

FACT BOOK

For the Nine Months Ended December 31, 2017

February 09, 2018



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

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

Corporate Data

(As of December 31, 2017)

Head Office:

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

Date of Establishment:

July 15, 1941

Share Capital:

¥339,766 million

Number of Issued and Outstanding Shares:

991,424,727

Stock Exchange Listings:

Tokyo (Code: 8801)

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Forward-Looking Statements

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

CONSOLIDATED BUSINESS OVERVIEW

Results of Operations

(¥ millions)

	Nine Months Ended December 31		Change
	2017	2016	
Revenue from Operations	¥1,101,607	¥1,198,672	¥(97,064)
Leasing	412,960	395,155	17,805
Property Sales	202,809	327,354	(124,545)
Management	257,911	251,385	6,526
Mitsui Home	162,478	162,584	(105)
Other	65,447	62,192	3,254
Operating Income	135,953	166,464	(30,511)
Leasing	108,628	102,364	6,263
Property Sales	17,028	49,309	(32,281)
Management	32,910	35,654	(2,744)
Mitsui Home	(1,815)	(2,515)	700
Other	5,580	6,155	(575)
Elimination or Corporate	(26,379)	(24,504)	(1,874)
Non-Operating Income/Expenses	(14,653)	(10,295)	(4,358)
Equity in Net Income/Loss of Affiliated Companies	210	1,846	(1,636)
Interest Income/Expense, in Net	(18,799)	(17,872)	(926)
Other, in Net	3,935	5,730	(1,794)
Ordinary Income	121,299	156,168	(34,869)
Extraordinary Gains/Losses	(7,023)	-	(7,023)
Extraordinary Gains	-	-	-
Extraordinary Losses	7,023	-	7,023
Income before Income Taxes	114,276	156,168	(41,892)
Income Taxes	42,666	48,626	(5,959)
Profit	71,609	107,542	(35,933)
Profit (Loss) Attributable to Non-Controlling Interests	(464)	(519)	54
Profit Attributable to Owners of Parent	¥72,074	¥108,062	¥(35,987)

◆ Overview

● In the nine-month period under review, revenue and earnings increased in the "Leasing" segment. This was mainly due to the upward revision in rents at existing office buildings and sales growth at retail facilities. In the "Property Sales" segment, revenue and earnings decreased in both the "Property Sales to Individuals" and "Property Sales to Investors" categories. This largely reflects the concentrated booking of revenue and earnings in the fourth quarter. Accounting for each of these factors, revenue from operations as a whole declined ¥97.0 billion, or 8.1% year on year, to ¥1,101.6 billion; operating income fell ¥30.5 billion, or 18.3%, to ¥135.9 billion; ordinary income decreased ¥34.8 billion, or 22.3%, to ¥121.2 billion; and profit attributable to owners of parent contracted ¥35.9 billion, or 33.3%, to ¥72.0 billion. The Company is making steady progress toward achieving its forecasts for the full fiscal year. Revenue, operating income, ordinary income and profit attributable to owners of parent are all expected to hit record high levels.

Progress Comparison with Full Year Forecasts

(¥ millions)

	Nine Months Ended December 31, 2017	Year to March 2018 (Forecast as of May 12, 2017)	9-Month Results/Full-Year Forecast (%)
Revenue from Operations	¥1,101,607	¥1,790,000	61.5
Operating Income	135,953	245,000	55.5
Ordinary Income	121,299	227,000	53.4
Profit Attributable To Owners of Parent	¥72,074	¥140,000	51.5

Extraordinary Gains/Losses

【Extraordinary Losses】

(¥ millions)

Impairment Loss	¥7,023
Total	¥7,023

Consolidated Statements of Comprehensive Income

(¥ millions)

	Nine Months Ended December 31	
	2017	2016
Profit	¥71,609	¥107,542
Other Comprehensive Income	106,486	(60,487)
Valuation Difference on Available-For-Sale Securities	103,288	(16,042)
Deferred Gains or Losses on Hedges	114	386
Foreign Currency Translation Adjustment	(124)	(35,565)
Remeasurements of Defined Benefit Plans, Net of Tax	1,378	1,322
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	1,828	(10,588)
Comprehensive Income	¥178,096	¥47,055
(Comprehensive Income Attributable to Owners of the Parent)	178,301	48,014
(Comprehensive Income Attributable to Non-Controlling Interests)	(204)	(959)

