

FY2024 – 1Q  
(The Fiscal Year Ending March 31, 2025)

# Mitsubishi Estate IR Presentation

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# Financial Overview

**New**

## FY2024 1Q Results

- Operating Profit was ¥51.7 billion (up ¥3.3 billion YoY) and Profit Attributable to Owners of Parent was ¥25.9 billion (up ¥6.6 billion YoY).
- Office, retail (outlet malls) and hotels are all performing well and making steady progress toward the full-year forecasts. Capital Gains are expected to be recorded in the second half.
- Office leasing continued to perform well, with vacancy rates 1.83% as of June 30, 2024.

## FY2024 Forecasts (Unrevised)

- 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 (Repost)

### (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.

# FY2024-1Q Overview

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# 1. Income Statement Summary

**Operating Profit: ¥51.7 bn (up ¥3.3 billion YoY) , Profit Attributable to Owners of Parent: ¥25.9 bn (up ¥6.6 billion YoY)**

| Millions of yen (rounded down)   | FY2024-1Q<br>Results | FY2023-1Q<br>Results | Change          | Main Factors  |
|--|----------------------|----------------------|-----------------|---|
| <b>Operating revenue</b>   | <b>328,239</b>       | <b>292,465</b>       | <b>+ 35,774</b> |   |
| <b>Operating profit</b>  | <b>51,798</b>        | <b>48,400</b>        | <b>+ 3,397</b>  |   |
| Commercial Property Business   | 21,647               | 18,783               | + 2,864         | +Strong performance of hotels and retail(outlet malls)  |
| Marunouchi Property Business   | 23,997               | 27,242               | (3,245)         | -Decreased due to building closures, lack of one-off revenue/+Improving vacancy rate                  |
| Residential Business   | 2,922                | (1,813)              | + 4,735         | +Increased profit of condominiums business  |
| International Business   | 6,444                | 8,860                | (2,415)         | -Decreased capital gains  |
| Investment Management Business   | 837                  | 1,214                | (376)           | -Decreased due to one-off expenses  |
| Architectural Design & Engineering<br>Business and Real Estate Services Business | 2,518                | 1,576                | + 942           | +Good performance of Architectural Design & Engineering Business and Real Estate<br>Services Business |
| Other  | (658)                | (683)                | + 25            |   |
| Eliminations or corporate  | (5,911)              | (6,779)              | + 867           |   |
| Non-operating income   | 6,812                | 6,010                | + 802           |   |
| Non-operating expenses   | 14,816               | 10,780               | + 4,036         | Increase in interest expenses   |
| <b>Ordinary profit</b>   | <b>43,794</b>        | <b>43,630</b>        | <b>+ 163</b>    |   |
| Extraordinary income   | 5,563                | 2,710                | + 2,852         | Increase in gain on sales of investment securities  |
| Extraordinary losses   | -                    | -                    | -               |   |
| Total income taxes   | 18,507               | 22,953               | (4,446)         |   |
| Profit attributable to non-controlling interests                                 | 4,908                | 4,118                | + 790           |   |
| <b>Profit attributable to owners of parent</b>                                   | <b>25,941</b>        | <b>19,269</b>        | <b>+ 6,672</b>  |   |

| ■ Capital Gains included<br>in Operating Profit<br>(before G&A) | Millions of yen<br>(rounded off to the nearest billion) |                      |                |
|---|---|----------------------|----------------|
|   | FY2024-1Q<br>Results                                    | FY2023-1Q<br>Results | Change         |
| Commercial Property   | 4,000   | 5,000                | (1,000)        |
| Residential   | 3,000   | 4,000                | (1,000)        |
| International   | -   | 6,000                | (6,000)        |
| <b>Total</b>  | <b>7,000</b>  | <b>15,000</b>        | <b>(8,000)</b> |

## 2. Balance Sheet Summary

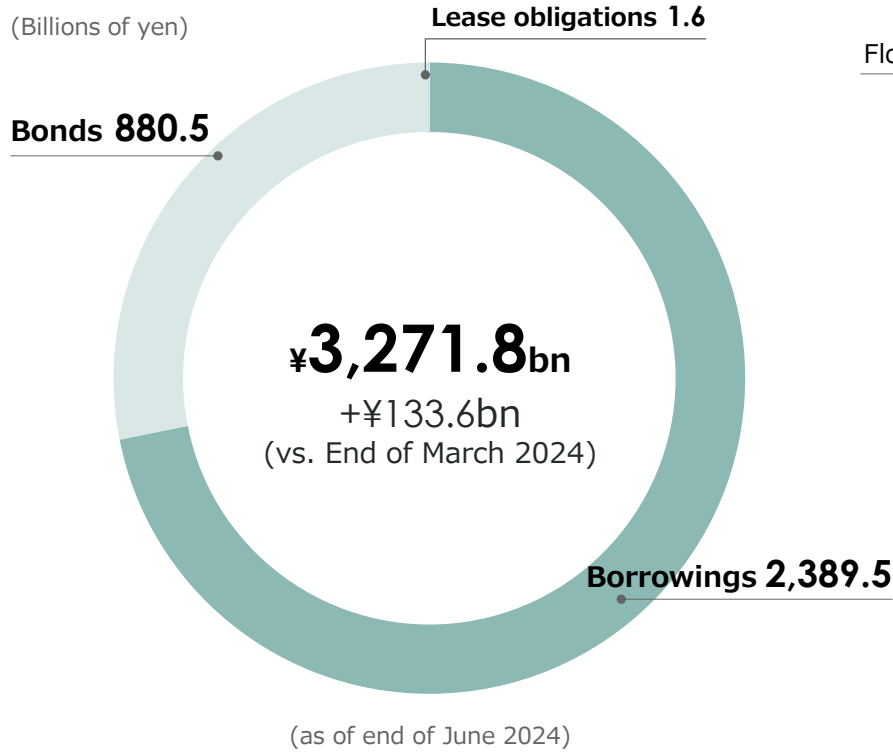
(Billions of yen)

