

FACT BOOK

For the Nine Months Ended December 31, 2019

February 7, 2020



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

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

Corporate Data

(As of December 31, 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:

979,250,227

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)		
	Nine Months Ended December 31		Change
	2019	2018	
Revenue from Operations	¥1,295,461	¥1,244,009	¥51,451
Leasing	475,657	446,632	29,024
Property Sales	284,151	285,118	(967)
Management	312,978	294,706	18,272
Other	222,674	217,552	5,122
Operating Income	170,338	156,353	13,984
Leasing	118,038	109,100	8,937
Property Sales	43,736	37,597	6,139
Management	41,429	37,152	4,276
Other	395	3,434	(3,039)
Elimination or Corporate	(33,261)	(30,931)	(2,329)
Non-Operating Income/Expenses	(13,710)	(3,817)	(9,892)
Equity in Net Income/Loss of Affiliated Companies	5,161	9,849	(4,687)
Interest Income/Expense, in Net	(21,094)	(19,160)	(1,934)
Other, in Net	2,222	5,493	(3,270)
Ordinary Income	156,627	152,536	4,091
Extraordinary Gains/Losses	(1,826)	(1,825)	(0)
Extraordinary Gains	3,603	-	3,603
Extraordinary Losses	5,429	1,825	3,604
Income before Income Taxes	154,801	150,710	4,091
Income Taxes	51,787	46,947	4,840
Profit	103,013	103,763	(749)
Profit (Loss) Attributable to Non-Controlling Interests	719	1,522	(803)
Profit Attributable to Owners of Parent	¥102,294	¥102,240	¥53

◆ Overview

● In the nine-month period under review, revenue and earnings increased in the “Leasing” segment . This was mainly due to the full-term contributions from offices and commercial facilities* which were completed and opened for operation during the previous fiscal year, as well as contributions to revenue by LaLaport NUMAZU, which was opened for operation in the third quarter of the fiscal year under review. 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 managed units in the “Repark” business (car park leasing business) of the Management segment, in overall terms revenue from operations increased ¥51.4 billion, or 4.1%, operating income climbed ¥13.9 billion, or 8.9%, and ordinary income increased ¥4.0 billion, or 2.7%, year on year. Profit attributable to owners of parent also increased ¥53 million, or 0.1%.

(*Nihonbashi Takashimaya Mitsui Building, msb Tamachi Tamachi Station Tower South, 55 Hudson Yards, MITSUI OUTLET PARK TAICHUNG PORT, and others)

Progress Comparison with Full Year Forecasts	(¥ millions)		
	Nine Months Ended December 31, 2019	Year to March 2020 (Forecast as of January 30, 2020)	9-Month Results/Full-Year Forecast (%)
Operating Income	170,338	280,000	60.8
Ordinary Income	156,627	259,000	60.5
Profit Attributable to Owners of Parent	102,294	192,000	53.3

Extraordinary Gains/Losses

【Extraordinary Gains】 (¥ millions)	
Gain on Sales of Investment Securities	¥3,603
Total	¥3,603

【Extraordinary Losses】	
Loss on Sale of Businesses	¥2,961
Loss on Disposal of Fixed Assets	2,468
Total	¥5,429

Consolidated Statements of Comprehensive Income	(¥ millions)	
	Nine Months Ended December 31	
	2019	2018
Profit	¥103,013	¥103,763
Other Comprehensive Income	49,978	1,905
Valuation Difference on Available-For-Sale Securities	61,746	4,406
Deferred Gains or Losses on Hedges	(132)	341
Foreign Currency Translation Adjustment	(8,645)	(1,204)
Remeasurements of Defined Benefit Plans, Net of Tax	(599)	463
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(2,392)	(2,101)
Comprehensive Income	¥152,991	¥105,669
(Comprehensive Income Attributable to Owners of the Parent)	152,718	104,228
(Comprehensive Income Attributable to Non-Controlling Interests)	272	1,440