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

(¥ millions)

		Nine Months Ended December 31		Change
		2017	2016	
Revenue from Operations	Leasing	¥390,984	¥380,704	¥10,279
	Property Sales	42,054	41,368	686
	Other	23,569	47,951	(24,382)
	Total	456,608	470,024	(13,416)
Gross Profit Margin (%)	Leasing	20.7	20.3	0.4pt
	Property Sales	17.8	17.2	0.6pt
	Other	33.3	73.0	(39.7)pt
Operating Income		¥74,210	¥97,801	¥(23,590)

SEGMENT RESULTS

[1] LEASING

	Nine Months Ended December 31		Change
	2017	2016	
Revenue from Operations	¥412,960	¥395,155	¥17,805
Operating Income	108,628	102,364	6,263

	Year to March 2018 (Forecast as of May 12, 2017)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥547,000	75.5	¥536,518
Operating Income	135,000	80.5	135,774

● For the nine-month period under review, revenue from operations rose ¥17.8 billion compared with the corresponding period of the previous fiscal year, and operating income increased ¥6.2 billion year on year. This increase in revenue and earnings was mainly due to the upward revision in rents at existing office buildings, the full-term contributions from LaLaport SHONAN HIRATSUKA which came into operation during the previous fiscal year, and sales growth at existing retail facilities.

● The vacancy rate for the Company's office buildings located in the Tokyo metropolitan area was 1.6% on a non-consolidated basis as of December 31, 2017.

【Reference】 Non-consolidated Results

(Revenue from operations)

- Newly on-stream projects and full-term contribution: ¥4.8 billion increase in revenue year on year.
- Existing properties: ¥5.2 billion increase in revenue year on year.
- Shifting, terminations and other: ¥0.2 billion increase in revenue year on year.

Breakdown of Leasing Operations (Nonconsolidated)

		At December 31					
		2017		2016		2016	
		Total		Tokyo Metropolitan Area		Regional Areas	
Office Buildings	Number of Buildings	133	132	102	100	31	32
	Leased Floor Space (1,000m ²)	2,580	2,571	2,251	2,241	329	330
	Leasing Revenue (¥ millions)	200,820	199,678	184,659	183,648	16,161	16,029
	Vacancy Rate (%)	1.7	2.0	1.6	1.9	2.9	2.7
Retail Facilities	Number of Buildings	81	80	56	55	25	25
	Leased Floor Space (1,000m ²)	2,054	2,029	1,357	1,347	697	682
	Leasing Revenue (¥ millions)	167,652	160,193	117,484	111,605	50,168	48,587
	Vacancy Rate (%)	0.7	0.6	0.6	0.7	0.8	0.3

Leased Floor Space

		At December 31		Change	
		2017	2016		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥226,658	¥218,993	¥7,665
		Retail Facilities	171,096	164,266	6,830
	Total Leased Floor Space (1,000 m ²):		4,985	4,887	98
	Office Buildings	Owned	1,710	1,616	93
		Managed	1,146	1,172	(25)
	Retail Facilities	Owned	1,546	1,550	(4)
Managed		583	549	34	
Other	Revenue	15,205	11,895	3,309	
Total Revenue		¥412,960	¥395,155	¥17,805	

Vacancy Rate

	12/2017	3/2017	3/2016	3/2015	3/2014
Consolidated					
Office Buildings and Retail Facilities (including overseas)	1.8	3.1	2.2	3.2	3.5
Non-consolidated					
Tokyo Metropolitan Area Office Buildings	1.6	3.4	2.6	3.2	3.3
Regional Area Office Buildings	2.9	2.3	3.1	4.1	4.3

Major Projects during the Period (nine-month total)

(NEWLY OPENED)

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

MITSUI OUTLET PARK LINKOU (New Taipei City, Taiwan)	Retail facility opened in January 2016
LaLaport SHONAN HIRATSUKA (Hiratsuka, Kanagawa)	Retail facility opened in October 2016
Waterfront Corporate Center III	Office building acquired in November 2016
Sophia University Bldg. No. 6 (Sophia Tower) (Chiyoda-ku, Tokyo)	Office building completed in January 2017

