

**•Earnings for FY2013**

Million yen (figures under a million are rounded down)

	FY2013	FY2012	Change	Change (%)	FY2013 Estimates (Announced 13/2/7)
Building Business	442,748	510,850	(68,102)	(13.3) %	479,000
Residential Business	315,351	342,823	(27,472)	(8.0) %	315,000
Commercial Property Development & Investment	50,278	55,809	(5,530)	(9.9) %	37,000
International Business	60,892	42,108	18,783	44.6 %	46,000
<b>Revenue from Operations</b>	<b>927,157</b>	<b>1,013,069</b>	<b>(85,911)</b>	<b>(8.5) %</b>	<b>934,000</b>
Building Business	107,667	146,007	(38,339)	(26.3) %	127,000
Residential Business	2,317	4,792	(2,475)	(51.6) %	8,000
Commercial Property Development & Investment	11,180	1,609	9,570	594.8 %	2,000
International Business	8,371	8,020	350	4.4 %	8,000
<b>Operating Income</b>	<b>118,349</b>	<b>146,299</b>	<b>(27,949)</b>	<b>(19.1) %</b>	<b>134,000</b>
<b>Income Before Taxes &amp; Special Items</b>	<b>92,381</b>	<b>120,665</b>	<b>(28,283)</b>	<b>(23.4) %</b>	<b>105,000</b>
<b>Net Income</b>	<b>45,507</b>	<b>56,512</b>	<b>(11,004)</b>	<b>(19.5) %</b>	<b>50,000</b>
<b>EBITDA</b>	<b>200,587</b>	<b>222,885</b>	<b>(22,298)</b>	<b>(10.0) %</b>	<b>215,500</b>

**Summary**
**【Overview】**

There is a reduction in income and profits compared with FY2012. Despite market conditions generally changing for the better, a time lag of one to two years should be expected before this reflects in the results. Factors affecting the individual segments compared with FY2012 are detailed below.

**【Building Business】**

Major factors for the decrease of income and profits include the effects of selling off large-scale properties in the previous term and rent reductions as part of leasing renegotiations. Additionally, one building expected to be sold off by FY2013 is being deferred until the next term.

**(Vacancy rates)**

Due to a steady demand above the expectations of FY2013, there is a substantial improvement in the figures.

Japan (all purpose)	3.98%	(13/2/7 Estimate 4.5%, 2012/3 3.58%)
Marunouchi (offices)	3.66%	(2012/3 2.42%)

**(Average rents)**

Results slightly below estimates we due to the leasing strategy aimed at obtaining higher rents which can result in a lag.

Japan (all purpose)	¥23,850/tsubo.month	(13/2/7 Estimate ¥24,000/tsubo.month)
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**【Residential Business】**

The decline in operating income compared with the 13/2/7 estimates were appropriated through inventory impairment losses of particular suburban and rural properties. The current status of condominium sales, including high-end luxury condominiums, is positive.

### 【Commercial Property Development & Investment】

The major factors for the decrease in income and increase in profits are a decline in income compared with the previous term's property sales and an increase of capital gain this current term. There is a vigorous investment demand for income-producing real estate and the trading market is promising.

### 【International Business】

Operating income is stable.

### ●Earnings Estimates for FY2014

Million yen (figures under a million are rounded down)

	FY2014 Estimates	FY2013 Results	Change	Change (%)
Building Business	509,000	442,748	66,252	15.0 %
Residential Business	390,000	315,351	74,649	23.7 %
Commercial Property Development & Investment	35,000	50,278	(15,278)	(30.4) %
International Business	77,000	60,892	16,108	26.5 %
<b>Revenue from Operations</b>	<b>1,070,000</b>	<b>927,157</b>	<b>142,843</b>	<b>15.4 %</b>
Building Business	117,000	107,667	9,333	8.7 %
Residential Business	27,000	2,317	24,683	1065.3 %
Commercial Property Development & Investment	5,000	11,180	(6,180)	(55.3) %
International Business	20,000	8,371	11,629	138.9 %
<b>Operating Income</b>	<b>160,000</b>	<b>118,349</b>	<b>41,651</b>	<b>35.2 %</b>
<b>Income Before Taxes &amp; Special Items</b>	<b>122,000</b>	<b>92,381</b>	<b>29,619</b>	<b>32.1 %</b>
<b>Net Income</b>	<b>58,000</b>	<b>45,507</b>	<b>12,493</b>	<b>27.5 %</b>
<b>EBITDA</b>	<b>242,000</b>	<b>200,587</b>	<b>41,413</b>	<b>20.6 %</b>

### Summary

#### 【Overview】

Despite the FY2014 midterm management plan's target being just under ¥185bn, substantial increases in income and profits are expected.

Factors affecting the individual segments compared with FY2013 are detailed below.

#### 【Building Business】

Expectations of an increase in income and profits are due to profits from the sale of properties and the increase of rental income and profits from operating new properties. The leasing of new buildings is progressing well, with increasing cases of relocation to Marunouchi and expansion.

##### (Vacancy rates)

Vacancy rates for FY2014 (Japan, all purpose) are 6.0%. The prediction of a 2.02% increase compared with FY2012 is due to vacant units in new buildings; however excluding those buildings a level of stability is expected. The number of inquiries is steadily increasing regarding the operations of new buildings.

##### (Average rents)

Average rents (Japan, all purpose) are expected to level off at ¥24,000/tsubo.month.

#### 【Residential Business】

An increase in income and profits is expected due to a rise in the number of condominiums to be sold. Of the anticipated ¥288bn yearly sales appropriation, 50% of contracts have already been confirmed

indicating that all is going according to the mid-term management plans.

**【Commercial Property Development & Investment】**

One factor for the expected decline in income and profits is due to effects of a reduction of property sales. Operations are running in line with the expectations of the mid-term management plans.

**【International Business】**

Factors contributing to the increase in income and profit include the increase of revenue and profits through property sales and the effects of the yen's depreciation.

**Disclaimer**

This data contains predictions and aims which relate to our future economic performance and projections of revenue and other financial items. These predictions are inherently subject to risks and uncertainties, due to unforeseeable events or external factors. Future events and actual results, financial and otherwise, may differ materially.

The Summary of Consolidated Financial Statements and Fact Book can be found on the homepage.

◇ Summary of Consolidated Financial Statements

(<http://www.mec.co.jp/e/investor/irlibrary/tanshin/index.html>)

◇ FACT BOOK (<http://www.mec.co.jp/e/investor/irlibrary/fact/index.html>)