Note: The accompanying consolidated financial statements were not audited since they have been prepared only for reference purposes only. All statements are based on "Kessan Tanshin" report prepared in accordance with the provisions set forth in the accounting regulations and principals generally accepted in Japan.

Summary of Consolidated Financial Results for the First Quarter ended March 31, 2016 [Based on Japanese GAAP]

May 10, 2016

Listed company name: MUGEN ESTATE Co., Ltd Listed Stock Exchange: Tokyo Stock Exchange
Securities code: 3299 URL http://www.mugen-estate.co.jp/
Representative: Shinichi Fujita, President
Contact: Takao Yoshioka, Managing Director, General Manager of Administrative Division ir@mugen-estate.co.jp

Scheduled date of quarterly securities report filing: May 13, 2016 Scheduled date of dividend payment: –
Supplementary material for financial results: Yes Quarterly financial results briefing: No

(fractions of one million yean are rounded off)

1. Consolidated financial results for the First Quarter ended March 31, 2016

(1) Consolidated financial results

(Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q ended March 31, 2016	12,002	41.5	1,462	33.5	1,298	30.7	809	38.8
1Q ended March 31, 2015	8,485	18.4	1,095	35.9	993	38.6	583	38.0

(Note) Comprehensive income: 1Q ended March 31,2016 809 million yen(38.8%)
1Q ended March 31,2015 583 million yen(38.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q ended March 31, 2016	69.28	69.15
1Q ended March 31, 2015	53.19	52.95

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2016	47,482	13,400	28.1
As of December 31, 2015	43,291	11,013	25.3

(Reference) Shareholders' equity: As of March 31, 2016 13,345 million yen
As of December 31, 2015 10,966 million yen

2. Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2015	–	0.00	–	32.00	32.00
Year ending December 31, 2016	–				
Year ending March 31, 2016 (forecast)		0.00	–	21.00	21.00

(Note) 1. Revision of the latest dividend forecast: Yes
2. Distribution of Year-end dividend for the fiscal year ending December 31, 2016 (forecast)
Ordinary dividend 19.00 yen Commemorative dividend 2.00 yen
3. Year-end dividend for Year ending December 31, 2016 (forecast) indicates an amount calculated in consideration of a 2-for-1 stock split with an effective date of July 1, 2016. Annual dividends per share for Year ending December 31, 2016 (forecast) without considering the stock split is 42.00 yen.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2016

(from January 1, 2016 to December 31, 2016) (Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2016 (Full year)	58,397	27.8	7,425	21.3	6,632	19.0	4,185	23.7	173.59

(Note) Revision of the latest consolidated financial results forecast: None

Net income per share for FY2016 (Full year) indicates an amount calculated in consideration of the 2-for-1 stock split with an effective date of July 1, 2016. Net income per share for FY2016 (Full year) without considering the stock split is 347.18 yen.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Application of any accounting procedures specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes
- (ii) Changes in accounting policies other than (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatement of prior period financial statements after error corrections : None

(4) Number of shares issued (common stock)
- (i) Number of shares outstanding at end of the period (including treasury stock)
  - As of March 31, 2016 12,175,500 shares
  - As of December 31, 2015 11,005,000 shares
- (ii) Number of treasury stock held at end of the period
  - As of March 31, 2016 – shares
  - As of December 31, 2015 – shares
- (iii) Average number of shares outstanding during the period
  - As of March 31, 2016 11,686,313 shares
  - As of December 31, 2015 10,968,000 shares

* Status of quarterly audit procedures

This financial summary is not subject to the financial statement audits under the Financial Instruments and Exchange Act, and the financial statement audits under the Financial Instruments and Exchange Act have not been completed at the time of the announcement of this financial summary.

* Explanation of the proper use of financial forecasts and other important notes

The statements about the future included in this report, including financial projections, are based on information currently available to the Company and certain assumptions that are considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See “(3) Information on future forecasts including consolidated financial forecasts under “1. Qualitative Information on Operating Results for the First Quarter Ended March 31,2016“ on page 2 of the Accompanying Materials for the assumptions of the financial forecasts and points to note in the use of financial forecasts.

1. Qualitative Information on Operating Results for the First Quarter Ended March 31, 2016

(1) Qualitative information on financial results

During the first quarter of the consolidated fiscal year under review (January 1 through March 31, 2016), the economic trends in Japan shifted from a moderate recovery led by factors such as improved corporate earnings and employment backed by the government's economic policies and the monetary easing of the Bank of Japan to a phase of strong uncertainty. This uncertainty was attributable to factors such as the economic slowdown in China and other emerging countries in Asia and resource-rich countries, the appreciation of the yen, and stock price fluctuations since the beginning of 2016.

According to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), in the real estate industry, in which the Mugen Estate Group operates, the average official price of nationwide land for all uses as of January 1, 2016 had increased 0.1% from a year earlier, the first rise in eight years since 2008. The average rate of fluctuation in the Tokyo area increased for the third consecutive year in housing, commercial, and industrial land. In particular, demand for stores, hotels, and other facilities in the commercial districts in central Tokyo and other urban areas increased as a result of the growing number of visitors from both within Japan and overseas, and the growth rate also rose from the previous year.

