

●Earnings for 2014/3-2Q

Million yen (figures under a million are rounded down)

	2014/3 2Q Results	2013/3 2Q Results	Change	Change (%)
Building Business	246,947	223,237	23,709	10.6 %
Residential Business	129,002	144,859	(15,857)	(10.9) %
Commercial Property Development & Investment	23,719	7,718	16,000	207.3 %
International Business	55,852	32,826	23,026	70.1 %
Revenue from Operations	481,001	435,932	45,068	10.3 %
Building Business	53,186	59,009	(5,822)	(9.9) %
Residential Business	4,281	2,909	1,372	47.2 %
Commercial Property Development & Investment	3,466	785	2,681	341.5 %
International Business	20,168	4,322	15,845	366.6 %
Operating Income	73,748	58,409	15,338	26.3 %
Income Before Taxes & Special Items	62,704	46,064	16,640	36.1 %
Net Income	43,631	24,845	18,785	75.6 %
EBITDA	115,657	98,802	16,855	17.1 %

Summary
【Overview】

There is an increase in income and profit compared with 2013/3-2Q. Major factors for the increase of income include the effects of selling off properties in the building business, commercial property development & investment business and the international business. Major factors for the increase of profit include appropriations from selling off property in the international business. Factors affecting the individual segments compared with 2013/3-2Q are detailed below.

【Building Business】

There is an increase in income due to selling off a building in 1Q and the effect of buildings constructed in FY2013. However, there is a decrease in profits due to the effect of closing buildings and the result of high profit ratio, large-scale one-off income from 2013/3-2Q.

(Vacancy rates)

While leasing in buildings excluding Marunouchi are progressing, examples of tenants leaving existing buildings sees the vacancy rates of Japan (all purpose) fall by 0.21% and Marunouchi (offices) grow by 0.21%. Both met expectations, and figures are in line with 2014/3 estimates.

Japan (all purpose) (2013/6: 8.33% → 2013/9: 8.12%, 2014/3 Estimate: 6.0%)

Marunouchi (offices) (2013/6: 6.26% → 2013/9: 6.84%)

(Average rents)

The average rents (Japan-all purpose) compared with the end of June 2013 decreased by ¥153/tsubo.month. The main factor is due to the headway of leasing in properties outside of Marunouchi which see comparatively lower average rents. However, further progression of leasing new buildings in Marunouchi is planned, which puts average rents in line with estimates.

Japan (all purpose) (2013/6: ¥23,598/tsubo.month → 2013/9: ¥23,445/tsubo.month)
(2014/3 Estimate: ¥24,000/tsubo.month)

【Residential Business】

Despite a decrease in income due to the sale of many lower-priced condominium units, an improvement of the profit ratio saw an increase in profits. Of expectations for the sales of condominiums (¥288 billion), 87.9% of contracts have been finalized by the end of September 2013 which is in line with estimates.

【Commercial Property Development & Investment】

There is an increase in income and profit due to an increase in the occupancy rates of new buildings and the sale of properties. However, there is a decline in rental profits due to the price of the properties exceeded expectations and a portion of the sales being brought forward, so profits are inline with estimates.

【International Business】

The increase in income and profit is due to a favorable exchange rate and from selling off a large-scale property.

●Revision of 2014/3 Estimates

Million yen (figures under a million are rounded down)

	2014/3 Estimates (Current)	2014/3 Estimates (Previous)	Change	Change (%)
Building Business	504,000	509,000	(5,000)	(1.0) %
Residential Business	390,000	390,000	-	- %
Commercial Property Development & Investment	35,000	35,000	-	- %
International Business	82,000	77,000	5,000	6.5 %
Revenue from Operations	1,070,000	1,070,000	-	- %
Building Business	112,000	117,000	(5,000)	(4.3) %
Residential Business	27,000	27,000	-	- %
Commercial Property Development & Investment	5,000	5,000	-	- %
International Business	25,000	20,000	5,000	25.0 %
Operating Income	160,000	160,000	-	- %
Income Before Taxes & Special Items	122,000	122,000	-	- %
Net Income	58,000	58,000	-	- %
EBITDA	242,000	242,000	-	- %

Summary

【Overview】

The revision of the March 2014 estimates includes the movement of income and profits between segments, but this does not affect overall figures. Furthermore, there was an augmentation of extraordinary income (gain on negative goodwill) but corporation tax was increased so the net income is unaffected.

【Building Business】

A downward adjustment to income and profits has been made after a revision of property sales.

【International Business】

An upward adjustment to income and profits has been made after the price of property sales exceeded expectations and a review of the exchange rate.

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

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