

Earnings Highlights for FY2019 – 3Q  
(The Fiscal Year Ending March 31, 2019)

Mitsubishi Estate Co., Ltd.

● **Earnings for FY 2019 – 3Q (Consolidated)**

< Summary >

Millions of yen (rounded down)

	FY2019-3Q Results	FY2018-3Q Results	Change	Change (%)	FY2019 Estimates (Announced on May 14, 2018)
Office Building Business	403,525	344,209	59,316	17.2%	545,000
Lifestyle Property Business	79,048	73,675	5,373	7.3%	113,000
Residential Business	279,660	258,296	21,363	8.3%	440,000
International Business	47,104	55,142	(8,038)	(14.6)%	74,000
<b>Revenue from Operations</b>	<b>874,357</b>	<b>790,456</b>	<b>83,900</b>	<b>10.6%</b>	<b>1,290,000</b>
Office Building Business	113,478	106,486	6,992	6.6%	148,000
Lifestyle Property Business	23,591	21,422	2,168	10.1%	31,000
Residential Business	20,358	12,202	8,155	66.8%	23,000
International Business	16,201	13,507	2,693	19.9%	25,000
<b>Operating Income</b>	<b>162,939</b>	<b>143,354</b>	<b>19,585</b>	<b>13.7%</b>	<b>215,000</b>
<b>Income Before Taxes and Special Items</b>	<b>148,648</b>	<b>128,572</b>	<b>20,076</b>	<b>15.6%</b>	<b>191,000</b>
<b>Profit Attributable to Owners of Parent</b>	<b>96,726</b>	<b>84,953</b>	<b>11,773</b>	<b>13.9%</b>	<b>123,000</b>
<b>EBITDA</b>	<b>231,606</b>	<b>211,257</b>	<b>20,349</b>	<b>9.6%</b>	<b>303,000</b>

【 Overview 】

There is an increase in income and profits compared with FY2018-3Q. 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 rental apartment buildings in the Residential Business. Factors affecting individual segments compared with FY2018-3Q 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 Rates)

The vacancy rates for Japan (all uses) and Marunouchi (offices) had improved as leasing progressed well in overall portfolio. It is expected that the temporary increase in vacancy due to a change in tenants in Marunouchi could lead to an increase of the vacancy rates by the end of March 2019. However, with leasing well underway, the vacancy rates for Japan (all uses) is expected to improve by 0.5% from the previous estimate.

(The vacancy rates for the end of March 2019 (Japan, all uses) is expected to be 2.0%, previously 2.5%.)

(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	2018/9 Results	2018/12 Results	FY2019 Estimates (Announced on Feb 8, 2019)
Vacancy rates	Japan (all uses)	1.87%	2.06%	1.56%	2.0%
	Marunouchi (offices)	1.65%	2.17%	1.27%	
Average rents (Japan, all uses)		¥26,193	¥26,389	¥26,664	¥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 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\* as well as an increase in profits from sales of condominiums in China resulted in an increase in 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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