[2] PROPERTY SALES

	Nine Months Ended December 31		Change
	2017	2016	
Revenue from Operations	¥202,809	¥327,354	¥(124,545)
Operating Income	17,028	49,309	(32,281)

(¥ millions)

	Year to March 2018 (Forecast as of May 12, 2017)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
	Revenue from Operations	¥544,000	37.3
Operating Income	82,000	20.8	65,285

● For the nine-month period under review, revenue and earnings in both the "Property Sales to Individuals" and "Property Sales to Investors" categories decreased. This largely reflects the concentrated booking of revenue and earnings in the fourth quarter. Taking each of these factors into consideration, overall revenue from operations in this segment fell ¥124.5 billion compared with the corresponding period of the previous fiscal year while operating income declined ¥32.2 billion year on year.

● In newly constructed condominiums, the Company's contract rate as of December 31, 2017 was 96% of the 3,900 units projected for the year compared with 99% for the end of the corresponding period of the previous fiscal year.

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

Park Homes Itabashi Hasune Nibangai (Itabashi-ku, Tokyo)	Condominiums
Park Homes Toyosu The Residence (Koto-ku, Tokyo)	Condominiums
Park Homes Kameari Garden's Court (Adachi-ku, Tokyo)	Condominiums
Park Court Sanbancho Hilltop Residence (Chiyoda-ku, Tokyo)	Condominiums
Fine Court Musashi-Koganei (Kodaira, Tokyo)	Detached Housing

Property Sales to Individuals and Investors

	Nine Months Ended December 31						Change			
	2017			2016			Revenue	Units	Unit Price (¥10 thousand)	
	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)				
Property Sales to Individuals	Condominiums	¥127,034	2,063	¥6,158	¥134,083	2,424	¥5,532	¥(7,049)	(361)	¥626
	Detached Housing	20,587	349	5,899	24,576	412	5,965	(3,988)	(63)	(66)
	Subtotal	147,621	2,412	6,120	158,660	2,836	5,595	(11,038)	(424)	525
Operating Income	9,524		11,963		(2,438)					
Property Sales to Investors	Revenue	55,187		168,694		(113,507)				
	Operating Income	7,503		37,346		(29,842)				
Total Revenue	202,809		327,354		(124,545)					
Total Operating Income	¥17,028		¥49,309		¥(32,281)					

Breakdown for the Revenue from the Property Sales to Individuals

	Nine Months Ended December 31						Change	
	2017		2016		Revenue	Units	Revenue	Units
	Revenue	Units	Revenue	Units				
Condominiums	Tokyo Metropolitan Area	¥102,839	1,521	¥119,532	2,099	¥(16,693)	(578)	
	Other	24,194	542	14,551	325	9,643	217	
	Total	127,034	2,063	134,083	2,424	(7,049)	(361)	
Detached Housing	Tokyo Metropolitan Area	19,558	331	22,529	371	(2,971)	(40)	
	Other	1,028	18	2,046	41	(1,017)	(23)	
	Total	¥20,587	349	¥24,576	412	¥(3,988)	(63)	

(¥ millions)

Inventories (Property Sales to Individuals)

	(Units)					
	12/2017	3/2017	3/2016	3/2015	3/2014	3/2013
Condominiums	159	321	88	83	170	223
Detached Housing	58	69	127	100	65	57
Total	217	390	215	183	235	280

Contracted for Sale (Property Sales to Individuals)

	(Units)					
	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Condominiums	3,583	3,204	6,787	2,063	4,724	3,159
Detached Housing	106	386	492	349	143	379
Total	3,689	3,590	7,279	2,412	4,867	3,538

[3] MANAGEMENT

	Nine Months Ended December 31		Change
	2017	2016	
Revenue from Operations	¥257,911	¥251,385	¥6,526
Operating Income	32,910	35,654	(2,744)

	Year to March 2018 (Forecast as of May 12, 2017)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥360,000	71.6	¥347,672
Operating Income	52,000	63.3	53,838

● For the nine-month period under review, overall revenue from operations in the "Management" segment increased ¥6.5 billion compared with the corresponding period of the previous fiscal year. This was mainly due to an increase in the number of managed units in the "Repark" business (car park leasing business) category and an increase in the number of brokerage units handled in the "Mitsui Rehouse" business (brokerage business for individuals) category. Operating income, on the other hand, declined ¥2.7 billion year on year as a result of such factors as the absence of large corporate brokerage transactions, which occurred during the corresponding period of the previous fiscal year.

