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MITSUBISHI ESTATE CO., LTD.

FACT BOOK FY2022-3Q

(The Fiscal Year Ending on March 31, 2022)

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Disclaimer

• This FACT BOOK contains predictions and aims which relate to, without limitation, our future economic performance, our plans and objectives for future operations 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 from the events and results expressed here.

• Please refer to ASSET BOOK for principal projects.

I . Performance Comparisons (Consolidated)

1. Income Statement Results for FY2022-3Q and FY2021-3Q

	Millions of yen (rounded down)		
	FY2022-3Q Results	FY2021-3Q Results	Change
<Summary>			
[Overview]			
There is a significant increase in revenue, operating profit, and ordinary profit YoY. Main factors include the followings: an increase in capital gains; an opening of Tokiwabashi Tower; a recovery of retail properties and hotels; an increase in fee income in Investment Management Business. There is a slight decrease in profit attributable to owners of parent YoY. Affecting factors include an increase in income taxes, etc. as well as an increase in profit attributable to non-controlling interests as a result of an increase in fee income in Investment Management Business.			
Factors affecting individual segments YoY are detailed below.			
[Commercial Property Business]			
An increase both in capital gains and income gains led to an overall increase in revenue and profits YoY. Sales from office buildings and logistic facilities contributed to a significant increase in capital gains. There is an increase in income gains of 2.2 billion yen YoY resulted in an improvement of 8 billion yen after excluding the effect of the adjustment in FY2021-1Q that 5.7 billion yen, costs during temporary closure of retail properties and hotels, was carried at extraordinary loss from operating costs. In regards to office buildings, in addition to an increase in rental revenue and profits in new buildings, other factors, such as a record in advance of the amount equivalent to restoration costs in existing buildings, led to an overall increase in revenue and profits.			
Retail properties and hotels have been affected by prolonged SOE during first half of FY2021; however, business demand has recovered as SOE was lifted and number of COVID-19 cases decreased in 3Q. Thus, overall revenue is improved YoY.			
<Office Buildings>			
In regards to new buildings, there is an increase in rental revenue and profits mainly as a result of opening of Tokiwabashi Tower, which was completed in June. In existing buildings, despite an impact of a decrease in rental profits as a result of a decrease in rental revenue from buildings to be closed, factors, such as a record in advance of the amount equivalent to restoration costs in existing buildings, led to an overall increase in revenue and profits YoY.			
<Retail Properties (e.g. outlet malls)>			
Retail properties is affected by a temporary closure of some outlet malls during SOE in 1Q and the unfavorable weather and the increasing number of COVID-19 cases in 2Q. However, revenue has recovered as SOE was lifted and number of COVID-19 cases decreased in 3Q, thus overall revenue is improved YoY.			
<Hotels>			
Despite a continued stagnant occupancy rate due to prolonged SOE during first half of FY2021, the demand has recovered as SOE was lifted and number of COVID-19 cases decreased in 3Q, thus overall revenue is improved YoY.			
[Residential Business]			
There is an increase in revenue and profits YoY. While the number of units sold of domestic condominiums is decreased, there is an increase in profits as a result of improvement of the gross margin and cost reduction. 99.6% of sales forecast after adjustment has already been under agreement.			
[International Business]			
There is an increase in revenue and profits YoY. An increase in capital gains from sales of logistic facilities in U.S. is the main factor led to an overall increase.			
[Investment Management Business]			
There is an increase in revenue and profits YoY. Record of contingent fee from rising market value of managed assets in U.S. funds is the main factor led to an overall increase. However, the said contingent fee is expected to be distributed to employees in management companies, therefore, contribution of profit attributable to owners of parent is limited.			
Architectural Design & Engineering Business and Real Estate Services Business	37,433	35,802	1,631
Other	7,600	5,682	1,918
Eliminations	(19,459)	(19,338)	(121)
Operating Revenue	904,570	777,883	126,686
Commercial Property Business	143,590	131,355	12,234
Residential Business	8,218	6,972	1,245
International Business	28,969	20,214	8,754
Investment Management Business	11,099	2,642	8,457
Architectural Design & Engineering Business and Real Estate Services Business	(1,096)	(2,819)	1,722
Other	(1,228)	(1,499)	270
Eliminations or Corporate	(17,212)	(17,388)	176
Operating Profit	172,340	139,477	32,862
Non-operating income	12,917	23,782	(10,865)
(Share of profit of entities accounted for using equity method)	354	274	79
Non-operating expenses	34,496	23,794	10,702
Ordinary Profit	150,760	139,465	11,294
Extraordinary income	9,609	15,610	(6,001)
Extraordinary loss	14,060	24,485	(10,424)
Profit before Income Taxes	146,309	130,591	15,718
Total income taxes	44,454	34,391	10,063
Profit	101,855	96,199	5,655
Profit attributable to non-controlling interests	14,712	7,417	7,294
Profit Attributable to Owners of Parent	87,142	88,782	(1,639)

■ Breakdown of Extraordinary income	Millions of yen (rounded down)		
	FY2022-3Q Results	FY2021-3Q Results	Change
Gain on sale of non-current assets	-	13,576	(13,576)
Gain on sale of investment securities	7,756	2,034	5,722
Gain on sale of shares of subsidiaries and associates	1,853	-	1,853
Total	9,609	15,610	(6,001)

■ Breakdown of Extraordinary loss	Millions of yen (rounded down)		
	FY2022-3Q Results	FY2021-3Q Results	Change
Loss related to retirement of non-current assets	14,060	-	14,060
Loss on valuation of investment securities	-	2,283	(2,283)
Impairment loss	-	2,646	(2,646)
Loss on liquidation of subsidiaries	-	13,856	(13,856)
Loss on infectious disease	-	5,698	(5,698)
Total	14,060	24,485	(10,424)

<Reference>	Millions of yen (rounded off to the nearest billion)		
	FY2022-3Q Results	FY2021-3Q Results	Change
■ Capital Gains included in Operating profit			
Commercial Property Business	27,000	17,000	10,000
Residential Business	5,000	6,000	(1,000)
International Business	12,000	2,000	10,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or Corporate	-	-	-
Total	44,000	25,000	19,000

*Capital Gains: Disposition of assets and other one-time-only profit with the exclusion of residential condominium sales.