【Reference】 Nonconsolidated Operating Income/Expenses (Mitsui Fudosan) (¥ millions)				
		Nine Months Ended December 31		Change
		2019	2018	
Revenue from Operations	Leasing	¥434,773	¥415,006	¥19,766
	Property Sales	34,359	26,268	8,091
	Other	26,743	26,364	379
	Total	495,876	467,638	28,237
Gross Profit Margin (%)	Leasing	18.3	18.8	(0.5)pt
	Property Sales	49.3	36.4	12.9 pt
	Other	21.6	27.0	(5.4)pt
	Operating Income	¥73,619	¥68,566	¥5,052

SEGMENT RESULTS

[1] LEASING

	(¥ millions)		
	Nine Months Ended December 31		Change
	2019	2018	
Revenue from Operations	¥475,657	¥446,632	¥29,024
Operating Income	118,038	109,100	8,937

	Year to March 2020 (Forecast as of January 30, 2020)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
	Revenue from Operations	¥630,000	75.5
Operating Income	144,000	82.0	141,945

● For the nine-month period under review, revenue from operations rose ¥29.0 billion and operating income increased ¥8.9 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, 55 Hudson Yards, and MITSUI OUTLET PARK TAICHUNG PORT, which were completed and opened for operation during the previous fiscal year, as well as contributions to revenue by LaLaport NUMAZU, which was opened for operation in the third quarter of the fiscal year under review. The vacancy rate for the Company's office buildings located in the Tokyo metropolitan area was 1.5% on a non-consolidated basis.

		(¥ millions)			
		At December 31		Change	
		2019	2018		
Office Buildings and Retail Facilities	Revenue				
		Office Buildings	¥268,483	¥249,698	¥18,784
		Retail Facilities	181,647	177,217	4,429
		Total Leased Floor Space (1,000 m ²):	5,424	5,249	175
			Owned	2,087	1,876
		Managed	1,168	1,178	(10)
		Owned	1,639	1,604	35
		Managed	531	591	(60)
Other	Revenue	25,526	19,716	5,810	
Total Revenue		¥475,657	¥446,632	¥29,024	

	(%)					
	12/2019	9/2019	6/2019	3/2019	3/2018	3/2017
Consolidated						
Office Buildings and Retail Facilities (including overseas)	1.8	2.0	1.9	1.8	2.4	3.1
Non-consolidated						
Tokyo Metropolitan Area Office Buildings	1.5	1.8	2.0	1.7	2.2	3.4
Regional Area Office Buildings	1.3	1.8	2.0	1.8	2.3	2.3

Major Projects during the Period (nine-month total) (NEWLY OPENED)

LaLaport NUMAZU (Numazu, Shizuoka)	Retail facility opened in October 2019
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(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

[Reference] Non-consolidated Results

(Revenue from operations)

- Newly on-stream and full-term contribution projects: ¥19.5 billion year-on-year increase in revenue
- Existing properties: ¥5.2 billion year-on-year increase in revenue
- Shifting, terminations, etc.: ¥5.0 billion year-on-year decrease in revenue

Breakdown of Leasing Operations (Non-consolidated)

		At December 31					
		2019		2018		2018	
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	138	134	110	105	28	29
	Leased Floor Space (1,000m ²)	2,822	2,751	2,496	2,423	326	327
	Leasing Revenue (¥ millions)	232,788	216,377	216,356	200,119	16,431	16,258
	Vacancy Rate (%)	1.5	2.2	1.5	2.2	1.3	2.2
Retail Facilities	Number of Buildings	91	86	65	59	26	27
	Leased Floor Space (1,000m ²)	2,115	2,116	1,385	1,372	730	744
	Leasing Revenue (¥ millions)	175,599	173,217	121,378	121,183	54,220	52,033
	Vacancy Rate (%)	1.1	0.5	1.2	0.5	0.9	0.5

[2] PROPERTY SALES

	(¥ millions)		
	Nine Months Ended December 31		Change
	2019	2018	
Revenue from Operations	¥284,151	¥285,118	¥(967)
Operating Income	43,736	37,597	6,139

	Year to March 2020 (Forecast as of January 30, 2020)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
	Revenue from Operations	¥613,000	46.4
Operating Income	124,000	35.3	98,037

● In the nine-month period under review, smooth progress with handovers of condominiums such as Park Tower Harumi in the “Property Sales to Individuals” 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 ¥0.9 billion and operating income increased ¥6.1 billion year on year in this segment as a whole.

