

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/>

Copyright © MITSUBISHI ESTATE Co., Ltd. All Rights Reserved

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

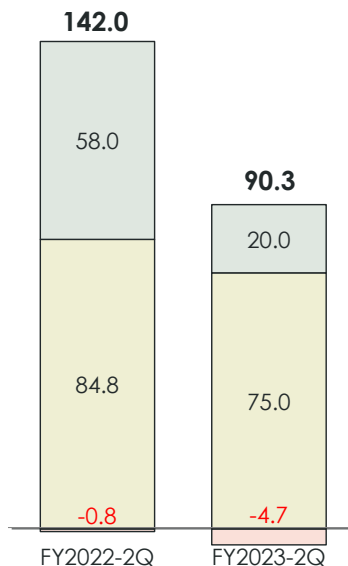
Millions of yen (rounded down)	FY2023-2Q Results	FY2022-2Q Results	Change	
Operating revenue	587,933	594,565	(6,631)	Main Factors
Operating profit	90,314	142,078	(51,764)	
Commercial Property Business	87,985	77,919	10,065	+Business environment improvements in Hotels/Retail; increase in office building 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)



Capital Gains: -38.0

<Breakdown>

- Commercial: ± 0
- Residential : + 1.0
- International: -39.0

Income Gains: -9.8

<Main Factors>

- + Better business environment in Hotel and Retail properties
- Decline of incentive fees

Domestic Condos, etc.*: -3.9

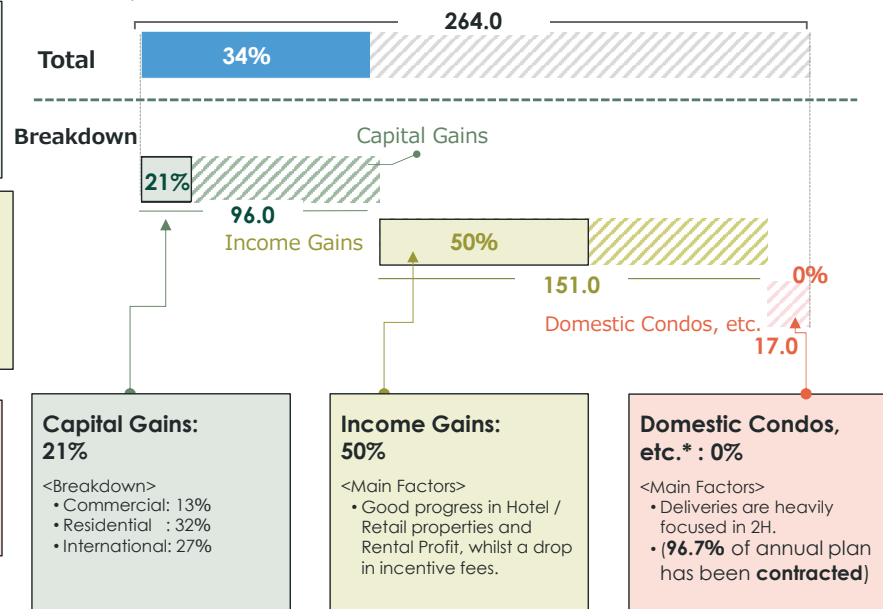
<Main Factors>

- Fewer units of delivery in 1H

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

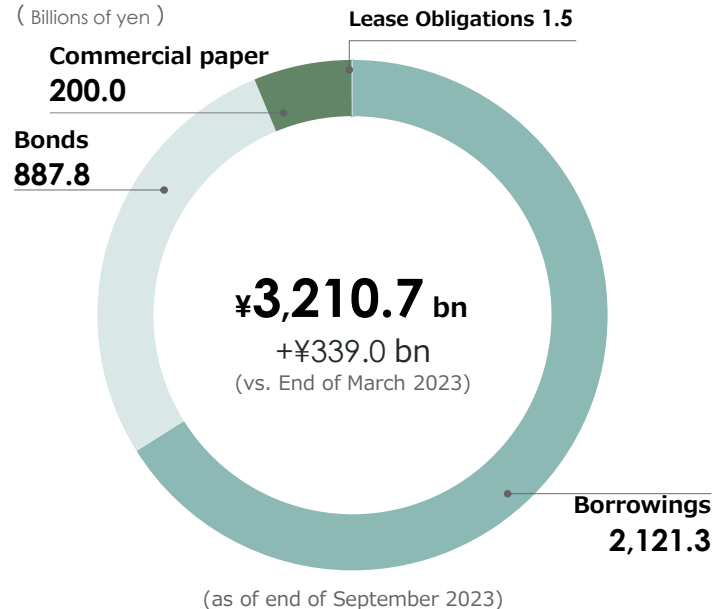
Liabilities and net assets	As of September 30, 2023	As of March 31, 2023	Change
Interest-bearing debt	3,210.7	2,871.6	339.0
Other	1,676.3	1,620.3	56.0
Liabilities	4,887.0	4,492.0	395.0
Net assets	2,486.1	2,379.9	106.2
Total liabilities and net assets	7,373.2	6,871.9	501.3

4. Interest-Bearing Debt

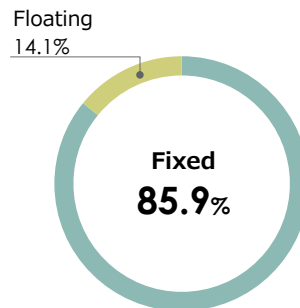
(as of end of September 2023)

Consolidated Interest-Bearing Debt

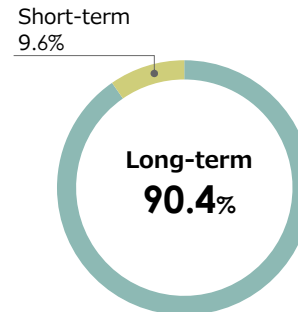
(Billions of yen)



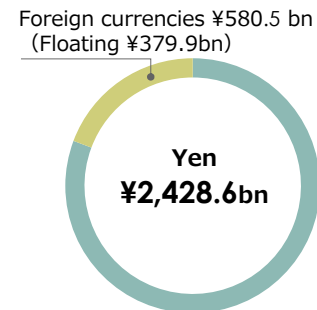
Fixed/Floating Rates*



Long/Short Terms*



Yen/Foreign Currency*



Average Interest Rate
(MEC consolidated)

1.08%

Average Remaining Maturity
(MEC standalone)

7.7 years

Credit Rating

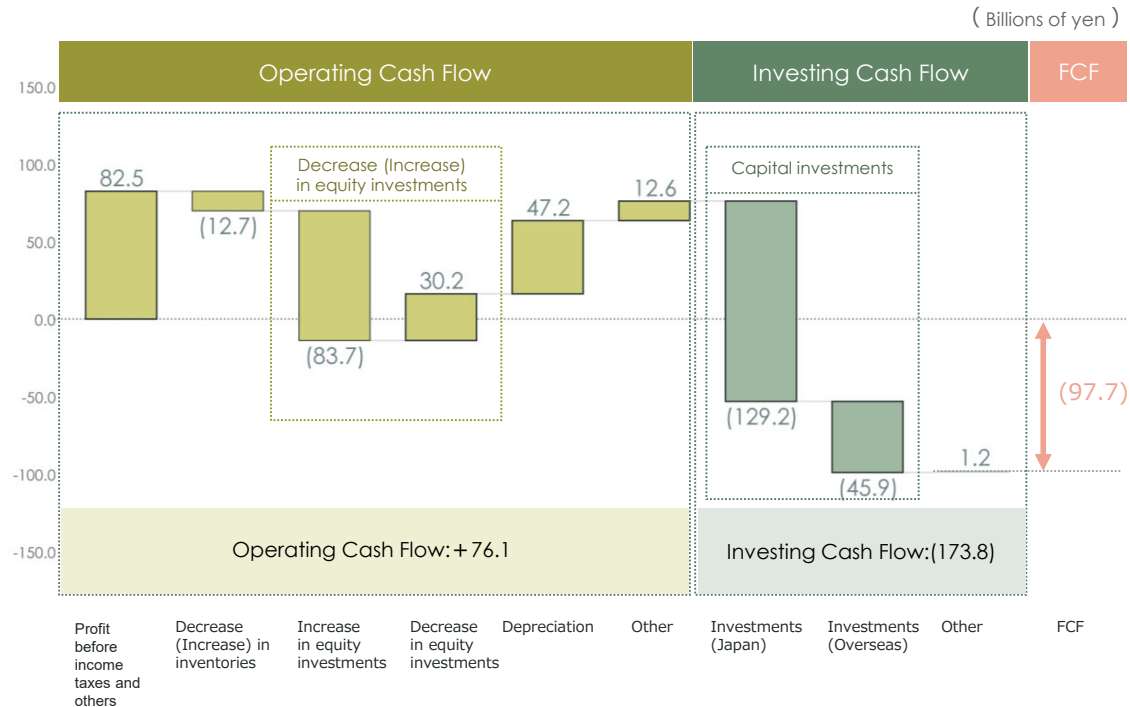
(From October 23, 2023)