| Assets                                  | As of June 30, 2024 | As of March 31, 2024 | Change        |
|---|---------------------|----------------------|---------------|
| Inventories                             | 518.7               | 513.8                | +4.9          |
| Property, plant and equipment           | 4,703.7             | 4,597.1              | +106.6        |
| Equity investments                      | 1,005.6             | 962.1                | +43.5         |
| Other                                   | 1,456.6             | 1,510.6              | (54.0)        |
| <b>Total assets</b>                     | <b>7,684.7</b>      | <b>7,583.7</b>       | <b>+101.0</b> |
| Liabilities and net assets              | As of June 30, 2024 | As of March 31, 2024 | Change        |
| Interest-bearing debt                   | 3,271.8             | 3,138.1              | +133.6        |
| Other                                   | 1,761.9             | 1,820.9              | (59.0)        |
| <b>Liabilities</b>                      | <b>5,033.8</b>      | <b>4,959.1</b>       | <b>+74.6</b>  |
| <b>Net assets</b>                       | <b>2,650.9</b>      | <b>2,624.5</b>       | <b>+26.3</b>  |
| <b>Total liabilities and net assets</b> | <b>7,684.7</b>      | <b>7,583.7</b>       | <b>+101.0</b> |

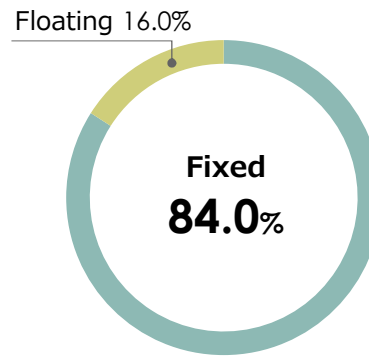
PPE/equity investments etc. increased due to progress in selected investments

### 3. Interest-Bearing Debt

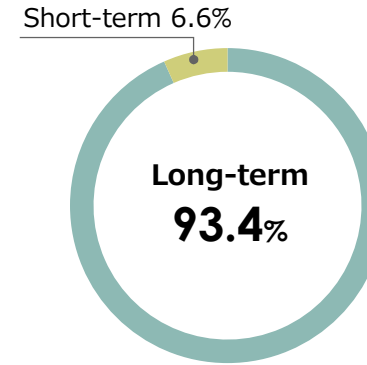
#### Consolidated Interest-Bearing Debt



#### Fixed/Floating Rates

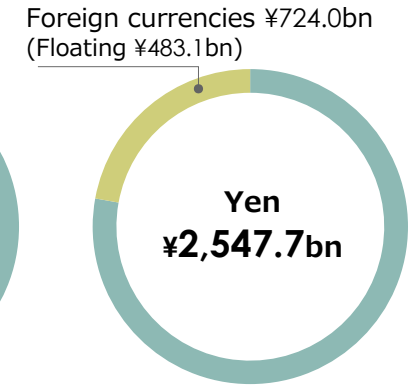


#### Long/Short Terms



(as of end of June 2024)

#### Yen/Foreign Currency



Average Remaining Maturity (Unconsolidated) **7.0years**

#### Amount to be Repaid(Consolidated) Credit Rating

(From October 23, 2023)

|        | Billions of yen |
|--------|-----------------|
| FY2024 | 174.3           |
| FY2025 | 247.7           |
| FY2026 | 267.6           |
| FY2027 | 284.1           |

| Credit Rating Agency                    | Long-term Rating |
|---|------------------|
| Moody's                                 | A2               |
| Standard and Poor's (S&P)               | A+               |
| Rating and Investment Information (R&I) | AA- (Positive)   |
| Japan Credit Raging Agency              | AA+              |

# FY2024 Forecasts

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**There are no updates from this page to the IR presentation for FY2023 disclosed on May 10, 2024.**

# 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<br>Forecasts | FY2023<br>Results | Change         | Main factors  |
|---|---------------------|-------------------|----------------|---|
| <b>Operating revenue</b>  | <b>1,596,000</b>    | <b>1,504,687</b>  | <b>+91,313</b> |   |
| <b>Operating profit</b>   | <b>300,000</b>      | <b>278,627</b>    | <b>+21,373</b> |   |
| 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   |
| <b>Ordinary profit</b>  | <b>252,000</b>      | <b>241,158</b>    | <b>+10,842</b> |   |
| 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  |
| <b>Profit attributable to owners of parent</b>                                | <b>173,000</b>      | <b>168,432</b>    | <b>+4,568</b>  |   |

