,623 | 21,514 |
| Allowance for Doubtful Accounts | (412) | (339) | (72) |
| II. Tangible and Intangible Fixed Assets: | 3,318,928 | 2,967,788 | 351,139 |
| 1. Tangible Fixed Assets: | 3,244,641 | 2,905,156 | 339,484 |
| Buildings and Structures | 857,308 | 765,266 | 92,042 |
| Machinery, Equipment and Materials Handling Equipment | 38,552 | 29,322 | 9,229 |
| Land | 2,038,163 | 1,861,393 | 176,769 |
| Construction in Progress | 270,964 | 211,529 | 59,435 |
| Other | 39,653 | 37,644 | 2,008 |
| 2. Intangible Fixed Assets: | 74,286 | 62,631 | 11,655 |
| III. Investments and Other Assets: | 1,054,398 | 857,653 | 196,744 |
| Investment Securities | 787,958 | 627,800 | 160,158 |
| Long-Term Loans | 7,761 | 11,992 | (4,231) |
| Lease Deposits | 138,564 | 133,438 | 5,126 |
| Net Defined Benefit Asset | 17,975 | 5,273 | 12,701 |
| Deferred Income Taxes | 12,639 | 12,068 | 570 |
| Deferred Tax Assets on Land Revaluation | 34 | 2 | 31 |
| Other | 90,689 | 69,107 | 21,581 |
| Allowance for Doubtful Accounts | (1,225) | (2,031) | 806 |
| Total Assets | ¥6,301,288 | ¥5,570,750 | ¥730,537 |

[Real Property for Sale]

(a) Breakdown by Company

(¥ millions)

| | At March 31, 2018 | At March 31, 2017 | Change |
|------------------------------|-------------------|-------------------|-----------------|
| Mitsui Fudosan Residential | ¥611,976 | ¥436,898 | ¥175,077 |
| Mitsui Fudosan | 353,127 | 426,051 | (72,924) |
| SPCs Total | 235,610 | 234,044 | 1,565 |
| Mitsui Fudosan America Group | 206,918 | 151,169 | 55,749 |
| Mitsui Fudosan UK Group | 105,277 | 70,175 | 35,102 |
| Other and Elimination | 11,953 | 15,827 | (3,874) |
| Consolidated Total | ¥1,524,863 | ¥1,334,167 | ¥190,695 |

(b) Accounts of Real Property for Sale

(¥ millions)

| Year Ended March 31 | At Beginning of Period | New Investments* | Cost Recovery | Others | At End of Period |
|---------------------|------------------------|------------------|---------------|-----------|------------------|
| 2018 | ¥1,334,167 | ¥599,584 | ¥(376,032) | ¥(32,856) | ¥1,524,863 |
| 2017 | ¥1,167,745 | ¥525,762 | ¥(379,841) | ¥20,501 | ¥1,334,167 |

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥209.1 billion for the year 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 ¥3,318.9 billion as of March 31, 2018, up ¥351.1 billion compared with the end of the previous fiscal. This increase largely reflected such new investments as TOKYO MIDTOWN HIBIYA and Hibiya U-1 Building (former NBF Hibiya Building) by Mitsui Fudosan as well as 50 Hudson Yards project and 55 Hudson Yards project by Mitsui Fudosan America Group.

Foreign currency exchange rates:

¥113.00:US\$1 as of March 31, 2018; ¥116.49:US\$1 as of March 31, 2017;

¥151.95:£1 as of March 31, 2018; ¥143.00:£1 as of March 31, 2017

(a) Breakdown by Company

| | At March 31, 2018 | At March 31, 2017 | Change |
|------------------------------|-------------------|-------------------|-----------------|
| Mitsui Fudosan | ¥2,480,435 | ¥2,287,715 | ¥192,720 |
| Mitsui Fudosan America Group | 359,280 | 222,374 | 136,905 |
| SPCs Total | 239,366 | 229,566 | 9,799 |
| Mitsui Fudosan UK Group | 63,125 | 58,280 | 4,844 |
| Mitsui Fudosan Residential | 35,606 | 33,641 | 1,964 |
| Other and Elimination | 141,114 | 136,209 | 4,904 |
| Consolidated Total | ¥3,318,928 | ¥2,967,788 | ¥351,139 |

Above figures include revaluation reserve for land.