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)

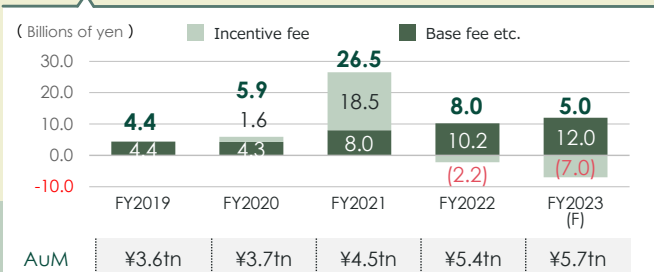
	Initial Plan	2Q YTD Act	%
Capital Investments	424.0	175.1	41%
	Japan	129.2	—
	Overseas	45.9	—
Equity Investments	201.0	83.7	42%
	Japan	22.3	—
	Overseas	61.4	—
Total	625.0	258.9	41%

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	—	



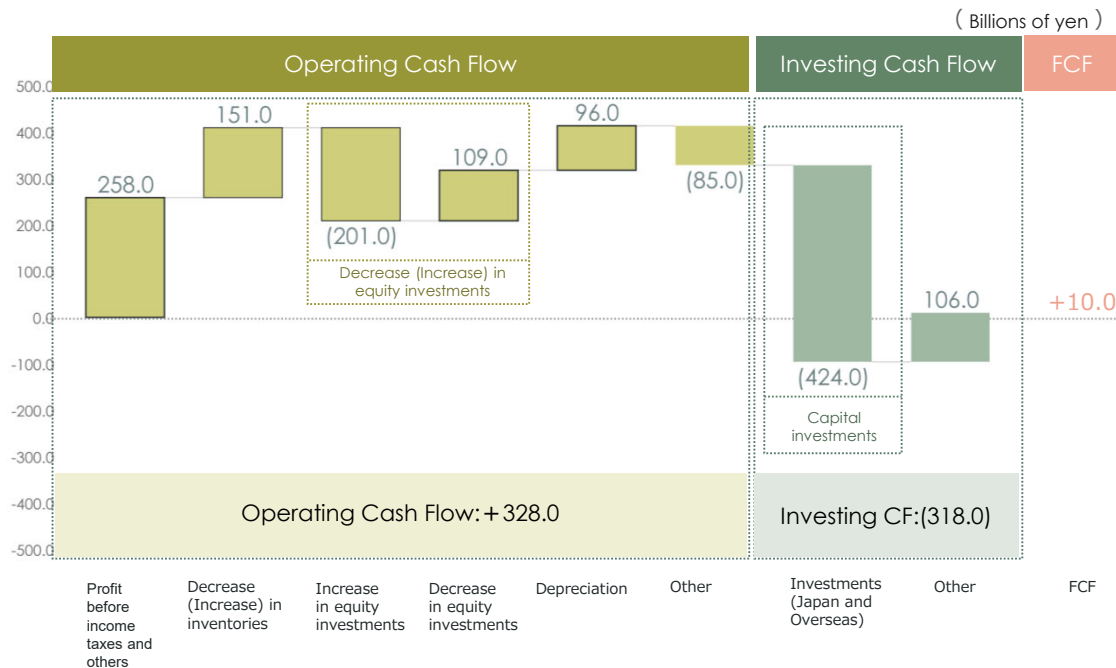
2. Income Statement Forecast - Current vs. FY2022 Results

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



Current Status ■ Laggard stocks, NAV discount in Real Estate industry stock ■ Uncertainty about Real Estate market overseas

Our Strengths

1 Domestic Asset Business

- Office rental profits centered Marunouchi
- Capital recycling profits in Prime Areas

2 International Asset Business

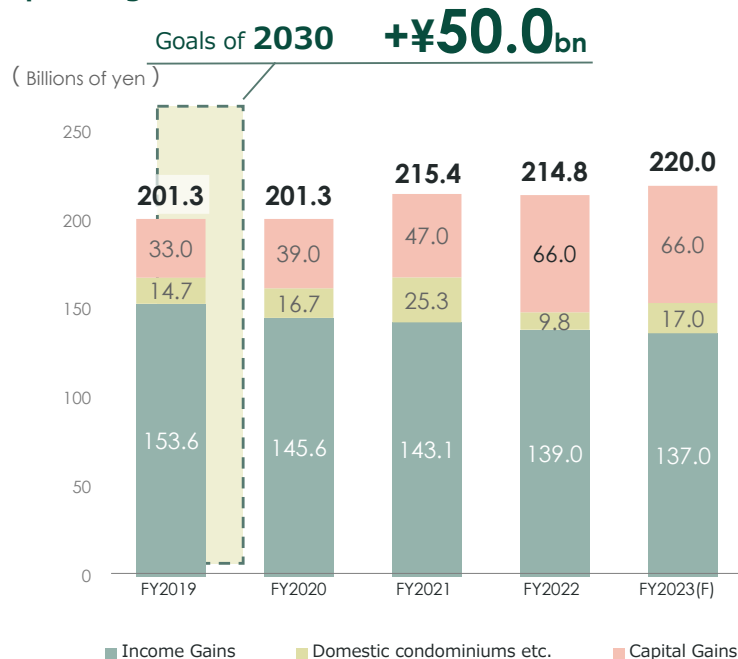
- US: Flagship buildings' rental profit
- UK: New buildings' rental profit
- Development gains from various areas/assets

3 Non-asset Business

- Globally growing Investment Management
- Hotels backed by higher demand

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% <small>As of end of Sept 2023</small>

