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 Third Quarter ended September 30, 2016 [Based on Japanese GAAP]

November 7, 2016

Listed company name: MUGEN ESTATE Co., Ltd Listed Stock Exchange: Tokyo Stock Exchange
Securities code: 3299 URL http://www.mugen-estate.co.jp/en/
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: November 10, 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 third quarter ended September 30, 2016(January 1 to September 30, 2016)

(1) Consolidated financial results (cumulative)

(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	%
3Q ended September 30, 2016	42,208	27.9	4,934	12.9	4,441	11.5	2,735	16.5
3Q ended September 30, 2015	32,996	46.2	4,370	66.9	3,983	71.3	2,348	78.3

(Note) Comprehensive income: 3Q ended September 30,2016 2,735 million yen(16.5%)
3Q ended September 30,2015 2,348 million yen(78.3%)

	Net Income per share	Diluted net income per share
	Yen	Yen
3Q ended September 30, 2016	113.83	113.62
3Q ended September 30, 2015	107.04	106.45

(Note) MUGEN ESTATE Co., Ltd. (hereinafter " the Company") conducted a 2-for-1 split which became effective as of July 1, 2016. The figures for net income per share and diluted net income per share have been adjusted to reflect the number of shares after the stock split occurred at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2016	56,316	15,359	27.1
As of December 31, 2015	43,291	11,013	25.3

(Reference) Shareholders' equity: As of September 30, 2016 15,274 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	–	0.00	–		
Year ending December 31, 2016 (forecast)				21.00	21.00

(Note) 1. Revision of the latest dividend forecast: No
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

(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	173.58

(Note) 1. Revision of the latest consolidated financial results forecast: None

2. 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 347.17 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 September 30, 2016 24,355,000 shares
As of December 31, 2015 22,010,000 shares

(ii) Number of treasury stock held at end of the period
As of September 30, 2016 – shares
As of December 31, 2015 – shares

(iii) Average number of shares outstanding during the period (cumulative)
As of September 30, 2016 24,028,485 shares
As of September 30, 2015 21,937,069shares

(Note) The Company conducted a 2-for-1 split which became effective as of July 1, 2016. The figures for the number of shares outstanding and the average number of shares outstanding have been adjusted to reflect the number of shares after the stock split occurred at the beginning of the previous fiscal year.

* 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 Third Quarter Ended September 30, 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 Third Quarter Ended September 30, 2016

(1) Qualitative information on financial results

During the first nine months of the consolidated fiscal year under review (January 1 through September 30, 2016), employment and income conditions were expected to continue their improvement, while the central government's economic policies and monetary easing by the Bank of Japan were anticipated to lead the Japanese economy to a moderate recovery. However, strong uncertainty about the future remained, attributable to factors such as economic slowdowns in China, other emerging nations in Asia and resource-rich countries, in addition to the appreciation of the yen and stock price fluctuations.

In the real estate industry where the MUGEN ESTATE Group operates, volatility for benchmark land values increased slightly for residential districts in the Tokyo area for the third consecutive year and climbed for commercial sections in the same area for the fourth consecutive fiscal year as of July 1, 2016, according to statistics released by the Ministry of Land, Infrastructure, Transport and Tourism. The size of the land price rise expanded from the previous fiscal year for commercial districts. The willingness to invest in real estate stayed strong, partly because of attractive fund-raising conditions for corporate and other investors attributable to monetary easing. As a result, land prices remained firm in commercial districts in the first nine months under review.

Under these market conditions, the MUGEN ESTATE Group continued to further its strategy of becoming a dominant player in the Tokyo metropolitan area in the Real Estate Trading Business, its core segment. At the same time, the MUGEN ESTATE Group sustained efforts to strengthen the purchase and resale of investment-type properties, which are its growth drivers.

In the Real Estate Trading Business, the MUGEN ESTATE Group successfully sold investment-type properties to companies that acquire them as fixed assets with good fund-raising conditions in the background. The sale of such properties to customers seeking inheritance tax shields also rose smoothly. In the first nine months under review, the MUGEN ESTATE Group worked to upgrade its fund-raising structure and stepped up activities for purchasing large properties. Investment-type properties remained a driving force behind revenue and profit growth, with 29 units of investment-type buildings priced at more than 300 million yen sold in the first nine months under review (up eight units from the previous fiscal year; including three priced at more than 1 billion yen). However, investment-type properties moved into a phase where maintenance of the previous profit ratio is difficult as prices of used properties generally entered an adjustment phase, as the Group had predicted at the start of the current fiscal year.

