

FY2023 - 2Q
(The Fiscal Year Ending March 31, 2024)

Mitsubishi Estate IR Presentation

For details of the "Long-Term Management Plan 2030", which began from April 2020, please see to the following link.

<https://www.mec.co.jp/en/ir/plan2030/>

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Summary

FY2023 2Q Results

- **Operating Profit down YoY** due to a rebound from the earlier capital gains abroad and a decline of incentive fees (non-cash) in Investment Management Business.
- **Progressed as planned**; our forecast has already reflected that capital gains and condominium deliveries will concentrate in 2H.

FY2023 Forecasts

- Revised Segment Profit: **Commercial Property +¥7 billion, Investment Management -¥7 billion**
- **No changes in the full-year Operating Profit, Ordinary Profit, and Profit Attributable to Owners of Parent.**

*Definition of Term (Changes from previous versions)

“FY2023” means the Group’s fiscal year ending March 31, 2024, and other fiscal years mean in a corresponding manner

FY2023-2Q Overview

1. Income Statement Summary

Operating Profit: ¥90.3 bn, Profit Attributable to Owners of Parent: ¥41.5 bn

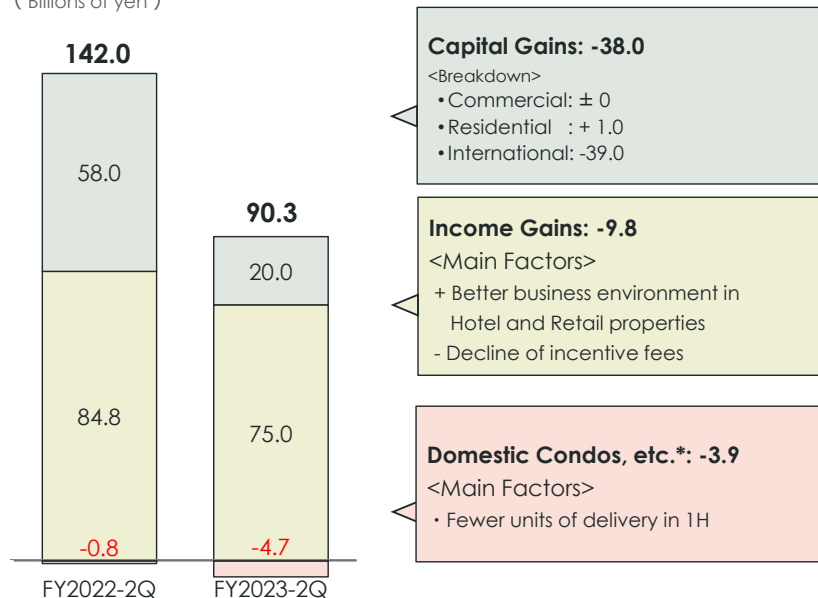
Millions of yen (rounded down)	FY2023-2Q Results	FY2022-2Q Results	Change	
Operating revenue	587,933	594,565	(6,631)	Main Factors
Operating profit	90,314	142,078	(51,764)	
Commercial Property Business	87,985	77,919	10,065	+Business environment improvements in Hotels/Retail; increase in office building rental profits
Residential Business	(985)	3,339	(4,325)	-Condominium deliveries and sales of rental apartments, etc. centered in 2H
International Business	18,019	60,786	(42,766)	-In reaction to large capital gains in FY'22; capital gains in FY'23 are centered in 2H
Investment Management Business	(2,386)	14,608	(16,995)	-Decline of incentive fees (non-cash)
Architectural Design & Engineering Business and Real Estate Services Business	2,553	(382)	2,936	+Design and real estate brokerage in good shape
Other	(1,172)	(1,048)	(123)	
Eliminations or corporate	(13,699)	(13,143)	(556)	
Non-operating income	8,631	7,762	868	
Non-operating expenses	23,721	19,307	4,413	
Ordinary profit	75,224	130,534	(55,309)	
Extraordinary income	7,345	6,269	1,076	
Extraordinary losses	—	13,617	(13,617)	
Total income taxes	35,952	31,528	4,423	
Profit attributable to noncontrolling interests	5,071	15,314	(10,243)	
Profit attributable to owners of parent	41,546	76,342	(34,796)	

2. Financial Highlights - 2Q

Income Gains proceeded in line. Capital Gains & Condos as well; their earnings are centered in 2H.

Operating Profit / YoY

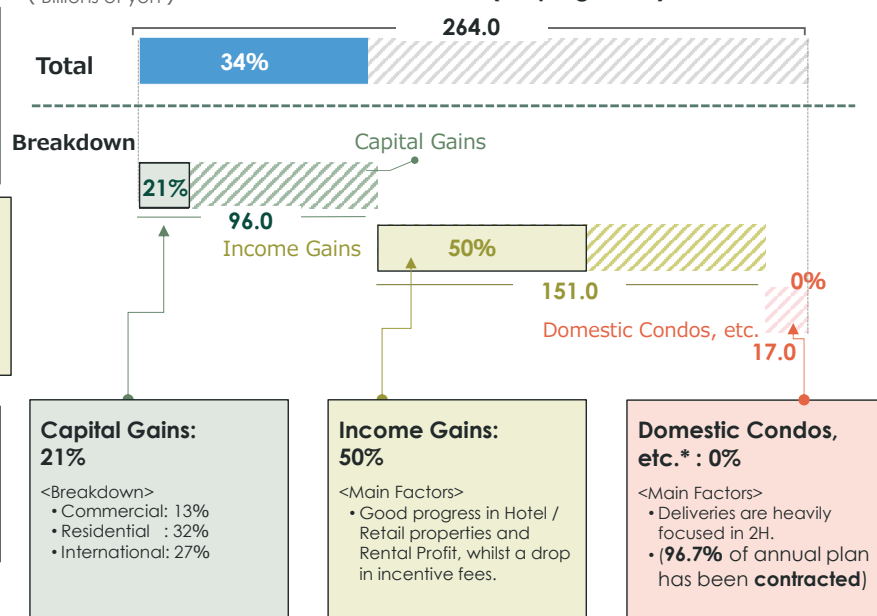
(Billions of yen)



Operating Profit / Progress vs. Forecast

(Billions of yen)

FY2023 Forecast (2Q progress %)



* The Mitsubishi Estate Residence's standalone figure excluding gains on sales rental apartments, etc.

3. Balance Sheet Summary

(Billions of yen)

Assets	As of September 30, 2023	As of March 31, 2023	Change
Inventories	533.3	493.5	39.8
Property, plant and equipment	4,570.4	4,416.2	154.2
Equity investments	836.3	716.4	119.9
Other	1,433.1	1,245.7	187.3
Total assets	7,373.2	6,871.9	501.3

PPE/equity investments
etc. increased due to
progress in investments

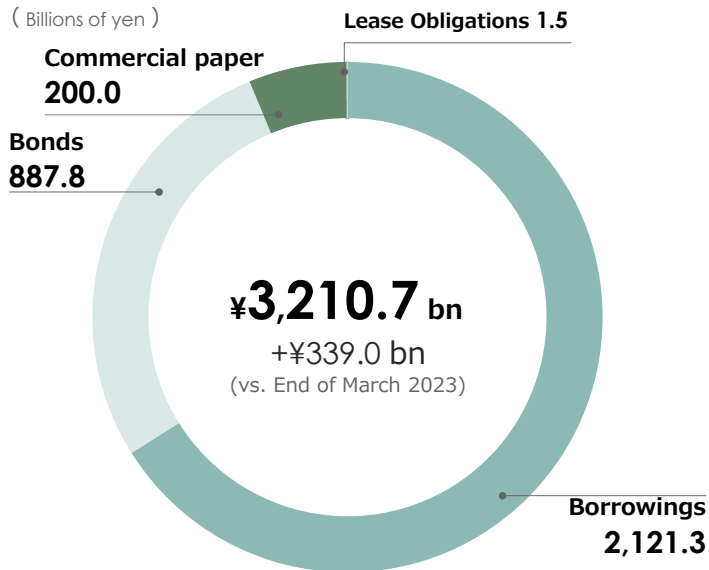
Liabilities and net assets	As of September 30, 2023	As of March 31, 2023	Change
Interest-bearing debt	3,210.7	2,871.6	339.0
Other	1,676.3	1,620.3	56.0
Liabilities	4,887.0	4,492.0	395.0
Net assets	2,486.1	2,379.9	106.2
Total liabilities and net assets	7,373.2	6,871.9	501.3

4. Interest-Bearing Debt

(as of end of September 2023)

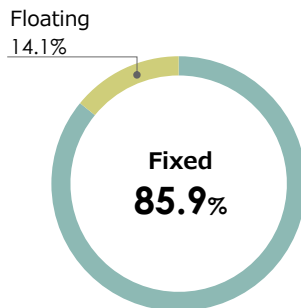
Consolidated Interest-Bearing Debt

(Billions of yen)

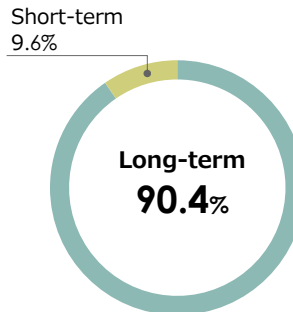


(as of end of September 2023)