Under this market environment, the Mugen Estate Group continued to implement its strategy of becoming the dominant player in the Tokyo area in the Real Estate Trading Business as its core segment, and to strengthen the purchase and resale of investment-type properties as the growth driver.

In the sales of investment-type properties in the Real Estate Trading Business, 9 units of investment-type buildings priced at more than 300 million yen were sold (up 5 units year on year) as part of the planned growth in the size of property units sold. Additionally, the demand of buyers for inheritance tax shields was high and sales to those seeking pension income (aiming to accumulate wealth) and to overseas investors remained strong, demonstrating the continuing momentum for business growth. Sales of investment-type properties grew 67.7% year on year, to 9,505 million yen, and continued to strongly lead the financial performance of the entire Group.

In the sale of residential-type properties in the Real Estate Trading Business, the Company carefully selected the units to sell and focused on balanced operation with the investment-type properties, while purchase prices continued to rise due to intensified competition caused by the low barriers to entry to the market.

In the Real Estate Leasing and Other Business, revenue from real estate leasing has been gradually increasing in connection with the active purchase of investment-type properties in the Real Estate Trading Business.

As a result, net sales increased 41.5% year on year, to 12,002 million yen, operating income rose 33.5% year on year, to 1,462 million yen, ordinary income was up 30.7% year on year, to 1,298 million yen, and profit attributable to owners of parent grew 38.8% year on year, to 809 million yen for the first quarter of the consolidated fiscal year under review.

Note: The "investment-type properties" are classified as real estate generating rental income, including rental condominiums, office blocks, and apartments, which are used by buyers for the purpose of investment. The "residential-type properties" are classified as real estate used by buyers as their housing units, most of which are owned condominiums.

The following is an overview of the results by segment.

[Real Estate Trading Business]

In the Real Estate Trading Business, 48 units of investment-type properties such as rental condominiums and office blocks were sold (up 8 units year on year), whose average unit selling price was 198.02 million yen (up 39.7% year on year), and net sales stood at 9,505 million yen (up 67.7% year on year). A total of 80 units of residential-type properties such as owned condominiums were sold (down 13 units year on year), whose average unit selling price was 24.57 million yen (down 5.8% year on year), and net sales were 1,966 million yen (down 19.0% year on year).

As a result, net sales increased 41.5% year on year, to 11,474 million yen, and segment profit (operating income) grew 34.8% year on year, to 1,548 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from the real estate leasing, which was linked to the active purchasing

of investment-type properties in the Real Estate Trading Business, increased 40.8% year on year, to 523 million yen. The segment continues to grow steadily as a stable revenue base.

As a result, net sales increased 39.9% year on year, to 528 million yen, and segment profit (operating income) rose 37.4% year on year, to 232 million yen.

(2) Qualitative information on financial position

The financial position at the end of the first quarter of the consolidated fiscal year under review included assets of 47,482 million yen (up 9.7% from the end of the previous fiscal year), liabilities of 34,082 million yen (up 5.6% from the end of the previous fiscal year), and net assets of 13,400 million yen (up 21.7% from the end of the previous fiscal year).

Principal factors contributing to the growth of assets included an increase of 3,779 million yen in real estate for sale and a rise of 408 million yen in cash and deposits.

The growth in liabilities was attributable primarily to increases of 1,873 million yen in long-term loans payable (including the current portion of long-term loans payable) and 1,158 million yen in short-term loans payable, and a decrease of 1,390 million yen in income taxes payable.

The increase in net assets resulted in large part from a rise of 959 million yen in capital stock and 959 million yen in capital surplus due to the issuance of new shares through public offering, and capital increase through the private placement of new shares related to offering through over allotment, an increase of 809 million yen in retained earnings due to the recording of profit attributable to owners of parent, and a decrease of 352 million yen attributable to dividends paid from surplus.

(3) Information on future forecasts including consolidated financial forecasts

No changes have been made to the full-year forecasts of the consolidated results for the fiscal year ending December 31, 2016, as announced on February 12, 2016.

The descriptions of business forecasts presented in this document are based on the future assumptions, outlook, and plans as of the date of the publication of this document, which include risks and uncertain factors. The actual results may vary significantly from the forecasts presented in this document due to the economic environment, market trends, and various other factors that affect the business of the Group.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	FY2015 (As of December 31,2015)	FY2016 1Q (As of March 31,2016)
Assets		
Current assets		
Cash and deposits	7,106,471	7,515,116
Account receivable – trade	22,863	10,263
Real estate for sale	33,046,378	36,825,870
Real estate for sale in process	57,864	70,288
Deferred tax assets	294,629	247,164
Other	774,633	791,688
Allowance for doubtful accounts	(9,352)	(7,556)
Total current assets	41,293,488	45,452,834
Non-current assets		
Property, plant and equipment		
Buildings	884,238	885,164
Accumulated depreciation	(220,617)	(229,945)
Buildings, net	663,621	655,218
Land	960,434	960,434
Other	116,148	127,964
Accumulated depreciation	(66,024)	(64,018)
Other, net	50,123	63,945
Total property, plant and equipment	1,674,179	1,679,599
Intangible assets	117,833	145,779
Investments and other assets		
Deferred tax assets	106,302	94,909
Other	99,752	108,974
Total investments and other assets	206,054	203,883
Total non-current assets	1,998,068	2,029,262
Total assets	43,291,556	47,482,097

