

# FACT BOOK

*For the Six Months Ended September 30, 2019*

November 7, 2019



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

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

**Corporate Data**

(As of September 30, 2019)

**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)		
	Six Months Ended September 30		Change
	2019	2018	
<b>Revenue from Operations</b>	¥888,776	¥860,705	¥28,071
Leasing	313,173	292,882	20,291
Property Sales	222,948	233,259	(10,311)
Management	206,442	195,014	11,427
Other	146,211	139,548	6,663
<b>Operating Income</b>	118,604	112,110	6,494
Leasing	78,203	71,670	6,533
Property Sales	34,788	37,989	(3,200)
Management	28,893	23,689	5,204
Other	(1,172)	434	(1,607)
Elimination or Corporate	(22,109)	(21,674)	(434)
<b>Non-Operating Income/Expenses</b>	(10,775)	(5,580)	(5,194)
Equity in Net Income/Loss of Affiliated Companies	3,421	3,146	274
Interest Income/Expense, in Net	(14,047)	(12,578)	(1,468)
Other, in Net	(149)	3,851	(4,000)
<b>Ordinary Income</b>	107,829	106,529	1,299
<b>Extraordinary Gains/Losses</b>	(1,273)	-	(1,273)
Extraordinary Gains	-	-	-
Extraordinary Losses	1,273	-	1,273
<b>Income before Income Taxes</b>	106,556	106,529	26
Income Taxes	39,735	37,020	2,715
<b>Profit</b>	66,820	69,509	(2,688)
Profit (Loss) Attributable to Non-Controlling Interests	496	958	(462)
<b>Profit Attributable to Owners of Parent</b>	¥66,324	¥68,550	(¥2,226)

## ◆ Overview

● In the six-month period under review, revenue and earnings increased in the “Leasing” segment. This was mainly due to the full-term contributions from Nihonbashi Takashimaya Mitsui Building, msb Tamachi Station Tower South and 55 Hudson Yards, which were completed for operation during the previous fiscal year. Additionally, due to progress with the smooth handover of condominiums-for-sale at Park Tower Harumi in the Property Sales segment and an increase in the number of brokerage units handled in the “Mitsui Rehouse” business (brokerage business for individuals), in overall terms revenue from operations increased ¥28.0 billion, or 3.3%, to ¥888.7 billion, operating income climbed ¥6.4 billion, or 5.8%, to ¥118.6 billion, and ordinary income increased ¥1.2 billion, or 1.2%, to ¥107.8 billion year on year. Profit attributable to owners of parent decreased ¥2.2 billion, or 3.2%, to ¥66.3 billion. \*1

Taking into consideration a variety of factors, including the Company’s robust results in the six-month period under review, Mitsui Fudosan has decided to upwardly revise its consolidated forecasts for the full fiscal year. Revenue from operations is now projected to reach ¥2,013 billion compared with the previous forecast of ¥2,000.0 billion, operating income ¥280.0 billion compared with ¥267.0 billion, and ordinary income ¥259.0 billion compared with ¥246.0 billion. Profit attributable to owners of parent is expected to come in at ¥175.0 billion compared with the previous forecast of ¥170.0 billion.

The interim dividend is ¥22 per share (¥20 per share for the corresponding period of the previous fiscal year). This is unchanged from the forecast announced at the beginning of the period.

\*1 Due to factors that include a backswing from the same period of the previous year, when many profits were recorded in the UK and other countries where the corporate tax rate was lower than Japan, and corporate taxes were lower than in the six months under review.

Progress Comparison with Full Year Forecasts	(¥ millions)		
	Six Months Ended September 30, 2019	Year to March 2020 (Forecast as of November 7, 2019)	6-Month Results/Full-Year Forecast (%)
Operating Income	118,604	280,000	42.4
Ordinary Income	107,829	259,000	41.6
Profit Attributable to Owners of Parent	66,324	175,000	37.9

## Extraordinary Gains/Losses

【Extraordinary Losses】 (¥ millions)	
Loss on Disposal of Fixed Assets	1,273
<b>Total</b>	<b>1,273</b>

Consolidated Statements of Comprehensive Income	(¥ millions)	
	Six Months Ended September 30	
	2019	2018
Profit	¥66,820	¥69,509
Other Comprehensive Income	66,023	16,450
Valuation Difference on Available-For-Sale Securities	74,430	26,224
Deferred Gains or Losses on Hedges	(134)	277
Foreign Currency Translation Adjustment	(7,357)	(6,582)
Remeasurements of Defined Benefit Plans, Net of Tax	(403)	313
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(511)	(3,782)
<b>Comprehensive Income</b>	<b>¥132,844</b>	<b>¥85,960</b>
(Comprehensive Income Attributable to Owners of the Parent)	132,795	85,354
(Comprehensive Income Attributable to Non-Controlling Interests)	48	605