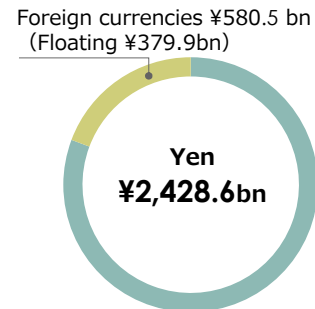
Fixed/Floating Rates*



Long/Short Terms*



Yen/Foreign Currency*



Average Interest Rate
(MEC consolidated)
1.08%

Average Remaining Maturity
(MEC standalone)
7.7 years

Credit Rating

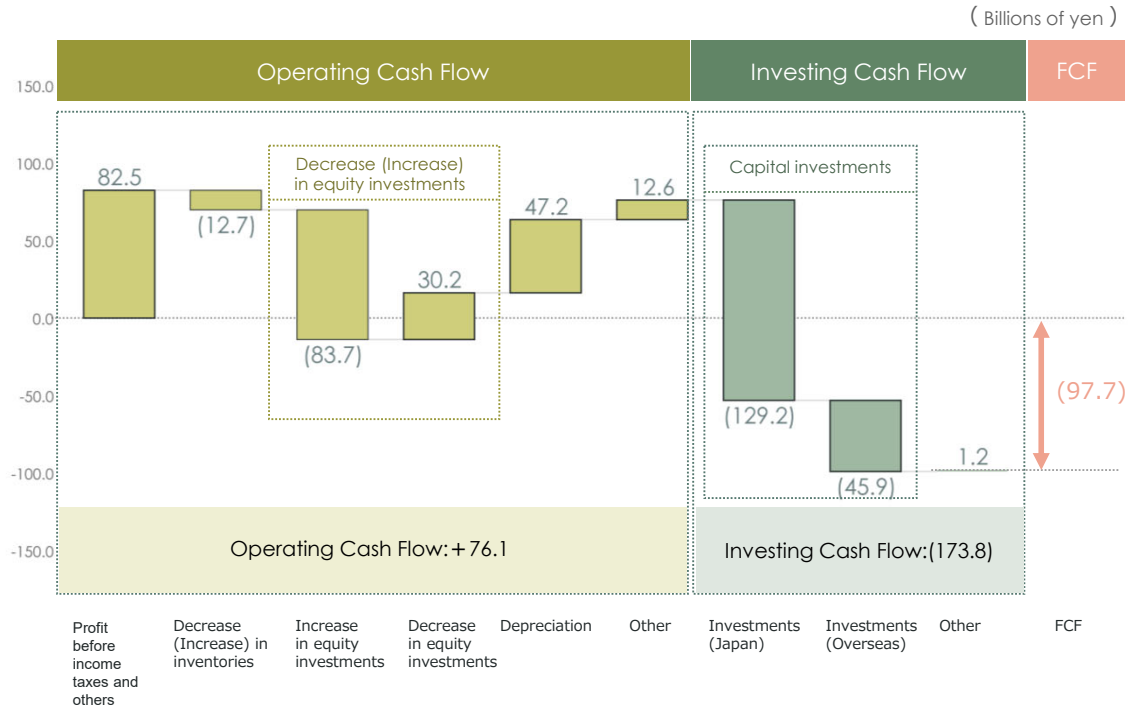
(From October 23, 2023)

Credit Rating Agency	Long-term Rating
Moody's	A2
Standard and Poor's (S&P)	A+
Rating and Investment Information (R&I)	AA- (Positive)
Outlook upgraded from Stable to Positive(Oct. 2023)	
Japan Credit Rating Agency	AA+

* Excluding commercial papers and lease obligations

5. Cash Flow Summary

Acquired investment opportunities well in Japan and overseas. Capital gains to be in 2H onward.



Investment Progress

(Billions of yen)

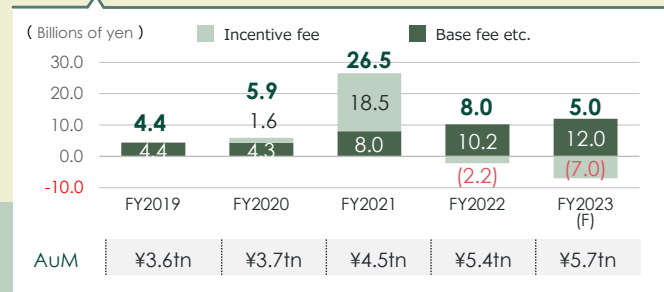
	Initial Plan	2Q YTD Act	%
Capital Investments	424.0	175.1	41%
Japan		129.2	—
Overseas		45.9	—
Equity Investments	201.0	83.7	42%
Japan		22.3	—
Overseas		61.4	—
Total	625.0	258.9	41%

FY2023 Forecasts

1. Income Statement Forecasts - Current vs Original Forecasts (as of May 11, 2023)

Revised operating profit by segment with the latest status. The total remains unchanged.

Millions of yen (rounded down)	FY2023 Current Forecast	FY2023 Original Forecast	Change	
Operating revenue	1,469,000	1,469,000	—	Main factors
Operating profit	264,000	264,000	—	
Commercial Property Business	195,000	188,000	7,000	+ Favorable Hotels/Retail, better rental profit, and increase in capital gains
Residential Business	36,000	36,000	—	
International Business	54,000	54,000	—	Revised the yearly average rates for the forecast USD 128→136 (¥/\$), GBP 156→170 (¥/£)
Investment Management Business	5,000	12,000	(7,000)	— Cancellation of previously recorded incentive fees (non-cash)
Architectural Design & Engineering Business and Real Estate Services Business	5,000	5,000	—	
Other	(1,000)	(1,000)	—	
Eliminations or corporate	(30,000)	(30,000)	—	
Ordinary profit	232,000	232,000	—	
Profit attributable to owners of parent	166,000	166,000	—	



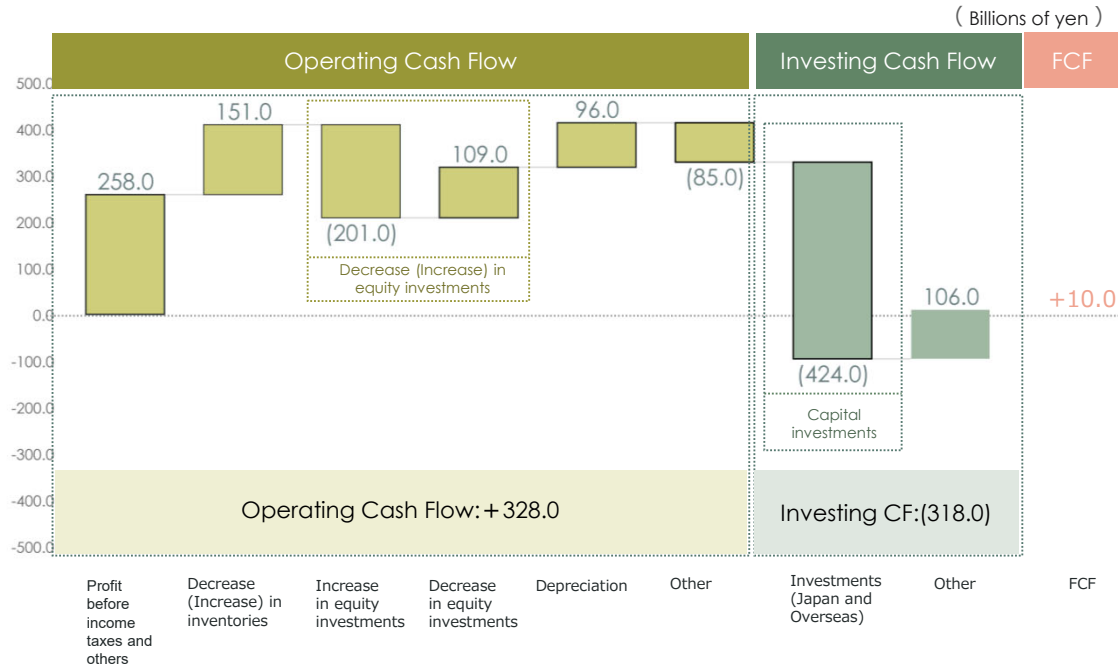
2. Income Statement Forecast - Current vs. FY2022 Results

Profit attributable to owners of parent is expected to hit another high for three years straight.

Millions of yen (rounded down)	FY2023 Forecast	FY2022 Actual	Change	
Operating revenue	1,469,000	1,377,827	91,173	Main factors
Operating profit	264,000	296,702	(32,702)	
Commercial Property Business	195,000	188,852	6,148	+Business environment improvements for hotels and retail
Residential Business	36,000	35,037	963	
International Business	54,000	89,400	(35,400)	-In reaction to large capital gains in the previous year
Investment Management Business	5,000	8,054	(3,054)	-Cancellation of previously recorded incentive fees (non-cash)
Architectural Design & Engineering Business and Real Estate Services Business	5,000	4,176	824	
Other	(1,000)	(2,121)	1,121	
Eliminations or corporate	(30,000)	(26,696)	(3,304)	
Non-operating income	11,000	14,361	(3,361)	
Non-operating expenses	43,000	39,244	3,756	
Ordinary profit	232,000	271,819	(39,819)	
Extraordinary income	31,000	12,224	18,776	+Improvements of extraordinary profit and loss
Extraordinary losses	5,000	31,141	(26,141)	
Total income taxes	79,000	70,634	8,366	
Profit attributable to noncontrolling interests	13,000	16,924	(3,924)	
Profit attributable to owners of parent	166,000	165,343	657	

3. Cash Flow Forecast

Investments to continue for profit growth. FCF to be managed through returns for controlling balance sheet.