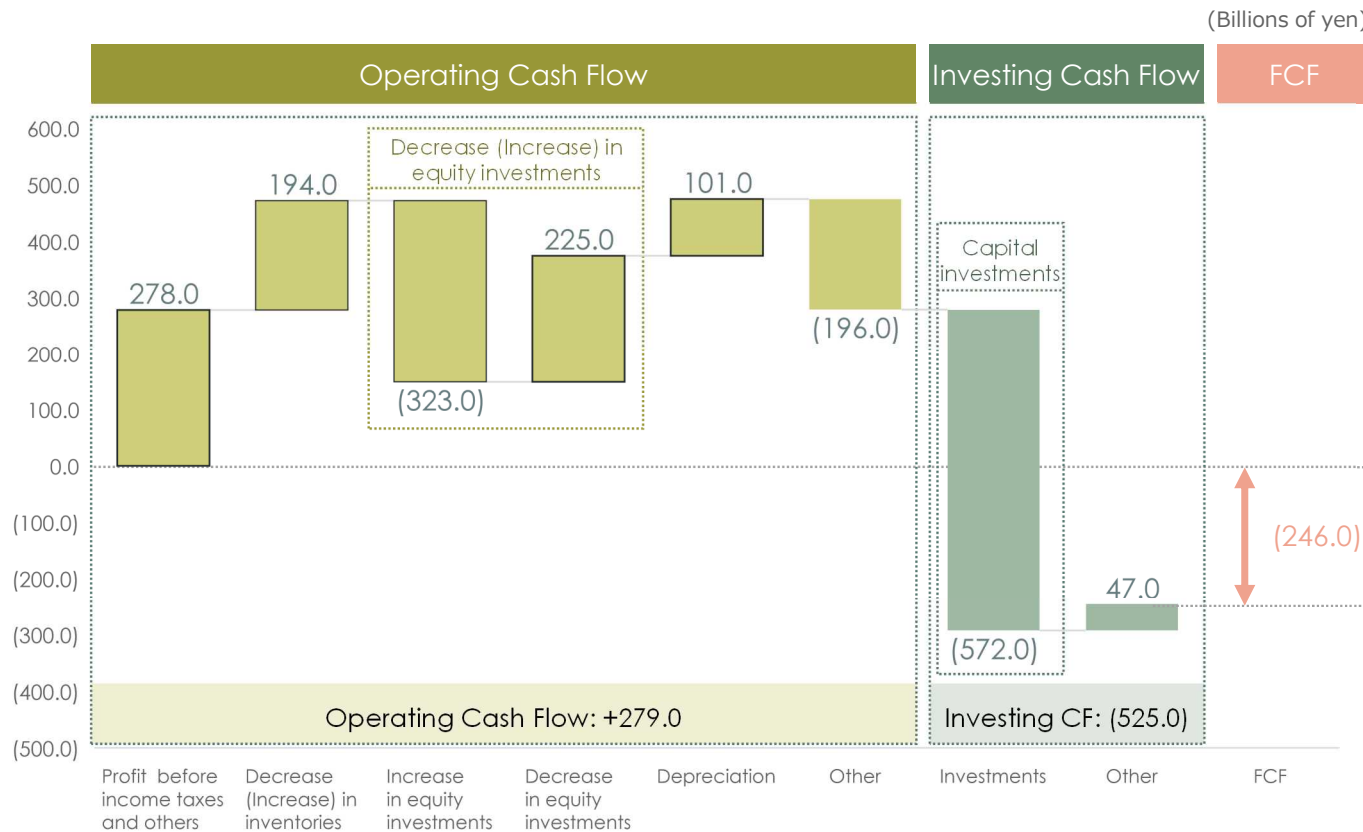
  

| ■ Capital Gains included in Operating Profit (before G&A) | Millions of yen (rounded off to the nearest billion) |                |               |
|---|--|----------------|---------------|
|   | FY2024 Forecasts                                     | FY2023 Results | Change        |
| Commercial Property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



# 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        |
| <b>Total</b>                      | <b>895.0</b> |
| <b>(Of which, new investment)</b> | <b>216.0</b> |

# Shareholders Returns

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# 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