Looking at the sales of residential-type properties in the Real Estate Trading Business, purchase prices for the properties continued to rise because of intensified competition caused by low barriers for market entries. Under the circumstance, the Group achieved steady year-on-year growth in net sales and gross profit by carefully selecting units for sale and thoroughly managing profits property by property.

In the Real Estate Leasing and Other Business, revenue from real estate leasing increased gradually in a way linked with the active purchase of investment-type properties in the Real Estate Trading Business.

As a result, consolidated net sales increased 27.9% year on year, to 42,208 million yen, consolidated operating income rose 12.9% year on year, to 4,934 million yen, consolidated ordinary income climbed 11.5% year on year, to 4,441 million yen, and consolidated profit attributable to owners of parent grew 16.5% year on year, to 2,735 million yen in the first nine months 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, the MUGEN ESTATE Group sold 179 units of investment-type properties, such as rental condominiums and office blocks (up 24 units year on year), whose average unit selling price was 184.11 million yen (up 17.0% year on year). Net sales for investment-type properties were 32,956 million yen (up 35.1% year on year). In addition, the Group sold 281 units of residential-type properties, such as condominiums (down three units year on year), whose average unit selling price was 26.8 million yen (up 5.3% year on year). Net sales for residential-type properties came to 7,531 million yen

(up 4.2% year on year).

As a result, net sales for the segment increased 28.0% year on year, to 40,509 million yen, and segment profit (operating income for the segment) grew 17.3% year on year, to 5,189 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing expanded 26.2% year on year, to 1,684 million yen in a way linked with the active purchase of investment-type properties in the Real Estate Trading Business. The segment continued its steady growth as a stable revenue base.

As a result, net sales for the segment increased 25.9% year on year, to 1,699 million yen, and segment profit (operating income for the segment) rose 5.9% year on year, to 683 million yen.

(2) Qualitative information on financial position

The financial position for the MUGEN ESTATE Group as at the end of the first nine months under review includes assets of 56,316 million yen (up 30.1% from the end of the previous fiscal year), liabilities of 40,956 million yen (up 26.9% from the end of the previous fiscal year) and net assets of 15,359 million yen (up 39.5% from the end of the previous fiscal year).

Principal factors for the growth in assets included an increase of 11,886 million yen in real estate for sale and a rise of 719 million yen in cash and deposits.

The growth of liabilities was mainly attributable to an increase of 8,093 million yen in long-term loans payable (including the current portion of such loans), a rise of 900 million yen in bonds payable (including the current portion of such bonds) and a decrease of 1,297 million yen in income taxes payable.

The rise in net assets chiefly reflected an increase of 959 million yen in capital stock and growth of 959 million yen in capital surplus that resulted from an issuance of new shares through public offering and a capital increase through a private placement of new shares in connection with their offering through over allotment, a rise of 2,735 million yen in retained earnings caused by the recording of profit attributable to owners of parent, and an asset 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 3Q (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	7,106,471	7,826,048
Account receivable – trade	22,863	12,531
Real estate for sale	33,046,378	44,932,993
Real estate for sale in process	57,864	114,850
Deferred tax assets	294,629	301,586
Other	774,633	1,092,048
Allowance for doubtful accounts	(9,352)	(8,614)
Total current assets	41,293,488	54,271,445
Non-current assets		
Property, plant and equipment		
Buildings	884,238	886,477
Accumulated depreciation	(220,617)	(248,604)
Buildings, net	663,621	637,873
Land	960,434	960,434
Other	116,148	133,020
Accumulated depreciation	(66,024)	(65,576)
Other, net	50,123	67,443
Total property, plant and equipment	1,674,179	1,665,751
Intangible assets	117,833	140,950
Investments and other assets		
Deferred tax assets	106,302	104,803
Other	99,752	115,404
Total investments and other assets	206,054	220,208
Total non-current assets	1,998,068	2,026,909
Deferred assets	—	17,701
Total assets	43,291,556	56,316,056

(Thousand yen)

