

November 7, 2016

Earnings Highlights for 2017/3-2Q

Mitsubishi Estate Co., Ltd.

●Earnings for 2017/3-2Q

Millions of yen (rounded down)

	2017/3-2Q Results	2016/3-2Q Results	Change	Change (%)	2017/3 Estimates (Announced on Nov 7, 2016)
Building Business	223,067	212,871	10,195	4.8%	483,000
Lifestyle Property Business	40,735	40,541	194	0.5%	89,000
Residential Business	175,932	156,351	19,580	12.5%	417,000
International Business	34,046	41,737	(7,691)	(18.4)%	65,000
Revenue from Operations	511,753	484,996	26,756	5.5%	1,129,000
Building Business	64,104	60,773	3,331	5.5%	126,000
Lifestyle Property Business	11,115	9,946	1,169	11.8%	24,000
Residential Business	9,492	6,375	3,117	48.9%	22,000
International Business	14,011	11,544	2,466	21.4%	24,000
Operating Income	92,148	83,746	8,401	10.0%	180,000
Income Before Taxes and Special Items	84,275	75,010	9,264	12.4%	157,000
Profit Attributable to Owners of Parent	57,514	56,272	1,242	2.2%	90,000
EBITDA	136,163	126,955	9,207	7.3%	268,500

Summary

【Overview】

There is an increase in income and profits compared with 2016/3-2Q. Main factors include the increase of rental income and profits in the Building Business and an increase of property sold in the Residential Business. Factors affecting the individual segments compared with 2016/3-2Q are detailed below.

【Building Business】

Despite a reduction in rental income and profits as a result of buildings being closed for redevelopment, an increase of rental income and profits from the existing portfolio resulted in an overall increase in income and profits.

(Vacancy rates)

As a result of a temporary increase in vacancy due to a change in tenants, the Japan (all purpose) vacancy and Marunouchi (offices) rates for the end of September 2016 increased by 0.59% and 0.68% respectively when compared with the end of June 2016. However, this had already been taken into consideration at the beginning of the period and figures are in line with estimates.

Japan (all purpose) 2.93% (2016/6: 2.34%, 2017/3 Estimate: 3.5%)

Marunouchi (offices) 1.97% (2016/6: 1.29%)

(Average rents)

As a result of tenant movement due to the completion of new buildings particularly in Marunouchi, as well as an increase in rents in the existing portfolio, the average rents for Japan (all purpose) at the end of September 2016 rose by ¥108/tsubo.month compared with the end of June 2016. This had already been taken into consideration at the beginning of the period, and with leasing underway, figures are in line with

estimates.

Japan (all purpose) ¥25,429/tsubo.month
(2016/6: ¥25,321/tsubo.month, 2017/3 Estimate: ¥25,500/tsubo.month)

【Lifestyle Property Business】

The effect of a newly consolidated subsidiary resulted in an increase in income and profits.

【Residential Business】

A factor for the increase in income and profits is the increase of property sold. Of expectations for the sales of condominiums (¥230 billion), 86.1% of contracts had been finalized by the end of September 2016, which is at the same level as previous year.

【International Business】

There was a decrease in income and increase in profits as a result of a temporary increase in profits on property sales and the effects of the exchange rate.

●Earnings Estimates for 2017/3

Millions of yen (rounded down)

	2017/3 Estimates (Current)	2017/3 Estimates (Previous)	Change	Change (%)
Building Business	483,000	443,000	40,000	9.0%
Lifestyle Property Business	89,000	85,000	4,000	4.7%
Residential Business	417,000	426,000	(9,000)	(2.1)%
International Business	65,000	65,000	0	0.0%
Revenue from Operations	1,129,000	1,102,000	27,000	2.5%
Building Business	126,000	112,000	14,000	12.5%
Lifestyle Property Business	24,000	24,000	0	0.0%
Residential Business	22,000	28,000	(6,000)	(21.4)%
International Business	24,000	22,000	2,000	9.1%
Operating Income	180,000	175,000	5,000	2.9%
Income Before Taxes and Special Items	157,000	150,000	7,000	4.7%
Profit Attributable to Owners of Parent	90,000	86,000	4,000	4.7%
EBITDA	268,500	262,500	6,000	2.3%

【Overview】

There was an upward revision of the earnings estimates for 2017/3, income by ¥27 billion and profits by ¥5 billion due to an increase in rental income and profits in the Building Business, and property sale plans in the Building Business, Residential Business and the International Business. Furthermore, additional revisions were made for Non-operating expenses (¥7 billion→¥10 billion), Extraordinary income or loss (Extraordinary Income: ¥6 billion→¥19 billion, Extraordinary Loss ¥9 billion→¥15 billion), Income Before Taxes and Special Items were increased by ¥7 billion and Profit Attributable to Owners of Parent by ¥4 billion.

【Building Business】

There was an upward revision of income by ¥40 billion and profits by ¥14 billion as a result of an increase of properties to be sold and rental increases due to the acquisition of companies.

【Residential Business】

There was a downward revision of income by ¥9 billion and profits by ¥6 billion, due to an adjustment of plans for 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 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>)