Investment assumption

(Billions of yen)

Initial Plan	
Capital Investments	424.0
Equity Investments	201.0
Total	625.0

Strategy and Progress

For details of the "Long-Term Management Plan 2030", please refer to the following link.
<https://www.mec.co.jp/en/ir/plan2030/>

Environment Analysis and Our Strengths

Environment Changes

<p>Japan</p> 	<p>Inflation</p> <p>Monetary Policy</p> <p>Office Demand</p>	<p>Surging construction cost</p> <p>Higher energy cost</p> <p>Anticipated pay/rent increases</p> <p>Anxiety over the policy change</p> <p>Being resilient</p>	<p>Overseas</p> 	<p>Financial Env.</p> <p>Office Demand</p>	<p>Rising interest rates</p> <p>The impact on Real Estate market</p> <p>Concerns due to changing workstyles</p>
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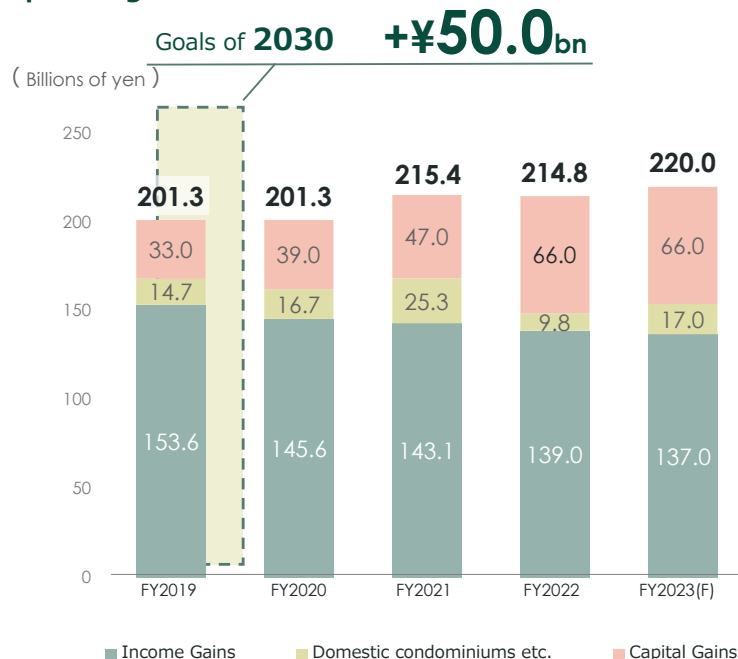
Current Status ■ Laggard stocks, NAV discount in Real Estate industry stock ■ Uncertainty about Real Estate market overseas

Our Strengths

<p>1 Domestic Asset Business</p> <ul style="list-style-type: none"> • Office rental profits centered Marunouchi • Capital recycling profits in Prime Areas 	<p>2 International Asset Business</p> <ul style="list-style-type: none"> • US: Flagship buildings' rental profit • UK: New buildings' rental profit • Development gains from various areas/assets 	<p>3 Non-asset Business</p> <ul style="list-style-type: none"> • Globally growing Investment Management • Hotels backed by higher demand
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1. Domestic Asset : Operating Profit

Operating Profit



Advancing Marunouchi Redevelopment/ Rental Profit

Redeveloped	New Projects*	Vacancy Rate of Marunouchi / Office
19 buildings /35 in total 2 million m ²	1.1~1.3 million m ²	2.47% As of end of Sept 2023

Capital Gains

Capital Recycling Assets	NOI Yield of Assets under Operation	High Capital Gains
Over ¥1.2 tn	Approx. 7.0%	¥66 bn

Residential Business

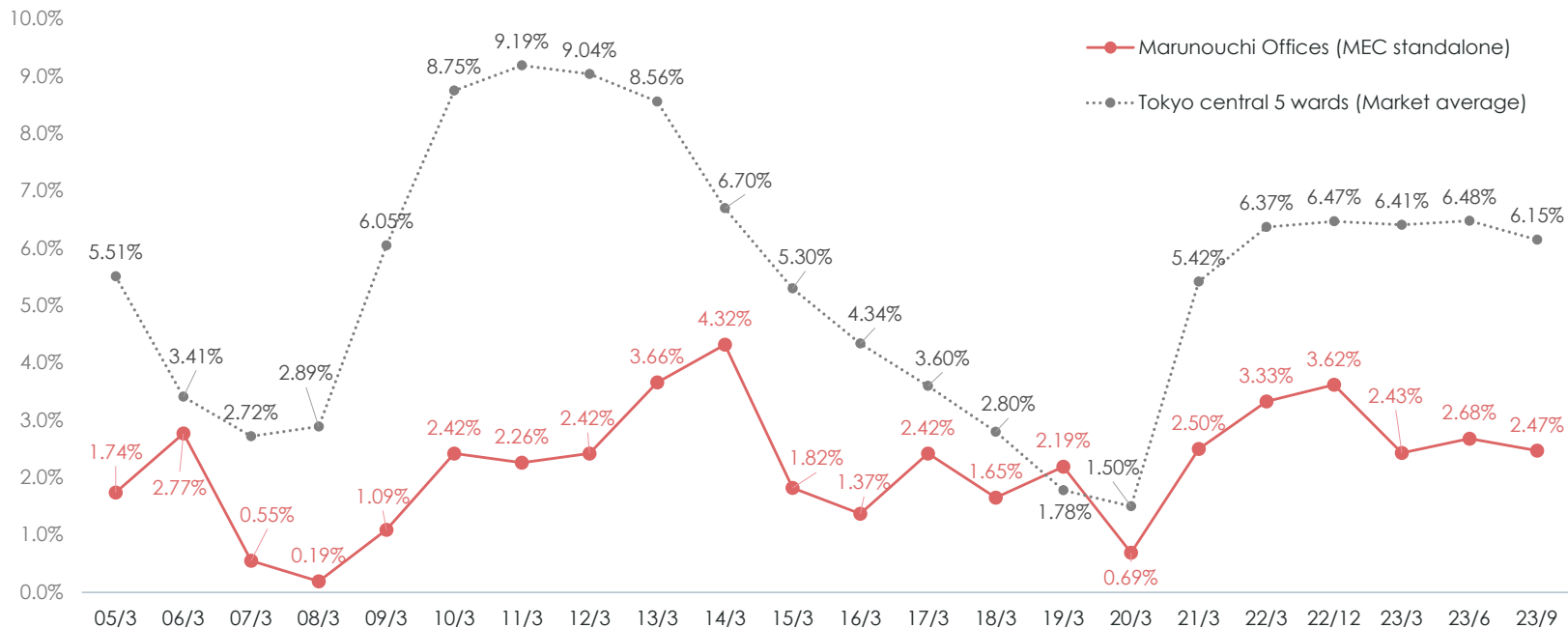
Land Bank	Gross Profit Margin	Owned Rental Apartments etc.
16,500 units	26.1%	120 buildings

* Total area to be supplied at the Marunouchi NEXT stage announced in 2020

**FY2022 results and at the end of March 2023 unless otherwise described; the area represents total floor area

2. Domestic Asset : Vacancy Rates

Tokyo Central 5 Wards (Market) vs. Marunouchi Offices (MEC standalone)



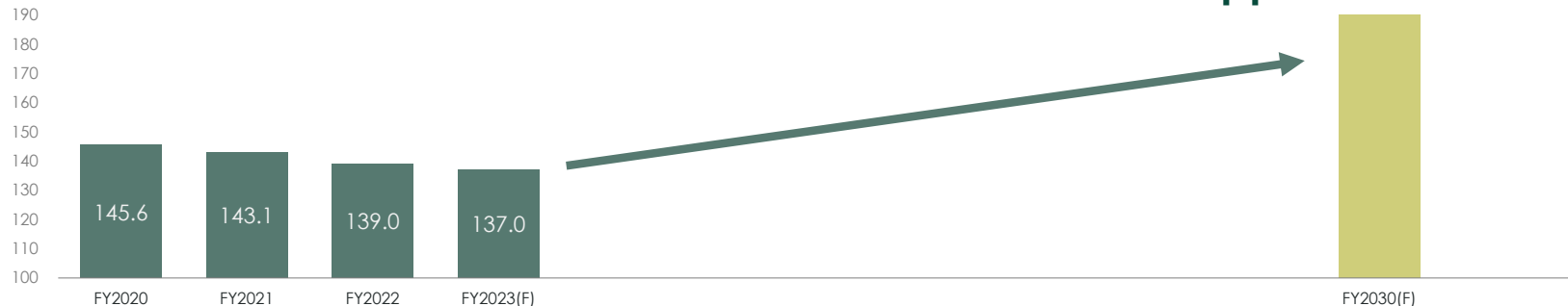
Source: Miki Shoji Co., Ltd. and MEC's property data