【Reference】 Nonconsolidated Operating Income/Expenses (Mitsui Fudosan)		(¥ millions)		
		Six Months Ended September 30		Change
		2019	2018	
Revenue from Operations	Leasing	¥284,919	¥271,813	¥13,105
	Property Sales	17,333	24,888	(7,554)
	Other	17,545	18,098	(552)
	<b>Total</b>	<b>319,798</b>	<b>314,799</b>	<b>4,999</b>
Gross Profit Margin (%)	Leasing	17.9	18.3	(0.4)pt
	Property Sales	44.6	39.3	5.3 pt
	Other	25.5	28.8	(3.4)pt
<b>Operating Income</b>		¥44,073	¥46,131	¥(2,058)

# SEGMENT RESULTS

## [1] LEASING

	Six Months Ended September 30		Change
	2019	2018	
Revenue from Operations	¥313,173	¥292,882	¥20,291
Operating Income	78,203	71,670	6,533

  

	Year to March 2020 (Forecast as of November 7, 2019)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
Revenue from Operations	¥630,000	49.7	¥603,284
Operating Income	144,000	54.3	141,945

● For the six-month period under review, revenue from operations rose ¥20.2 billion and operating income increased ¥6.5 billion compared with the corresponding period of the previous fiscal year for the segment as a whole. This was mainly due to the full-term contributions from Nihonbashi Takashimaya Mitsui Building, msb Tamachi Tamachi Station Tower South, and 55 Hudson Yards, which were completed and opened for operation during the previous fiscal year. The vacancy rate for the Company's office buildings located in the Tokyo metropolitan area was 1.8% on a non-consolidated basis.

		At September 30		Change	
		2019	2018		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥178,155	¥164,754	¥13,400
		Retail Facilities	118,878	115,099	3,778
	Total Leased Floor Space (1,000 m <sup>2</sup> ):		5,349	5,165	184
	Office Buildings	Owned	1,991	1,825	166
		Managed	1,252	1,171	81
	Retail Facilities	Owned	1,575	1,580	(6)
Managed		531	588	(57)	
Other	Revenue	16,140	13,027	3,112	
<b>Total Revenue</b>		<b>¥313,173</b>	<b>¥292,882</b>	<b>¥20,291</b>	

	9/2019	6/2019	3/2019	3/2018	3/2017	3/2016
<b>Consolidated</b>						
Office Buildings and Retail Facilities (including overseas)	2.0	1.9	1.8	2.4	3.1	2.2
<b>Non-consolidated</b>						
Tokyo Metropolitan Area Office Buildings	1.8	2.0	1.7	2.2	3.4	2.6
Regional Area Office Buildings	1.8	1.8	1.8	2.3	2.3	3.1

### [Reference] Non-consolidated Results

(Revenue from operations)

- Newly on-stream and full-term contribution projects: ¥11.5 billion year-on-year increase in revenue
- Existing properties: ¥5.1 billion year-on-year increase in revenue
- Shifting, terminations, etc.: ¥3.5 billion year-on-year decrease in revenue

### Breakdown of Leasing Operations (Non-consolidated)

		At September 30					
		2019		2018		2018	
		Total	Tokyo Metropolitan Area	Regional Areas			
Office Buildings	Number of Buildings	136	133	108	104	28	29
	Leased Floor Space (1,000m <sup>2</sup> )	2,821	2,727	2,496	2,401	325	326
	Leasing Revenue (¥ millions)	153,493	143,333	142,573	132,500	10,920	10,833
	Vacancy Rate (%)	1.8	2.7	1.8	2.7	1.8	2.6
Retail Facilities	Number of Buildings	91	85	65	58	26	27
	Leased Floor Space (1,000m <sup>2</sup> )	2,051	2,090	1,383	1,348	668	742
	Leasing Revenue (¥ millions)	114,687	112,340	80,173	79,167	34,513	33,172
	Vacancy Rate (%)	1.2	1.2	1.3	1.4	1.0	0.7

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

#### (FULL-TERM CONTRIBUTION)

2 Television Centre (London, UK)	Office building completed in March 2018
msb Tamachi Tamachi Station Tower South (Minato-ku, Tokyo)	Office building completed in May 2018
Nihonbashi Takashimaya Mitsui Building (Chuo-ku, Tokyo)	Office building completed in June 2018
OVOL Nihonbashi Building (Chuo-ku, Tokyo)	Office building completed in June 2018
LaLaport NAGOYA minato AQUUS (Nagoya, Aichi)	Retail facility opened in September 2018
55 Hudson Yards (New York, US)	Office building completed in October 2018
MITSUI OUTLET PARK TAICHUNG PORT (Taichung, Taiwan)	Retail facility opened in December 2018
Nihonbashi Muromachi Mitsui Tower (Chuo-ku, Tokyo)	Office building completed in March 2019

## [2] PROPERTY SALES

	(¥ millions)		
	Six Months Ended September 30		Change
	2019	2018	
Revenue from Operations	¥222,948	¥233,259	¥(10,311)
Operating Income	34,788	37,989	(3,200)

  

	Year to March 2020 (Forecast as of November 7, 2019)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
	Revenue from Operations	¥613,000	36.4
Operating Income	124,000	28.1	98,037

● In the six-month period under review, smooth progress with handovers in the “Property Sales to Individuals (Domestic)” category resulted in increased revenue and earnings. In contrast, revenue and earnings in the “Property Sales to Investors and Individual (Overseas)” category decreased, mainly reflecting the property sales to investors in the corresponding period of the previous fiscal year. Accounting for each of these factors, overall revenue from operations declined ¥10.3 billion and operating income fell ¥3.2 billion year on year in this segment as a whole.

