

Earnings Highlights for FY 2014

Mitsubishi Estate Co., Ltd.

●Earnings for FY2014

Million yen (figures under a million are rounded down)

	FY2014	FY2013	Change	Change (%)	FY2014 Estimates (Announced 14/2/5)
Building Business	484,229	442,748	41,481	9.4 %	487,000
Residential Business	403,259	315,351	87,908	27.9 %	398,000
Commercial Property Development & Investment	48,029	50,278	(2,249)	(4.5) %	44,000
International Business	80,366	60,892	19,473	32.0 %	82,000
Revenue from Operations	1,075,285	927,157	148,127	16.0 %	1,070,000
Building Business	108,172	107,667	505	0.5 %	110,000
Residential Business	27,778	2,317	25,460	1098.8 %	27,000
Commercial Property Development & Investment	8,130	11,180	(3,049)	(27.3) %	7,000
International Business	25,579	8,371	17,207	205.6 %	25,000
Operating Income	161,271	118,349	42,921	36.3 %	160,000
Income Before Taxes & Special Items	139,638	92,381	47,256	51.2 %	122,000
Net Income	64,297	45,507	18,789	41.3 %	58,000
EBITDA	246,332	200,587	45,745	22.8 %	242,000

Summary
【Overview】

There is an increase in income and profits compared with FY2013. Main factors for the increased income include the selling off buildings in the Building Business and International Business, as well as the increase of condominiums sold in the Residential Business. Main factors for the increase in profits include the appropriation of profits on property sales in the Building Business and International Business as well as an improvement of gross margin on condominiums in the Residential Business.

Factors affecting the individual segments compared with FY2013 are detailed below.

【Building Business】

Major factors for the increase of income and profits include the sale of property and the increase of rental income and profits from operating new properties.

(Vacancy rates)

The Japan (all purpose) vacancy rates for FY2014 saw a positive incline in demand due to the rise in office expansion needs, which saw rates lower than those estimated.

Japan (all purpose) 5.29% (14/2/5 Estimate : 6.0%, 2013/3 : 3.98%)

Marunouchi (offices) 4.32% (2013/3 : 3.66%)

(Average rents)

Results slightly below estimates are due to focusing on obtaining optimum rents and cases of contracts coming into effect later than expected producing a lag in the results.

Japan (all purpose) ¥23,861/tsubo.month (14/2/5 Estimate : ¥24,000/tsubo.month)

【Residential Business】

Factors for the increase in income and profits include the increase in condominium sales and effect of the gross margin improvement. The ¥26bn target set in the mid-term plans was achieved. The condominium sales market remains positive even after the rise in consumption tax.

【Commercial Property Development & Investment】

A major factor for the decrease in income and profits is a result of property sold in the previous period. However, there is a strong investment demand for income-producing real estate and the trading market is promising.

【International Business】

Factors for the increase in income and profits include the sale of property and the effect of the depreciation of the yen.

●Earnings Estimates for FY2015

Million yen (figures under a million are rounded down)

	FY2015 Estimates	FY2014 Results	Change	Change (%)
(New Segment*)				
Building Business	553,000	525,829	27,171	5.2 %
Residential Business	393,000	403,259	(10,259)	(2.5) %
International Business	61,000	80,366	(19,366)	(24.1) %
Revenue from Operations	1,079,000	1,075,285	3,715	0.3 %
(New Segment*)				
Building Business	116,000	116,277	(277)	(0.2) %
Residential Business	17,000	27,778	(10,778)	(38.8) %
International Business	10,000	25,579	(15,579)	(60.9) %
Operating Income	134,000	161,271	(27,271)	(16.9) %
Income Before Taxes & Special Items	95,000	139,638	(44,638)	(32.0) %
Net Income	60,000	64,297	(4,297)	(6.7) %
EBITDA	214,000	246,332	(32,332)	(13.1) %

*Segment Changes: As of FY2015, the Commercial Property Development & Investment Business has been integrated into the Building Business.

Summary

【Overview】

Compared with FY2014, an increase in income and decrease in profits is expected for FY2015.

Factors affecting the individual segments compared with FY2014 are detailed below.

【Building Business】

Expectations of an increase in income are due to income from the sale of property, and the increase of rental income from operating new properties. However, the focus on cost recovery for property sales in conjunction with a reduction of profits due to redevelopment (inc. the closing of buildings) sees little change in profits on the previous period.

(Vacancy rates)

Expected vacancy rates for FY2015 (Japan, all purpose) are 3.5%. This includes properties from the

former Commercial Property Development & Investment Business (excluding logistics). The leasing of existing and new buildings in Marunouchi is progressing well.

(Average rents)

Average rents (Japan, all purpose) are expected to level off at ¥23,500/tsubo.month. One factor for the decrease on the previous period is due to the inclusion of properties (excluding logistics) from the former Commercial Property Development & Investment Business.

【Residential Business】

The decrease in income and profits is expected due to factors such as a fall in the number of condominiums to be sold and an increase in costs. Of the expected ¥255bn yearly sales for FY2015, 54% of contracts have already been completed.

【International Business】

A major factor contributing to the decrease in income and profits is property sales.

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 Consolidated Financial Statements and Fact Book can be found on the homepage.

◇Summary of Consolidated 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>)