3. Domestic Asset : Growth in Income Gain

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Rental Profit etc. (Income Gain)

(Billions of yen)

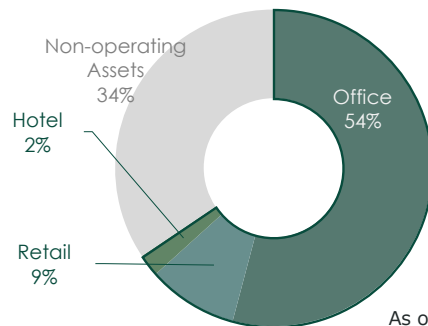


Upcoming Projects

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Tokyo Ryutsu Center A Building Location : Ota, Tokyo Total Floor Area : 205,000m ² Completion : Aug. 2023	GRAND GREEN Osaka Location : Osaka, Osaka Partial Opening : Sep. 2024 Full Completion : FY2027	Uchikanda 1-Chome Project Total Floor Area : 85,200m ² Completion : Nov. 2025	Nishiki 3-Chome 25th City Block Project Location : Nagoya, Aichi Total Floor Area : 109,700m ² Completion : Mar. 2026	Tenjin 1-7 Project Location : Fukuoka, Fukuoka Total Floor Area : 74,000m ² Completion : Mar. 2026	Torch Tower Total Floor Area : 544,000m ² Completion : Mar. 2028	Akasaka 2・6-chome Development Plan Location : Minato, Tokyo Total Floor Area : 210,000m ² Completion : FY2028	Yurakucho Area Redevelopment Projects *Plan details under consideration. 	

4. Domestic Asset : Capital Recycling Business (Capital Gains)

Commercial Property's
Capital Recycling Asset :
¥1.035 tn



Operating Assets 66%	NOI Yield 7%
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* Domestic rental etc. real estate excluding Marunouchi, outlets and assets owned by a part of consolidated subsidiaries

As of end of March 2023

Recent Developed / Developing Projects

FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
 <p>3rd MINAMI AOYAMA Location : Minato, Tokyo Total Floor Area : 14,700m² Completion : Feb. 2023</p>	 <p>Logicross Zama Location : Zama, Kanagawa Total Floor Area : 187,700m² Completion : Nov. 2023</p>	 <p>Logicross Sagamihara Location : Sagamihara, Kanagawa Total Floor Area : 170,900m² Completion : Dec. 2023</p>	 <p>Osaka Dojimahama Tower Location : Osaka, Osaka Total Floor Area : 67,000m² Completion : Apr. 2024</p>	 <p>(Tentative name) Toyosu 4-2 Development Project Location : Koto, Tokyo Total Floor Area : 136,000m² Completion : Jun, 2025</p>	 <p>(Tentative name) Tenjin 1-7 Project Location : Fukuoka, Fukuoka Total Floor Area : 74,000m² Completion : Mar. 2026</p>	 <p>(Tentative name) Akasaka 2 · 6-chome Development Project Location : Minato, Tokyo Total Floor Area : 210,000m² Completion : FY2028</p>

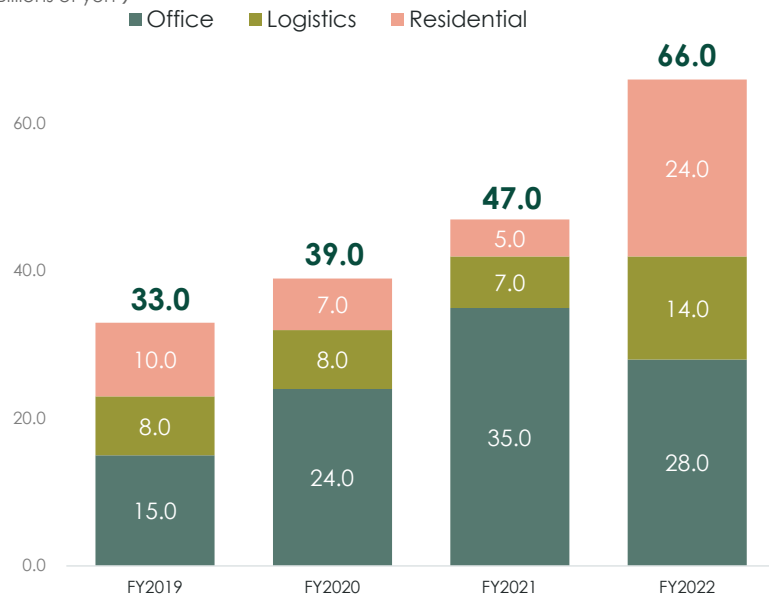
Total Investments in developing PJ approx.
¥ 500 bn

*Including other than on the left

5. Domestic Asset : Capital Gain Results

Capital Gain by Asset

(Billions of yen)



Performance (Major properties sold)

FY2022 ¥66 bn



The ARGYLE aoyama

- **the ARGYLE aoyama**
Usage : Office / Total floor area : 23,100㎡
- **Logista · Logicross Ibaraki Saito** (Buildings A, B)
Usage : Logistics / Total floor area : 139,600㎡ (sum of two bldgs.)
- **[Residential Business] Disposed of 19 properties,**
such as residential apartments and elderly homes.

FY2021 ¥47 bn



Toyosu Front

- **Toyosu Front (partial ownership)**
Usage : Office / Total floor area : 107,000㎡
- **[Residential Business] Disposed of 4 properties,**
mainly rental apartments.

FY2020 ¥39 bn



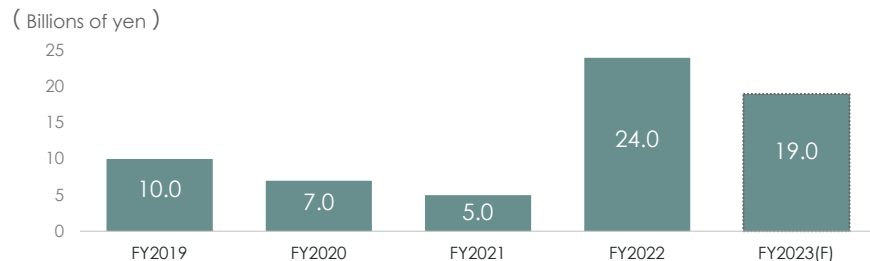
Logiport Kawasaki Bay

- **Link Square Shinjuku (partial ownership)**
Usage : Office
Total floor area : 44,000㎡
- **Logiport Kawasaki Bay**
Usage : Logistics
Total floor area : 297,000㎡

Total floor area include approximate figures.

6. Domestic Asset : Rental Apartments, etc. (Capital Gain)

Capital Gain in Residential Business



Major Sales Cases

The Parkhabio Shinjuku

Sale period: FY2019
 Location: Shinjuku, Tokyo
 Size: 219units



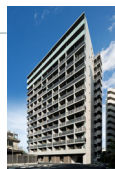
The Parkhabio Yokohama-Kannai

Sale period: FY2020
 Location: Yokohama, Kanagawa
 Size: 85units



The Parkhabio Sugamo

Sale period: FY2022
 Location: Toshima, Tokyo
 Size: 188units



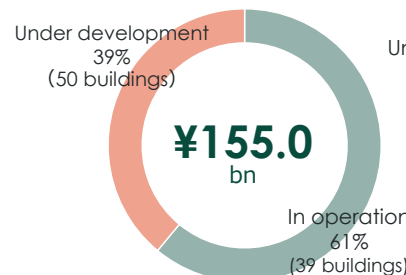
The Parkhabio Kiba

Sale period: FY2022
 Location: Koto, Tokyo
 Size: 223units

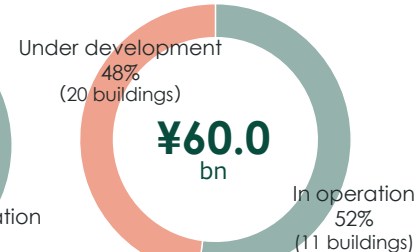


Assets

Rental Apartments



Other Income Property (Assisted living residence, student apartment)



(End of March 2023) *Ratio based by value

Total Assets

120 properties/approx. **¥215.0bn**



Unrealized Gain
 approx. **¥90bn**

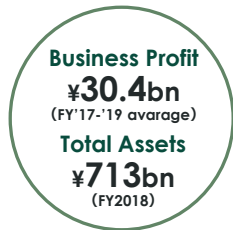
(End of March 2023) *In-house calculation

1. International Asset : Business Strategies

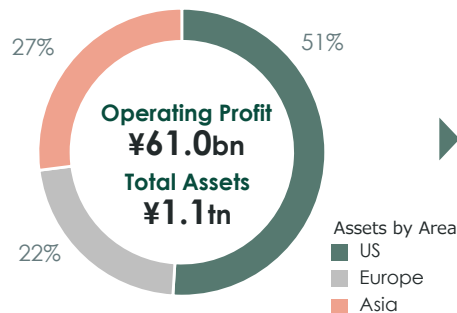
NEW

BS / PL Outline

As of the release of
LT Management Plan

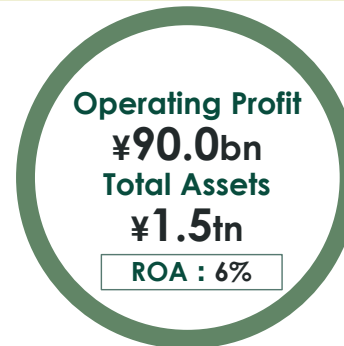


Results over last 3 yrs.
(FY'20-FY'22 average)



