

FY 2019 - 1Q  
(For the Year Ended March 31, 2019)

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# IR Presentation

# Contents

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Summary of Financial Statements for FY 2019 - 1Q .....	2
Summary of Financial Statements for FY 2018 and Progress of Mid-Term Management Plan .....	6
Office Building Business .....	19
Lifestyle Property Business .....	35
Residential Business .....	40
International Business .....	47
Others .....	52
Investment / Financial Indicator .....	56

# Summary of Financial Statements for FY 2019 - 1Q

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# 1. Income Statement Results for FY2019-1Q

Resulted in overall increase from building rental profits, and capital gains in Office Building Business and Residential Business.

Millions of yen (rounded down)

	FY2019 -1Q	FY2018 -1Q	Change
<b>Revenue from Operations</b>	<b>272,660</b>	<b>234,217</b>	<b>38,442</b>
Office Building Business	149,551	110,344	39,206
Lifestyle Property Business	23,075	22,570	504
Residential Business	68,966	72,135	△ 3,169
International Business	11,229	10,827	401
Investment Management Business	4,925	5,211	△ 285
Other*	20,703	18,175	2,526
Elimination	△ 5,792	△ 5,049	△ 742
<b>Operating Income</b>	<b>45,322</b>	<b>35,843</b>	<b>9,479</b>
Office Building Business	37,323	32,016	5,306
Lifestyle Property Business	7,056	6,422	633
Residential Business	1,238	△ 1,022	2,260
International Business	3,780	2,346	1,433
Investment Management Business	836	940	△ 103
Other*	307	356	△ 50
Eliminations or corporate	△ 5,219	△ 5,216	△ 2
Non-Operating Revenue	4,614	3,927	687
Non-Operating Expense	10,060	8,125	1,935
<b>Income before Taxes and Special Items</b>	<b>39,877</b>	<b>31,645</b>	<b>8,231</b>
Extraordinary Income	2,097	-	2,097
Extraordinary Loss	-	-	-
<b>Profit Attributable to Owners of Parent</b>	<b>25,297</b>	<b>17,933</b>	<b>7,363</b>

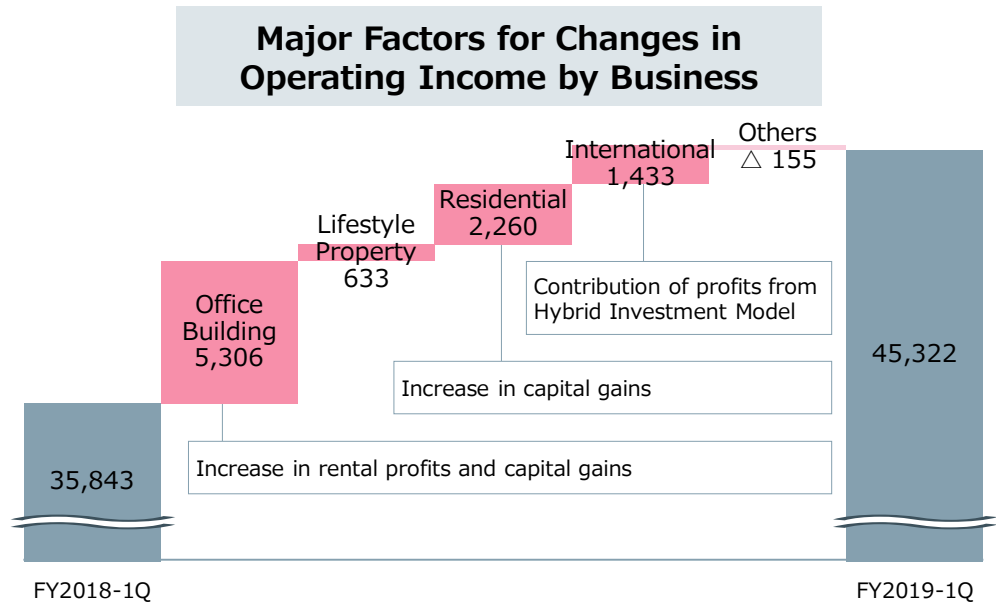
Millions of yen (rounded down)

	FY2019 -1Q	FY2018 -1Q	Change
<b>EBITDA</b>	<b>68,461</b>	<b>58,708</b>	<b>9,753</b>
<b>Interest-bearing debt</b>	<b>2,519,403</b>	<b>2,423,800</b>	<b>95,603</b>

\*Hotel·Airport Business, Architectural Design & Engineering, Real Estate Services, Other

Millions of yen (rounded off to the nearest billion)

<b>Capital Gains included in Operating Income</b>			
	FY2019 -1Q	FY2018 -1Q	Change
<b>Total</b>	<b>7,000</b>	<b>1,000</b>	<b>6,000</b>
Office Building Business	4,000	0	4,000
Lifestyle Property Business	0	0	0
Residential Business	3,000	1,000	2,000
International Business	0	0	0
Investment Management Business	0	0	0
Hotel & Airport Business	0	0	0
Other	0	0	0
Eliminations or corporate	0	0	0



## 2. Income Statement Estimates for FY2019

\* There is no change in the FY2019 earnings estimates announced on May 14, 2018.

**Increase in income gains and stable capital gains contributes to achieve the highest profits in consecutive three fiscal years.**

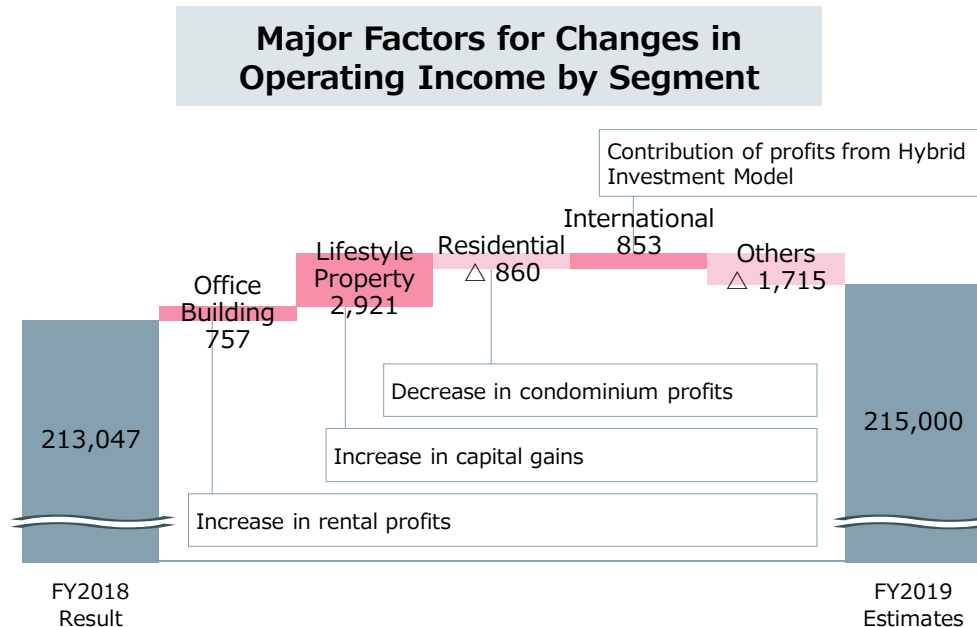
Millions of yen (rounded down)			
※New Segment	FY2019 Estimates	FY2018 Results	Change
<b>Revenue from Operations</b>	<b>1,290,000</b>	<b>1,194,049</b>	<b>95,951</b>
Office Building Business	545,000	506,161	38,839
Lifestyle Property Business	113,000	97,920	15,080
Residential Business	440,000	410,598	29,402
International Business	74,000	86,925	△ 12,925
Investment Management Business	45,000	22,665	22,335
Other*	99,000	96,773	2,227
Elimination	△ 26,000	△ 26,996	996
<b>Operating Income</b>	<b>215,000</b>	<b>213,047</b>	<b>1,953</b>
Office Building Business	148,000	147,243	757
Lifestyle Property Business	31,000	28,079	2,921
Residential Business	23,000	23,860	△ 860
International Business	25,000	24,147	853
Investment Management Business	5,000	4,596	404
Other*	5,500	8,162	△ 2,662
Eliminations or corporate	△ 22,500	△ 23,043	543
Non-Operating Revenue	10,000	10,447	△ 447
Non-Operating Expense	34,000	32,988	1,012
<b>Income before Taxes and Special Items</b>	<b>191,000</b>	<b>190,506</b>	<b>494</b>
Extraordinary Income	9,000	14,719	△ 5,719
Extraordinary Loss	4,000	13,768	△ 9,768
<b>Profit Attributable to Owners of Parent</b>	<b>123,000</b>	<b>120,443</b>	<b>2,557</b>

Millions of yen (rounded down)			
	FY2019 Estimates	FY2018 Results	Change
<b>EBITDA</b>	<b>303,000</b>	<b>302,424</b>	<b>576</b>
<b>Interest-bearing debt</b>	<b>2,640,000</b>	<b>2,481,675</b>	<b>158,325</b>

\*Hotel·Airport Business, Architectural Design & Engineering, Real Estate Services, Other

Capital Gains included in Operating Income Millions of yen(rounded off to the nearest billion)

	FY2019 Estimates	FY2018 Results	Change
<b>Total</b>	<b>39,000</b>	<b>39,000</b>	<b>0</b>
Office Building Business	12,000	16,000	△ 4,000
Lifestyle Property Business		2,000	
Residential Business		1,000	
International Business		15,000	
Investment Management Business		1,000	
Hotel & Airport Business		3,000	
Other		1,000	
Eliminations or corporate		-	



## 3. Balance Sheet

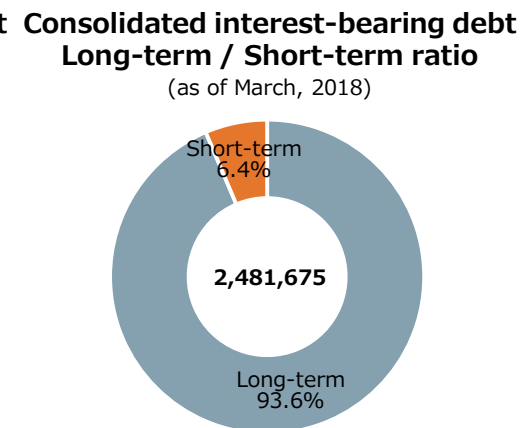
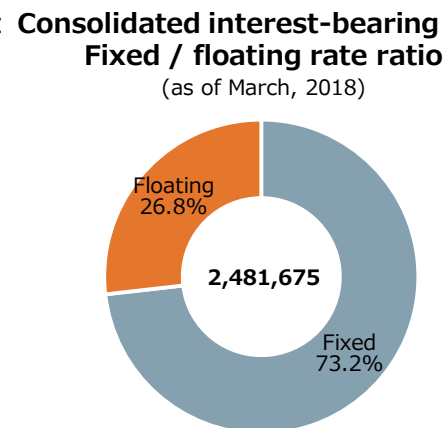
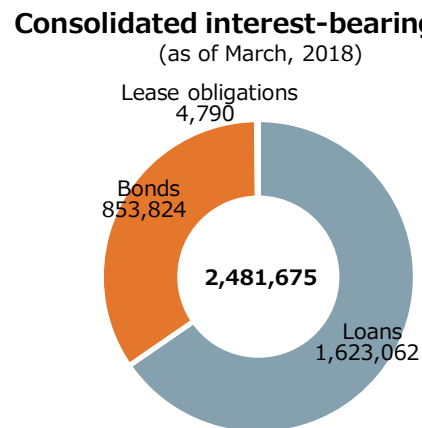
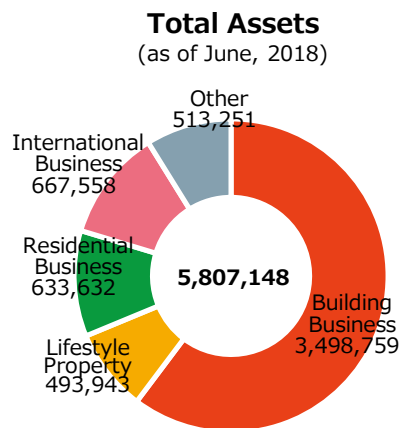
Millions of yen (rounded down)

	At June 31, 2018	At March 31, 2018	Change
<b>Current assets</b>	<b>1,171,159</b>	<b>1,217,690</b>	<b>△ 46,530</b>
Cash	257,200	287,153	△ 29,952
Notes and accounts receivable-trade	40,016	44,670	△ 4,654
Marketable securities	7,119	8,219	△ 1,099
Property for sale	67,506	95,391	△ 27,884
Property for sale in progress	336,199	327,213	8,986
Property for development	1,269	1,267	2
Appropriated construction in progress	13,894	9,681	4,213
Other inventories	1,173	1,084	88
Equity investments	366,554	365,933	620
Other	80,224	77,075	3,148
<b>Fixed assets</b>	<b>4,635,989</b>	<b>4,583,759</b>	<b>52,229</b>
Tangible assets	4,026,670	3,981,871	44,798
Intangible assets	94,595	94,241	353
Investments and other assets	514,723	507,646	7,077
<b>Total assets</b>	<b>5,807,148</b>	<b>5,801,450</b>	<b>5,698</b>

Millions of yen (rounded down)

	At June 31, 2018	At March 31, 2018	Change
<b>Liabilities</b>	<b>3,938,063</b>	<b>3,922,362</b>	<b>15,701</b>
<b>Current liabilities</b>	<b>661,339</b>	<b>665,091</b>	<b>△ 3,751</b>
Notes and accounts payable-trade	56,026	61,169	△ 5,143
Short-term borrowings	137,773	159,090	△ 21,316
Current portion of long-term debt	188,346	147,739	40,607
Commercial paper	42,000	-	42,000
Bonds due within one year	61,162	66,162	△ 5,000
Accrued income taxes	4,602	27,675	△ 23,073
Other current liabilities	171,427	203,254	△ 31,826
<b>Long-term liabilities</b>	<b>3,276,723</b>	<b>3,257,270</b>	<b>19,452</b>
<b>Net assets</b>	<b>1,869,085</b>	<b>1,879,088</b>	<b>△ 10,002</b>
Shareholders' equity	1,066,400	1,061,700	4,700
Other accumulated comprehensive income	621,208	636,648	△ 15,440
Stock acquisition rights	326	326	-
Non-controlling interests	181,150	180,412	737
<b>Total liabilities and net assets</b>	<b>5,807,148</b>	<b>5,801,450</b>	<b>5,698</b>

\* From FY2019/3-1Q onward, the amendment to Standard for Tax Effect Accounting announced on February 16th, 2018 has been applied. Thus figures on the Consolidated Balance Sheets as of the end of March, 2018, are also modified based on the application of the amendment.



# **Summary of Financial Statements for FY 2018 and Progress of Mid-Term Management Plan**

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# 1. Income Statement Results for FY2018

Resulted in overall increase mainly from building rental profits etc. while decreased in capital gains. Broke the highest record in profits.

Millions of yen (rounded down)

	FY2018 Results	FY2017 Results	Change
<b>Revenue from Operations</b>	<b>1,194,049</b>	<b>1,125,405</b>	<b>68,644</b>
Office Building Business	506,161	484,238	21,923
Lifestyle Property Business	105,817	88,955	16,862
Residential Business	410,598	407,850	2,747
International Business	86,925	66,556	20,368
Investment Management Business	22,665	21,323	1,342
Other*	88,876	81,301	7,574
Elimination	△ 26,996	△ 24,820	△ 2,175
<b>Operating Income</b>	<b>213,047</b>	<b>192,495</b>	<b>20,551</b>
Office Building Business	147,243	133,570	13,672
Lifestyle Property Business	31,184	25,807	5,377
Residential Business	23,860	19,253	4,607
International Business	24,147	26,313	△ 2,166
Investment Management Business	4,596	4,520	75
Other*	5,056	4,823	233
Eliminations or corporate	△ 23,043	△ 21,793	△ 1,249
Non-Operating Revenue	10,447	9,380	1,066
Non-Operating Expense	32,988	32,024	964
<b>Income before Taxes and Special Items</b>	<b>190,506</b>	<b>169,851</b>	<b>20,654</b>
Extraordinary Income	14,719	16,484	△ 1,765
Extraordinary Loss	13,768	23,455	△ 9,686
<b>Profit Attributable to Owners of Parent</b>	<b>120,443</b>	<b>102,681</b>	<b>17,762</b>

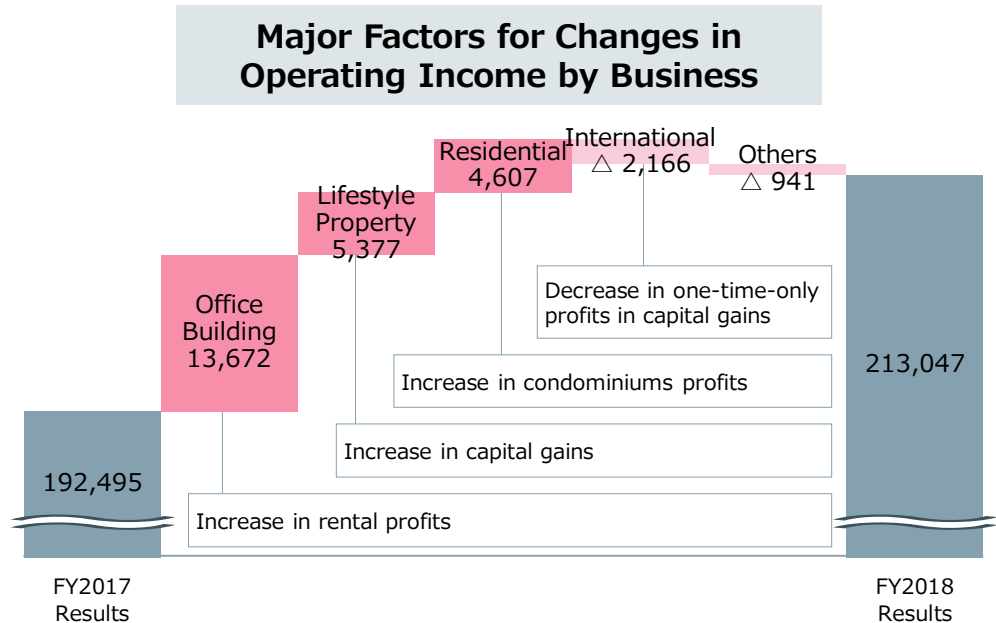
Millions of yen (rounded down)

	FY2018 Results	FY2017 Results	Change
<b>EBITDA</b>	<b>302,424</b>	<b>279,718</b>	<b>22,706</b>
<b>Interest-bearing debt</b>	<b>2,481,675</b>	<b>2,396,994</b>	<b>84,681</b>

\*Architectural Design & Engineering, Hotel Business, Real Estate Services, Other

Millions of yen (rounded off to the nearest billion)

Capital Gains included in Operating Income			
	FY2018 Results	FY2017 Results	Change
<b>Total</b>	<b>39,000</b>	<b>42,000</b>	<b>△ 3,000</b>
Office Building Business	16,000	18,000	△ 2,000
Lifestyle Property Business	5,000	24,000	△ 1,000
Residential Business	1,000		
International Business	15,000		
Investment Management Business	1,000		
Other	1,000		
Eliminations or corporate	-		

