

Earnings Highlights for FY 2015

Mitsubishi Estate Co., Ltd.

●Earnings for FY2015

Millions of yen (rounded down)

	FY2015	FY2014	Change	Change (%)	FY2015 Estimates (Announced 15/2/5)
Building Business	587,660	525,829	61,831	11.8	579,000
Residential Business	377,736	403,259	(25,523)	(6.3)	393,000
International Business	77,794	80,366	(2,571)	(3.2)	66,000
Revenue from Operations	1,110,259	1,075,285	34,974	3.3	1,108,000
Building Business	128,982	116,277	12,705	10.9	121,000
Residential Business	11,605	27,778	(16,172)	(58.2)	17,000
International Business	26,068	25,579	489	1.9	22,000
Operating Income	156,332	161,271	(4,938)	(3.1)	150,000
Income Before Taxes and Special Items	133,113	139,638	(6,524)	(4.7)	113,000
Net Income	73,338	64,297	9,040	14.1	67,000
EBITDA	239,934	246,332	(6,398)	(2.6)	231,500

Summary
【Overview】

There is an increase in income and a decrease in profits compared with FY2014. Major factors for the increase in income are the effects of buildings completed in 2012 and an increase in income due to selling off property in the Building Business. Major factors for the decrease in profits are the decrease of condominiums sold and a write-down in the Residential Business. Factors affecting the individual segments compared with FY2014 are detailed below.

【Building Business】

Major factors for the increase of income and profits include the effects of buildings completed in 2012, an increase of rental income and profits from the existing portfolio and an increase in income and profits from the sale of property.

(Vacancy rate)

The Japan (all purpose) vacancy rate at the end of March 2015 saw the leasing in Marunouchi performing above expectations, and this was one factor for the vacancy rate being above estimate.

Japan (all purpose)	2.80%	(15/2/5 Estimate : 3.5%, 2014/3 : 5.29%)
Marunouchi (offices)	1.82%	(2014/3 : 4.32%)

(Average rent)

Due to factors such as leasing in Marunouchi resulting in the appropriations of rent alongside the effects of rent increases, rent at the end of March 2015 is above estimate.

Japan (all purpose)	¥23,587/tsubo.month	(15/2/5 Estimate : ¥23,500/tsubo.month)
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【Residential Business】

Despite appropriations of income and profits from the sale of leasing property and consolidating with Mitsubishi Jisho Marubeni Residence Services Co., Ltd, a decrease of condominiums sold and a write-down were major factors for the decrease in income and profits.

【International Business】

Despite a slight decline in income, appropriations of a temporary increase in profits from sales etc. (similar to that in the previous period) and the effects of the exchange rate resulted in an increase in profits.

●Earnings Estimates for FY2016

Millions of yen (rounded down)

	FY2016 Estimates	FY2015 Results	Change	Change (%)
(New Segment *1)				
Building Business	415,000	484,816	(69,816)	(14.4)
Lifestyle Property Business	81,000	105,706	(24,706)	(23.4)
Residential Business	356,000	390,491	(34,491)	(8.8)
International Business	69,000	71,176	(2,176)	(3.1)
Revenue from Operations	995,000	1,110,259	(115,259)	(10.4)
(New Segment *1)				
Building Business	100,000	102,820	(2,820)	(2.7)
Lifestyle Property Business	18,000	26,162	(8,162)	(31.2)
Residential Business	14,000	12,114	1,886	15.6
International Business	13,000	25,901	(12,901)	(49.8)
Operating Income	135,000	156,332	(21,332)	(13.6)
Income Before Taxes and Special Items	113,000	133,113	(20,113)	(15.1)
Profit Attributable to Owners of Parent *2	70,000	73,338	(3,338)	(4.6)
EBITDA	220,500	239,934	(19,434)	(8.1)

*1 As of April 2015, the following segment changes have occurred.

- Domestic retail & logistics property businesses (not including some multi-use facilities) no longer feature in the Building Business, now featuring in the newly created Lifestyle Property Business.
- Overseas investment management business has been moved from the International Business to the Investment Management Business.
- Mitsubishi Jisho House Net Co., Ltd has been moved from the Real Estate Service Business to the Residential Business.

*2 In accordance with amendments to the Accounting Standard for Business Combinations etc., changes in titles appearing in the consolidated financial statement have been applied as of FY2016.

Summary

【Overview】

A decrease is expected in income and profits for FY2016, due to the effect of the sale of large-scale property in FY2015. Factors affecting the individual segments compared with FY2015 are detailed below.

【Building Business】

The sale of large-scale property in the previous period is expected to contribute to a decrease in income. Despite an increase in profits due to factors including the effects of buildings completed in 2012 and profits from the existing portfolio, a decrease in rental profits as a result of buildings being closed for redevelopment is expected to result in an overall decrease in profits.

(Vacancy rate)

Due to emphasis placed on rent levels, the expected vacancy rate at the end of March 2016 (Japan, all purpose) are a stable 2.5%.

(Average rent)

Average rent (Japan, all purpose) are expected to reach ¥24,500/tsubo.month due to rent increases and the effect of movement within the segments.

*As of April 2015, the figures for vacancy rate and average rent do not include the floor space and rents of properties under the Lifestyle Property Business.

【Lifestyle Property Business】

The sale of a large-scale property in the previous period is expected to contribute to a decrease in income and profits.

【Residential Business】

Major factors for an estimated decrease in income include a decrease of condominiums sold and the effect of leasing property sold in the previous period. The effects of a write-down in the previous period factor towards an estimated increase in profits. As of the beginning of the period, 58.7% of contracts for the ¥223 billion estimated condominium annual sales have been acquired, putting figures in line with estimates.

【International Business】

A major factor contributing to the decrease in estimated income and profits is appropriations of a temporary increase in income and profits from sales etc. in the previous period.

●Dividends

In FY2015, interim dividends were ¥6 yen per share. However, upon balancing the accounts both consolidated and unconsolidated Net Income had considerably increased compared with FY2014 with the year-end dividend scheduled to be increased by ¥2, up to ¥8 per share (annual dividend payout is ¥14 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 ¥7 and annual dividend payout will be ¥14 per share for FY2016.

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>)