

November 6, 2017

Earnings Highlights for FY2018-2Q
(The Fiscal Year Ending on March 31, 2018)

Mitsubishi Estate Co., Ltd.

●Earnings for FY2018-2Q (Consolidated)

Millions of yen (rounded down)

| | FY2018-2Q Results | FY2017-2Q Results | Change | Change (%) | FY2018 Estimates (Announced on Nov 6, 2017) |
|--|----------------------|----------------------|-----------------|----------------|--|
| Office Building Business | 226,054 | 223,067 | 2,987 | 1.3% | 501,000 |
| Lifestyle Property Business | 50,242 | 40,735 | 9,506 | 23.3% | 108,000 |
| Residential Business | 131,628 | 175,932 | (44,304) | (25.2)% | 426,000 |
| International Business | 38,963 | 34,046 | 4,917 | 14.4% | 82,000 |
| Revenue from Operations | 485,838 | 511,753 | (25,914) | (5.1)% | 1,202,000 |
| Office Building Business | 67,962 | 64,104 | 3,857 | 6.0% | 143,000 |
| Lifestyle Property Business | 14,358 | 11,115 | 3,242 | 29.2% | 30,000 |
| Residential Business | (1,760) | 9,492 | (11,253) | (118.6)% | 20,000 |
| International Business | 10,649 | 14,011 | (3,362) | (24.0)% | 24,000 |
| Operating Income | 84,278 | 92,148 | (7,869) | (8.5)% | 205,000 |
| Income Before Taxes and Special Items | 73,961 | 84,275 | (10,313) | (12.2)% | 179,000 |
| Profit Attributable to Owners of Parent | 41,729 | 57,514 | (15,785) | (27.4)% | 112,000 |
| EBITDA | 128,586 | 136,163 | (7,577) | (5.6)% | 293,000 |

Summary

【Overview】

There is a decrease in income and profits compared with FY2017-2Q. Despite increased rental income and profits in the Office Building Business and increased property sales in the Lifestyle Property Business, overall income and profits decreased due to absence of large-scale tower condominium sales recorded in the same period of the previous year and a decrease in property sales in the Office Building Business, Residential Business and International Business. Factors affecting the individual segments compared with FY2017-2Q are detailed below.

【Office Building Business】

Despite a decrease in income and profit from property sales, an increase in rental income and profits of new buildings and existing buildings resulted in an overall increase in income and profits.

(Vacancy rates)

The vacancy rates for Japan (all purpose) and Marunouchi (offices) had improved since the end of June 2017 for two reasons: the progress in leasing of the new building in Marunouchi after a large cancellation, and the effect of leasing outside Marunouchi.

(Average rents)

The average rents for Japan (all purpose) at the end of September 2017 rose compared with the end of June 2017 due to the result of higher rents from new buildings in Marunouchi coming into effect.

(yen/tsubo.month)

| | | 2017/3 Results | 2017/6 Results | 2017/9 Results | FY2018 Estimates (Announced on Nov 6, 2017) |
|------------------------------------|----------------------|-------------------|-------------------|-------------------|--|
| Vacancy rates | Japan (all purpose) | 2.93% | 3.55% | 2.75% | 2.5% |
| | Marunouchi (offices) | 2.42% | 4.19% | 2.80% | |
| Average rents (Japan, all purpose) | | ¥25,842 | ¥25,722 | ¥25,840 | ¥26,000 |

【Lifestyle Property Business】

Factors for the increase in income and profits are the increasing in income and profit from property sales, and the favorable performance of the outlet mall business.

【Residential Business】

The decrease in income and profits are due to selling off a large-scale tower condominium in the same period of the previous year and a decrease in income and profit from property sales. In this fiscal year, large-scale tower condominiums will be sold in second half of this fiscal year.

【International Business】

A factor for the increase in income was a increase in income from property sales, but the absence of temporary profits resulted in an overall decrease in profits.

●Earnings Estimates for FY2018 (Consolidated)

*Previous Estimates (announced on May 10, 2017)

| Millions of yen (rounded down) | | | | |
|--|-------------------------------|--------------------------------|---------------|---------------|
| | FY2018 Estimates (Current) | FY2018 Estimates (Previous) | Change | Change (%) |
| Building Business | 501,000 | 497,000 | 4,000 | 0.8% |
| Lifestyle Property Business | 108,000 | 105,000 | 3,000 | 2.9% |
| Residential Business | 426,000 | 423,000 | 3,000 | 0.7% |
| International Business | 82,000 | 95,000 | (13,000) | (13.7)% |
| Revenue from Operations | 1,202,000 | 1,200,000 | 2,000 | 0.2% |
| Building Business | 143,000 | 140,000 | 3,000 | 2.1% |
| Lifestyle Property Business | 30,000 | 26,000 | 4,000 | 15.4% |
| Residential Business | 20,000 | 20,000 | 0 | 0.0% |
| International Business | 24,000 | 23,000 | 1,000 | 4.3% |
| Operating Income | 205,000 | 195,000 | 10,000 | 5.1% |
| Income Before Taxes and Special Items | 179,000 | 171,000 | 8,000 | 4.7% |
| Profit Attributable to Owners of Parent | 112,000 | 108,000 | 4,000 | 3.7% |
| EBITDA | 293,000 | 282,500 | 10,500 | 3.7% |

Summary

【Overview】

The earnings estimates for FY2018 was revised upwards in income by ¥2 billion and profits by ¥10 billion due to increased rental income and profits in the Office Building Business and Lifestyle Property Business, and an adjustment of property sales plans in the Lifestyle Property Business and the International Business. Furthermore, there were upward revisions of Non-operating revenue and expense and Extraordinary income and loss. These revisions resulted in increase of Income Before Taxes and Special Items by ¥8 billion, and increase of Profit Attributable to Owners of Parent by ¥4 billion.

【Office Building Business】

There was an upward revision of income and profits as the result of an increase in rental income and profits of new buildings and existing buildings.

【Lifestyle Property Business】

There was an upward revision of income and profits due to the favorable performance of the outlet mall business and an adjustment of plans for property sales.

【International Business】

Due to adjustment of property sales plan, downwards revision in income and upwards revision in profit were made, respectively.

Disclaimer

This data contains predictions and aims which relate to our future economic performance and projections of revenue and other financial items. These predictions are inherently subject to risks and uncertainties, due to unforeseeable events or external factors. Future events and actual results, financial and otherwise, may differ materially.

The Summary of Financial Statements and Fact Book can be found on the website.

◇<http://www.mec.co.jp/e/investor/irlibrary/materials/index.html>