

FY2023
(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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Financial Overview

FY2023 Results

- Operating Profit was ¥278.6 billion and Profit Attributable to Owners of Parent was ¥168.4 billion, a record high.
- Buoyed by good performance of leasing, vacancy rates of Marunouchi office buildings landed at 2.33% as of March 31, 2024.

FY2024 Forecasts

- Operating profit is expected to reach a new historical high, ¥300 billion (up ¥21.3 billion YoY).
- Profit Attributable to Owners of Parent is expected to reach a record high, ¥173 billion (up ¥4.5 billion YoY) for four consecutive years.

Shareholder Return Policy

(Dividends)

Dividend forecast for FY2024: ¥43 per share.

Progressive dividend payments of ¥3 for every fiscal year is implemented (until FY2030).

(Share buyback)

¥50 billion share buyback is decided in FY2024.

Until FY2026, around ¥50 billion share buyback is expected every fiscal year.

Treasury stock shares will be canceled. Treasury stocks to be decided this time are also planned to be canceled after completion of share buybacks.

FY2023 Overview

1. Income Statement Summary

Operating Profit: ¥278.6 bn, Profit Attributable to Owners of Parent: ¥168.4 bn (a record high in three consecutive years)

Millions of yen (rounded down)	FY2023 Results	FY2022 Results	Change	Main Factors
Operating revenue	1,504,687	1,377,827	+126,860	
Operating profit	278,627	296,702	(18,075)	
Commercial Property Business	211,795	188,852	+22,943	+Strong performance of hotels and commercial properties, increased gain on sale of properties
Residential Business	38,888	35,037	+3,851	+Increased profit of condominiums business
International Business	51,448	89,400	(37,952)	-The absence of large capital gains recorded in the previous fiscal year
Investment Management Business	(1,619)	8,054	(9,673)	-The adjustment of incentive fees (non-cash) reported in the previous fiscal year
Architectural Design & Engineering Business and Real Estate Services Business	9,021	4,176	+4,844	+Good performance of Architectural Design & Engineering Business and Real Estate Services Business
Other	(1,577)	(2,121)	+544	
Eliminations or corporate	(29,328)	(26,696)	(2,632)	
Non-operating income	15,809	14,361	+1,448	
Non-operating expenses	53,278	39,244	+14,034	Increase in interest expenses, retirement-related loss
Ordinary profit	241,158	271,819	(30,661)	
Extraordinary income	45,513	12,224	+33,288	Increase in gain on sales of investment securities, fixed assets, and amortization of negative goodwill
Extraordinary losses	12,138	31,141	(19,002)	Decrease in loss on retirement of fixed assets
Total income taxes	98,131	70,634	+27,496	Increase in pre-tax profit, individual income tax allocation
Profit attributable to non-controlling interests	7,968	16,924	(8,956)	Decrease in association with the adjustment of incentive fees in investment management
Profit attributable to owners of parent	168,432	165,343	+3,089	

	■ Capital Gains included in Operating Profit (before G&A)			Millions of yen (rounded off to the nearest billion)
	FY2023 Results	FY2022 Results	Change	
Commercial Property	52,000	42,000	+10,000	
Residential	23,000	24,000	(1,000)	
International	32,000	61,000	(29,000)	
Total	107,000	127,000	(20,000)	

FY2024 Forecasts

1. Income Statement Forecast - FY2024 Forecasts vs. FY2023 Results

Operating Profit is expected to reach ¥300 billion for the first time. Operating Profit and Profit Attributable to Owners of Parent(for the fourth consecutive year) are expected to reach new highs.

Millions of yen (rounded down)	FY2024 Forecasts	FY2023 Results	Change	Main factors
Operating revenue	1,596,000	1,504,687	+91,313	
Operating profit	300,000	278,627	+21,373	
Commercial Property Business	110,000	114,730	(4,730)	-Decrease gain on sale of properties
Marunouchi Property Business	90,000	97,082	(7,082)	-Decrease rental profit due to closure of buildings planned for redevelopment/property sale, and increase expenses such as applicable taxes
Residential Business	40,000	38,888	+1,112	+Increase profit of condominium business
International Business	70,000	51,448	+18,552	+Increase gain on sale of properties, increase profit of condominium business
Investment Management Business	13,000	(1,619)	+14,619	+Rebound of adjustment of incentive fees
Architectural Design & Engineering Business and Real Estate Services Business	7,000	9,021	(2,021)	
Other	(2,000)	(1,577)	(423)	
Eliminations or corporate	(28,000)	(29,346)	+1,346	
Non-operating income	12,000	15,809	(3,809)	
Non-operating expenses	60,000	53,278	+6,722	Increase in interest expenses
Ordinary profit	252,000	241,158	+10,842	
Extraordinary income/losses	26,000	33,374	(7,374)	
Total income taxes	92,000	98,131	(6,131)	
Profit attributable to non-controlling interests	13,000	7,968	+5,032	Rebound of adjustment of incentive fees in investment management
Profit attributable to owners of parent	173,000	168,432	+4,568	

■ Capital Gains included in Operating Profit (before G&A)	Millions of yen (rounded off to the nearest billion)		
	FY2024 Forecasts	FY2023 Results	Change
Commercial Property	45,000	52,000	(7,000)
Residential	20,000	23,000	(3,000)
International	45,000	32,000	+13,000
Total	110,000	107,000	+3,000

Shareholders Returns

Progressive dividend of ¥3 every fiscal year

Business Strength

Shareholder Return (Dividends)

Shareholder Value

Reflect upward growth prospect and implement ¥3 progressive dividend every fiscal year (¥60 or more in FY2030)

From Marunouchi/Outlets/flagship buildings (Yen) in the US/UK

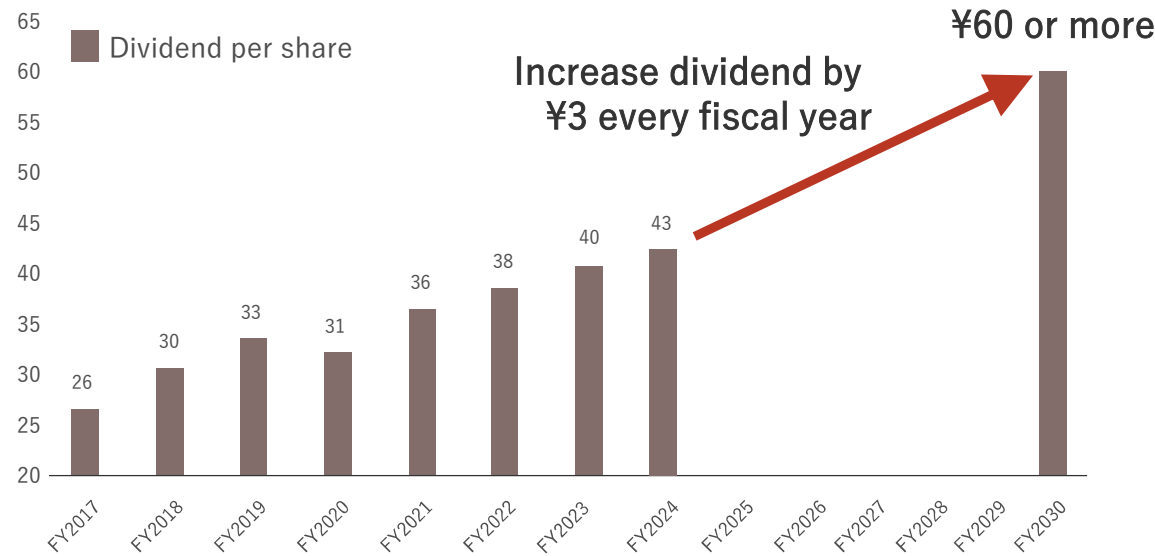
Stable rental CF

After completion of Torch Tower, 8 Bishopsgate, etc.,

Further growth of rental CF

By monitoring the Market

Maximize profits on sale



Continuous/Stable shareholder return

Improved foreseeability

Continuous Share Buyback

Business Strength/
Management Strategy

Shareholder Return (Share Buyback)

