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, 2017 [Based on Japanese GAAP]

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, 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 third quarter ended September 30, 2017 (January 1 to September 30, 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	%
3Q ended September 30, 2017	48,914	15.9	5,675	15.0	5,185	16.7	3,432	25.5
3Q ended September 30, 2016	42,208	27.9	4,934	12.9	4,441	11.5	2,735	16.5

(Note) Comprehensive income: 3Q ended September 30, 2017 3,432 million yen (25.5%)
3Q ended September 30, 2016 2,735 million yen (16.5%)

	Net Income per share	Diluted net income per share
	Yen	Yen
3Q ended September 30, 2017	140.93	140.60
3Q ended September 30, 2016	113.83	113.62

(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, 2017	55,089	18,497	33.4
As of December 31, 2016	58,145	15,557	26.6

(Reference) Shareholders' equity: As of September 30, 2017 18,385 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 December 31, 2016	–	0.00	–	21.00	21.00
Year ending December 31, 2017	–	0.00	–		
Year ending December 31, 2017 (forecast)				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 September 30, 2017 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 September 30, 2017 – shares
  - As of December 31, 2016 – shares
- (iii) Average number of shares outstanding during the period (cumulative)
  - As of September 30, 2017 24,355,000 shares
  - As of September 30, 2016 24,028,485 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 third Quarter Ended September 30, 2017“ on page 3 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, 2017

(1) Qualitative information on financial results

During the first nine months of the consolidated fiscal year under review (January 1 through September 30, 2017), the Japanese economy continued its moderate recovery trend, in which employment and income conditions continued to improve associated with increasing corporate earnings due to the effects of various policies implemented by the government and the Bank of Japan. The economic outlook, however, remained cautious because uncertainties about overseas economies, fluctuations in financial capital markets, and the rising geopolitical risk continued to be seen.

In the real estate industry where the MUGEN ESTATE Group operates, there was momentum for improvement, given that benchmark land values as of July 1, 2017 announced by the Ministry of Land, Infrastructure, Transport and Tourism rose in commercial districts nationwide for the second consecutive year and that the rate of decline shrank in residential districts. The rate of increase in land prices in commercial districts in the Tokyo area rose from 2.7% in the previous year to 3.3%, and the rate of increase in land prices in residential districts was 0.6%, rising for the fourth consecutive year. The conditions of the real estate market remained firm, reflecting the improving employment environment, the advancement of redevelopment projects and the recovering profitability of hotels and commercial properties, etc. on the back of the increasing number of overseas tourists, in addition to the continued population concentration in the city center.

In this market environment, the MUGEN ESTATE Group continued to implement its strategy of becoming the dominant player in the Tokyo metropolitan area in the Real Estate Trading Business, its core segment, and kept stepping up its efforts to strengthen the purchase and resale of investment-type properties, which are its growth drivers.

In sales of investment-type properties in the Real Estate Trading Business, 39 units of investment-type properties at more than 300 million yen were sold (an increase of 10 units from a year ago including five units priced at more than 1,000 million yen), suggesting that the growth in the size of property units sold made progress as projected. Through the use of investment-type properties, the number and the amount of office blocks and owned condominiums increased, and the Company continued to enhance the product lineup to meet diverse investor needs.

In the sale of residential-type properties in the Real Estate Trading Business, purchase prices continued to rise amid intensified competition caused by the low barriers to entry to the market. However, net sales and gross profit remained generally as planned as a result of carefully selecting units for sale and thoroughly managing profits property by property.

In the Real Estate Leasing and Other Business, the rate of increase in revenue slowed slightly, reflecting the falling stock of investment-type properties as a result of the steady sale of investment-type properties and the careful selection of purchases in the Real Estate Trading Business, although revenue from real estate leasing remained higher than the year-ago level.

As a result, consolidated net sales increased 15.9% year on year, to 48,914 million yen, consolidated operating income rose 15.0% year on year, to 5,675 million yen, consolidated ordinary income climbed 16.7% year on year, to 5,185 million yen, and consolidated profit attributable to owners of parent grew 25.5% year on year, to 3,432 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 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, 240 units of investment-type properties such as rental condominiums, office blocks and owned condominiums were sold (up 61 units year on year), whose average unit selling price was 168.07 million yen (down 8.7% year on year), and net sales stood at 40,338 million yen (up 22.4% year on year). A total of 274 units of residential-type properties such as owned condominiums were sold (down 7 units year on year), whose average unit selling price was 24.54 million yen (down 8.4% year on year), and net sales were 6,726 million yen (down 10.7% year on year).

As a result, net sales for the segment increased 16.3% year on year, to 47,115 million yen, and segment profit (operating income for the segment) grew 17.9% year on year, to 6,117 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing expanded 5.1% year on year, to 1,770 million yen.

As a result, net sales for the segment increased 5.9% year on year, to 1,799 million yen, and segment profit (operating income for the segment) rose 1.8% year on year, to 695 million yen.

(2) Qualitative information on financial position

The financial position of the MUGEN ESTATE Group as at the end of the first nine months under review includes assets of 55,089 million yen (down 5.3% from the end of the previous fiscal year), liabilities of 36,592 million yen (down 14.1% from the end of the previous fiscal year) and net assets of 18,497 million yen (up 18.9% from the end of the previous fiscal year).

