

FACT BOOK

For the Three Months Ended June 30, 2014

August 6, 2014



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

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

Corporate Data

(As of June 30, 2014)

Head Office:

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

Date of Establishment:

July 15, 1941

Share Capital:

¥324,724 million

Number of Issued and Outstanding Shares:

981,424,727

Stock Exchange Listings:

Tokyo (Code: 8801)

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Forward-Looking Statements

In this Fact Book, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks and uncertainties related to internal and external factors that may cause actual results and achievements to differ from those anticipated in these statements. Therefore, we do not advise potential investors to base investment decisions solely on this Fact Book.

CONSOLIDATED BUSINESS OVERVIEW

Results of Operations

(¥ millions)

	Three Months Ended June 30		Change
	2014	2013	
Revenue from Operations	¥329,953	¥284,450	¥45,503
Leasing	111,437	108,644	2,792
Property Sales	86,455	47,787	38,667
Management	74,240	73,557	682
Mitsui Home	40,961	29,883	11,077
Other	16,859	24,576	(7,717)
Operating Income	33,923	26,580	7,342
Leasing	26,643	27,380	(737)
Property Sales	8,163	334	7,829
Management	8,856	10,526	(1,670)
Mitsui Home	(4,517)	(7,059)	2,541
Other	918	825	93
Elimination or Corporate	(6,140)	(5,426)	(713)
Non-Operating Income/Expenses	(7,219)	(6,230)	(988)
Equity in Net Income/Loss of Affiliated Companies	271	452	(180)
Interest Income/Expense, in Net	(6,684)	(7,248)	563
Other, in Net	(806)	565	(1,371)
Ordinary Income	26,703	20,350	6,353
Extraordinary Gains/Losses	5,185	8,796	(3,611)
Extraordinary Gains	5,185	8,796	(3,611)
Extraordinary Losses	-	-	-
Income before Income Taxes	31,889	29,147	2,742
Income Taxes	17,293	14,266	3,026
Income before Minority Interests	14,595	14,880	(284)
Minority Interests	(1,142)	(1,893)	750
Net Income	¥15,738	¥16,773	¥(1,034)

◆ Overview

● In the three-month period under review, both revenue and earnings improved in the “Property Sales” segment. This was largely attributable to steady progress in “Property Sales to Investors.” In the “Mitsui Home” segment, revenue increased while the loss also improved year on year. As a result, overall revenue from operations increased ¥45.5 billion, or 16.0%, compared with the corresponding period of the previous fiscal year to ¥329.9 billion.

- Operating income grew ¥7.3 billion, or 27.6%, to ¥33.9 billion

- Ordinary income improved ¥6.3 billion, or 31.2%, to ¥26.7 billion

Net income, on the other hand, decreased ¥1.0 billion, or ¥6.2%, compared with the corresponding period of the previous fiscal year to ¥15.7 billion. This was mainly due to the year-on-year decline in extraordinary gains. On this basis, the Company is making steady progress toward achieving its forecasts for the full fiscal year.

Progress Comparison with Full Year Forecasts

(¥ millions)

	Three Months Ended June 30, 2014	Year to 3/15 (Forecast as of May 12, 2014)	3-Month Results/Full-Year Forecast (%)
Revenue from Operations	¥329,953	¥1,540,000	21.4
Operating Income	33,923	183,000	18.5
Ordinary Income	26,703	156,000	17.1
Net Income	¥15,738	¥90,000	17.5

Extraordinary Gains/Losses

【Extraordinary Gains】 (¥ millions)

Gain on Sales of Shares of Affiliated Companies	¥5,185
Total	¥5,185

Consolidated Statements of Comprehensive Income

(¥ millions)

	Three Months Ended June 30	
	2014	2013
Net Income before Minority Interests	¥14,595	¥14,880
Other Comprehensive Income	11,958	5,322
Valuation Difference on Available-For-Sale Securities	15,966	(5,644)
Deferred Gains or Losses on Hedges	1	(31)
Foreign Currency Translation Adjustment	(2,758)	7,374
Remeasurements of Defined Benefit Plans	198	-
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(1,448)	3,624
Comprehensive Income	¥26,554	¥20,202
(Comprehensive Income Attributable to Owners of the Parent)	27,823	21,987
(Comprehensive Income Attributable to Minority Interests)	(1,268)	(1,784)

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

(¥ millions)

		Three Months Ended June 30		Change
		2014	2013	
Revenue from Operations	Leasing	¥109,119	¥106,647	¥2,472
	Property Sales	26,712	4,621	22,091
	Other	6,337	5,640	696
	Total	142,169	116,908	25,260
Gross Profit (%)	Leasing	18.0	18.5	(0.6) pt
	Property Sales	17.1	12.9	4.3 pt
	Other	26.7	29.8	(3.1) pt
Operating Income		¥20,769	¥17,003	¥3,765