(b) Accounts of Tangible and Intangible Fixed Assets

(¥ millions)

| Year Ended March 31 | At Beginning of Period | New Investments* | Depreciation | Others | At End of Period |
|---------------------|------------------------|------------------|--------------|------------|------------------|
| 2018 | ¥2,967,788 | ¥440,752 | ¥(70,167) | ¥(19,445) | ¥3,318,928 |
| 2017 | ¥2,968,975 | ¥173,745 | ¥(71,357) | ¥(103,575) | ¥2,967,788 |

* 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: | March 31, 2018 | March 31, 2017 | Change |
|--|-------------------|-------------------|-----------------|
| I. Current Liabilities: | ¥1,064,693 | ¥910,966 | ¥153,727 |
| Accounts Payable—Trade | 123,988 | 113,682 | 10,306 |
| Short-Term Debt | 273,207 | 274,318 | (1,111) |
| Commercial Paper | 125,000 | 82,000 | 43,000 |
| Bond Redeemable Within One Year | 51,150 | 47,655 | 3,494 |
| Income Taxes Payable | 44,951 | 23,262 | 21,689 |
| Advances from Contracts in Progress | 19,900 | 20,646 | (745) |
| Allowance for Completed Project Indemnities | 965 | 1,095 | (129) |
| Allowance for Possible Guarantee Losses | 16 | 24 | (8) |
| Deferred Income Taxes | 1,077 | 1,194 | (117) |
| Other | 424,435 | 347,085 | 77,350 |
| II. Long-Term Liabilities: | 2,948,894 | 2,602,853 | 346,041 |
| Corporate Bonds | 468,072 | 350,263 | 117,809 |
| Long-Term Debt | 1,687,226 | 1,533,251 | 153,974 |
| Deposits from Tenants | 403,413 | 374,331 | 29,081 |
| Allowance for Directors' and Corporate Auditors' Retirement Benefits | 715 | 706 | 8 |
| Net Defined Benefit Liability | 42,737 | 41,083 | 1,653 |
| Deferred Income Taxes | 150,008 | 112,689 | 37,318 |
| Deferred Tax Liabilities on Land Revaluation | 151,701 | 147,662 | 4,038 |
| Other | 45,020 | 42,864 | 2,155 |
| Total Liabilities | 4,013,588 | 3,513,819 | 499,769 |
| NET ASSETS: | | | |
| Common Stock | 339,766 | 339,766 | - |
| Capital Surplus | 409,764 | 413,230 | (3,466) |
| Retained Earnings | 834,497 | 722,363 | 112,133 |
| Treasury Stock | (6,079) | (6,244) | 165 |
| Reserve on Land Revaluation | 330,922 | 323,827 | 7,094 |
| Net Unrealized Holding Gains on Securities | 298,297 | 205,521 | 92,775 |
| Deferred Gains or Losses on Hedges | (241) | (357) | 115 |
| Foreign Currency Translation Adjustment | (3,955) | (7,076) | 3,120 |
| Remeasurements of Defined Benefit Plans | 1,910 | (6,397) | 8,307 |
| New Share Subscription Rights | 1,090 | 1,103 | (13) |
| Non-Controlling Interests | 81,727 | 71,191 | 10,535 |
| Total Net Assets | 2,287,700 | 2,056,931 | 230,768 |
| Total Liabilities and Net Assets | ¥6,301,288 | ¥5,570,750 | ¥730,537 |

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

| | | | |
|--|----------------|----------------|---------------|
| Interest-Bearing Debt: | 2,604,656 | 2,287,489 | 317,166 |
| Non-recourse Debt | 440,953 | 366,087 | 74,866 |
| Surplus lease deposits/guarantee deposits | 264,848 | 240,892 | 23,955 |

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash inflow from operating activities of ¥30.1 billion and a cash outflow from investing activities of ¥365.4 billion on the back of new investments in tangible and intangible assets. The cash outflow attributable to cash dividends paid came to ¥35.5 billion. As a result, interest-bearing debt stood at ¥2,604.6 billion on a consolidated basis, up ¥317.1 billion compared with the end of the previous fiscal year.

