

Earnings Highlights for 2016/3-1Q

Mitsubishi Estate Co., Ltd.

•Earnings for 2016/3-1Q

	2016/3-1Q Results	2015/3-1Q Results	Change	Change (%)	Millions of yen (rounded down) 2016/3 Estimates (Announced 15/5/12)
(New Segment*1)					
Building Business	105,776	99,382	6,393	6.4	415,000
Lifestyle Property Business	20,207	41,808	(21,600)	(51.7)	81,000
Residential Business	69,269	39,861	29,408	73.8	356,000
International Business	13,594	11,308	2,286	20.2	69,000
Revenue from Operations	223,847	204,147	19,700	9.6	995,000
(New Segment *1)					
Building Business	30,166	24,538	5,627	22.9	100,000
Lifestyle Property Business	4,882	8,924	(4,042)	(45.3)	18,000
Residential Business	1,024	(4,512)	5,536	122.7	14,000
International Business	3,788	2,504	1,284	51.3	13,000
Operating Income	37,264	27,758	9,506	34.2	135,000
Income Before Taxes and Special Items	33,877	24,495	9,381	38.3	113,000
Profit Attributable to Owners of Parent *2	23,296	25,512	(2,216)	(8.7)	70,000
EBITDA	58,825	49,754	9,071	18.2	220,500

*1 As of April 2015, the following segment changes have occurred.

- Domestic retail & logistics property businesses (not including some multi-use facilities) no longer feature in the Building Business, now featuring in the newly created Lifestyle Property Business.
- Overseas investment management business has been moved from the International Business to the Investment Management Business.
- Mitsubishi Jisho House Net Co., Ltd has been moved from the Real Estate Services Business to the Residential Business.

*2 In accordance with amendments to the Accounting Standard for Business Combinations etc., changes in titles appearing in the consolidated financial statement have been applied as of FY2016.

Summary
【Overview】

There is an increase in income and profits compared with FY2015-1Q. Main factors include the increase of rental income and profits in the Building Business, the increase of condominium units sold and an improvement of the gross margin in the Residential Business. Factors affecting the individual segments compared with FY2015-1Q are detailed below.

【Building Business】

Despite a reduction in rental income and profits as a result of buildings being closed for redevelopment, profit contributions from properties completed in 2012 and an increase of rental income and profits from the existing portfolio resulted in an overall increase in income and profits. There is no change to estimates, but figures are progressing well.

(Vacancy rates)

A temporary increase in vacancy at the end of June 2015 has occurred due to a change in tenants and also as a result of the reorganization of segments, with the vacancy rates for Japan (all purpose) rising by 0.73% and by 0.53% for Marunouchi (offices) when compared with the end of March 2015. This had already been taken into consideration at the beginning of the period, and with leasing underway, figures are in line with estimates.

Japan (all purpose) 3.53% (2015/3: 2.80%, 2016/3 Estimate: 2.5%)

Marunouchi (offices) 2.35% (2015/3: 1.82%)

(Average rents)

The average rents for Japan (all purpose) at the end of June 2015 rose by ¥873/tsubo.month compared with the end of March 2015. This is due to leasing in Marunouchi resulting in the appropriation of rent, alongside the effects of rent increases, as well as the effects of segment changes.

Japan (all purpose) ¥24,460/tsubo.month

(2015/3: ¥23,587/tsubo.month, 2016/3 Estimate: ¥24,500/tsubo.month)

【Lifestyle Property Business】

The decrease in income and profits is due to selling off a large-scale property in the same period of the previous year.

【Residential Business】

A factor for the increase in income and profits is the increase of condominium units sold and an improvement of the gross margin. Of expectations for the sales of condominiums (¥223 billion), 76.8% of contracts had been finalized by the end of June 2015, which is in line with estimates.

【International Business】

Major factors for the increase in income and profits are an increase in rental income and profits and the effects of the exchange rate.

●Earnings Estimates for FY2016

There is no change in the earnings estimates announced May 12 2015.

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

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