SEGMENT RESULTS

[1] LEASING

(¥ millions)

	Three Months Ended June 30		Change
	2014	2013	
Revenue from Operations	¥111,437	¥108,644	¥2,792
Operating Income	26,643	27,380	(737)

	Year to March 2015 (Forecast as of May 12, 2014)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2014
Revenue from Operations	¥458,000	24.3	¥449,699
Operating Income	102,000	26.1	109,205

● For the three-month period under review, overall revenue from operations improved ¥2.7 billion compared with the corresponding period of the previous fiscal year. This largely reflected contributions from new office buildings and retail facilities as well as the full-term revenue provided by other properties. Operating income, on the other hand, declined ¥0.7 billion year on year owing mainly to the increase in depreciation expenses as a result of the completion of new properties including Iidabashi Grand Bloom.

● The vacancy rate for the Company's office buildings located in the Tokyo Metropolitan Area was 5.8% on a non-consolidated basis as of June 30, 2014. This was primarily attributable to the temporary impact of new buildings.

【Reference】 Non-consolidated Results

(Revenue from operations)

- Newly on-stream (Iidabashi Grand Bloom, etc.) and full-term contribution projects (Muromachi Furukawa Mitsui Building (COREDO Muromachi 2), Muromachi Chibagin Mitsui Building (COREDO Muromachi 3), etc.): ¥2.3 billion year-on-year increase in revenue
- Existing properties: ¥0.4 billion year-on-year increase in revenue
- Shifting and terminations: ¥0.3 billion year-on-year decrease in revenue

Breakdown of Leasing Operations (Nonconsolidated)

		At June 30					
		2014		2013		2013	
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	139	151	109	120	30	31
	Leased Floor Space (1,000m ²)	2,476	2,506	2,176	2,214	300	292
	Leasing Revenue (¥ millions)	63,608	64,055	58,918	59,376	4,690	4,679
	Vacancy Rate (%)	5.6	4.2	5.8	3.8	3.6	7.1
Retail Facilities	Number of Buildings	71	69	48	45	23	24
	Leased Floor Space (1,000m ²)	1,697	1,711	1,098	1,106	599	605
	Leasing Revenue (¥ millions)	40,319	37,765	28,838	27,222	11,480	10,542
	Vacancy Rate (%)	0.5	0.6	0.6	0.6	0.5	0.6

Leased Floor Space

(¥ millions)

		At June 30		Change	
		2014	2013		
Office Buildings and Retail Facilities	Revenue				
	Office Buildings	¥68,712	¥69,326	¥(613)	
	Retail Facilities	40,400	37,734	2,666	
	Total Leased Floor Space (1,000 m ²):	4,450	4,618	(168)	
	Office Buildings	Owned	1,547	1,668	(121)
	Managed	1,172	1,205	(33)	
Retail Facilities	Owned	1,202	1,235	(33)	
Managed	528	509	18		
Other	Revenue	2,323	1,584	739	
Total Revenue		¥111,437	¥108,644	¥2,792	

Vacancy Rate at End of Term

(%)

	6/14	3/14	3/13	3/12	3/11
Consolidated					
Office Buildings and Retail Facilities (including overseas)	4.3	3.5	3.3	2.9	3.5
Non-consolidated					
Tokyo Metropolitan Area Office Buildings	5.8	3.3	3.8	4.4	4.0
Regional Area Office Buildings	3.6	4.3	5.3	6.4	7.6

Major Projects during the Period (three-month total)

(NEWLY OPENED)

GATE SQUARE (Kashiwa, Chiba)	Office building completed in April 2014
LaLa Terrace Musashikosugi (Kawasaki, Kanagawa)	Retail facility opened in April 2014
Okachimachi Yoshiike Head Store Building (Taito-ku, Tokyo)	Retail facility opened in April 2014
Iidabashi Grand Bloom (Chiyoda-ku, Tokyo)	Office building completed in June 2014

(FULL-TERM CONTRIBUTION)

LoveLa 2 (Niigata, Niigata)	Retail facility opened in November 2013
Muromachi Furukawa Mitsui Building (Chuo-ku, Tokyo)	Office building completed in February 2014
(COREDO Muromachi 2 (Chuo-ku, Tokyo)	Retail facility opened in March 2014)
Muromachi Chibagin Mitsui Building (Chuo-ku, Tokyo)	Office building completed in February 2014
(COREDO Muromachi 3 (Chuo-ku, Tokyo)	Retail facility opened in March 2014)
Ikebukuro Globe (Toshima-ku, Tokyo)	Retail facility opened in February 2014)