In newly constructed domestic condominiums, the Company’s contract rate as of December 31, 2019, was approximately 100% of the 3,400 units projected for the fiscal year, compared with 99% as of December 31, 2018.

Major Projects Undertaken during the Period (nine-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 Shinagawa Nakanobu Front Label (Shinagawa-ku, 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)									
	Nine Months Ended December 31						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	¥171,395	2,285	¥7,501	¥153,755	1,868	¥8,231	¥17,639	417	¥(730)
	Detached Housing	22,137	323	6,854	25,224	349	7,228	(3,087)	(26)	(374)
	Subtotal	193,532	2,608	7,421	178,980	2,217	8,073	14,552	391	(652)
	Operating Income	22,534		15,950		6,584				
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	90,618		106,138		(15,519)				
	Operating Income	21,201		21,646		(444)				
Total Revenue	284,151		285,118		(967)					
Total Operating Income	¥43,736		¥37,597		¥6,139					

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

		Nine Months Ended December 31				Change	
		2019		2018		Revenue	Units
		Revenue	Units	Revenue	Units		
Condominiums	Tokyo Metropolitan Area	¥149,935	1,795	¥139,155	1,543	¥10,780	252
	Other	21,459	490	14,599	325	6,860	165
	Total	171,395	2,285	153,755	1,868	17,639	417
Detached Housing	Tokyo Metropolitan Area	21,494	310	25,224	349	(3,730)	(39)
	Other	643	13	-	-	643	13
	Total	¥22,137	323	¥25,224	349	¥(3,087)	(26)

Inventories of Property Sales to Individuals (Domestic)

	(Units)					
	12/2019	9/2019	6/2019	3/2019	3/2018	3/2017
Condominiums	133	162	106	141	108	321
Detached Housing	63	48	24	30	40	69
Total	196	210	130	171	148	390

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	2,003	6,334	2,285	4,049	1,901
Detached Housing	119	307	426	323	103	352
Total	4,450	2,310	6,760	2,608	4,152	2,253

[3] MANAGEMENT

	Nine Months Ended December 31		Change
	2019	2018	
	(¥ millions)		
Revenue from Operations	¥312,978	¥294,706	¥18,272
Operating Income	41,429	37,152	4,276

	Year to March 2020 (Forecast as of January 30, 2020)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
	Revenue from Operations	¥410,000	76.3
Operating Income	52,000	79.7	55,180

● In the “Property Management” category, in addition to a variety of factors, including an increase in the number of managed units in the “Repark” business (car park leasing business), there was an increase in asset management fees in “Asset Management Business” in the “Brokerage and Asset Management, etc.” category. As a result, overall revenue from operations in the “Management” segment as a whole climbed ¥18.2 billion compared with the corresponding period of the previous fiscal year, and operating income increased ¥4.2 billion year on year.