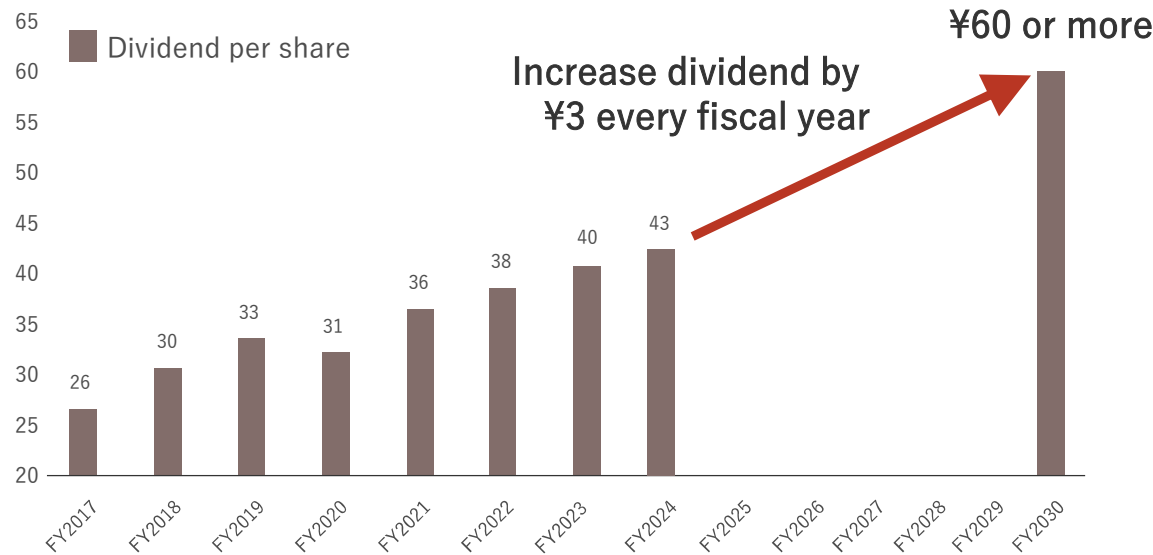
Stable rental CF

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

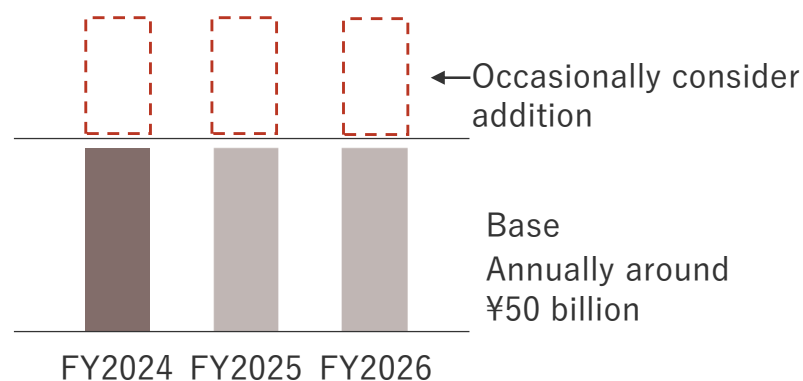
Including Marunouchi assets,

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

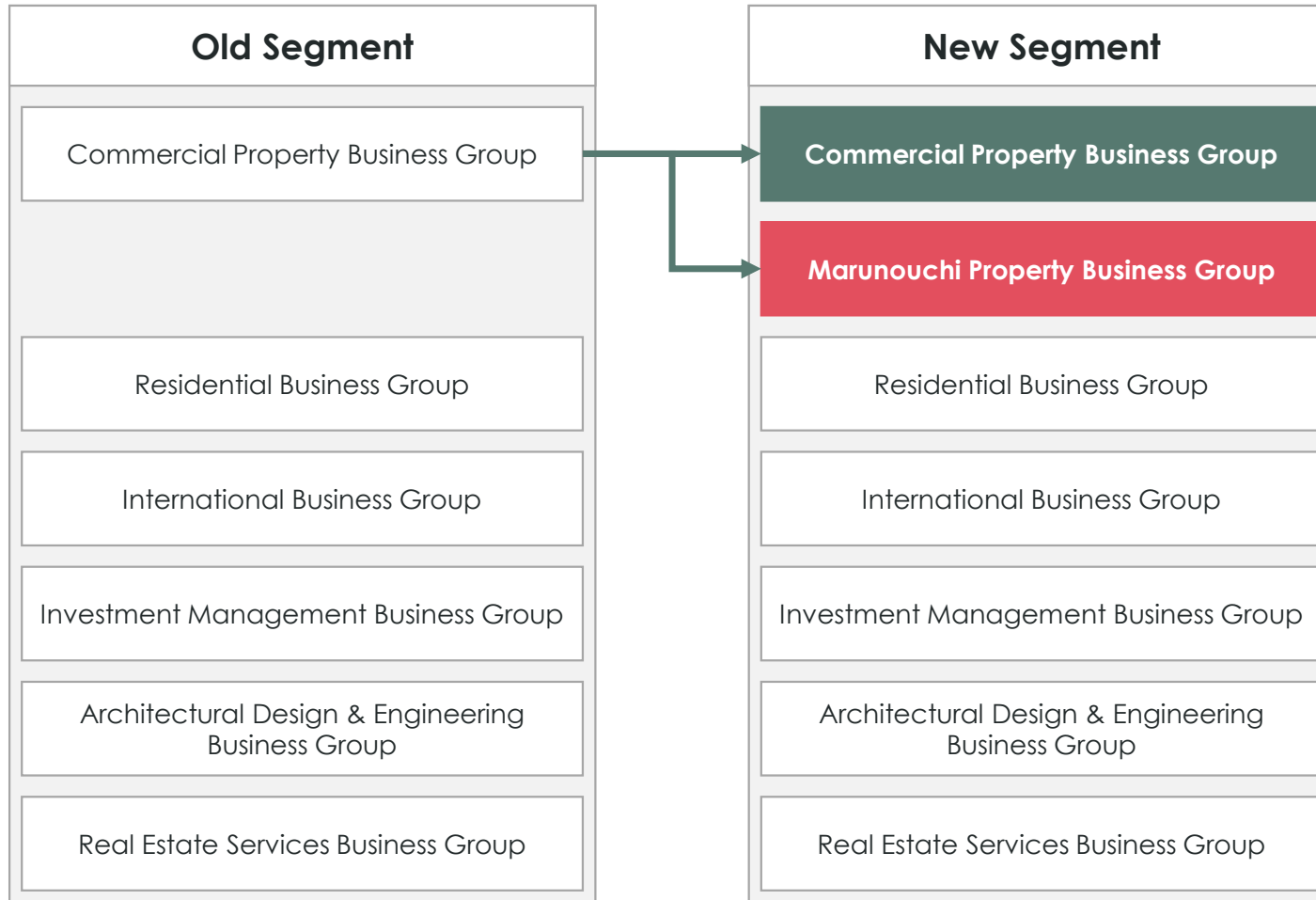
Occasionally  
additional return

Cancel after  
completing acquisition

# Strategy and Progress

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# 1. Summary of Segment Changes



## 2. FY2023 Operating Profit (breakdown)

(Reference)

| Millions of yen   | FY2023 Results  | Main components   |
|---|-----------------|---|
| <b>Operating Profit</b>   | <b>278,627</b>  |   |
| Commercial Property Business  | <b>114,730</b>  |   |
| 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   | <b>97,082</b>   |   |
| 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  | <b>38,888</b>   |   |
| 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  | <b>51,448</b>   |   |
| 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  | <b>(1,619)</b>  |   |
| 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 | <b>9,021</b>    |   |
| Other   | <b>(1,577)</b>  |   |
| Eliminations or corporate   | <b>(29,346)</b> |   |

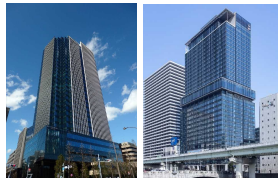
\* Rounded the amount to the nearest billion yen. To be consistent with total value, rounding adjustment was made in the item at the bottom of each segment. G&A was appropriated for each profit on a pro-rata basis.

# 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.



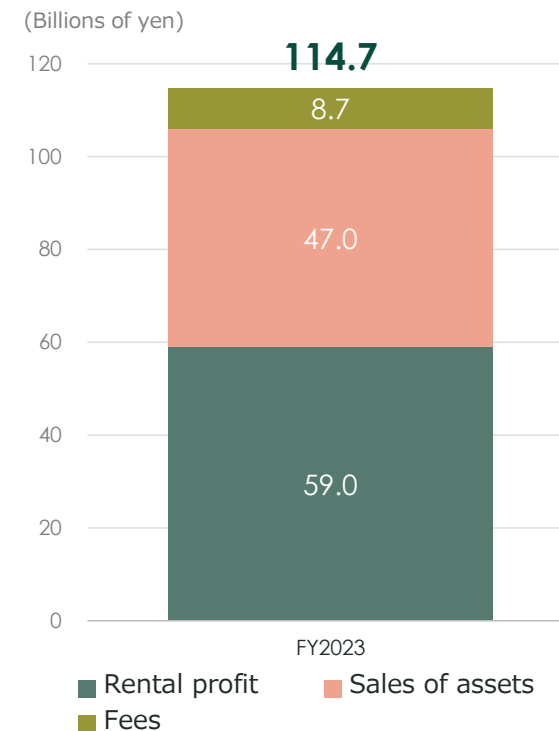
## Main Indicators

→See IR Databook P.20-22

|                                 |  |                                  |
|---------------------------------|--|----------------------------------|
| <b>Capital Recycling Assets</b> | <b>NOI Yield of Assets under Operation</b> | <b>High Capital Gains</b>        |
| Over <b>¥1.0tn</b>              | Approx. <b>7%</b>                          | <b>¥52 billion</b><br>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

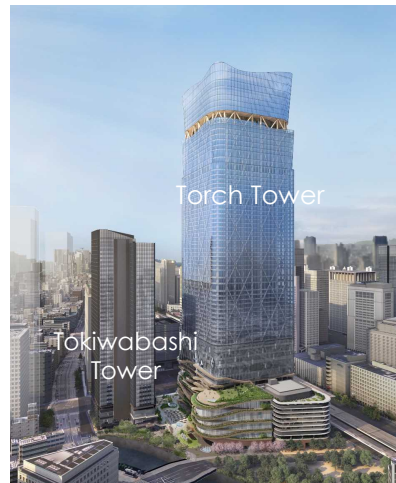
Development, leasing, and property management of mainly office buildings in Otemachi, Marunouchi, and Yurakucho (DaiMaruYu district). Maximize profits through area development and area management in the DaiMaruYu district.