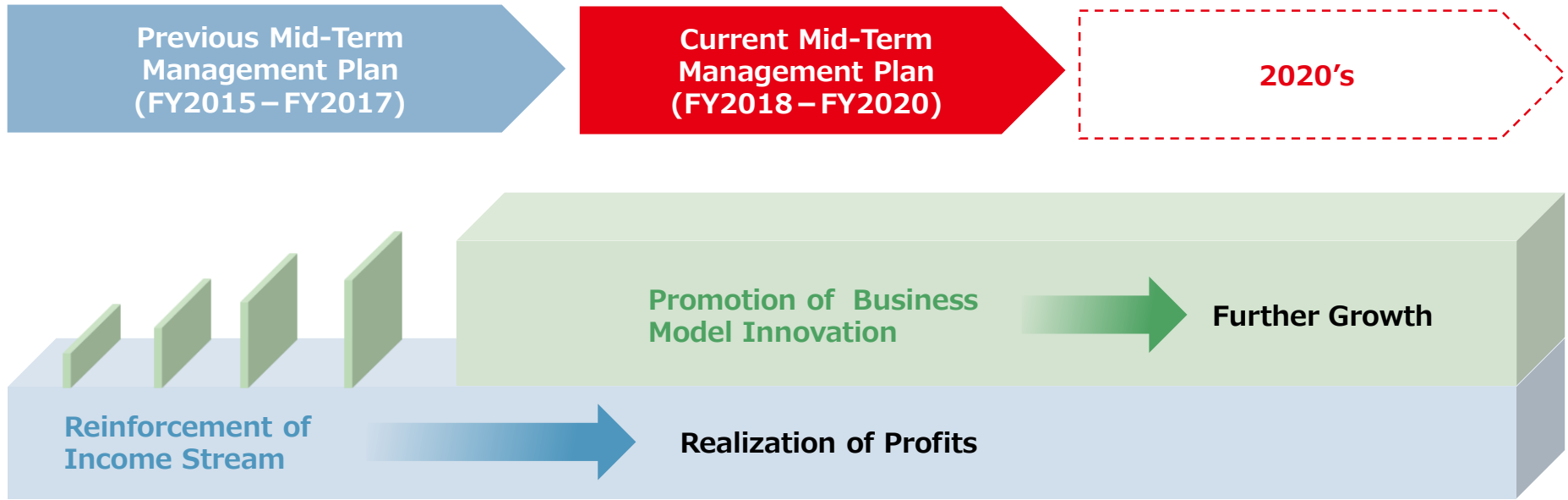




## 2. Elements of Mid-Term Management Plan (FY2018-FY2020)

### Two Major Points

- ① **Realization of profit** as a result of reinforced income streams during previous Mid-Term Management Plan
- ② **Initiate business model innovation** by capturing the momentum of changes in business environment as new opportunities in order to achieve further growth in 2020's



### 3. Results for FY2018① ~Realization of profit as a result of reinforced income stream during previous Mid-Term Management Plan-1~

#### A. Completion of landmark projects (mainly in Marunouchi area) & its contribution to operating income

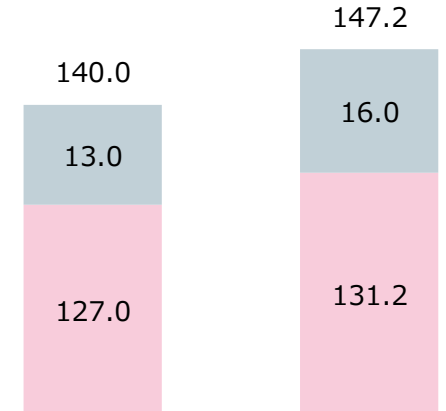
- ◆ Progress in leasing beyond expectation
  - The value on Marunouchi matches with the needs of positive moving among companies
  - Buildings completed in FY2019 expected to be under full occupancy
  - Strong demands for secondary vacancy
- ◆ Upward trend in rent
  - Smooth increase in rent for existing buildings
  - Continuous growth of rent price for new buildings

⇒FY2018 income gains results in Office Building Business:  
 Estimate (as of May 10, 2017) + 4.2 billion yen



#### FY2018 Operating Income from Building Business

(Billions of Yen)



Estimate for FY2018 (announced May 10, 2017)    Results for FY2018

Income Gain    Capital Gain etc.




## 4. Results for FY2018② ~Realization of profit as a result of reinforced income stream during previous Mid-Term Management Plan-2~

### B. Expansion and advancement of international business (Implementation of the hybrid investment model)

#### Hybrid investment model:

Achieve diversification and scale expansion of investment by combining own and third party equity while earning management fee from the investors concurrently

The conversion to Open-ended fund enables Mitsubishi Estate Group to expand stably and continuously its Management Business

Area	Group Company	Progress on Hybrid Investment Model (as of the end of FY2018)
North America		<ul style="list-style-type: none"> <li>◆ Built Separate Account Portfolio (approx. JPY 250BN) comprising of Core Real Estates, diversified into multiple sectors (Industrial, Residential, Office, and Retail) and across key major cities within the U.S.</li> <li>◆ Converted Separate Account Portfolio into an US Core Open Ended Fund in March, 2018 and the Fund attracted 20 new, domestic and international investor commitments totaling over USD525M at the first offering</li> <li>◆ The fund continues to expand the portfolio</li> </ul>
Europe		<ul style="list-style-type: none"> <li>◆ Acquiring properties in Europe Area for potential Open Ended Fund conversion</li> </ul>
Asia		<ul style="list-style-type: none"> <li>◆ Acquiring properties in Asia/Oceania Area for potential Open Ended Fund conversion</li> </ul>

## 5. Results for FY2018③ ~Realization of profit as a result of reinforced income stream during previous Mid-Term Management Plan-3~

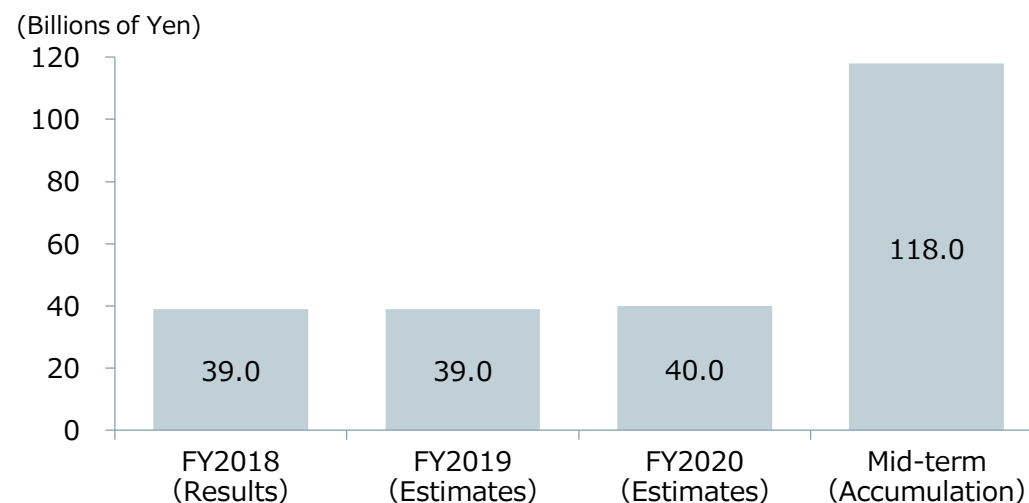
### C. Accelerate fee business model through capital recycling

- ◆ Build an effective value chain model for logistics facility (Group logistics REIT went on public in September 2017)
- ◆ Stable increase in capital gains (Providing asset pipeline to group funds etc.)

#### Major Property Sales for Group Fund (profits contributed to FY2018)

Properties	Asset Type	Selling Price
Tamachi Front Building	Office Building	About 6.2 billion
Logicross Fukuoka Hisayama	Logistics Facility	About 5.7 billion
Shiba Front Building	Office Building	About 5.4 billion
Shinjuku East Side Square	Office Building	About 44.4 billion

#### Capital Gains For Current Mid-Term Management Plan Period

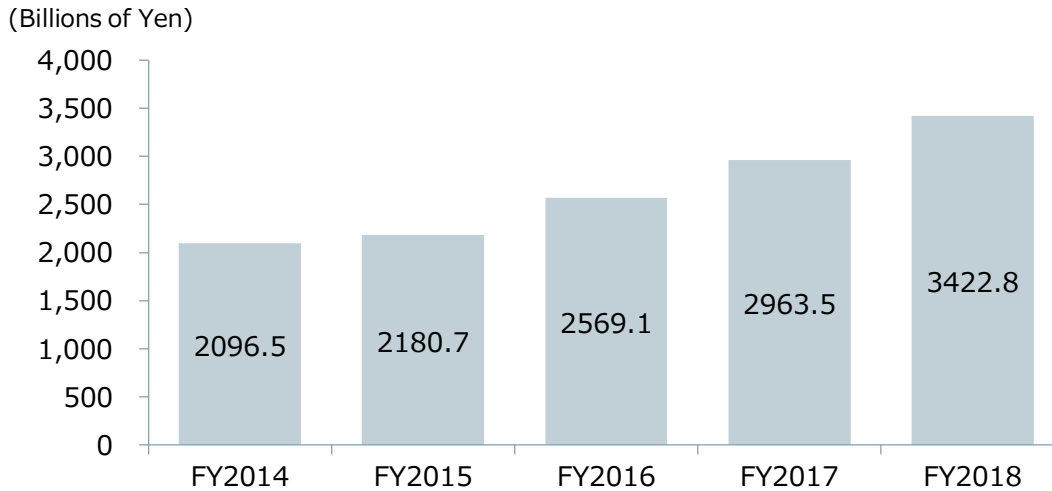


## 6. Results for FY2018④ ~Realization of profit as a result of reinforced income stream during previous Mid-Term Management Plan-4~

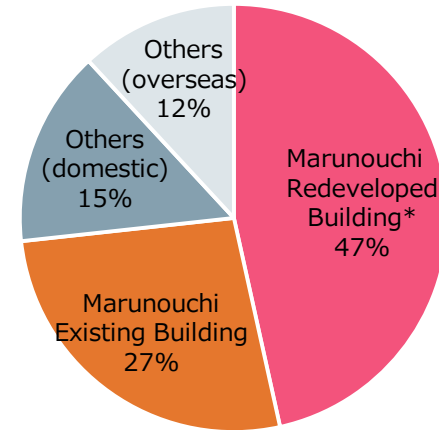
### D. Increase in unrealized gain of income generating assets

- ◆ Unrealized gain has increased by about 460 billion yen by comparing with FY 2017.
- ◆ Unrealized gain has increased as a result of increased cash flow by our own efforts as well as an a decrease in cap rate.

Change in Unrealized Gain



Breakdown of Unrealized Gain



\*Properties completed redevelopment after Marunouchi Building

# 7. Results for FY2018⑤ ~Promote business model innovation to achieve further growth in 2020's ~

## A. Initiatives to promote business model innovation

- ◆ Progressing consideration in both existing and new fields
- ◆ Use of about 30% of business model innovation investment budget has been determined

Introduce new functions to existing buildings  
Utilize new materials (cutting costs / Environmental contribution)



Existing

Assets and Services

New

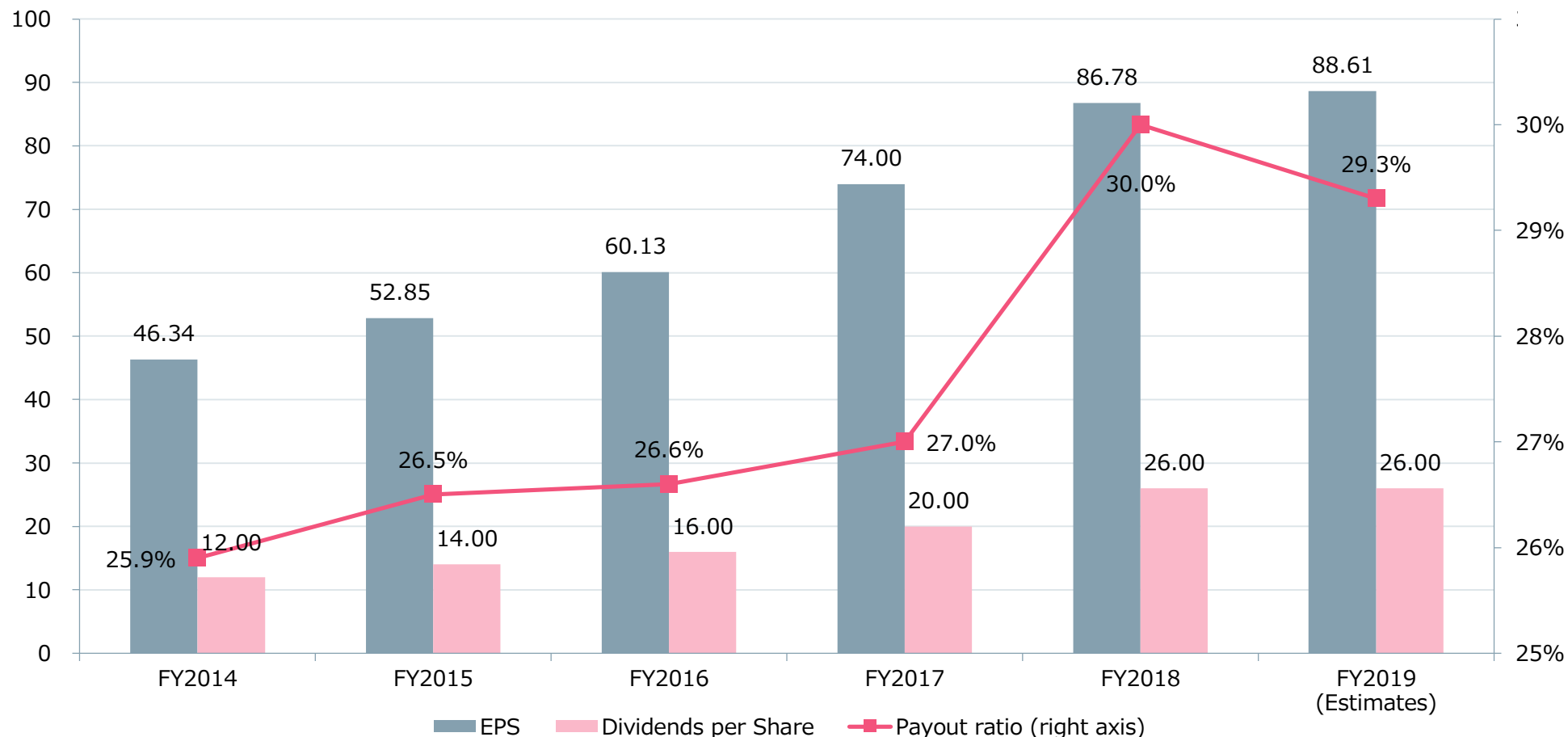
## B. System to create new business

Platform for Creating New Business in Mitsubishi Estate Group



## 8. Changes in EPS and Dividends

- ◆ Continue to maintain the maximum level of payout ratio in our target (25~30%)
- ◆ EPS around 1.9 times and dividend per share around 2.2 times more compared with FY 2014



## 9. Mid-Term Management Plan FY2020 Estimates① 【Operating Income by Segment】

(Billions of Yen)

FY2020 Operating Income by Segment	Changes in Operating Income			Changes in Capital Gains etc.			Changes in Income Gain		
	Target (2017.5.11)	Estimates	Change	Target (2017.5.11)	Estimates	Change	Target (2017.5.11)	Estimates	Change
Office Building Business	138	150	+12	8	13	+5	130	137	+7
Lifestyle Property Business	37	35	△2						
Residential Business	20	20	0						
International Business	29	32	+3	30	27	△3	52	53	+1
Investment Management Business	6	3	△3						
Other*	5	7	+2						
Eliminations or Corporate	△15	△17	△2						
<b>Total</b>	<b>220</b>	<b>230</b>	<b>+10</b>	<b>38</b>	<b>40</b>	<b>+2</b>	<b>182</b>	<b>190</b>	<b>+8</b>

### Factors for Outperformance in Operating Income

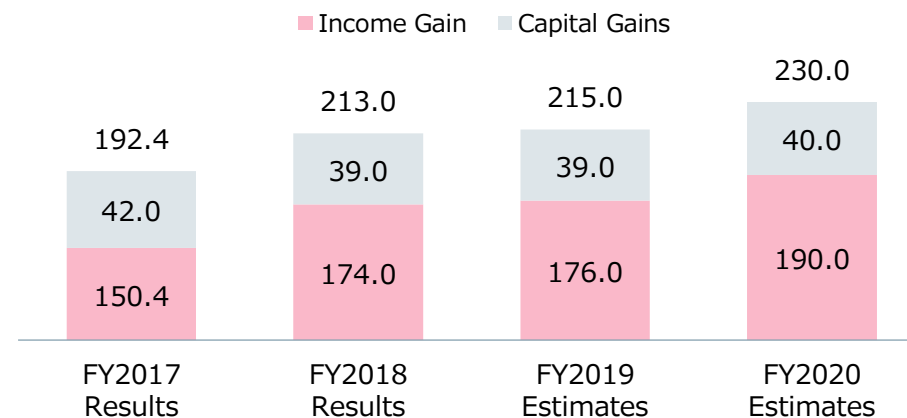
**Increase in capital gains  
+ 2 billion**

- ◆ Improvement on cash flows and decrease in cap rate led to the increase in property sales price

**Increase in income gain  
+ 8 billion**

- ◆ Rent for new buildings outperformed expectations and increase in rent for existing buildings
- ◆ Positive performance in outlet business
- ◆ Profits from Hybrid Investment Model

### Operating Income



\*Hotel·Airport Business, Architectural Design & Engineering Business, Real Estate Service Business



## 10. Mid-Term Management Plan FY2020 Estimates② 【Estimates of Indicators】

		Target (17.5.11)	Estimates
<b>Growth Potential</b>	<b>Operating Income</b>	<b>¥220 billion</b>	<b>¥230 billion</b>
<b>Performance</b>	<b>Operating Income / Total Assets(ROA)</b>	<b>Around 3.5%</b>	<b>3.8%</b>
<b>Stability</b>	<b>Net Debt / EBITDA (Hybrid finance reflected)</b>	<b>Around 8.5 times (around 8 times)</b>	<b>Around 8 times (around 7.5 times)</b>



Aim to achieve **4% in ROA** through further effort on the Company's end and profit contributions from assets in and after the next Mid-Term Management Plan



Restrain interest-bearing debt through increase in return

<Approaches to ROA improvement>

- ◆ Disposition of low-profitting properties and strategic-holding stocks
- ◆ Continuous effort to reduce costs
- ◆ Expand and enhance fee business trough property sales for group fund

<For future consideration on profit contributions (including matters in and after the next Mid-Term Management Plan)>

- ◆ Make progress on projects under construction (Redevelopment of Yotsuya Station area, 1271 Avenue of the Americas, Tokiwabashi Building A etc.)
- ◆ Expand and develop new outlet malls
- ◆ Redevelopment projects in Residential Business, profit contribution from residential projects in Southeast Asia
- ◆ Expand areas for the Hybrid Investment Model



## 11. Mid-term Management Plan(FY2018-2020): Quantitative Target ③

### Investment-Return Target FY2018-2020

※No change from the time of the plan announcement

(Billions of Yen)

	Investment	Return	Net
Building Business	500	200	300
Lifestyle Property Business	200	50	150
Residential Business <Domestic condominium>	850 <700>	750 <600>	100 <100>
International Business	400	150	250
Group-wide business model Innovation budget	100		
Total <Domestic condominium>	2,050 <700>	1,150 <600>	900 <100>

### Investment (Exclude domestic condominium)

Specific Investment * (about 75%)	Non-Specific (about 25%)
--------------------------------------	-----------------------------

Progress in FY2018(about 35%)

\* Ratio of investment limited in its portfolio company and use within investment budget