Breakdown by Company

(¥ millions)

| | At March 31, 2018 | At March 31, 2017 | Change |
|------------------------------|-------------------|-------------------|-----------------|
| Mitsui Fudosan | ¥1,904,499 | ¥1,697,795 | ¥206,704 |
| Mitsui Fudosan Residential | 450,500 | 273,300 | 177,200 |
| Mitsui Fudosan America Group | 445,385 | 247,836 | 197,548 |
| SPCs Total | 397,749 | 378,618 | 19,130 |
| Mitsui Fudosan UK Group | 125,601 | 80,215 | 45,386 |
| Loans to Subsidiaries | (825,146) | (488,375) | (336,770) |
| Other and Elimination | 106,066 | 98,098 | 7,967 |
| Consolidated Total | ¥2,604,656 | ¥2,287,489 | ¥317,166 |
| (Non-recourse Debt of Total) | 440,953 | 366,087 | 74,866 |

DISCLOSURE OF MARKET VALUE OF RENTAL PROPERTIES

[Rental Properties]

Mitsui Fudosan and some of its consolidated subsidiaries have rental properties including office buildings and retail facilities in the Tokyo Metropolitan and other areas. Profit and loss for such rental properties for the fiscal year ended March 31, 2017 amounted to ¥130,099 million (rental revenue is reported on revenue from operations and rental expenses are reported on the cost of revenue from operations) while impairment losses were ¥14,205 million and the loss on disposal of fixed assets was ¥829 million (impairment losses and loss on disposal of fixed assets are reported on extraordinary losses). Profit and loss for such rental properties for the fiscal year ended March 31, 2018 amounted to ¥131,013 million (rental revenue is reported on revenue from operations and rental expenses are reported on the cost of revenue from operations) while impairment losses were ¥7,583 million and the loss on disposal of fixed assets was ¥6,350 million (impairment losses and loss on disposal of fixed assets are reported on extraordinary losses).

The amounts of rental properties shown on consolidated balance sheets, year-on-year change, and market values as of the end of each fiscal year are presented as follows.

(¥ millions)

| | At March 31, 2018 | At March 31, 2017 | Change |
|---|----------------------|----------------------|----------|
| Amount Shown on Consolidated Balance Sheets | ¥2,960,708 | ¥2,645,056 | ¥315,651 |
| Market Value | 5,436,150 | 4,828,439 | 607,710 |
| Change | ¥2,475,441 | ¥2,183,382 | ¥292,058 |

SEGMENT INFORMATION

Year Ended March 31, 2018

(¥ millions)

| | Revenue from Operations | | | Segment Income | Segment Assets | Depreciation | Impairment Loss | Increase in Tangible and Intangible Fixed Assets |
|--------------------------|-------------------------|------------------|------------|----------------|----------------|--------------|-----------------|--|
| | (1) Outside Customers | (2) Intersegment | Total | | | | | |
| (1)Leasing | ¥558,165 | ¥17,782 | ¥575,948 | ¥138,338 | ¥3,535,906 | ¥51,045 | ¥7,583 | ¥397,743 |
| (2)Property Sales | 499,607 | 234 | 499,842 | 83,010 | 1,730,914 | 1,610 | 18 | 2,388 |
| (3)Management | 353,813 | 71,601 | 425,415 | 48,727 | 344,269 | 8,727 | 440 | 13,144 |
| (4)Mitsui Home | 252,180 | 7,928 | 260,109 | 5,463 | 137,404 | 2,865 | - | 3,251 |
| (5)Other | 87,346 | 3,919 | 91,265 | 6,849 | 125,234 | 4,347 | - | 20,858 |
| Elimination or Corporate | - | (101,466) | (101,466) | (36,487) | 427,560 | 1,571 | - | 3,365 |
| Consolidated | ¥1,751,114 | - | ¥1,751,114 | ¥245,902 | ¥6,301,288 | ¥70,167 | ¥8,042 | ¥440,752 |

Year Ended March 31, 2017

(¥ millions)

| | Revenue from Operations | | | Segment Income | Segment Assets | Depreciation | Impairment Loss | Increase in Tangible and Intangible Fixed Assets |
|--------------------------|-------------------------|------------------|------------|----------------|----------------|--------------|-----------------|--|
| | (1) Outside Customers | (2) Intersegment | Total | | | | | |
| (1)Leasing | ¥536,518 | ¥17,484 | ¥554,003 | ¥135,774 | ¥3,178,948 | ¥52,103 | ¥19,174 | ¥139,526 |
| (2)Property Sales | 488,710 | - | 488,710 | 65,285 | 1,523,059 | 1,354 | - | 8,030 |
| (3)Management | 347,672 | 68,349 | 416,021 | 53,838 | 342,520 | 8,770 | 541 | 12,426 |
| (4)Mitsui Home | 247,195 | 7,648 | 254,844 | 4,907 | 130,183 | 2,945 | - | 2,455 |
| (5)Other | 84,320 | 4,320 | 88,640 | 5,994 | 101,214 | 4,794 | 5,843 | 11,020 |
| Elimination or Corporate | - | (97,803) | (97,803) | (33,102) | 294,824 | 1,388 | - | 286 |
| Consolidated | ¥1,704,416 | - | ¥1,704,416 | ¥232,698 | ¥5,570,750 | ¥71,357 | ¥25,559 | ¥173,745 |