(Thousand yen)

	FY2015 (As of December 31,2015)	FY2016 1Q (As of March 31,2016)
Liabilities		
Current liabilities		
Account payable – trade	721,108	726,582
Short-term loans payable	4,042,142	5,200,602
Current portion of long-term loans payable	2,574,573	2,890,839
Income taxes payable	1,832,086	441,409
Provision for bonuses	63,827	92,668
Provision for construction warranty reserve	34,845	44,927
Other	481,650	568,003
Total current liabilities	9,750,234	9,965,033
Non-current liabilities		
Long-term loans payable	21,899,246	23,456,051
Net defined benefit liability	56,844	58,868
Other	571,268	602,129
Total non-current liabilities	22,527,358	24,117,049
Total liabilities	32,277,593	34,082,083
Net assets		
Shareholders' equity		
Capital stock	1,586,930	2,547,761
Capital surplus	1,509,930	2,470,761
Retained earnings	7,869,151	8,326,631
Total shareholders' equity	10,966,011	13,345,154
Subscription rights to shares	47,952	54,859
Total net asset	11,013,963	13,400,013
Total liabilities and net assets	43,291,556	47,482,097

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

[Quarterly Consolidated Statements of Income]

(For three months from January1 to March 31,2016)

(Thousand yen)

	FY2015 1Q (From January 1 to March 31,2015)	FY2016 1Q (From January 1 to March 31,2016)
Net sales	8,485,076	12,002,339
Cost of sales	6,709,392	9,650,218
Gross profit	1,775,684	2,352,120
Selling, general and administrative expenses	680,041	889,296
Operating income	1,095,642	1,462,824
Non-operating income		
Interest and dividend income	403	565
Commission fee	2,790	1,448
Penalty income	28,324	1,722
Insurance income	-	7,590
Other	1,325	1,649
Total non-operating income	32,842	12,976
Non-operating expenses		
Interest expenses	112,037	149,852
Share issuance cost	-	15,457
Commission fee	17,888	11,652
Other	5,132	-
Total non-operating expenses	135,057	176,962
Ordinary income	993,428	1,298,838
Income before income taxes and minority interests	993,428	1,298,838
Income taxes - current	401,356	430,329
Income taxes – deferred	8,720	58,859
Total income taxes	410,076	489,188
Income before minority interests	583,351	809,649
Profit attributable to owners of parent	583,351	809,649

[Quarterly Consolidated Statements of Comprehensive Income]

(For three months from January 1 to March 31,2016)

(Thousand yen)

	FY2015 1Q (From January 1 to March 31,2015)	FY2016 1Q (From January 1 to March 31,2016)
Income before minority interests	583,351	809,649
Comprehensive income	583,351	809,649
(Breakdown)		
Comprehensive income attributable to owners of parent	583,351	809,649

(3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Mugen Estate Co., Ltd carried out a capital increase through a public offering, 900,000 shares, in which the due date of payment was February 4, 2016 and a capital increase through a private placement, 255,500 shares, associated with overallotment in with the due date of payment was February 22, 2016. Following the capital increases, capital stock and capital surplus each increased 959,781 thousand yen.

As a result, capital stock and capital surplus each came to 2,547,761 thousand yen and 2,470,761 thousand yen at the end of the first quarter of the consolidated fiscal year under review.

(Segment and Other Information)

For three months ended March 31, 2015 (From January 1,2015 to March 31, 2015)

Information relating to the amount of net sales, and income or loss by reportable segment

(Thousand yen)

	Reportable Segments			Adjustment (Note 1)	Total (Note 2)
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	8,107,381	377,695	8,485,076	—	8,485,076
Inter-segment sales or transfer	—	2,077	2,077	(2,077)	—
Total	8,107,381	379,772	8,487,153	(2,077)	8,485,076
Segment income	1,149,072	169,193	1,318,266	(222,623)	1,095,642

(Note) 1. The segment profit adjustment of (222,623) thousand yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

2. Segment income has been adjusted to operating income stated in consolidated quarterly statements of income.

For three months ended March 31, 2016 (From January 1, 2016 to March 31, 2016)

Information relating to the amount of net sales, and income or loss by reportable segment

(Thousand yen)

	Reportable Segments			Adjustment (Note 1)	Total (Note 2)
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	11,474,032	528,307	12,002,339	—	12,002,339
Inter-segment sales or transfer	—	2,098	2,098	(2,098)	—
Total	11,474,032	530,406	12,004,438	(2,098)	12,002,339
Segment income	1,548,873	232,484	1,781,357	(318,532)	1,462,824

(Note) 1. The segment profit adjustment of (318,532) thousand yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

2. Segment income has been adjusted to operating income stated in consolidated quarterly statements of income.