

Financial Highlights for FY2023 – 2Q
(The Fiscal Year Ending March 31, 2024)

Mitsubishi Estate Co., Ltd.

● Highlights

- Record operating revenue of ¥587.9 billion, operating profit of ¥90.3 billion, ordinary profit of ¥75.2 billion, and profit attributable to owners of parent of ¥41.5 billion.
- A decrease in operating profit owing to a decline in significant overseas capital gains recorded in FY2022.
- The delivery of condominiums and property sales are scheduled toward the second half of the year. Contracts are progressing smoothly towards achieving the full-year forecasts.
- Maintain low vacancy rates (Marunouchi Offices: 2.47% as of the end of September, 2023).
- No change in full-year operating profit and profit attributable to owners of parent forecasts. As a breakdown, while profits of commercial property business are strong, profits in the investment management business are lower than initially expected, so the full-year forecasts for each segment are revised and offset each other consequently.

● Earnings for FY2023-2Q (Consolidated)

	Millions of yen (rounded down)				
	FY2023-2Q Results	FY2022-2Q Results	Change	Percentage Change	FY2023 Forecasts (November 9, 2023 Disclosed)
Commercial Property Business	372,181	333,109	39,072	11.7%	843,000
Residential Business	121,270	120,633	636	0.5%	381,000
International Business	58,991	94,033	(35,042)	(37.3%)	158,000
Investment Management Business	13,951	29,480	(15,528)	(52.7%)	36,000
Operating Revenue	587,933	594,565	(6,631)	(1.1%)	1,469,000
Commercial Property Business	87,985	77,919	10,065	12.9%	195,000
Residential Business	(985)	3,339	(4,325)	(129.5%)	36,000
International Business	18,019	60,786	(42,766)	(70.4%)	54,000
Investment Management Business	(2,386)	14,608	(16,995)	(116.3%)	5,000
Operating Profit	90,314	142,078	(51,764)	(36.4%)	264,000
Ordinary Profit	75,224	130,534	(55,309)	(42.4%)	232,000
Total income taxes	35,952	31,528	4,423	14.0%	79,000
Profit Attributable to Non-Controlling Interests	5,071	15,314	(10,243)	(66.9%)	13,000
Profit Attributable to Owners of Parent	41,546	76,342	(34,796)	(45.6%)	166,000
EBITDA	145,000	194,350	(49,350)	(25.4%)	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. Despite a low progress rate overall, the performance is in steady progress toward achieving our full-year forecasts due to the delivery and property sales scheduled in the second half of the year.

【Commercial Property Business】

There is an increase in revenue and profits YoY due to the increase in office building rental profits and the favorable performance of hotels and retail properties.

< Office Buildings >

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

(Vacancy Rates) The vacancy rates remained almost the same level.

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

(Changes in Vacancy Rate)

		2022/12 Results	2023/03 Results	2023/06 Results	2023/09 Results	2024/03 Forecasts
Vacancy rates	Japan (all uses)	4.37%	3.73%	3.91%	4.07%	3.50%
	Marunouchi (offices)	3.62%	2.43%	2.68%	2.47%	—

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

There is an increase in revenue and profits YoY followed by the improvement of business conditions.

< Hotels >

There is an increase in revenue and profits YoY followed by the improvement of business conditions.

【Residential Business】

There is a decrease in revenue and profits YoY. Approximately 96.7% 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 (Non cash) in FY2022 and previous years.

【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)

Previous estimates announced on May 11, 2023.

Millions of yen (rounded down)

	FY2023 Revised Forecasts	FY2023 Previous Forecasts	Change	Percentage Change
Commercial Property Business	843,000	836,000	7,000	0.8%
Residential Business	381,000	381,000	0	0%
International Business	158,000	158,000	0	0%
Investment Management Business	36,000	43,000	(7,000)	(16.3%)
Operating Revenue	1,469,000	1,469,000	0	0%
Commercial Property Business	195,000	188,000	7,000	3.7%
Residential Business	36,000	36,000	0	0%
International Business	54,000	54,000	0	0%
Investment Management Business	5,000	12,000	(7,000)	(58.3%)
Operating Profit	264,000	264,000	0	0%
Ordinary Profit	232,000	232,000	0	0%
Total income taxes	79,000	79,000	0	0%
Profit Attributable to Non-Controlling Interests	13,000	13,000	0	0%
Profit Attributable to Owners of Parent	166,000	166,000	0	0%
EBITDA	374,500	374,500	0	0%

< Summary >

- There is no change in operating profit and profit attributable to owners of parent.
- The commercial property business has improved due to the strong performance of hotels and retail properties, rental profits from office buildings, as well as improvements in domestic capital gains.
- On the other hand, there is a decline of the profit in the investment management business due to the cancellation of previously recorded incentive fees (Non cash), resulted from market value decrease of managed assets in the United States.
- The full-year dividend forecast of 40 yen (up approximately 5.3% from FY2022) is also unchanged.

Disclaimer

The forecasts contained in this report, the Summary of Consolidated Financial Statements, and other financial materials 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 other financial materials can be found on the homepage.

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

(End)