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

| | Year Ended March 31 | |
|--|---------------------|------------|
| | 2018 | 2017 |
| I. Revenue from Operations | ¥1,751,114 | ¥1,704,416 |
| II. Cost of Revenue from Operations | 1,339,483 | 1,308,438 |
| Gross Operating Profit | 411,631 | 395,977 |
| III. Selling, General and Administrative Expenses | 165,728 | 163,279 |
| Operating Income | 245,902 | 232,698 |
| IV. Non-Operating Income: | 24,977 | 17,692 |
| Interest Income | 838 | 1,103 |
| Dividend Income | 5,245 | 4,506 |
| Equity in Net Income of Affiliated Companies | 15,258 | 4,564 |
| Other Non-Operating Income | 3,635 | 7,517 |
| V. Non-Operating Expenses: | 30,539 | 30,783 |
| Interest Expenses | 25,671 | 24,634 |
| Other Non-Operating Expenses | 4,867 | 6,148 |
| Ordinary Income | 240,341 | 219,607 |
| VI. Extraordinary Gains: | - | - |
| Gain on Sales of Investment Securities | - | - |
| VII. Extraordinary Losses: | 15,592 | 27,350 |
| Loss on Disposal of Fixed Assets | 7,550 | 1,790 |
| Impairment Loss | 8,042 | 25,559 |
| Income before Income Taxes | 224,748 | 192,257 |
| Income Taxes | 66,771 | 58,675 |
| Profit | 157,976 | 133,582 |
| Profit (Loss) Attributable to Non-Controlling Interests | 2,102 | 1,766 |
| Profit Attributable to Owners of Parent | ¥155,874 | ¥131,815 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

| | Year Ended March 31 | |
|---|---------------------|-------------------|
| | 2018 | 2017 |
| I. Cash Flows From Operating Activities: | | |
| Income before Income Taxes | ¥224,748 | ¥192,257 |
| Depreciation and Amortization | 70,167 | 71,357 |
| Impairment Loss | 8,042 | 25,559 |
| Interest and Dividend Income Receivable | (6,084) | (5,609) |
| Interest Expense | 25,671 | 24,634 |
| (Gain) Loss on Equity-Method Investments | (15,258) | (4,564) |
| Loss on Disposal of Fixed Assets | 7,550 | 1,790 |
| (Increase) Decrease in Accounts Receivable | (4,961) | (121) |
| Increase (Decrease) in Accounts Payable | 1,704 | (9,118) |
| (Increase) Decrease in Real Property for Sale | (217,384) | (59,571) |
| Other | (10,570) | 83,893 |
| Subtotal | 83,624 | 320,506 |
| Cash Receipts of Interest and Dividend Income | 10,377 | 8,604 |
| Cash Payments of Interest Expense | (25,652) | (24,553) |
| Income Taxes Paid | (38,206) | (77,124) |
| Net Cash Provided by (Used in) Operating Activities | 30,143 | 227,432 |
| II. Cash Flows From Investing Activities: | | |
| Purchase of Tangible and Intangible Fixed Assets | (360,075) | (168,581) |
| Proceeds from Sales of Tangible and Intangible Fixed Assets | 4,681 | 4,131 |
| Purchase of Investment Securities | (11,776) | (16,156) |
| Proceeds from Sales of Investment Securities | 2,027 | 598 |
| Payment of Lease Deposits | (10,967) | (8,290) |
| Proceeds from Collection of Lease Deposits | 5,102 | 8,843 |
| Repayment of Deposits from Tenants | (38,041) | (32,514) |
| Proceeds from Deposits from Tenants | 66,752 | 33,652 |
| Payment of Loan Receivable | (22,934) | (27,931) |
| Collection of Loan Receivable | 12,814 | 13,872 |
| Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation | (431) | (11,025) |
| Proceeds from Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation | 3,173 | - |
| Other | (15,787) | 1,818 |
| Net Cash Provided by (Used in) Investing Activities | ¥(365,464) | ¥(201,583) |