		Nine Months Ended December 31		Change
		2019	2018	
(¥ millions)				
Property Management	Revenue	¥234,738	¥222,819	¥11,919
	Operating Income	24,793	22,859	1,933
Brokerage, Asset Management, etc.	Revenue	78,239	71,887	6,352
	Operating Income	16,636	14,293	2,342
Total	Revenue	¥312,978	¥294,706	¥18,272
	Operating Income	41,429	37,152	4,276

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

	At December 31, 2019		At December 31, 2018		Change
	Transaction Volume	Units	Transaction Volume	Units	
(Units)					
Total Managed Units	264,301		243,426		20,875

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

	Nine Months Ended December 31				Change	
	2019		2018		Transaction Volume	Units
(¥ millions)						
Brokerage	Transaction Volume	Units	Transaction Volume	Units	Transaction Volume	Units
	¥1,264,437	31,956	¥1,222,131	30,464	¥42,306	1,492

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

		Nine Months Ended December 31				Change	
		2019		2018		Transaction Volume	Units
(¥ millions)							
Consignment Sales	Transaction Volume	Units	Transaction Volume	Units	Transaction Volume	Units	
	¥48,567	634	¥45,464	525	¥3,103	109	

[4] OTHER

(¥ millions)			
	Nine Months Ended December 31		Change
	2019	2018	
Revenue from Operations	¥222,674	¥217,552	¥5,122
Operating Income	395	3,434	(3,039)

	Year to March 2020 (Forecast as of January 30, 2020)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
Revenue from Operations	¥360,000	61.9	¥322,797
Operating Income	4,000	9.9	9,157

● In the “Facility Operations” category, results benefitted from contribution for the full period from projects such as Mitsui Garden Hotel Nihonbashi Premier, which opened during the previous fiscal year. For the segment overall, however, although revenue increased ¥5.1 billion, earnings declined ¥3.0 billion due to the impact of such factors as expenses applicable to new openings, including Halekulani Okinawa and Mitsui Garden Hotel Jinguaien Tokyo Premier.

[REFERENCE] OVERSEAS BUSINESS

(¥ millions)				
		Nine Months Ended December 31		Change
		2019	2018	
Leasing	Revenue	¥48,522	¥40,143	¥8,379
	Operating Income	15,624	12,175	3,449
Property Sales	Revenue	26,544	73,903	(47,358)
	Operating Income	789	18,557	(17,767)
Management, Other, etc.	Revenue	10,151	11,661	(1,509)
	Operating Income	825	1,405	(579)
Pro forma Operating Income of Overseas Affiliates *1		5,419	11,980	(6,560)
Total Overseas Income		22,659	44,118	(21,458)
Overseas Income Ratio*2		12.9%	26.2%	(13.3)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)			
	Nine Months Ended December 31		Change
	2019	2018	
New Construction under Consignment	¥102,972	¥104,776	¥(1,803)
Facility Operations	53,876	49,177	4,699
Other	65,824	63,598	2,225
Total Revenue	¥222,674	¥217,552	¥5,122

	Nine Months Ended December 31		Change
	2019	2018	
Revenue from New Construction under Consignment Orders Received	¥101,091	¥111,797	¥(10,706)