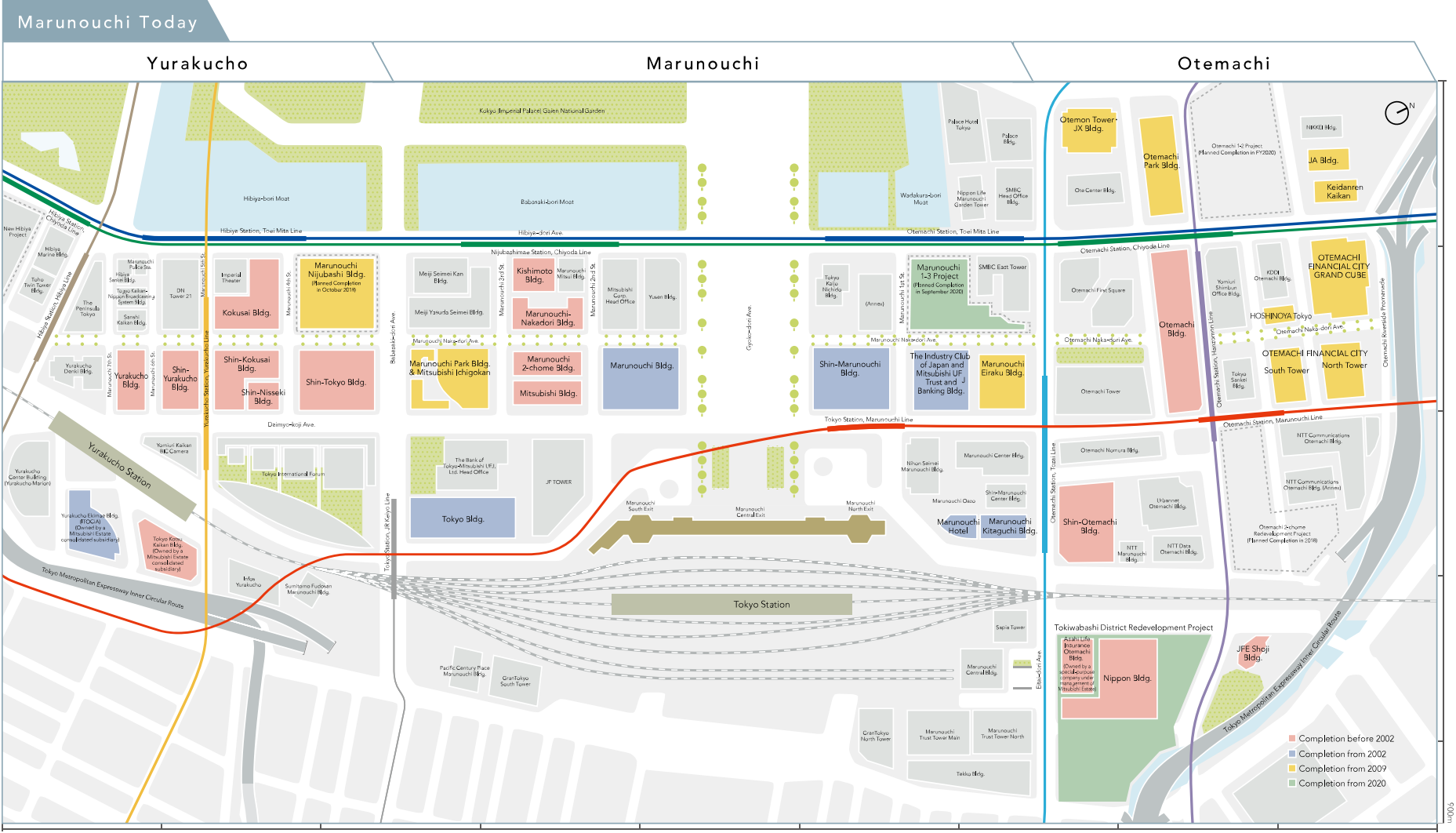
# Detailed Business Units' Review

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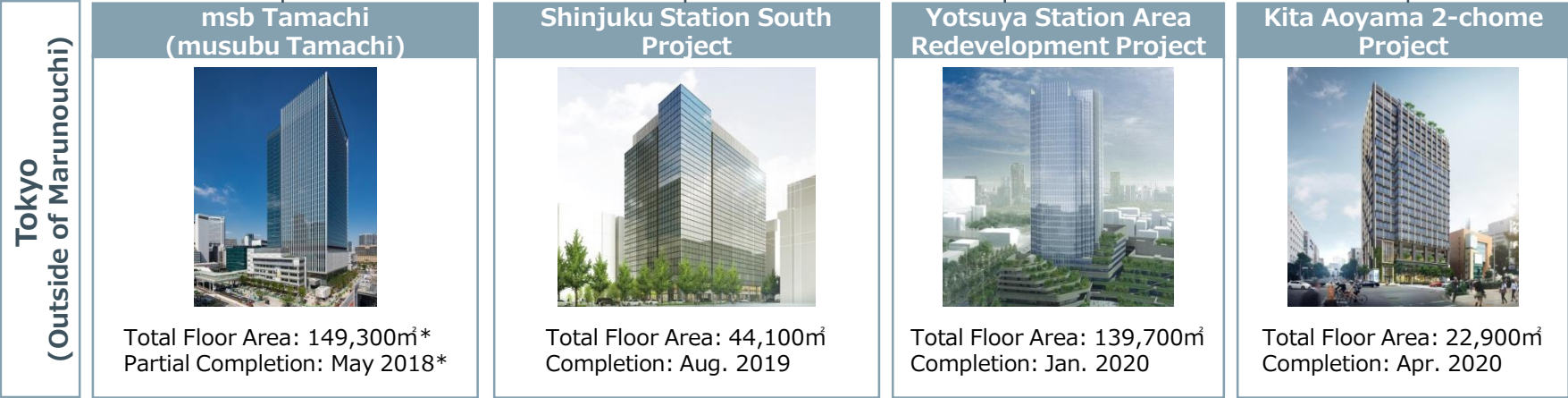
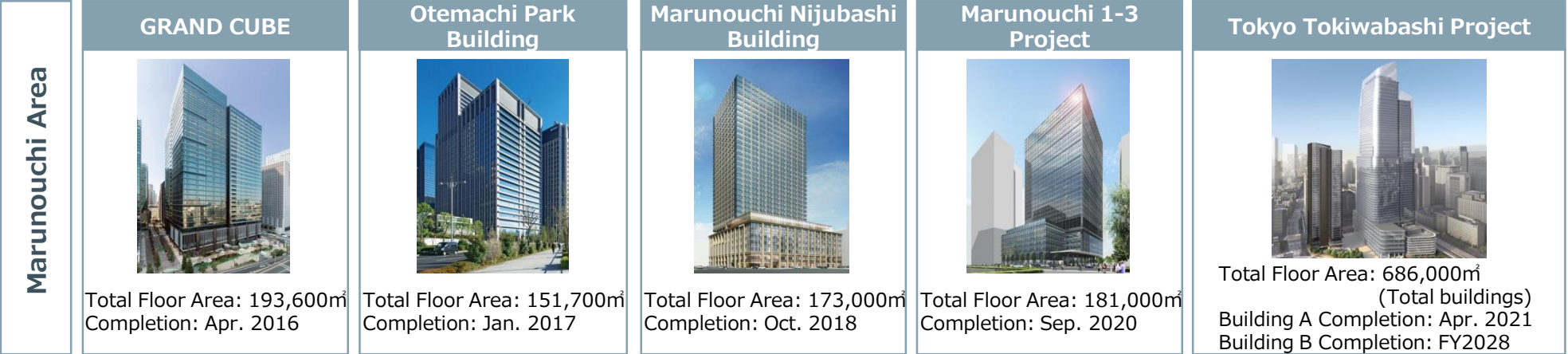
# Office Building Business

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# 1. Marunouchi Area Map



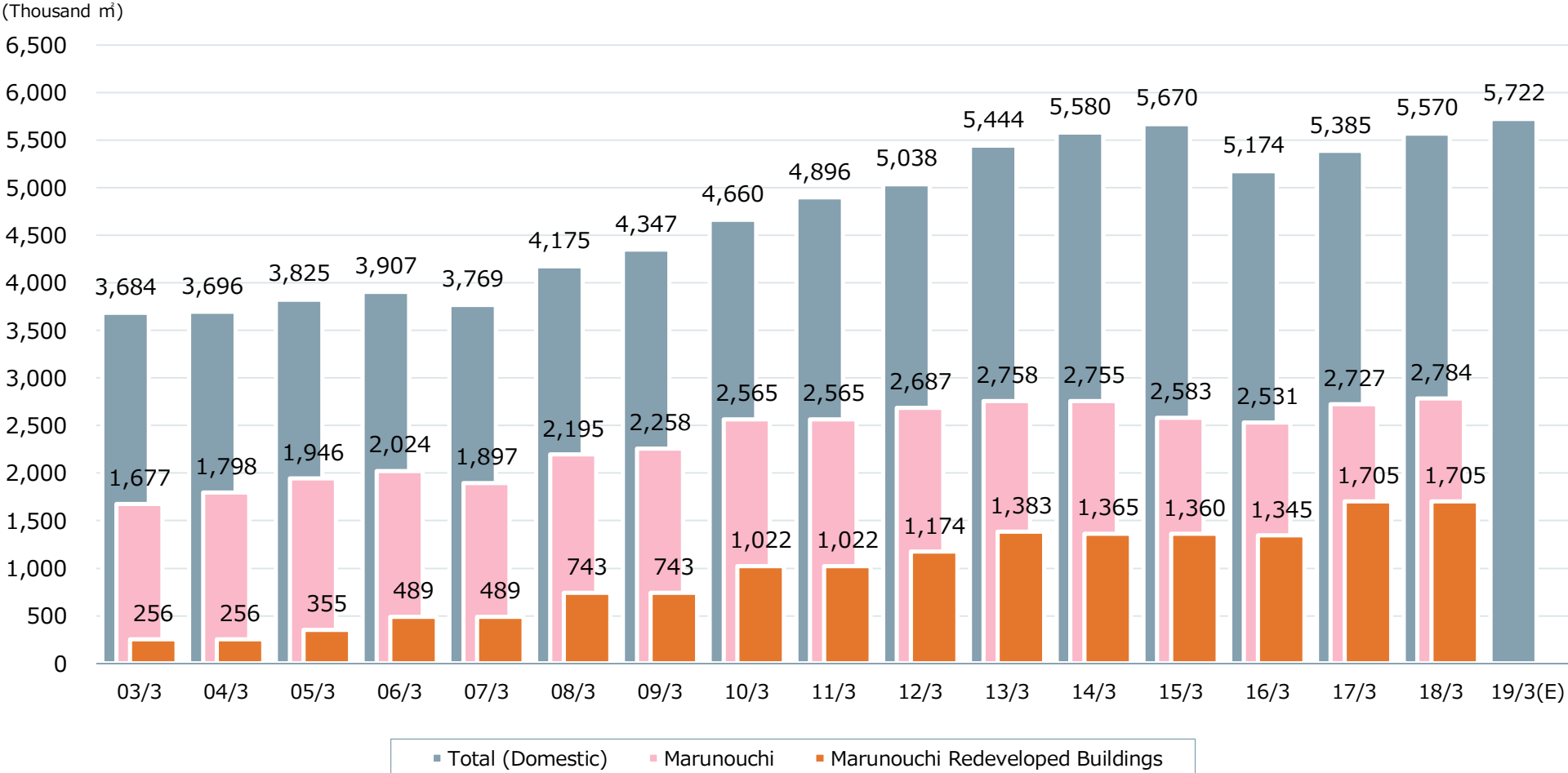
## 2. Pipeline



\*Tower S and Hotel facility

### 3. Earnings Related Data: Total operating floor space (Unconsolidated)

#### Total (Domestic) / Marunouchi / Marunouchi Redevelopment Buildings

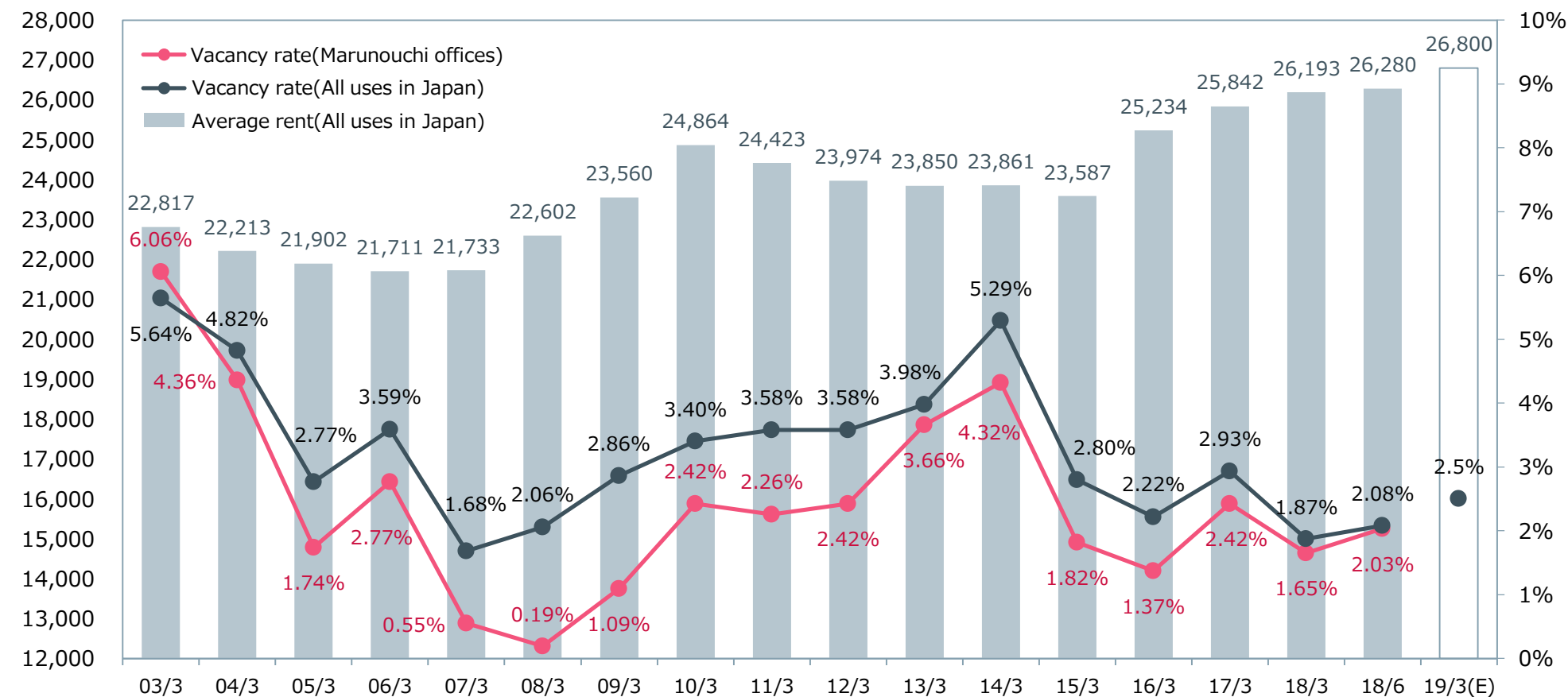


\*Excluding floor space in Lifestyle Property Business from 16/3

## 4. Earnings Related Data: Vacancy Rates / Average Rents (Unconsolidated)

### Vacancy Rates (Marunouchi offices / All uses in Japan) / Average Rents (All uses in Japan)

(yen / tsubo-month)





## 5. Earnings Related Data: Office Building Business Revenue Breakdown (Unconsolidated)

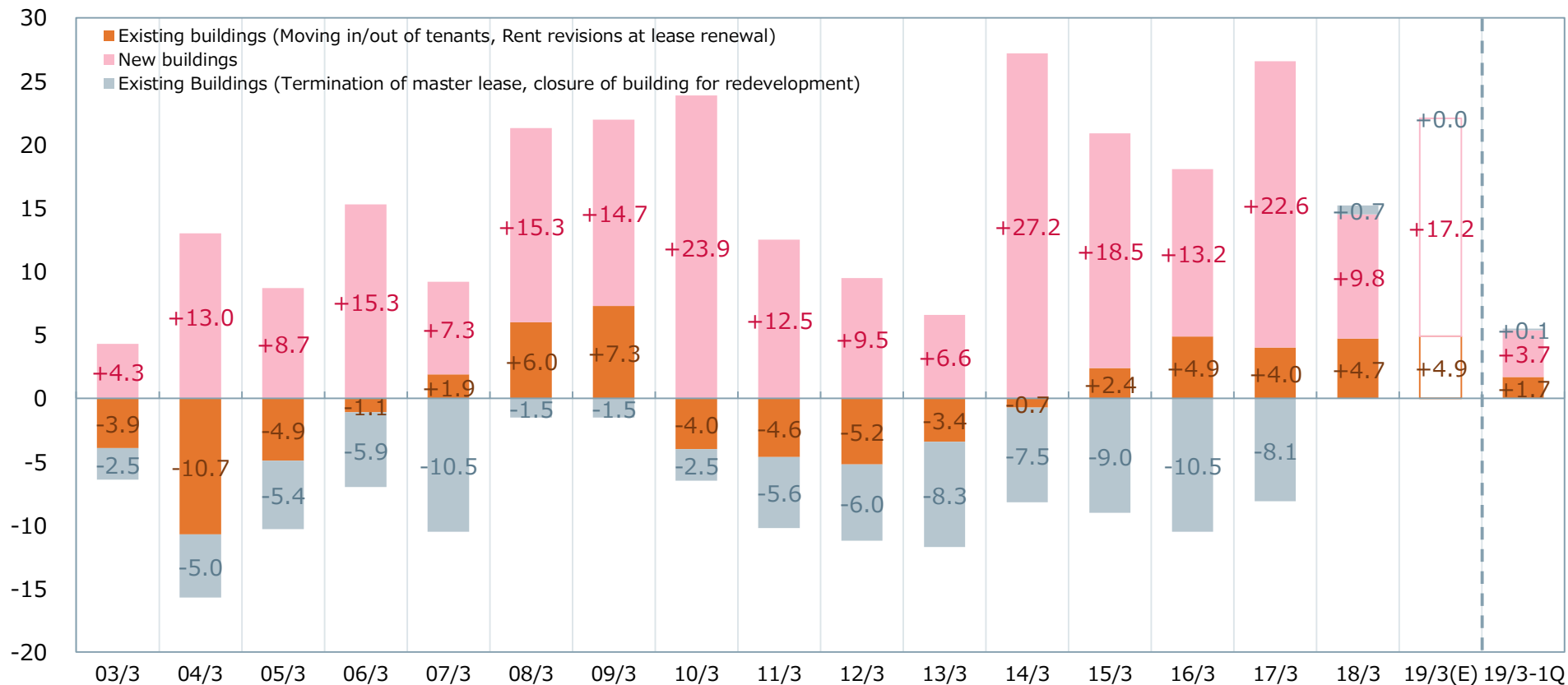
(Billions of Yen)

	2018/3-1Q (Results)	2018/3 (Results)	2019/3-1Q (Results)	2019/3 (Estimates)
Revenue from Office Building Business (Unconsolidated)	<b>90.4</b>	<b>421.0</b>	<b>127.9</b>	<b>457.5</b>
Changes from Previous Period	$\triangle$ <b>2.5</b>	<b>+ 55.9</b>	<b>+ 37.4</b>	<b>+ 36.5</b>
Rent revenue from new buildings	+ 2.4	+ 9.8	+ 3.7	+ 17.2
Rent revenue from existing buildings	+ 1.0	+ 5.4	+ 1.8	+ 4.9
Termination of master lease, closure of building for redevelopment	+ 0.0	+ 0.7	+ 0.1	+ 0.0
Moving in/out of tenants, Rent revisions at lease renewal	+ 1.0	+ 4.7	+ 1.7	+ 4.9
Supplementary Revenue, including common area charge	$\triangle$ 0.4	$\triangle$ 6.9	+ 0.3	+ 7.2
Sales of properties, etc.	$\triangle$ 5.6	+ 47.5	+ 31.4	+ 7.0