<Reference>	Millions of yen (rounded down)		
	FY2022-3Q Results	FY2021-3Q Results	Change
■ Business profit			
Business profit	172,694	139,752	32,942

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

2. Current and Previous (announced on May 13, 2021) Income Statement Forecasts for FY2022

<Summary>

An increase of dividends is expected as the earnings estimates are greatly upgraded from the previous one. Recorded the highest in revenue, operating profit, and profit attributable to owners of parent. ROE is expected to improve by 8%.
 Operating profit is increased by 35 billion yen. Factors contributed to such increase include: an increase in overseas capital gains; an increase in contingent fee in Investment Management Business; an increase in profits from domestic condominium business. A decrease in profits of 5 billion yenYoY in Commercial Property Business is expected mainly due to a deterioration of business conditions in retail properties and hotels caused by prolonged SOE.
 Profit attributable to owners of parent is increased by 13 billion yen resulted in an increase of annual dividends per share by 3 yen, from 33 yen to 36 yen.

Millions of yen (rounded down)			
	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
Commercial Property Business	767,000	787,000	(20,000)
Residential Business	384,000	373,000	11,000
International Business	117,000	96,000	21,000
Investment Management Business	48,000	23,000	25,000
Architectural Design & Engineering Business and Real Estate Services Business	61,000	62,000	(1,000)
Other	10,000	10,000	0
Eliminations	(26,000)	(25,000)	(1,000)
Operating Revenue	1,361,000	1,326,000	35,000
Commercial Property Business	189,000	194,000	(5,000)
Residential Business	30,000	24,000	6,000
International Business	55,000	42,000	13,000
Investment Management Business	28,000	7,000	21,000
Architectural Design & Engineering Business and Real Estate Services Business	4,000	4,000	0
Other	(1,000)	(2,000)	1,000
Eliminations or Corporate	(25,000)	(24,000)	(1,000)
Operating Profit	280,000	245,000	35,000
Non-operating income	14,000	11,000	3,000
(Share of profit of entities accounted for using equity method)	300	300	0
Non-operating expenses	40,000	36,000	4,000
Ordinary Profit	254,000	220,000	34,000
Extraordinary income	18,000	15,000	3,000
Extraordinary loss	17,000	17,000	0
Profit before Income Taxes	255,000	218,000	37,000
Total income taxes	77,000	65,000	12,000
Profit	178,000	153,000	25,000
Profit attributable to non-controlling interests	23,000	11,000	12,000
Profit Attributable to Owners of Parent	155,000	142,000	13,000

Millions of yen (rounded down)			
	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
■ Breakdown of Extraordinary income			
Gain on sale of non-current assets	7,000	7,000	0
Gain on sale of investment securities	9,000	6,000	3,000
Gain on sale of shares of subsidiaries and associates	2,000	2,000	0
Total	18,000	15,000	3,000

Millions of yen (rounded down)			
	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
■ Breakdown of Extraordinary loss			
Loss related to retirement of non-current assets	17,000	17,000	0
Total	17,000	17,000	0

<Reference>

Millions of yen (rounded off to the nearest billion)			
	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
■ Capital Gains included in Operating profit			
Commercial Property Business	41,000	43,000	(2,000)
Residential Business	5,000	5,000	0
International Business	29,000	16,000	13,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or Corporate	-	-	-
Total	75,000	64,000	11,000

*Capital Gains: Disposition of assets and other one-time-only profit with the exclusion of residential condominium sales.

<Reference>

Millions of yen (rounded down)			
	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
■ Business profit			
Business profit	280,300	245,300	35,000

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

3. Current Income Statement Forecasts for FY2022 and Results for FY2021

An overall increase is expected in revenue and profits YoY. Main factors include the followings: a positive effect of completion and a full-year operation of new buildings; an increase in capital gains; an increase in fee income in Investment Management Business; a less impact of COVID-19 in hotels and retail properties.

[Commercial Property Business]
 <Office Buildings>
 An overall increase in revenue and profits is expected as a result of completion and a full-year operation of new buildings, an increase in the amount equivalent to restoration costs, and an increase in capital gains.

<Retail Properties (e.g. outlet malls)>
 An increase in rental revenue and profits is expected as a result of less impact of COVID-19.

<Hotels>
 A decrease in deficit is expected as a result of less impact of COVID-19.

[Residential Business]
 An overall increase in revenue and profits is expected as a result of favorable performance in domestic condominiums.

[International Business]
 A significant increase in profits is expected as a result of an increase in capital gains.

[Investment Management Business]
 A significant increase in revenue and profits is expected as a result of contingent fee from rising market value of managed assets in U.S. funds.