Major Projects Undertaken during the Period (nine-month 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
Mitsui Garden Hotel Jinguaien Tokyo Premier (Shinjuku-ku, Tokyo)	Hotel opened in November 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:	December 31, 2019	March 31, 2019	Change
Cash and Time Deposits	¥168,030	¥174,250	¥(6,219)
Accounts Receivable—Trade	40,855	45,276	(4,420)
Marketable Securities	638	949	(310)
Real Property for Sale	904,434	802,624	101,809
Real Property for Sale in Process	543,859	480,236	63,622
Real Property for Development	354,299	321,438	32,861
Expenditure on Contracts in Progress	33,032	25,326	7,706
Other Inventories	5,723	5,500	222
Advance Payments—Trade	27,908	26,259	1,649
Short-Term Loans	19,381	18,296	1,084
Equity Investments in Properties for Sale	6,684	6,700	(16)
Other	228,860	210,787	18,072
Allowance for Doubtful Accounts	(422)	(409)	(13)
Current Assets	2,333,288	2,117,238	216,049
Buildings and Structures	1,884,280	1,796,827	87,452
Accumulated Depreciation—Buildings and Structures	(751,629)	(721,394)	(30,234)
Buildings and Structures, Net	1,132,651	1,075,433	57,218
Machinery, Equipment and Vehicles	90,695	87,535	3,159
Accumulated Depreciation—Machinery, Equipment and Vehicles	(39,646)	(35,344)	(4,302)
Machinery, Equipment and Vehicles	51,048	52,191	(1,142)
Land	2,171,332	2,099,971	71,360
Construction in Progress	191,599	162,122	29,477
Other	145,522	130,600	14,921
Accumulated Depreciation	(96,722)	(89,992)	(6,729)
Other, Net	48,800	40,608	8,191
Tangible Fixed Assets	3,595,431	3,430,326	165,105
Leaschold Interests in Land	39,600	46,065	(6,464)
Other	32,796	24,090	8,705
Intangible Fixed Assets	72,397	70,156	2,241
Investment Securities	976,457	872,686	103,771
Long-Term Loans	7,201	6,730	471
Lease Deposits	142,207	140,570	1,637
Net Defined Benefit Asset	30,126	31,294	(1,168)
Deferred Income Taxes	24,648	24,428	220
Deferred Tax Assets on Land Revaluation	2	2	0
Other	119,262	110,436	8,825
Allowance for Doubtful Accounts	(1,062)	(1,139)	77
Investments and Other Assets	1,298,845	1,185,010	113,834
Total Non-Current Assets	4,966,674	4,685,492	281,181
Total Assets	¥7,299,963	¥6,802,731	¥497,231

[Real Property for Sale]

	(¥ millions)		
(a) Breakdown by Company	At December 31, 2019	At March 31, 2019	Change
Mitsui Fudosan Residential	¥673,743	¥637,722	¥36,021
Mitsui Fudosan	538,592	419,416	119,175
Mitsui Fudosan America Group	334,652	283,533	51,118
SPCs Total	223,618	220,793	2,825
Mitsui Fudosan UK Group	43,739	51,138	(7,398)
Other and Elimination	16,155	17,954	(1,798)
Consolidated Total	¥1,830,502	¥1,630,558	¥199,943

(¥ millions)						
(b) Accounts of Real Property for Sale	Nine Months Ended December 31	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2019		¥1,630,558	¥419,621	¥(197,004)	¥(22,673)	¥1,830,502
2018		¥1,524,863	¥243,604	¥(217,539)	¥25,137	¥1,576,066

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥104.8 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 Fixed Assets]

The consolidated balance of tangible and intangible fixed assets stood at ¥3,667.8 billion as of December 31, 2019, up ¥167.3 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:

¥107.92:US\$1 as of December 31, 2019, ¥111.00:US\$1 as of March 31, 2019;

¥132.69:£1 as of December 31, 2019, ¥140.46:£1 as of March 31, 2019

	(¥ millions)		
(a) Breakdown by Company	At December 31, 2019	At March 31, 2019	Change
Mitsui Fudosan	¥2,760,120	¥2,665,997	¥94,123
Mitsui Fudosan America Group	400,953	355,736	45,216
SPCs Total	241,460	223,557	17,902
Mitsui Fudosan Residential	61,107	59,952	1,154
Mitsui Fudosan UK Group	54,309	58,515	(4,206)
Other and Elimination	149,877	136,722	13,155
Consolidated Total	¥3,667,829	¥3,500,482	¥167,346

Above figures include revaluation reserve for land.

(¥ millions)						
(b) Accounts of Tangible and Intangible Fixed Assets	Nine Months Ended December 31	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2019		¥3,500,482	¥256,277	¥(66,600)	¥(22,330)	¥3,667,829
2018		¥3,318,928	¥226,552	¥(58,179)	¥(40,297)	¥3,447,002