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

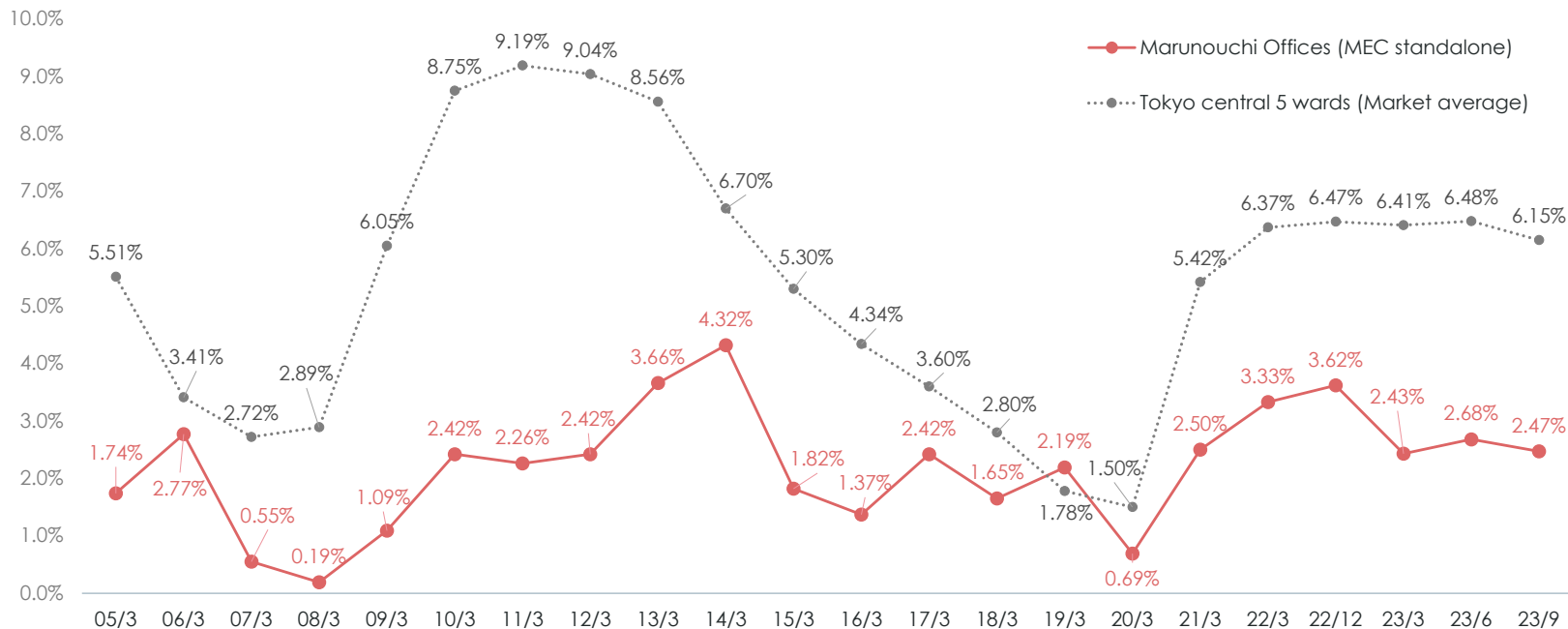
Land Bank	Gross Profit Margin	Owned Rental Apartments etc.
16,500 units	26.1%	120 buildings

* 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)



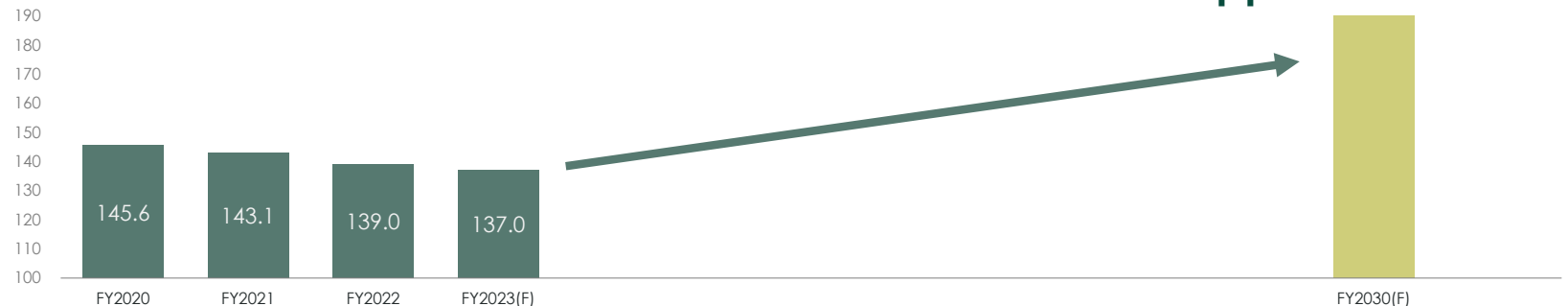
Source: Niki Shoji Co., Ltd. and MEC's property data

3. Domestic Asset : Growth in Income Gain

NEW

Rental Profit etc. (Income Gain)

(Billions of yen)

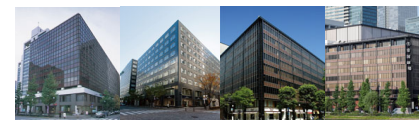


Upcoming Projects

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

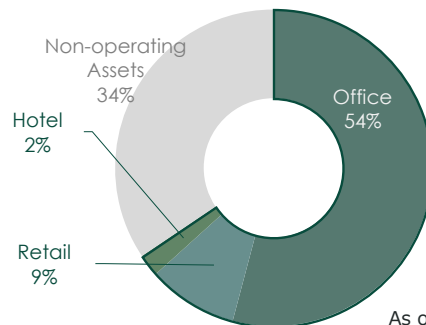
Yurakucho Area Redevelopment Projects

*Plan details under consideration.



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

Commercial Property's
Capital Recycling Asset :
¥1.35 tn



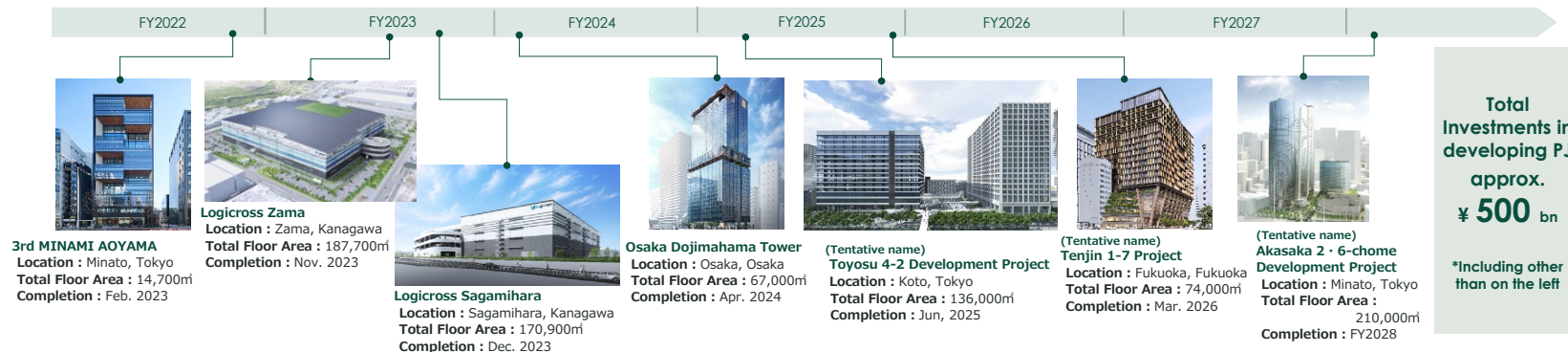
Operating
Assets
66%

NOI Yield
7%

* 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



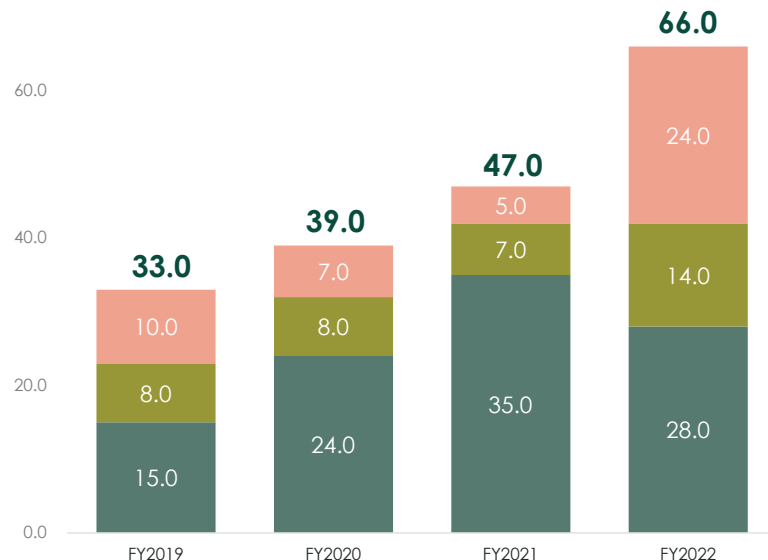
Total
Investments in
developing PJ
approx.
¥ 500 bn

*Including other
than on the left

5. Domestic Asset : Capital Gain Results

Capital Gain by Asset

(Billions of yen)

■ Office ■ Logistics ■ Residential


Performance (Major properties sold)

FY2022 **¥66 bn**


The ARGYLE aoyama

■ the ARGYLE aoyama
Usage : Office / Total floor area : 23,100m²
■ Logista • Logicross Ibaraki Saito (Buildings A, B)
Usage : Logistics / Total floor area : 139,600m² (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 : 107,000m²
■ [Residential Business] Disposed of 4 properties,
 mainly rental apartments.