[2] PROPERTY SALES

(¥ millions)

	Three Months Ended June 30		Change
	2014	2013	
Revenue from Operations	¥86,455	¥47,787	¥38,667
Operating Income	8,163	334	7,829

	Year to March 2015 (Forecast as of May 12, 2014)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2014
Revenue from Operations	¥442,000	19.6	¥409,466
Operating Income	46,000	17.7	27,099

● For the three-month period under review, overall revenue from operations and operating income in the “Property Sales” segment increased ¥38.6 billion and ¥7.8 billion, respectively, compared with the corresponding period of the previous fiscal year. In the “Property Sales to Individuals” category, the reported number of units declined. On a positive note, however, the profit margin improved. Accounting for these factors, revenue from operations in this category decreased ¥0.6 billion while the operating loss improved ¥0.3 billion year on year. Revenue from operations in the “Property Sales to Investors” category increased ¥39.2 billion compared with the corresponding period of the previous fiscal year due to the progress of property sales and operating income grew ¥7.5 billion year on year.

● Sales in the “Property Sales to Individuals” category remained robust. The contract rate as of June 30, 2014 was 83% (71% as of June 30, 2013) of the 5,000 scheduled full fiscal year number of condominium units sold.

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

Park Court Kagurazaka Reserea (Shinjuku-ku, Tokyo)	Condominiums
Ichikawa The Residence (Ichikawa, Chiba)	Condominiums
Hill Court Terrace Yokohama Shiomidai (Yokohama, Kanagawa)	Condominiums
Park Homes Shimura-Sakaue Forrest Hill (Itabashi-ku, Tokyo)	Condominiums
Park Homes Motosumiyoshi Terrace (Kawasaki, Kanagawa)	Condominiums
Fine Court Suginami Shimoigusa Kanadenomachi Masters Court (Suginami-ku, Tokyo)	Detached Housing

Property Sales to Individuals and Investors

(¥ millions)

		Three Months Ended June 30						Change			
		2014			2013			Revenue	Units	Unit Price (¥10 thousand)	
		Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)				
Property Sales to Individuals	Condominiums	Tokyo Metropolitan Area	¥21,119	400	¥5,280	¥23,897	471	¥5,074	¥(2,777)	(71)	¥206
		Other	1,927	55	3,504	1,224	40	3,061	702	15	443
		Subtotal	23,046	455	5,065	25,121	511	4,916	(2,074)	(56)	149
	Detached Housing	Tokyo Metropolitan Area	8,736	149	5,864	7,233	109	6,637	1,502	40	(773)
		Other	418	8	5,226	474	9	5,268	(56)	(1)	(42)
		Subtotal	9,154	157	5,831	7,708	118	6,532	1,446	39	(701)
Revenue		32,201	612	5,262	32,829	629	5,219	(627)	(17)	43	
Operating Income		(1,127)		(1,437)						310	
Property Sales to Investors		Revenue		54,254		14,958				39,295	
		Operating Income		9,291		1,772				7,518	
Total Revenue		86,455		47,787		38,667					
Total Operating Income		¥8,163		¥334		¥7,829					

Inventories (Property Sales to Individuals)

(Units)

	6/14	3/14	3/13	3/12	3/11	3/10
Condominiums	111	170	223	380	638	872
Detached Housing	53	65	57	24	46	40
Total	164	235	280	404	684	912

Contracted for Sale (Property Sales to Individuals)

(Units)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Condominiums	5,142	693	5,835	455	5,380	949
Detached Housing	107	203	310	157	153	214
Total	5,249	896	6,145	612	5,533	1,163

[3] MANAGEMENT

	Three Months Ended June 30		Change
	2014	2013	
Revenue from Operations	¥74,240	¥73,557	¥682
Operating Income	8,856	10,526	(1,670)

	Year to March 2015 (Forecast as of May 12, 2014)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2014
Revenue from Operations	¥321,000	23.1	¥314,230
Operating Income	50,000	17.7	49,945

● For the three-month period under review, revenue from operations in the “Management” segment climbed ¥0.6 billion compared with the corresponding period of the previous fiscal year. In contrast, operating income declined ¥1.6 billion year on year. While revenue in the “Property Management” category improved, both revenue and earnings in the “Brokerage and Asset Management, etc.” category declined. Despite firm trends in the “Mitsui Rehouse” (brokerage business for individuals) business, this downturn was largely attributable to the drop in number of brokerage properties handled compared with the corresponding period of the previous fiscal year.