## 6. Earnings Related Data: Rent Revenue Transition (Unconsolidated)

**Increase / decrease of rent revenue (from the previous year)**

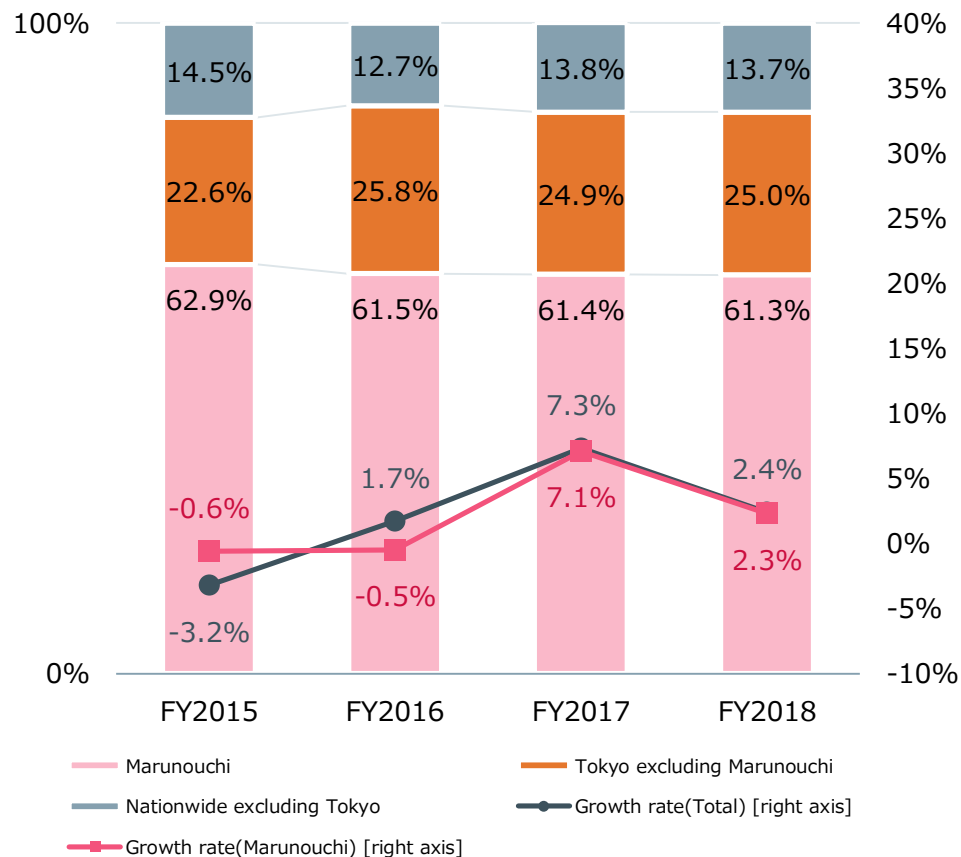
(Billions of Yen)



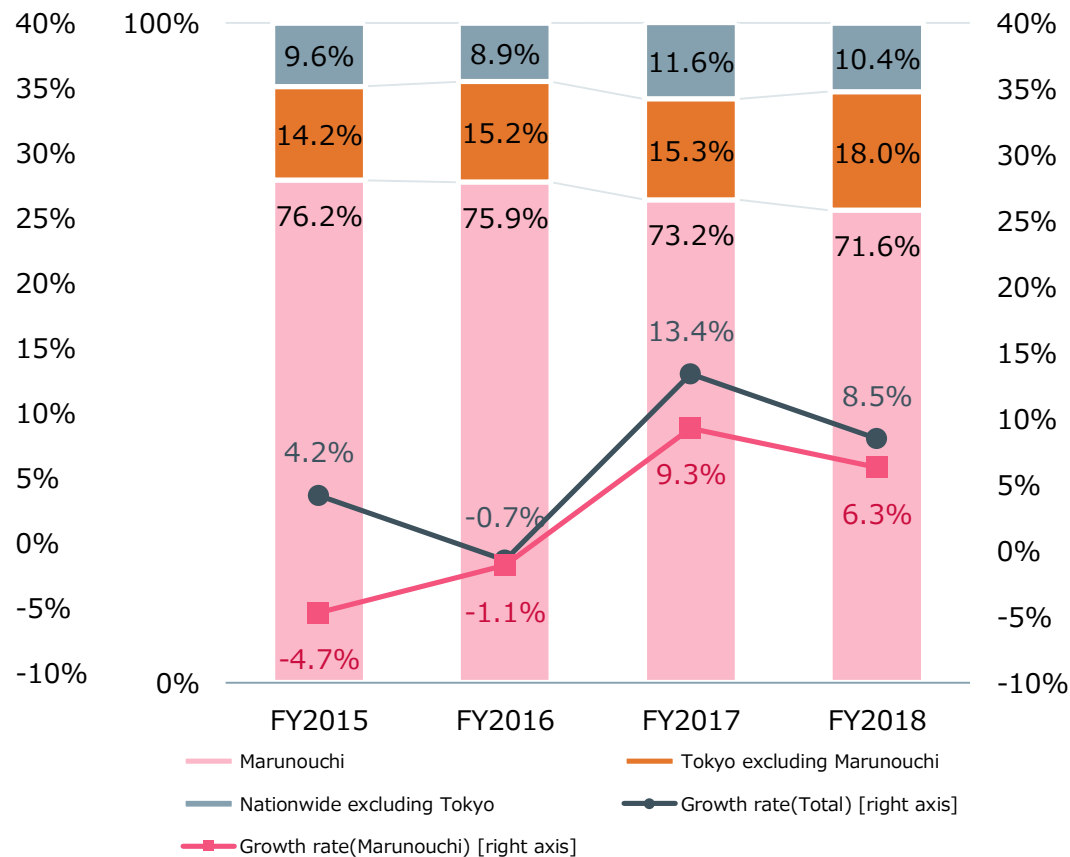
Total	-2.1	-2.7	-1.6	+8.3	-1.3	+19.8	+20.5	+17.4	+2.3	-1.7	-5.1	+19.0	+11.9	+7.6	+18.5	+15.2	+22.1	+5.5
-------	------	------	------	------	------	-------	-------	-------	------	------	------	-------	-------	------	-------	-------	-------	------

## 7. Earnings Related Data: Rental Revenue / NOI (Unconsolidated)

**Rental Revenue**  
(Regional Breakdown / Growth Rate)

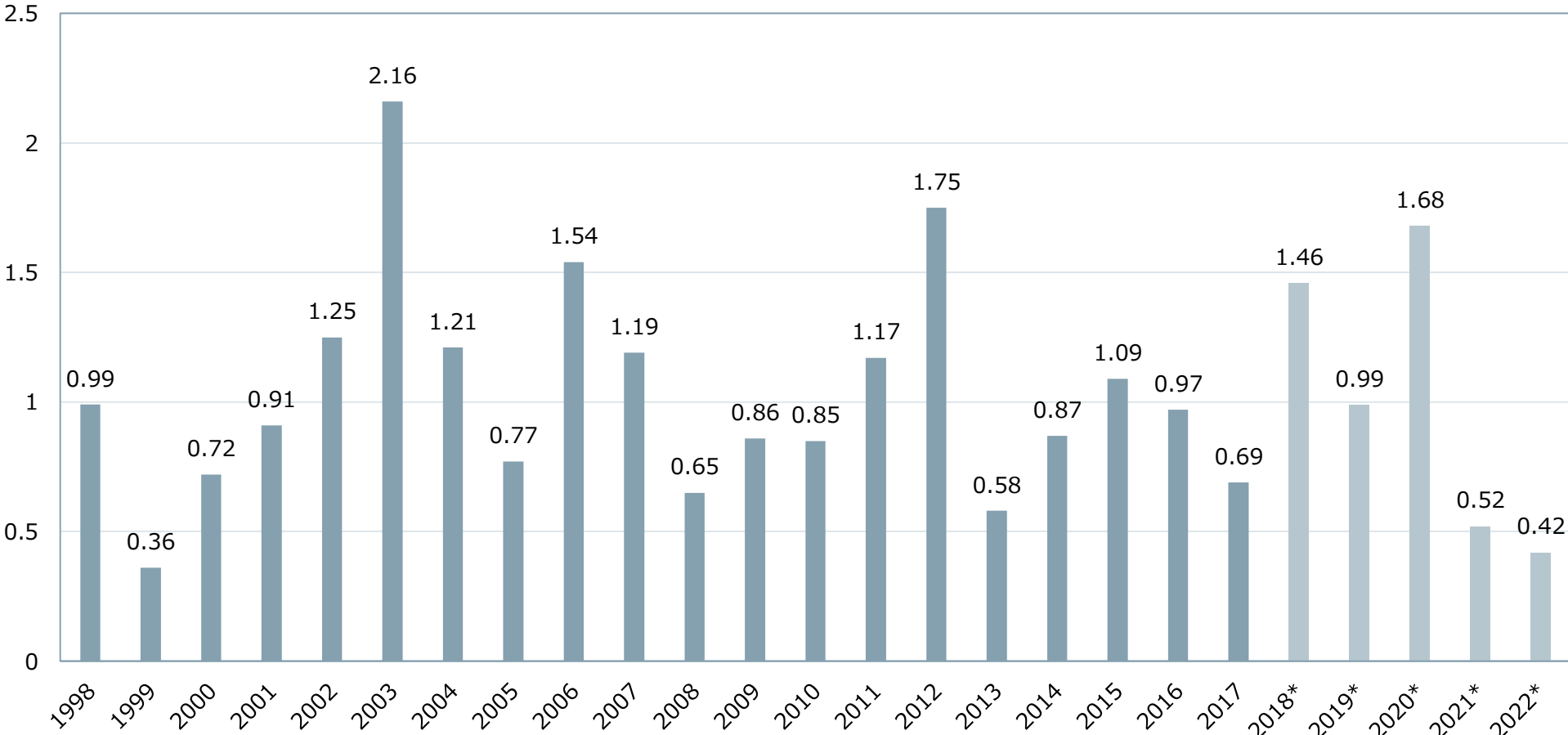


**NOI**  
(Regional Breakdown / Growth Rate)



# 8. Office Building Market Data: New Supply of Large-Scale Office Buildings (23 Wards of Tokyo)

(Millions of m<sup>2</sup>)

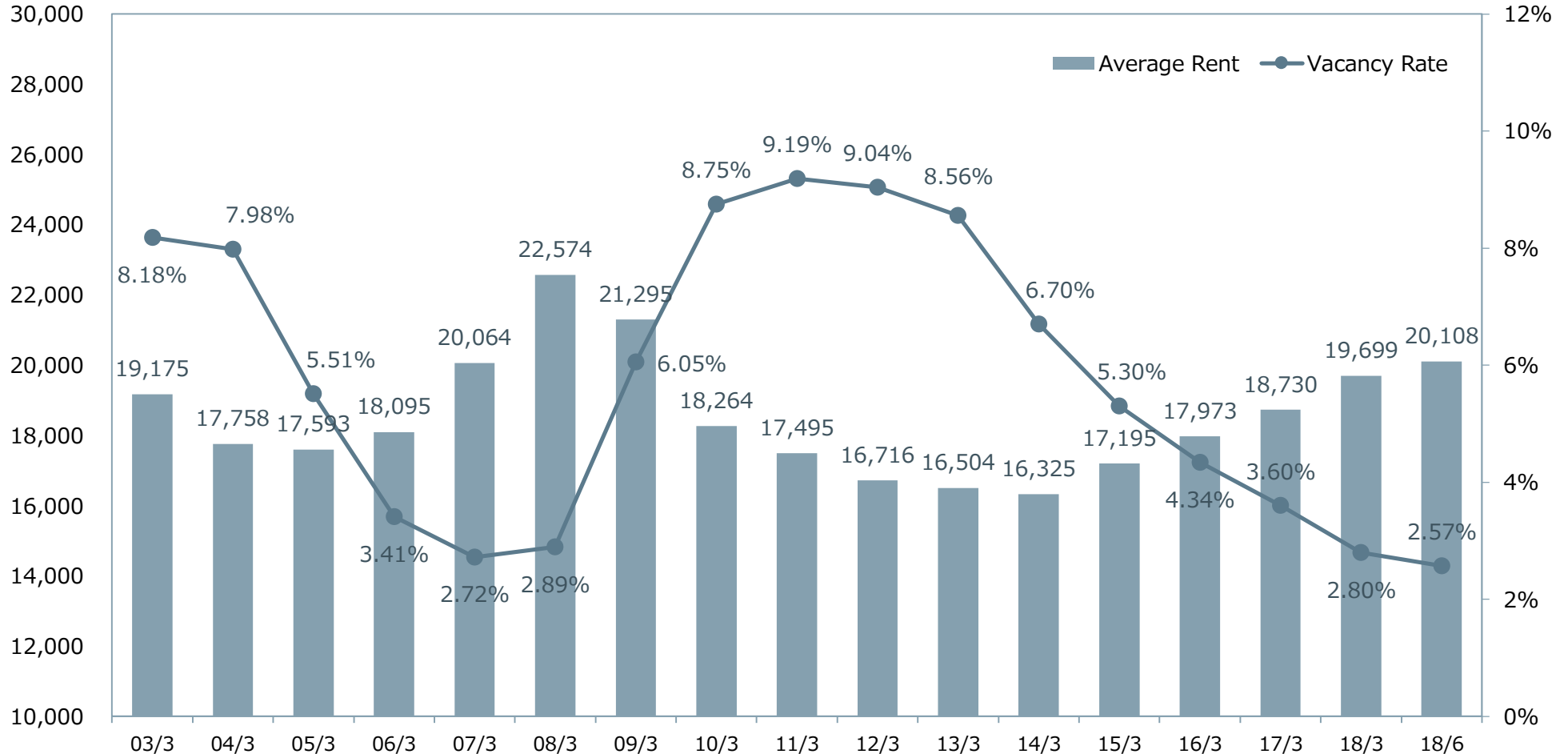


\*Estimate

※Research subject buildings: Buildings with total office floor area exceeding 10,000m<sup>2</sup>  
Source: Mori Building

## 9. Office Building Market Data: Average Rents / Vacancy Rates (5 Central Wards of Tokyo)

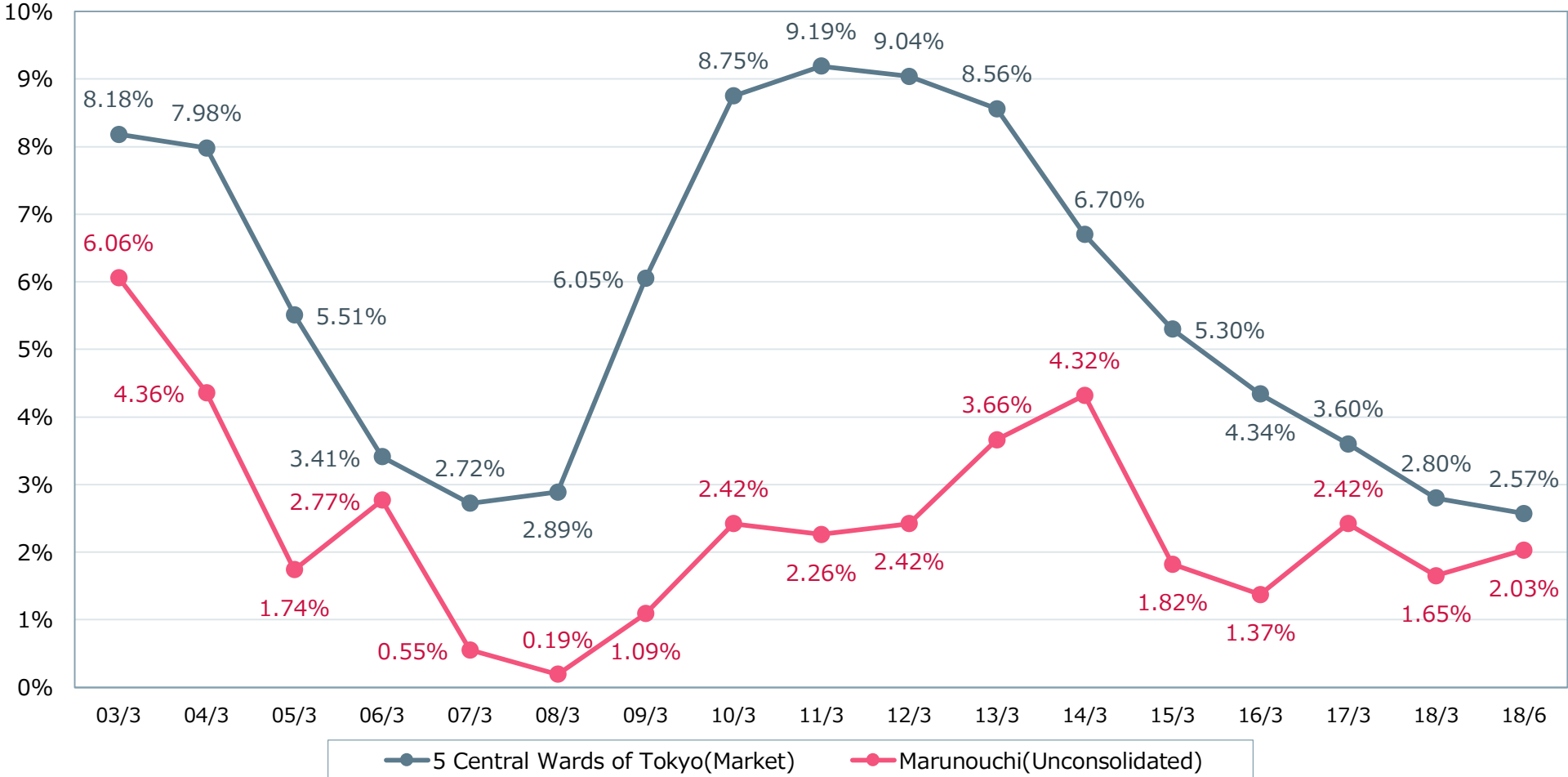
(yen / tsubo-month)



Source: Miki Shoji Co., Ltd.

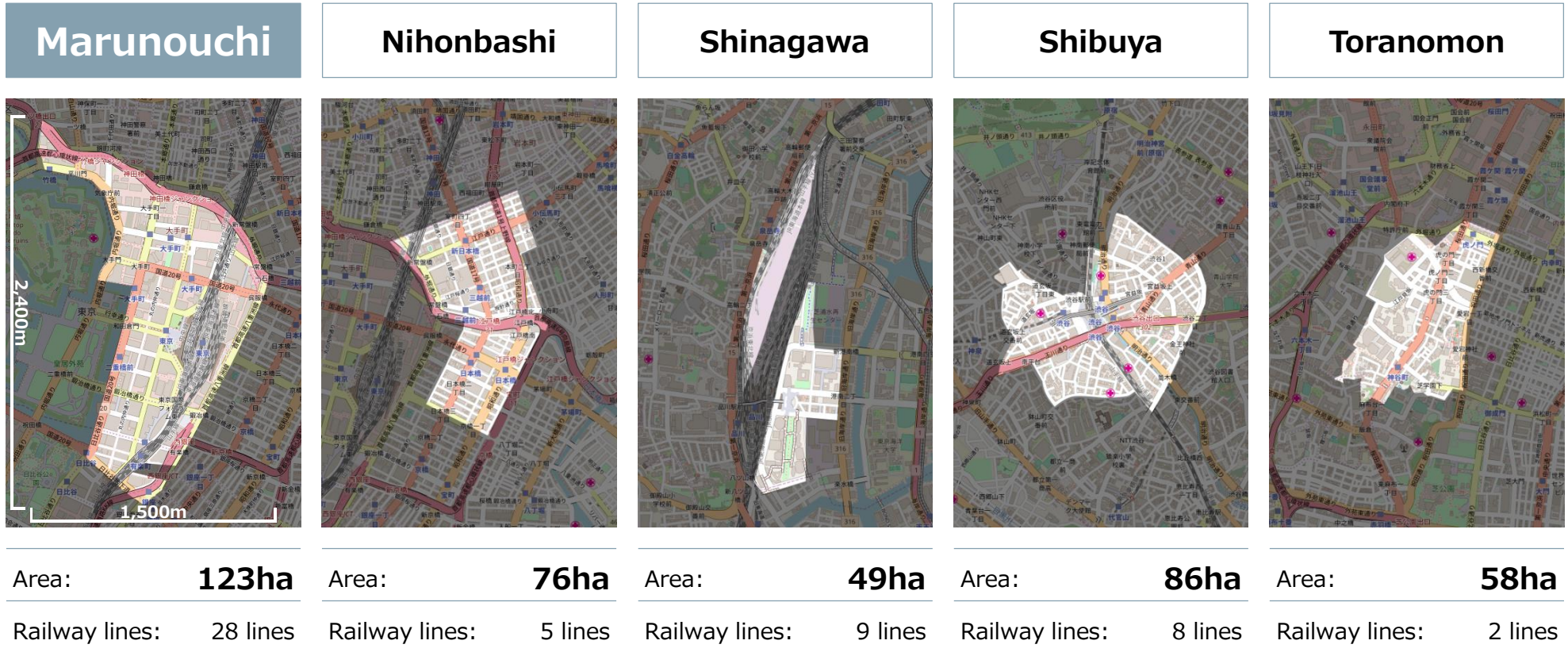
# 10. Competitive Edge of Marunouchi: Vacancy Rates

## 5 Central Wards of Tokyo(Market) vs. Marunouchi(Unconsolidated)



Source: Miki Shoji Co., Ltd.