FY2020 **¥39 bn**


Logiport Kawasaki Bay

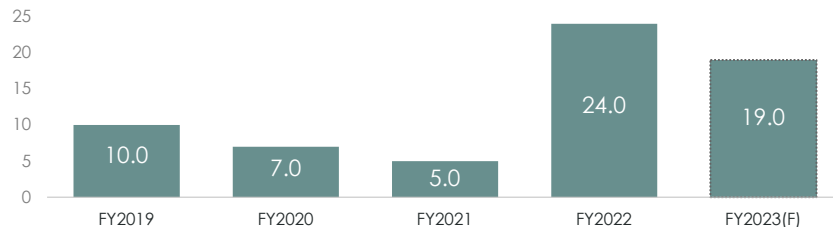
■ Link Square Shinjuku (partial ownership)
Usage : Office
Total floor area : 44,000m²
■ Logiport Kawasaki Bay
Usage : Logistics
Total floor area : 297,000m²

Total floor area include approximate figures.

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

Capital Gain in Residential Business

(Billions of yen)



Major Sales Cases

The Parkhabio Shinjuku

Sale period	FY2019
Location	Shinjuku, Tokyo
Size	219units



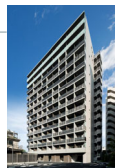
The Parkhabio Yokohama-Kannai

Sale period	FY2020
Location	Yokohama, Kanagawa
Size	85units



The Parkhabio Sugamo

Sale period	FY2022
Location	Toshima, Tokyo
Size	188units



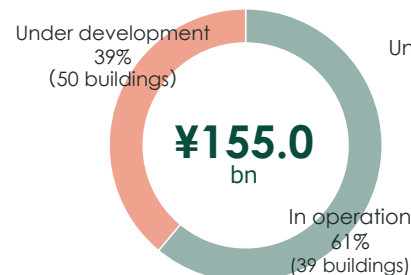
The Parkhabio Kiba

Sale period	FY2022
Location	Koto, Tokyo
Size	223units



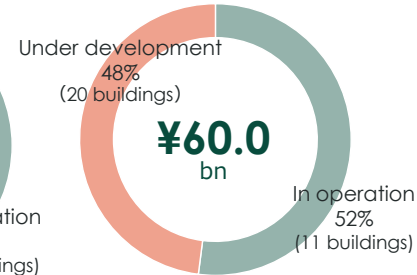
Assets

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**

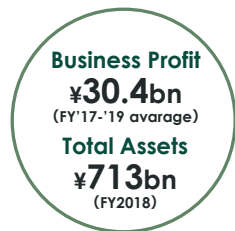
(End of March 2023) *In-house calculation

1. International Asset : Business Strategies

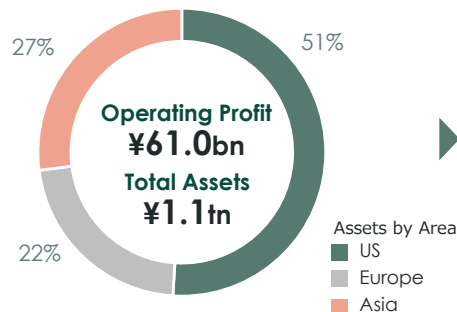
NEW

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

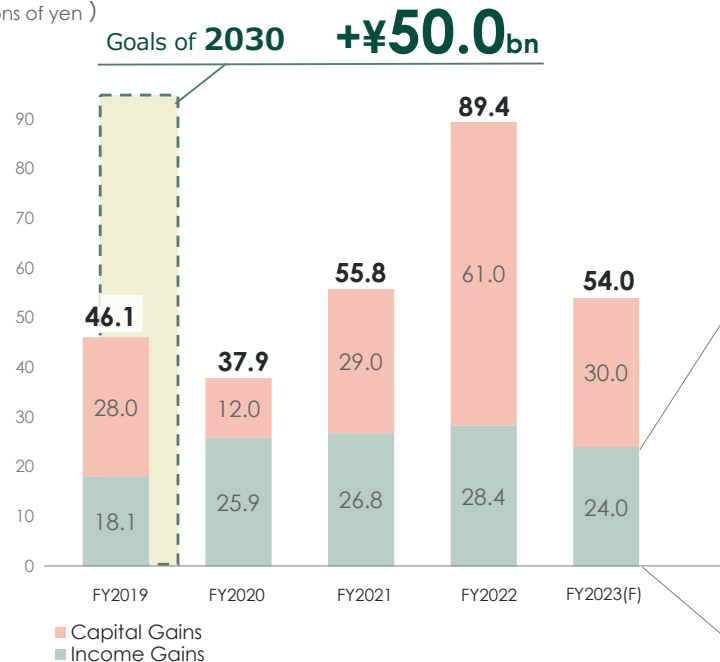
Area	Investment Policy	
Developed countries (US, Europe, Australia, etc.)	Active	<ul style="list-style-type: none"> Expands capital recycling assets to ensure constant gains on sales Actively invests in growing areas and new assets Earns revenue through Hybrid Model Investment mainly in the US
Developing 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

2. International Asset : Operating Profit

NEW

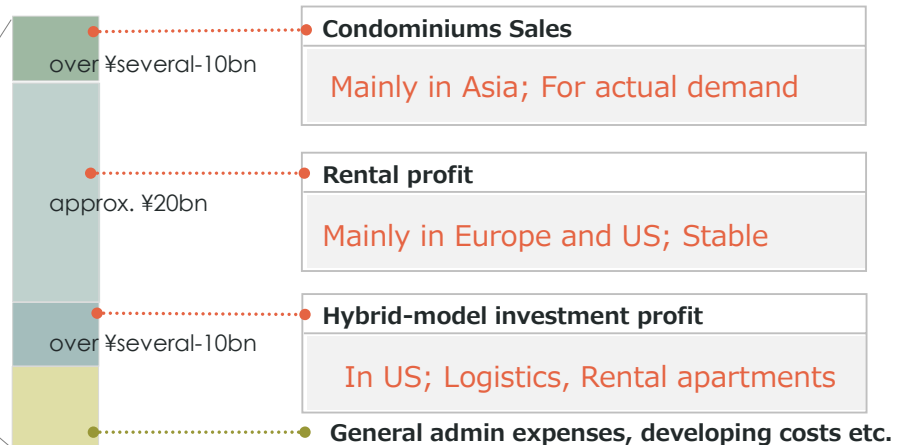
Operating Profit

(Billions of yen)