(¥ millions)

| | Year Ended March 31 | |
|---|---------------------|-----------------|
| | 2018 | 2017 |
| III. Cash Flows From Financing Activities: | | |
| Proceeds from Short-Term Debt | ¥3,346,884 | ¥3,170,459 |
| Repayment of Short-Term Debt | (3,293,552) | (3,201,268) |
| Proceeds from Long-Term Debt | 371,957 | 225,268 |
| Repayment of Long-Term Debt | (220,506) | (178,815) |
| Proceeds from Issuance of Bonds | 179,665 | 105,992 |
| Redemption of Bonds | (54,113) | (66,971) |
| Cash Dividends Paid | (35,573) | (31,621) |
| Proceeds from Share Issuance to Non-Controlling Shareholders | 4,499 | 2,000 |
| Dividends Paid to Non-Controlling Shareholders | (5,579) | (5,250) |
| Repayments to Non-Controlling Shareholders | (105) | (196) |
| Repayment of Finance Lease Obligations | (3,942) | (3,905) |
| (Increase) Decrease in Treasury Stock | (18) | (94) |
| Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation | (463) | (525) |
| Net Cash Provided by (Used in) Financing Activities | 289,150 | 15,071 |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents | (1,668) | (2,339) |
| V. Net Increase (Decrease) in Cash and Cash Equivalents | (47,838) | 38,580 |
| VI. Cash and Cash Equivalents at Beginning of Year | 148,546 | 109,966 |
| VII. Cash and Cash Equivalents at End of the Period | ¥100,708 | ¥148,546 |

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2019

(¥ millions)

| | Year to March 31 | | Change |
|---|------------------|---------------|----------|
| | 2019 (forecast) | 2018 (actual) | |
| Revenue from Operations | ¥1,870,000 | ¥1,751,114 | ¥118,886 |
| Leasing | 600,000 | 558,165 | 41,835 |
| Property Sales | 535,000 | 499,607 | 35,393 |
| Management | 385,000 | 353,813 | 31,187 |
| Mitsui Home | 260,000 | 252,180 | 7,820 |
| Other | 90,000 | 87,346 | 2,654 |
| Operating Income | 250,000 | 245,902 | 4,098 |
| Leasing | 140,000 | 138,338 | 1,662 |
| Property Sales | 87,000 | 83,010 | 3,990 |
| Management | 51,000 | 48,727 | 2,273 |
| Mitsui Home | 5,800 | 5,463 | 337 |
| Other | 4,000 | 6,849 | (2,849) |
| Elimination or Corporate | (37,800) | (36,487) | (1,313) |
| Non-Operating Income/Expenses | (17,000) | (5,561) | (11,439) |
| Interest Income/Expense, in Net | (27,000) | (24,833) | (2,167) |
| Other, in Net | 10,000 | 19,271 | (9,271) |
| Ordinary Income | 233,000 | 240,341 | (7,341) |
| Extraordinary Gains/Losses | (5,000) | (15,592) | 10,592 |
| Income before Income Taxes | 228,000 | 224,748 | 3,252 |
| Income Taxes | (71,000) | 66,771 | (4,229) |
| Profit | 157,000 | 157,976 | (976) |
| Profit (Loss) Attributable to Non-controlling Interests | 4,000 | 2,102 | (1,898) |
| Profit Attributable to Owners of Parent | ¥153,000 | ¥155,874 | ¥(2,874) |

● Leasing: Overall revenue from operations and operating income are forecast to climb ¥41.8 billion and ¥1.6 billion, respectively. This is mainly due to the contribution from the 55 Hudson Yards Project that is due for completion during the current fiscal year and the full-term contribution from TOKYO MIDTOWN HIBIYA, which was completed during the fiscal year under review.

Major properties scheduled for completion during the fiscal year ending March 31, 2019: Nihonbashi Takashimaya Mitsui Building; Nihonbashi Muromachi 3rd district project; msb Tamachi (Tamachi Station Tower S); 55 Hudson Yards project; Lalaport Nagoya minato AQUUS

● Property Sales: Forecast results in the "Property Sales" segment take into account a variety of factors. While such factors as the forecast drop in the number of units in the fiscal year ending March 31, 2019 compared with the fiscal year under review is anticipated to push down operating income in the "Property Sales to Individual (Domestic)" category, both revenue from operations and operating income are estimated to increase in the "Property Sales to Investors and Individuals (Overseas)" category. As a result, revenue from operations is expected to grow ¥35.3 billion and operating income is anticipated to climb ¥3.9 billion in the "Property Sales" segment as a whole.