		Nine Months Ended December 31		Change
		2017	2016	
Property Management	Revenue	¥194,726	¥190,067	¥4,659
	Operating Income	21,827	23,265	(1,437)
Brokerage, Asset Management, etc.	Revenue	63,185	61,318	1,867
	Operating Income	11,082	12,389	(1,306)
Total	Revenue	¥257,911	¥251,385	¥6,526
	Operating Income	32,910	35,654	(2,744)

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

	At December 31, 2017		At December 31, 2016		Change
	Units	Volume	Units	Volume	
Total Managed Units	223,315		206,999		16,316

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

	Nine Months Ended December 31				Change	
	2017		2016		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
Brokerage	¥1,104,476	29,951	¥1,125,025	29,594	¥(20,548)	357

Notes:

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

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

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

	Nine Months Ended December 31				Change	
	2017		2016		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
Consignment Sales	¥21,925	349	¥26,496	416	¥(4,570)	(67)

[4] MITSUI HOME, [5] OTHER

[4] MITSUI HOME

	Nine Months Ended December 31		Change
	2017	2016	
Revenue from Operations	¥162,478	¥162,584	¥(105)
Operating Income	(1,815)	(2,515)	700

	Year to March 2018 (Forecast as of May 12, 2017)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥251,000	64.7	¥247,195
Operating Income	5,100	-	4,907

● For the nine-month period under review, revenue from operations for the segment as a whole declined ¥0.1 billion compared with the corresponding period of the previous fiscal year. From a profit perspective, the operating loss narrowed ¥0.7 billion year on year. Despite a downturn in such items as revenue in the "New Construction" and "Reform/Renewal" categories, this narrowing of the operating loss was mainly due to an improvement in the gross profit margin.

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

		Nine Months Ended December 31		Change
		2017	2016	
New Construction	Revenue	¥103,056	¥106,061	¥(3,005)
	Orders	107,642	112,472	(4,830)
Reform/Renewal	Revenue	26,075	26,764	(689)
	Orders	33,679	31,414	2,265
Lease Management		18,521	17,556	964
Housing-Related Material Sales		14,825	12,201	2,624
Total Revenue		¥162,478	¥162,584	¥(105)

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

	Nine Months Ended December 31		Change
	2017	2016	
Revenue from Operations	¥65,447	¥62,192	¥3,254
Operating Income	5,580	6,155	(575)

	Year to March 2018 (Forecast as of May 12, 2017)	9-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2017
Revenue from Operations	¥88,000	74.4	¥84,320
Operating Income	6,000	93.0	5,994

● For the nine-month period under review, revenue from operations in the "Other" segment as a whole increased ¥3.2 billion compared with the corresponding period of the previous fiscal year. This was largely attributable to the full-term contribution from hotels that opened during the previous fiscal year. Operating income, on the other hand, declined ¥ 0.5 billion year on year due mainly to expenses incurred in connection with the opening of new hotels.

	Nine Months Ended December 31		Change
	2017	2016	
Facility Operations	¥45,984	¥44,601	¥1,382
Other	19,463	17,590	1,872
Total Revenue	¥65,447	¥62,192	¥3,254

Major Projects during the Period (nine-month total)

(NEWLY OPENED)

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

(FULL-TERM CONTRIBUTION)