Principal factors for the decrease in assets included a fall of 7,159 million yen in real estate for sale, as well as a rise of 3,534 million yen in cash and deposits.

The decline of liabilities was mainly attributable to a fall of 6,901 million yen in long-term loans payable (including the current portion of such loans).

The rise in net assets chiefly reflected an increase of 3,432 million yen in retained earnings due to the recording of profit attributable to owners of parent, which offset an asset 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 3Q (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	8,825,885	12,360,329
Accounts receivable - trade	21,468	16,327
Real estate for sale	45,354,211	38,194,784
Real estate for sale in process	77,690	154,134
Deferred tax assets	339,850	361,090
Other	556,393	1,140,982
Allowance for doubtful accounts	(8,055)	(8,381)
Total current assets	55,167,445	52,219,267
Non-current assets		
Property, plant and equipment		
Buildings	1,282,299	1,250,282
Accumulated depreciation	(260,517)	(264,989)
Buildings, net	1,021,782	985,292
Land	1,413,516	1,326,840
Other	134,162	139,369
Accumulated depreciation	(68,737)	(74,832)
Other, net	65,424	64,536
Total property, plant and equipment	2,500,723	2,376,670
Intangible assets	138,695	128,578
Investments and other assets		
Deferred tax assets	230,372	187,113
Other	91,432	148,405
Total investments and other assets	321,805	335,518
Total non-current assets	2,961,223	2,840,767
Deferred assets	16,687	29,607
Total assets	58,145,356	55,089,642

(Thousand yen)

	FY2016 (As of December 31, 2016)	FY2017 3Q (As of September 30, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	621,824	684,153
Short-term loans payable	3,927,200	4,867,500
Current portion of bonds	180,000	390,000
Current portion of long-term loans payable	3,472,013	5,225,887
Income taxes payable	988,068	875,399
Provision for bonuses	45,590	170,276
Construction warranty reserve	56,836	64,393
Other	1,671,147	995,647
Total current liabilities	10,962,679	13,273,257
Non-current liabilities		
Bonds payable	720,000	1,200,000
Long-term loans payable	30,021,520	21,366,318
Net defined benefit liability	69,264	77,044
Other	814,858	675,866
Total non-current liabilities	31,625,643	23,319,229
Total liabilities	42,588,322	36,592,487
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	13,363,655
Total shareholders' equity	15,464,961	18,385,875
Subscription rights to shares	92,072	111,279
Total net assets	15,557,033	18,497,154
Total liabilities and net assets	58,145,356	55,089,642

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

[Quarterly Consolidated Statements of Income]

(For nine months from January1 to September 30, 2017)

(Thousand yen)

	FY2016 3Q (From January 1 to September 30, 2016)	FY2017 3Q (From January 1 to September 30, 2017)
Net sales	42,208,580	48,914,617
Cost of sales	34,536,238	40,028,101
Gross profit	7,672,341	8,886,515
Selling, general and administrative expenses	2,738,191	3,211,081
Operating income	4,934,149	5,675,434
Non-operating income		
Interest and dividend income	1,334	1,594
Commission fee	5,188	8,633
Penalty income	8,670	12,742
Insurance income	7,590	—
Other	6,106	7,406
Total non-operating income	28,890	30,376
Non-operating expenses		
Interest expenses	472,211	477,697
Share issuance cost	15,457	—
Commission fee	33,874	35,775
Other	82	7,064
Total non-operating expenses	521,625	520,538
Ordinary income	4,441,414	5,185,272
Extraordinary income		
Reversal of consumption taxes for prior period	—	136,336
Gain on sales of non-current assets	34	29,382
Total extraordinary income	34	165,718
Extraordinary losses		
Loss on sales of non-current assets	—	8
Total extraordinary losses	—	8
Profit before income taxes	4,441,449	5,350,983
Income taxes - current	1,711,750	1,896,594
Income taxes - deferred	△5,457	22,019
Total income taxes	1,706,293	1,918,614
Profit	2,735,156	3,432,368
Profit attributable to owners of parent	2,735,156	3,432,368

[Quarterly Consolidated Statements of Comprehensive Income]

(For nine months from January 1 to September 30, 2017)

(Thousand yen)

	FY2016 3Q (From January 1 to September 30, 2016)	FY2017 3Q (From January 1 to September 30, 2017)
Profit	2,735,156	3,432,368
Comprehensive income	2,735,156	3,432,368
(Breakdown)		
Comprehensive income attributable to owners of parent	2,735,156	3,432,368

(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 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.

For nine months ended September 30, 2017 (From January 1 to September 30, 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	47,115,172	1,799,444	48,914,617	—	48,914,617
Inter-segment sales or transfer	28,901	6,496	35,397	(35,397)	—
Total	47,144,074	1,805,941	48,950,015	(35,397)	48,914,617
Segment profit	6,117,950	695,376	6,813,326	(1,137,892)	5,675,434

(Note) 1. The segment profit adjustment of (1,137,892) 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.