

FY2020

(For the Year Ending March 31, 2020)

# IR Presentation simplified version

A full version will be disclosed later



Mitsubishi Estate Group Long-Term Management Plan started April 2020 is as follows.  
[https://www.mec.co.jp/e/investor/plan/pdf/plan200124\\_e.pdf](https://www.mec.co.jp/e/investor/plan/pdf/plan200124_e.pdf)

# 1. Income Statement Results for FY2020

Millions of yen (rounded down)

	FY2020 Results	FY2019 Results	Change
<b>Revenue from Operations</b>	<b>1,302,196</b>	<b>1,263,283</b>	<b>38,912</b>
<b>Operating Income</b>	<b>240,768</b>	<b>229,178</b>	<b>11,590</b>
Non-operating revenue	12,377	12,391	(14)
(Equity in earnings of unconsolidated subsidiaries and affiliates)	229	263	(33)
Non-operating expense	33,574	34,983	(1,409)
<b>Income Before Taxes and Special Items</b>	<b>219,572</b>	<b>206,587</b>	<b>12,985</b>
Extraordinary income	26,251	8,170	18,080
Extraordinary loss	21,874	3,818	18,056
<b>Income Before Income Taxes and Minority Interests</b>	<b>223,949</b>	<b>210,939</b>	<b>13,009</b>
Corporate tax, etc.	58,533	58,958	(424)
<b>Profit</b>	<b>165,415</b>	<b>151,981</b>	<b>13,433</b>
Profit attributable to non-controlling interests	16,963	17,372	(409)
<b>Profit Attributable to Owners of Parent</b>	<b>148,451</b>	<b>134,608</b>	<b>13,843</b>

## 2. Segment information of Operating Income for FY2020

	Millions of yen (rounded down)		
	FY2020 Results	FY2019 Results	Change
Office Building Business	152,886	147,691	5,194
Lifestyle Property Business	35,741	32,560	3,181
Residential Business	25,946	30,428	(4,481)
International Business	44,544	26,927	17,617
Investment Management Business	4,467	9,231	(4,763)
Hotel & Airport Business	(2,998)	2,371	(5,369)
Architectural Design & Engineering Business	1,268	2,021	(753)
Real Estate Services Business	1,139	2,603	(1,463)
Other	199	(196)	396
Eliminations or Corporate	(22,426)	(24,459)	2,033
<b>Operating Income</b>	<b>240,768</b>	<b>229,178</b>	<b>11,590</b>

### <Reference>

#### ■ Capital Gains included in Operating Income

	Millions of yen (rounded off to the nearest billion)		
	FY2020 Results	FY2019 Results	Change
Capital Gains			
Office Building Business	15,000	12,000	3,000
Lifestyle Property Business	8,000	4,000	4,000
Residential Business	10,000	11,000	(1,000)
International Business	28,000	14,000	14,000
Investment Management Business	-	5,000	(5,000)
Hotel & Airport Business	-	2,000	(2,000)
Other	-	-	-
Eliminations or Corporate	-	-	-
<b>Total</b>	<b>61,000</b>	<b>48,000</b>	<b>13,000</b>

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

### 3. Breakdown of Extraordinary income and loss for FY2020

Millions of yen (rounded down)

■ Breakdown of Extraordinary income	FY2020 Results	FY2019 Results	Change
Gain on sales of fixed assets	5,144	-	5,144
Gain on sales of investment securities	1,711	6,072	(4,361)
Gain on negative goodwill	-	2,097	(2,097)
Gain on amortization of negative goodwill	14,915	-	14,915
Gain on contribution for construction	4,480	-	4,480
Total	26,251	8,170	18,080

Millions of yen (rounded down)

■ Breakdown of Extraordinary loss	FY2020 Results	FY2019 Results	Change
Loss related to retirement of fixed assets	5,445	3,818	1,626
Loss on valuation of investment securities	2,344	-	2,344
Loss on transfer of business	3,240	-	3,240
Impairment loss	10,844	-	10,844
Total	21,874	3,818	18,056

## 4. Income Statement Estimates for FY2021

Millions of yen (rounded down)

	FY2021 Estimates	FY2020 Results	Change
<b>Revenue from Operations</b>	<b>1,142,000</b>	<b>1,302,196</b>	<b>(160,196)</b>
<b>Operating Income</b>	<b>185,000</b>	<b>240,768</b>	<b>(55,768)</b>
Non-operating revenue	18,000	12,377	5,623
(Equity in earnings of unconsolidated subsidiaries and affiliates)	300	229	71
Non-operating expense	34,000	33,574	426
<b>Income Before Taxes and Special Items</b>	<b>169,000</b>	<b>219,572</b>	<b>(50,572)</b>
Extraordinary income	15,000	26,251	(11,251)
Extraordinary loss	22,000	21,874	126
<b>Income Before Income Taxes and Minority Interests</b>	<b>162,000</b>	<b>223,949</b>	<b>(61,949)</b>
Corporate tax, etc.	41,000	58,533	(17,533)
<b>Profit</b>	<b>121,000</b>	<b>165,415</b>	<b>(44,415)</b>
Profit attributable to non-controlling interests	11,000	16,963	(5,963)
<b>Profit Attributable to Owners of Parent</b>	<b>110,000</b>	<b>148,451</b>	<b>(38,451)</b>