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

CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
ASSETS:	December 31, 2017	March 31, 2017	Change
I. Current Assets:	¥1,865,391	¥1,745,308	¥120,083
Cash and Time Deposits	137,144	148,742	(11,597)
Accounts Receivable—Trade	32,578	36,073	(3,494)
Marketable Securities	104	69	35
Real Property for Sale (including Advances Paid for Purchases)	1,427,462	1,334,167	93,294
Expenditure on Contracts in Progress	40,876	24,247	16,628
Other Inventories	5,473	4,364	1,109
Short-Term Loans	13,067	5,524	7,542
Equity Investments in Properties for Sale	6,726	6,746	(20)
Deferred Income Taxes	32,040	30,090	1,949
Other	170,298	155,623	14,674
Allowance for Doubtful Accounts	(381)	(339)	(41)
II. Tangible and Intangible Fixed Assets:	3,116,630	2,967,788	148,842
1. Tangible Fixed Assets:	3,050,287	2,905,156	145,130
Buildings and Structures	754,729	765,266	(10,537)
Machinery, Equipment and Materials Handling Equipment	37,656	29,322	8,333
Land	1,972,834	1,861,393	111,440
Construction in Progress	248,844	211,529	37,315
Other	36,222	37,644	(1,422)
2. Intangible Fixed Assets:	66,343	62,631	3,711
III. Investments and Other Assets:	1,025,107	857,653	167,453
Investment Securities	782,294	627,800	154,493
Long-Term Loans	15,005	11,992	3,012
Lease Deposits	135,803	133,438	2,364
Net Defined Benefit Asset	3,842	5,273	(1,431)
Deferred Income Taxes	11,584	12,068	(484)
Deferred Tax Assets on Land Revaluation	2	2	-
Other	77,847	69,107	8,739
Allowance for Doubtful Accounts	(1,271)	(2,031)	759
Total Assets	¥6,007,130	¥5,570,750	¥436,379

[Real Property for Sale]

(a) Breakdown by Company

	(¥ millions)		
	At December 31, 2017	At March 31, 2017	Change
Mitsui Fudosan Residential	¥473,764	¥436,898	¥36,866
Mitsui Fudosan	422,497	426,051	(3,554)
SPCs Total	247,607	234,044	13,563
Other and Elimination	283,592	237,172	46,419
Consolidated Total	¥1,427,462	¥1,334,167	¥93,294

(b) Accounts of Real Property for Sale

	(¥ millions)					
	Nine Months Ended December 31	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2017		¥1,334,167	¥275,405	¥(159,035)	¥(23,075)	¥1,427,462
2016		¥1,167,745	¥308,581	¥(254,668)	¥(47,155)	¥1,174,503

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥69.4 billion for the nine-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 ¥3,116.6 billion as of December 31, 2017, up ¥148.8 billion compared with the end of the previous fiscal year. This increase largely reflected such new investments as TOKYO MIDTOWN HIBIYA and Halekulani Okinawa by Mitsui Fudosan as well as 50 Hudson Yards project and 55 Hudson Yards project by Mitsui Fudosan America Group.

Foreign currency exchange rates:

¥112.73:US\$1 as of December 31, 2017; ¥116.49:US\$1 as of March 31, 2017;

¥151.37:£1 as of December 31, 2017, ¥143.00:£1 as of March 31, 2017

(a) Breakdown by Company

	(¥ millions)		
	At December 31, 2017	At March 31, 2017	Change
Mitsui Fudosan	¥2,298,205	¥2,287,715	¥10,489
Mitsui Fudosan America Group	347,509	222,374	125,134
SPCs Total	239,887	229,566	10,320
Mitsui Fudosan UK Group	63,089	58,280	4,808
Mitsui Fudosan Residential	34,984	33,641	1,342
Other and Elimination	132,955	136,209	(3,254)
Consolidated Total	¥3,116,630	¥2,967,788	¥148,842

Above figures include revaluation reserve for land.

(b) Accounts of Tangible and Intangible Fixed Assets

	(¥ millions)					
	Nine Months Ended December 31	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2017		¥2,967,788	¥201,232	¥(51,235)	¥(1,154)	¥3,116,630
2016		¥2,968,975	¥128,650	¥(52,380)	¥(49,289)	¥2,995,955