	Millions of yen (rounded down)		
	FY2022 Revised Forecasts	FY2021 Results	Change
Commercial Property Business	767,000	672,441	94,559
Residential Business	384,000	362,755	21,245
International Business	117,000	114,457	2,543
Investment Management Business	48,000	22,199	25,801
Architectural Design & Engineering Business and Real Estate Services Business	61,000	56,064	4,936
Other	10,000	9,055	945
Eliminations	(26,000)	(29,378)	3,378
Operating Revenue	1,361,000	1,207,594	153,406
Commercial Property Business	189,000	180,775	8,225
Residential Business	30,000	24,068	5,932
International Business	55,000	37,932	17,068
Investment Management Business	28,000	5,966	22,034
Architectural Design & Engineering Business and Real Estate Services Business	4,000	959	3,041
Other	(1,000)	(1,089)	89
Eliminations or Corporate	(25,000)	(24,219)	(781)
Operating Profit	280,000	224,394	55,606
Non-operating income	14,000	26,292	(12,292)
(Share of profit of entities accounted for using equity method)	300	307	(7)
Non-operating expenses	40,000	39,720	280
Ordinary Profit	254,000	210,965	43,035
Extraordinary income	18,000	16,603	1,397
Extraordinary loss	17,000	26,304	(9,304)
Profit before Income Taxes	255,000	201,265	53,735
Total income taxes	77,000	54,195	22,805
Profit	178,000	147,069	30,931
Profit attributable to non-controlling interests	23,000	11,414	11,586
Profit Attributable to Owners of Parent	155,000	135,655	19,345

	Millions of yen (rounded down)		
	FY2022 Revised Forecasts	FY2021 Results	Change
■ Breakdown of Extraordinary income			
Gain on sale of non-current assets	7,000	13,582	(6,582)
Gain on sale of investment securities	9,000	3,021	5,979
Gain on sale of shares of subsidiaries and associates	2,000	-	2,000
Total	18,000	16,603	1,397

	Millions of yen (rounded down)		
	FY2022 Revised Forecasts	FY2021 Results	Change
■ Breakdown of Extraordinary loss			
Loss related to retirement of non-current assets	17,000	2,099	14,901
Impairment loss	-	4,679	(4,679)
Loss on liquidation of subsidiaries	-	13,826	(13,826)
Loss on infectious disease	-	5,698	(5,698)
Total	17,000	26,304	(9,304)

<Reference>

	Millions of yen (rounded off to the nearest billion)		
	FY2022 Revised Forecasts	FY2021 Results	Change
■ Capital Gains included in Operating profit			
Commercial Property Business	41,000	32,000	9,000
Residential Business	5,000	7,000	(2,000)
International Business	29,000	12,000	17,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or Corporate	-	-	-
Total	75,000	51,000	24,000

*Capital Gains: Disposition of assets and other one-time-only profit with the exclusion of residential condominium sales.

<Reference>

	Millions of yen (rounded down)		
	FY2022 Revised Forecasts	FY2021 Results	Change
■ Business profit			
Business profit	280,300	224,701	55,599

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

4. Balance Sheet Results at Periods Ended Dec 31, 2021 and Mar 31, 2021

	Millions of yen (rounded down)		
	At Dec 31, 2021	At Mar 31, 2021	Change
Assets			
I. Current assets			
1. Cash and deposits	243,036	170,040	72,996
2. Trade notes accounts receivable, and contract assets	43,682	52,031	(8,348)
3. Securities	5,926	4,626	1,300
4. Real estate for sale	54,504	88,116	(33,611)
5. Real estate for sale in process	302,534	267,563	34,970
6. Real estate for development	724	975	(250)
7. Costs on construction contracts in progress	6,935	7,144	(209)
8. Other inventories	1,732	1,034	698
9. Equity investments	569,290	496,182	73,108
10. Other current assets	94,541	76,875	17,666
11. Allowance for doubtful accounts	(533)	(553)	19
Total current assets	1,322,377	1,164,037	158,339
II. Non-current assets			
1. Property, plant and equipment			
(1) Buildings and structures	1,217,048	1,178,764	38,283
(2) Machinery, equipment and vehicles	31,682	30,460	1,221
(3) Land	2,286,800	2,237,934	48,866
(4) Land in trust	591,785	578,446	13,338
(5) Construction in progress	132,306	136,273	(3,967)
(6) Other property, plant and equipment	18,869	18,013	855
Total property, plant and equipment	4,278,491	4,179,893	98,598
2. Intangible assets			
(1) Leasehold interests in land	85,519	76,193	9,326
(2) Other intangible assets	24,728	24,901	(173)
Total intangible assets	110,247	101,095	9,152
3. Investments and other assets			
(1) Investment securities	280,812	281,996	(1,184)
(2) Long-term loans receivable	11,607	11,661	(53)
(3) Leasehold and guarantee deposits	142,286	136,478	5,807
(4) Retirement benefit asset	35,861	34,370	1,491
(5) Deferred tax assets	23,597	16,536	7,061
(6) Other investments	166,069	146,455	19,613
(7) Allowance for doubtful accounts	(577)	(6)	(570)
Total investments and other assets	659,659	627,493	32,165
Total non-current assets	5,048,398	4,908,481	139,917
Total assets	6,370,776	6,072,519	298,257