* 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:	December 31, 2019	March 31, 2019	Change
Accounts Payable—Trade	¥94,617	¥126,868	¥(32,251)
Short-Term Debt	323,120	194,987	128,132
Non-Recourse Short-Term Debt	8,602	64,929	(56,326)
Commercial Papers	196,000	114,000	82,000
Bond Redeemable Within One Year	65,000	50,000	15,000
Non-Recourse Bond Redeemable Within One Year	62,000	29,200	32,800
Income Taxes Payable	11,917	27,624	(15,707)
Advances from Contracts in Progress	30,773	19,729	11,043
Allowance for Completed Project Indemnities	769	872	(103)
Allowance for Possible Guarantee Losses	4	7	(3)
Other	334,796	481,137	(146,341)
Current Liabilities	1,127,601	1,109,358	18,242
Corporate Bonds	563,400	469,957	93,443
Non-Recourse Corporate Bonds	91,535	123,035	(31,500)
Long-Term Debt	1,848,477	1,644,518	203,959
Non-Recourse Deposits from Tenants	290,916	215,982	74,933
Deposits from Tenants	437,654	424,335	13,319
Deferred Income Taxes	184,507	154,940	29,566
Deferred Tax Liabilities on Land Revaluation	151,545	151,545	-
Net Defined Benefit Liability	44,342	43,503	839
Allowance for Directors' and Corporate Auditors' Retirement Benefits	825	711	113
Other	44,403	44,037	365
Long-Term Liabilities	3,657,608	3,272,567	385,040
Total Liabilities	4,785,209	4,381,926	403,283
NET ASSETS:			
Common Stock	339,766	339,766	-
Capital Surplus	372,043	403,268	(31,225)
Retained Earnings	1,019,432	962,153	57,278
Treasury Stock	(6,208)	(21,088)	14,879
Total Shareholders' Equity	1,725,034	1,684,101	40,933
Net Unrealized Holding Gains on Securities	396,380	334,611	61,768
Deferred Gains or Losses on Hedges	(3)	71	(75)
Reserve on Land Revaluation	330,308	330,537	(229)
Foreign Currency Translation Adjustment	(26,842)	(16,333)	(10,508)
Remeasurements of Defined Benefit Plans	8,960	9,523	(562)
Total Accumulated Other Comprehensive Income	708,803	658,411	50,392
New Share Subscription Rights	1,418	1,285	133
Non-Controlling Interests	79,496	77,007	2,488
Total Net Assets	2,514,753	2,420,804	93,948
Total Liabilities and Net Assets	¥7,299,963	¥6,802,731	¥497,231

Note: Debt-Equity Ratio 1.42 times (1.24 times at March 31, 2019)

Interest-Bearing Debt:	3,449,052	2,906,610	542,441
Non-Recourse Debt	453,054	433,147	19,906
Surplus lease deposits/guarantee deposits	295,446	283,764	11,682

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash outflow from operating activities of ¥97.0 billion and a cash outflow from investing activities of ¥393.0 billion on the back of such factors as new investments in tangible and intangible fixed assets. The cash outflow attributable to cash dividends paid came to ¥45.0 billion. As a result, interest-bearing debt stood at ¥3,449.0 billion on a consolidated basis as of December 31, 2019, up ¥542.4 billion compared with the end of the previous fiscal year.

Breakdown by Company

	At December 31, 2019	At March 31, 2019	Change
Mitsui Fudosan	¥2,738,186	¥2,234,094	¥504,092
Mitsui Fudosan Residential	633,400	520,500	112,900
Mitsui Fudosan America Group	507,442	488,561	18,881
SPCs Total	380,755	365,455	15,300
Mitsui Fudosan Asia Group	75,868	73,007	2,860
Mitsui Fudosan UK Group	49,284	57,054	(7,769)
Loans to Subsidiaries	(1,042,586)	(933,372)	(109,214)
Other and Elimination	106,702	101,310	5,392
Consolidated Total	¥3,449,052	¥2,906,610	¥542,441
(Non-recourse Debt of Total)	453,054	433,147	19,906

