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, 2017 [Based on Japanese GAAP]

May 9, 2017

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: May 12, 2017 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, 2017 (January 1 to March 31, 2017)

(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	%
1Q ended March 31, 2017	14,718	22.6	1,752	19.8	1,578	21.5	1,051	29.8
1Q ended March 31, 2016	12,002	41.5	1,462	33.5	1,298	30.7	809	38.8

(Note) Comprehensive income: 1Q ended March 31, 2017 1,051 million yen (29.8%)
1Q ended March 31, 2016 809 million yen (38.8%)

	Net Income per share	Diluted net income per share
	Yen	Yen
1Q ended March 31, 2017	43.16	43.08
1Q ended March 31, 2016	34.64	34.58

(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 March 31, 2017	56,279	16,102	28.4
As of December 31, 2016	58,145	15,557	26.6

(Reference) Shareholders' equity: As of March 31, 2017 16,004 million yen
As of December 31, 2016 15,464 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 March 31, 2016	—	0.00	—	21.00	21.00
Year ending December 31, 2017	—				
Year ending December 31, 2017 (forecast)		0.00	—	23.00	23.00

(Note) 1. Revision of the latest dividend forecast: No
2. Distribution of Year-end dividend for the fiscal year ended December 31, 2016
Ordinary dividend 19.00 yen Commemorative dividend 2.00 yen

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2017

(January 1, 2017 to December 31, 2017) (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
FY2017 (Full year)	72,175	25.5	7,191	14.0	6,370	11.8	4,085	39.6	167.75

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

* Notes

(1) Changes in significant subsidiaries during the period: 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 : None
- (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, 3017 24,355,000 shares
  - As of December 31, 2016 24,355,000 shares
- (ii) Number of treasury stock held at end of the period
  - As of March 31, 3017 – shares
  - As of December 31, 2016 – shares
- (iii) Average number of shares outstanding during the period (cumulative)
  - As of March 31, 3017 24,355,000 shares
  - As of March 31, 2016 23,372,626 shares

(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.

*The current quarterly financial results are not subject to the quarterly review procedures.

* 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, 2017“ 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, 2017

(1) Qualitative information on financial results

During the first quarter of the consolidated fiscal year under review (January 1 through March 31, 2017), the Japanese economy continued its moderate recovery, in which exports and production activities showed signs of recovery and corporate earnings and capital expenditure plans remained stable; the economic outlook, however, remained cautious due to uncertainties in overseas economies such as the U.S. President's protectionist policies and the U.K.'s exit from the European Union.

In the real estate industry where the MUGEN ESTATE Group operates, the average official price of nationwide land for all uses as of January 1, 2017 announced by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) increased 0.4% from a year earlier for the second consecutive year. The growth trend became clear as housing land prices, which fell in 2016, turned flat, and commercial land prices increased for the second consecutive year. The average fluctuation rate in the Tokyo area increased for the fourth consecutive year in housing and commercial land. The growth rate also rose from the previous year on the back of strong interest in opening stores, hotels, and other facilities as a result of the growing number of visitors from both within Japan and overseas, including foreign tourists in particular.

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 (including 2 units priced at more than one billion yen) as part of the planned growth in the size of property units sold. Sales of investment-type owned condominiums were also on the increase. Sales for buyers including those seeking inheritance tax shields and foreign investors remained strong as corporates experienced favorable financing conditions provided by monetary easing policies. Sales of investment-type properties grew 26.2% year on year, to 11,994 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, while purchase prices continued to rise due to intensified competition caused by the low barriers to entry to the market, the Company purchased units selectively in the center of Tokyo and other areas that offer a high level of convenient living, implementing comprehensive profit management for each property. As a result, net sales of residential-type properties increased 4.4% year on year, to 2,052 million yen.

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 22.6% year on year, to 14,718 million yen, consolidated operating income rose 19.8% year on year, to 1,752 million yen, consolidated ordinary income climbed 21.5% year on year, to 1,578 million yen, and consolidated profit attributable to owners of parent grew 29.8% year on year, to 1,051 million yen in the first three months under review.

Note: The "investment-type properties" are classified as real estate generating rental income, including rental condominiums, and office blocks, 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, 98 units of investment-type properties such as rental condominiums, office blocks and investment-type owned condominiums were sold (up 50 units year on year), whose average selling price was 122.39 million yen (down 38.2% year on year), and net sales stood at 11,994 million yen (up 26.2% year on year). The surge in the number of properties sold and the decline in the average selling price were attributable largely to a significant increase in sales of investment-type owned condominiums priced at less than 100 million yen per

unit.

A total of 83 units of residential-type properties such as owned condominiums were sold (up 3 units year on year), whose average unit selling price was 24.73 million yen (up 0.6% year on year), and net sales were 2,052 million yen (up 4.4% year on year).

As a result, net sales for the segment increased 22.6% year on year, to 14,064 million yen, and segment profit (operating income for the segment) grew 19.2% year on year, to 1,846 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing expanded 23.9% year on year, to 648 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 23.8% year on year, to 654 million yen, and segment profit (operating income for the segment) rose 15.1% year on year, to 267 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 56,279 million yen (down 3.2% from the end of the previous fiscal year), liabilities of 40,177 million yen (down 5.7% from the end of the previous fiscal year), and net assets of 16,102 million yen (up 3.5% from the end of the previous fiscal year).