Late 2020s

Aims to reach 2030 target faster



Investment Strategies

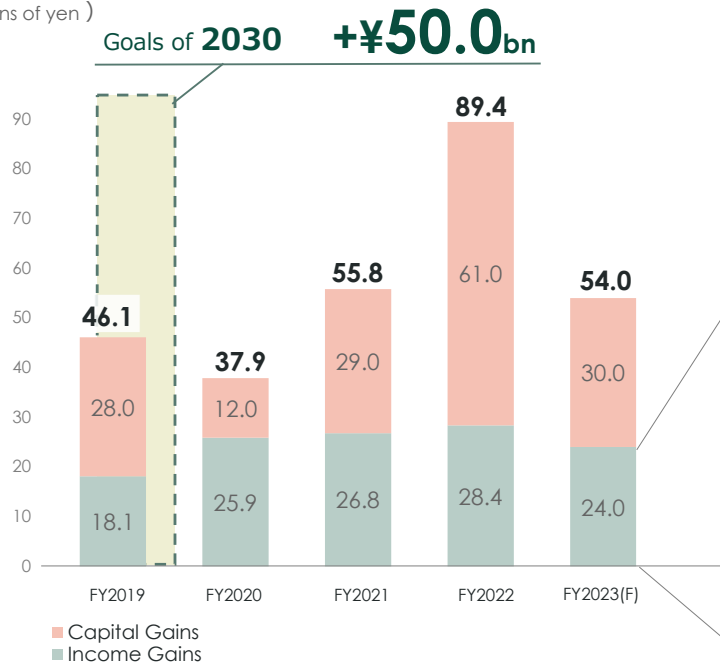
Area	Investment Policy	
Developed countries (US, Europe, Australia, etc.)	Active	<ul style="list-style-type: none"> Expands capital recycling assets to ensure constant gains on sales Actively invests in growing areas and new assets Earns revenue through Hybrid Model Investment mainly in the US
Developing countries (Mainly Asia)	Diversified Efficiency-seeking	<ul style="list-style-type: none"> Selects areas/asset-types by the market and business practices Grows opportunities through partnering with leading local businesses

NEW

2. International Asset : Operating Profit

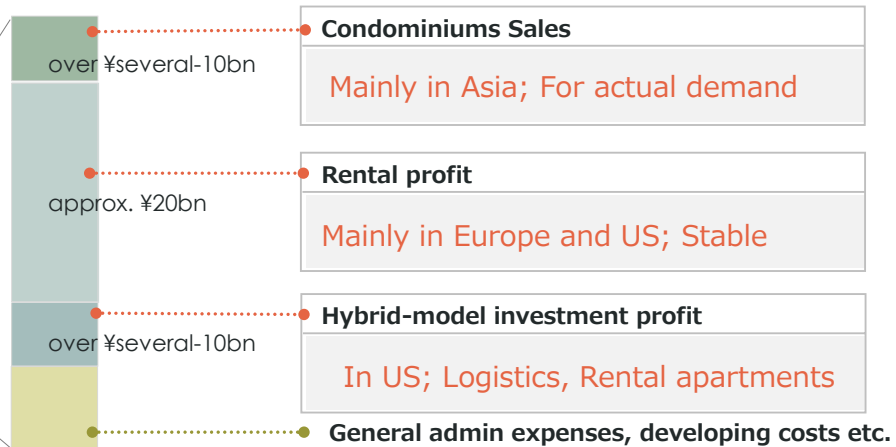
Operating Profit

(Billions of yen)



Capital Gains

US	Europe	Asia
Logistics, Rental apartments Size of ¥20 bn per year	Offices Rental apartments	Focus on investment efficiency

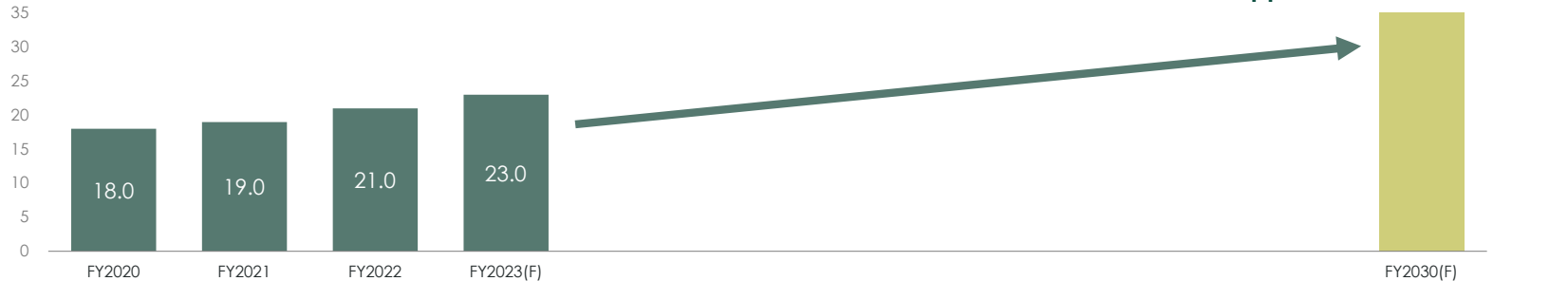


3. International Asset : Growth in Rental Profit (Income Gain)

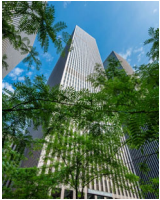




NEW

Rental Profit Forecasts of Major Properties to Be Held Long-Term

(Billions of yen) *Rounded down



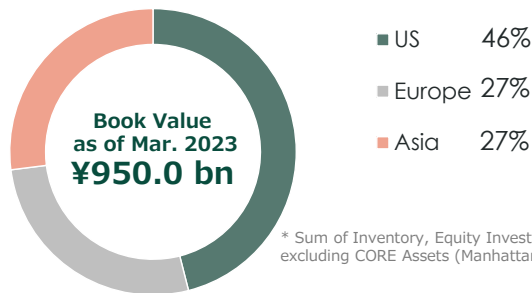
Recent Developed/Developing Projects

		FY2022	FY2023	FY2024	...
Manhattan, NY Flagship Buildings					
					
<p>Rental Profit approx. ¥20 bn</p> <p>Average Remaining Lease Period over 10 years</p>		<p>Warwick Court</p> 	<p>8 Bishopsgate</p> 	<p>60-72 Upper Ground</p> 	
			<p>Leasing completed (As of Oct. 2023)</p> <p>Approx. 75%</p>		

4. International Asset : Capital Recycling Business (Capital Gain)

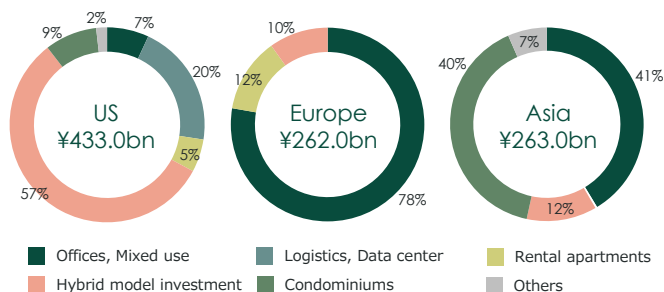
Capital Recycling Assets

Book Value of the Overseas Assets*



* Sum of Inventory, Equity Investment, and PPE, excluding CORE Assets (Manhattan) to be held

Asset Type by Area



	Name (Including tentative names)* ¹	Size* ²	Expected NOI	Investment Amount
Asia	Trinity Tower (Indonesia • Office • Retail)	143,200m ²		
	Hangzhou ALPHA PARK (China • Office)	233,600m ²		
	CapitaSpring (Singapore • Mixed use)	93,400m ²		
	180 George Street (Australia • Office • Retail)	³ 55,000m ²		
	One City Centre (Thailand • Office • Retail)	116,000m ²		
	The Grand Outlet (Indonesia • Outlet mall)	49,000m ²		
	Parkline Place (Australia • Office • Retail)	65,900m ²		
	Suzhou ALPHA PARK (China • Office)	220,400m ²		
	International Tech Park Chennai Radial Road (India • Office)	³ 240,000m ²		
	One Circular Quay (Australia • Hotel, etc.)	86,800m ²		
Europe	Oasis Central Sudirman (Indonesia • Mixed Use)	307,000m ²		
	Crystal Brige (Shanghai • Mixed Use)	246,300m ²		
	The Blossoms (London • Rental Apartment)	338 units		
	dMoura1 (Spain • Office)	³ 11,000m ²		
	Grace (Sweden • Large-scale Renovation)	³ 7,800m ²		
	Stateline 77 Building1/2 (South Carolina • Logistics)	³ 93,600m ²		
	55 Paradise (New York • Logistics)	³ 16,700m ²		
	Virginia Data Center (Building1 • Data center)	⁵ 51,000m ²		
	Virginia Data Center (Building2 • Data center)	⁵ 51,000m ²		
	sol38 (Arizona • Rental Apartment)	360 units		
US	PATTEN GRAY (Colorado • Rental Apartment)	250 units		
	1072 West Peachtree (Georgia • Mixed Use)	³ 49,300m ²		
	600 Fifth Street NW (Washington, D.C. • Office)	³ 37,000m ²		
	Heritage, Chula Vista (California • Logistics)	60,800m ²		
	Spotswood (New Jersey • Logistics)	28,200m ²		
	Paradigm RiNo (Colorado • Office)	28,200m ²		
	10 Constitution Ave (New Jersey • Logistics)	13,600m ²		
	Spartanburg 221 (South Carolina • Logistics)	94,600m ²		
	Nellis Logistics Center (Nevada • Logistics)	12,600m ²		
	3102 N Lamb (Nevada • Logistics)	13,500m ²		
	16 Dupont (New York • Rental Apartment)	43,100m ²		
	Vista (Alabama • Rental Apartment)	23,000m ²		
	E2nd Martin (Colorado • Rental Apartment)	23,600m ²		

