

**●Earnings for 2016/3-3Q**

Millions of yen (rounded down)

	2016/3 3Q Results	2015/3 3Q Results	Change	Change (%)	2016/3 Estimates (Current)
Building Business	316,368	377,899	(61,530)	(16.3)%	422,000
Lifestyle Property Business	65,640	85,494	(19,853)	(23.2)%	87,000
Residential Business	220,012	174,787	45,225	25.9%	356,000
International Business	55,571	46,590	8,980	19.3%	76,000
<b>Revenue from Operations</b>	<b>711,965</b>	<b>728,041</b>	<b>(16,076)</b>	<b>(2.2)%</b>	<b>1,017,000</b>
Building Business	84,986	77,099	7,886	10.2%	105,000
Lifestyle Property Business	19,690	21,878	(2,187)	(10.0)%	25,000
Residential Business	7,750	196	7,553	3853.6%	14,000
International Business	14,939	18,352	(3,412)	(18.6)%	18,000
<b>Operating Income</b>	<b>121,239</b>	<b>108,752</b>	<b>12,487</b>	<b>11.5%</b>	<b>155,000</b>
<b>Income Before Taxes and Special Items</b>	<b>109,191</b>	<b>93,104</b>	<b>16,087</b>	<b>17.3%</b>	<b>130,000</b>
<b>Profit Attributable to Owners of Parent</b>	<b>78,434</b>	<b>96,603</b>	<b>(18,169)</b>	<b>(18.8)%</b>	<b>75,000</b>
<b>EBITDA</b>	<b>186,499</b>	<b>172,170</b>	<b>14,329</b>	<b>8.3%</b>	<b>239,000</b>

**Summary**
**【Overview】**

There is a decrease in income and an increase profits compared with FY2015-3Q. Main factors for the decrease of income is due to selling off properties in the Building Business and Lifestyle Property Business in the previous year. Main factors for the increase of profits include the increase of rental profits and an increase of profits from the sale of property in the Building Business and an increase of condominium units sold in the Residential Business. Factors affecting the individual segments compared with FY2015-3Q are detailed below.

**【Building Business】**

There is a decrease in income and an increase in profits compared with the same period of the previous year. One major factor for the decrease in income is the selling off of property in the same period of the previous year. Despite a reduction in rental profits as a result of buildings being closed for redevelopment, there was an overall increase in profits due to an increase in rental profits and profits from property sales on existing property.

**(Vacancy rates)**

With leasing is underway for properties within and outside of Marunouchi, the Japan (all purpose) vacancy rates for the end of December 2015 increased by 0.54% when compared with the end of September 2015, putting figures in line with estimates. The vacancy rates for Marunouchi (offices) for the end of December 2015 had improved by 0.47% since the end of September 2015.

Japan (all purpose) 3.36% (2015/9: 3.90%, 2016/3 Estimate: 2.5%)

Marunouchi (offices) 1.79% (2015/9: 2.26%)

### (Average rents)

The average rents for Japan (all purpose) at the end of December 2015 increased by ¥779/tsubo.month compared with the end of September 2015. This is a result of higher rents from redeveloped buildings coming into effect, as well as the upward revision of existing rents in Marunouchi, the ending of temporary usage of buildings to be closed for redevelopment, an increase of turnover rent from retail property tenants, and the effect of changes in the portfolio. Taking these factors into account, the estimate for 2016/3 was raised from ¥24,500/tsubo.month by ¥500/tsubo.month.

Japan (all purpose)      ¥25,094/tsubo.month  
(2015/9: ¥24,315/tsubo.month, 2016/3 Estimate: ¥25,000/tsubo.month)

### 【Lifestyle Property Business】

The decrease in income and profits is due to selling off property in the previous year.

### 【Residential Business】

A factor for the increase in income and profits is the increase of condominium units sold. Of expectations for the sales of condominiums (¥223 billion), 92.7% of contracts had been finalized by the end of December 2015, which is in line with estimates.

### 【International Business】

A increase in income from property sales, and the effect of a favorable exchange rate resulted in an increase in income. A decrease in profits from property sales resulted in an overall decrease in profits.

### ●Earnings Estimates for FY2016

	2016/3 Estimates (Current)	2016/3 Estimates (Previous)	Change	Change (%)
Building Business	422,000	418,000	4,000	1.0%
Lifestyle Property Business	87,000	85,000	2,000	2.4%
Residential Business	356,000	356,000	-	-
International Business	76,000	70,000	6,000	8.6%
<b>Revenue from Operations</b>	<b>1,017,000</b>	<b>1,003,000</b>	<b>14,000</b>	<b>1.4%</b>
Building Business	105,000	104,000	1,000	1.0%
Lifestyle Property Business	25,000	24,000	1,000	4.2%
Residential Business	14,000	14,000	-	-
International Business	18,000	16,000	2,000	12.5%
<b>Operating Income</b>	<b>155,000</b>	<b>150,000</b>	<b>5,000</b>	<b>3.3%</b>
<b>Income Before Taxes and Special Items</b>	<b>130,000</b>	<b>125,000</b>	<b>5,000</b>	<b>4.0%</b>
<b>Profit Attributable to Owners of Parent</b>	<b>75,000</b>	<b>75,000</b>	-	-
<b>EBITDA</b>	<b>239,000</b>	<b>233,500</b>	<b>5,500</b>	<b>2.4%</b>

### 【Overview】

There was an upward revision of the earnings estimates for FY2016, income by ¥14 billion and profits by ¥5 billion. The main factors include an increase in rental income and profits from companies affiliated with the Building Business, and an increase of income and profits from property sales in both the Lifestyle Property Business and International Business. Furthermore, the following adjustments were made based on performance results and the current state of progress; Non-operating revenue (¥7

billion→¥8 billion), Non-operating expense (¥32 billion→¥33 billion), Income before taxes and special items (¥125 billion→¥130 billion), Extraordinary income (¥17 billion→¥18 billion), Corporation tax, etc. (¥44 billion→¥50 billion) but there is no change to Profit Attributable to Owners of Parent.

#### **【Building Business】**

There was an increase of income from affiliated companies resulting in an upward revision of income by ¥2 billion and profit by ¥1 billion.

#### **【Lifestyle Property Business】**

There was an upward revision of income by ¥2 billion and profits by ¥1 billion, due to an increase in property sales.

#### **【International Business】**

There was an upward revision of income by ¥6 billion and profits by ¥2 billion, due to an increase in property sales and effects 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

(<http://www.mec.co.jp/e/investor/irlibrary/fact/index.html>)