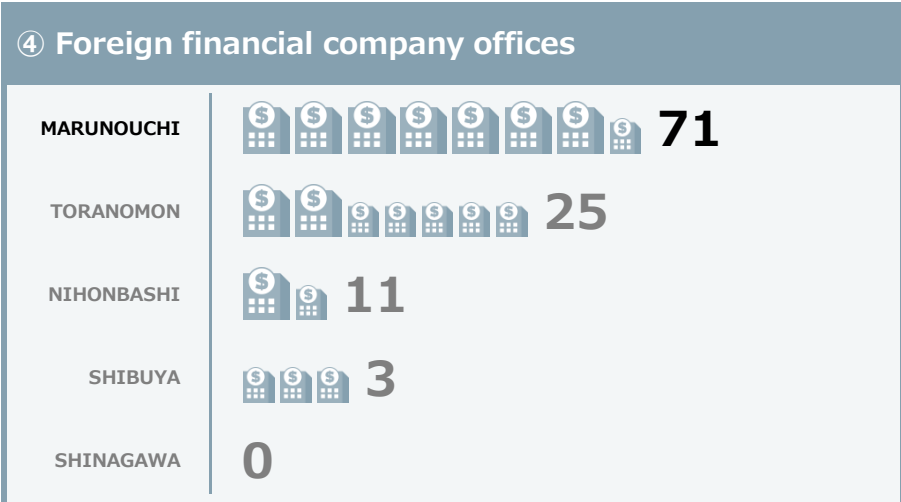
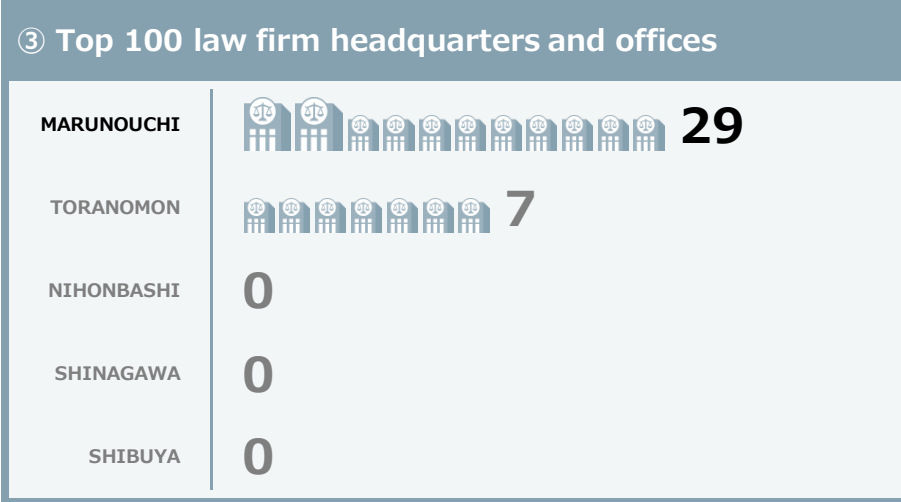
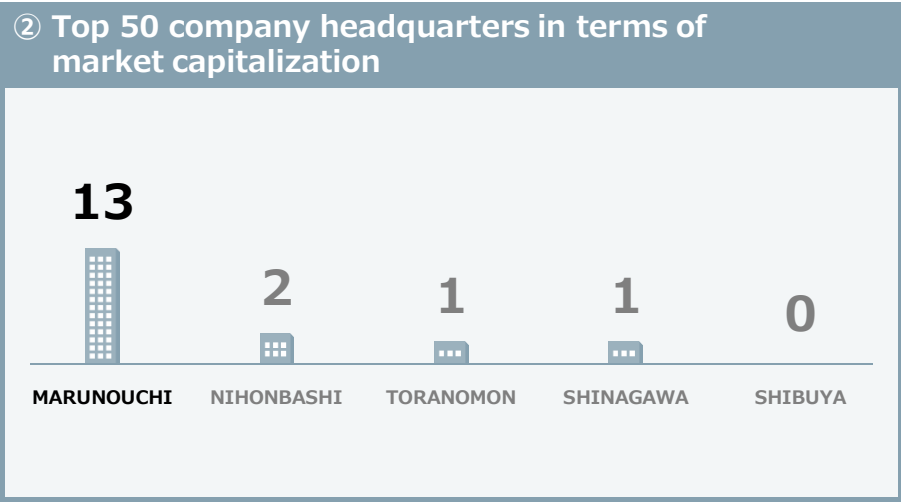
# 11. Competitive Edge of Marunouchi: Area / number of railway lines



©Open Street Map

# 12. Competitive Edge of Marunouchi: Number of headquarters and offices

(as of March, 2018)



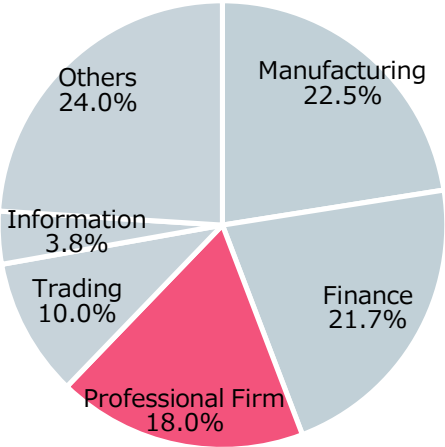
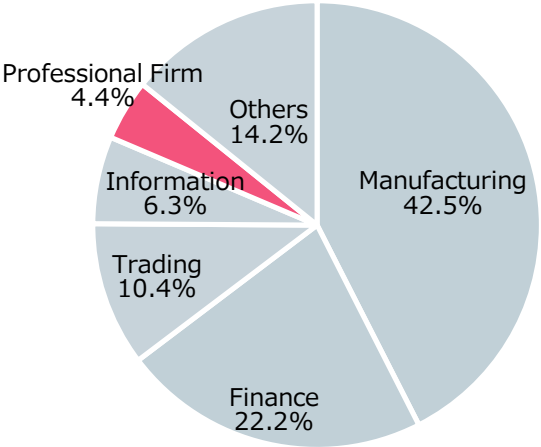


### 13. Marunouchi Data: Marunouchi Tenant Mix (Unconsolidated)

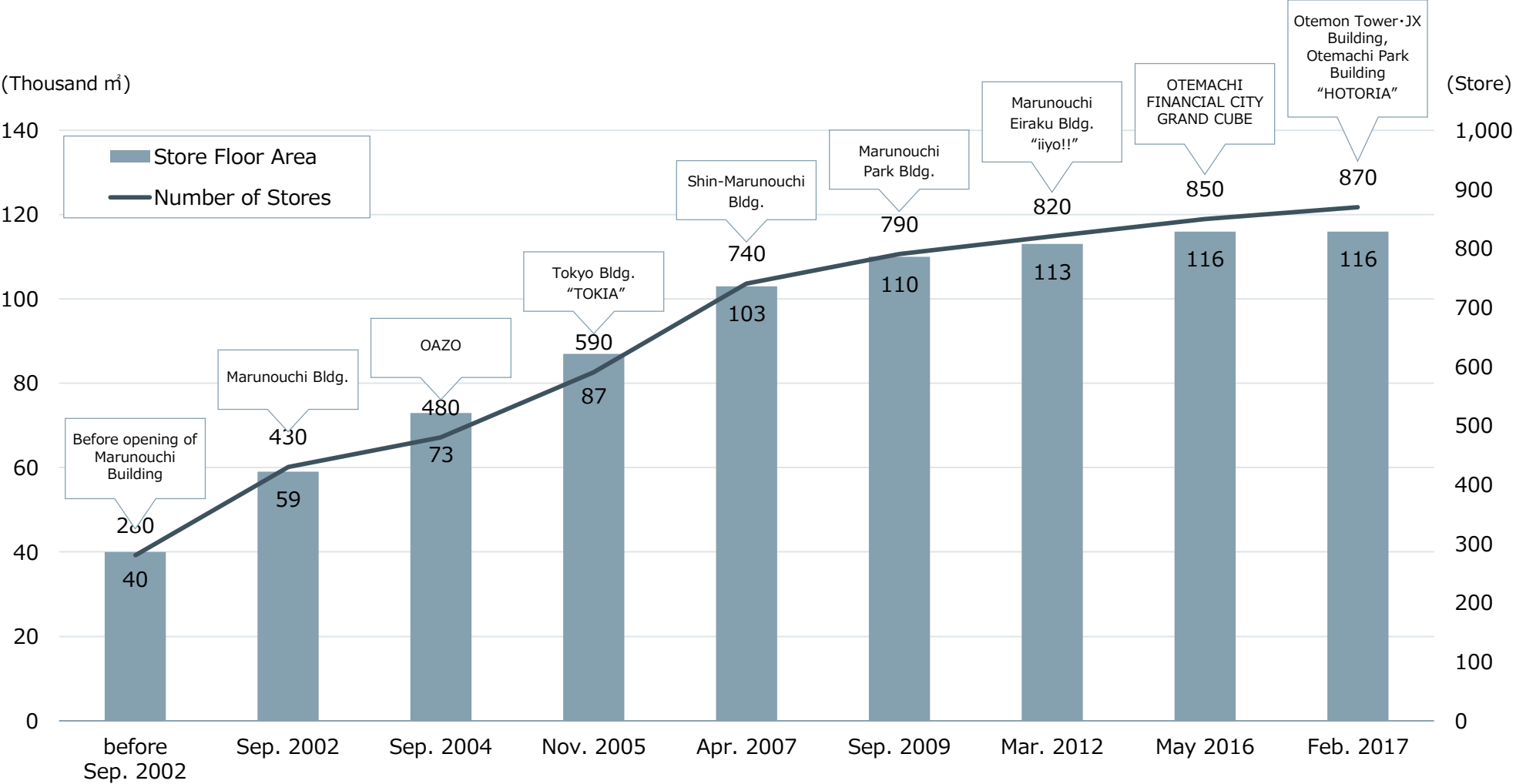
March 2000	Type of Business	Area ratio
1	Manufacturing	42.5%
2	Finance	22.2%
3	Trading	10.4%
4	Information	6.3%
5	Professional Firm	4.4%
	Others	14.2%



March 2018	Type of Business	Area ratio
1	Manufacturing	22.5%
2	Finance	21.7%
3	Professional Firm	18.0%
4	Trading	10.0%
5	Information	3.8%
	Others	24.0%



# 14. Marunouchi Data: Retail Property in Marunouchi: Number of Stores / Store Floor Area(Unconsolidated)



# 15. Marunouchi Data: Approaches for Marunouchi Area Development

## Improvement of floor-area-ratio

Improving floor-area-ratio in Marunouchi area by reviewing the use area

1,000% → 1,300% (June, 2004)

※1,200% for limited areas

## Transfer of floor-area-ratio: Exceptional floor-area ratio district system

Possible to transfer floor area among several areas meeting a certain conditions

“Exceptional floor-area ratio district” Area



◆ Example: Transfer unused floor-area at Tokyo station to other buildings around the station



## Relaxation of floor-area ratio regulation: Special Urban Renaissance Districts

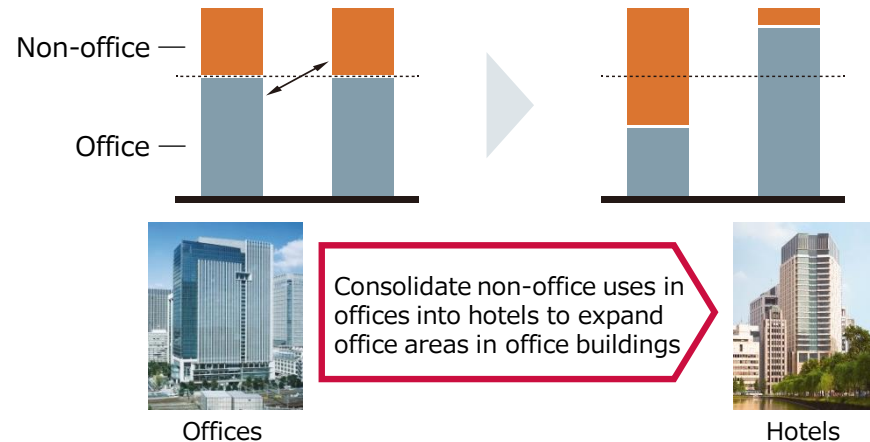
Possible to be permitted for relaxation of floor-area ratio regulation depending on levels of contribution to city regeneration as an exception of urban planning

Example: International business bases (Global Business Hub Tokyo etc.)  
 Development of fine urban environment (improvement on water quality of ditch around the Imperial Palace etc.)  
 BCP function(self-reliant of electric power and water supply, etc.)

## Change of building uses: Consolidation of non-office use

Possible to consolidate and allocate mandated non-office use floor-areas when running several projects simultaneously

◆ Example: Consolidation between offices and hotels



# Lifestyle Property Business

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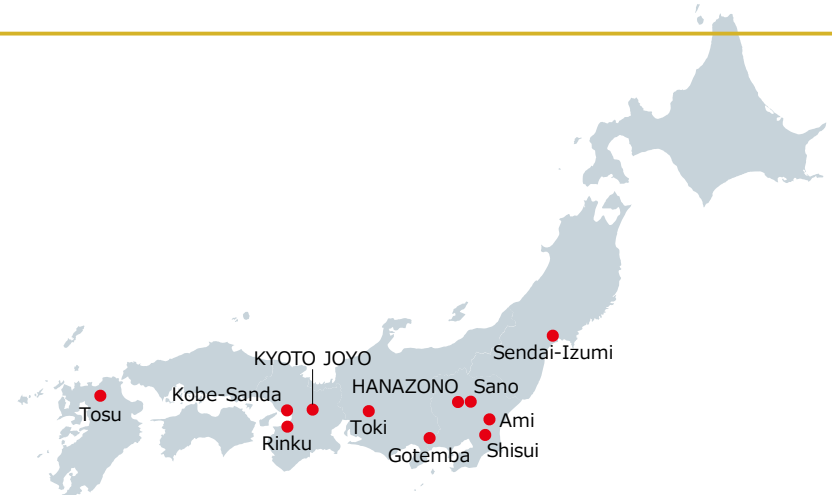
# 1. PREMIUM OUTLET®



GOTEMBA PREMIUM OUTLETS®



RINKU PREMIUM OUTLETS®



Name	Location	Site Area	Total Floor Area	Store Floor Area	Number of Stores	Schedule
GOTEMBA PREMIUM OUTLETS®	Gotemba, Shizuoka	422,300㎡*	69,200㎡*	60,000㎡*	300*	Open: Jul. 2000, Phase2 expansion: Jul. 2003, Phase3 expansion: Mar. 2008, Phase4 expansion: land development and Construction begins in Sep. 2016, Phase4 expansion: Spring 2020
RINKU PREMIUM OUTLETS®	Izumisano, Osaka	86,500㎡	49,900㎡	39,400㎡	210	Open: Nov. 2000, Phase2 expansion: Mar. 2002, Phase3 expansion: Dec. 2004, Phase4 expansion: Jul. 2012
SANO PREMIUM OUTLETS®	Sano, Tochigi	174,600㎡	39,900㎡	37,300㎡	170	Open: Mar. 2003, Phase2 expansion: Jul. 2004, Phase3 expansion: Mar. 2006, Phase4 expansion: Jul. 2008
TOSU PREMIUM OUTLETS®	Tosu, Saga	134,200㎡	32,500㎡	28,200㎡	150	Open: Mar. 2004, Phase2 expansion: Dec. 2007, Phase3 expansion: Jul. 2011
TOKI PREMIUM OUTLETS®	Toki, Gifu	284,600㎡	41,300㎡	35,200㎡	180	Open: Mar. 2005, Phase2 expansion: Oct. 2006, Phase3 expansion: Jul. 2010, Phase4 expansion: Nov. 2014
KOBE-SANDA PREMIUM OUTLETS®	Kobe, Hyogo	316,800㎡	49,600㎡	42,200㎡	210	Open: Jul. 2007, Phase2 expansion: Dec. 2009, Phase3 expansion: Dec. 2012
SENDAI-IZUMI PREMIUM OUTLETS®	Sendai, Miyagi	43,700㎡	20,300㎡	15,300㎡	80	Open: Oct. 2008
AMI PREMIUM OUTLETS®	Inashiki, Ibaragi	211,100㎡	34,800㎡	30,700㎡	150	Open: Jul. 2009, Phase2 expansion in Dec. 2011
SHISUI PREMIUM OUTLETS®	Inba, Chiba	421,000㎡*	47,300㎡*	41,900㎡*	220*	Open: Apr. 2013, Phase2 expansion: Apr. 2015, Phase3 expansion: Construction begins in Oct. 2017, Phase3 expansion: Fall 2018
HANAZONO PREMIUM OUTLETS® Project	Fukaya, Saitama	170,000㎡	-	-	-	-
KYOTO JOYO PREMIUM OUTLETS® Project	Joyo, Kyoto	270,000㎡	-	-	-	-

\*Planned figure after expansion

## 2. Mitsubishi Estate·Simon Co., Ltd.

**Business Activities :** Management and operation of PREMIUM OUTLET®

**Shareholders :** Mitsubishi Estate 60%, Simon Property Group, Inc. 40%

Millions of yen (rounded down)

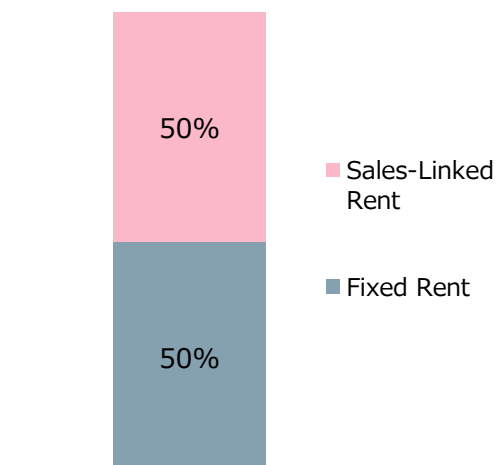
**Change in Business Results :**

	FY2015	FY2016	FY2017	FY2018	FY2019(E)
Revenue from Operations	39,954	43,946	43,642	45,462	45,780
Operating Income	14,292	16,301	17,359	18,940	18,472
Income before Taxes and Special Items	14,464	16,521	17,593	19,211	18,594
Net Income	8,828	10,699	12,084	13,143	12,507
Total assets	93,350	101,802	101,767	109,485	116,868
Shareholders' equity	30,364	34,576	38,642	42,724	45,844

◇Changes in store area(m<sup>2</sup>)and number of stores

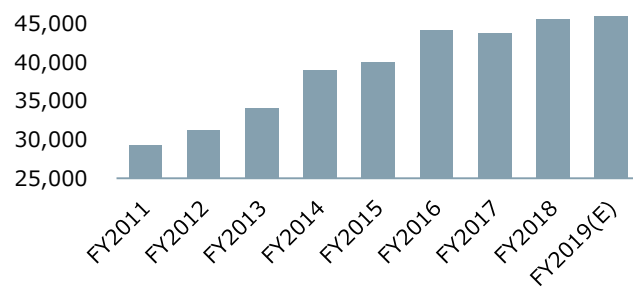
	FY2015	FY2016	FY2017	FY2018	FY2019(E)
Store area(m <sup>2</sup> )	294,700	308,500	308,500	308,500	314,800
Number of Stores	1,490	1,527	1,529	1,540	1,580