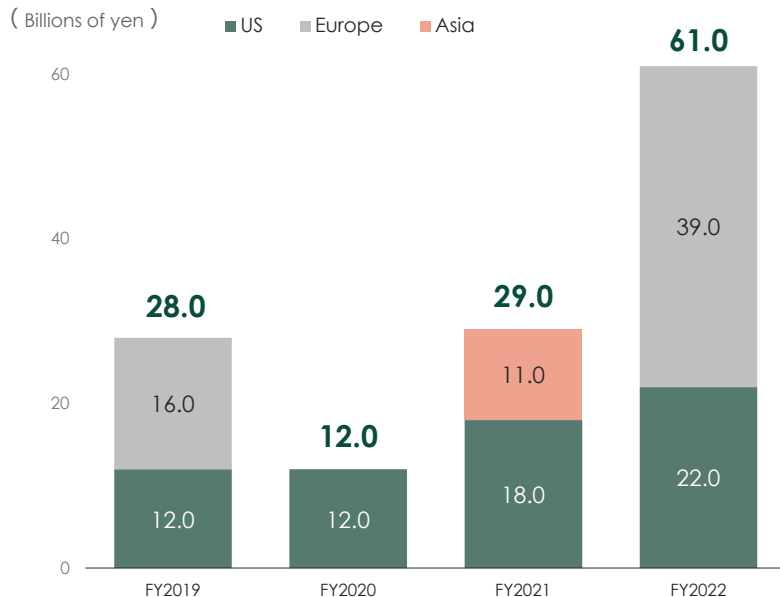
approx. **¥30bn** around **¥300bn**

...Projects announced after the Long-Term Plan
Red ...Projects added this quarter

*1 Includes properties expected to be sold by 2030
*2 Total floor area unless otherwise noted
*3 Leasable Area
*4 Site Area
*5 Total of two buildings

5. International Asset : Capital Gain Results

Capital Gain by Area



Performance

FY2022 **In Europe and other areas ¥61bn**

<p>Central St. Giles</p> <p>Location: London Usage: Office Size: 66,000㎡ EIRR: Over 10%</p> 	<p>Hanover</p> <p>Location: Pennsylvania Usage: Logistics Size: 42,100㎡ EIRR: 100%</p> 
<p>Val Verde</p> <p>Location: California Usage: Logistics Size: 26,900㎡ EIRR: 100%</p> 	<p>Liv Crossroads</p> <p>Location: Arizona Usage: Rental apartment Size: 356 units EIRR: 30%</p> 

FY2021 **In US logistics, Asia offices etc. ¥29bn**

<p>Harvill</p> <p>Location: California Usage: Logistics Size: 31,000㎡ EIRR: Over 100%</p> 	<p>Capital Place</p> <p>Location: Hanoi, Vietnam Usage: Office Size: 151,600㎡ EIRR: Over 30%</p> 
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FY2020 **Mainly in US ¥12bn**

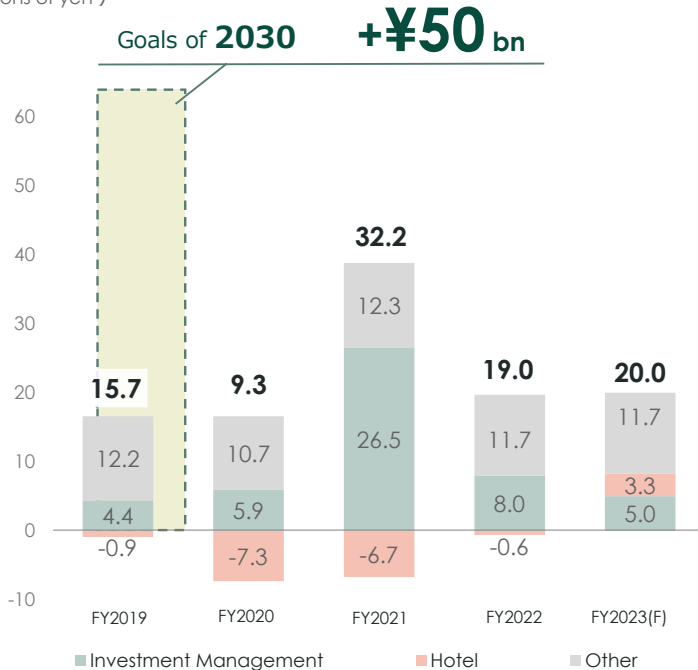
<p>LIV North Valley</p> <p>Location: Arizona Usage: Rental apartment Size: 385 units EIRR: Over 30%</p> 	<p>Edison</p> <p>Location: New Jersey Usage: Logistics Size: 83,600㎡ EIRR: Over 50%</p> 
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Size and EIRR include approximate figures.

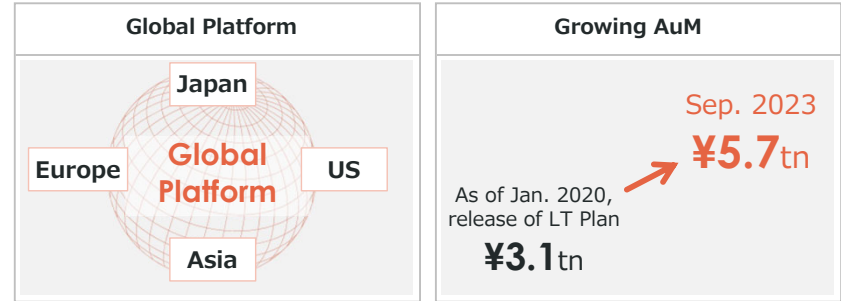
1. Non-Asset's Progress : Operating Profit

Operating Profit

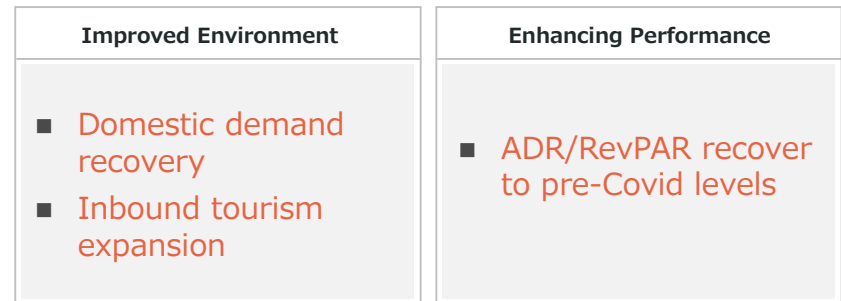
(Billions of yen)