Shareholder Value

High-level gains
on sale of property

Based on market insight,

Maximize profits on sale

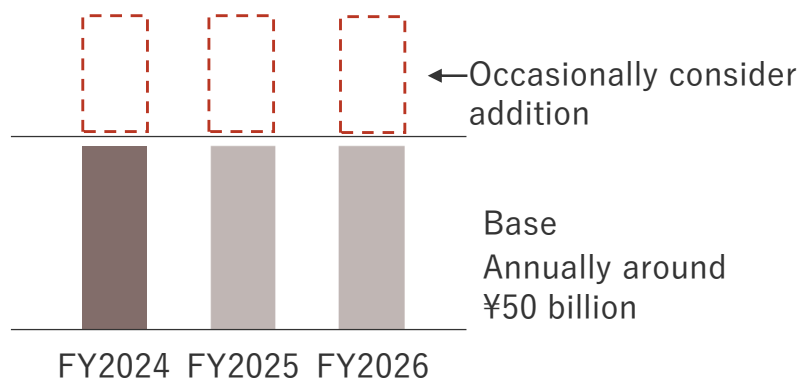
Including Marunouchi assets,

Strategic return

Sale of cross-
shareholdings, etc.

¥50 billion share buyback decided in FY2024
¥50 billion/year buyback estimated also in FY2025/FY2026

**Consider additional Share Buyback depending
on share price/CF, etc.**



Improved stability/
foreseeability

Occasionally
additional return

Cancel after
completing acquisition

BS · Debt · CF

1. Balance Sheet Summary

(Billions of yen)

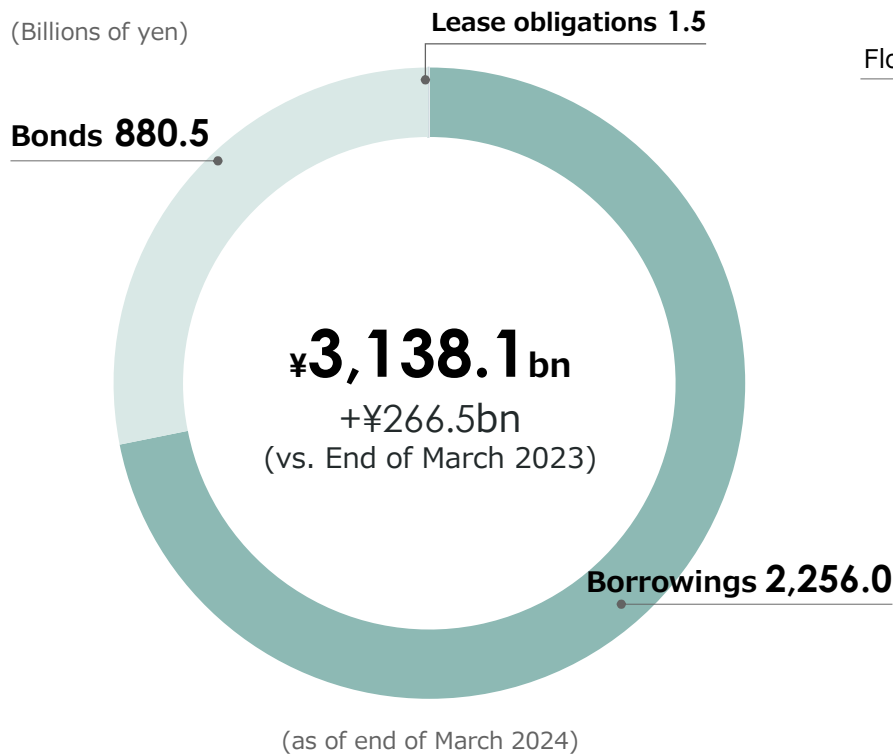
Assets	As of March 31, 2024	As of March 31, 2023	Change
Inventories	513.8	493.5	+20.2
Property, plant and equipment	4,597.1	4,416.2	+180.9
Equity investments	962.1	716.4	+245.7
Other	1,510.6	1,245.7	+264.8
Total assets	7,583.7	6,871.9	+711.7
Liabilities and net assets	As of March 31, 2024	As of March 31, 2023	Change
Interest-bearing debt	3,138.1	2,871.6	+266.5
Other	1,820.9	1,620.3	+200.6
Liabilities	4,959.1	4,492.0	+467.1
Net assets	2,624.5	2,379.9	+244.6
Total liabilities and net assets	7,583.7	6,871.9	+711.7

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

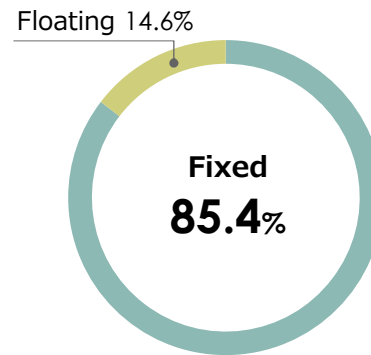
2. Interest-Bearing Debt

Consolidated Interest-Bearing Debt

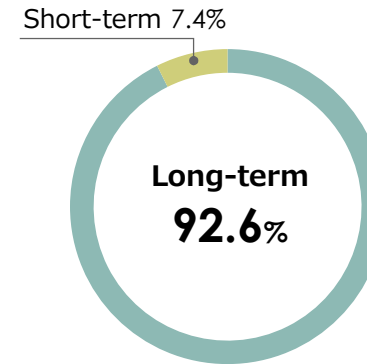
(Billions of yen)



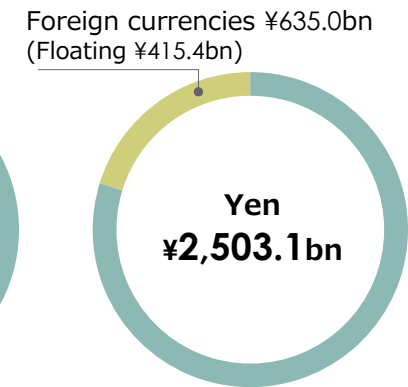
Fixed/Floating Rates



Long/Short Terms



Yen/Foreign Currency



(as of end of March 2024)