● Management: Revenue from operations in the "Management" segment as a whole is projected to improve ¥31.1 billion and operating income is forecast to grow ¥2.2 billion. These forecasts reflect a variety of factors including ongoing robust trends in the "Brokerage" business for individuals of Mitsui Fudosan Realty as well as the "Repark" (car park leasing) business.

● Other: In the "Other" segment as a whole, revenue from operations is anticipated to increase ¥2.6 billion. In contrast, operating income is expected to decrease ¥2.8 billion. This mix of results reflects such factors as the stable performance from the existing hotels and resorts business and opening expenses in connection with the launch of new hotels during the current fiscal year.

Major properties where operations are scheduled to commence during the fiscal year ending March 31, 2019: Mitsui Garden Hotel Nihonbashi Premier; Mitsui Garden Hotel Otemachi; Mitsui Garden Hotel Gotanda; Mitsui Garden Hotel Kanazawa

● Taking each of the aforementioned factors into consideration, revenue from operations is forecast to amount to ¥1,870.0 billion, an increase of ¥118.8 billion compared with the fiscal year under review. From a profit perspective, operating income is expected to reach ¥250.0 billion, up ¥4.0 billion.

● Owing to corrections to non-operating income and expenses posted during the fiscal year under review, ordinary income in the fiscal year ending March 31, 2019 is expected to come in at ¥233.0 billion, down ¥7.3 billion, while profit attributable to owners of parent is estimated to total ¥153.0 billion, a decrease of ¥2.8 billion.

● Mitsui Fudosan is expecting to pay a cash dividend per share for the fiscal year ending March 31, 2019 of ¥40.00 per share comprising an interim and period-end dividend of ¥20.00 per share.

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

【Property Sales】

Revenue, Operating Margin

(¥ millions)

| | Year to March 2019 (forecast) | Year Ended March 2018 (actual) | YoY Change |
|--------------------------------------|----------------------------------|-----------------------------------|------------|
| Property Sales to Individuals | | | |
| Revenue from Operations: | ¥277,000 | ¥275,988 | ¥1,012 |
| Condominiums | 245,000 | 246,989 | (1,989) |
| Detached Housing | 32,000 | 28,998 | 3,002 |
| Operating Income | 26,000 | 31,167 | (5,167) |
| Operating Margin (%) | 9.4 | 11.3 | (1.9)pt |
| Property Sales to Investors | | | |
| Revenue from Operations: | 258,000 | 223,619 | 34,381 |
| Operating Income | 61,000 | 51,843 | 9,157 |
| Total | | | |
| Revenue from Operations: | 535,000 | 499,607 | 35,393 |
| Operating Income | ¥87,000 | ¥83,010 | ¥3,990 |

Number of Domestic Housing Units

(Units)

| | Year to March 2019 (forecast) | Year Ended March 2018 (actual) | YoY Change |
|------------------|----------------------------------|-----------------------------------|------------|
| Condominiums | 3,250 | 3,707 | (457) |
| Detached Housing | 500 | 501 | (1) |
| Total | 3,750 | 4,208 | (458) |

【Mitsui Home (Consolidated)】

(¥ millions)

| | Year to March 2019 (forecast) | Year Ended March 2018 (actual) | YoY Change |
|--|----------------------------------|-----------------------------------|------------|
| Revenue from Operations | ¥267,000 | ¥260,109 | ¥6,891 |
| Operating Income | 5,800 | 5,660 | 140 |
| Ordinary Income | 5,800 | 5,614 | 186 |
| Profit Attributable to Owners of Parent | ¥3,900 | ¥3,692 | ¥208 |

* The above figures were disclosed by Mitsui Home on May 8, 2018.

【Tangible and Intangible Assets】

(¥ millions)

| | Year to March 2019 (forecast) | Year Ended March 2018 (actual) | YoY Change |
|-----------------|----------------------------------|-----------------------------------|------------|
| New Investments | ¥440,000 | ¥440,752 | ¥(752) |
| Depreciation | 75,000 | 70,167 | 4,833 |

【Real Property for Sale】

(¥ millions)

| | Year to March 2019 (forecast) | Year Ended March 2018 (actual) | YoY Change |
|-------------------|----------------------------------|-----------------------------------|------------|
| New Investments | ¥460,000 | ¥599,584 | ¥(139,584) |
| Recovery of Costs | 410,000 | 376,032 | 33,968 |

