

Earnings Highlights for 2016/3-2Q

Mitsubishi Estate Co., Ltd.

●Earnings for 2016/3-2Q

Millions of yen (rounded down)

	2016/3 2Q Results	2015/3 2Q Results	Change	Change (%)	2016/3 Estimates (Current)
Building Business	212,871	203,293	9,577	4.7%	418,000
Lifestyle Property Business	40,541	61,002	(20,460)	(33.5)%	85,000
Residential Business	156,351	118,223	38,128	32.3%	356,000
International Business	41,737	29,416	12,321	41.9%	70,000
Revenue from Operations	484,996	438,521	46,475	10.6%	1,003,000
Building Business	60,773	50,845	9,927	19.5%	104,000
Lifestyle Property Business	9,946	13,203	(3,256)	(24.7)%	24,000
Residential Business	6,375	(545)	6,921	-	14,000
International Business	11,544	10,452	1,091	10.4%	16,000
Operating Income	83,746	66,732	17,014	25.5%	150,000
Income Before Taxes and Special Items	75,010	56,779	18,231	32.1%	125,000
Profit Attributable to Owners of Parent	56,272	53,436	2,835	5.3%	75,000
EBITDA	126,955	108,409	18,546	17.1%	233,500

Summary
【Overview】

There is an increase in income and profits compared with FY2015-2Q. Main factors include the increase of rental income and profits in the Building Business and an increase of condominium units sold. Factors affecting the individual segments compared with FY2015-2Q are detailed below.

【Building Business】

Despite a reduction in rental income and profits as a result of buildings being closed for redevelopment, an increase of rental income and profits from the existing portfolio and an increase in profits from property sales resulted in an overall increase in income and profits.

(Vacancy rates)

As a result of a temporary increase in vacancy due to a change in tenants, the Japan (all purpose) vacancy rates for the end of September 2015 increased by 0.37% when compared with the end of June 2015. However, this was for non-Marunouchi buildings and had already been taken into consideration at the beginning of the period, and with leasing underway, figures are in line with estimates. The vacancy rates for Marunouchi (offices) for the end of September 2015 had improved by 0.09% since the end of June 2015.

Japan (all purpose) 3.90% (2015/6: 3.53%, 2016/3 Estimate: 2.5%)

Marunouchi (offices) 2.26% (2015/6: 2.35%)

(Average rents)

The average rents for Japan (all purpose) at the end of September 2015 fell by ¥145/tsubo.month compared with the end of June 2015. This is a result of tenants leaving as buildings are closed for redevelopment in Marunouchi. 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) ¥24,315/tsubo.month
 (2015/6: ¥24,460/tsubo.month, 2016/3 Estimate: ¥24,500/tsubo.month)

【Lifestyle Property Business】

The decrease in income and profits is due to selling off 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. Of expectations for the sales of condominiums (¥223 billion), 86.4% of contracts had been finalized by the end of September 2015, which is in line with estimates.

【International Business】

Despite following temporary profits which featured in the same period of the previous year, an increase in rental income and profits and the effects of the exchange rate resulted in an increase in income and profits.

●Earnings Estimates for FY2016

Millions of yen (rounded down)				
	2016/3 Estimates (Current)	2016/3 Estimates (Previous)	Change	Change (%)
Building Business	418,000	415,000	3,000	0.7%
Lifestyle Property Business	85,000	81,000	4,000	4.9%
Residential Business	356,000	356,000	-	-
International Business	70,000	69,000	1,000	1.4%
Revenue from Operations	1,003,000	995,000	8,000	0.8%
Building Business	104,000	100,000	4,000	4.0%
Lifestyle Property Business	24,000	18,000	6,000	33.3%
Residential Business	14,000	14,000	-	-
International Business	16,000	13,000	3,000	23.1%
Operating Income	150,000	135,000	15,000	11.1%
Income Before Taxes and Special Items	125,000	113,000	12,000	10.6%
Profit Attributable to Owners of Parent	75,000	70,000	5,000	7.1%
EBITDA	233,500	220,500	13,000	5.9%

【Overview】

There was an upward revision of the earnings estimates for FY2016, income by ¥8 billion and profits by ¥15 billion. The main factors include an increase in rental income and profits in the Building Business, and an increase of property sales in both the Lifestyle Property Business and International Business.

Furthermore, in addition to revisions for Non-operating expenses (¥29 billion→¥32 billion)、Extraordinary income (¥15 billion→¥17 billion) and a reevaluation of Corporation tax, etc., Income Before Taxes and Special Items was increased by ¥12 billion and Profit Attributable to Owners of Parent by ¥5 billion.

【Building Business】

There was an upward revision of income by ¥3 billion and profits by ¥4 billion. The main factors for this

are an increase of rental income and profits from the existing portfolio, pushing back the time tenants must leave closing buildings, and good performance of subsidiaries such as Marunouchi Heat supply Co., Ltd.

【Lifestyle Property Business】

There was an upward revision of income by ¥4 billion and profits by ¥6 billion, due to an increase in property sales and a reevaluation of the performance of Mitsubishi Estate•Simon Co., Ltd. following good performance in the outlet business.

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>)