Capital Gains

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

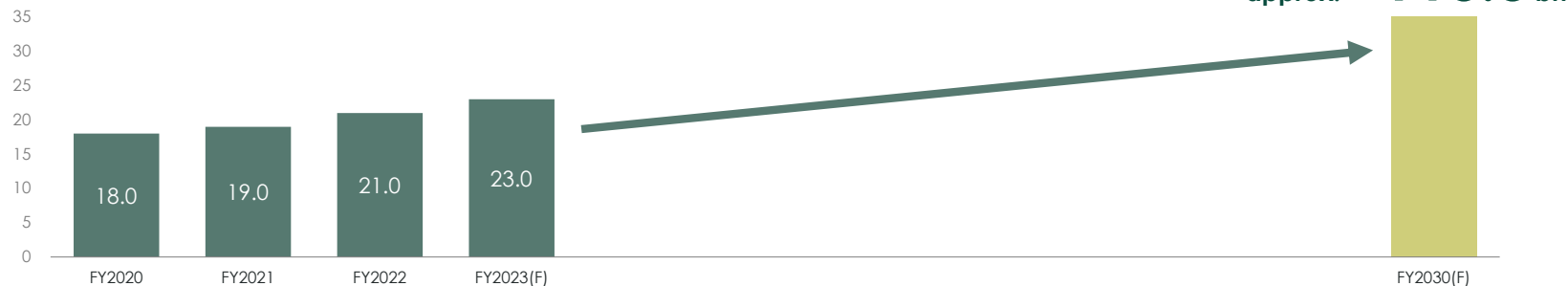


3. International Asset : Growth in Rental Profit (Income Gain)

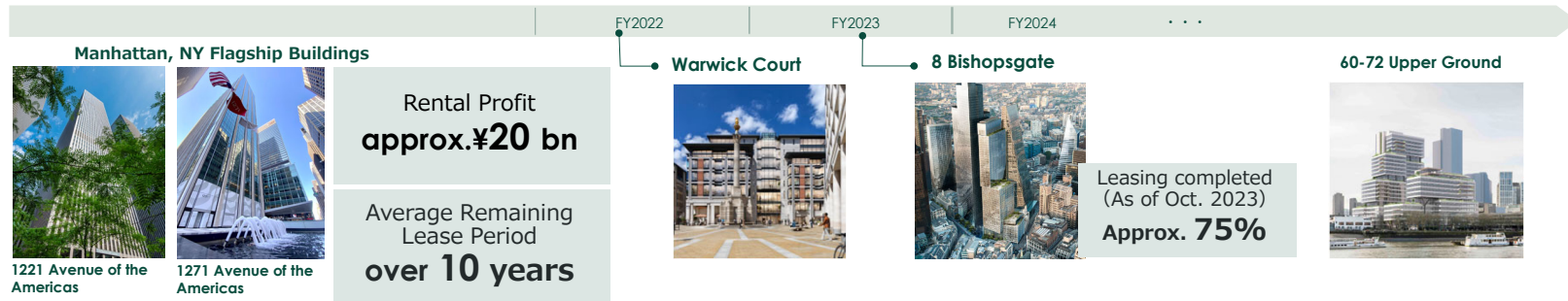
NEW

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

(Billions of yen) *Rounded down



Recent Developed/Developing Projects



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

Capital Recycling Assets

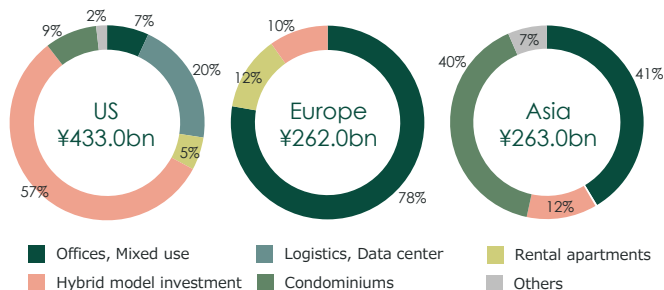
Book Value of the Overseas Assets*



■ US 46%
■ Europe 27%
■ Asia 27%

* 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)	143,200㎡		
	Hangzhou ALPHA PARK (China • Office)	233,600㎡		
	CapitaSpring (Singapore • Mixed use)	93,400㎡		
	180 George Street (Australia • Office • Retail)	^{*3} 55,000㎡		
	One City Centre (Thailand • Office • Retail)	116,000㎡		
	The Grand Outlet (Indonesia • Outlet mall)	49,000㎡		
	Parkline Place (Australia • Office • Retail)	65,900㎡		
	Suzhou ALPHA PARK (China • Office)	220,400㎡		
	International Tech Park Chennai Radial Road (India • Office)	^{*3} 240,000㎡		
	One Circular Quay (Australia • Hotel, etc.)	86,800㎡		
	Oasis Central Sudirman (Indonesia • Mixed Use)	307,000㎡		
	Crystal Brige (Shanghai • Mixed Use)	246,300㎡		
	The Blossoms (London • Rental Apartment)	338 units		
Europe	dMoura1 (Spain • Office)	^{*3} 11,000㎡		
	Grace (Sweden • Large-scale Renovation)	^{*3} 7,800㎡		
	Stateline 77 Building1/2 (South Carolina • Logistics)	^{*3} 93,600㎡		
US	55 Paradise (New York • Logistics)	^{*3} 16,700㎡		
	Virginia Data Center (Building1 • Data center)	^{*5} 51,000㎡		
	Virginia Data Center (Building2 • Data center)			
	sol38 (Arizona • Rental Apartment)	360 units		
	PATTEN GRAY (Colorado • Rental Apartment)	250 units		
	1072 West Peachtree (Georgia • Mixed Use)	^{*3} 49,300㎡		
	600 Fifth Street NW (Washington, D.C. • Office)	^{*3} 37,000㎡		
	Heritage, Chula Vista (California • Logistics)	60,800㎡		
	Spotswood (New Jersey • Logistics)	28,200㎡		
	Paradigm RiNo (Colorado • Office)	28,200㎡		
	10 Constitution Ave (New Jersey • Logistics)	13,600㎡		
	Spartanburg 221 (South Carolina • Logistics)	94,600㎡		
	Nellis Logistics Center (Nevada • Logistics)	12,600㎡		
	3102 N Lamb (Nevada • Logistics)	13,500㎡		
	16 Dupont (New York • Rental Apartment)	43,100㎡		
	Vista (Alabama • Rental Apartment)	23,000㎡		
	E2nd Martin (Colorado • Rental Apartment)	23,600㎡		

approx.
¥30bn

around
¥300bn

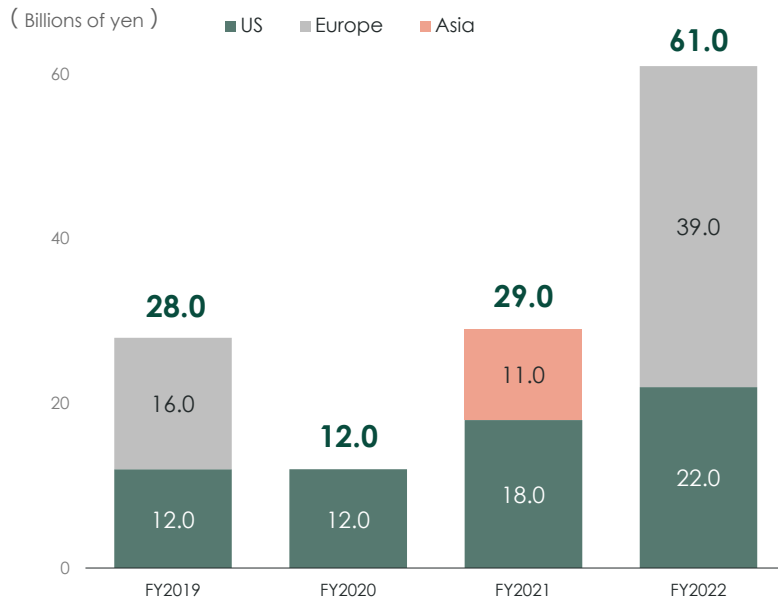
...Projects announced after the Long-Term Plan
Red ...Projects added this quarter