【Interest-Bearing Debt】

(¥ millions)

| | Year to March 2019 (forecast) | Year Ended March 2018 (actual) | YoY Change |
|-----------------------|----------------------------------|-----------------------------------|------------|
| Interest-Bearing Debt | ¥2,900,000 | ¥2,604,656 | ¥295,344 |

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 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 has decided to 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. Based on this decision to seek damages, Mitsui Fudosan Residential filed a lawsuit for total compensation amounting to around ¥45.9 billion against the three companies identified above on November 28, 2017. Mitsui Fudosan has posted all related temporary payments undertaken by Mitsui Fudosan Residential up to March 31, 2018 as current assets on its consolidated quarterly 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.

Consolidated Financial Highlights

[Millions of Yen]

| Fiscal Year | | 09 | | | | | | | | | |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Income Statement | Revenue from Operations | 1,384,806 | 1,384,806 | 1,405,269 | 1,338,102 | 1,445,644 | 1,515,252 | 1,529,036 | 1,567,969 | 1,704,416 | 1,751,114 |
| | Operating Income | 120,585 | 120,585 | 120,092 | 126,038 | 148,184 | 172,567 | 186,074 | 202,482 | 232,698 | 245,902 |
| | Ordinary Income | 93,901 | 93,901 | 96,204 | 102,509 | 123,066 | 144,587 | 163,373 | 182,521 | 219,607 | 240,341 |
| | Profit Attributable to Owners of Parent | 60,084 | 60,084 | 49,909 | 50,129 | 59,451 | 76,843 | 100,185 | 117,722 | 131,815 | 155,874 |
| Revenue by Segment | Leasing | 554,921 | 447,813 | 439,317 | 436,208 | 458,356 | 466,759 | 464,842 | 509,178 | 536,518 | 558,165 |
| | Sales of Housing, Office Buildings and Land | 392,100 | 386,269 | 405,242 | 321,352 | 393,534 | 409,466 | 425,442 | 391,577 | 488,710 | 499,607 |
| | Construction | 166,497 | 307,664 | 319,114 | 329,101 | 348,596 | 372,526 | 317,818 | 334,652 | 347,672 | 353,813 |
| | Brokerage, Consignment Sales and Consulting | 65,769 | 209,924 | 214,130 | 216,838 | 218,387 | 247,233 | 242,150 | 247,455 | 247,195 | 252,180 |
| | Property Management | 138,131 | 102,019 | 97,032 | 105,397 | 107,245 | 109,267 | 78,782 | 85,104 | 84,320 | 87,346 |
| | Sales of Housing Materials and Merchandise | 95,523 | 1,384,806 | 1,405,269 | 1,338,102 | 1,445,644 | 1,515,252 | 1,529,036 | 1,567,969 | 1,704,416 | 1,751,114 |
| | Facility Operations | 48,918 | | | | | | | | | |
| | Other | 21,420 | | | | | | | | | |
| | Total Revenue from Operations | 1,384,806 | | | | | | | | | |
| | Operating Income by Segment | Leasing | 99,787 | 95,553 | 88,929 | 95,699 | 104,352 | 109,205 | 107,863 | 124,112 | 135,774 |
| Sales of Housing, Office Buildings and Land | | 12,085 | 12,492 | 16,193 | 15,734 | 23,059 | 27,099 | 45,493 | 44,525 | 65,285 | 83,010 |
| Construction | | 2,203 | 29,714 | 32,121 | 34,363 | 41,579 | 49,945 | 49,317 | 52,446 | 53,838 | 48,727 |
| Brokerage, Consignment Sales and Consulting | | 7,491 | 3,640 | 3,764 | 4,187 | 566 | 4,192 | 4,017 | 4,724 | 4,907 | 5,463 |
| Property Management | | 15,972 | 226 | 1,001 | (806) | (85) | 3,071 | 5,186 | 7,163 | 5,994 | 6,849 |
| Sales of Housing Materials and Merchandise | | 985 | 120,585 | 120,092 | 126,038 | 148,184 | 172,567 | 186,074 | 202,482 | 232,698 | 245,902 |
| Facility Operations | | (3,554) | | | | | | | | | |
| Other | | 5,017 | | | | | | | | | |