Average Remaining Maturity
(Unconsolidated)
7.3 years

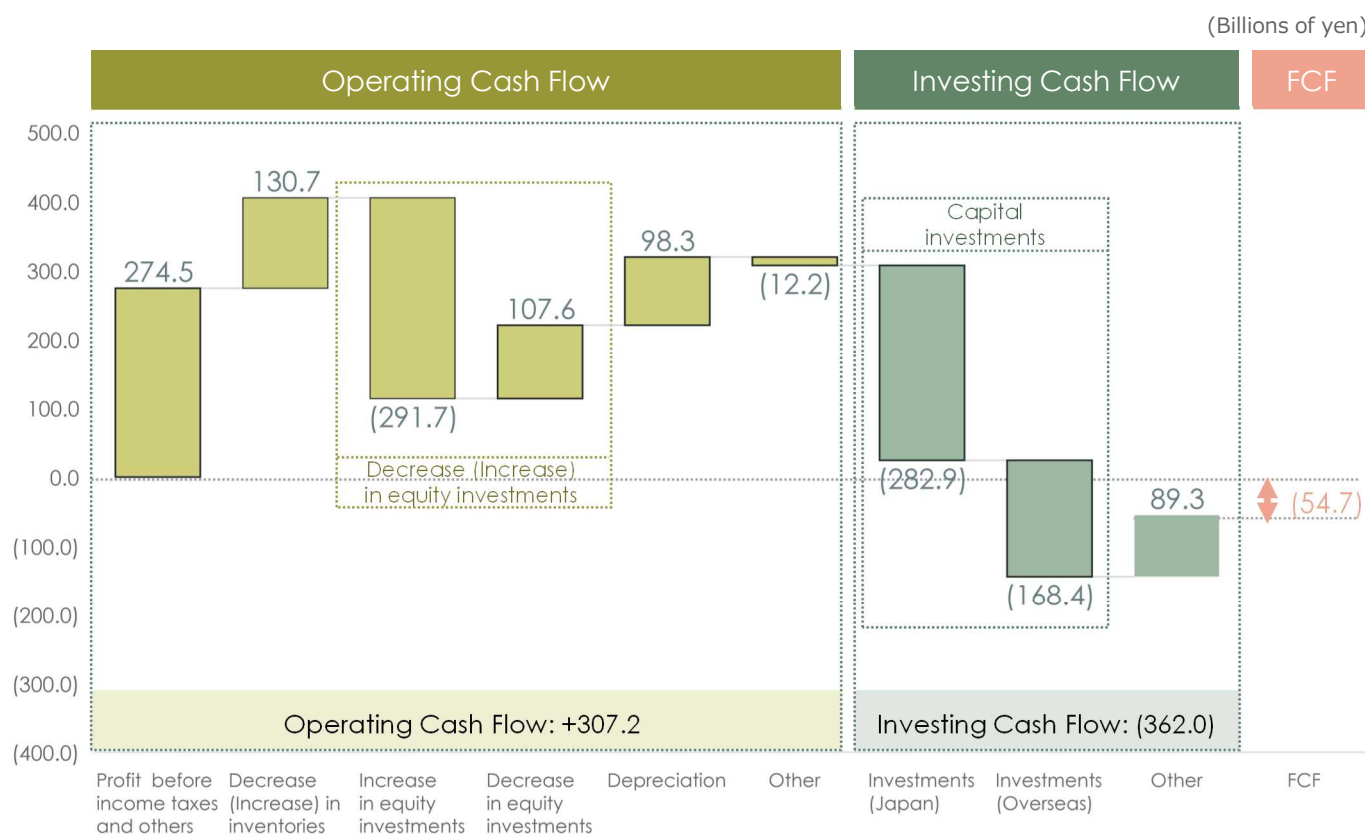
Credit Rating

(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+

3. Cash Flow Summary For FY2023

Acquired far more investment opportunities than initially expected mainly overseas.



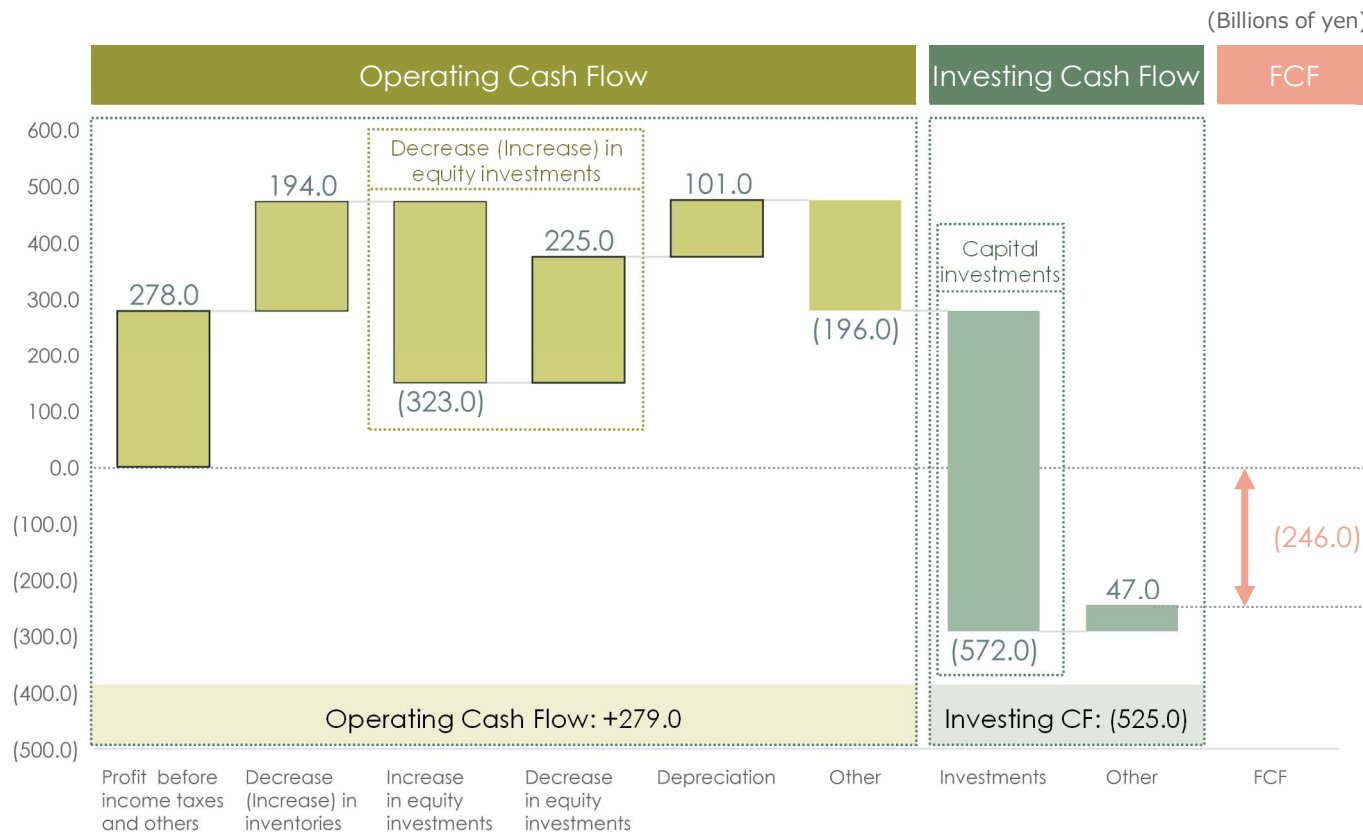
Investment Progress

(Billions of yen)

	Initial Plan	Result	Progress
Capital Investments	424.0	451.4	106%
Japan		282.9	-
Overseas		168.4	-
Equity Investments	201.0	291.7	145%
Japan		52.5	-
Overseas		239.1	-
Total	625.0	743.1	119%

4. Cash Flow Forecast For FY2024

New investment of ¥216 billion is set mainly overseas for profit growth.