In newly constructed domestic condominiums, the Company’s contract rate as of September 30, 2019, was 94% of the 3,400 units projected for the fiscal year, compared with 90% as of September 30, 2018.

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

#### (Property Sales to Individuals (Domestic))

Park Tower Harumi (Chuo-ku, Tokyo)	Condominiums
Park Court Hamarikyu The Tower (Minato-ku, Tokyo)	Condominiums
Park Court NOGIZAKA The Tower (Minato-ku, Tokyo)	Condominiums
Park Court Aoyama The Tower (Minato-ku, Tokyo)	Condominiums
Fine Court Kokubunji Koigakubo Cocoro Cross (Kokubunji, Tokyo)	Detached Housing

#### (Property Sales to Investors)

Osaki Bright Core (Shinagawa-ku, Tokyo)	Office Building
Osaki Bright Plaza (Shinagawa-ku, Tokyo)	Office Building
Ikebukuro GLOBE(Toshima-ku, Tokyo)	Retail Facilities
Park Axis Oshiage Terrace (Sumida-ku, Tokyo)	Rental Housing
Park Axis Ikegami (Ota-ku, Tokyo)	Rental Housing

#### (Property Sales to Individuals (Overseas))

Television Centre (The Helios, The Crescent) (London, UK)	Condominiums
Robinson Landing (Alexandria, VA, US)	Detached Housing

### Property Sales to Individuals and Investors

	(¥ millions)									
	Six Months Ended September 30						Change			
	2019			2018						
	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	
Property Sales to Individuals (Domestic)	Condominiums	¥145,393	1,775	¥8,190	¥122,943	1,387	¥8,864	¥22,450	388	¥(674)
	Detached Housing	17,659	261	6,766	19,915	268	7,431	(2,255)	(7)	(665)
	Subtotal	163,053	2,036	8,008	142,858	1,655	8,632	20,194	381	¥(624)
	Operating Income	23,731		17,820		5,911				
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	59,895		90,400		(30,505)				
	Operating Income	11,057		20,169		(9,112)				
<b>Total Revenue</b>	<b>222,948</b>			<b>233,259</b>			<b>(10,311)</b>			
<b>Total Operating Income</b>	<b>¥34,788</b>			<b>¥37,989</b>			<b>¥(3,200)</b>			

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

		Six Months Ended September 30				Change	
		2019		2018		Revenue	Units
		Revenue	Units	Revenue	Units		
Condominiums	Tokyo Metropolitan Area	¥134,986	1,546	¥109,938	1,111	¥25,048	435
	Other	10,407	229	13,005	276	(2,597)	(47)
	Total	145,393	1,775	122,943	1,387	22,450	388
Detached Housing	Tokyo Metropolitan Area	17,273	253	19,915	268	(2,642)	(15)
	Other	386	8	-	-	386	8
	Total	¥17,659	261	¥19,915	268	¥2,255	(7)

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

	(Units)					
	9/2019	6/2019	3/2019	3/2018	3/2017	3/2016
Condominiums	162	106	141	108	321	88
Detached Housing	48	24	30	40	69	127
<b>Total</b>	<b>210</b>	<b>130</b>	<b>171</b>	<b>148</b>	<b>390</b>	<b>215</b>

### 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	4,331	1,340	5,671	1,775	3,896	1,301
Detached Housing	119	199	318	261	57	213
<b>Total</b>	<b>4,450</b>	<b>1,539</b>	<b>5,989</b>	<b>2,036</b>	<b>3,953</b>	<b>1,514</b>

### [3] MANAGEMENT

	Six Months Ended September 30		Change
	(¥ millions)		
	2019	2018	
Revenue from Operations	¥206,442	¥195,014	¥11,427
Operating Income	28,893	23,689	5,204

	Year to March 2020 (Forecast as of November 7, 2019)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
	Revenue from Operations	¥410,000	50.4
Operating Income	52,000	55.6	55,180

● In addition to a variety of factors, including an increase in the number of managed units in the “Repark” business (car park leasing business), the number of brokerage units handled in the “Mitsui Rehouse” business (brokerage business for individuals) increased in the period. As a result, overall revenue from operations in the “Management” segment as a whole climbed ¥11.4 billion compared with the corresponding period of the previous fiscal year, and operating income increased ¥5.2 billion year on year.

