

February 6, 2017

Earnings Highlights for 2017/3-3Q

Mitsubishi Estate Co., Ltd.

●Earnings for 2017/3-3Q

	2017/3-3Q Results	2016/3-3Q Results	Change	Change (%)	Millions of yen (rounded down) 2017/3 Estimates (Announced on Feb 6, 2017)
Building Business	370,656	316,368	54,287	17.2%	481,000
Lifestyle Property Business	66,794	65,640	1,154	1.8%	89,000
Residential Business	276,947	220,012	56,935	25.9%	414,000
International Business	54,079	55,571	△ 1,491	△ 2.7%	65,000
Revenue from Operations	824,111	711,965	112,145	15.8%	1,125,000
Building Business	103,625	84,986	18,638	21.9%	128,000
Lifestyle Property Business	19,855	19,690	165	0.8%	25,000
Residential Business	13,899	7,750	6,149	79.3%	22,000
International Business	23,157	14,939	8,217	55.0%	24,000
Operating Income	150,444	121,239	29,205	24.1%	185,000
Income Before Taxes and Special Items	136,612	109,191	27,420	25.1%	162,000
Profit Attributable to Owners of Parent	89,384	78,434	10,950	14.0%	95,000
EBITDA	216,443	186,499	29,944	16.1%	273,500

Summary

【Overview】

There is a considerable increase in income and profits compared with 2016/3-3Q. Main factors include the increase of rental income and profits in the Building Business and an increase of property sales in the Building Business and Residential Business. Factors affecting the individual segments compared with 2016/3-3Q 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 property sales resulted in an overall increase in income and profits.

(Vacancy rates)

A change in tenants had already been taken into consideration, so the Japan (all purpose) vacancy rates for the end of December 2016 were relatively stable (an increase for Japan by 0.15%, and a decrease in Marunouchi by 0.33%) when compared with the end of September 2016.

Japan (all purpose) 3.08% (2016/9: 2.93%, 2017/3 Estimate: 3.5%)

Marunouchi (offices) 1.64% (2016/9: 1.97%)

(Average rents)

As a result of tenant movement due to the completion of new buildings and an increase in rents in the existing portfolio particularly in Marunouchi, as well as the effect of an increase of sales-linked rent from retail property tenants, the average rents for Japan (all purpose) at the end of December 2016 rose by ¥433/tsubo.month compared with the end of September 2016. While figures are progressing favorably, they are within the range of estimations and so revisions have not been made.

Japan (all purpose) ¥25,862/tsubo.month

(2016/9: ¥25,429/tsubo.month, 2017/3 Estimate: ¥25,500/tsubo.month)

【Lifestyle Property Business】

The effect of a newly consolidated subsidiary resulted in an increase in income and profits.

【Residential Business】

A factor for the increase in income and profits is the increase of property sales. Of expectations for the sales of condominiums (¥230 billion), 92.1% of contracts had been finalized by the end of December 2016, which is at the same level as previous year.

【International Business】

There was a decrease in income and increase in profits as a result of a temporary increase in profits on property sales and the effects of the exchange rate.

●Earnings Estimates for 2017/3

	Millions of yen (rounded down)			
	2017/3 Estimates (Current)	2017/3 Estimates (Previous)	Change	Change (%)
Building Business	481,000	483,000	△ 2,000	△ 0.4%
Lifestyle Property Business	89,000	89,000	0	0.0%
Residential Business	414,000	417,000	△ 3,000	△ 0.7%
International Business	65,000	65,000	0	0.0%
Revenue from Operations	1,125,000	1,129,000	△ 4,000	△ 0.4%
Building Business	128,000	126,000	2,000	1.6%
Lifestyle Property Business	25,000	24,000	1,000	4.2%
Residential Business	22,000	22,000	0	0.0%
International Business	24,000	24,000	0	0.0%
Operating Income	185,000	180,000	5,000	2.8%
Income Before Taxes and Special Items	162,000	157,000	5,000	3.2%
Profit Attributable to Owners of Parent	95,000	90,000	5,000	5.6%
EBITDA	273,500	268,500	5,000	1.9%

Summary

【Overview】

There was a ¥4 billion downward revision to income for the 2017/3 earnings estimates, however the effect of cost reductions in the Building Business and Lifestyle Property Business led to a ¥5 billion upward revision to profits and Profit Attributable to Owners of Parent respectively.

【Building Business】

There was a downward revision of income by ¥2 billion as the result of a revision on contracted work, but an upward revision of profits by ¥2 billion due to cost reductions.

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>)