

## Earnings Highlights for 2014/3-1Q

Mitsubishi Estate Co., Ltd.

**●Earnings for 2014/3-1Q**

Million yen (figures under a million are rounded down)

	2014/3 1Q	2013/3 1Q	Change	Change (%)	2014/3 Estimates (Announced 13/5/7)
Building Business	129,070	107,672	21,397	19.9 %	509,000
Residential Business	60,477	63,765	(3,287)	(5.2) %	390,000
Commercial Property Development & Investment	15,462	2,622	12,840	489.7 %	35,000
International Business	10,638	9,399	1,239	13.2 %	77,000
<b>Revenue from Operations</b>	<b>227,832</b>	<b>196,944</b>	<b>30,887</b>	<b>15.7 %</b>	<b>1,070,000</b>
Building Business	26,688	28,527	(1,838)	(6.4) %	117,000
Residential Business	2,180	297	1,882	633.7 %	27,000
Commercial Property Development & Investment	1,038	629	409	65.0 %	5,000
International Business	2,269	1,764	504	28.6 %	20,000
<b>Operating Income</b>	<b>28,801</b>	<b>27,434</b>	<b>1,366</b>	<b>5.0 %</b>	<b>160,000</b>
<b>Income Before Taxes &amp; Special Items</b>	<b>24,038</b>	<b>20,913</b>	<b>3,124</b>	<b>14.9 %</b>	<b>122,000</b>
<b>Net Income</b>	<b>17,105</b>	<b>11,896</b>	<b>5,208</b>	<b>43.8 %</b>	<b>58,000</b>
<b>EBITDA</b>	<b>50,155</b>	<b>48,012</b>	<b>2,143</b>	<b>4.5 %</b>	<b>242,000</b>

**Summary**
**【Overview】**

There is an increase in income and profit compared with 2013/3-1Q. Major factors for the increase of income include the effects of selling off properties in the building business and the commercial property development & investment business. Major factors for the increase of profit include an improved gross margin in the residential business. Factors affecting the individual segments compared with 2013/3-1Q are detailed below.

**【Building Business】**

Selling off large-scale property increased income but there was a decrease of profit as a result of the closing of buildings. Due to the intention to sell further property and the gradual increase of rental profit on new buildings, figures are in line with 2014/3 estimates.

**(Vacancy rates)**

Vacancy rates increase shown in June 2013 compared with March 2013 (Japan (all purpose) 3.98%, Marunouchi (offices) 3.66%) is due mainly to vacant units in new buildings completed in FY2013 (from April 2012 to March 2013). The vacancy rates are in line with 2014/3 estimates.

	2013/6	2014/3(Estimate)
Japan (all purpose)	8.33%	6.0%
Marunouchi (offices)	6.26%	-

### **(Average rents)**

Average rents decrease shown in June 2013 compared with March 2013 (Japan (all purpose) ¥23,850/tsubo.month) is due mainly to the effect of suburban properties. However, further progression of leasing new buildings in Marunouchi is planned, which puts average rents in line with estimates.

	2013/6	2014/3(Estimate)
Japan (all purpose)	¥23,598/tsubo.month	¥24,000/tsubo.month

### **【Residential Business】**

The reduction in the number of condominium units to be sold compared with 2013/3-1Q resulted in a decline in revenue from operations. A major factor in the increase of profits is the effect of an improved gross margin (condominium sales).

### **【Commercial Property Development & Investment】**

A major factor for the increase in income includes the effect of selling off properties to recover costs. Profits are stable compared with 2013/3-1Q.

### **【International Business】**

The increase in income and profit is partially due to a favorable exchange rate. Income and profit from selling off large-scale properties will be earned in 2014/3-2Q which is in line with estimates.

### **●Earnings Estimates for FY2014**

There is no change in the earnings estimates announced May 7 2013.

### **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>)