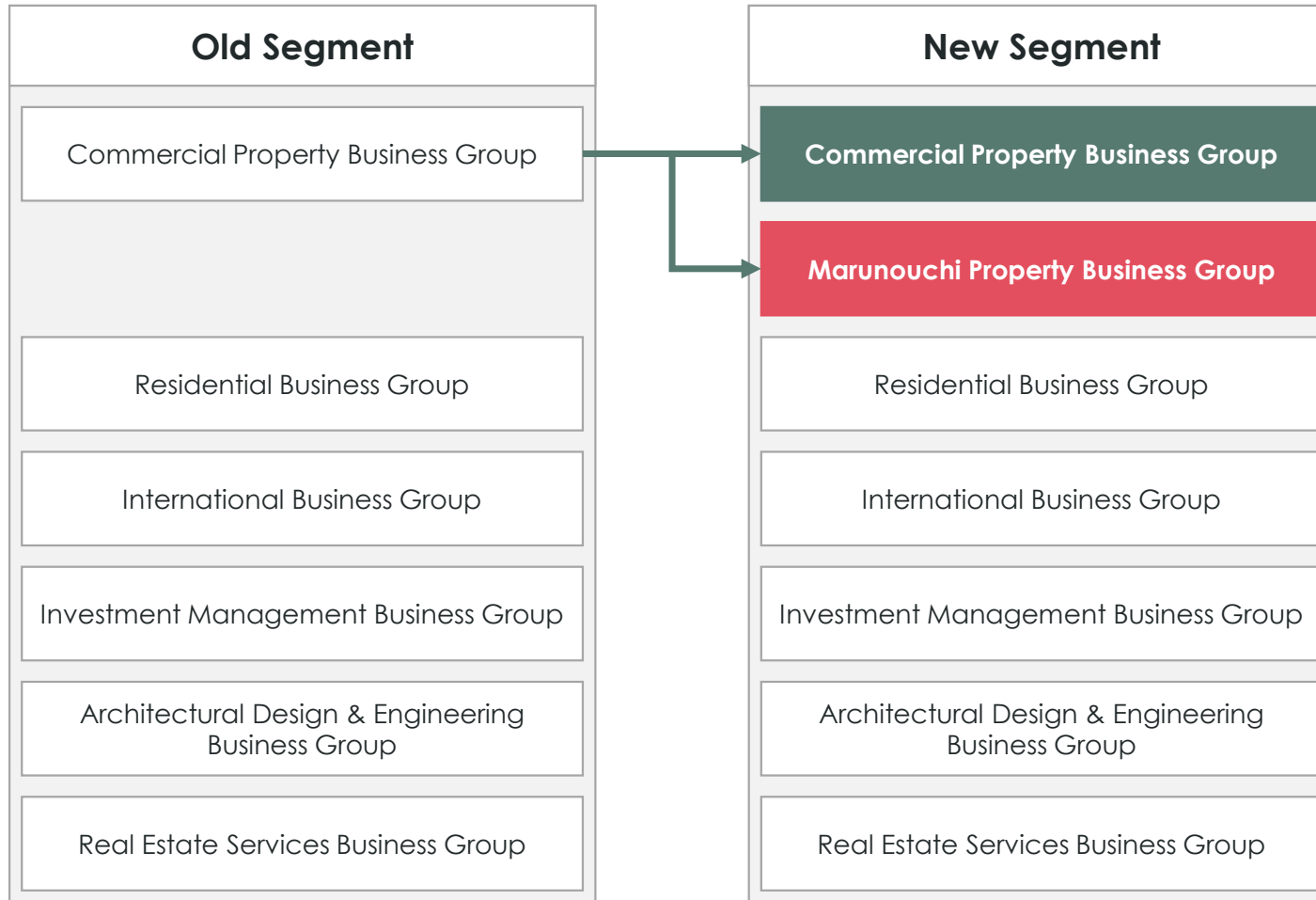


Investment assumption (Billions of yen)

Initial Plan	
Capital Investments	572.0
Equity Investments	323.0
Total	895.0
(Of which, new investment)	216.0

Strategy and Progress

1. Summary of Segment Changes



2. FY2023 Operating Profit (breakdown)

(Reference)

Millions of yen	FY2023 Results	Main components
Operating Profit	278,627	
Commercial Property Business	114,730	
Leasing	59,000	Rental profit of office, logistics facility, retail property (including outlet), hotel, etc., in Japan (excluding Marunouchi)
Sales of assets	47,000	Gain on sale of properties, such as office, logistics facility, retail property, and hotel
Other(fees, etc.)	8,730	Fee income from hotel management, project management, etc.
Marunouchi Business	97,082	
Leasing	89,000	Rental profit mainly from Marunouchi office buildings
Other(fees, etc.)	8,082	Profit on property management and flexible workspace businesses
Residential Business	38,888	
Condominiums Sales	21,000	Profit on new condominiums and renovated condominiums businesses
Sales of assets	15,000	Gain on sale of properties such as rental apartments
Other	2,888	
International Business	51,448	
Leasing	21,000	Rental profit of major properties in the US and Europe
Condominiums Sales	9,000	Profit on new condominium business
Sales of assets	26,000	Gain on sale of overseas asset properties
Other	(4,552)	
Investment Management Business	(1,619)	
Base fee etc.	9,900	Profit on asset management business in both Japan and overseas (excluding incentive fees associated with market value change)
Incentive fee	(11,519)	Incentive fees associated with market value change (non-cash)
Architectural Design & Engineering Business and Real Estate Services Business	9,021	
Other	(1,577)	
Eliminations or corporate	(29,346)	

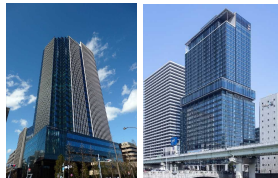
* Rounded the amount to the nearest billion yen. To be consistent with total value, rounding adjustment was made in the item at the bottom of each segment. G&A was appropriated for each profit on a pro-rata basis.

3. Commercial Property Business

Business Overview

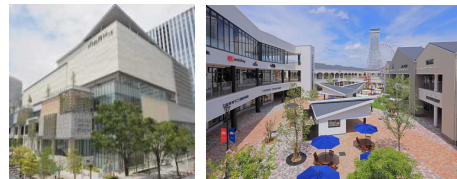
Office Buildings

Engages in the development, leasing, and property management of office buildings, mainly in major cities in Japan excluding Marunouchi area.