	Millions of yen (rounded down)		
	At Dec 31, 2021	At Mar 31, 2021	Change
Liabilities			
I. Current liabilities			
1. Trade notes and accounts payable	38,815	60,507	(21,691)
2. Short-term borrowings	174,079	141,785	32,293
3. Current portion of long-term borrowings	106,471	127,643	(21,171)
4. Commercial papers	64,000	50,000	14,000
5. Current portion of bonds payable	100,000	65,000	35,000
6. Income taxes payable	7,590	24,457	(16,867)
7. Other current liabilities	216,384	193,043	23,341
Total current liabilities	707,341	662,437	44,904
II. Non-current liabilities			
1. Bonds payable	736,180	745,759	(9,579)
2. Long-term borrowings	1,564,389	1,393,858	170,530
3. Leasehold and guarantee deposits received	457,219	466,891	(9,671)
4. Deferred tax liabilities	255,979	243,818	12,161
5. Deferred tax liabilities for land revaluation	264,082	264,082	-
6. Retirement benefit liability	27,636	27,123	512
7. Provision for retirement benefits for directors (and other officers)	483	662	(178)
8. Provision for environmental measures	4,482	4,537	(55)
9. Negative goodwill	85,199	83,604	1,594
10. Other long-term liabilities	141,256	118,294	22,961
Total non-current liabilities	3,536,910	3,348,634	188,276
Total liabilities	4,244,252	4,011,071	233,180
Net assets			
I. Shareholders' Equity			
1. Share capital	142,414	142,279	135
2. Capital surplus	159,521	164,367	(4,846)
3. Retained earnings	1,097,355	1,058,457	38,897
4. Treasury shares	(122,511)	(105,216)	(17,295)
Total shareholders' equity	1,276,778	1,259,887	16,890
II. Accumulated other comprehensive income			
1. Valuation difference on available-for-sale securities	118,070	118,088	(17)
2. Deferred gains or losses on hedges	(1,282)	(1,916)	634
3. Revaluation reserve for land	526,417	526,417	-
4. Foreign currency translation adjustment	(14,865)	(53,740)	38,874
5. Remeasurements of defined benefit plans	2,117	3,163	(1,045)
Total accumulated other comprehensive income	630,456	592,011	38,445
III. Stock acquisition rights	231	231	-
IV. Non-controlling interests	219,056	209,316	9,740
Total net assets	2,126,523	2,061,447	65,076
Total liabilities and net assets	6,370,776	6,072,519	298,257

5. Consolidated Cash Flow Statement Results for FY2021-3Q, Results for FY2022-3Q, Results for FY2021, and Forecasts for FY2022

Millions of yen (rounded down)

	①FY2021-3Q Results	②FY2022-3Q Results	Change (②-①)
Profit before income taxes	130,591	146,309	15,718
Adjustment for extraordinary income or loss	7,586	7,204	(382)
Depreciation	66,372	67,933	1,561
Decrease (increase) in inventories	23,630	71,409	47,779
Decrease (increase) in equity investments	13,574	(15,858)	(29,432)
Other	(86,567)	(46,896)	39,671
Income taxes paid	(57,138)	(55,254)	1,883
Net cash provided by (used in) operating activities	98,049	174,848	76,798
Proceeds from sale and redemption of investment securities	12,813	8,398	(4,414)
Proceeds from sales of property and equipment and beneficial interests in trust of property and equipment	29,788	7	(29,780)
Capital investment	(231,284)	(217,833)	13,450
Other	(18,887)	(13,982)	4,905
Net cash provided by (used in) investing activities	(207,570)	(223,410)	(15,839)
Newly acquired funds	271,062	291,908	20,845
Repayment	(142,388)	(132,699)	9,689
Cash dividends paid	(48,054)	(55,606)	(7,552)
Repurchase and disposal of own shares	(18)	(19,858)	(19,839)
Other	193,028	34,361	(158,667)
Net cash provided by (used in) financing activities	273,629	118,105	(155,524)
Cash and cash equivalents at end of period	373,948	245,875	(128,072)
Free cash flow	(109,520)	(48,561)	60,958

③FY2021 Results	④FY2022 (Forecasts)	Change (④-③)
201,265	255,000	53,735
10,935	10,000	(935)
89,107	90,000	893
56,443	15,000	(41,443)
(21,048)	(73,000)	(51,952)
(71,888)	(73,000)	(1,112)
(57,400)	(51,000)	6,400
207,414	173,000	(34,414)
14,186	11,000	(3,186)
30,403	16,000	(14,403)
(319,841)	(352,000)	(32,159)
(22,051)	(21,000)	1,051
(297,303)	(346,000)	(48,697)
437,155	455,000	17,845
(365,441)	(233,000)	132,441
(51,153)	(56,000)	(4,847)
(23)	(30,000)	(29,977)
29,888	31,000	1,112
50,425	167,000	116,575
172,307	163,000	(9,307)
(89,889)	(173,000)	(83,111)

II . Investment Data

1. Investment data

Capital investment*

Millions of yen (rounded down)

FY2022-3Q		FY2022 (Forecasts)	
Total	217,833	Total	352,000
Mitsubishi Estate	96,618	Mitsubishi Estate	147,000
(Breakdown)		(Breakdown)	
Office Building		Office Building	
New/Redevelopment buildings (Marunouchi redevelopment etc.)	51,824	New/Redevelopment buildings (Marunouchi redevelopment etc.)	77,000
Refurbishment cost etc.	9,362	Refurbishment cost etc.	14,000
Hotel	13,561	Hotel	22,000
Retail Property	11,788	Logistics Facility	22,000
Logistics Facility	9,387	Retail Property	12,000
Other	121,215	Other	205,000
(Breakdown)		(Breakdown)	
Mitsubishi Estate Residence	40,778	Mitsubishi Estate Residence	74,000
Mitsubishi Estate Europe	35,302	Mitsubishi Estate Europe	51,000
MEC Group International	27,554	MEC Group International	50,000
Marunouchi Heat Supply	4,521	Tokyo Ryutsu Center	7,000
Consolidated SPC(Domestic)	3,739	Marunouchi Heat Supply	5,000
Sunshine City	2,976	Consolidated SPC(Domestic)	4,000
Royal Park Hotels & Resorts	1,574	Sunshine City	4,000
Mitsubishi Estate · Simon	1,427	Mitsubishi Estate · Simon	4,000
Consolidated SPC(International)	1,234	Royal Park Hotels & Resorts	2,000
		Consolidated SPC(International)	2,000

* Major inter-group transactions are eliminated.