		Three Months Ended June 30		Change
		2014	2013	
Property Management	Revenue	¥56,518	¥53,308	¥3,210
	Operating Income	6,342	6,487	(144)
Brokerage, Asset Management, etc.	Revenue	17,721	20,249	(2,527)
	Operating Income	2,513	4,039	(1,525)
Total	Revenue	74,240	73,557	682
	Operating Income	¥8,856	¥10,526	¥(1,670)

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

	At June 30, 2014		At June 30, 2013		Change
	Units	Volume	Units	Volume	
Total Managed Units	154,682		146,437		8,245

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

	Three Months Ended June 30				Change	
	2014		2013		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
Brokerage	¥271,134	8,824	¥331,452	10,687	¥(60,318)	(1,863)

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

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

	Three Months Ended June 30				Change	
	2014		2013		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
Consignment Sales	¥20,922	303	¥16,295	269	¥4,627	34

[4] MITSUI HOME, [5] OTHER

[4] MITSUI HOME

	Three Months Ended June 30		Change
	2014	2013	
Revenue from Operations	¥40,961	¥29,883	¥11,077
Operating Income	(4,517)	(7,059)	2,541

	Year to March 2015 (Forecast as of May 12, 2014)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2014
Revenue from Operations	¥239,000	17.1	¥237,068
Operating Income	3,800	-	4,192

● For the three-month period under review, the amount of order at the beginning of the period was higher than for the corresponding period of the previous fiscal year in the “New Construction” category. As a result, revenue for the segment as a whole was up ¥11.0 billion while the operating loss improved ¥2.5 billion year on year.

This segment reported an operating loss because the completion and handover of properties under consignment are concentrated in the fourth quarter.

		Three Months Ended June 30		Change
		2014	2013	
New Construction	Revenue	¥27,471	¥16,743	¥10,728
	Orders	30,617	41,527	(10,910)
Reform/Renewal	Revenue	5,053	5,362	(309)
	Orders	7,561	8,309	(747)
Lease Management		5,178	4,889	289
Housing-Related Material Sales		3,258	2,888	369
Total Revenue		¥40,961	¥29,883	¥11,077

Note: The above revenue figures differ from those disclosed by Mitsui Home, because sales to the Mitsui Fudosan Group are deducted from Mitsui Home's consolidated revenue from operations.

[5] OTHER

	Three Months Ended June 30		Change
	2014	2013	
Revenue from Operations	¥16,859	¥24,576	¥(7,717)
Operating Income	918	825	93

	Year to March 2015 (Forecast as of May 12, 2014)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2014
Revenue from Operations	¥80,000	21.1	¥104,787
Operating Income	4,000	23.0	3,071

● For the three-month period under review, revenue from operations in the “Other” segment declined ¥7.7 billion compared with the corresponding period of the previous fiscal year. This was mainly attributable to the sale of share of Uniliving Co., Ltd. in the “Merchandise” category at the beginning of the period. Operating income edged up ¥93 million year on year.

		Three Months Ended June 30		Change
		2014	2013	
Facility Operations		¥11,403	¥11,446	¥(42)
Merchandise		1,287	10,146	(8,858)
Other		4,167	2,983	1,184
Total Revenue		¥16,859	¥24,576	¥(7,717)

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)			
ASSETS:	June 30, 2014	March 31, 2014	Change
I. Current Assets:	¥1,382,031	¥1,316,170	¥65,860
Cash and Time Deposits	87,754	127,882	(40,128)
Accounts Receivable—Trade	26,490	34,399	(7,909)
Marketable Securities	75,350	243	75,107
Real Property for Sale (including Advances Paid for Purchases)	1,001,248	961,449	39,799
Expenditure on Contracts in Progress	28,421	17,445	10,975
Other Inventories	4,969	10,503	(5,534)
Short-Term Loans	10,422	10,205	217
Equity Investments in Properties for Sale	11,887	12,065	(177)
Deferred Income Taxes	30,160	28,617	1,543
Other	105,646	113,687	(8,041)
Allowance for Doubtful Accounts	(322)	(330)	8
II. Fixed Assets:	3,273,839	3,232,651	41,187
1. Tangible Fixed Assets:	2,500,538	2,467,642	32,896
Buildings and Structures	655,504	621,300	34,203
Machinery, Equipment and Materials Handling Equipment	21,397	15,002	6,394
Land	1,743,285	1,743,527	(242)
Construction in Progress	47,143	55,575	(8,431)
Other	33,208	32,236	972
2. Intangible Fixed Assets:	58,355	58,497	(142)
Tangible and Intangible Fixed Assets:	2,558,893	2,526,139	32,754
3. Investments and Other Assets:	714,945	706,511	8,433
Investment Securities	507,040	495,726	11,314
Long-Term Loans	13,317	13,419	(102)
Lease Deposits	133,707	135,770	(2,063)
Net Defined Benefit Asset	1,345	80	1,265
Deferred Income Taxes	11,545	13,287	(1,741)
Deferred Tax Assets on Land Revaluation	3	3	-
Other	51,081	51,303	(221)
Allowance for Doubtful Accounts	(3,095)	(3,077)	(17)
Total Assets	¥4,655,870	¥4,548,822	¥107,048