		Six Months Ended September 30		Change
		(¥ millions)		
		2019	2018	
Property Management	Revenue	¥156,004	¥147,155	¥8,848
	Operating Income	17,534	14,903	2,631
Brokerage, Asset Management, etc.	Revenue	50,437	47,858	2,578
	Operating Income	11,358	8,786	2,572
<b>Total</b>	Revenue	<b>¥206,442</b>	<b>¥195,014</b>	<b>¥11,427</b>
	Operating Income	<b>28,893</b>	<b>23,689</b>	<b>5,204</b>

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

	Six Months Ended September 30		Change
	(Units)		
	At September 30, 2019	At September 30, 2018	
Total Managed Units	257,912	237,341	20,571

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

	Six Months Ended September 30				Change	
	(¥ millions)					
	2019		2018			
Brokerage	Transaction Volume	Units	Transaction Volume	Units	Transaction Volume	Units
	¥863,156	21,835	¥795,624	20,063	¥67,532	1,772

Notes:

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

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

		Six Months Ended September 30				Change	
		(¥ millions)					
		2019		2018			
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units	Transaction Volume	Units	
	¥40,228	552	¥42,163	482	¥(1,935)	70	

#### [4] OTHER

(¥ millions)			
	Six Months Ended September 30		Change
	2019	2018	
Revenue from Operations	¥146,211	¥139,548	¥6,663
Operating Income	(1,172)	434	(1,607)

  

	Year to March 2020 (Forecast as of November 7, 2019)	6-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
Revenue from Operations	¥360,000	40.6	¥322,797
Operating Income	4,000	-	9,157

● In the “Facility Operations” category, results benefitted from contribution for the full period from such as Mitsui Garden Hotel Nihonbashi Premier, which opened during the previous fiscal year. For the segment overall, however, although revenue increased ¥6.6 billion, earnings declined ¥1.6 billion due to the impact of such factors as expenses applicable to new openings, including Halekulani Okinawa and Mitsui Garden Hotel Ginza 5-chome and so on. This segment reported an operating loss, because the completion and handover of new construction properties under consignment are concentrated in the fourth quarter.

#### [REFERENCE] OVERSEAS BUSINESS

(¥ millions)				
		Six Months Ended September 30		Change
		2019	2018	
Leasing	Revenue	¥32,560	¥25,514	¥7,045
	Operating Income	10,763	7,523	3,239
Property Sales	Revenue	15,009	62,201	(47,191)
	Operating Income	(687)	16,680	(17,368)
Management, Other, etc.	Revenue	6,390	7,470	(1,080)
	Operating Income	237	765	(527)
Pro forma Operating Income of Overseas Affiliates *1		3,724	4,168	(443)
Total Overseas Income		14,038	29,137	(15,099)
Overseas Income Ratio*2		11.5%	25.1%	(13.6)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

(¥ millions)			
	Six Months Ended September 30		Change
	2019	2018	
New Construction under Consignment	¥65,823	¥67,331	¥(1,508)
Facility Operations	34,057	31,519	2,537
Other	46,331	40,697	5,633
<b>Total Revenue</b>	<b>¥146,211</b>	<b>¥139,548</b>	<b>¥6,663</b>

(¥ millions)			
	Six Months Ended September 30		Change
	2019	2018	
Revenue from New Construction under Consignment Orders Received	¥68,804	¥78,030	¥(9,226)

#### Major Projects during the Period (six-months total) (NEWLY OPENED)

Mitsui Garden Hotel Fukuoka Gion (Fukuoka, Fukuoka)	Hotel opened in June 2019
Halekulani Okinawa (Kunigami-gun, Okinawa)	Hotel opened in July 2019
Mitsui Garden Hotel Kyoto Station Front (Kyoto, Kyoto)	Hotel opened in August 2019
Mitsui Garden Hotel Ginza-gochome (Chuo-ku, Tokyo)	Hotel opened in September 2019

#### (FULL-TERM CONTRIBUTION)

Mitsui Garden Hotel Otemachi (Chiyoda-ku, Tokyo)	Hotel opened in June 2018
Mitsui Garden Hotel Gotanda (Shinagawa-ku, Tokyo)	Hotel opened in June 2018
Mitsui Garden Hotel Nihonbashi Premier (Chuo-ku, Tokyo)	Hotel opened in September 2018
Mitsui Garden Hotel Kanazawa (Kanazawa, Ishikawa)	Hotel opened in January 2019

# CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
ASSETS:	September 30, 2019	March 31, 2019	Change
Cash and Time Deposits	¥160,050	¥174,250	¥(14,199)
Accounts Receivable—Trade	40,110	45,276	(5,165)
Marketable Securities	1,058	949	109
Real Property for Sale	795,153	802,624	(7,470)
Real Property for Sale in Process	530,330	480,236	50,093
Real Property for Development	350,146	321,438	28,708
Expenditure on Contracts in Progress	24,962	25,326	(364)
Other Inventories	5,530	5,500	29
Advance Payments—Trade	26,269	26,259	9
Short-Term Loans	17,631	18,296	(665)
Equity Investments in Properties for Sale	6,688	6,700	(12)
Other	215,379	210,787	4,591
Allowance for Doubtful Accounts	(425)	(409)	(15)
<b>Current Assets</b>	<b>2,172,887</b>	<b>2,117,238</b>	<b>55,648</b>
Buildings and Structures	1,867,311	1,796,827	70,483
Accumulated Depreciation—Buildings and Structures	(736,976)	(721,394)	(15,581)
Buildings and Structures, Net	1,130,334	1,075,433	54,901
Machinery, Equipment and Vehicles	88,385	87,535	849
Accumulated Depreciation—Machinery, Equipment and Vehicles	(38,169)	(35,344)	(2,824)
Machinery, Equipment and Vehicles	50,215	52,191	(1,975)
Land	2,128,295	2,099,971	28,324
Construction in Progress	173,937	162,122	11,815
Other	142,197	130,600	11,596
Accumulated Depreciation	(93,916)	(89,992)	(3,923)
Other, Net	48,281	40,608	7,672
<b>Tangible Fixed Assets</b>	<b>3,531,065</b>	<b>3,430,326</b>	<b>100,739</b>
Leasehold interests in land	45,577	46,065	(487)
Other	29,230	24,090	5,140
<b>Intangible Fixed Assets</b>	<b>74,808</b>	<b>70,156</b>	<b>4,652</b>
Investment Securities	998,664	872,686	125,978
Long-Term Loans	8,023	6,730	1,293
Lease Deposits	141,873	140,570	1,303
Net Defined Benefit Asset	30,491	31,294	(803)
Deferred Income Taxes	24,679	24,428	251
Deferred Tax Assets on Land Revaluation	2	2	-
Other	119,142	110,436	8,705
Allowance for Doubtful Accounts	(1,047)	(1,139)	91
<b>Investments and Other Assets</b>	<b>1,321,829</b>	<b>1,185,010</b>	<b>136,819</b>
<b>Total Non-Current Assets</b>	<b>4,927,703</b>	<b>4,685,492</b>	<b>242,210</b>
<b>Total Assets</b>	<b>¥7,100,590</b>	<b>¥6,802,731</b>	<b>¥297,859</b>

## [Real Property for Sale]

(¥ millions)			
(a) Breakdown by Company	At September 30, 2019	At March 31, 2019	Change
Mitsui Fudosan Residential	¥641,475	¥637,722	¥3,753
Mitsui Fudosan	457,987	419,416	38,570
Mitsui Fudosan America Group	320,814	283,533	37,280
SPCs Total	218,361	220,793	(2,431)
Mitsui Fudosan UK Group	47,299	51,138	(3,839)
Other and Elimination	15,962	17,954	(1,991)
<b>Consolidated Total</b>	<b>¥1,701,900</b>	<b>¥1,630,558</b>	<b>¥71,341</b>

(¥ millions)						
(b) Accounts of Real Property for Sale	Six Months Ended September 30	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
<b>2019</b>		¥1,630,558	¥242,548	¥(152,911)	¥(18,296)	¥1,701,900
<b>2018</b>		¥1,524,863	¥167,669	¥(170,786)	¥16,715	¥1,538,460

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥71.0 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 ¥3,605.8 billion as of September 30, 2019, up ¥105.3 billion compared with the end of the previous fiscal year. This increase largely reflects Mitsui Fudosan's new investments in such projects as LaLaport Numazu and Halekulani Okinawa as well as 50 Hudson Yards by Mitsui Fudosan America Group.

Foreign currency exchange rates:

¥107.79:US\$1 as of September 30, 2019, ¥111.00:US\$1 as of March 31, 2019;

¥136.57:£1 as of September 30, 2019, ¥140.46:£1 as of March 31, 2019

(¥ millions)			
(a) Breakdown by Company	At September 30, 2019	At March 31, 2019	Change
Mitsui Fudosan	¥2,721,293	¥2,665,997	¥55,295
Mitsui Fudosan America Group	386,315	355,736	30,578
SPCs Total	242,016	223,557	18,458
Mitsui Fudosan Residential	58,436	59,952	(1,516)
Mitsui Fudosan UK Group	56,227	58,515	(2,288)
Other and Elimination	141,584	136,722	4,862
<b>Consolidated Total</b>	<b>¥3,605,874</b>	<b>¥3,500,482</b>	<b>¥105,391</b>

Above figures include revaluation reserve for land.

(¥ millions)						
(b) Accounts of Tangible and Intangible Fixed Assets	Six Months Ended September 30	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
<b>2019</b>		¥3,500,482	¥170,163	¥(43,377)	¥(21,395)	¥3,605,874
<b>2018</b>		¥3,318,928	¥174,955	¥(38,117)	¥(50,739)	¥3,405,026