*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**

Central St. Giles

Location London
Usage Office
Size 66,000m²
EIRR Over 10%



Hanover

Location Pennsylvania
Usage Logistics
Size 42,100m²
EIRR 100%



Val Verde

Location California
Usage Logistics
Size 26,900m²
EIRR 100%



Liv Crossroads

Location Arizona
Usage Rental apartment
Size 356 units
EIRR 30%



FY2021

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

Harvill

Location California
Usage Logistics
Size 31,000m²
EIRR Over 100%



Capital Place

Location Hanoi, Vietnam
Usage Office
Size 151,600m²
EIRR Over 30%



FY2020

Mainly in US **¥12bn**

LIV North Valley

Location Arizona
Usage Rental apartment
Size 385 units
EIRR Over 30%



Edison

Location New Jersey
Usage Logistics
Size 83,600m²
EIRR Over 50%

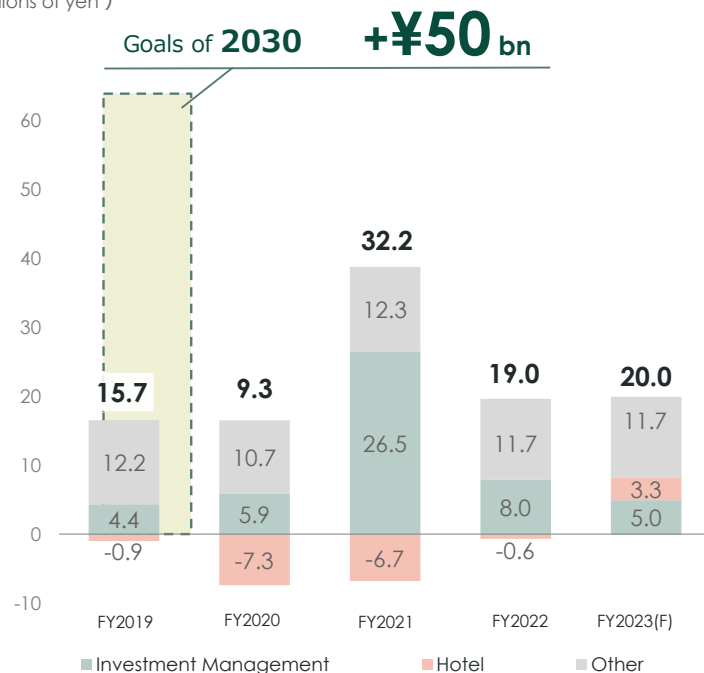


Size and EIRR include approximate figures.

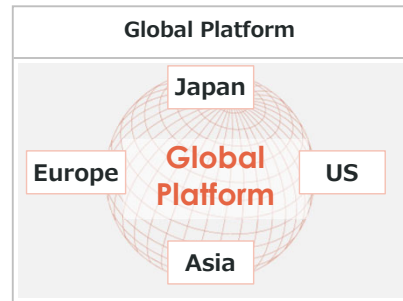
1. Non-Asset's Progress : Operating Profit

Operating Profit

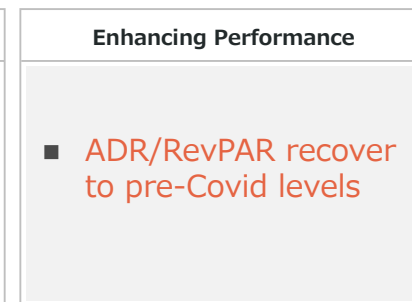
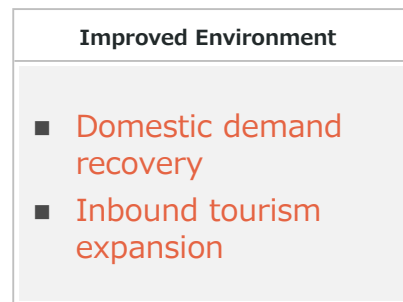
(Billions of yen)