Marunouchi Building  
Shin-Marunouchi Bldg.



Marunouchi Park Building

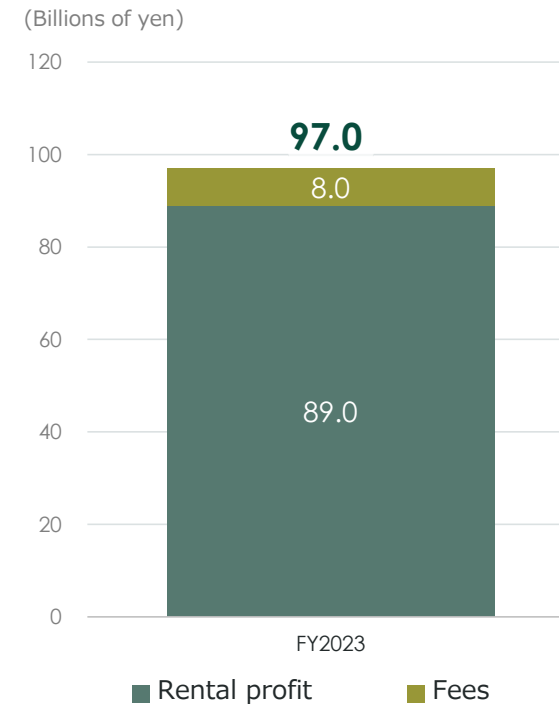


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## Main Indicators: Advancing Marunouchi Redevelopment

| Redeveloped  | New Projects*                    | Vacancy Rate of Marunouchi/Office |
|--|----------------------------------|-----------------------------------|
| 19 buildings / 35 in total<br>2 million m <sup>2</sup> | 1.1 - 1.3 million m <sup>2</sup> | 2.33%<br>→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.



## Main Indicators

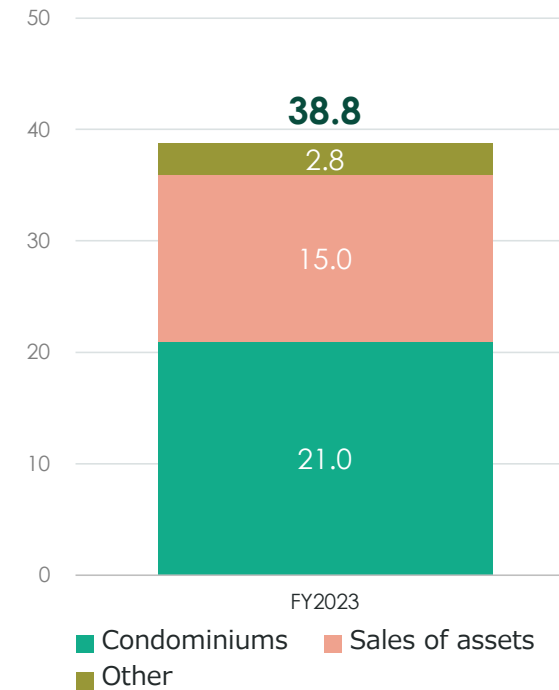
→See IR Databook P.50-55

|                     |                            |                                      |
|---------------------|----------------------------|--------------------------------------|
| <b>Land Bank</b>    | <b>Gross Profit Margin</b> | <b>Owned Rental Apartments, etc.</b> |
| <b>16,600</b> units | <b>25.9%</b>               | <b>111</b> buildings                 |

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

## Operating Profit

(Billions of yen)



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

# 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,<br>Rental apartments<br>Size of ¥20bn per year | Offices<br>Rental apartments | Focus on investment<br>efficiency |

| Condominiums Sales                          |
|---|
| Mainly in Asia/Oceania<br>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

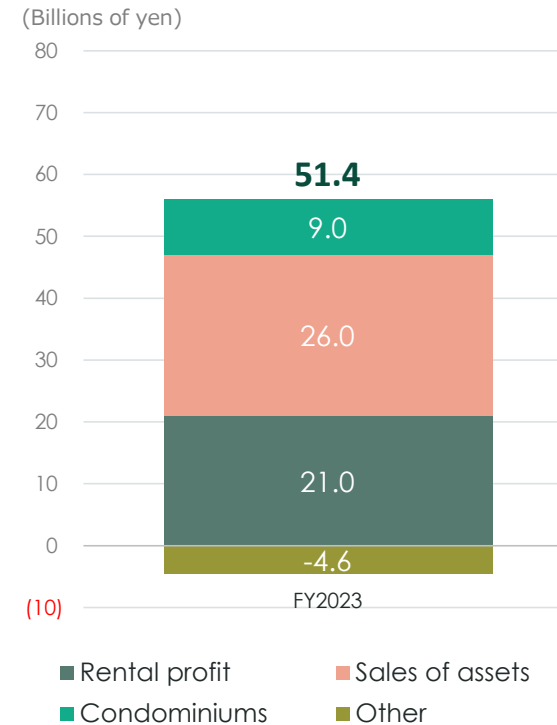
Overall international business strategy  
→See IR Databook P.57-59