\* 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:	September 30, 2019	March 31, 2019	Change
Accounts Payable—Trade	¥86,510	¥126,868	¥(40,358)
Short-Term Debt	167,908	194,987	(27,079)
Non-Recourse Short—Term Debt	11,541	64,929	(53,388)
Commercial Papers	180,000	114,000	66,000
Bond Redeemable Within One Year	75,000	50,000	25,000
Non-Recourse Bond Redeemable Within One Year	42,500	29,200	13,300
Income Taxes Payable	25,760	27,624	(1,864)
Advances from Contracts in Progress	29,010	19,729	9,280
Allowance for Completed Project Indemnities	777	872	(95)
Allowance for Possible Guarantee Losses	4	7	(2)
Other	354,245	481,137	(126,891)
<b>Current Liabilities</b>	<b>973,258</b>	<b>1,109,358</b>	<b>(136,100)</b>
Corporate Bonds	521,593	469,957	51,636
Non-Recourse Corporate Bonds	111,035	123,035	(12,000)
Long-Term Debt	1,833,351	1,644,518	188,833
Non-Recourse Deposits from Tenants	286,008	215,982	70,026
Deposits from Tenants	431,229	424,335	6,894
Deferred Income Taxes	188,199	154,940	33,258
Deferred Tax Liabilities on Land Revaluation	151,545	151,545	-
Net Defined Benefit Liability	43,961	43,503	457
Allowance for Directors' and Corporate Auditors' Retirement Benefits	792	711	80
Other	44,474	44,037	436
<b>Long—Term Liabilities</b>	<b>3,612,190</b>	<b>3,272,567</b>	<b>339,623</b>
<b>Total Liabilities</b>	<b>4,585,449</b>	<b>4,381,926</b>	<b>203,522</b>
<b>NET ASESETS:</b>			
Common Stock	339,766	339,766	-
Capital Surplus	402,888	403,268	(379)
Retained Earnings	1,004,936	962,153	42,782
Treasury Stock	(37,048)	(21,088)	(15,960)
<b>Total Shareholders' Equity</b>	<b>1,710,543</b>	<b>1,684,101</b>	<b>26,441</b>
Net Unrealized Holding Gains on Securities	409,059	334,611	74,447
Deferred Gains or Losses on Hedges	(9)	71	(81)
Reserve on Land Revaluation	330,308	330,537	(229)
Foreign Currency Translation Adjustment	(23,653)	(16,333)	(7,319)
Remeasurements of Defined Benefit Plans	9,145	9,523	(377)
<b>Total Accumulated Other Comprehensive Income</b>	<b>724,850</b>	<b>658,411</b>	<b>66,439</b>
New Share Subscription Rights	1,365	1,285	80
Non-Controlling Interests	78,382	77,007	1,375
<b>Total Net Assets</b>	<b>2,515,141</b>	<b>2,420,804</b>	<b>94,336</b>
<b>Total Liabilities and Net Assets</b>	<b>¥7,100,590</b>	<b>¥6,802,731</b>	<b>¥297,859</b>

Note: Debt-Equity Ratio 1.33 times (1.24 times at March 31, 2019)

## [Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash outflow from operating activities of ¥35.0 billion and a cash outflow from investing activities of ¥274.3 billion on the back of such factors as new investments in tangible and intangible assets. The cash outflow attributable to cash dividends paid came to ¥23.5 billion. As a result, interest-bearing debt stood at ¥3,228.9 billion on a consolidated basis as of September 30, 2019, up ¥322.3 billion compared with the end of the previous fiscal year.

## Breakdown by Company

(¥ millions)

	At September 30, 2019	At March 31, 2019	Change
Mitsui Fudosan	¥2,510,578	¥2,234,094	¥276,484
Mitsui Fudosan Residential	579,300	520,500	58,800
Mitsui Fudosan America Group	510,088	488,561	21,527
SPCs Total	380,755	365,455	15,300
Mitsui Fudosan Asia Group	75,996	73,007	2,989
Mitsui Fudosan UK Group	53,411	57,054	(3,643)
Loans to Subsidiaries	(984,977)	(933,372)	(51,605)
Other and Elimination	103,786	101,310	2,476
<b>Consolidated Total</b>	<b>¥3,228,938</b>	<b>¥2,906,610</b>	<b>¥322,327</b>
(Non-Recourse Debt of Total)	<b>451,085</b>	<b>433,147</b>	<b>17,937</b>

<b>Interest-Bearing Debt:</b>	<b>3,228,938</b>	<b>2,906,610</b>	<b>322,327</b>
Non-Recourse Debt	451,085	433,147	17,937
<b>Surplus lease deposits/guarantee deposits</b>	<b>289,355</b>	<b>283,764</b>	<b>5,591</b>

## CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Six Months Ended September 30	
	2019	2018
<b>Revenue from Operations</b>	¥888,776	¥860,705
Cost of Revenue from Operations	677,610	662,331
<b>Gross Operating Profit</b>	211,165	198,373
Selling, General and Administrative Expenses	92,560	86,263
<b>Operating Income</b>	118,604	112,110
Interest Income	655	821
Dividend Income	3,438	3,024
Equity In Net Income of Affiliated Companies	3,421	3,146
Other Non-Operating Income	914	3,311
<b>Non-Operating Income</b>	8,430	10,304
Interest Expenses	14,702	13,400
Other Non-Operating Expenses	4,502	2,484
<b>Non-Operating Expenses</b>	19,205	15,884
<b>Ordinary Income</b>	107,829	106,529
Loss on Retirement of Non-Current Assets	1,273	-
<b>Extraordinary Losses</b>	1,273	-
<b>Income Before Income Taxes</b>	106,556	106,529
<b>Income Taxes</b>	39,735	37,020
<b>Profit</b>	66,820	69,509
<b>Profit (Loss) Attributable to Non-Controlling Interests</b>	496	958
<b>Profit Attributable to Owners of Parent</b>	¥66,324	¥68,550