**Average of all facilities  
Sales-linked & fixed ratio  
(Rent revenue basis)**



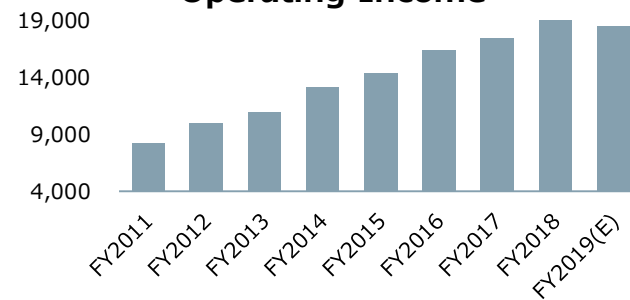
(Millions of yen)

**Revenue from Operations**



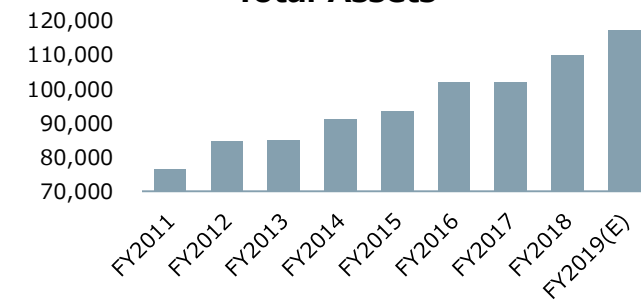
(Millions of yen)

**Operating Income**

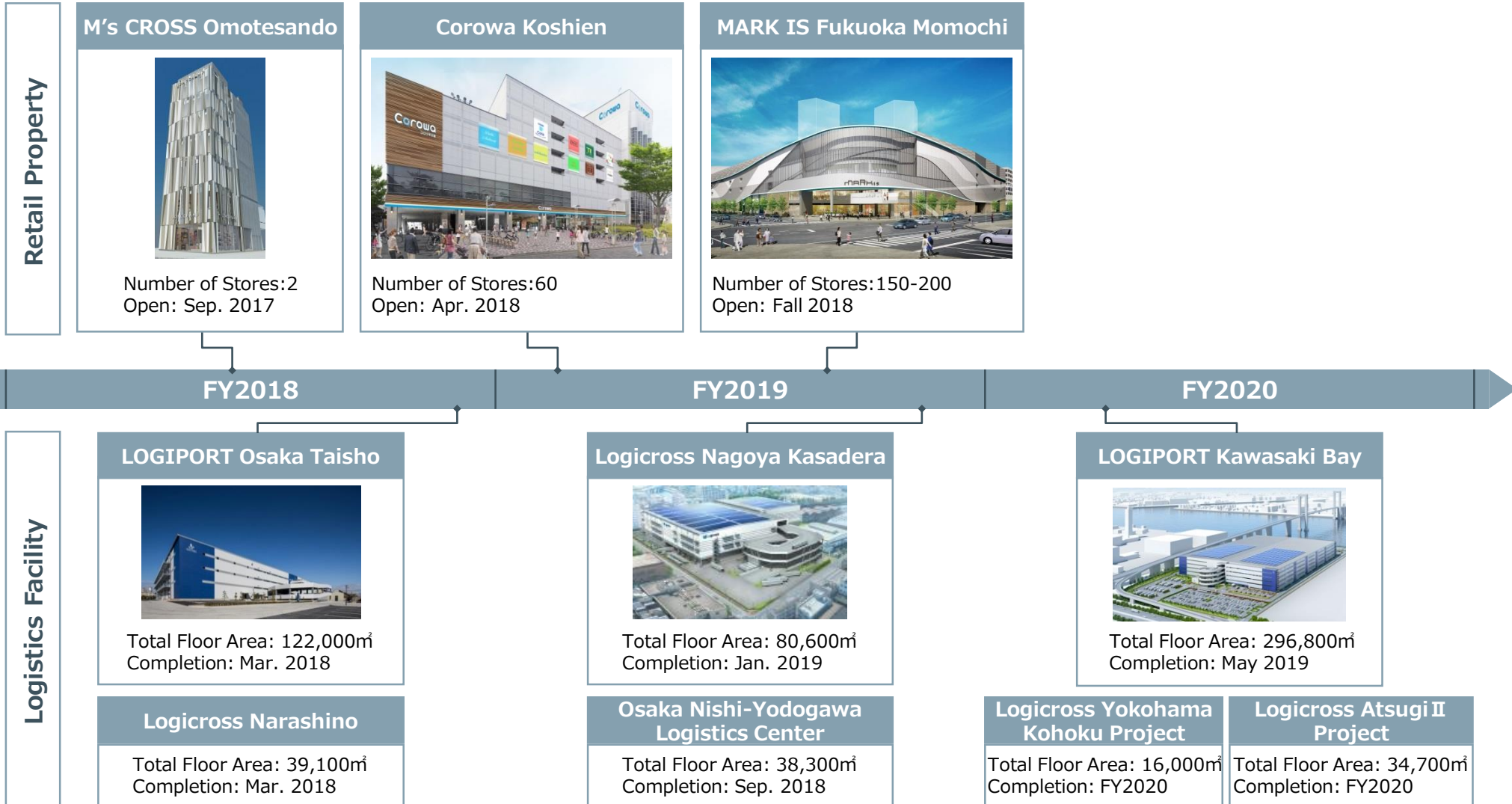


(Millions of yen)

**Total Assets**



### 3. Pipeline



## 4. Logistics Facility Business



Logicross Atsugi



Tokyo Ryutsu Center Distribution B Building



Logicross Kobe Sanda



Logicross Narashino

Name	Location	Site Area	Total Floor Area	Construction Start Date	Completion Date
Logicross Atsugi	Atsugi, Kanagawa	14,800㎡	29,900㎡	-	Mar. 2017
Tokyo Ryutsu Center Distribution B Building	Ota, Tokyo	-	171,300㎡	-	Jun. 2017
Logicross Kobe Sanda	Kobe, Hyogo	20,000㎡	14,400㎡	-	Jun. 2017
Logicross Narashino	Narashino, Chiba	19,300㎡	39,100㎡	-	Mar. 2018
LOGIPOINT Osaka Taisho	Osaka, Osaka	55,500㎡	122,000㎡	-	Mar. 2018
Osaka Nishi-Yodogawa Logistics Center	Osaka, Osaka	18,100㎡	38,300㎡	Jul. 2017	Sep. 2018
Logicross Nagoya Kasadera	Nagoya, Aichi	33,200㎡	80,600㎡	Sep. 2017	Jan. 2019
LOGIPOINT Kawasaki Bay	Kawasaki, Kanagawa	134,800㎡	296,800㎡	Dec. 2017	May 2019
Logicross Atsugi II Project	Atsugi, Kanagawa	17,300㎡	34,700㎡	FY2019	FY2020
Logicross Yokohama Kohoku Project	Atsugi, Kanagawa	8,000㎡	16,000㎡	FY2019	FY2020
Saito Moegi Logistics Facility Project B District	Ibaraki, Osaka	15,800㎡	31,700㎡	FY2020	FY2021
Saito Moegi Logistics Facility Project A District	Ibaraki, Osaka	51,000㎡	125,300㎡	FY2020	FY2022



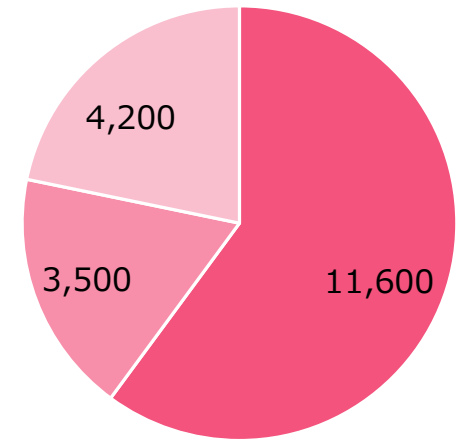
# Residential Business

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# 1. Condominium Business Data

	FY2018-1Q (Results)	FY2018 (Results)	FY2019-1Q (Results)	FY2019 (Estimates)
Condominiums Sold (millions of yen)	32,662	254,140	32,246	253,000
Condominiums Sold (units)	426	3,938	572	4,200
Gross margin	17.4%	19.7%	16.8%	16.5%
Inventory (units)	309	460	412	-
New Supply of Condominiums (units)	955	3,615	953	3,600

**Land Bank Breakdown in reporting term**  
(as of March, 2018)



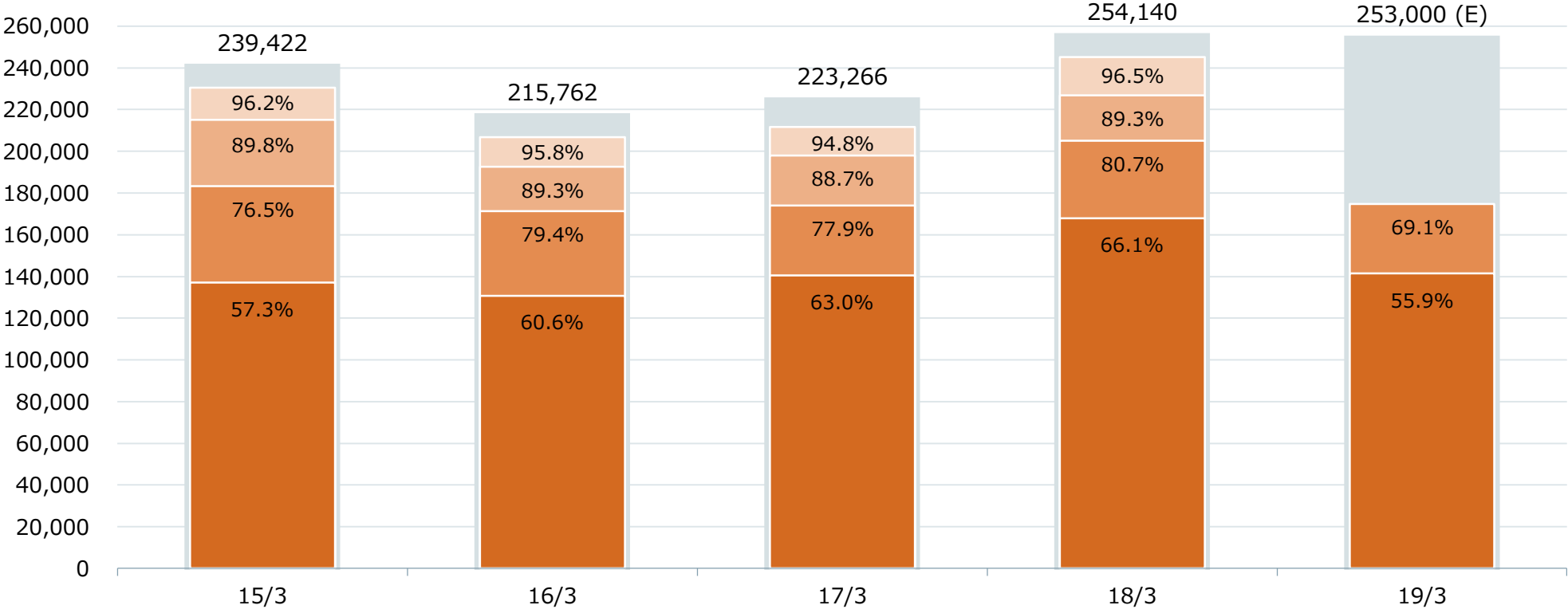
Total: 19,300 units

- FY2019 - FY2021
- FY2022 - FY2024
- FY2025 -

## 2. Condominium Business Data②

### Contract Rates (Based upon Sales)

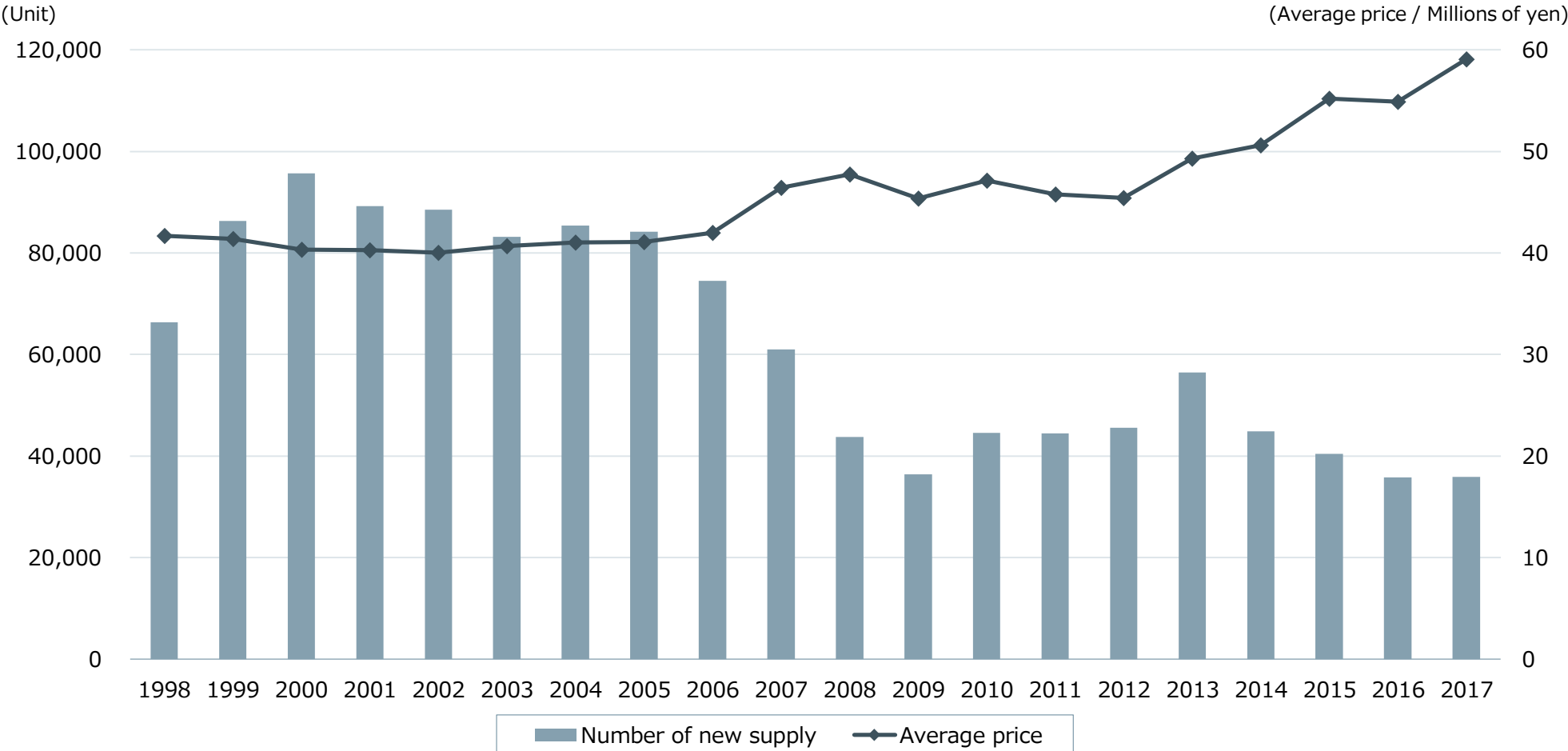
(Millions of yen)



■ Full-year sales ■ End of 3Q ■ End of 2Q ■ End of 1Q ■ Beginning of FY

### 3. Condominium Market Data

#### Number of New Supply / Average Prices (the Greater Tokyo Area)



Source: Real Estate Economic Institute Co., Ltd.

## 4. Rental Apartment



Parkhabio Akasaka Tower



The Parkhabio Yokohama Kannai

Name	Location	Site Area	Total Units	Construction Start Date	Completion Date
Parkhabio Ebisu	Shibuya, Tokyo	700㎡	109	-	Oct. 2013
Parkhabio Azabu Mamianacho	Minato, Tokyo	1,600㎡	81	-	Feb. 2014
Parkhabio Monzen Nakacho	Koto, Tokyo	900㎡	129	-	Mar. 2014
Parkhabio Akihabara	Taito, Tokyo	500㎡	73	-	Jun. 2014
Parkhabio Shibaura	Minato, Tokyo	700㎡	84	-	Dec. 2014
Parkhabio Iidabashi	Chiyoda, Tokyo	500㎡	113	-	Feb. 2015
Parkhabio Akasaka Tower	Minato, Tokyo	1,100㎡	212	-	Mar. 2015
Parkhabio Akihabara Est	Taito, Tokyo	400㎡	54	-	Mar. 2015
The Parkhabio Ueno Residence	Taito, Tokyo	900㎡	125	-	Nov. 2015
The Parkhabio Ueno	Taito, Tokyo	500㎡	84	-	Jun. 2016
The Parkhabio Ueno Okachimachi	Taito, Tokyo	500㎡	72	-	Aug. 2016
The Parkhabio Shinagawa Togoshi	Shinagawa, Tokyo	300㎡	36	-	Nov. 2016
The Parkhabio Meguro	Meguro, Tokyo	700㎡	104	-	May 2017
The Parkhabio Negishi 3-chome	Taito, Tokyo	500㎡	45	-	Jul. 2017
The Parkhabio Yokohama Kannai	Yokohama, Kanagawa	500㎡	85	-	Oct. 2017
The Parkhabio Sangen-jaya Terrace	Setagaya, Tokyo	900㎡	56	-	Nov. 2017
The Parkhabio Nihonbashi Kodenmachi	Chuo, Tokyo	200㎡	44	-	Nov. 2017
The Parkhabio Asakusa Komagata	Taito, Tokyo	300㎡	41	-	Dec. 2017
The Parkhabio Shinjuku	Shinjuku, Tokyo	2,200㎡	219	-	Feb. 2018
The Parkhabio Nihonbashi Hakozaicho	Chuo, Tokyo	400㎡	50	-	Feb. 2018
The Parkhabio Waseda	Shinjuku, Tokyo	900㎡	99	-	Mar. 2018

## 5. Redevelopment Project・Condominium Reconstruction Project

### Redevelopment Project

Scheduled Delivery	Location	Project Name	Total Units
FY2018	Shinjuku, Tokyo	The Parkhouse Nishi Shinjuku Tower 60	954
FY2019	Chiba, Chiba	Makuhari Bay-Park Cross Tower & Residence	497
FY2020	Mitaka, Tokyo	Gracia Tower Mitaka	184
FY2021	Shinagawa, Tokyo	Crevia Tower Oimachi THE RESIDENCE	136
FY2021	Narashino, Chiba	Tsudanuma The Tower	759
FY2021	Adachi, Tokyo	Senju 1-chome District Redevelopment	180
FY2021	Atsugi, Kanagawa	Hon Atsugi Station South Exit District Redevelopment	160
FY2022	Bunkyo, Tokyo	Kasuga・Korakuen Station District Redevelopment	580
FY2023	Chuo, Tokyo	Harumi 5-chome District Redevelopment	2,600
FY2021	Kagoshima, Kagoshima	Kagoshima city Chuo-cho 19・20 Redevelopment	210
FY2023 -	Tokyo	-	Total 1,500*
	Kanagawa	-	Total 700*
	Saitama	-	Total 400*

### Condominium Reconstruction Project

Scheduled Delivery	Location	Project Name	Total Units
FY2021	Minato, Tokyo	Maison Mita Reconstruction	110
FY2020	Shibuya, Tokyo	Ebisu Sun Heights Reconstruction	100
FY2021	Shinjuku, Tokyo	Maison d'or Waseda Reconstruction	120
FY2021	Fukuoka, Fukuoka	Fujisaki Jutaku Reconstruction	230
FY2023 -	Tokyo	-	Total 1,100*
	Chiba	-	Total 700*



Tsudanuma The Tower

\*Total of several planned projects

## 6. Overseas Residence



Wei Fong · Dong Yue



Life Asoke-Rama9



The Gems

Name	Location	Site Area	Total Units	Completion Date
<b>China</b>				
Wei Fong · Dong Yue	Changchun	130,000㎡	574	Dec. 2015
<b>Thailand</b>				
aspire Sathorn-Thapra	Bangkok	8,500㎡	1,218	Nov. 2016
RHYTHM Rangnam	Bangkok	3,200㎡	385	Nov. 2017
Life Pinklao	Bangkok	8,000㎡	803	Nov. 2017
Life Asoke	Bangkok	10,700㎡	1,642	Apr. 2018
RHYTHM Ekkamai	Bangkok	3,000㎡	326	Sep. 2018
Life Sukhumvit 62	Bangkok	4,300㎡	438	Jan. 2020
Life one Wireless	Bangkok	7,000㎡	1,344	Feb. 2020
Life Ladprao	Bangkok	11,000㎡	1,615	Mar. 2020
Life Asoke-Rama9	Bangkok	14,000㎡	2,248	Oct. 2020
<b>Malaysia</b>				
Stonor 3	Kuala Lumpur	5,900㎡	400	2019
The Gems	Selangor	40,000㎡	676	TBA

# International Business

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# 1. International Business Overview

## ① Total assets by area

### Total Assets of Major Overseas Subsidiaries

	Main Location	At Dec 31, 2017 *1,2,3	Currency Exchange Rate
Rockefeller Group, Inc.	USA	447,459 millions of yen	¥ / \$(BS) 113.00
Mitsubishi Estate London Limited.	UK	145,608 millions of yen	¥ / £ (BS) 151.95
Mitsubishi Estate Asia Pte. Ltd. *4	Asia	126,081 millions of yen	¥ / S\$ (BS) 84.49

\*1 Before consolidation adjustments.