* 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, 2017	March 31, 2017	Change
I. Current Liabilities:	¥912,107	¥910,966	¥1,141
Accounts Payable—Trade	79,674	113,682	(34,007)
Short-Term Debt	233,919	274,318	(40,399)
Commercial Paper	221,000	82,000	139,000
Bond Redeemable Within One Year	46,265	47,655	(1,390)
Income Taxes Payable	17,754	23,262	(5,508)
Advances from Contracts in Progress	30,095	20,646	9,449
Allowance for Completed Project Indemnities	953	1,095	(142)
Allowance for Possible Guarantee Losses	17	24	(7)
Deferred Income Taxes	1,163	1,194	(31)
Other	281,264	347,085	(65,821)
II. Long-Term Liabilities:	2,895,434	2,602,853	292,580
Corporate Bonds	429,624	350,263	79,360
Long-Term Debt	1,680,762	1,533,251	147,510
Deposits from Tenants	393,526	374,331	19,195
Allowance for Directors' and Corporate Auditors' Retirement Benefits	740	706	34
Net Defined Benefit Liability	42,032	41,083	948
Deferred Income Taxes	159,418	112,689	46,728
Deferred Tax Liabilities on Land Revaluation	147,662	147,662	-
Other	41,666	42,864	(1,197)
Total Liabilities	3,807,541	3,513,819	293,722
NET ASSETS:			
Common Stock	339,766	339,766	-
Capital Surplus	409,769	413,230	(3,461)
Retained Earnings	757,385	722,363	35,021
Treasury Stock	(6,258)	(6,244)	(14)
Reserve on Land Revaluation	325,307	323,827	1,479
Net Unrealized Holding Gains on Securities	308,798	205,521	103,276
Deferred Gains or Losses on Hedges	(226)	(357)	131
Foreign Currency Translation Adjustment	(5,585)	(7,076)	1,490
Remeasurements of Defined Benefit Plans	(5,068)	(6,397)	1,328
New Share Subscription Rights	1,220	1,103	116
Non-Controlling Interests	74,479	71,191	3,287
Total Net Assets	2,199,588	2,056,931	142,656
Total Liabilities and Net Assets	¥6,007,130	¥5,570,750	¥436,379

Note: Debt-Equity Ratio 1.23 times (1.15 times at March 31, 2017)

Interest-Bearing Debt:	2,611,570	2,287,489	324,081
Non-recourse Debt	447,363	366,087	81,275
Surplus Lease Deposits/Guarantee Deposits	257,723	240,892	16,830

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash outflow from operating activities of ¥85.8 billion owing mainly to new investments in real properties for sale and a cash outflow from investing activities of ¥207.2 billion largely on the back of new investments in tangible and intangible assets. Cash outflow attributable to cash dividends paid came to ¥35.5 billion. As a result, interest-bearing debt stood at ¥2,611.5 billion on a consolidated basis as of December 31, 2017, up ¥324.0 billion compared with the end of the previous fiscal year.

Breakdown by Company

(¥ millions)

	At December 31, 2017	At March 31, 2017	Change
Mitsui Fudosan	¥1,893,442	¥1,697,795	¥195,647
Mitsui Fudosan America Group	403,627	247,836	155,791
SPCs Total	402,864	378,618	24,245
Mitsui Fudosan Residential	396,400	273,300	123,100
Loans to Subsidiaries	(747,522)	(488,375)	(259,146)
Other and Elimination	262,757	178,314	84,443
Consolidated Total	¥2,611,570	¥2,287,489	¥324,081
(Non-recourse Debt of Total)	447,363	366,087	81,275

SEGMENT INFORMATION

Nine Months Ended December 31, 2017

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Impairment Loss	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total					
(1)Leasing	¥412,960	¥13,368	¥426,329	¥108,628	¥3,360,659	¥37,174	¥7,023	¥175,410
(2)Property Sales	202,809	195	203,004	17,028	1,623,879	1,155	-	1,783
(3)Management	257,911	51,824	309,736	32,910	325,036	6,446	-	9,553
(4)Mitsui Home	162,478	5,041	167,519	(1,815)	130,388	2,137	-	1,297
(5)Other	65,447	2,754	68,202	5,580	111,246	3,182	-	11,275
Elimination or Corporate	-	(73,184)	(73,184)	(26,379)	455,919	1,138	-	1,912
Consolidated	¥1,101,607	-	¥1,101,607	¥135,953	¥6,007,130	¥51,235	¥7,023	¥201,232

Nine Months Ended December 31, 2016

(¥ millions)