Retail Properties

Develops retail properties and outlet malls across Japan, mainly in the major metropolitan areas.



Logistics Facilities

Development, leasing, and management of the "Logicross" series as a foundation of logistics facilities.



Hotels/Airports

Undertakes hotel management nationwide as the Royal Park Hotels group. Began private airport management business.



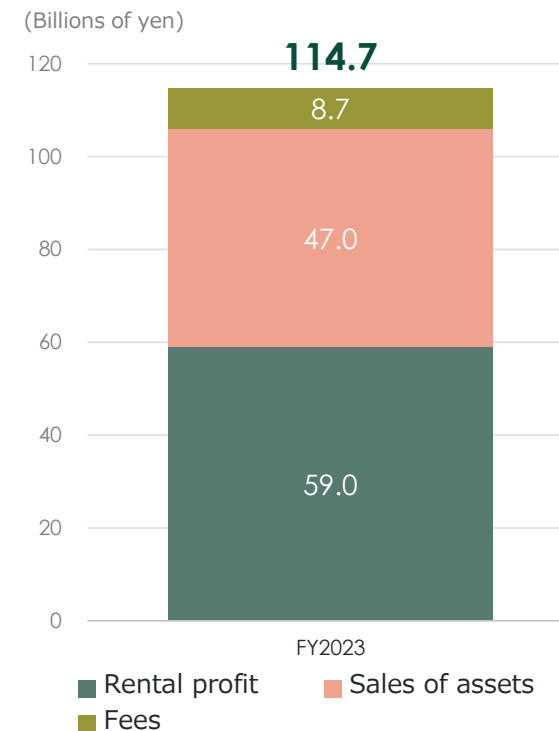
Main Indicators

→See IR Databook P.20-22

Capital Recycling Assets	NOI Yield of Assets under Operation	High Capital Gains
Over ¥1.0tn	Approx. 7%	¥52 billion Before G&A

*FY2023 results and at the end of March 2024 unless otherwise described

Operating Profit



* G&A was appropriated for each profit on a pro-rata basis.

4. Marunouchi Property Business

Business Overview

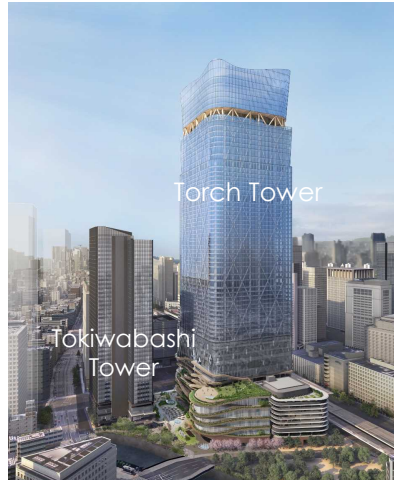
Development, leasing, and property management of mainly office buildings in Otemachi, Marunouchi, and Yurakucho (DaiMaruYu district). Maximize profits through area development and area management in the DaiMaruYu district.



Marunouchi Building
Shin-Marunouchi Bldg.



Marunouchi Park Building

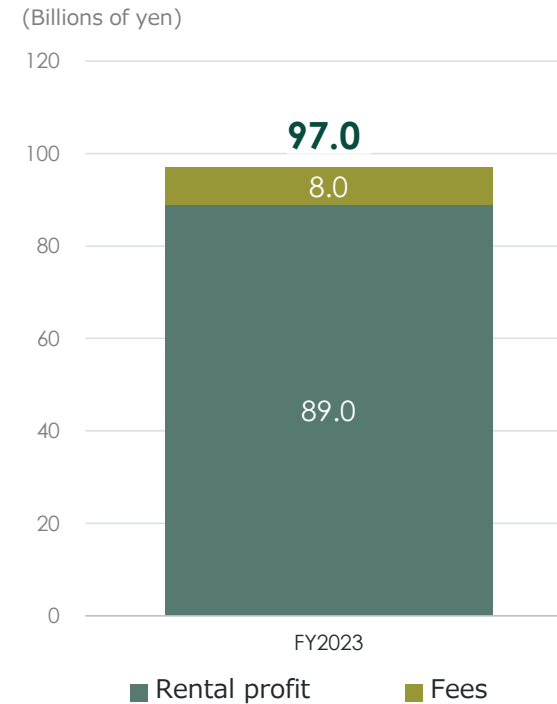


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Main Indicators: Advancing Marunouchi Redevelopment

Redeveloped	New Projects*	Vacancy Rate of Marunouchi/Office
19 buildings / 35 in total 2 million m ²	1.1 - 1.3 million m ²	2.33% →See IR Databook P.33

Operating Profit



* G&A was appropriated for each profit on a pro-rata basis.

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

**FY2023 results and at the end of March 2024 unless otherwise described; the area represents total floor area

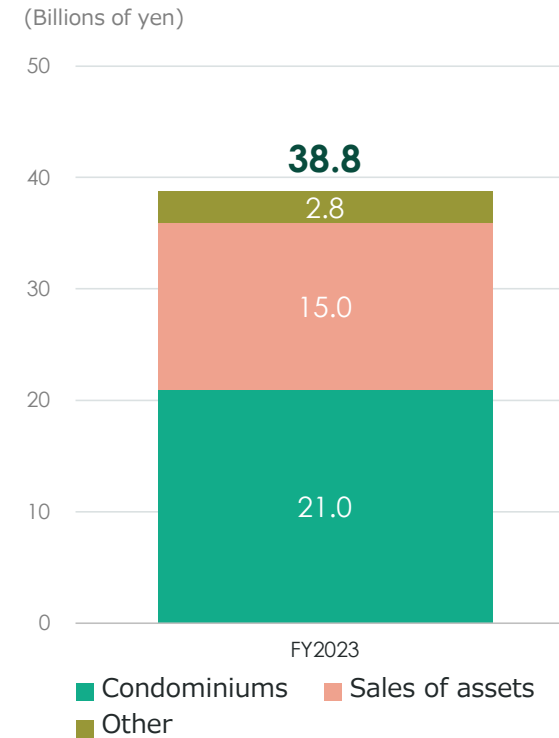
5. Residential Business

Business Overview

Operates residential condominium business under "The Parkhouse" brand and rental apartments business under "The Parkhabio" brand.



Operating Profit



* G&A was appropriated for each profit on a pro-rata basis.

Main Indicators

→See IR Databook P.50-55

Land Bank	Gross Profit Margin	Owned Rental Apartments, etc.
16,600 units	25.9%	111 buildings

*FY2023 results and at the end of March 2024 unless otherwise described

6. International Business

Business Overview

Undertakes office building development and leasing businesses mainly in the United States and the United Kingdom, as well as projects in the cities of the Asia and Oceania regions.