\*2 Due to overseas subsidiaries closing accounts in Dec., figures from 3 months previous are used.

\*3 The Total Assets of Major Overseas Subsidiaries includes those in the International Business and the Investment Management Business.

\*4 Including the equity investments directly made by Mitsubishi Estate.

## ② Strategy

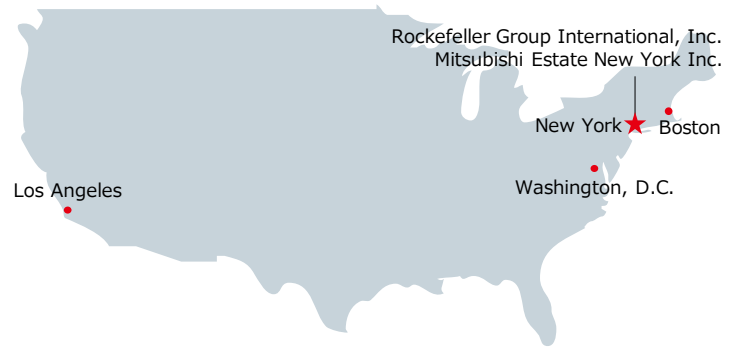
- We analyze each market, and screen the “suitable place” where we can earn appropriate profits.
- We will continue to expand our international business with strategies of “suitable place, suitable resources” while developing diverse approaches according to the characteristics of the targeted markets and the necessary management resources.

	The United States	Europe	Asia
Strengths and Competitiveness	<ul style="list-style-type: none"> <li>• Sourcing ability, market accessibility, development capability based on longterm business achievements</li> <li>• Asset management service by TA Realty</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing ability based on long-term business achievements</li> <li>• Development Team composition / management ability</li> <li>• Asset management service by Europa Capital</li> </ul>	Utilizing development know-how based on domestic business experience
Approach	<ul style="list-style-type: none"> <li>• Hands-on development led by Rockefeller Group</li> <li>• Hybrid model investment using TA Realty's resources</li> </ul>	• Development focusing on asset manager model-type development	• Expands mainly on partnership-type real estate development investments

## 2. North America

Name	Location	Main Use	Site Area(m <sup>2</sup> )	Leasable Area(m <sup>2</sup> )	Floors*1 / Units	Completion Date
1271 Avenue of the Americas	New York, New York	Office·Retail	8,950	195,000	48/3	1959 Renovation completion in 2019
1221 Avenue of the Americas	New York, New York	Office·Retail	10,000	240,700	51/5	1972
Flushing Commons(Phase 1)	New York, New York	Office for sale	6,300	44,100	13/1	2016
		Residence			148	Aug. 2017
		Retail			17/1	
28 State Street	Boston, Massachusetts	Office·Retail	3,100	53,200	40/3	1968
Rockefeller Group Logistics Center(6 Bldg.)	Piscataway, New Jersey	Logistics	930,000	200,000*2	-	Dec. 2020
Boro Tower	Tysons, Virginia	Office·Retail	16,700	41,000	20/4	Oct. 2018
North Valley	Phoenix, Arizona	Rental Apartment	100,000	32,000	385	Nov. 2017
Goodyear	Goodyear, Arizona	Rental Apartment	97,000	27,000	326	Sep. 2018
The Ice House	Beverly Hills, California	Office	3,400	4,200	4	1925
UTA Plaza	Beverly Hills, California	Office·Retail	10,400	17,700	3/1	1985
Tri City Industrial Complex	San Bernardino, California	Logistics	76,000	39,500*2	1	Jun. 2018
Optimus Logistics Center (2 Bldg.)	Perris, California	Logistics	280,000	134,000*2	-	Aug. 2018

### NORTH AMERICA



Rockefeller Group International, Inc.  
Mitsubishi Estate New York Inc.

- ★ Mitsubishi Estate Group office and its project locations
- Major Project Locations

\*1 Floors(above ground / below ground)  
\*2 Total Floor Area



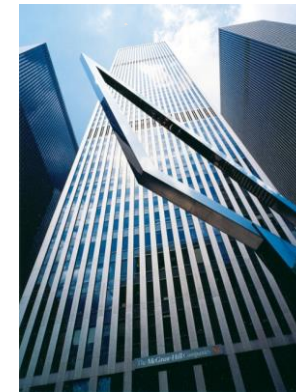
Flushing Commons



Boro Tower



Optimus Logistics Center



1221 Avenue of the Americas



1271 Avenue of the Americas

### 3. Europe

Name	Location	Main Use	Site Area(m <sup>2</sup> )	Leasable Area(m <sup>2</sup> )	Floors*1	Completion Date
Clive House	London, UK	Office	1,800	8,000	8/1	1930's
145 Leadenhall Street	London, UK	Office·Retail	-	1,500	9/1	1950
1 Victoria Street	London, UK	Office	7,900	31,200	9/3	1960's
150 Leadenhall Street	London, UK	Office	1,000	8,600*2	8/2	1977
6-8 Bishopsgate	London, UK	Office	1,700	21,100*2	23/2	1979
Warwick Court	London, UK	Office·Retail	3,300	18,300	8/2	2003
Central Saint Giles	London, UK	Office·Retail	7,900	38,800	11/2	2010
8 Finsbury Circus	London, UK	Office·Retail	2,200	15,900	9/2	2016
245 Hammersmith Road	London, UK	Office·Retail	5,000	24,000	12/1	Spring 2019
46 Rue La Boétie	Paris, France	Office	580	2,400	9	1964
Feringastrasse 10-12	Munich, Germany	Office	12,000	22,000	5/2	2003

\*1 Floors(above ground / below ground)  
 \*2 Total Floor Area

### EUROPE



- ★ Mitsubishi Estate Group office and its project locations
- Major Project Locations



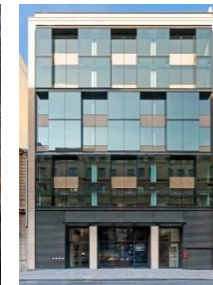
Warwick Court



Central Saint Giles



8 Finsbury Circus



46 Rue La Boétie



Feringastrasse 10-12

# 4. Asia / Oceania

Name	Location	Main Use	Site Area(m <sup>2</sup> )	Leasable Area(m <sup>2</sup> )	Floors / Units	Completion Date
Mix-use Development in Suzhou	Suzhou City, China	Residence	27,000	-	300	May 2016
Residential Development Project in Shanghai	Shanghai City, China	Residence·Retail	85,000	-	1,400	Dec. 2017
Logistics Development Project in Beijing(5 Bldg.)	Beijing City, China	Logistics	107,200	-	-	2018
Township Development Project in Chengdu	Chengdu City, China	Residence·Retail	75,000	-	3,400	2019
Taiwan Nangang Development Project(4 Bldg.)	Taipei City, Taiwan	Office·Hotel·Retail	67,000	200,000*	-	Grand Open in Dec. 2015
Taiwan Yucheng Development Project	Taipei City, Taiwan	Office·Residence	5,200	-	-	-
Taiwan Banqiao Residential Project	New Taipei City, Taiwan	Residence	5,700	-	-	-
Yoma Central(4 Bldg.)	Yangon, Myanmar	Office·Residence·Hotel·Serviced Apartment·Retail	40,000	-	-	2021
Le Meridien	Ho Chi Minh, Vietnam	Office	3,200	9,900	25	Dec. 2014
Capita Spring	Singapore	Office·Serviced Apartment·Retail	6,100	93,400*	51	2021
Daswin	Jakarta, Indonesia	Office	16,000	75,000	41	2021
Melbourne Quarter East Tower	Melbourne, Australia	Residence	4,400	-	719	2020
Circular Quay Tower	Sydney, Australia	Office·Retail	4,600	-	-	2021



\* Total Floor Area



Taiwan Nangang Development Project



Daswin



Yoma Central



Circular Quay Tower

- ★ Mitsubishi Estate Group office and its project locations
- Major Project Locations

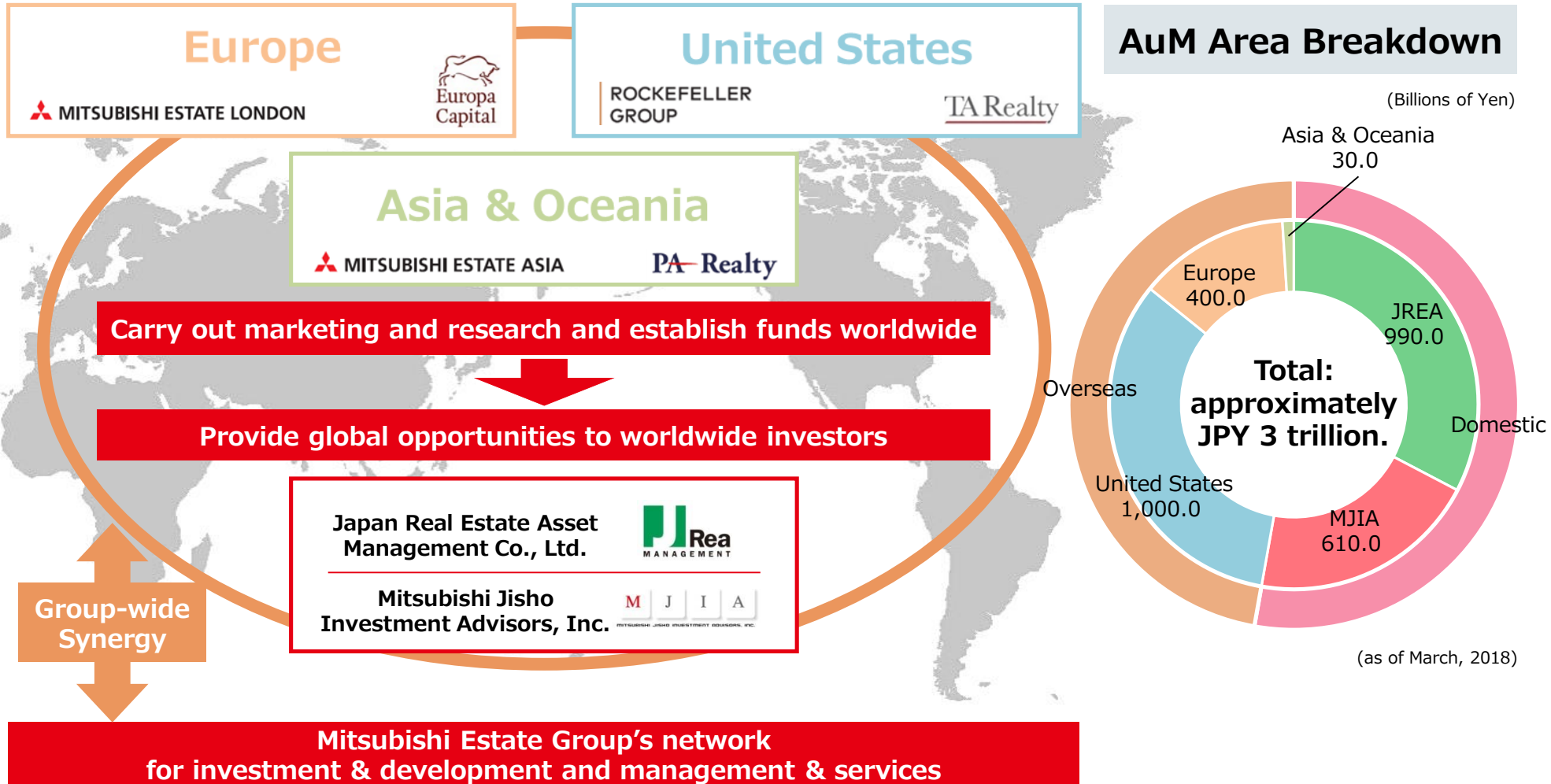
# Others

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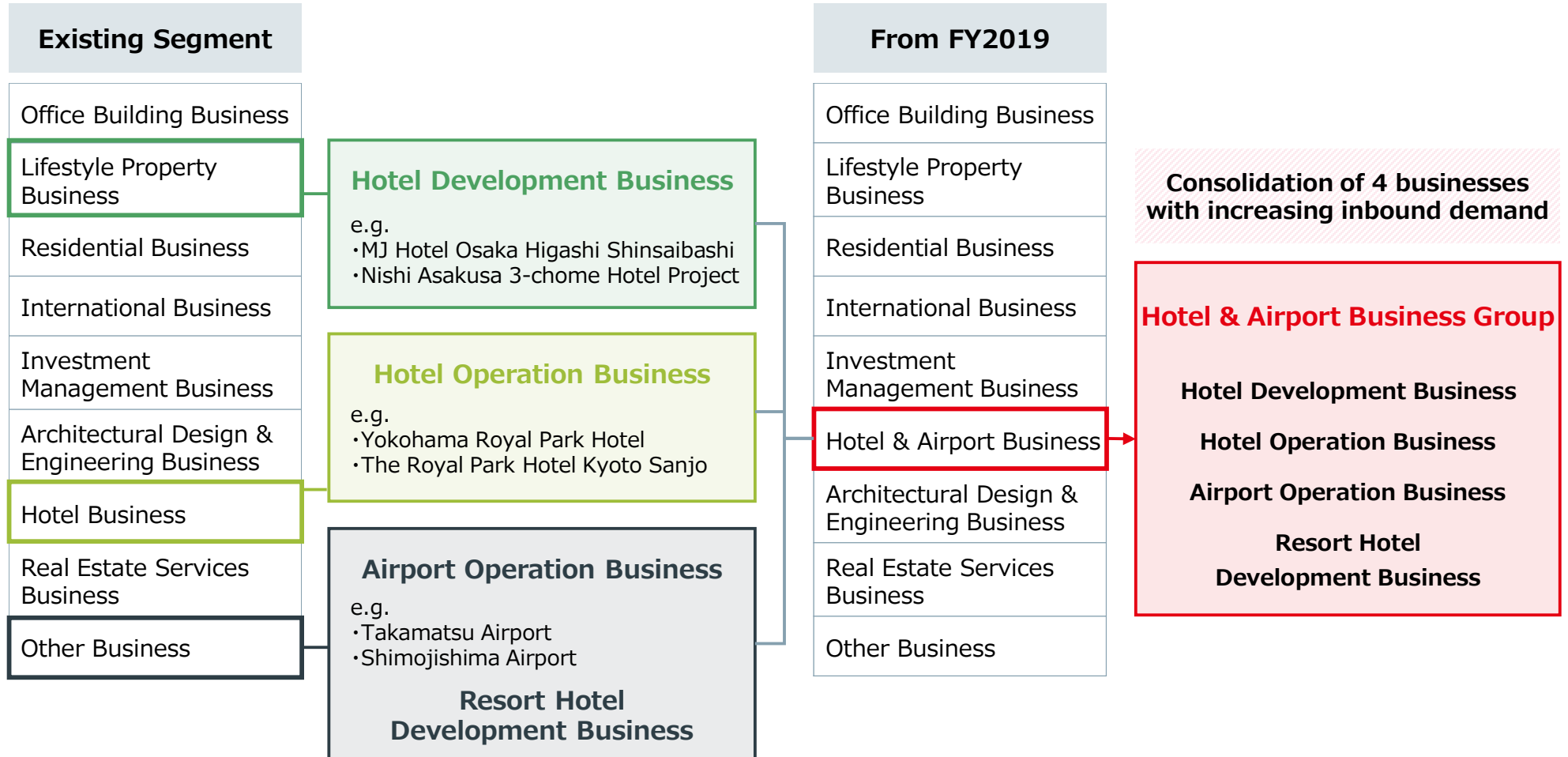


# 1. Investment Management Business: Global Platform

Globally, we have combined assets under management of approximately JPY 3 trillion.



