

Earnings Highlights for 2017/3-1Q

Mitsubishi Estate Co., Ltd.

● Earnings for 2017/3-1Q

Millions of yen (rounded down)

	2017/3-1Q Results	2016/3-1Q Results	Change	Change (%)	2017/3 Estimates (Announced on Aug 4, 2016)
Building Business	111,632	105,776	5,856	5.5%	443,000
Lifestyle Property Business	19,826	20,207	△ 381	△ 1.9%	85,000
Residential Business	70,844	69,269	1,575	2.3%	426,000
International Business	20,540	13,594	6,945	51.1%	65,000
Revenue from Operations	242,147	223,847	18,300	8.2%	1,102,000
Building Business	32,632	30,166	2,466	8.2%	112,000
Lifestyle Property Business	5,327	4,882	445	9.1%	24,000
Residential Business	1,269	1,024	244	23.8%	28,000
International Business	11,475	3,788	7,686	202.9%	22,000
Operating Income	47,340	37,264	10,075	27.0%	175,000
Income Before Taxes and Special Items	45,219	33,877	11,341	33.5%	150,000
Profit Attributable to Owners of Parent	27,400	23,296	4,104	17.6%	86,000
EBITDA	69,453	58,825	10,628	18.1%	262,500

Summary
【Overview】

There is an increase in income and profits compared with 2017/3-1Q. Main factors for this are the increase of rental income and profits, and increased income and profits on property sales in the Building Business, as well as a temporary increase of income and profits from property sales, etc., in the International Business. Factors affecting the individual segments compared with 2017/3-1Q are detailed below.

【Building Business】

Despite a reduction in rental income and profits as a result of buildings being closed for redevelopment, there was an increase in income and profits from rent and property sales etc., resulting in an overall increase in income and profits.

(Vacancy rates)

While the turnover of tenants was normal, the tight market resulted in a stable vacancy rate for the end of June 2016 when compared with the end of March 2016. With favorable market conditions continuing in Marunouchi, leasing is progressing well.

Japan (all purpose) 2016/6: 2.34% (2016/3: 2.22%, 2017/3 Estimate: 3.5%)
 Marunouchi (offices) 2016/6: 1.29% (2016/3: 1.37%)

(Average rents)

Due to upward rent revisions, notably in Marunouchi, the average rents for Japan (all purpose) at the end of June 2016 increased by ¥87/tsubo.month compared with the end of March 2016. While giving due care to the macroeconomic climate, no major changes to the office demand trends are currently anticipated.

Japan (all purpose) ¥25,321/tsubo.month

(2016/3: ¥25,234/tsubo.month, 2017/3 Estimate: ¥25,500/tsubo.month)

【Lifestyle Property Business】

The positive effects of the opening and initial opening-related costs of a retail facility expansion (SHISUI PREMIUM OUTLETS®) in the previous period resulted in a decrease in income and increase in profits.

【Residential Business】

Factors for the increase in income and profits are the improvement of the gross margin and an increase of income and profits from property sales, despite a decrease in condominium units sold. Of expectations for the sales of condominiums (¥234 billion), 74.4% of contracts had been finalized by the end of June 2016, which is in line with estimates.

【International Business】

Despite the effects of the exchange rate, there was an increase in income and profits from property sales, etc., leading to an overall increase in income and profits.

● Earnings Estimates for 2017/3

There was a revision to extraordinary income and corporation tax etc., but revenue from operations, operating income, income before taxes and special items, profit attributable to owners of parent remain as announced on May 11 2016.

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>)