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Six Months Ended September 30	
	2019	2018
<b>Cash Flows From Operating Activities</b>		
Income before Income Taxes	¥106,556	¥106,529
Depreciation and Amortization	43,377	38,117
Interest and Dividend Income Receivable	(4,093)	(3,846)
Interest Expense	14,702	13,400
(Gain) Loss on Equity-Method Investments	(3,421)	(3,146)
Loss on retirement of fixed assets	1,273	-
(Increase) Decrease in Accounts Receivable	6,075	5,845
Increase (Decrease) in Accounts Payable	(14,497)	(13,801)
(Increase) Decrease in Real Property for Sale	(107,534)	(34,680)
Other	(30,470)	(47,717)
<b>Subtotal</b>	<b>11,967</b>	<b>60,700</b>
Cash Receipts of Interest and Dividend Income	8,965	6,145
Cash Payments of Interest Expense	(14,528)	(12,933)
Income Taxes Paid	(41,422)	(56,079)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(35,017)</b>	<b>(2,166)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of Tangible and Intangible Fixed Assets	(248,412)	(218,936)
Proceeds from Sale of Tangible and Intangible Fixed Assets	1,243	561
Purchase of Investment Securities	(28,696)	(7,001)
Proceeds from Sale of Investment Securities	50	822
Payment of Lease Deposits	(3,244)	(5,858)
Proceeds from Collection of Lease Deposits	2,036	5,056
Repayment of Deposits from Tenants	(15,748)	(13,373)
Proceeds from Deposits from Tenants	22,858	32,555
Payment of Loan Receivable	(9,269)	(10,010)
Collection of Loan Receivable	6,924	7,949
Payments into Time Deposits	(13,201)	(22,992)
Proceeds from withdrawal of time deposits	17,457	-
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-	(2,147)
Proceeds from subsidy income	1,157	-
Other	(7,504)	(8,418)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>¥(274,349)</b>	<b>¥(241,794)</b>

(¥ millions)

	Six Months Ended September 30	
	2019	2018
<b>Cash Flows From Financing Activities</b>		
Proceeds from Short-Term Debt	¥1,381,104	¥1,682,999
Repayment of Short-Term Debt	(1,299,664)	(1,499,348)
Proceeds from Long-Term Debt	327,620	190,951
Repayment of Long-Term Debt	(149,520)	(72,504)
Proceeds from Issuance of Bonds	130,500	37,458
Redemption of Bonds	(49,200)	(41,150)
Cash Dividends Paid	(23,576)	(21,733)
Proceeds from Share Issuance to Non-Controlling Shareholders	5,007	12,890
Dividends Paid to Non-Controlling Shareholders	(1,307)	(1,843)
Repayment to Non-Controlling Shareholders	-	(392)
Repayment of Finance Lease Obligations	(2,175)	(1,932)
(Increase) Decrease in Treasury Stocks	(16,006)	(15,006)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	(2,667)	(24,229)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>300,114</b>	<b>246,158</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(382)</b>	<b>(1,152)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(9,635)</b>	<b>1,044</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>157,682</b>	<b>100,708</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>¥148,046</b>	<b>¥101,752</b>

## CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2020

(¥ millions)

	Year to March 31, 2020			<Reference>
	Latest forecast (As of November 7, 2019)	Previous forecast (As of May 10, 2019)	Difference	Year to March 31, 2019 (actual)
<b>Revenue from Operations</b>	¥2,013,000	¥2,000,000	¥13,000	¥1,861,195
Leasing	630,000	630,000	-	603,284
Property Sales	613,000	600,000	13,000	530,766
Property Sales to Individuals (Domestic)	300,000	300,000	-	285,432
Property Sales to Investors and Individuals (Overseas), etc.	313,000	300,000	13,000	245,333
Management	410,000	410,000	-	404,346
Other	360,000	360,000	-	322,797
<b>Operating Income</b>	280,000	267,000	13,000	262,147
Leasing	144,000	144,000	-	141,945
Property Sales	124,000	111,000	13,000	98,037
Property Sales to Individuals (Domestic)	29,000	29,000	-	26,604
Property Sales to Investors and Individuals (Overseas), etc.	95,000	82,000	13,000	71,433
Management	52,000	52,000	-	55,180
Other	4,000	4,000	-	9,157
Elimination or Corporate	(44,000)	(44,000)	-	(42,172)
<b>Non-Operating Income/Expenses</b>	(21,000)	(21,000)	-	(8,041)
Interest Income/Expense, in Net	(28,000)	(28,000)	-	(26,933)
Other, in Net	7,000	7,000	-	18,891
<b>Ordinary Income</b>	259,000	246,000	13,000	254,106
<b>Extraordinary Gains/Losses</b>	(5,000)	-	(5,000)	(12,063)
<b>Income before Income Taxes</b>	254,000	246,000	8,000	242,043
Income Taxes	77,000	74,000	3,000	71,906
<b>Profit</b>	177,000	172,000	5,000	170,136
Profit (Loss) Attributable to Non-Controlling Interests	2,000	2,000	-	1,475
<b>Profit Attributable to Owners of Parent</b>	¥175,000	¥170,000	¥5,000	¥168,661