Capital Gains

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

Condominiums Sales
Mainly in Asia/Oceania for actual demand

Rental profit
Mainly in Europe and US; Stable

Hybrid-model investment profit
In US; Logistics, Rental apartments

Business overview / Reference for details

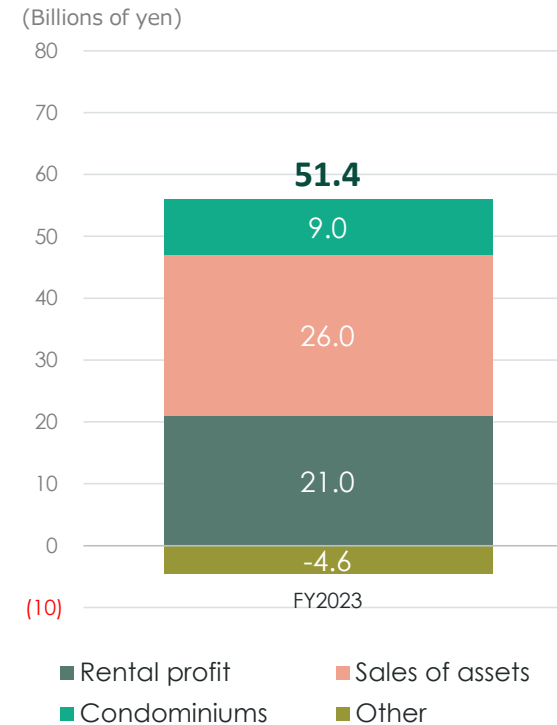
Overall international business strategy
→See IR Databook P.57-59

US
→See IR Databook P.60-62

Europe
→See IR Databook P.63-65

Asia/Oceania
→See IR Databook P.66-68

Operating Profit



* G&A was appropriated for each profit on a pro-rata basis.

7. Investment Management Business

Business Overview

Asset management companies in Japan, US, Europe, and Asia address global needs of asset management of real estates. Entrusted from over 650 institutional investors, general business corporations, and retail investors in 25 countries worldwide.

Japan



US



Europe

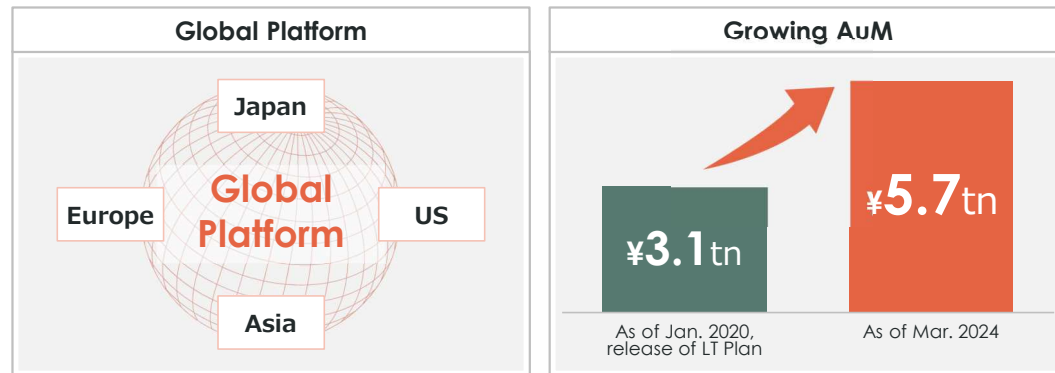


Asia

MEC
GLOBAL
PARTNERS
ASIA

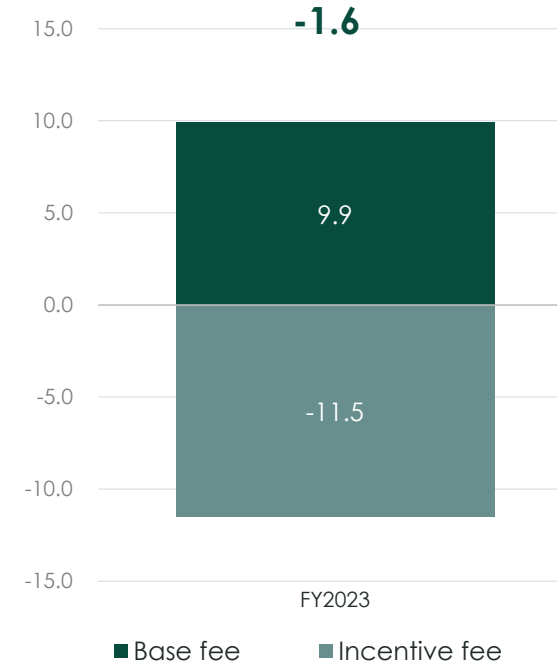
Main Indicators

→See IR Databook P.69-73



Operating Profit

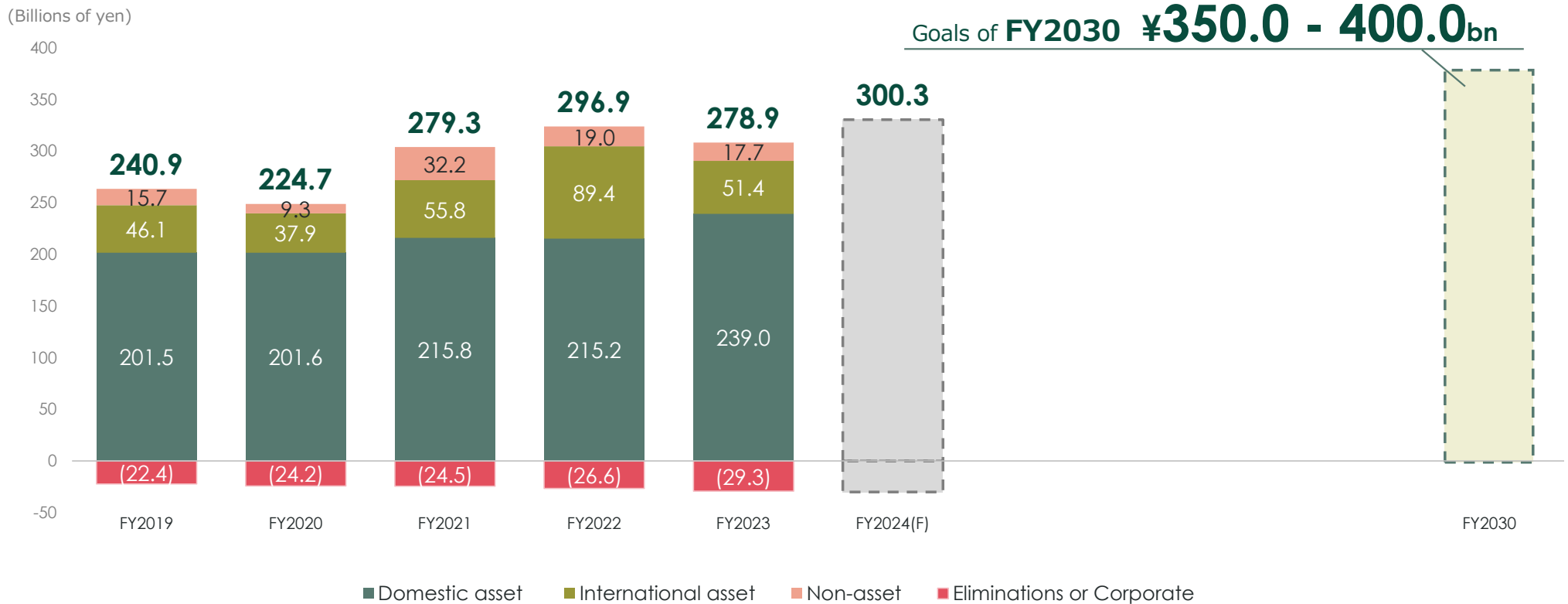
(Billions of yen)



* G&A was appropriated for each profit on a pro-rata basis.