## 2. Segment Change to Hotel & Airport Business Group



### 3. Governance

#### Outside Director

- 7 out of 15 are outside directors

#### “Company with Nominating Committee, etc.”

- It consists of a nominating committee, audit committee, and remuneration committee.
- Each committee has a majority of outside directors.
- All outside directors in remuneration committee

#### Executive Compensation Plans to Share Values with Shareholders

##### ● Eligibility

- ✓ Corporate Executive Officers, Executive Officers, Group Executive Officers

##### ● Restricted Stock Plan and New Long-term Performance-based Incentive Plan (Phantom Stock)Combination

- ✓ Restricted Stock Plan
  - Incentive: stocks
  - Lock-up Period: 3 years
- ✓ New Long-term Performance-based Incentive Plan (Phantom Stock)
  - Incentive: cash
  - Performance Evaluation Period: 3 years
  - Calculation [Executive Officer’s Base amount×( i )×( ii )]
    - ( i )Percentage of net fluctuation in common stock price
    - ( ii )Percentage based on the relative ranking of the Company’s total shareholder return among 5 (five) peer companies\* in the same industry (between 0% - 100%)

\*Nomura Real Estate Holdings, Inc., Tokyuu Fudosan Holdings Corporation, Mitsui Fudosan Co., Ltd., Tokyo Tatemono Co., Ltd., and Sumitomo Realty & Development Co., Ltd



# Investment / Financial Data

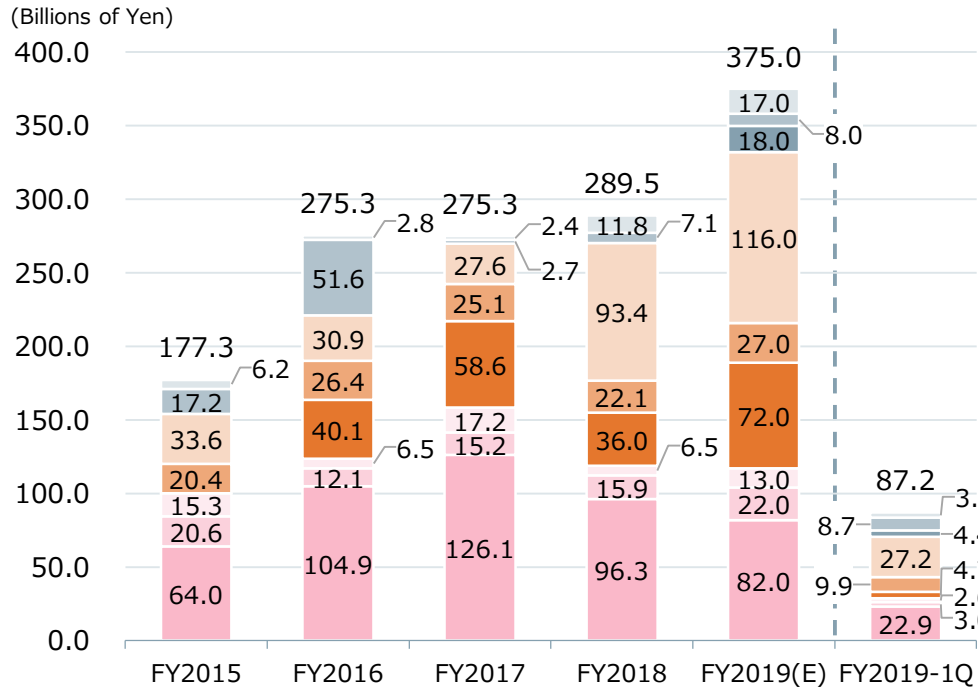
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## 1. Management Indicator / Dividend Policy

	FY2017 (Results)	FY2018 (Results)	FY2019 (Estimates)	FY2020 (Estimates)	(Reference) Mid-term Management Plan
Operating income (Growth potential) (Billions of yen)	192.4	213.0	215.0	230.0	220.0
Operating income / Total assets (ROA) (Performance)	3.6%	3.8%	3.6%	3.8%	Around 3.5%
Net interest-bearing debt / EBITDA (Stability) (times)	7.7	7.3	7.9	Around 8	Around 8.5
Net interest-bearing debt / EBITDA (after hybrid-debt deduction) (times)	7.1	6.7	7.3	Around 7.5	Around 8
Annual dividends per share (yen)	20	26	26	-	-
Dividend payout ratio	27.0%	30.0%	29.3%	-	-

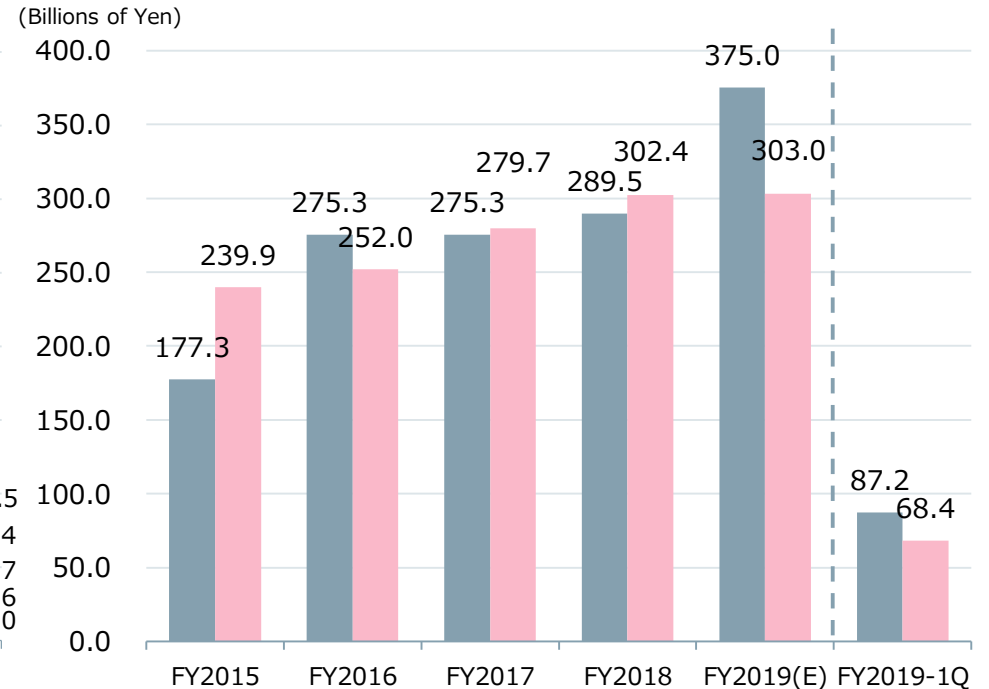
## 2. Capital Investment

### Major Breakdown of Capital Investment



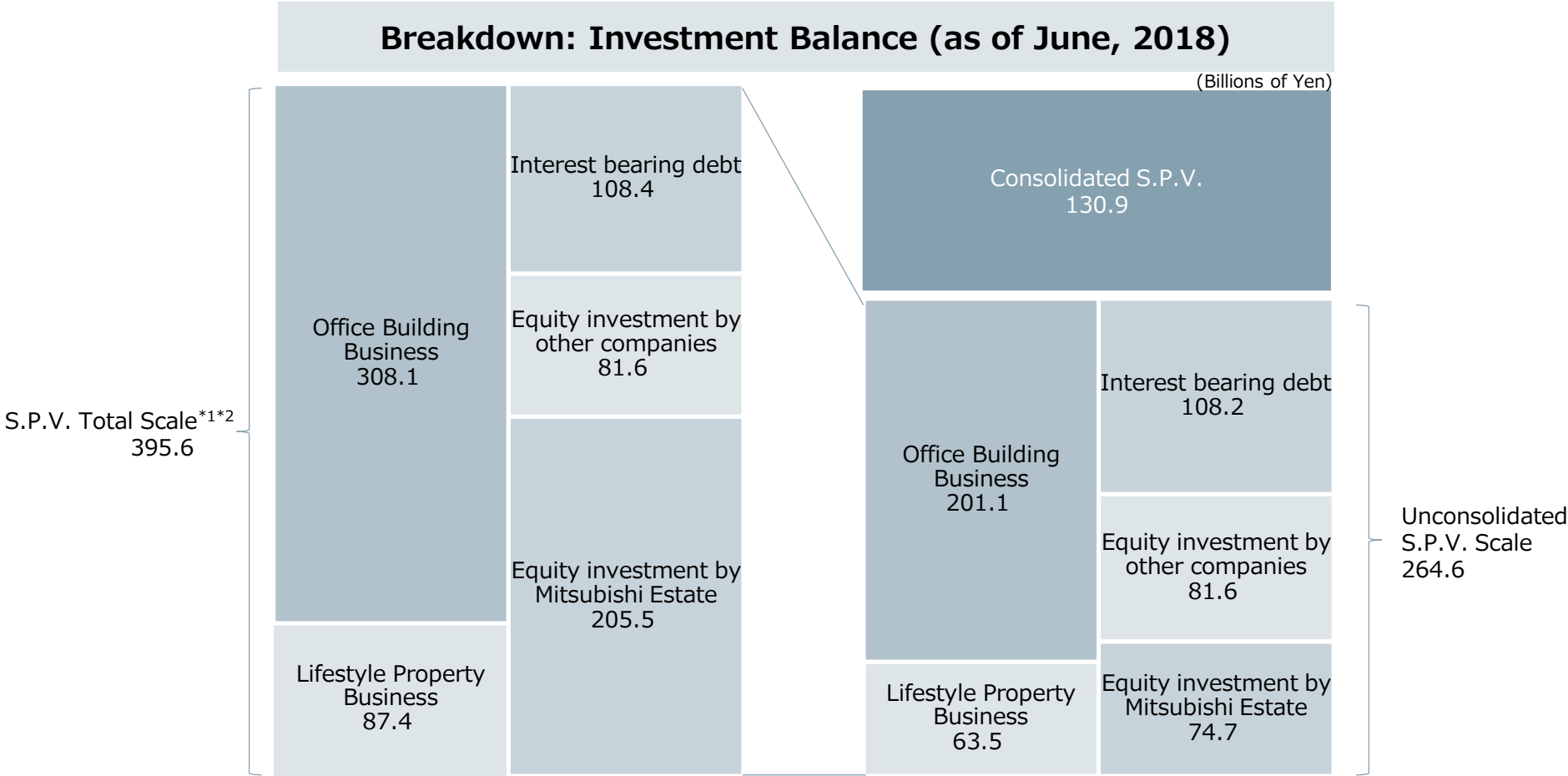
- Office Building(MEC: New/Redevelopment)
- Office Building(MEC: Refurbishment)
- Office Building(Subsidiaries)
- Lifestyle Property
- Residential
- International
- Hotel & Airport
- Special Purpose Vehicle
- Other(including consolidated eliminations)

### Capital Investment / EBITDA



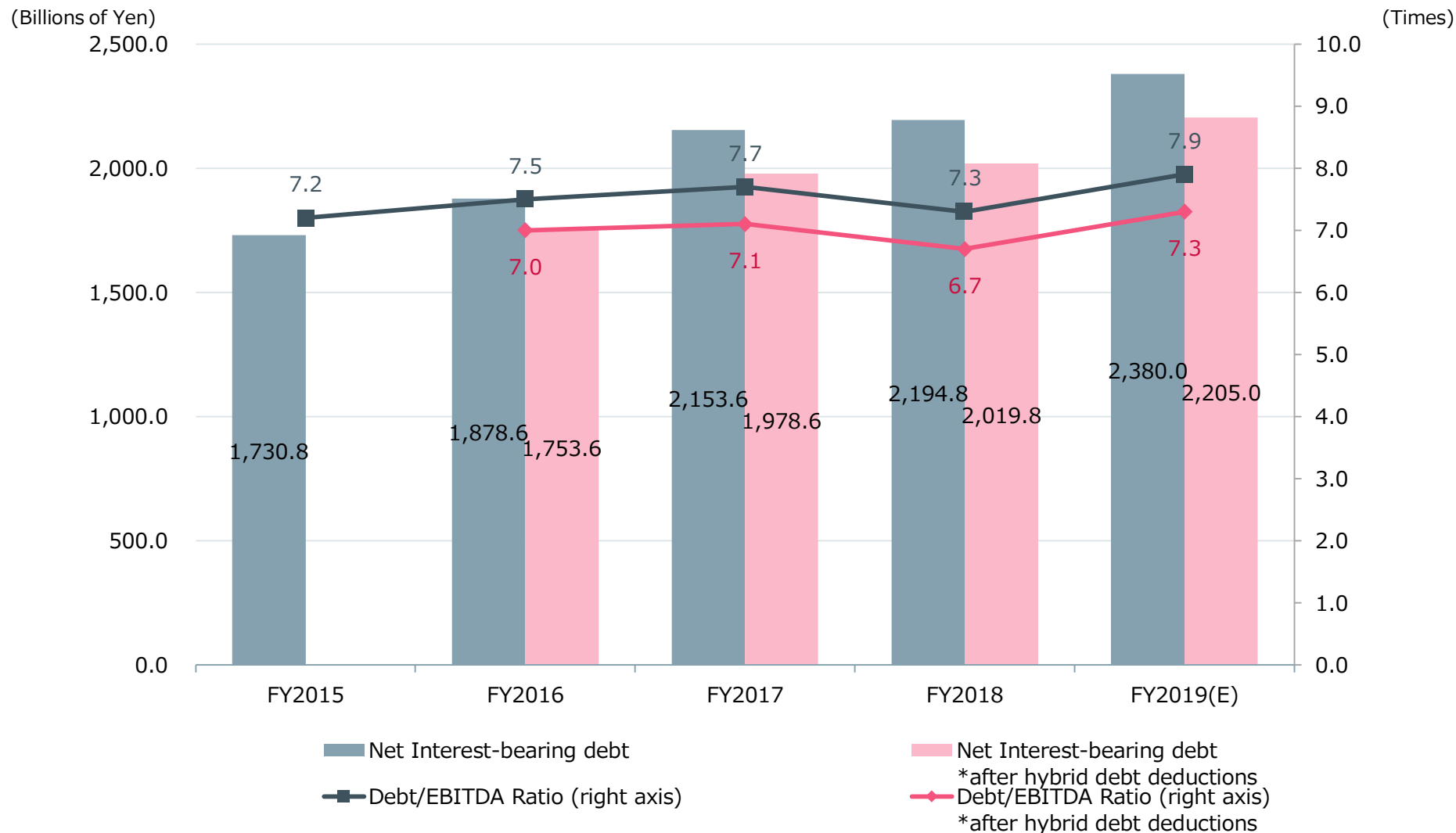
- Capital Investment
- EBITDA

### 3. Special Purpose Vehicles: Investment Balance (Unconsolidated / Domestic)



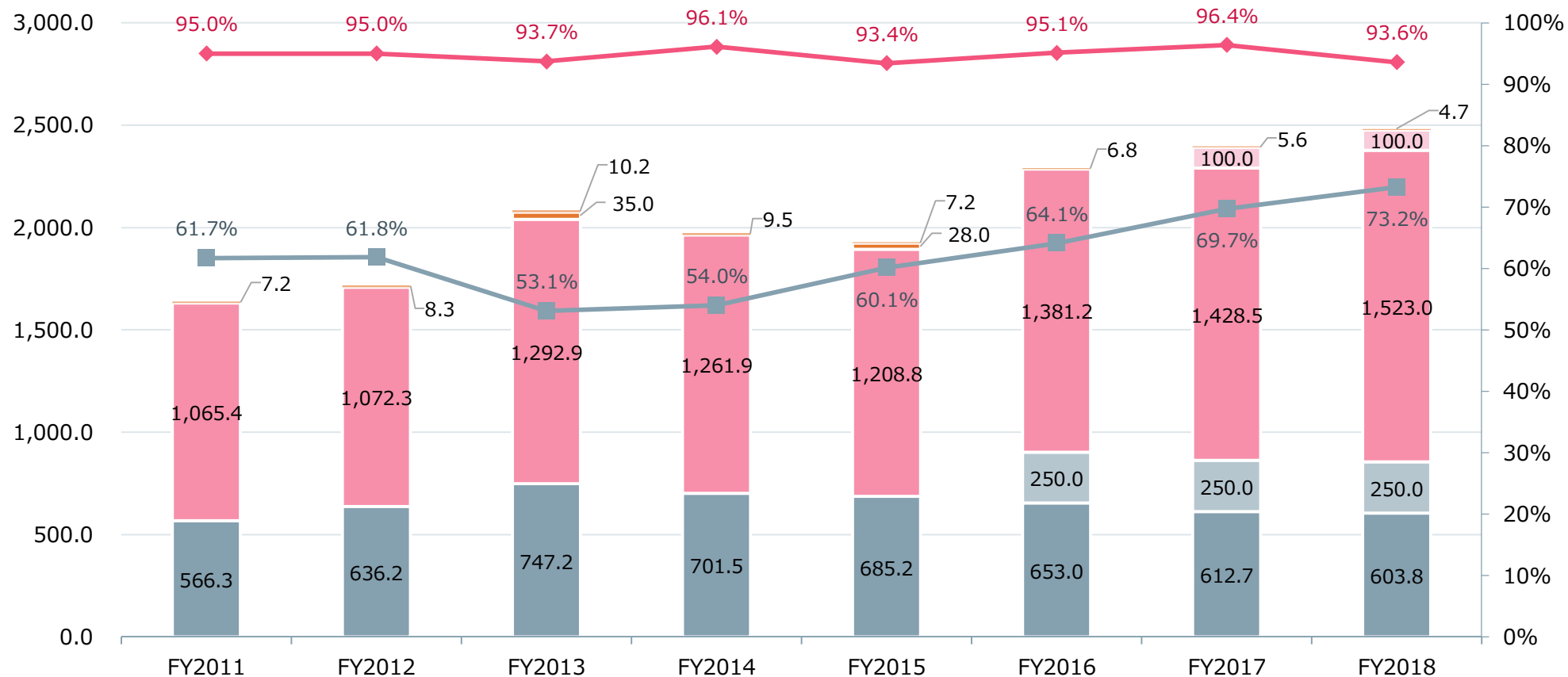
\*1 S.P.V. in which our stake is 20% or above  
 \*2 Please refer to FACTBOOK for the breakdown by segment

## 4. Net Interest-bearing debt/EBITDA Ratio



## 5. Interest-Bearing Debt Breakdown

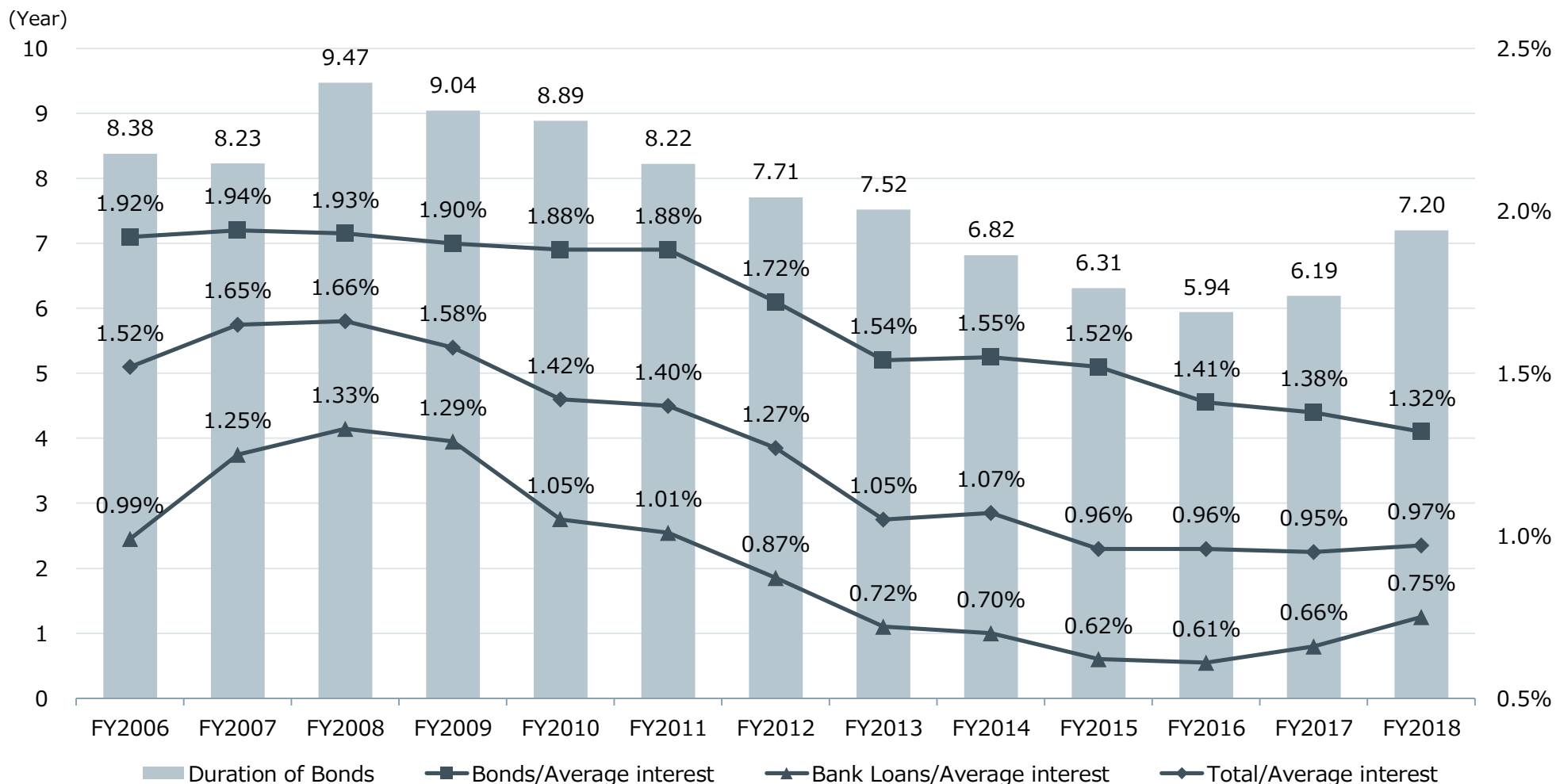
(Billions of Yen)



Total	16,930	17,168	20,854	19,730	19,293	22,910	23,969	24,816
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■ Straight Bond 
 ■ Subordinated bond 
 ■ Bank Loan 
 ■ Subordinated loan 
 ■ CP 
 ■ Lease liability 
 ■ Fixed ratio 
 ◆ Long-term ratio

## 6. Interest-bearing debt: Procurement Interest rates / Duration of Bonds (Unconsolidated)



# Contact Information

**Investor Relations Office,  
Corporate Communications Department  
Mitsubishi Estate Co., LTD.**

**+81-3-3287-5200**

**<http://www.mec.co.jp/>**

## **<Disclaimer>**

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Please be aware that actual information can result in different results depending on various factors.