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Nine Months Ended December 31	
	2019	2018
Revenue from Operations	¥1,295,461	¥1,244,009
Cost of Revenue from Operations	988,256	960,917
Gross Operating Profit	307,205	283,092
Selling, General and Administrative Expenses	136,866	126,738
Operating Income	170,338	156,353
Interest Income	886	1,402
Dividend Income	6,354	5,734
Equity In Net Income of Affiliated Companies	5,161	9,849
Other Non-Operating Income	1,908	2,855
Non-Operating Income	14,311	19,842
Interest Expenses	21,981	20,563
Other Non-Operating Expenses	6,040	3,097
Non-Operating Expenses	28,022	23,660
Ordinary Income	156,627	152,536
Gain on Sales of Investment Securities	3,603	-
Extraordinary Income	3,603	-
Loss on Retirement of Non-Current Assets	2,468	1,825
Loss on Sale of Businesses	2,961	-
Extraordinary Losses	5,429	1,825
Income Before Income Taxes	154,801	150,710
Income Taxes	51,787	46,947
Profit	103,013	103,763
Profit (Loss) Attributable to Non-Controlling Interests	719	1,522
Profit Attributable to Owners of Parent	¥102,294	¥102,240

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Nine Months Ended December 31	
	2019	2018
Cash Flows From Operating Activities		
Income before Income Taxes	¥154,801	¥150,710
Depreciation and Amortization	66,600	58,179
Interest and Dividend Income Receivable	(7,241)	(7,137)
Interest Expense	21,981	20,563
(Gain) Loss on Equity-Method Investments	(5,161)	(9,849)
Loss on retirement of fixed assets	2,468	1,825
Loss on Sale of Businesses	2,961	-
(Gain) Loss on Sales of Investment Securities	(3,603)	-
(Increase) Decrease in Accounts Receivable	5,368	5,860
Increase (Decrease) in Accounts Payable	(9,282)	(13,398)
(Increase) Decrease in Real Property for Sale	(235,206)	(47,319)
Other	(17,872)	(56,021)
Subtotal	(24,186)	103,412
Cash Receipts of Interest and Dividend Income	15,591	10,462
Cash Payments of Interest Expense	(19,628)	(18,108)
Income Taxes Paid	(67,071)	(84,093)
Net Cash Provided by (Used in) Operating Activities	(95,294)	11,673
Cash Flows From Investing Activities		
Purchase of Tangible and Intangible Fixed Assets	(372,954)	(286,123)
Proceeds from Sale of Tangible and Intangible Fixed Assets	1,420	797
Purchase of Investment Securities	(34,020)	(12,308)
Proceeds from Sale of Investment Securities	7,381	1,227
Payment of Lease Deposits	(5,491)	(7,015)
Proceeds from Collection of Lease Deposits	4,020	5,932
Repayment of Deposits from Tenants	(22,170)	(20,347)
Proceeds from Deposits from Tenants	35,648	41,064
Payment of Loan Receivable	(15,142)	(14,789)
Collection of Loan Receivable	13,050	13,200
Payments into Time Deposits	(13,044)	(26,771)
Proceeds from Withdrawal of Time Deposits	19,885	18,108
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-	(3,301)
Proceeds from Subsidy Income	1,457	-
Other	(14,830)	(10,897)
Net Cash Provided by (Used in) Investing Activities	¥(394,789)	¥(301,223)

(¥ millions)

	Nine Months Ended December 31	
	2019	2018
Cash Flows From Financing Activities		
Proceeds from Short-Term Debt	¥2,259,938	¥2,696,024
Repayment of Short-Term Debt	(2,018,516)	(2,430,396)
Proceeds from Long-Term Debt	373,018	259,529
Repayment of Long-Term Debt	(170,794)	(128,213)
Proceeds from Issuance of Bonds	180,500	77,708
Redemption of Bonds	(69,200)	(41,150)
Cash Dividends Paid	(45,010)	(41,330)
Proceeds from Share Issuance to Non-Controlling Shareholders	6,467	13,593
Dividends Paid to Non-Controlling Shareholders	(1,656)	(1,962)
Repayment to Non-Controlling Shareholders	(136)	(392)
Repayment of Finance Lease Obligations	(3,243)	(2,897)
(Increase) Decrease in Treasury Stocks	(16,011)	(15,010)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	(2,673)	(24,229)
Other	-	(8)
Net Cash Provided by (Used in) Financing Activities	492,682	361,264
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,554)	(805)
Net Increase (Decrease) in Cash and Cash Equivalents	1,043	70,909
Cash and Cash Equivalents at Beginning of the Period	157,682	100,708
Cash and Cash Equivalents at End of the Period	¥158,725	¥171,617

