

●Earnings for 2015/3-3Q

Million yen (figures under a million are rounded down)

	2015/3 3Q Results	2014/3 3Q Results	Change	Change (%)
(New Segment*)				
Building Business	461,361	397,443	63,917	16.1 %
Residential Business	170,401	210,236	(39,834)	(18.9) %
International Business	51,368	67,807	(16,438)	(24.2) %
Revenue from Operations	728,041	720,273	7,768	1.1 %
(New Segment*)				
Building Business	98,978	85,742	13,235	15.4 %
Residential Business	251	8,283	(8,032)	(97.0) %
International Business	19,534	22,727	(3,193)	(14.0) %
Operating Income	108,752	107,821	930	0.9 %
Income Before Taxes & Special Items	93,104	93,314	(209)	(0.2) %
Net Income	96,603	58,528	38,075	65.1 %
EBITDA	172,170	171,550	620	0.4 %

*Segment Changes: As of April 2014, the Commercial Property Development & Investment Business has been integrated into the Building Business.

Summary
【Overview】

There is an increase in income and profits compared with 2014/3-3Q. There was a decrease of condominium units sold in the Residential Business, but an increase in income and profits from selling off property, and the rental effects of buildings completed in 2012 in the Building Business are factors that resulted in the overall increase in income and profits. Factors affecting the individual segments compared with 2014/3-3Q are detailed below.

【Building Business】

Factors for the increase in income and profits include the selling off of property, and the rental effects of buildings completed in 2012.

(Vacancy rates)

Leasing both within and outside of Marunouchi are progressing, with the vacancy rates for Japan (all purpose) improved by 0.92% and by 1.57% for Marunouchi (offices) compared with the end of September 2014. There is no revision to estimates, however at this time figures are proceeding slightly above expectations.

Japan (all purpose) (2014/9: 4.70% → 2014/12: 3.78%, 2015/3 Estimate: 3.5%)

Marunouchi (offices) (2014/9: 5.51% → 2014/12: 3.94%)

(Average rents)

The average rents (Japan-all purpose) compared with the end of September 2014 increased by ¥450/tsubo.month. The main factors are the leasing of comparatively high rent properties, the effect of raising rents particularly in the Marunouchi district, and an increase of turnover rent from retail property tenants. Average rents are in line with estimates.

Japan (all purpose) (2014/9: ¥23,145/tsubo.month → 2014/12: ¥23,595/tsubo.month)
(2015/3 Estimate: ¥23,500/tsubo.month)

【Residential Business】

A factor for the decrease in income and profits is the decrease in condominium units sold. Of expectations for the sales of condominiums (¥255 billion), 90.4% of contracts had been finalized by the end of December 2014, which is in line with estimates.

【International Business】

The decrease in income and profits is due to selling off a large-scale property in the first half of the previous period.

●Revision of 2015/3 Estimates

Million yen (figures under a million are rounded down)

	2015/3 Estimates (Current)	2015/3 Estimates (Previous)	Change	Change (%)
Building Business	579,000	579,000	—	— %
Residential Business	393,000	393,000	—	— %
International Business	66,000	62,000	4,000	6.5 %
Eliminations	(20,000)	(20,000)	—	—
Revenue from Operations	1,108,000	1,104,000	4,000	0.4 %
Building Business	121,000	121,000	—	— %
Residential Business	17,000	17,000	—	— %
International Business	22,000	18,000	4,000	22.2 %
Eliminations or Corporate	(16,000)	(15,000)	(1,000)	—
Operating Income	150,000	147,000	3,000	2.0 %
Income Before Taxes & Special Items	113,000	108,000	5,000	4.6 %
Net Income	67,000	60,000	7,000	11.7 %
EBITDA	231,500	227,000	4,500	2.0 %

Summary

【Overview】

The revision of the March 2015 estimates includes an upward adjustment of revenue from operations by ¥4bn and operating income by ¥3bn, one factor for this being property selling at a higher price than expected in the International Business. There was a revision of extraordinary income (¥13bn→¥50bn), extraordinary loss (¥11bn→¥56bn) as well as corporation tax, etc., and net income was upwardly revised by ¥7bn. A major factor for the increase in extraordinary income is the appropriation of profit from the sale of fixed assets, and a major factor for the increase of extraordinary loss is an increase of impairment loss.

【International Business】

An upward adjustment to income and profits has been made; factors include property selling at a higher price than expected, and revision of the estimated exchange rates.

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>)