8. Progress in Long-term Management Plan 2030

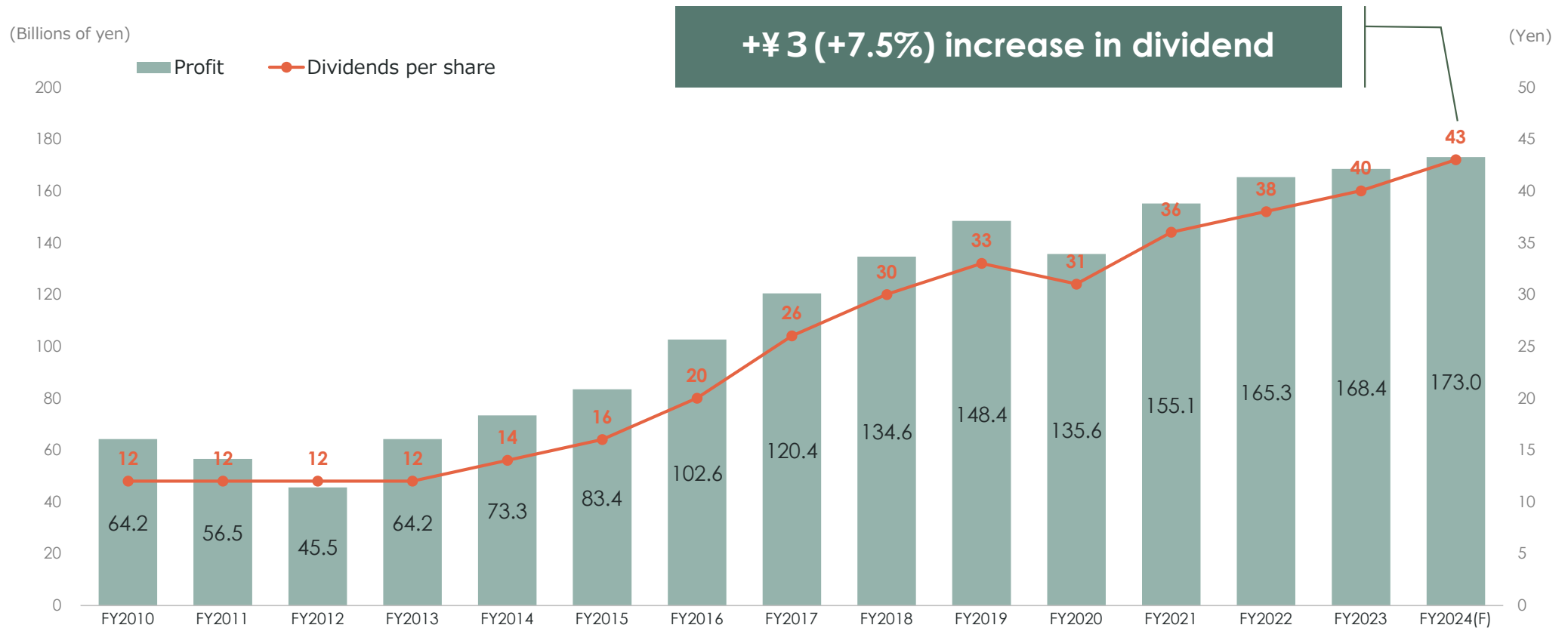
Changes in Business Profit



※Business profit: Operating profit + Share of profit of entities accounted for using equity method

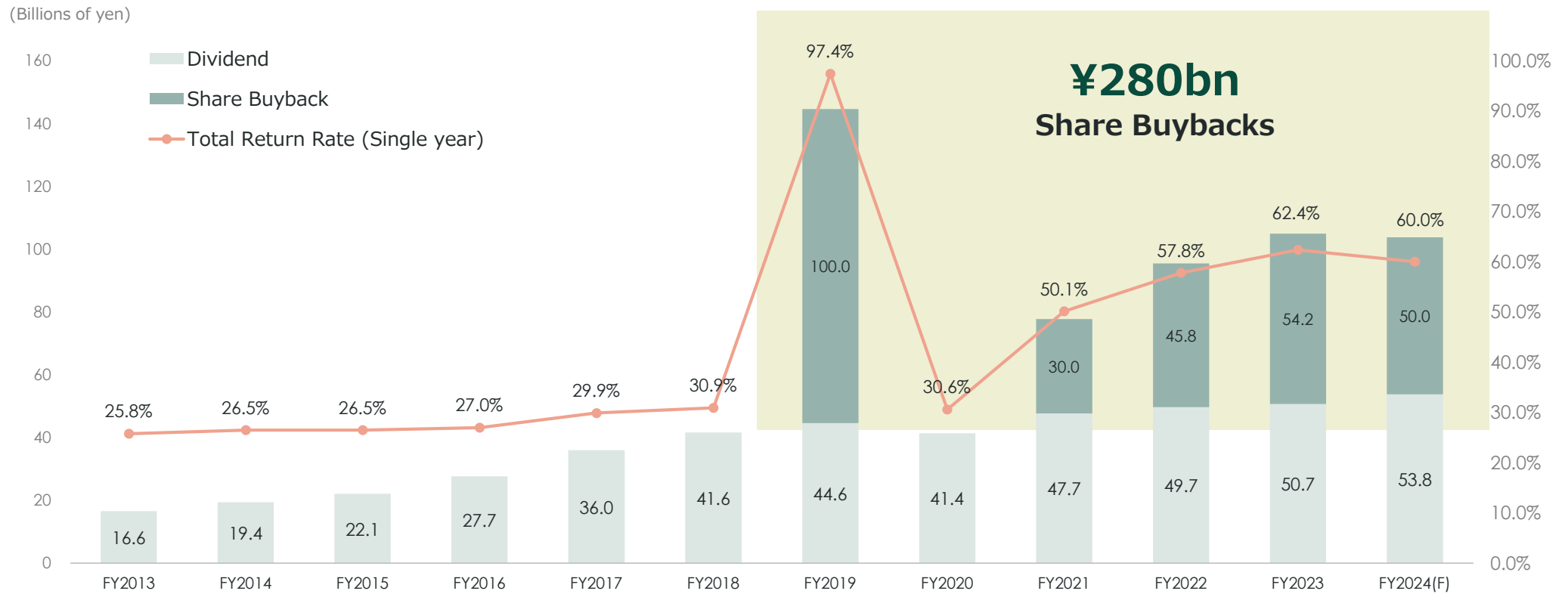
9. Shareholders Returns (Dividends)

DPS increase due to steady profit growth, and progressive dividend payments(+¥3) is introduced from FY2024.