[Real Property for Sale]

(¥ millions)			
(a) Breakdown by Company	At June 30, 2014	At March 31, 2014	Change
Mitsui Fudosan Residential	¥387,973	¥362,501	¥25,472
Mitsui Fudosan	292,025	295,776	(3,751)
SPCs Total	290,005	251,740	38,265
Other and Elimination	31,245	51,430	(20,185)
Consolidated Total	¥1,001,248	¥961,449	¥39,799

(¥ millions)					
(b) Accounts of Real Property for Sale					
Three Months Ended June 30	At Beginning of Period	New Investments*	Cost Recovery	Others	At June 30, 2014
2014	¥961,449	¥111,448	¥(68,907)	¥(2,742)	¥1,001,248
2013	¥915,222	¥55,628	¥(38,457)	¥(2,063)	¥930,330

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥24.2 billion for the three-month period under review.

* New investments include the increase in real property for sale at subsidiaries in which the Company invested during the period.

[Tangible and Intangible Assets]

The consolidated balance of tangible and intangible fixed assets stood at ¥2,558.8 billion as of June 30, 2014, up ¥32.7 billion compared with the end of the previous fiscal year. This increase stemmed mainly from new investments by the Company in Iidabashi Grand Bloom and the Nihonbashi 2-chome Redevelopment Project.

(Foreign currency exchange rate: ¥102.92:US\$1 as of June 30, 2014; ¥105.39:US\$1 as of March 31, 2014)

(¥ millions)			
(a) Breakdown by Company	At June 30, 2014	At March 31, 2014	Change
Mitsui Fudosan	¥2,061,138	¥2,025,638	¥35,500
SPCs Total	193,701	194,319	(617)
Mitsui Fudosan America Group	135,193	138,361	(3,167)
Mitsui Fudosan UK Group	51,606	48,789	2,817
Mitsui Home Group	28,958	28,828	129
Other and Elimination	88,295	90,202	(1,907)
Consolidated Total	¥2,558,893	¥2,526,139	¥32,754

Above figures include revaluation reserve for land.

(¥ millions)					
(b) Accounts of Tangible and Intangible Fixed Assets					
Three Months Ended June 30	At Beginning of Period	New Investments*	Depreciation	Others	At June 30, 2014
2014	¥2,526,139	¥54,918	¥(13,947)	¥(8,217)	¥2,558,893
2013	¥2,503,977	¥30,443	¥(13,454)	¥(1,866)	¥2,519,100

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

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ millions)

LIABILITIES:	June 30, 2014	March 31, 2014	Change
I. Current Liabilities:	¥573,159	¥846,312	¥(273,152)
Accounts Payable—Trade	51,368	130,695	(79,326)
Short-Term Debt	192,719	284,048	(91,328)
Bond Redeemable Within One Year	50,100	50,100	-
Income Taxes Payable	7,564	22,374	(14,809)
Advances from Contracts in Progress	24,880	22,887	1,992
Allowance for Completed Project Indemnities	1,317	1,294	22
Allowance for Possible Guarantee Losses	63	76	(13)
Deferred Income Taxes	1,885	2,113	(227)
Other	243,260	332,722	(89,462)
II. Long-Term Liabilities:	2,438,222	2,377,089	61,133
Corporate Bonds	331,450	296,585	34,865
Long-Term Debt	1,426,941	1,409,338	17,603
Deposits from Tenants	348,677	345,617	3,060
Allowance for Directors' and Corporate Auditors' Retirement Benefits	707	794	(87)
Net Defined Benefit Liability	34,467	37,405	(2,937)
Deferred Income Taxes	88,288	79,761	8,526
Deferred Tax Liabilities on Land Revaluation	170,148	170,148	-
Other	37,541	37,439	102
Total Liabilities	3,011,382	3,223,401	(212,019)
NET ASSETS:			
Common Stock	324,724	174,296	150,428
Capital Surplus	398,721	248,293	150,428
Retained Earnings	463,690	454,750	8,939
Treasury Stock	(5,954)	(5,926)	(27)
Reserve on Land Revaluation	296,884	296,703	181
Net Unrealized Holding Gains on Securities	127,094	111,120	15,973
Deferred Gains or Losses on Hedges	(832)	(840)	7
Foreign Currency Translation Adjustment	(5,550)	(1,442)	(4,108)
Remeasurements of Defined Benefit Plans	(2,389)	(2,601)	212
New Share Subscription Rights	870	823	46
Minority Interests in Consolidated Subsidiaries	47,228	50,241	(3,012)
Total Net Assets	1,644,488	1,325,420	319,067
Total Liabilities and Net Assets	¥4,655,870	¥4,548,822	¥107,048