	FY2015 (As of December 31, 2015)	FY2016 3Q (As of September 30, 2016)
Liabilities		
Current liabilities		
Account payable – trade	721,108	847,739
Short-term loans payable	4,042,142	4,450,200
Current portion of bonds	—	180,000
Current portion of long-term loans payable	2,574,573	3,314,025
Income taxes payable	1,832,086	534,777
Provision for bonuses	63,827	167,890
Provision for construction warranty reserve	34,845	48,072
Other	481,650	553,011
Total current liabilities	9,750,234	10,095,716
Non-current liabilities		
Bonds payable	—	720,000
Long-term loans payable	21,899,246	29,252,914
Net defined benefit liability	56,844	65,678
Other	571,268	822,297
Total non-current liabilities	22,527,358	30,860,890
Total liabilities	32,277,593	40,956,607
Net assets		
Shareholders' equity		
Capital stock	1,586,930	2,549,609
Capital surplus	1,509,930	2,472,609
Retained earnings	7,869,151	10,252,138
Total shareholders' equity	10,966,011	15,274,357
Subscription rights to shares	47,952	85,091
Total net asset	11,013,963	15,359,449
Total liabilities and net assets	43,291,556	56,316,056

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

[Quarterly Consolidated Statements of Income]

(For nine months from January 1 to September 30, 2016)

(Thousand yen)

	FY2015 3Q (From January 1 to September 30, 2015)	FY2016 3Q (From January 1 to September 30, 2016)
Net sales	32,996,284	42,208,580
Cost of sales	26,401,142	34,536,238
Gross profit	6,595,141	7,672,341
Selling, general and administrative expenses	2,224,939	2,738,191
Operating income	4,370,202	4,934,149
Non-operating income		
Interest and dividend income	1,411	1,334
Commission fee	9,357	5,188
Penalty income	29,826	8,670
Insurance income	—	7,590
Other	5,845	6,106
Total non-operating income	46,441	28,890
Non-operating expenses		
Interest expenses	372,738	472,211
Share issuance cost	—	15,457
Commission fee	41,160	33,874
Other	18,942	82
Total non-operating expenses	432,841	521,625
Ordinary income	3,983,802	4,441,414
Extraordinary income		
Gain on sales of non-current assets	28,520	34
Total extraordinary income	28,520	34
Income before income taxes and minority interests	4,012,322	4,441,449
Income taxes - current	1,765,312	1,711,750
Income taxes - deferred	(101,025)	(5,457)
Total income taxes	1,664,286	1,706,293
Income before minority interests	2,348,036	2,735,156
Profit attributable to owners of parent	2,348,036	2,735,156

[Quarterly Consolidated Statements of Comprehensive Income]

(For nine months from January 1 to September 30, 2016)

(Thousand yen)

	FY2015 3Q (From January 1 to September 30, 2015)	FY2016 3Q (From January 1 to September 30, 2016)
Income before minority interests	2,348,036	2,735,156
Comprehensive income	2,348,036	2,735,156
(Breakdown)		
Comprehensive income attributable to owners of parent	2,348,036	2,735,156

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

The Company 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. By exercising of stock acquisition rights, new shares were issued and the capital stock and capital surplus each increased 2,898 thousand yen.

As a result, capital stock and capital surplus each came to 2,549,609 thousand yen and 2,472,609 thousand yen at the end of the third quarter of the consolidated fiscal year under review.

(Segment Information)

For nine months ended September 30, 2015 (From January 1 to September 30, 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	31,646,578	1,349,706	32,996,284	—	32,996,284
Inter-segment sales or transfer	—	6,221	6,221	(6,221)	—
Total	31,646,578	1,355,927	33,002,505	(6,221)	32,996,284
Segment profit	4,422,409	644,997	5,067,407	(697,204)	4,370,202

(Note) 1. The segment profit adjustment of (697,204) 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 profit has been adjusted to operating income stated in quarterly consolidated statements of income.

For nine months ended September 30, 2016 (From January 1 to September 30, 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	40,509,165	1,699,415	42,208,580	—	42,208,580
Inter-segment sales or transfer	596	5,944	6,541	(6,541)	—
Total	40,509,761	1,705,359	42,215,121	(6,541)	42,208,580
Segment profit	5,189,389	683,312	5,872,702	(938,552)	4,934,149

(Note) 1. The segment profit adjustment of (938,552) 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 profit has been adjusted to operating income stated in quarterly consolidated statements of income.