

Financial Highlights for FY2023 – 1Q
(The Fiscal Year Ending March 31, 2024)

Mitsubishi Estate Co., Ltd.

● **Highlights**

- Record operating revenue of ¥292.4 billion, operating profit of ¥48.4 billion, ordinary profit of ¥43.6 billion, and profit attributable to owners of parent of ¥19.2 billion.
- A decrease in operating profit owing to a decline in significant overseas capital gains recorded in FY 2022.
- Maintain low vacancy rates (Marunouchi Offices: 2.68% as of the end of June, 2023) and stable rental profits. Steady progress toward achieving the initial forecasts in both income gains and capital gains partly due to increased income gains from an improved business conditions for hotels and retail properties.

● **Earnings for FY 2023-1Q (Consolidated)**

Millions of yen (rounded down)

	FY2023-1Q Results	FY2022-1Q Results	Change	Percentage Change	FY2023 Forecasts (May 2023. Disclosed)
Commercial Property Business	190,857	163,826	27,030	16.5%	836,000
Residential Business	51,689	63,461	(11,772)	(18.5%)	381,000
International Business	32,154	60,751	(28,596)	(47.1%)	158,000
Investment Management Business	6,793	9,345	(2,552)	(27.3%)	43,000
Operating Revenue	292,465	305,367	(12,902)	(4.2%)	1,469,000
Commercial Property Business	45,919	38,384	7,534	19.6%	188,000
Residential Business	(1,813)	2,576	(4,390)	(170.4%)	36,000
International Business	8,860	47,900	(39,040)	(81.5%)	54,000
Investment Management Business	1,214	2,675	(1,461)	(54.6%)	12,000
Operating Profit	48,400	83,518	(35,117)	(42.0%)	264,000
Ordinary Profit	43,630	81,845	(38,215)	(46.7%)	232,000
Total income taxes	22,953	18,820	4,133	22.0%	79,000
Profit Attributable to Non-Controlling Interests	4,118	4,190	(72)	(1.7%)	13,000
Profit Attributable to Owners of Parent	19,269	61,553	(42,284)	(68.7%)	166,000
EBITDA	76,795	110,679	(33,884)	(30.6%)	374,500

< Summary >

【 Overview 】

There is a decrease in operating revenue and operating profit YoY. A decline in significant overseas capital gains recorded in FY2022 is a major factor. On the other hand, continuing low vacancy rates contributes to stable rental profits. There is an increase in profits YoY in hotels and retail properties due to an improvement in business conditions. Despite a low progress rate overall, with the expected records of capital gains etc. after 2Q, the performance makes a steady progress toward achieving the initial forecasts. Factors affecting individual segments compared with FY2022 are detailed below.

【Commercial Property Business】

There is an increase in revenue and profits YoY with increases both in capital gains and income gains. Capital gains increased by +¥3.0 billion YoY. The continuing stable rental profits from existing buildings contributed to income gains. There is a large increase in profits followed by the improvement of business conditions in hotels and outlet malls.

< Office Buildings >

Despite a decrease in rental profits from closed buildings for redevelopment, the continuing low vacancy rates in existing buildings contributed to an increase in revenue YoY.

(Vacancy Rates) The vacancy rates for Japan (all uses) and Marunouchi (offices) remained almost the same level YoY.

(Average Rents) Average rents remained almost the same level.

		2022/12 Results	2023/03 Results	2023/06 Results	2024/03 Forecasts
Vacancy rates	Japan (all uses)	4.37%	3.73%	3.91%	3.50%
	Marunouchi (offices)	3.62%	2.43%	2.68%	—

< Retail Properties (e.g. outlet malls) >

There is an increase in revenue and profits YoY followed by the improvement of business conditions. The performance is in steady progress toward achieving our full-year forecasts.

< Hotels >

There is an increase in revenue and profits YoY followed by the improvement of business conditions. The performance is in favorable progress toward achieving our full-year forecasts.

【Residential Business】

There is a decrease in revenue and profits YoY. Approximately 90% of the sales scheduled for full-year have already been contracted, and the performance is in steady progress toward achieving our full-year forecasts.

【International Business】

There is a decrease in revenue and profits due to a decline of capital gains associated with the sale of Central St. Giles, an office building in London, recorded in FY2022.

【Investment Management Business】

There is a decrease in revenue and profits YoY mainly due to a decline of incentive fees in FY2022.

【Architectural Design & Engineering Business and Real Estate Services Business】

There is an increase in revenue and profits YoY mainly due to a favorable performance in the enterprise brokerage business.

● Earnings Estimates for FY2023 (Consolidated)

There is no change in the earnings estimates announced on May 11, 2023.

Definition of Term (Changes from previous versions)

“FY2023” refers to the Group’s fiscal year ended March 31, 2024, and other fiscal years are referred to in a corresponding manner.

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.

◇<https://www.mec.co.jp/en/ir/library/>

(End)