	Revenue from Operations			Segment Income	Segment Assets	Depreciation	Increase in Tangible and Intangible Fixed Assets
	(1) Outside Customers	(2) Intersegment	Total				
(1)Leasing	¥395,155	¥13,568	¥408,723	¥102,364	¥3,215,777	¥38,305	¥108,193
(2)Property Sales	327,354	-	327,354	49,309	1,374,768	972	6,662
(3)Management	251,385	48,863	300,249	35,654	316,385	6,478	9,184
(4)Mitsui Home	162,584	4,706	167,290	(2,515)	122,330	2,176	1,663
(5)Other	62,192	2,923	65,116	6,155	104,240	3,424	3,483
Elimination or Corporate	-	(70,063)	(70,063)	(24,504)	315,950	1,021	(537)
Consolidated	¥1,198,672	-	¥1,198,672	¥166,464	¥5,449,453	¥52,380	¥128,650

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Nine Months Ended December 31	
	2017	2016
I. Revenue from Operations	¥1,101,607	¥1,198,672
II. Cost of Revenue from Operations	850,437	917,353
Gross Operating Profit	251,169	281,318
III. Selling, General and Administrative Expenses	115,216	114,854
Operating Income	135,953	166,464
IV. Non-Operating Income:	7,768	12,683
Interest Income	575	554
Dividend Income	5,229	4,498
Equity in Net Income of Affiliated Companies	210	1,846
Other Non-Operating Income	1,753	5,784
V. Non-Operating Expenses:	22,421	22,979
Interest Expenses	19,374	18,426
Other Non-Operating Expenses	3,047	4,552
Ordinary Income	121,299	156,168
VI. Extraordinary Gains:	-	-
VII. Extraordinary Losses:	7,023	-
Impairment Loss	7,023	-
Income before Income Taxes	114,276	156,168
Income Taxes	42,666	48,626
Profit	71,609	107,542
Profit (Loss) Attributable to Non-Controlling Interests	(464)	(519)
Profit Attributable to Owners of Parent	¥72,074	¥108,062

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Nine Months Ended December 31	
	2017	2016
I. Cash Flows From Operating Activities:		
Income before Income Taxes	¥114,276	¥156,168
Depreciation and Amortization	51,235	52,380
Impairment Loss	7,023	-
Interest and Dividend Income Receivable	(5,804)	(5,052)
Interest Expense	19,374	18,426
(Gain) Loss on Equity-Method Investments	(210)	(1,846)
(Increase) Decrease in Accounts Receivable	3,635	6,495
Increase (Decrease) in Accounts Payable	(8,132)	(17,308)
(Increase) Decrease in Real Property for Sale	(143,863)	(37,082)
Other	(78,849)	24,972
Subtotal	(41,315)	197,153
Cash Receipts of Interest and Dividend Income	9,246	7,244
Cash Payments of Interest Expense	(17,953)	(17,280)
Income Taxes Paid	(35,860)	(73,194)
Net Cash Provided by (Used in) Operating Activities	(85,882)	113,923
II. Cash Flows From Investing Activities:		
Purchase of Tangible and Intangible Fixed Assets	(197,839)	(132,097)
Sales of Tangible and Intangible Fixed Assets	2,823	3,506
Purchase of Investment Securities	(8,282)	(14,027)
Sales of Investment Securities	254	437
Payment of Lease Deposits	(3,938)	(3,856)
Proceeds from Collection of Lease Deposits	1,979	5,593
Repayment of Deposits from Tenants	(15,977)	(21,968)
Proceeds from Deposits from Tenants	34,949	22,593
Payment of Loan Receivable	(17,295)	(18,007)
Collection of Loan Receivable	8,990	8,986
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	(268)	-
Other	(12,647)	(7,490)
Net Cash Provided by (Used in) Investing Activities	¥(207,251)	¥(156,329)

(¥ millions)

