

Earnings Highlights for FY2019 – 2Q
(The Fiscal Year Ending March 31, 2019)

Mitsubishi Estate Co., Ltd.

● **Earnings for FY 2019 – 2Q (Consolidated)**

< Summary >

Millions of yen (rounded down)

	FY2019-2Q Results	FY2018-2Q Results	Change	Change (%)	FY2019 Estimates (Announced on May 14, 2018)
Office Building Business	274,266	226,054	48,211	21.3%	545,000
Lifestyle Property Business	51,626	50,242	1,384	2.8%	113,000
Residential Business	182,005	131,628	50,376	38.3%	440,000
International Business	27,778	38,963	(11,184)	(28.7)%	74,000
Revenue from Operations	577,289	485,838	91,451	18.8%	1,290,000
Office Building Business	76,778	67,962	8,815	13.0%	148,000
Lifestyle Property Business	14,694	14,373	320	2.2%	31,000
Residential Business	13,442	(1,760)	15,202	863.8%	23,000
International Business	10,760	10,649	110	1.0%	25,000
Operating Income	106,891	84,278	22,612	26.8%	215,000
Income Before Taxes and Special Items	94,007	73,961	20,045	27.1%	191,000
Profit Attributable to Owners of Parent	61,812	41,729	20,082	48.1%	123,000
EBITDA	151,179	128,586	22,593	17.6%	303,000

【 Overview 】

There is an increase in income and profits compared with FY2018-2Q. Main factors include an increase of income and profits both on property sales and on rental in the Office Building Business as well as an increase of income and profits from sales of condominiums and rental apartment buildings in the Residential Business. Factors affecting individual segments compared with FY2018-2Q are detailed below.

【 Office Building Business 】

An increase of income and profits on property sales as well as an increase in rental income and profits from new buildings resulted in an overall increase.

(Vacancy Rate)

The vacancy rate for Japan (all uses) had improved as leasing progressed well in overall portfolio. On the other hand, the temporary increase in vacancy due to a change in tenants in Marunouchi led to the vacancy rates for Marunouchi (offices) increasing. This had already been taken into consideration at the beginning of the period, and with leasing underway, figures are in line with estimates.

(Average Rents)

The average rents increased as a result of rents from new buildings in Marunouchi as well as an increase in rents from existing buildings mainly in Marunouchi.

(yen/tsubo.month)

		2018/3 Results	2018/6 Results	2018/9 Results	FY2019 Estimates (Announced on May 14, 2018)
Vacancy rates	Japan (all purpose)	1.87%	2.08%	2.06%	2.5%
	Marunouchi (offices)	1.65%	2.03%	2.17%	
Average rents (Japan, all purpose)		¥26,193	¥26,280	¥26,389	¥26,800

【Lifestyle Property Business】

An increase in rental income and profits from Tokyo Ryutsu Center Distribution B Building completed in June 2017 as well as a favorable performance in outlet mall business resulted in an overall increase.

【Residential Business】

An increase both in sold units of condominiums and in sold properties of rental apartment resulted in an overall increase.

【International Business】

A decrease in income from property sales led to an overall decrease in income. However, an increase in income and profits related to the Hybrid Investment Business Model* resulted in stable profits.

* Hybrid Investment Business Model: Funds structured by the Group companies that combine Mitsubishi Estate's and third-party equity. They support portfolio diversification and increased investment scale while concurrently earning management fees from investors for providing services to them.

●Earnings Estimates for FY2019 (Consolidated)

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

Disclaimer

The forecasts contained in this report, the Summary of Consolidated Financial Statements, and FACT BOOK are based on information available to the Company at the time of disclosure. Therefore, actual performance may differ from such forecasts due to various factors.

The summary of Financial Statements and Fact Book can be found on the homepage.

◇<http://www.mec.co.jp/j/investor/irlibrary/materials/index.html>

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