Investment Management Business

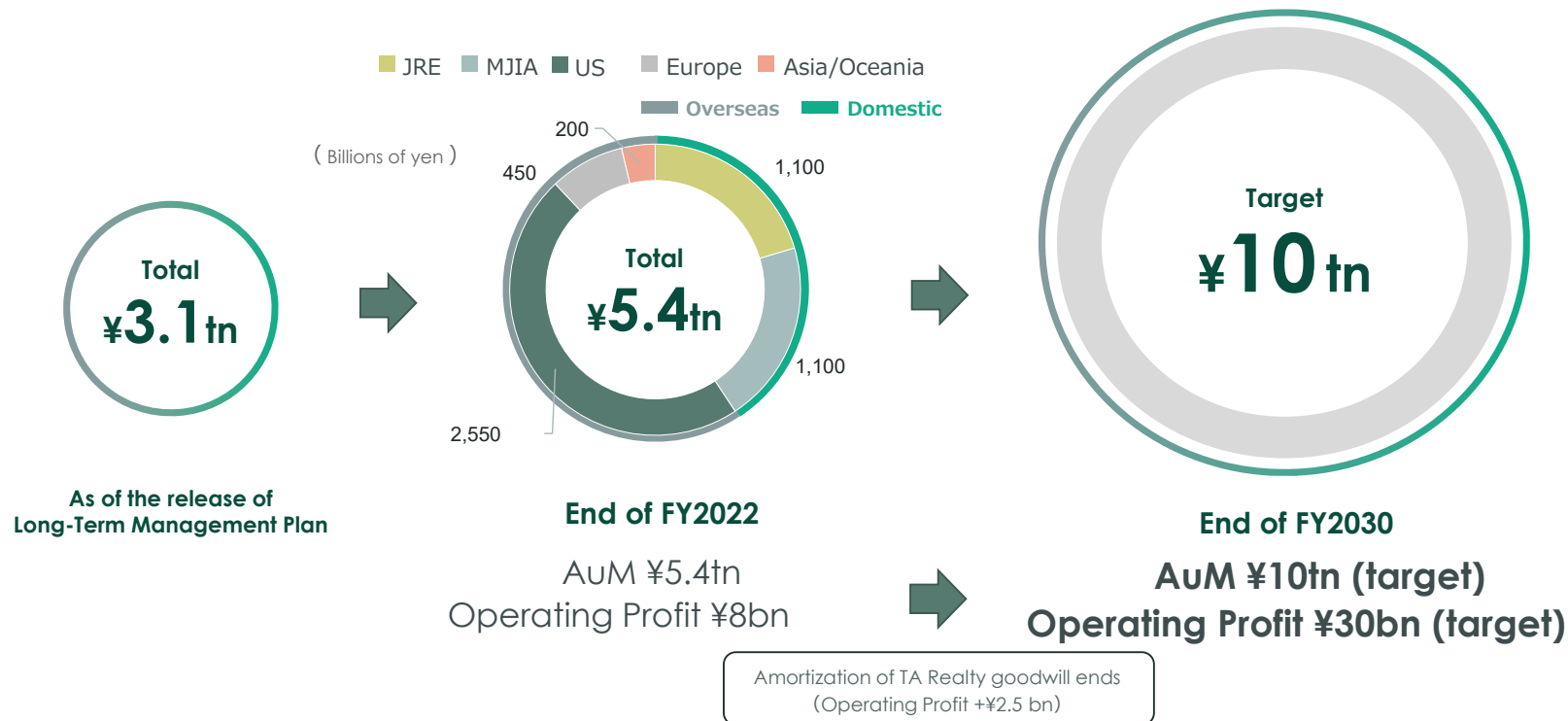


Hotel Business



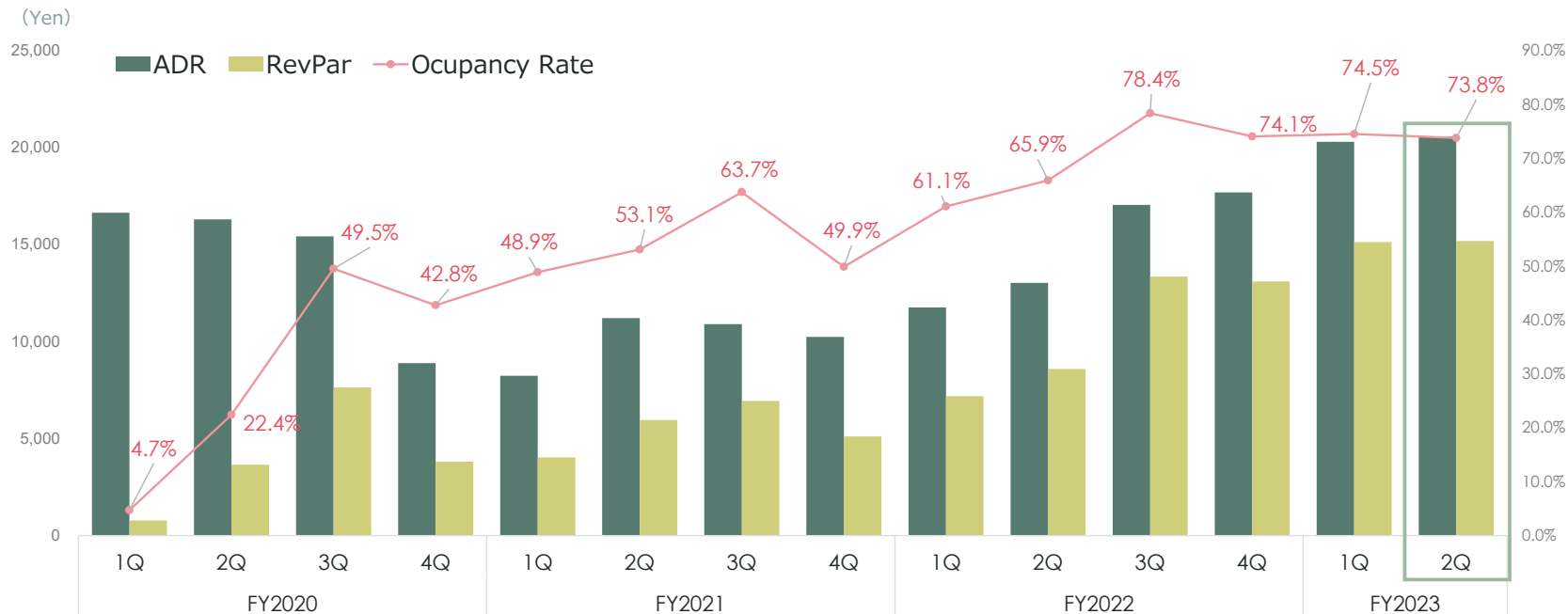
2. Non-Asset's Progress : Investment Management

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



3. Non-Asset's Progress : Hotel Management

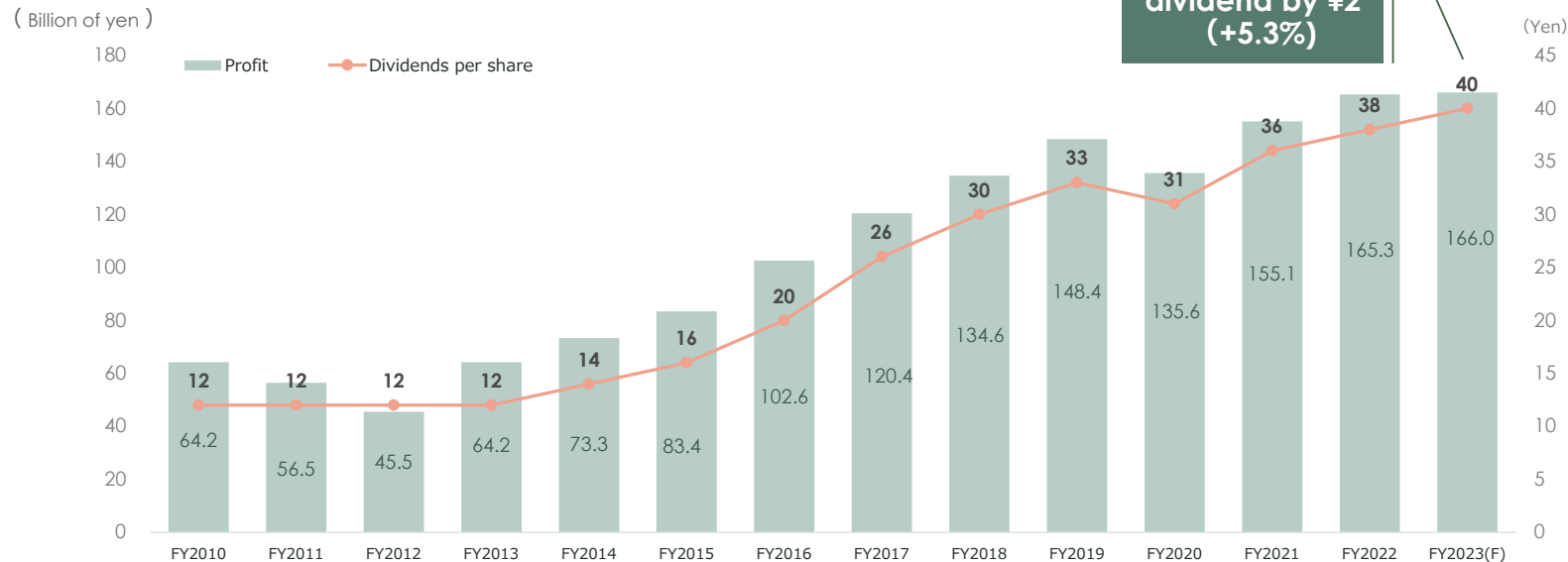
Business Status of Royal Park Hotels and Resorts



Shareholders Returns

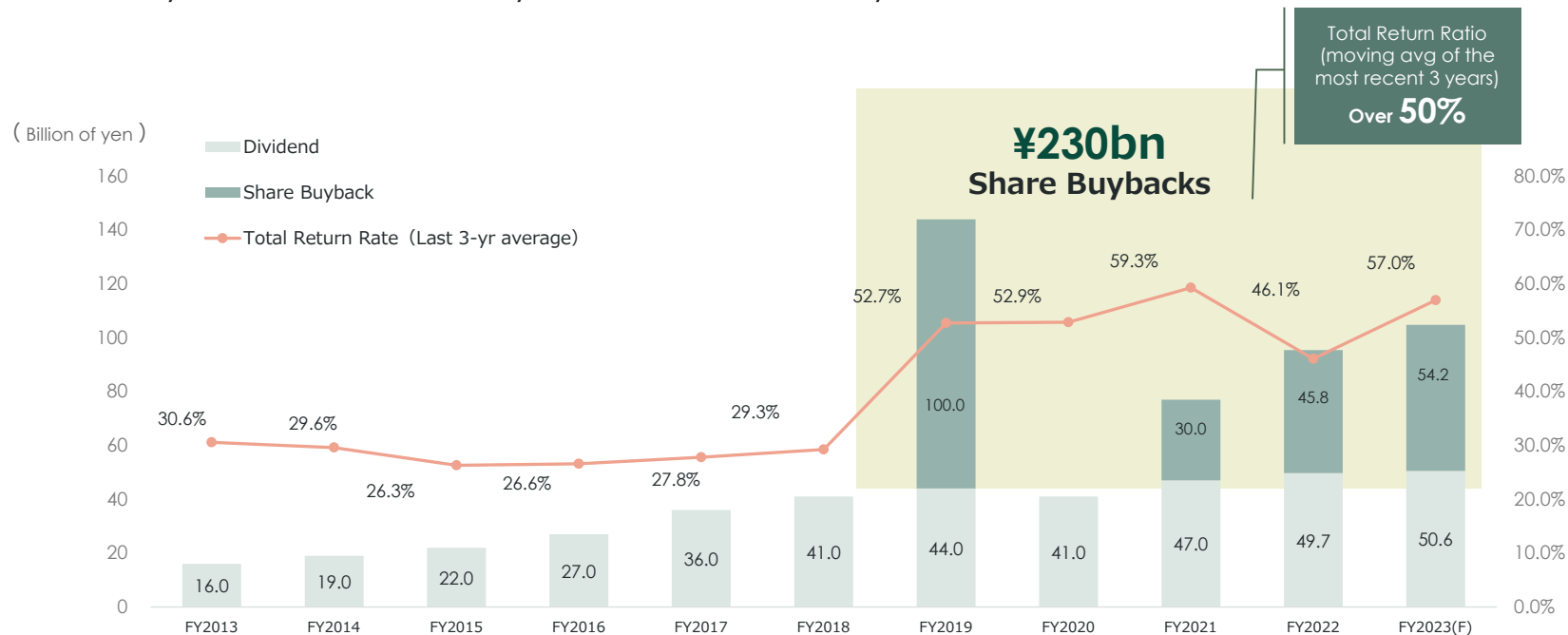
1. Shareholders Returns (Dividend)

Steadily raised DPS by profit growth and share buybacks.