Equity investment

Millions of yen (rounded down)

FY2022-3Q		FY2022 (Forecasts)	
Total	61,424	Total	128,000
Mitsubishi Estate	17,888	Mitsubishi Estate	45,000
(Breakdown)		(Breakdown)	
Logistics Facility	14,300	Logistics Facility	40,000
Office Building	2,010	Office Building	2,000
International	1,503	International	2,000
		Other(Domestic)	1,000
Other	43,535	Other	83,000
(Breakdown)		(Breakdown)	
US	29,919	US	50,000
Asia, Oceania	12,606	Asia, Oceania	31,000
Europe	1,008	Europe	2,000

2. Assets Breakdown

Assets Breakdown (Consolidated)

Millions of yen (rounded down)

	At Dec 31, 2021	At Mar 31, 2021	Change
Inventories			
Condominium (domestic)	284,488	272,812	11,676
International	7,727	1,906	5,821
US	7,727	1,906	5,821
Europe	-	-	-
Asia	-	-	-
Other	74,217	90,116	(15,899)
Total inventories	366,432	364,834	1,598
Equity investments			
Domestic Office Building	58,254	56,199	2,055
Domestic (other)	68,429	52,723	15,706
International	442,606	387,260	55,346
US	217,801	181,046	36,755
Europe	59,478	57,260	2,218
Asia	165,327	148,952	16,375
Total equity investments	569,290	496,182	73,108
Property, plant and equipment			
Office Building	3,120,113	3,119,190	923
Outlet Mall	131,220	135,846	(4,626)
Logistics Facility	81,422	81,025	397
Retail Property (Except Outlet Mall)	146,667	138,314	8,353
Rental Apartment	138,021	112,130	25,891
International	423,708	374,646	49,062
US	181,158	172,329	8,829
Europe	153,064	115,071	37,993
Asia	89,485	87,246	2,239
Other	237,340	218,742	18,598
Total property, plant and equipment	4,278,491	4,179,893	98,598

III. Business Data

1. Commercial Property Business Operating Revenue Breakdown (Consolidated)*1

Millions of yen (rounded down)

	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q	FY2022 (Forecasts)
Leasing						
Marunouchi Area Office Building	-	243,681	186,308	248,249	195,669	256,000
Tokyo Area Office Building (Outside of Marunouchi)	-	128,927	104,939	140,514	111,850	148,000
Office Building (Outside of Tokyo)	-	64,548	44,824	59,457	45,096	60,000
Outlet Mall	-	46,386	29,072	40,027	32,574	45,000
Other*2	-	40,919	25,809	36,175	26,795	35,000
Total leasing	-	524,464	390,952	524,423	411,985	544,000
Sales of assets	-	91,030	19,280	52,878	93,478	127,000
Other*3	-	108,217	71,597	95,139	61,465	96,000
Total	-	723,712	481,831	672,441	566,929	767,000

*1 Including revenue from other segments

*2 Including independent shopping center, logistics facility, etc.

*3 Including property management, hotel, dividend from unconsolidated SPV (including capital gain through SPV), etc.

2. Office Building Data (Consolidated)

(Thousands of square meters)

	At Mar 31, 2019	At Mar 31, 2020	At Dec 31, 2020	At Mar 31, 2021	At Dec 31, 2021
Contracted area	3,968	4,120	4,196	4,147	4,133
Owned by MEC	2,536	2,592	2,605	2,543	2,539
Subleases	1,432	1,528	1,591	1,604	1,594

3. Office Building Data (Unconsolidated)

(Thousands of square meters ; yen/subo.month)

	At Mar 31, 2019	At Mar 31, 2020	At Dec 31, 2020	At Mar 31, 2021	At Dec 31, 2021	At Mar 31, 2022 (Forecasts)
(1) Total operating floor space						
Owned by MEC	3,729	3,736	3,744	3,732	3,757	3,743
Subleases	2,016	2,133	2,288	2,259	2,268	2,273
Total	5,745	5,869	6,032	5,991	6,024	6,016
(2) Leasable area	3,631	3,726	3,832	3,807	3,821	3,818
(3) Vacancy rate (All uses in Japan*1)	1.80 %	1.07 %	1.86 %	2.35 %	3.54 %	3.5 %
(4) Average rent*2 (All uses in Japan)	26,702	27,177	27,777	27,793	28,341	28,500

*1 Including retail area etc. in office building

*2 The average rent is per 3.3 square meters per month.

4. Marunouchi Area Building Data (Unconsolidated)

(Thousands of square meters; millions of yen(rounded down))

	At Mar 31, 2019	At Mar 31, 2020	At Dec 31, 2020	At Mar 31, 2021	At Dec 31, 2021
Operating floor space	2,915	2,915	2,952	2,952	3,013
Leasable area	1,755	1,751	1,776	1,773	1,798
Office vacancy rate	2.19 %	0.69 %	1.73 %	2.50 %	3.85 %
Building lease revenue	235,119	243,457	185,876	247,558	195,604

5. Domestic Condominium Business Data

	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q	FY2022 (Forecasts)
Condominiums sold (Millions of yen)	238,924	202,876	95,822	203,513	93,524	212,000
Condominiums sold (units)	4,007	3,214	1,624	3,476	1,353	3,000
Gross margin*1	17.0 %	17.8 %	19.2 %	18.7 %	19.2 %	21.0 %
Inventory (units)	542	373	240	213	62	-
New supply of condominiums (units)	3,966	2,924	1,655	2,350	1,475	1,820
Condominium contract balance (Millions of yen)	144,970	162,141	272,781	140,455	269,608	-
The fiscal year share*2 (Millions of yen)	-	-	188,500	-	211,162	-
The following fiscal year share (Millions of yen)	104,242	130,195	83,847	139,475	49,474	-
The post following fiscal year share (Millions of yen)	40,728	31,946	434	980	8,972	-