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

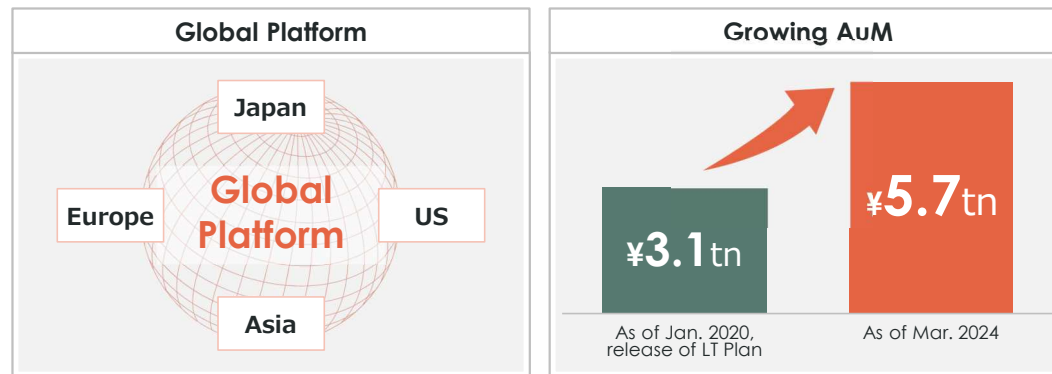


### Asia

MEC  
GLOBAL  
PARTNERS  
ASIA

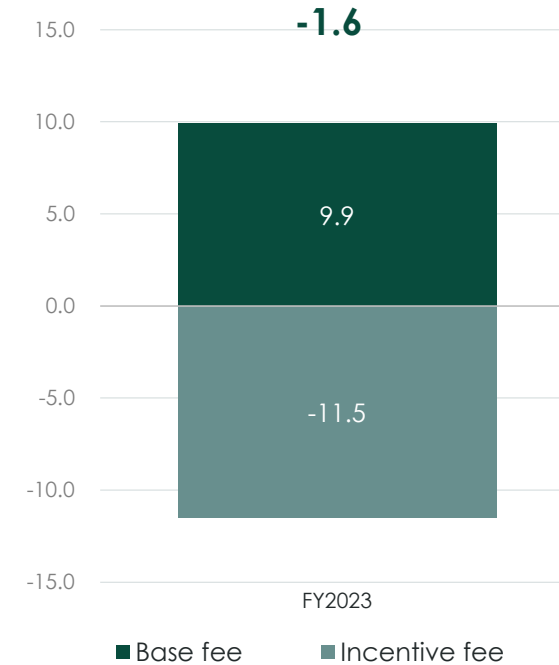
## Main Indicators

→See IR Databook P.69-73



## Operating Profit

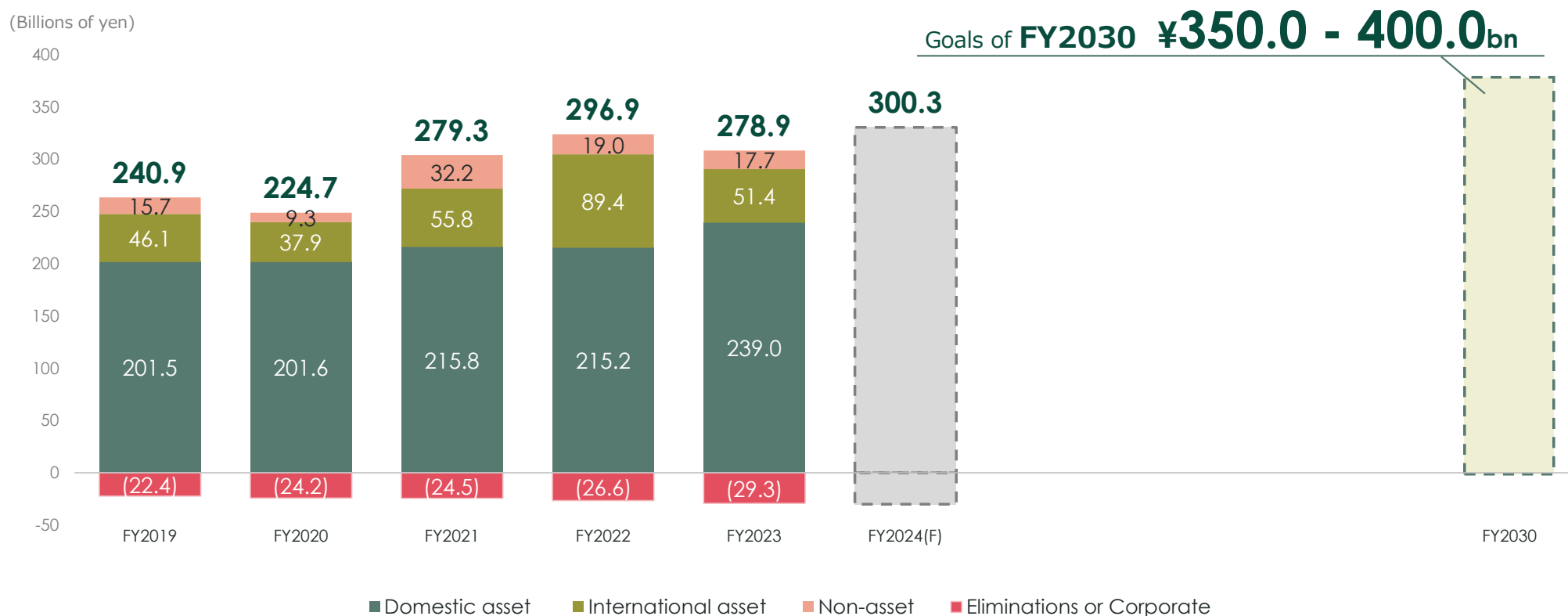
(Billions of yen)