| Operating Income | 120,585 | | | | | | | | | | |
| Balance Sheets | Total Assets | 3,710,423 | 3,710,423 | 3,780,699 | 3,868,411 | 4,390,074 | 4,548,822 | 5,077,148 | 5,374,277 | 5,570,750 | 6,301,288 |
| | Real Property for Sale | 682,536 | 682,536 | 634,479 | 642,809 | 915,222 | 961,449 | 1,031,080 | 1,167,745 | 1,334,167 | 1,524,863 |
| | Tangible and Intangible Assets | 2,105,822 | 2,105,822 | 2,252,287 | 2,304,809 | 2,503,977 | 2,526,139 | 2,788,633 | 2,968,975 | 2,967,788 | 3,318,928 |
| | Capital Outlays | 61,971 | 61,971 | 229,394 | 111,755 | 72,355 | 148,255 | 273,487 | 207,172 | 173,745 | 440,752 |
| | Depreciation | 50,286 | 50,286 | 52,954 | 53,231 | 59,022 | 56,030 | 61,242 | 67,460 | 71,357 | 70,167 |
| | Interest-Bearing Debt | 1,746,719 | 1,746,719 | 1,740,048 | 1,743,411 | 2,120,225 | 2,040,071 | 1,976,150 | 2,226,236 | 2,287,489 | 2,604,656 |
| | Retained Earnings | 301,653 | 301,653 | 332,335 | 363,877 | 402,224 | 454,750 | 549,660 | 640,204 | 722,363 | 834,497 |
| Shareholders' Equity | 1,007,811 | 1,007,811 | 1,019,941 | 1,078,182 | 1,181,174 | 1,274,355 | 1,871,922 | 1,922,305 | 1,984,635 | 2,204,882 | |
| Cash Flows | Cash Flows from Operating Activities | 84,389 | 84,389 | 185,055 | 148,161 | 99,684 | 189,903 | 30,343 | 32,154 | 227,432 | 30,143 |
| | Cash Flows from Investing Activities | (64,834) | (64,834) | (170,552) | (124,353) | (71,132) | (44,056) | (261,640) | (239,719) | (201,583) | (365,464) |
| | Cash Flows from Financing Activities | (19,762) | (19,762) | (20,400) | (18,649) | (7,944) | (123,713) | 221,508 | 201,110 | 15,071 | 289,150 |
| | Free Cash Flow | 19,554 | 19,554 | 14,502 | 23,807 | 28,552 | 145,847 | (231,296) | (207,564) | 25,848 | (335,320) |
| Key Ratios | Return on Assets (%) | 3.41% | 3.41% | 3.39% | 3.55% | 3.66% | 4.07% | 4.10% | 4.13% | 4.58% | 4.56% |
| | Return on Equity (%) | 6.05% | 6.05% | 4.92% | 4.78% | 5.27% | 6.26% | 6.37% | 6.20% | 6.75% | 7.44% |
| | Debt/Equity Ratio (times) | 1.73 | 1.73 | 1.71 | 1.62 | 1.80 | 1.60 | 1.06 | 1.16 | 1.15 | 1.18 |
| | Equity Ratio (%) | 27.2% | 27.2% | 27.0% | 27.9% | 26.9% | 28.0% | 36.9% | 35.8% | 35.6% | 35.0% |
| Scope of Consolidation | Consolidated Subsidiaries (companies) | 130 | 130 | 135 | 140 | 174 | 181 | 201 | 211 | 216 | 242 |
| | Equity-Method Affiliates (companies) | 42 | 42 | 44 | 45 | 47 | 52 | 56 | 64 | 67 | 71 |

* Segment Revenue: Revenue from Outside customers and inter-segment

* Real Property for Sale: Real Property for Sale + Real Property for Sale in Progress + Land for Development + Advances Paid for Purchases

* Interest-Bearing Debt: Short-Term Debt + Non-Recourse Short-Term Debt + Commercial Paper

+ Bond Redeemable within One Year + Non-Recourse Bond Redeemable within One Year + Corporate Bonds

+ Non-Recourse Bond + Long-Term Debt + Non-Recourse Long-Term Debt

* Effective the year ending March 31, 2011, the segment classification has changed.

* From FY2012, Mitsui Fudosan implemented the early adoption of changes to accounting standards on the consolidation of SPCs.

On this basis, certain SPCs, in which the Company maintains an equity interest, were newly included in the scope of its consolidation.

* ROA: (Operating Income + Non-Operating Income) / Average Total Assets over period

* ROE: Profit Attributable to Owners of Parent / Average Shareholders' Equity over period

* Debt/Equity Ratio: Interest-Bearing Debt / Shareholders' Equity

Mitsui Fudosan Co., Ltd.