Note: Debt-Equity Ratio 1.25 times (1.60 times at March 31, 2014)

Interest-Bearing Debt:	2,001,211	2,040,071	(38,860)
Non-recourse Debt	254,206	236,266	17,940
Surplus lease deposits/guarantee deposits	214,970	209,846	5,123

[Interest-Bearing Debt]

As of June 30, 2014, interest-bearing debt stood at ¥2,001.2 billion on a consolidated basis, down ¥38.8 billion compared with the end of the previous fiscal year. During the period under review, Mitsui Fudosan witnessed a cash inflow from the issuance of shares totaling ¥299.8 billion, a cash outflow from operating activities of ¥124.5 billion, a cash outflow from investing activities of ¥91.1 billion, and a cash outflow of ¥9.4 billion attributable to cash dividends paid. The net increase in cash and cash equivalents was ¥34.8 billion.

Breakdown by Company

	(¥ millions)		
	At June 30, 2014	At March 31, 2014	Change (amount)
Mitsui Fudosan	¥1,658,830	¥1,703,310	¥(44,479)
SPCs Total	368,193	349,807	18,386
Mitsui Fudosan Residential	331,059	206,144	124,914
Mitsui Fudosan America Group	57,102	58,256	(1,153)
Loans to Subsidiaries	(520,752)	(414,939)	(105,812)
Other and Elimination	106,777	137,492	(30,715)
Consolidated Total	¥2,001,211	¥2,040,071	¥(38,860)
(Non-recourse Debt of Total)	254,206	236,266	17,940

(Subsequent Events)

(Issuance of New Shares through Third-Party Allotment)

On May 27, 2014, board of Directors adopted the resolutions of an issuance of new shares through third-party allotment in connection with a secondary offering to cover over-allotment. The payment for the issuance of new shares through third-party allotment was completed on July 22, 2014. Brief details are presented as follows.

Issuance of new shares through third-party allotment

Capital increase through third-party allotment in connection with the secondary offering to cover over-allotment

(1) Class and number of shares to be offered	10,000,000 shares of common stock of the Company
(2) Amount paid in	¥3,008.56 per share
(3) Total amount paid in	¥30,085,600,000
(4) Common stock and capital surplus increased	Increase in common stock: ¥15,042,800,000 Increase in capital surplus: ¥15,042,800,000
(5) Payment date	July 22, 2014
(6) Allottee and the number of allotted shares	Nomura Securities Co., Ltd. 10,000,000 shares

SEGMENT INFORMATION (UNAUDITED)

Three Months Ended June 30, 2014

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total				
(1)Leasing	¥111,437	¥4,283	¥115,720	¥26,643	¥2,707,200	¥9,963	¥50,523
(2)Property Sales	86,455	-	86,455	8,163	1,226,334	309	222
(3)Management	74,240	14,145	88,385	8,856	246,617	1,735	2,431
(4)Mitsui Home	40,961	1,844	42,806	(4,517)	117,688	727	986
(5)Other	16,859	538	17,397	918	89,746	916	530
Elimination or Corporate	-	(20,811)	(20,811)	(6,140)	268,282	295	223
Consolidated	¥329,953	-	¥329,953	¥33,923	¥4,655,870	¥13,947	¥54,918

Three Months Ended June 30, 2013

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total				
(1)Leasing	¥108,644	¥4,094	¥112,739	¥27,380	¥2,654,308	¥9,558	¥25,284
(2)Property Sales	47,787	-	47,787	334	1,119,764	270	213
(3)Management	73,557	13,488	87,045	10,526	243,963	1,614	2,105
(4)Mitsui Home	29,883	1,712	31,596	(7,059)	111,239	737	1,550
(5)Other	24,576	1,047	25,623	825	110,990	984	1,123
Elimination or Corporate	-	(20,342)	(20,342)	(5,426)	184,677	288	165
Consolidated	¥284,450	-	¥284,450	¥26,580	¥4,424,943	¥13,454	¥30,443