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

## 8. Progress in Long-term Management Plan 2030

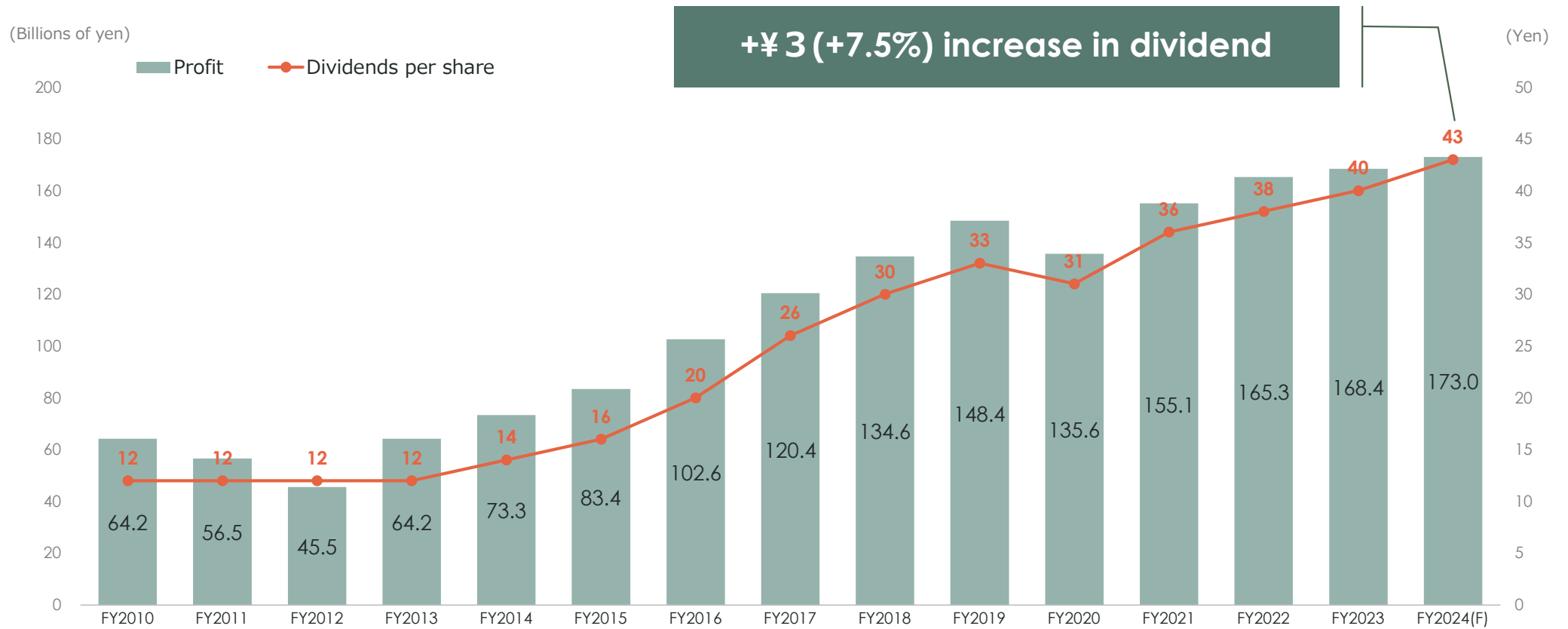
### Changes in Business Profit



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

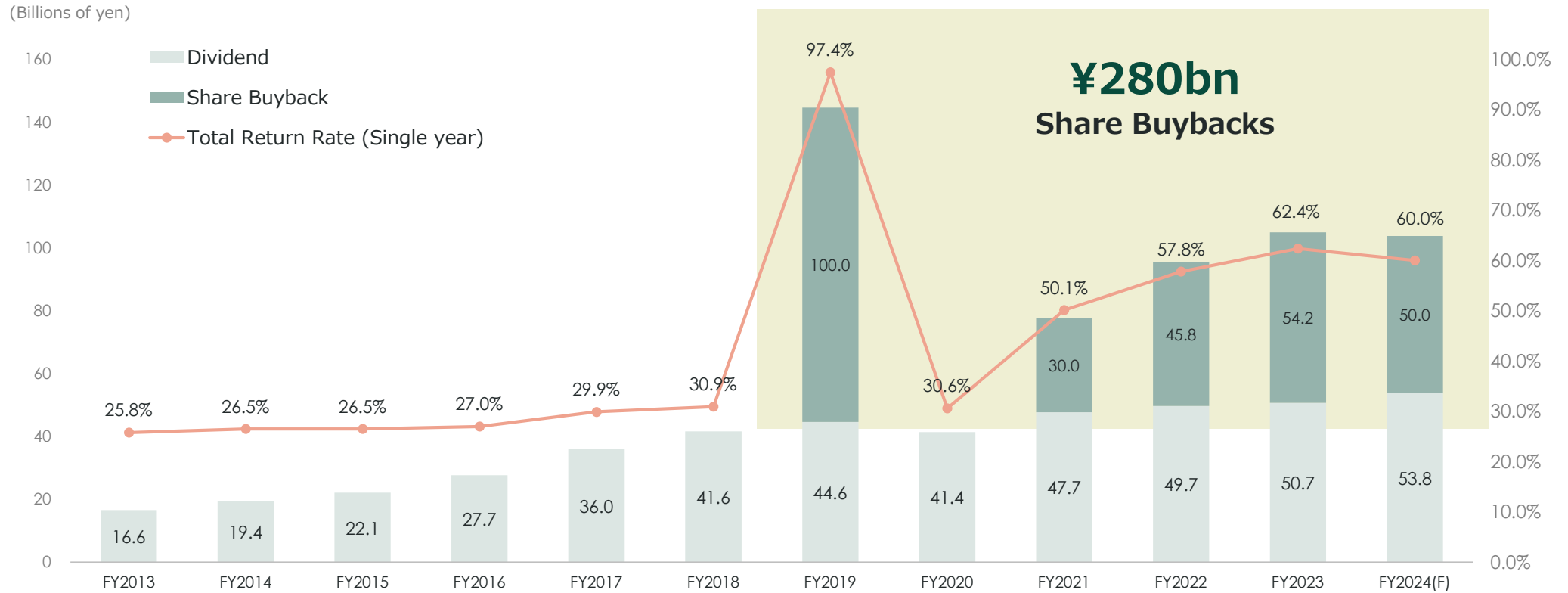
## 9. Shareholders Returns (Dividends)