Principal factors contributing to the contraction of assets included a decrease of 1,877 million yen in real estate for sale and a decline of 234 million yen in cash and deposits.

The decline in liabilities was attributable primarily to decreases of 2,962 million yen in long-term loans payable (including the current portion of long-term loans payable) and 416 million yen in income taxes payable, respectively, and an increase of 921 million yen in short-term loans payable.

The increase in net assets resulted in large part from a rise of 1,051 million yen in capital surplus due to the recording of profit attributable to owners of parent, and a decrease of 511 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, 2017, as announced on February 10, 2017.

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)

	FY2016 (As of December 31, 2016)	FY2017 1Q (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	8,825,885	8,590,904
Accounts receivable - trade	21,468	18,204
Real estate for sale	45,354,211	43,476,524
Real estate for sale in process	77,690	103,145
Deferred tax assets	339,850	334,479
Other	556,393	906,863
Allowance for doubtful accounts	(8,055)	(6,578)
Total current assets	55,167,445	53,423,544
Non-current assets		
Property, plant and equipment		
Buildings	1,282,299	1,184,371
Accumulated depreciation	(260,517)	(244,554)
Buildings, net	1,021,782	939,817
Land	1,413,516	1,329,687
Other	134,162	138,246
Accumulated depreciation	(68,737)	(69,652)
Other, net	65,424	68,594
Total property, plant and equipment	2,500,723	2,338,098
Intangible assets	138,695	134,042
Investments and other assets		
Deferred tax assets	230,372	228,328
Other	91,432	132,150
Total investments and other assets	321,805	360,479
Total non-current assets	2,961,223	2,832,620
Deferred assets	16,687	23,553
Total assets	58,145,356	56,279,717

(Thousand yen)

	FY2016 (As of December 31, 2016)	FY2017 1Q (As of March 31, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	621,824	500,283
Short-term loans payable	3,927,200	4,849,000
Current portion of bonds	180,000	300,000
Current portion of long-term loans payable	3,472,013	3,371,453
Income taxes payable	988,068	571,387
Provision for bonuses	45,590	83,701
Construction warranty reserve	56,836	59,348
Other	1,671,147	1,546,202
Total current liabilities	10,962,679	11,281,375
Non-current liabilities		
Bonds payable	720,000	840,000
Long-term loans payable	30,021,520	27,159,184
Net defined benefit liability	69,264	71,962
Other	814,858	824,598
Total non-current liabilities	31,625,643	28,895,745
Total liabilities	42,588,322	40,177,121
Net assets		
Shareholders' equity		
Capital stock	2,549,609	2,549,609
Capital surplus	2,472,609	2,472,609
Retained earnings	10,442,741	10,982,344
Total shareholders' equity	15,464,961	16,004,564
Subscription rights to shares	92,072	98,031
Total net assets	15,557,033	16,102,596
Total liabilities and net assets	58,145,356	56,279,717

(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, 2017)

(Thousand yen)

	FY2016 1Q (From January 1 to March 31, 2016)	FY2017 1Q (From January 1 to March 31, 2017)
Net sales	12,002,339	14,718,260
Cost of sales	9,650,218	11,927,079
Gross profit	2,352,120	2,791,181
Selling, general and administrative expenses	889,296	1,038,601
Operating income	1,462,824	1,752,580
Non-operating income		
Interest and dividend income	565	144
Commission fee	1,448	2,347
Penalty income	1,722	2,409
Insurance income	7,590	—
Other	1,649	3,516
Total non-operating income	12,976	8,417
Non-operating expenses		
Interest expenses	149,852	171,134
Share issuance cost	15,457	—
Commission fee	11,652	9,534
Other	—	1,941
Total non-operating expenses	176,962	182,610
Ordinary income	1,298,838	1,578,387
Extraordinary income		
Gain on sales of non-current assets	—	21,169
Total extraordinary income	—	21,169
Extraordinary losses		
Loss on sales of non-current assets	—	8
Total extraordinary losses	—	8
Profit before income taxes	1,298,838	1,599,548
Income taxes - current	430,329	541,075
Income taxes - deferred	58,859	7,414
Total income taxes	489,188	548,490
Profit	809,649	1,051,058
Profit attributable to owners of parent	809,649	1,051,058

[Quarterly Consolidated Statements of Comprehensive Income]

(For three months from January 1 to March 31, 2017)

(Thousand yen)

	FY2016 1Q (From January 1 to March 31, 2016)	FY2017 1Q (From January 1 to March 31, 2017)
Income before minority interests	809,649	1,051,058
Comprehensive income	809,649	1,051,058
(Breakdown)		
Comprehensive income attributable to owners of parent	809,649	1,051,058

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Additional information)

The Company has adopted the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, issued on March 28, 2016) from the first quarter of the consolidated fiscal year under review.

(Segment Information)

For three months ended March 31, 2016 (From January 1 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 profit	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 profit has been adjusted to operating income stated in quarterly consolidated statements of income.

For three months ended March 31, 2017 (From January 1 to March 31, 2017)

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	14,064,025	654,235	14,718,260	—	14,718,260
Inter-segment sales or transfer	—	1,888	1,888	(1,888)	—
Total	14,064,025	656,123	14,720,149	(1,888)	14,718,260
Segment profit	1,846,928	267,595	2,114,523	(361,943)	1,752,580

(Note) 1. The segment profit adjustment of (361,943) 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.