Investment Management Business

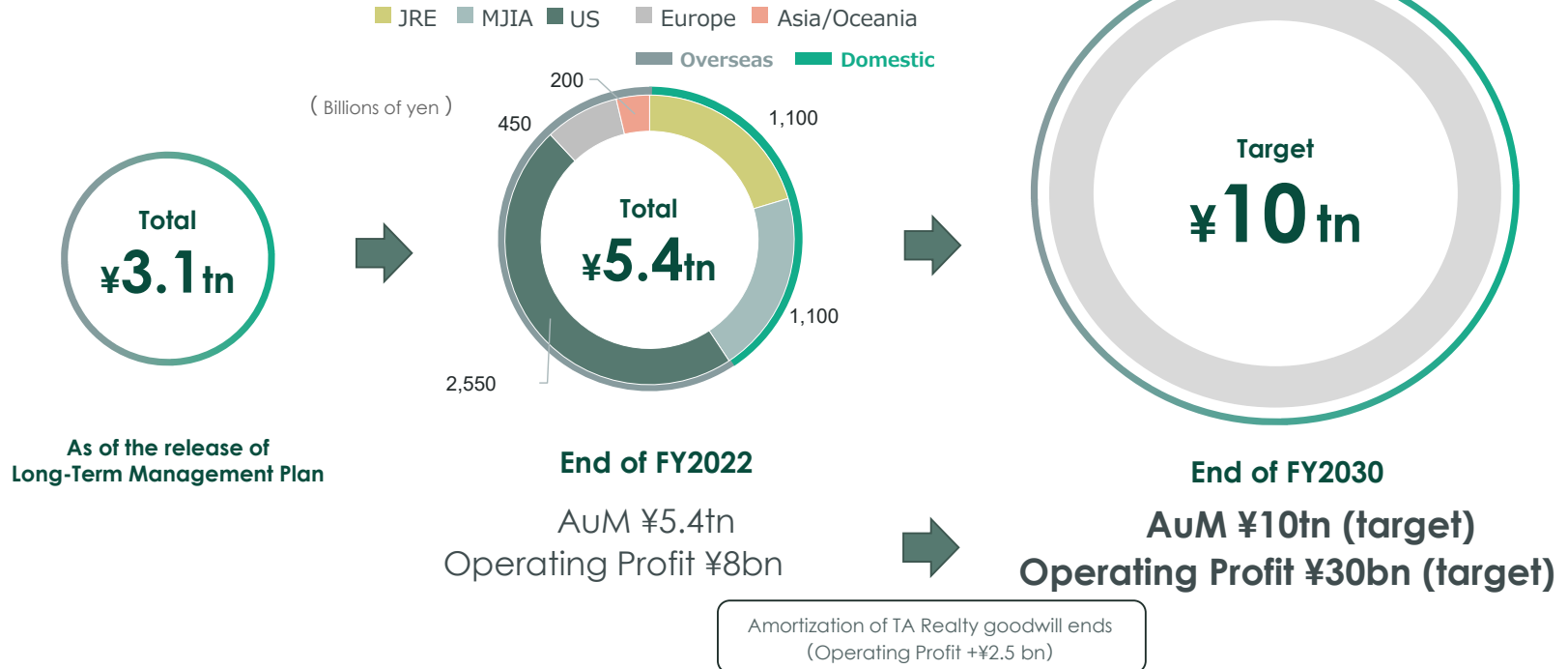


Hotel Business



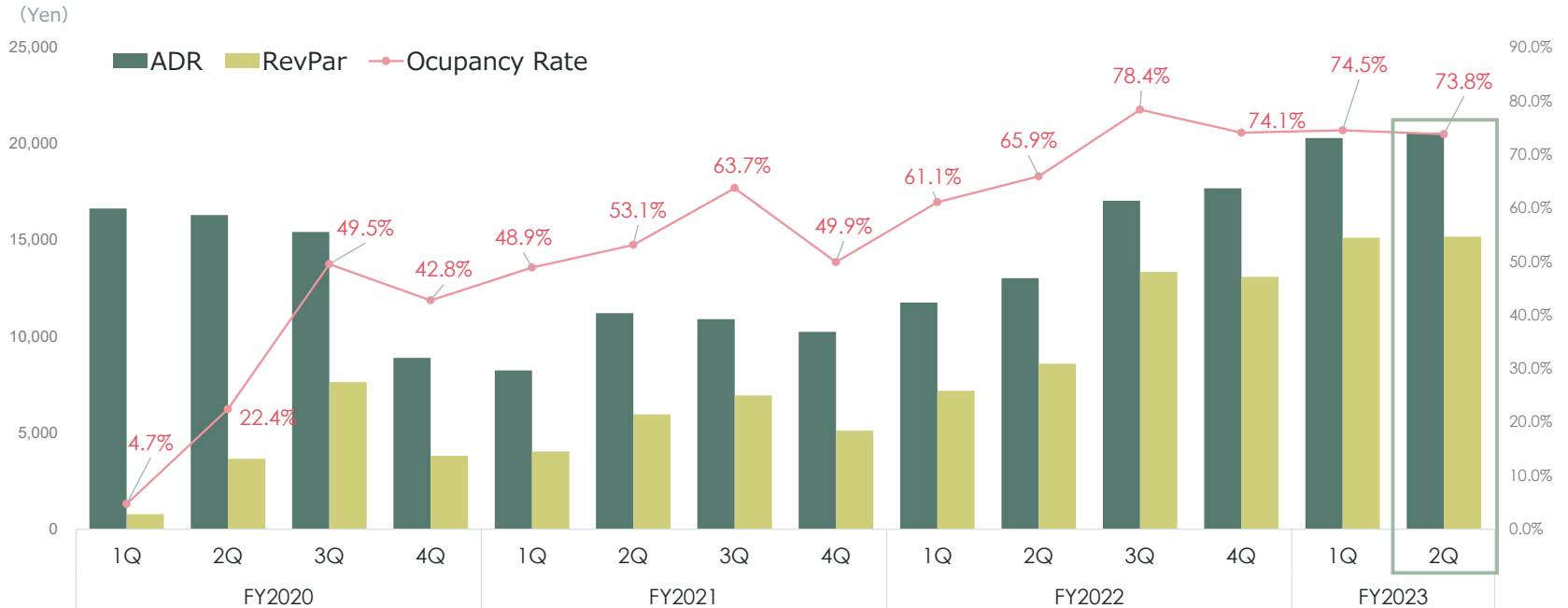
2. Non-Asset's Progress : Investment Management

Released new targets for FY2030, AuM ¥10 trillion and Operating Profit ¥30 billion



3. Non-Asset's Progress : Hotel Management

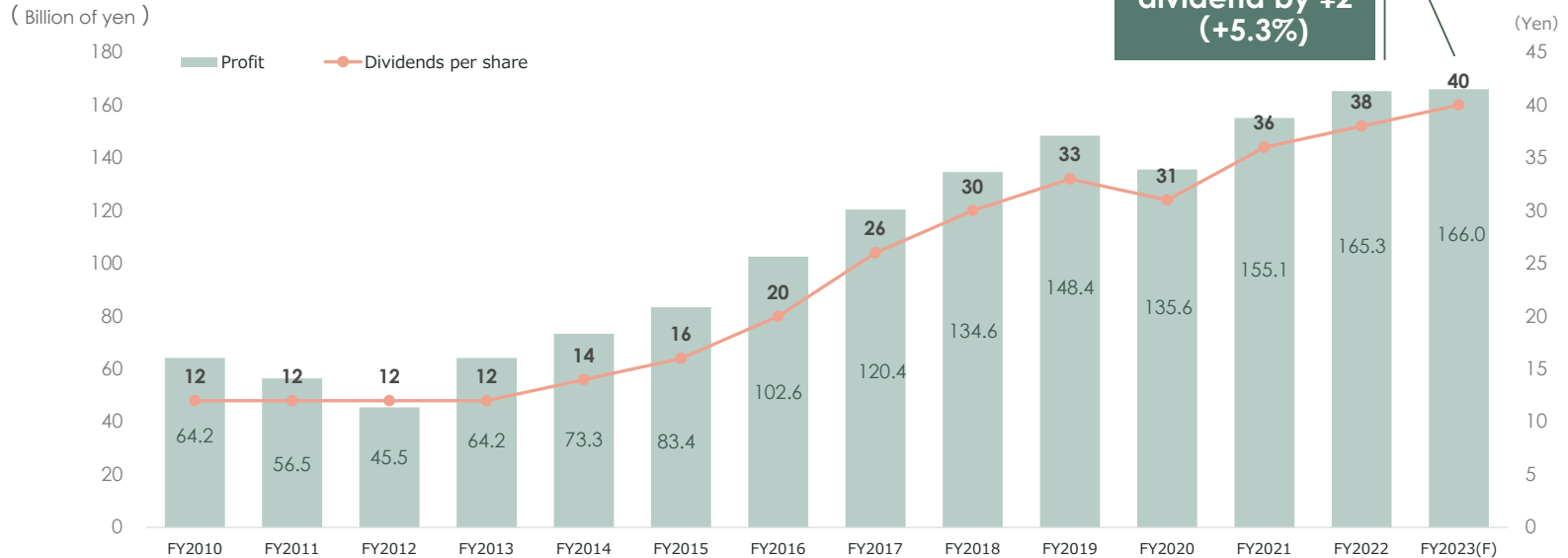
Business Status of Royal Park Hotels and Resorts