*1 Subtract Land acquisition cost and Construction cost from Sales

*2 Including condominiums sold

IV. Historical Performance Data(Consolidated)

1. Major Performance Items

Millions of yen (rounded down)

		FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q	FY2022 (Forecasts)
PL	Operating revenue	1,263,283	1,302,196	777,883	1,207,594	904,570	1,361,000
	Operating profit	229,178	240,768	139,477	224,394	172,340	280,000
	Ordinary profit	206,587	219,572	139,465	210,965	150,760	254,000
	Profit attributable to owners of parent	134,608	148,451	88,782	135,655	87,142	155,000
BS	Total assets*1	5,774,193	5,858,236	6,177,981	6,072,519	6,370,776	6,450,000
	Inventories	361,455	329,305	350,931	364,834	366,432	-
	Non-current assets (Property, plant and equipment and intangible assets)	4,183,212	4,204,019	4,291,684	4,280,988	4,388,739	-
	Interest-bearing debt	2,319,597	2,429,883	2,739,639	2,526,142	2,747,100	2,780,000
	Net interest-bearing debt	2,140,288	2,216,874	2,365,691	2,353,835	2,501,224	2,620,000
	Average interest rate	0.98 %	0.93 %	0.85 %	0.87 %	0.78 %	0.75 %
	Shareholders' equity *2	1,770,643	1,734,462	1,786,712	1,851,899	1,907,235	2,000,000
CF	Cash flow from operating activities	345,954	341,766	98,049	207,414	174,848	173,000
	(Depreciation)	80,336	84,941	66,372	89,107	67,933	90,000
	Cash flow from investing activities	(271,083)	(277,440)	(207,570)	(297,303)	(223,410)	(346,000)
	(Capital investment)	(285,089)	(331,857)	(231,284)	(319,841)	(217,833)	(352,000)
	Cash flow from financing activities	(192,473)	(28,886)	273,629	50,425	118,105	167,000
	Free cash flow	74,871	64,326	(109,520)	(89,889)	(48,561)	(173,000)
Indicator	Business profit *3	229,442	240,998	139,752	224,701	172,694	280,300
	EBITDA *4	320,641	336,784	222,604 *5	331,821 *5	249,580	380,000
	ROA*6	4.0 %	4.1 %	- %	3.8 %	- %	4.5 %
	ROE*7	7.8 %	8.5 %	- %	7.6 %	- %	8.0 %
	EPS(Yen)	96.97	108.64	66.33	101.34	65.28	116.32
	Net interest-bearing debt/EBITDA	6.7 times	6.6 times	- times	7.1 times	- times	6.9 times
	After hybrid debt deductions *8	6.1 times	6.1 times	- times	6.6 times	- times	6.5 times
	Debt equity ratio *9	1.31	1.40	1.53	1.36	1.44	1.39
After hybrid debt deductions*8	1.10	1.18	1.31	1.18	1.25	1.22	
Other	Interest expense	23,503	22,100	16,439	21,623	15,487	20,000
	Interest coverage ratio (ICR) *10	10.1 times	11.3 times	- times	11.2 times	- times	14.4 times
	Annual dividends per share(Yen)	30	33	-	31	-	36
	Dividend payout ratio	30.9 %	30.4 %	- %	30.6 %	- %	30.9 %
	Current value of Income generating assets	7,941,134	8,270,844	-	8,361,217	-	-
	Income generating assets unrealized gain	3,898,413	4,222,505	-	4,250,222	-	-
	Exchange average rate(¥/\$) /PL	110.44	109.03	107.55	106.77	108.59	110.00
	Exchange average rate(¥/£) /PL	147.41	139.19	136.68	137.01	150.46	151.00
	Exchange current rate(¥/\$) /BS	111.00	109.56	105.80	103.50	111.92	115.00
Exchange current rate(¥/£) /BS	140.46	143.48	136.09	139.82	150.43	155.00	

*1 From FY2019/3-1Q onward, the amendment to Standard for Tax Effect Accounting announced on February 16th, 2018 has been applied.

Thus figure on the Total assets as of the end of March, 2018, is also modified based on the application of the amendment.

*2 Shareholders' equity = Net assets - Stock acquisition rights - Non-controlling interests

*3 Business profit = Operating profit + Share of profit of entities accounted for using equity method

*4 EBITDA = Operating income + Interest income + Dividend income + Share of profit of entities accounted for using equity method + Depreciation + Amortization of goodwill

*5 Depreciation for FY2021-3Q, FY2021 = Total of Depreciation - Depreciation included in Loss on infectious disease (1,976 millions of yen)

*6 ROA = Business profit / Total assets (average)

*7 ROE = Profit attributable to owners of parent / Shareholders' equity (average)

*8 The subordinated bond and subordinated loan subject to equity credit from a credit rating agency (50% equity treatment) are shown after deductions.