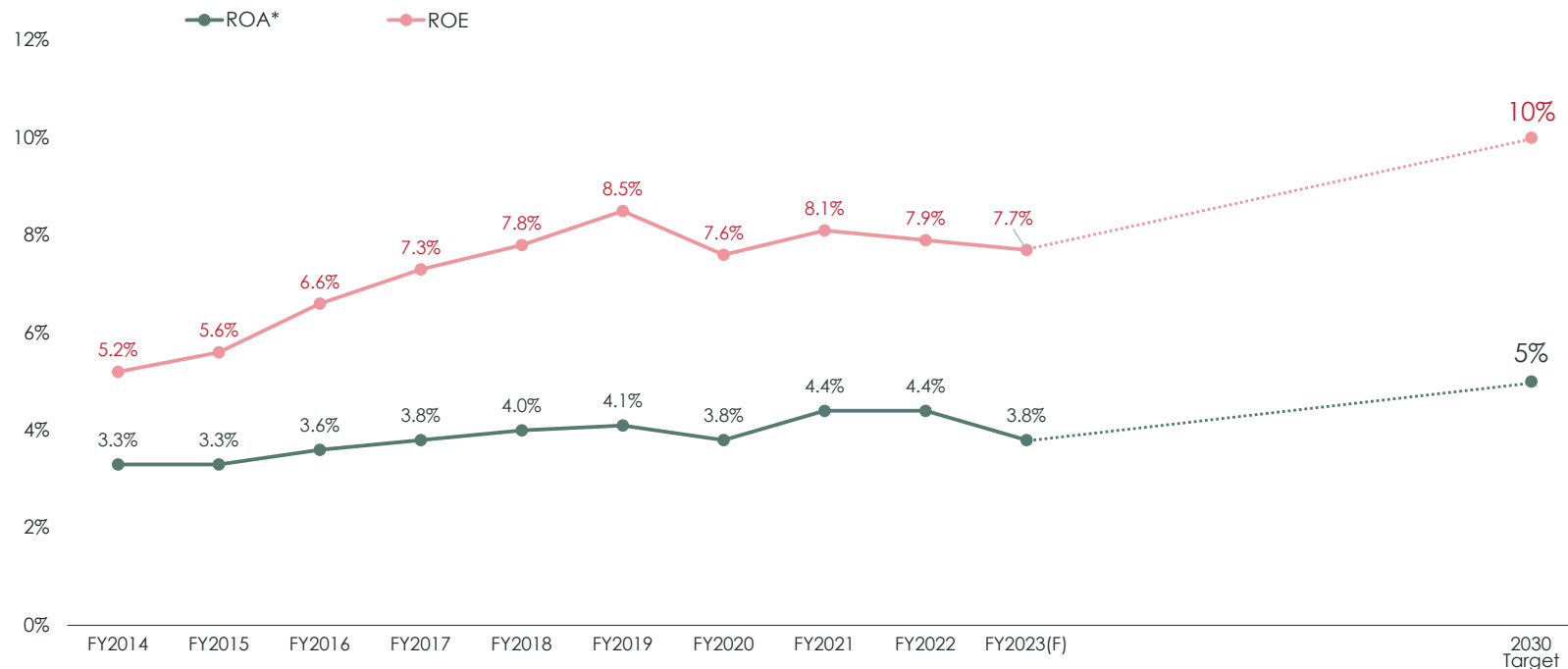
2. Shareholders Returns (Share Buyback)

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



3. ROA/ROE/EPS

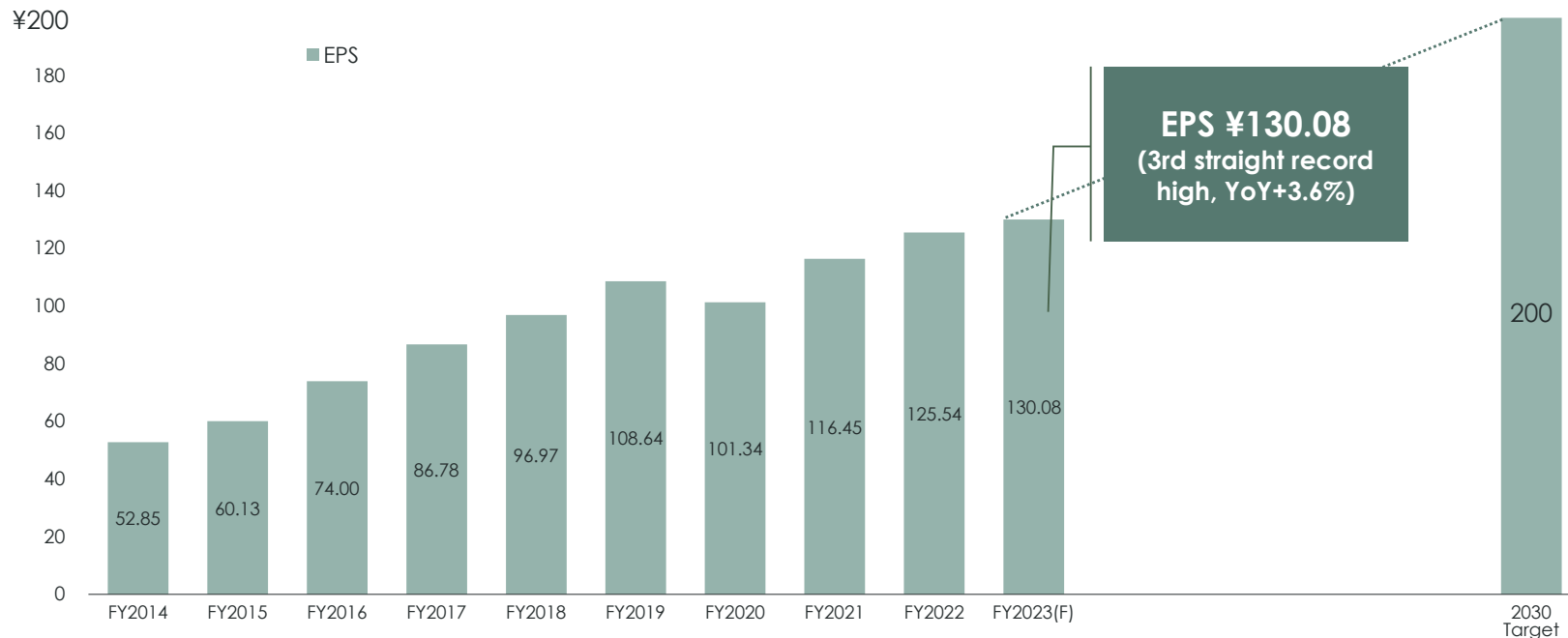
FY2022 actuals: ROA 4.4%, ROE 7.9%, EPS ¥125.54



* 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/>

Disclaimer

This material is provided for information purposes only. Nothing herein is intended to constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any specific products by Mitsubishi Estate Co., Ltd. (the "Company")

The contents of this material involve judgements based on the information available to the Company as of the releasing date. Although the information expressed is obtained or compiled from sources that the Company believes to be reliable, the Company cannot and does not guarantee the accuracy, certainty or completeness of the information.

Forward-looking statements contained herein involve known and unknown risks, uncertainties and other factors that may affect future results or events expressed in those statements, and therefore should not be read as a guarantee by the Company that such results or events will be achieved as stated.

Further, the Company undertakes no obligation to update any of such forward-looking statements, whether as a result of new information, future events or otherwise. This material may also be changed or removed without prior notice. The contents of this material may not be copied, reproduced, or distributed in any way without prior consent from the Company.