

May 10, 2017

Earnings Highlights for FY2017
(The Fiscal Year Ended on March 31, 2017)

Mitsubishi Estate Co., Ltd.

●Earnings for FY2017 (Consolidated)

Millions of yen (rounded down)

	2017/3 Results	2016/3 Results	Change	Change (%)	2017/3 Estimates (Announced on Feb 6, 2017)
Building Business	484,238	422,349	61,888	14.7%	481,000
Lifestyle Property Business	88,955	86,569	2,386	2.8%	89,000
Residential Business	407,850	345,226	62,624	18.1%	414,000
International Business	66,556	75,956	(9,399)	(12.4)%	65,000
Revenue from Operations	1,125,405	1,009,408	115,997	11.5%	1,125,000
Building Business	133,570	108,940	24,629	22.6%	128,000
Lifestyle Property Business	25,807	25,842	(35)	(0.1)%	25,000
Residential Business	19,253	18,035	1,218	6.8%	22,000
International Business	26,313	19,421	6,892	35.5%	24,000
Operating Income	192,495	166,199	26,296	15.8%	185,000
Income Before Taxes and Special Items	169,851	144,851	25,000	17.3%	162,000
Profit Attributable to Owners of Parent	102,681	83,426	19,254	23.1%	95,000
EBITDA	279,718	252,034	27,684	11.0%	273,500

Summary
【Overview】

There is a considerable increase in income and profits compared with FY2016. Main factors for this include an increase in rental income and profits in the Building Business, profit from property sales in the Building Business, Residential Business and International Business, as well as a temporary increase in profits. Factors affecting the individual segments compared with FY2016 are detailed below.

【Building Business】

There is a decrease in rental income and profits from buildings closed for redevelopment. However, an increase in rental income and profits from both recently completed and existing buildings, and an increase in property sales resulted in an overall increase in income and profits

(Vacancy rates)

A change in tenants was already taken into consideration, but with leasing performing above expectations, the Japan (all purpose) vacancy rates at the end of March 2017 was above estimate.

(Average rents)

Due to factors such as tenant movement due to the completion of new buildings and the effect of increases in rent in the existing portfolio, rent at the end of March 2017 is above estimate.

(yen/tsubo.month)

		2016/3 Results	2016/12 Results	2017/3 Results	2017/3 (Announced on Feb 6, 2017)
Vacancy rates	Japan (all purpose)	2.22%	3.08%	2.93%	3.5%
	Marunouchi (offices)	1.37%	1.64%	2.42%	
Average rents (Japan, all purpose)		¥25,234	¥25,862	¥25,842	¥25,500

【Lifestyle Property Business】

A newly consolidated subsidiary was one factor for the increase in income. However, fewer property sales compared with the previous period led to a stabilization of profits.

【Residential Business】

Factors for the increase in income and profits are the improvement of gross margin on condominiums as well as an increase in their sales, as well as an increase in property sales.

【International Business】

The effects of the exchange rate led to a decrease in income, but an increase in profits on property sales and temporary profits led to an overall increase in profits.

●Earnings Estimates for FY2018 (Consolidated)

	Millions of yen (rounded down)			
	2018/3 Estimates	2017/3 Results	Change	Change (%)
Building Business	497,000	484,238	12,762	2.6%
Lifestyle Property Business	105,000	88,955	16,045	18.0%
Residential Business	423,000	407,850	15,150	3.7%
International Business	95,000	66,556	28,444	42.7%
Revenue from Operations	1,200,000	1,125,405	74,595	6.6%
Building Business	140,000	133,570	6,430	4.8%
Lifestyle Property Business	26,000	25,807	193	0.7%
Residential Business	20,000	19,253	747	3.9%
International Business	23,000	26,313	(3,313)	(12.6)%
Operating Income	195,000	192,495	2,505	1.3%
Income Before Taxes and Special Items	171,000	169,851	1,149	0.7%
Profit Attributable to Owners of Parent	108,000	102,681	5,319	5.2%
EBITDA	282,500	279,718	2,782	1.0%

【Overview】

An increase is expected in income and profits for FY2018, due to an increase in rental income and profits in the Building Business, an increase in the sale of condominiums in the Residential Business, and an increase in the sale of property in the International Business. Factors affecting the individual segments compared with FY2017 are detailed below.

【Building Business】

The effects of Otemachi Financial City Grand Cube and Otemachi Park Building completed in the previous period, an increase of rental income and profits on existing buildings, an increase of temporary profits, and profits from property sales are estimated to result in an increase in income and profits.

(Vacancy rate)

The vacancy rate for the end of March 2018 (Japan, all purpose) when compared with the end of March 2017 is expected to be a stable 3%.

(Average rent)

Average rent (Japan, all purpose) is expected to reach ¥26,000/tsubo.month due to the effect of buildings completed in the previous period and the result of upward rent revisions on existing buildings.

【Lifestyle Property Business】

An increase in income and profits is estimated due to an increase of properties sold and the consolidation of subsidiaries.

【Residential Business】

A decrease in income is expected due to property sold off in the previous period, but an increase in condominium sales is expected to result in an increase in income and profits.

【International Business】

An increase in income from property sales is expected to result in an increase in income. A decrease in temporary profits is expected to contribute to a decrease in profits.

●Dividends

In FY2017, interim dividends were ¥9 yen per share. However, upon balancing the accounts, profit attributable to owners of parent had considerably increased compared with FY2016 with the year-end dividend scheduled to be increased by ¥2, up to ¥11 per share (annual dividend payout is ¥20 per share). After taking into deep consideration the above dividend objectives as well as future prospects, both the interim dividend and year-end dividend will be set at ¥10 and annual dividend payout will be ¥20 per share for FY2018.

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.

◇<http://www.mec.co.jp/e/investor/irlibrary/materials/index.html>