*9 Debt equity ratio = Interest-bearing debt / Shareholders' equity

*10 ICR = (Operating profit + Interest income + Dividend income + Share of profit of entities accounted for using equity method) / Interest expense

2. Segment Information (Consolidated)

		Millions of yen (rounded down)					
		FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q	FY2022 (Forecasts)
Operating revenue	Commercial Property Business	-	723,712	481,831	672,441	566,929	767,000
	Residential Business	-	385,538	206,086	362,755	214,133	384,000
	International Business	-	134,175	53,281	114,457	73,958	117,000
	Investment Management Business	-	21,316	14,537	22,199	23,973	48,000
	Architectural Design & Engineering Business and Real Estate Services Business	-	57,128	35,802	56,064	37,433	61,000
	Others	-	8,743	5,682	9,055	7,600	10,000
	Eliminations or Corporate	-	(28,418)	(19,338)	(29,378)	(19,459)	(26,000)
	Total	1,263,283	1,302,196	777,883	1,207,594	904,570	1,361,000
Operating profit	Commercial Property Business	-	187,855	131,355	180,775	143,590	189,000
	Residential Business	-	24,320	6,972	24,068	8,218	30,000
	International Business	-	46,156	20,214	37,932	28,969	55,000
	Investment Management Business	-	4,467	2,642	5,966	11,099	28,000
	Architectural Design & Engineering Business and Real Estate Services Business	-	2,407	(2,819)	959	(1,096)	4,000
	Others	-	(2,018)	(1,499)	(1,089)	(1,228)	(1,000)
	Eliminations or Corporate	-	(22,420)	(17,388)	(24,219)	(17,212)	(25,000)
	Total	229,178	240,768	139,477	224,394	172,340	280,000
Business Profit*	Commercial Property Business	-	188,099	131,626	181,084	143,926	189,300
	Residential Business	-	24,305	6,976	24,066	8,237	30,000
	International Business	-	46,156	20,217	37,932	28,969	55,000
	Investment Management Business	-	4,467	2,642	5,966	11,099	28,000
	Architectural Design & Engineering Business and Real Estate Services Business	-	2,407	(2,819)	959	(1,096)	4,000
	Others	-	(2,018)	(1,499)	(1,089)	(1,228)	(1,000)
	Eliminations or Corporate	-	(22,420)	(17,391)	(24,219)	(17,212)	(25,000)
	Total	229,442	240,998	139,752	224,701	172,694	280,300
Depreciation	Commercial Property Business	-	70,927	53,226	71,713	54,676	-
	Residential Business	-	3,946	3,080	4,120	3,324	-
	International Business	-	6,646	6,600	8,599	6,210	-
	Investment Management Business	-	1,333	1,017	1,359	1,070	-
	Architectural Design & Engineering Business and Real Estate Services Business	-	868	678	909	659	-
	Others	-	98	97	130	109	-
	Eliminations or Corporate	-	1,119	1,671	2,274	1,883	-
	Total	80,336	84,941	66,372	89,107	67,933	90,000
Amortization of goodwill	Commercial Property Business	-	-	56	75	56	-
	Residential Business	-	386	268	358	268	-
	International Business	-	66	48	64	49	-
	Investment Management Business	-	1,929	1,425	2,146	1,242	-
	Architectural Design & Engineering Business and Real Estate Services Business	-	208	283	377	283	-
	Others	-	-	-	-	-	-
	Eliminations or Corporate	-	-	-	-	-	-
	Total	3,282	2,591	2,082	3,022	1,901	2,100
Capital investment	Commercial Property Business	-	169,163	149,971	193,938	117,313	-
	Residential Business	-	45,079	50,865	72,629	41,618	-
	International Business	-	113,755	26,913	47,713	63,696	-
	Investment Management Business	-	328	20	54	680	-
	Architectural Design & Engineering Business and Real Estate Services Business	-	948	430	454	482	-
	Others	-	411	258	321	48	-
	Eliminations or Corporate	-	2,172	2,824	4,729	(6,006)	-
	Total	285,089	331,857	231,284	319,841	217,833	352,000
Total assets	Commercial Property Business	-	4,135,091	4,201,133	4,167,287	4,237,521	-
	Residential Business	-	570,282	609,884	673,344	689,621	-
	International Business	-	887,179	935,683	929,869	1,069,281	-
	Investment Management Business	-	71,829	69,377	77,586	92,834	-
	Architectural Design & Engineering Business and Real Estate Services Business	-	55,737	50,588	56,067	53,379	-
	Others	-	13,270	25,840	25,367	26,985	-
	Eliminations or Corporate	-	124,847	285,474	142,995	201,152	-
	Total	5,774,193	5,858,236	6,177,981	6,072,519	6,370,776	6,450,000

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

V. Mitsubishi Estate Group Companies' Data

Millions of yen (rounded down)

Mitsubishi Estate Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Operating revenue	498,273	549,362	376,313	542,646	414,819
Operating profit	110,803	117,176	89,132	138,571	89,673
Ordinary profit	126,115	131,431	117,499	158,345	101,337
Net income	100,980	109,251	88,371	110,616	75,296
Total assets	4,749,852	4,782,507	5,058,105	4,936,321	5,069,587
Depreciation	47,579	51,121	38,335	51,455	39,893
Mitsubishi Jisho Property Management Co., Ltd.*					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	79,547	80,683	59,981	83,247	67,082
Operating profit	5,950	5,960	3,817	5,757	3,388
Ordinary profit	5,936	5,960	3,817	5,757	3,389
Net income	4,282	4,101	2,636	3,978	2,308
Total assets	77,146	77,633	78,498	82,448	93,489
Depreciation	227	201	152	209	161
Number of management properties	172	184	-	197	-
Management area	8,124,226 m ²	8,615,266 m ²	- m ²	8,963,474 m ²	- m ²
Marunouchi Heat Supply Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	64.16 %	65.59 %	65.59 %	65.59 %	65.59 %
Operating revenue	14,833	15,766	11,825	15,694	12,218
Operating profit	1,855	2,037	1,584	1,771	1,312
Ordinary profit	1,837	1,982	1,423	1,615	1,190
Net income	1,712	4,327	988	995	980
Total assets	33,255	39,631	41,551	41,923	41,263
Depreciation	2,600	2,732	2,651	3,594	2,787
Sunshine City Corporation					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	63.20 %	63.20 %	63.20 %	63.20 %	63.20 %
Operating revenue	28,121	26,926	18,044	24,079	18,504
Operating profit	6,933	5,213	4,060	5,194	3,451
Ordinary profit	5,690	3,473	3,021	4,344	2,922
Net income	3,954	2,372	1,581	2,085	2,051
Total assets	111,663	106,081	106,212	104,830	105,225
Depreciation	5,265	5,686	4,265	5,732	4,283
Mitsubishi Estate • Simon Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	60.00 %	60.00 %	60.00 %	60.00 %	60.00 %
Operating revenue	46,659	46,393	29,073	40,030	32,574
Operating profit	19,673	18,963	10,415	14,619	12,386
Ordinary profit	19,952	19,219	10,687	14,942	12,682
Net income	13,572	13,165	6,569	9,477	8,776
Total assets	108,913	110,754	119,353	121,724	123,113
Depreciation	5,035	5,197	4,497	6,126	4,643
Store floor area	314,600 m ²	315,300 m ²	- m ²	345,500 m ²	- m ²