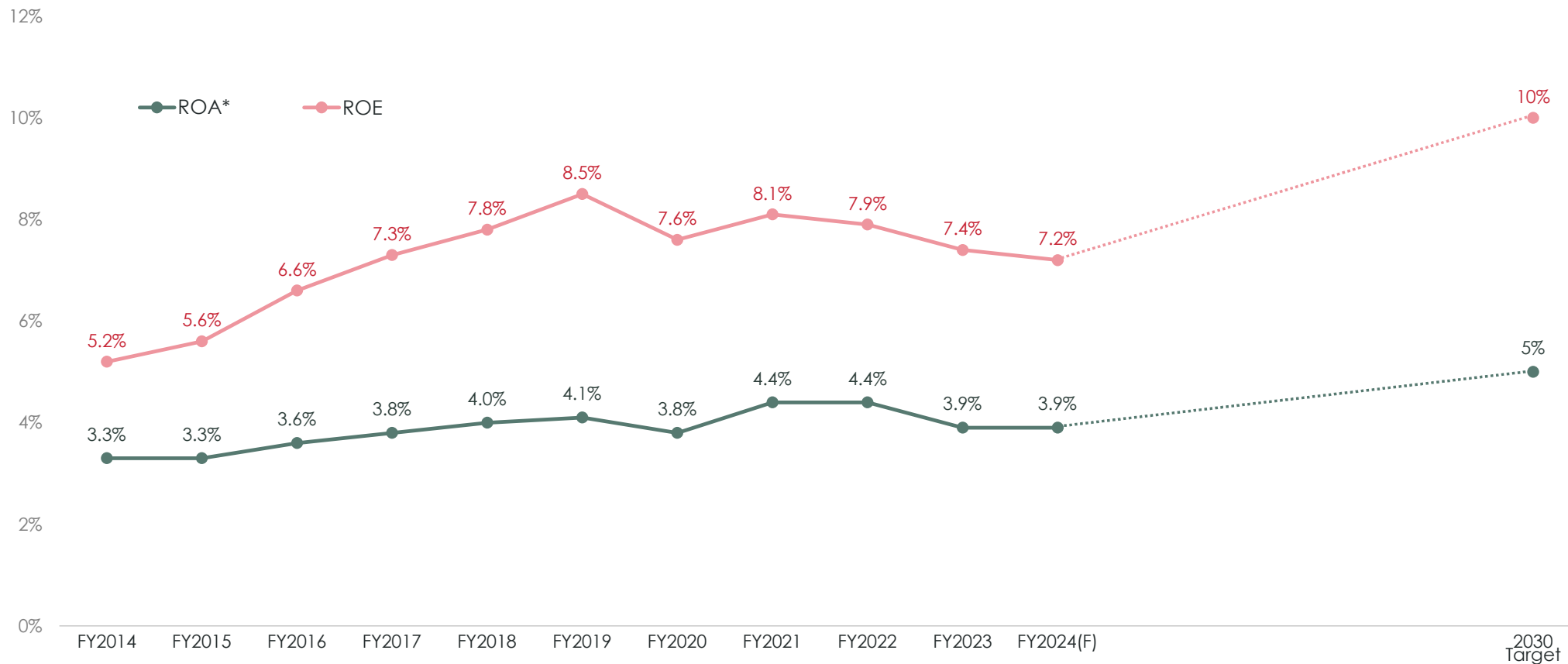
10. Shareholders Returns (Share Buyback)

Implement ¥280billion share buyback in 6 years. Continued high-level and stable shareholder return.



11. ROA · ROE · EPS

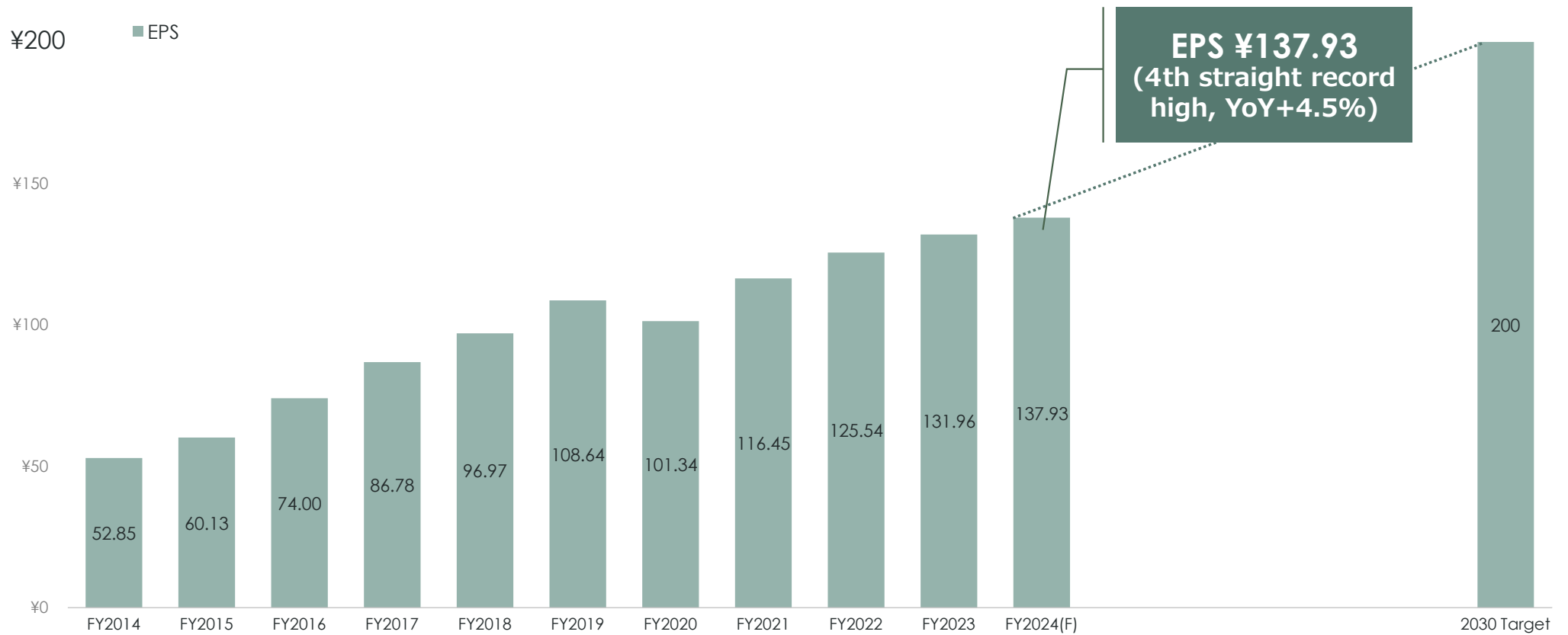
FY2023 results: ROA 3.9%, ROE 7.4%, EPS ¥131.96



* ROA = Business Profit / Total assets (average)

12. ROA · ROE · EPS

EPS is expected to hit 4th straight record-high in FY2024.



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