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ millions)

	Three Months Ended June 30	
	2014	2013
I. Revenue from Operations	¥329,953	¥284,450
II. Cost of Revenue from Operations	262,683	222,580
Gross Operating Profit	67,270	61,870
III. Selling, General and Administrative Expenses	33,347	35,289
Operating Income	33,923	26,580
IV. Non-Operating Income:	3,109	3,209
Interest Income	164	121
Dividend Income	1,939	1,832
Equity in Net Income of Affiliated Companies	271	452
Other Non-Operating Income	733	803
V. Non-Operating Expenses:	10,328	9,440
Interest Expenses	6,849	7,370
Other Non-Operating Expenses	3,479	2,070
Ordinary Income	26,703	20,350
VI. Extraordinary Gains:	5,185	8,796
Gains on Sales of Fixed Assets	-	8,796
Gain on Sales of Shares of Affiliated Companies	5,185	-
Income before Income Taxes	31,889	29,147
Income Taxes	17,293	14,266
Income (Loss) before Minority Interests	14,595	14,880
Minority Interests	(1,142)	(1,893)
Net Income	¥15,738	¥16,773

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	(¥ millions)	
	Three Months Ended June 30	
	2014	2013
I. Cash Flows From Operating Activities:		
Income before Income Taxes	¥31,889	¥29,147
Depreciation and Amortization	13,947	13,454
(Gain) Loss on Sales of Fixed Assets	-	(8,796)
Interest and Dividend Income Receivable	(2,104)	(1,954)
(Gain) Loss on Sales of Marketable Securities	(5,185)	-
Interest Expense	6,849	7,370
(Gain) Loss on Equity-Method Investments	(271)	(452)
Increase/Decrease in Accounts Receivable	7,649	5,252
Increase/Decrease in Accounts Payable	(19,297)	(14,917)
Increase/Decrease in Real Property for Sale	(102,118)	(45,537)
Other	(19,086)	6,622
Subtotal	(87,728)	(9,810)
Cash Receipts of Interest and Dividend Income	2,385	1,428
Cash Payments of Interest Expense	(5,488)	(6,309)
Income Taxes Paid	(33,718)	(31,201)
Net Cash Provided by Operating Activities	(124,549)	(45,894)
II. Cash Flows From Investing Activities:		
Purchase of Tangible and Intangible Fixed Assets	(105,356)	(28,444)
Sales of Tangible and Intangible Fixed Assets	1	22,500
Purchase of Investment Securities	(123)	(3,919)
Proceeds from Receipt of Rental Deposits and Guarantees	(1,469)	(936)
Proceeds from Recovery of Rental Deposits and Guarantees	1,379	6,030
Decrease in Deposits from Tenants	(11,181)	(12,057)
Increase in Deposits from Tenants	13,430	8,553
Increase in Loans (Outlays for Loans)	(2,692)	(3,481)
Decrease in Loans (Proceeds from Recovery of Loans)	9,269	2,294
Proceeds from Sales of Investments in Subsidiaries	6,126	-
Resulting in Change in Scope of Consolidation		
Other	(561)	(51)
Net Cash Used in Investing Activities	¥(91,176)	¥(9,512)

	(¥ millions)	
	Three Months Ended June 30	
	2014	2013
III. Cash Flows From Financing Activities:		
Proceeds from Short-Term Debt	¥275,508	¥521,864
Repayment of Short-Term Debt	(283,162)	(448,891)
Proceeds from Long-Term Debt	65,545	17,585
Repayment of Long-Term Debt	(129,675)	(12,238)
Proceeds from Issuance of Bonds	34,890	-
Redemption of Bonds	(25)	(20,020)
Proceeds from Issuance of Common Stock	299,829	-
Cash Dividends Paid	(9,498)	(9,427)
Proceeds from Stock Issuance to Minority Shareholders	462	25
Cash Dividends Paid to Minority Interests	(872)	(557)
Repayments to Minority Shareholders	(1,200)	-
Repayment of Finance Lease Obligations	(757)	(673)
Increase/Decrease in Treasury Stock	(27)	(94)
Net Cash Used in Financing Activities	251,015	47,571
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(407)	834
V. Net Increase (Decrease) in Cash and Cash Equivalents	34,881	(7,001)
VI. Cash and Cash Equivalents at Beginning of Year	127,337	101,588
VII. Cash and Cash Equivalents at End of the Period	¥162,218	¥94,587

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2015 (Unchanged from originally announced on May 12, 2014)

(¥ millions)