[REFERENCE] CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2020

(¥ millions)

	Year to March 31, 2020			<Reference>
	Latest forecast (As of January 30, 2020)	Previous forecast (As of November 7, 2019)	Difference	Year to March 31, 2019 (actual)
Revenue from Operations	¥2,013,000	¥2,013,000	¥0	¥1,861,195
Leasing	630,000	630,000	-	603,284
Property Sales	613,000	613,000	-	530,766
Property Sales to Individuals (Domestic)	300,000	300,000	-	285,432
Property Sales to Investors and Individuals (Overseas), etc.	313,000	313,000	-	245,333
Management	410,000	410,000	-	404,346
Other	360,000	360,000	-	322,797
Operating Income	280,000	280,000	-	262,147
Leasing	144,000	144,000	-	141,945
Property Sales	124,000	124,000	-	98,037
Property Sales to Individuals (Domestic)	29,000	29,000	-	26,604
Property Sales to Investors and Individuals (Overseas), etc.	95,000	95,000	-	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)
Non-Operating Income/Expenses	(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
Ordinary Income	259,000	259,000	-	254,106
Extraordinary Gains/Losses	15,000	(5,000)	20,000	(12,063)
Income before Income Taxes	274,000	254,000	20,000	242,043
Income Taxes	80,000	77,000	3,000	71,906
Profit	194,000	177,000	17,000	170,136
Profit (Loss) Attributable to Non-controlling Interests	2,000	2,000	-	1,475
Profit Attributable to Owners of Parent	¥192,000	¥175,000	¥17,000	¥168,661

[Difference between Revised and Previous Forecasts (Announced on November 7, 2019)]

The earnings forecast that was previously announced on November 7, 2019 was revised upwards as shown below on January 30, 2020. Brief details are as follows:

● Gain on the sales of shares of Oriental Land Co., Ltd. through tendering in the tender offer for treasury shares by Oriental Land Co., Ltd.(*) is included in extraordinary gains and losses. Profit attributable to owners of parent was revised upwards by 17 billion yen from the previous forecast and is projected to be 192 billion yen.

*For more details, please see “Notice Concerning Subscription to Tender Offer for Treasury Shares by Oriental Land Co., Ltd.”, dated January 30, 2020, issued by the Company.

[REFERENCE] CONSOLIDATED STATEMENTS OF EARNING FORECASTS

【Property Sales】

Revenue, Operating Margin

(¥ millions)

	Year to March 2020 (Forecast as of January 30, 2020)	Year Ended March 2019 (actual)	YoY Change
Property Sales to Individuals			
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
Property Sales to Investors			
Revenue from Operations:	313,000	245,333	67,667
Operating Income	95,000	71,433	23,567
Total			
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 January 30, 2020)	Year Ended March 2019 (actual)	YoY Change
Condominiums	3,400	3,283	117
Detached Housing	580	475	105
Total	3,980	3,758	222

【Tangible and Intangible Assets】

(¥ millions)

	Year to March 2020 (Forecast as of January 30, 2020)	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 January 30, 2020)	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 January 30, 2020)	Year Ended March 2019 (actual)	YoY Change
Interest-Bearing Debt	¥3,300,000	¥2,906,610	¥393,390

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 ¥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 third 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

Consolidated

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

Consolidated