### [Difference between Revised and Previous Forecasts (Announced on May 10, 2019)]

The Company has decided to revise its consolidated earnings forecasts for the fiscal year ending March 31, 2020. Brief details are as follows:

- Reflecting favorable sales conditions in the “Property Sales to Investors”, operating income is expected to reach ¥280.0 billion, an improvement of ¥13.0 billion from the previous forecast.
- Ordinary income is projected to come in at ¥259.0 billion, up ¥13.0 billion compared with the previous forecast, in accordance with the anticipated increase in operating income.
- Factoring in extraordinary gains and losses, profit attributable to owners of parent is expected to reach ¥175.0 billion, up ¥5.0 billion compared with the previous forecast.
- As a result, ordinary income is projected to increase compared with the previous fiscal year. Revenue from operations, operating income, ordinary income and profit attributable to owners of parent for the fiscal year ending March 31, 2020, are all expected to reach record highs.

# CONSOLIDATED STATEMENTS OF EARNING FORECASTS

## 【Property Sales】

### Revenue, Operating Margin (¥ millions)

	Year to March 2020 (Forecast as of November 7, 2019)	Year Ended March 2019 (actual)	YoY Change
<b>Property Sales to Individuals</b>			
Revenue from Operations:	¥300,000	¥285,432	¥14,568
Condominiums	260,000	252,230	7,770
Detached Housing	40,000	33,202	6,798
Operating Income	29,000	26,604	2,396
Operating Margin (%)	9.7	9.3	0.3pt
<b>Property Sales to Investors</b>			
Revenue from Operations:	313,000	245,333	67,667
Operating Income	95,000	71,433	23,567
<b>Total</b>			
Revenue from Operations:	613,000	530,766	82,234
Operating Income	¥124,000	¥98,037	¥25,963

### Number of Domestic Housing Units (Units)

	Year to March 2020 (Forecast as of November 7, 2019)	Year Ended March 2019 (actual)	YoY Change
Condominiums	3,400	3,283	117
Detached Housing	580	475	105
<b>Total</b>	3,980	3,758	222

## 【Tangible and Intangible Assets】

(¥ millions)

	Year to March 2020 (Forecast as of November 7, 2019)	Year Ended March 2019 (actual)	YoY Change
New Investments	¥390,000	¥390,514	¥(514)
Depreciation	85,000	79,034	5,966

## 【Real Property for Sale】

(¥ millions)

	Year to March 2020 (Forecast as of November 7, 2019)	Year Ended March 2019 (actual)	YoY Change
New Investments	¥610,000	¥423,897	¥186,103
Recovery of Costs	440,000	(382,620)	57,380

## 【Interest-Bearing Debt】

(¥ millions)

	Year to March 2020 (Forecast as of November 7, 2019)	Year Ended March 2019 (actual)	YoY Change
Interest-Bearing Debt	¥3,300,000	¥2,906,610	¥393,390

## CONTINGENT LIABILITIES

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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 ¥50.9 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 the end of the second quarter of the fiscal year under review 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.

## [REFERENCE] CHANGE OF SEGMENT CLASSIFICATION

Effective April 2019, Mitsui Fudosan has decided to change the classification of its business segments. Brief details are presented as follows.

- Historically, the Company’s operations have been classified into the five “Leasing,” “Property Sales,” “Management,” “Mitsui Home,” and “Other” business segments. These five business segments have now been classified into the four “Leasing,” “Property Sales,” “Management,” and “Other” business segments.
  - Under this revised classification, the “New Construction,” “Reform/Renewal,” and “Material Sales” businesses included in the “Mitsui Home” business segment have been integrated into the “Other” business segment.
  - Under this revised classification the “Lease Management” business included in the “Mitsui Home” business segment has been integrated into the “Management” business segment.
- \* A diagram outlining changes to the Company’s business segments is attached to the end of this documents for reference.

### [Year ended March 31, 2019 Comparison of Old and New Segments]

#### Old Segment

Leasing	Office Buildings
	Retail Facilities
	Other

Property Sales	Condominiums
	Detached Housing
	Property Sales to Investors and Individuals (Overseas), etc.

Management	Property Management
	Brokerage, Asset Management, etc.

Mitsui Home	New Construction
	Reform/Renewal
	Lease Management
	Housing-Related Material Sales

Other	Facility Operations
	Other

Elimination or Corporate
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Consolidated
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#### New Segment

Office Buildings	Leasing
Retail Facilities	
Other	

Condominiums	Property Sales
Detached Housing	
Property Sales to Investors and Individuals (Overseas), etc.	

Property Management	Management
Brokerage, Asset Management, etc.	

Facility Operation	Other
New Construction	
Other	

Elimination or Corporate
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Consolidated
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