	Year to March 31		Change
	2015 (forecast)	2014 (actual)	
Revenue from Operations	¥1,540,000	¥1,515,252	¥24,748
Leasing	458,000	449,699	8,301
Property Sales	442,000	409,466	32,534
Management	321,000	314,230	6,770
Mitsui Home	239,000	237,068	1,932
Other	80,000	104,787	(24,787)
Operating Income	183,000	172,567	10,433
Leasing	102,000	109,205	(7,205)
Property Sales	46,000	27,099	18,901
Management	50,000	49,945	55
Mitsui Home	3,800	4,192	(392)
Other	4,000	3,071	929
Elimination or Corporate	(22,800)	(20,947)	(1,853)
Non-Operating Income/Expenses	(27,000)	(27,980)	980
Interest Income/Expense, in Net	(31,000)	(30,281)	(719)
Other, in Net	4,000	2,301	1,699
Ordinary Income	156,000	144,587	11,413
Extraordinary Gains/Losses	(5,000)	(17,876)	12,876
Income before Income Taxes	151,000	126,710	24,290
Income Taxes	56,000	47,034	8,966
Minority Interests	5,000	2,832	2,168
Net Income	¥90,000	¥76,843	¥13,157

● **Leasing:** Revenue from operations and operating income are forecast to climb ¥14.2 billion and ¥0.6 billion, respectively. This is largely attributable to the positive flow-on effects of large-scale renewals at such retail facilities as LAZONA Kawasaki Plaza and Urban Dock LaLaport TOYOSU as well as the full-term contributions from properties completed during the fiscal year under review including Nihonbashi Astellas Mitsui Building.

● **Property Sales:** Revenue from operations and operating income are expected to increase by ¥42.5 billion and ¥7.9 billion, respectively, in this segment as a whole. In addition to revenue and earnings growth due mainly to an upswing in the reported number of units and improvements in operating income margins in the “Property Sales” category, these forecast results take into account a projected increase in earnings in the “Property Sales to Investors” category.

● **Management:** Revenue from operations and operating income in this segment as a whole are projected to improve by ¥11.0 billion and ¥0.4 billion, respectively. These forecast results reflect a variety of factors including robust trends in the Mitsui Rehouse and Repark (Car Park Leasing) businesses undertaken by Mitsui Fudosan Realty.

● **Other:** Revenue from operations and operating income are projected to increase owing mainly to continued steady trends in the hotel operation business.

● Taking each of the aforementioned into consideration, revenue from operations is forecast to amount to ¥1,530.0 billion, an increase of ¥84.3 billion compared with the fiscal year under review. On the earnings front, operating income is expected to reach ¥160.0 billion, up ¥11.8 billion and ordinary income is anticipated to total ¥132.0 billion, an improvement of ¥8.9 billion.

● After factoring in an anticipated extraordinary loss of ¥20.0 billion, net income is forecast to reach ¥65.0 billion, up ¥5.5 billion.

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

Real Property for Sale

(¥ millions)

	Year to March 2015 (forecast)	Year Ended March 2014 (actual)	YoY Change
New Investments	¥430,000	¥374,952	¥55,048
Recovery of Costs	400,000	324,827	75,173

Note: Real Property for Sale: real property for sale + real property for sale in progress + land for development + advances paid for purchases

Tangible and Intangible Assets

(¥ millions)

	Year to March 2015 (forecast)	Year Ended March 2014 (actual)	YoY Change
New Investments	¥220,000	¥149,525	¥70,475
Depreciation	60,000	56,030	3,970

Interest-Bearing Debt

(¥ millions)

	Year to March 2015 (forecast)	Year Ended March 2014 (actual)	YoY Change
Interest-Bearing Debt	¥2,230,000	¥2,040,071	¥189,929

【Property Sales】

Revenue, Operating Margin

(¥ millions)

	Year to March 2015 (forecast)	Year Ended March 2014 (actual)	YoY Change
Property Sales to Individuals			
Revenue from Operations:	¥306,000	¥345,172	¥(39,172)
Condominiums	257,000	295,482	(38,482)
Detached Housing	49,000	49,689	(689)
Operating Income	24,500	22,781	1,719
Operating Margin (%)	8.0	6.6	1.4pt
Property Sales to Investors			
Revenue from Operations:	136,000	64,294	71,706
Operating Income	21,500	4,317	17,183
Total			
Revenue from Operations:	442,000	409,466	32,534
Operating Income	¥46,000	¥27,099	¥18,901

Number of Housing Units

(Units)

	Year to March 2015 (forecast)	Year Ended March 2014 (actual)	YoY Change
Condominiums	¥5,000	¥6,557	¥(1,557)
Detached Housing	900	916	(16)
Total	¥5,900	¥7,473	¥(1,573)