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



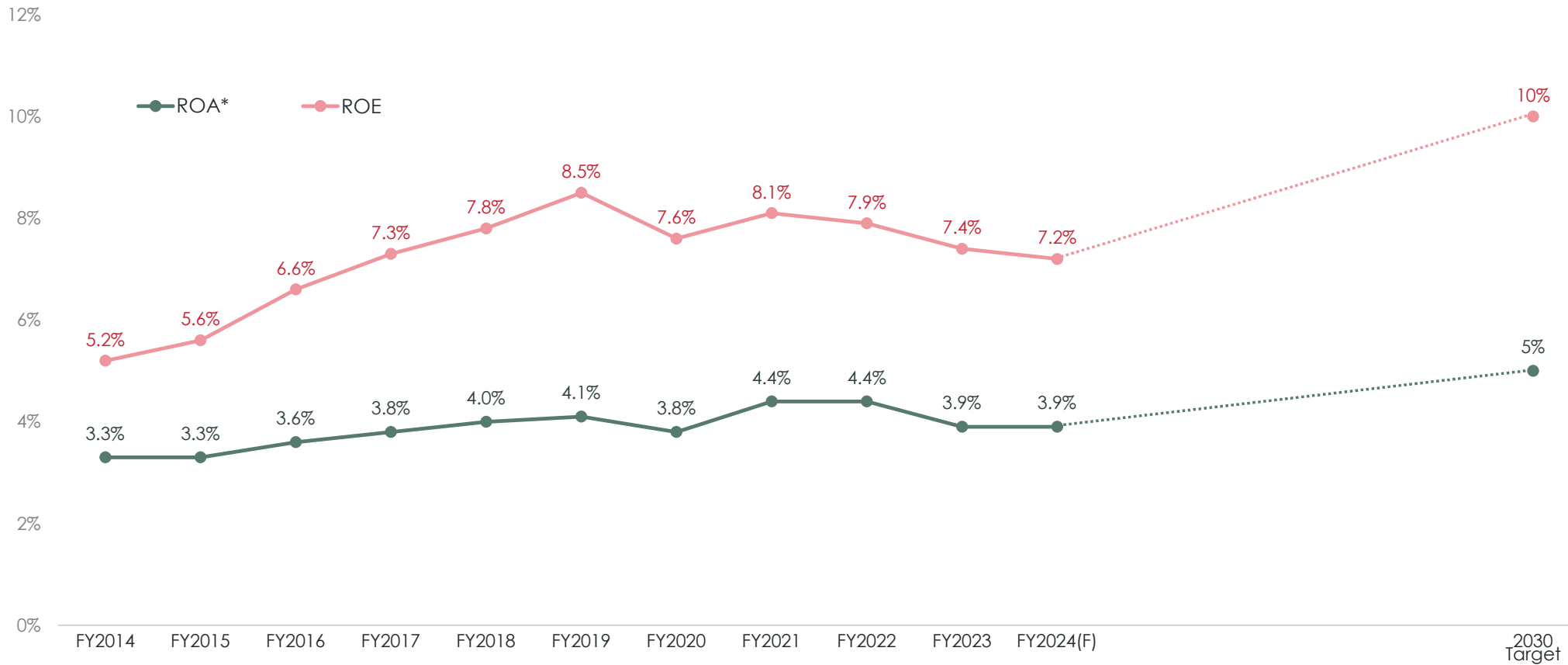
# 10. Shareholders Returns (Share Buyback)

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

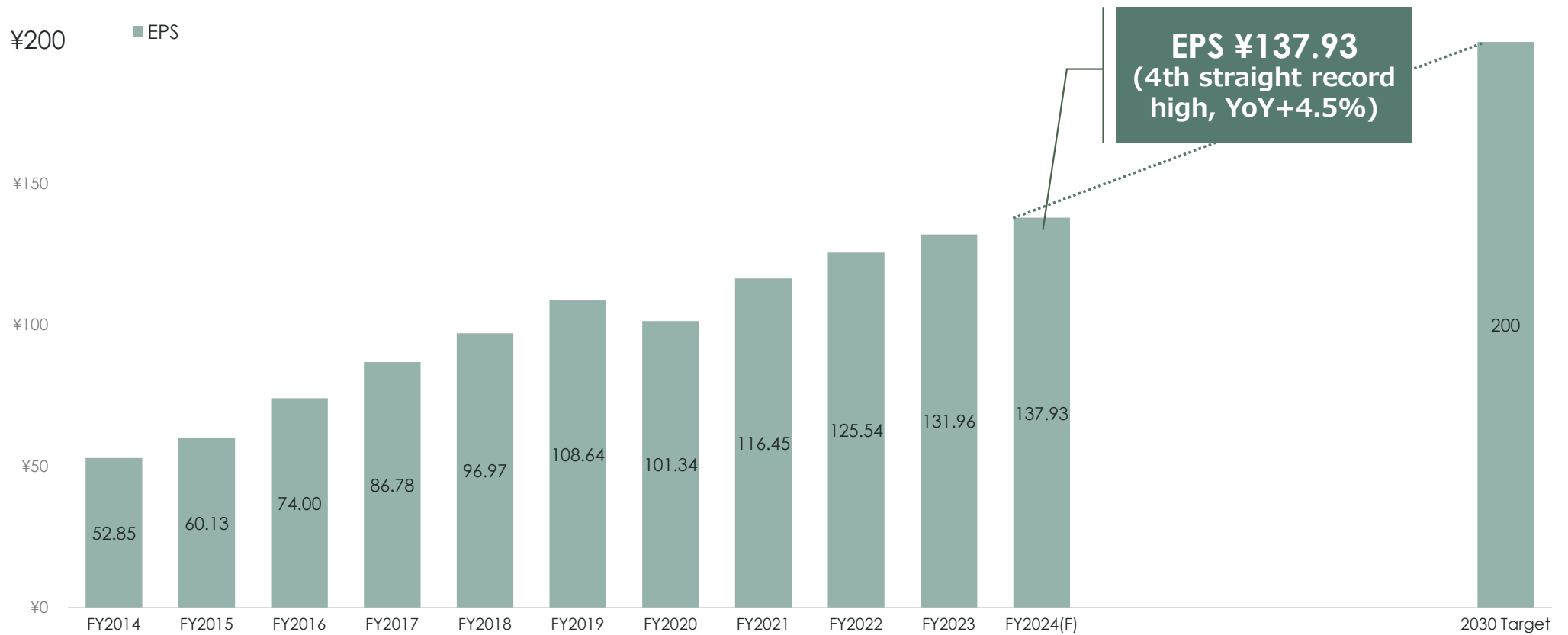


\* ROA = Business Profit / Total assets (average)



## 12. ROA · ROE · EPS

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



## Contact Information

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