

●Earnings for 2014/3-3Q

Million yen (figures under a million are rounded down)

	2014/3 3Q Results	2013/3 3Q Results	Change	Change (%)
Building Business	362,455	330,513	31,942	9.7 %
Residential Business	210,236	220,121	(9,885)	(4.5) %
Commercial Property Development & Investment	39,478	13,255	26,223	197.8 %
International Business	67,807	49,814	17,993	36.1 %
Revenue from Operations	720,273	654,976	65,297	10.0 %
Building Business	79,734	83,635	(3,901)	(4.7) %
Residential Business	8,283	6,034	2,249	37.3 %
Commercial Property Development & Investment	6,007	2,723	3,284	120.6 %
International Business	22,727	5,754	16,972	295.0 %
Operating Income	107,821	87,635	20,185	23.0 %
Income Before Taxes & Special Items	93,314	69,219	24,095	34.8 %
Net Income	58,528	33,902	24,625	72.6 %
EBITDA	171,550	149,649	21,901	14.6 %

Summary
【Overview】

There is an increase in income and profit compared with 2013/3-3Q. Major factors for the increase of income include the effects of selling off properties in the building business, commercial property development & investment business and the international business. Major factors for the increase of profit include appropriations from selling off property in the commercial property development & investment business and the international business. Factors affecting the individual segments compared with 2013/3-3Q are detailed below.

【Building Business】

There is an increase in income due to selling off a building in 1Q and the effect of buildings constructed in FY2012. However, there is a decrease in profits due to the effect of closing buildings and the result of high profit ratio, large-scale one-off income from 2013/3-3Q.

(Vacancy rates)

Leasing in buildings across the portfolio are progressing, vacancy rates for Japan (all purpose) fell by 1.06%, and Marunouchi (offices) by 0.76% compared with the end of September 2013. Both met expectations, and figures are in line with 2014/3 estimates.

Japan (all purpose) (2013/9: 8.12% → 2013/12: 7.06%, 2014/3 Estimate: 6.0%)

Marunouchi (offices) (2013/9: 6.84% → 2013/12: 6.08%)

(Average rents)

The average rents (Japan-all purpose) compared with the end of September 2013 increased by ¥385/tsubo.month. The main factors are an increase of percentage rents in commercial facilities and leasing in new buildings including Marunouchi. Average rents are in line with estimates.

Japan (all purpose) (2013/9: ¥23,445/tsubo.month → 2013/12: ¥23,850/tsubo.month)
(2014/3 Estimate: ¥24,000/tsubo.month)

【Residential Business】

There is a decrease in income as a result of the inclusion of a large-scale built-to-order property in 2013/3-3Q, and an increase in profit due to the improvement of the profit margin in the condominium sales business.

Market conditions are favorable, and the sales of condominiums are in line with estimates.

【Commercial Property Development & Investment】

There is an increase in income and profit due to an increase in the occupancy rates of new buildings and the sale of properties.

【International Business】

The increase in income and profit is due to a favorable exchange rate and from selling off a large-scale property.

●Revision of 2014/3 Estimates

Million yen (figures under a million are rounded down)

	2014/3 Estimates (Current)	2014/3 Estimates (Previous)	Change	Change (%)
Building Business	487,000	504,000	(17,000)	(3.4) %
Residential Business	398,000	390,000	8,000	2.1 %
Commercial Property Development & Investment	44,000	35,000	9,000	25.7 %
International Business	82,000	82,000	—	— %
Revenue from Operations	1,070,000	1,070,000	—	— %
Building Business	110,000	112,000	(2,000)	(1.8) %
Residential Business	27,000	27,000	—	— %
Commercial Property Development & Investment	7,000	5,000	2,000	40.0 %
International Business	25,000	25,000	—	— %
Operating Income	160,000	160,000	—	— %
Income Before Taxes & Special Items	122,000	122,000	—	— %
Net Income	58,000	58,000	—	— %
EBITDA	242,000	242,000	—	— %

Summary

【Overview】

The revision of the March 2014 estimates includes the movement of income and profits between segments, but this does not affect overall figures. Furthermore, there was an augmentation of non-operating revenue and expense, extraordinary income (gain on sales of fixed assets), corporation

tax and minority interests but the net income is unaffected.

【Building Business】

A downward adjustment to income and profits has been made after a revision of property sales.

Due to the selling of property in the residential business and commercial property development & investment business, planned property sales in the building business were suspended.

As a result, revenue from operations was downwardly adjusted by ¥17bn. and operating income by ¥2bn.

【Residential Business】

There was an increase in the cost recovery of land sales, and so revenue from operations was upwardly amended by ¥8bn.

【Commercial Property Development & Investment】

After an increase in property sales, there was an upward adjustment of revenue from operations by ¥9bn. and operating income by ¥2bn.

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 financial statements and fact book can be found on the homepage.

◇ Summary of financial statements

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

◇ Fact book

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