	Nine Months Ended December 31	
	2017	2016
III. Cash Flows From Financing Activities:		
Proceeds from Short-Term Debt	¥2,357,925	¥2,319,812
Repayment of Short-Term Debt	(2,193,315)	(2,196,477)
Proceeds from Long-Term Debt	228,208	121,011
Repayment of Long-Term Debt	(146,546)	(112,731)
Proceeds from Issuance of Bonds	126,421	68,492
Redemption of Bonds	(48,997)	(54,958)
Cash Dividends Paid	(35,541)	(31,592)
Proceeds from Share Issuance to Non-Controlling Shareholders	2,570	1,638
Dividends Paid to Non-Controlling Shareholders	(4,258)	(4,560)
Repayments to Non-Controlling Shareholders	(105)	(195)
Repayment of Finance Lease Obligations	(2,971)	(2,893)
(Increase) Decrease in Treasury Stock	(13)	(52)
Payments from Changes in Ownership Interests in Subsidiaries Not Resulting in Change in Scope of Consolidation	(431)	-
Net Cash Provided by (Used in) Financing Activities	282,943	107,492
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,393)	(3,628)
V. Net Increase (Decrease) in Cash and Cash Equivalents	(11,583)	61,458
VI. Cash and Cash Equivalents at Beginning of the Period	148,546	109,966
VII. Cash and Cash Equivalents at End of the Period	¥136,963	¥171,424

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2018

(¥ millions)

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

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

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

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

● **Other:** In the "Other" segment as a whole, revenue from operations is anticipated to increase ¥3.6 billion compared with the fiscal year ended March 31, 2017. Operating income, on the other hand, is expected to increase slightly. While trends in the "Hotel Operation" business are forecast to remain strong, this slight decline in operating income largely reflects the impact of expenses associated with the opening of new hotels.

● Taking each of the aforementioned factors into consideration, revenue from operations is forecast to amount to ¥1,790.0 billion, an increase of ¥85.5 billion compared with the fiscal year under review. From a profit perspective, operating income is expected to reach ¥245.0 billion, up ¥12.3 billion, ordinary income is anticipated to total ¥227.0 billion, up ¥7.3 billion, and profit attributable to owners of parent is estimated to amount to ¥140.0 billion, an improvement of ¥8.1 billion.

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

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

【Tangible and Intangible Assets】

(¥ millions)

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

【Real Property for Sale】

(¥ millions)

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

【Interest-Bearing Debt】

(¥ millions)

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

【Property Sales】 Revenue, Operating Margin

(¥ millions)

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

Number of Housing Units

(Units)

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

【Mitsui Home (Consolidated)】

(¥ millions)

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

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

CONTINGENT LIABILITIES

(Contingent Liabilities)

In response to concerns regarding the faulty installation of foundation piles at a condominium complex located in Yokohama and sold by Mitsui Fudosan Residential Co., Ltd., a consolidated subsidiary of Mitsui Fudosan, the company received a report confirming that a portion of the piling used in construction failed to reach the necessary depth and required bearing layer from Sumitomo Mitsui Construction Co., Ltd., the building contractor, on April 11, 2016. Furthermore, Mitsui Fudosan Residential received a notice from the City of Yokohama that the subject condominium complex violated the Building Standards Law and a request that the company take all responsible measures to address and correct the situation in line with discussions with condominium owners on August 26, 2016.

In outlining its stance toward corrective measures including the reconstruction of the condominium complex impacted by faulty installation as well as compensation, Mitsui Fudosan Residential executed an agreement with the condominium association on May 8, 2016, confirming that the company would shoulder all expenses. Later, on September 19, 2016, the condominium association resolved that it would seek the complete reconstruction of the entire condominium complex in accordance with the Act on Building Unit Ownership, etc.

According to the report issued by Sumitomo Mitsui Construction, which noted that construction records had been diverted and modified in connection with the installation of foundation piles and that certain foundation piles failed to reach the necessary depth and required bearing layer, the condominium complex was deemed to be in violation of the Building Standards Law. As a result, and in accordance with the aforementioned agreement, Mitsui Fudosan Residential has decided to seek damages including reconstruction costs as well as expenses relating to the temporary housing of residents during the period of construction under such remedies as tort liability and warranties against defects from Sumitomo Mitsui Construction, as well as Hitachi High-Technologies Corporation and Asahi Kasei Construction Materials Corporation, who installed the foundation piles. Based on this decision to seek damages, Mitsui Fudosan Residential filed a lawsuit for total compensation amounting to around ¥45.9 billion against the three companies identified above on November 28, 2017. Mitsui Fudosan has posted all related temporary payments undertaken by Mitsui Fudosan Residential up to December 31, 2017 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.