* As of April 1, 2021, Mitsubishi Jisho Retail Management was merged into Mitsubishi Jisho Property Management thus calculated figures after FY2022 includes figures of Mitsubishi Jisho Retail Management.

Tokyo Ryutsu Center Inc.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	58.22 %	60.03 %	60.03 %	60.03 %	60.42 %
Operating revenue	10,349	10,361	7,075	9,245	5,819
Operating profit	3,223	3,238	1,788	1,997	1,360
Ordinary profit	2,874	2,976	1,555	1,711	1,305
Net income	2,543	2,037	1,060	1,224	(912)
Total assets	65,560	65,166	63,661	63,777	62,360
Depreciation	2,686	2,617	1,929	2,576	1,477
Royal Park Hotels and Resorts Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	25,388	24,266	7,429	9,775	11,063
Operating profit	549	(992)	(4,666)	(7,343)	(5,025)
Ordinary profit	505	(1,004)	(4,437)	(6,915)	(4,280)
Net income	432	(1,304)	(6,559)	67	(4,294)
Total assets	12,327	10,366	15,761	13,722	13,633
Depreciation	928	1,220	829	1,157	845
Mitsubishi Estate Residence Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	302,180	269,660	131,371	251,093	133,423
Operating profit	26,260	24,729	9,248	23,702	10,482
Ordinary profit	24,777	23,184	8,108	22,146	9,094
Net income	17,692	16,429	5,386	14,750	7,354
Total assets	583,392	570,960	607,386	671,252	687,530
Depreciation	1,853	2,218	1,838	2,488	2,187
Mitsubishi Estate Home Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	34,578	35,474	15,837	28,200	20,422
Operating profit	341	54	(1,083)	318	(753)
Ordinary profit	347	68	(1,082)	324	(754)
Net income	197	(29)	(1,080)	287	(801)
Total assets	11,506	11,232	12,451	13,092	9,361
Depreciation	312	402	295	400	263
Mitsubishi Jisho Community Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	71.47 %	71.47 %	71.47 %	71.47 %	71.47 %
Operating revenue	52,563	55,514	39,621	55,663	41,412
Operating profit	3,170	3,353	2,379	3,629	2,251
Ordinary profit	3,237	3,427	2,417	3,690	2,309
Net income	2,101	2,222	1,571	2,477	1,506
Total assets	19,440	20,851	19,806	21,908	20,583
Depreciation	393	401	299	394	273
Number of condominium management units	349,572 units	352,365 units	- units	350,682 units	- units

MEC Group International, Inc.*					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	107,952	91,990	44,373	89,222	77,379
Operating profit	28,143	24,861	13,910	30,877	34,597
Ordinary profit	26,119	22,874	11,689	26,353	33,095
Net income	13,339	12,654	8,057	17,077	15,333
Total assets	410,801	429,135	466,765	468,786	535,706
Depreciation	5,535	4,762	4,268	5,744	4,617
Mitsubishi Estate Europe Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	7,912	43,672	5,392	22,785	3,125
Operating profit	4,320	20,361	2,070	4,709	653
Ordinary profit	3,612	19,060	1,337	4,342	(6,120)
Net income	2,910	16,982	985	2,736	(3,704)
Total assets	156,852	189,954	202,015	192,419	251,757
Depreciation	1,876	1,834	1,496	1,846	1,061
Mitsubishi Estate Asia Pte. Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	2,918	1,905	2,054	3,042	1,409
Operating profit	1,502	381	1,079	1,322	(133)
Ordinary profit	1,625	558	1,321	1,809	(13)
Net income	1,647	534	1,223	1,788	(87)
Total assets	36,599	38,802	38,045	38,750	40,876
Depreciation	133	130	106	128	162
Mitsubishi Jisho Sekkei Inc.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	21,552	18,838	10,942	20,034	10,953
Operating profit	3,474	2,446	613	3,052	425
Ordinary profit	3,496	2,394	626	3,073	484
Net income	2,374	1,617	424	2,110	316
Total assets	25,859	25,053	23,211	27,106	24,144
Depreciation	239	312	246	329	244
Mitsubishi Real Estate Services Co., Ltd.					
	FY2019	FY2020	FY2021-3Q	FY2021	FY2022-3Q
Share of voting rights	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Operating revenue	27,524	27,117	14,977	22,662	17,084
Operating profit	2,741	1,031	(1,711)	202	(390)
Ordinary profit	2,797	1,367	(1,700)	216	(384)
Net income	1,838	755	(1,219)	21	(295)
Total assets	26,359	25,047	22,977	23,847	23,337
Depreciation	397	416	271	362	254
Amount of transaction	307,369	450,048	-	260,240	-
Number of brokerage	1,129	1,095	-	932	-
Number of parking management	50,540	55,379	-	56,596	-

* Rockfeller Group, Inc. changed its name to MEC Group International, Inc. on January 1, 2020.