Shareholders Returns

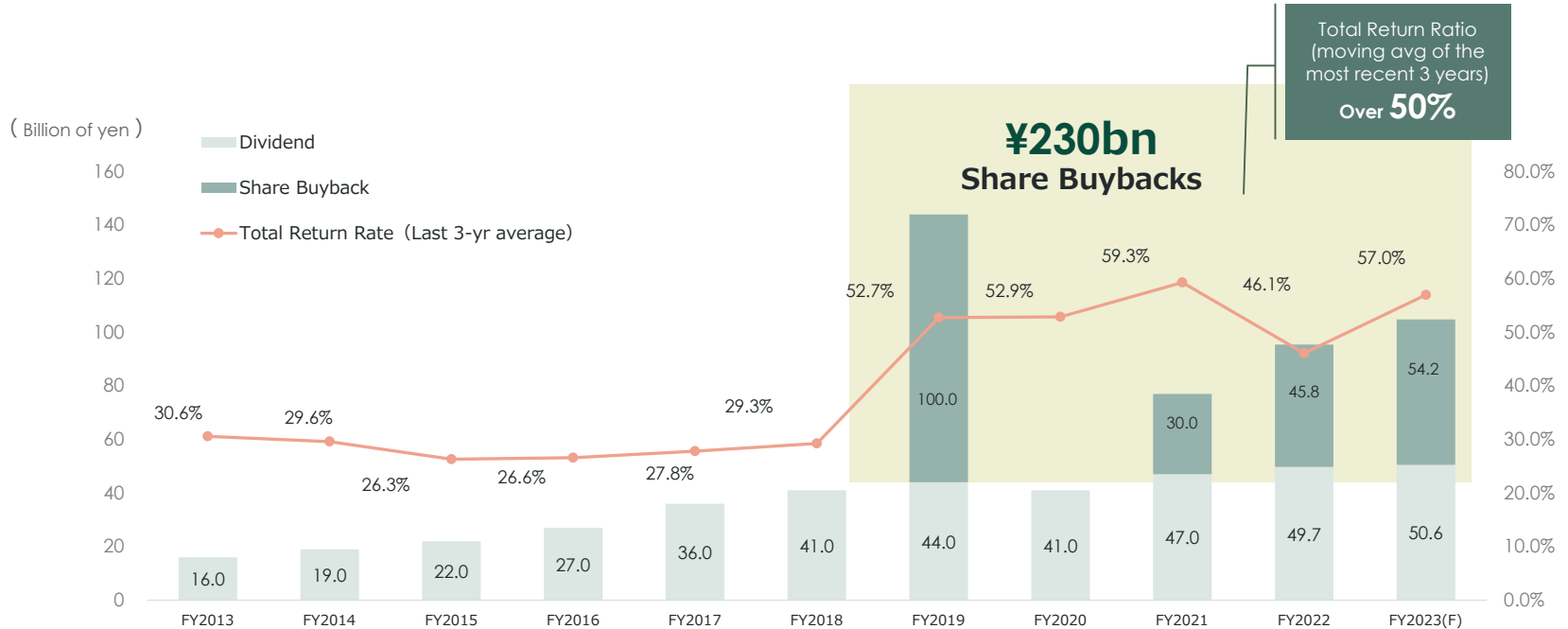
1. Shareholders Returns (Dividend)

Steadily raised DPS by profit growth and share buybacks.



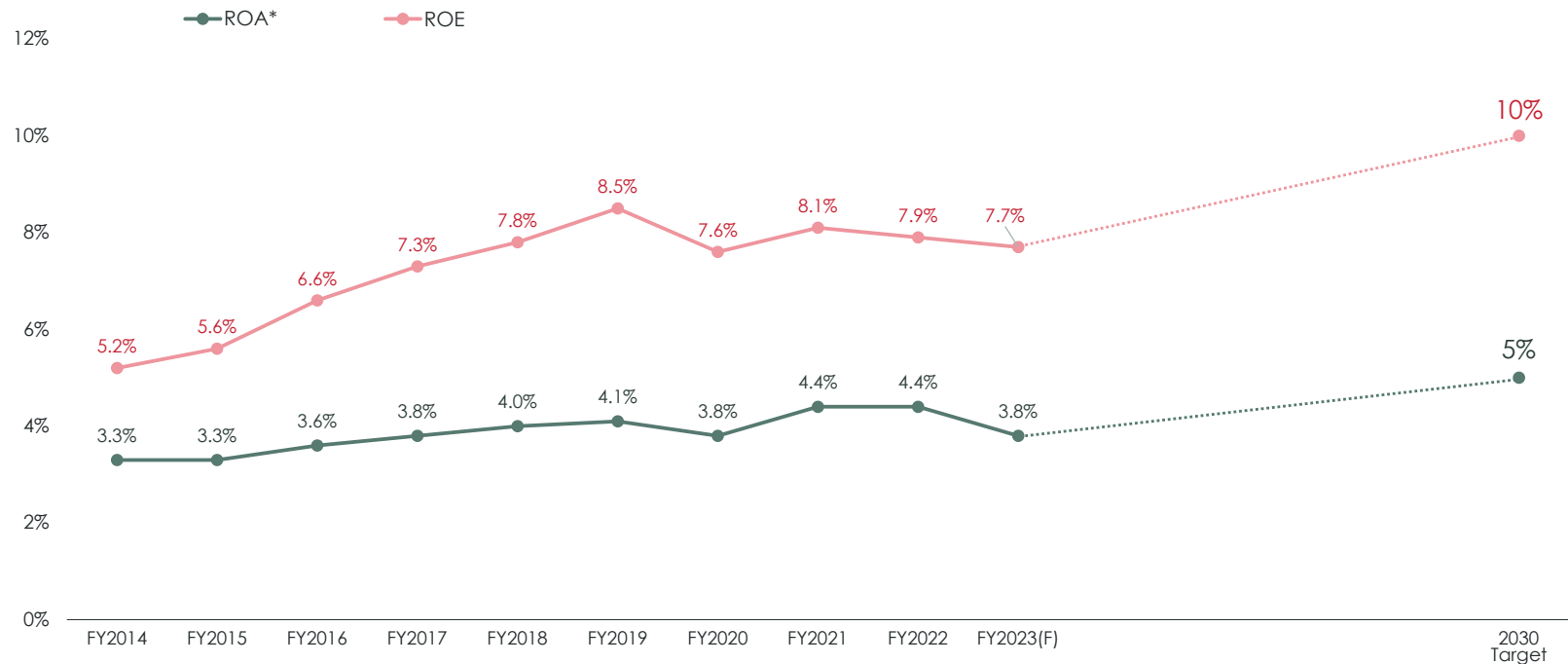
2. Shareholders Returns (Share Buyback)

Visibly lifted the total return by ¥230 billion of share buybacks.



3. ROA/ROE/EPS

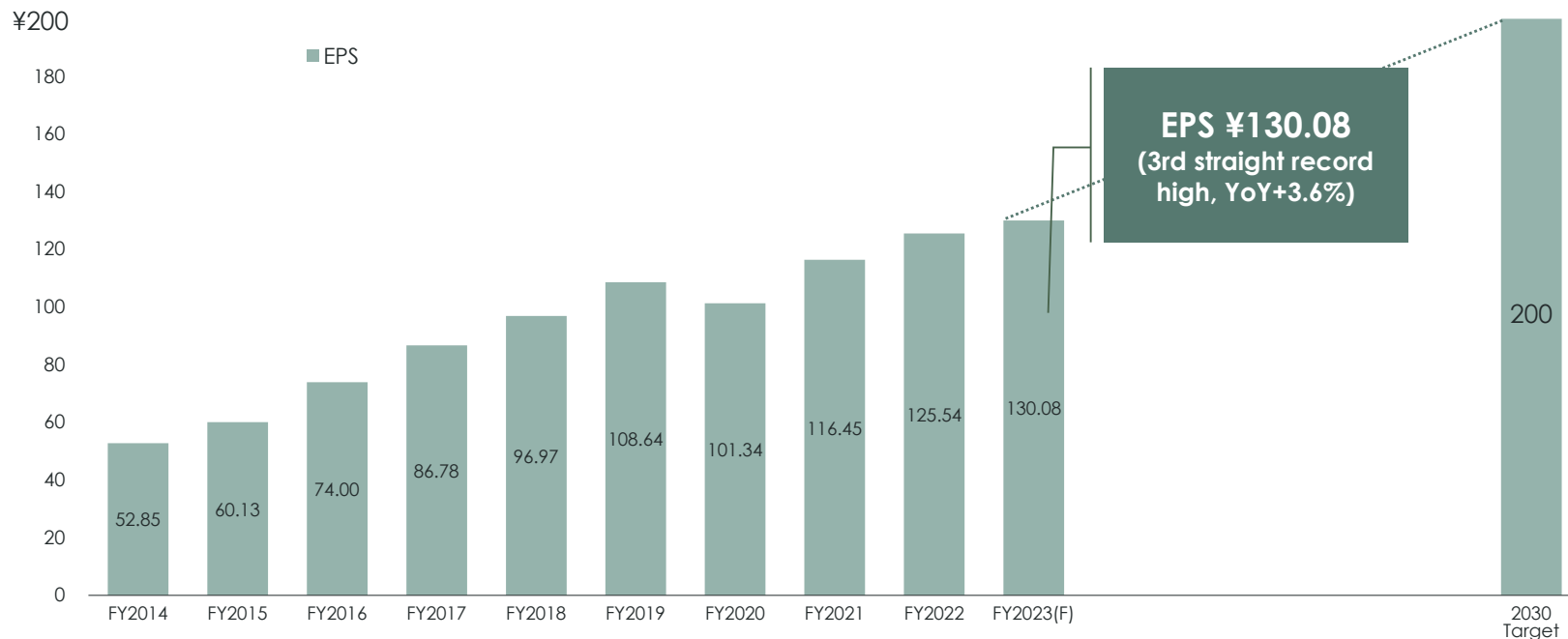
FY2022 actuals: ROA 4.4%, ROE 7.9%, EPS ¥125.54



* ROA = Business Profit / Total assets (average)

4. ROA/ROE/EPS

Foreseeing 3rd straight record-high in EPS.



Contact Information

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

+81-3-3287-5200

<https://www.mec.co.jp/en/>

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