## 5. Impact of Coronavirus (COVID-19) (key assumption for FY2021 forecast)

**Assuming that the state of emergency will continue until the end of May, business is expected to recover gradually until the end of September**

Categories		Estimated Impact (Business profit)	Key assumptions for FY2021 forecast and Coronavirus impact
Capital Gains		-	<ul style="list-style-type: none"> <li>Budgeted from delivered, contracted, and highly-saleable properties (60%+ of the planned properties for this fiscal year have already been delivered)</li> </ul>
Domestic Condominiums, etc.*		▲5 billion yen	<ul style="list-style-type: none"> <li>Approximately 60% of the condominiums estimated to be sold before including the impact of Coronavirus have been contracted</li> <li>No new contracts assumed during the state of emergency (assuming it lasts until the end of May)</li> <li>A decline in new contracts after June is expected due to the anti-Coronavirus measures that limit the number of visitors to model homes.</li> <li>Incorporating delays in delivery of some residential units due to construction delays, etc.</li> </ul>
Income Gain	Retail Property	▲16 billion yen	<ul style="list-style-type: none"> <li>Incorporating the general closure of most facility/stores, with some exceptions, during the state of emergency (assuming it lasts until the end of May)</li> <li>Gradual business environment recovery is assumed to occur at the end of the first half of FY2021</li> </ul>
	Hotels	▲15 billion yen	<ul style="list-style-type: none"> <li>The impact on the hotel management business is assumed to continue until the end of the fiscal year</li> </ul>
	Office	▲0.5 billion yen	<ul style="list-style-type: none"> <li>A longer vacancy period for all current and expecting vacant areas is incorporated</li> </ul>
	Others	▲8.5 billion yen	<ul style="list-style-type: none"> <li>Partial revision of residential sales schedule for international business</li> <li>Incorporating the risk of market stagnation in the investment management and real estate service businesses</li> <li>Slowdown in project orders received in architectural design &amp; engineering businesses</li> </ul>
	Subtotal	▲40 billion yen	
Total		▲45 billion yen	

\*1 Estimated impact on business profits

\*2 Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income

## 6. Segment information of Operating Income Estimates for FY2021

	Millions of yen (rounded down)		
	FY2021 Estimates	FY2020 Results	Change
(New Segment)			
Commercial Property Business	163,000	187,855	(24,855)
Residential Business	12,000	24,320	(12,320)
International Business	29,000	46,156	(17,156)
Investment Management Business	4,000	4,467	(467)
Architectural Design & Engineering Business and Real Estate Services Business	2,000	2,407	(407)
Other	(1,000)	(2,018)	1,018
Eliminations or Corporate	(24,000)	(22,420)	(1,580)
<b>Operating Income</b>	<b>185,000</b>	<b>240,768</b>	<b>(55,768)</b>

### <Reference>

#### ■ Capital Gains included in Operating Income

	Millions of yen (rounded off to the nearest billion)		
	FY2021 Estimates	FY2020 Results	Change
Capital Gains			
Commercial Property Business	22,000	23,000	(1,000)
Residential Business	6,000	10,000	(4,000)
International Business	3,000	28,000	(25,000)
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or Corporate	-	-	-
<b>Total</b>	<b>31,000</b>	<b>61,000</b>	<b>(30,000)</b>

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

As of April 2020, the Company made the following changes to its disclosure segments.

- The Office Building, Lifestyle Property, and Hotel & Airport Business were integrated into newly established The Commercial Property Business segment.
- International Residential Business moved from the Residential Business segment to the International Business segment.
- The Architectural Design & Engineering Business and Real Estate Services Business segment were integrated into newly established Architectural Design & Engineering Business and Real Estate Services Business segment.

## 7. Breakdown of Extraordinary income and loss Estimates for FY2021

Millions of yen (rounded down)			
■ Breakdown of Extraordinary income	FY2021 Estimates	FY2020 Results	Change
Gain on sales of fixed assets	13,000	5,144	7,856
Gain on sales of investment securities	2,000	1,711	289
Gain on amortization of negative goodwill	-	14,915	(14,915)
Gain on contribution for construction	-	4,480	(4,480)
Total	15,000	26,251	(11,251)

Millions of yen (rounded down)			
■ Breakdown of Extraordinary loss	FY2021 Estimates	FY2020 Results	Change
Loss related to retirement of fixed assets	8,000	5,445	2,555
Loss on valuation of investment securities	-	2,344	(2,344)
Loss on transfer of business	-	3,240	(3,240)
Impairment loss	-	10,844	(10,844)
Other extraordinary loss	14,000	-	14,000
Total	22,000	21,874	126

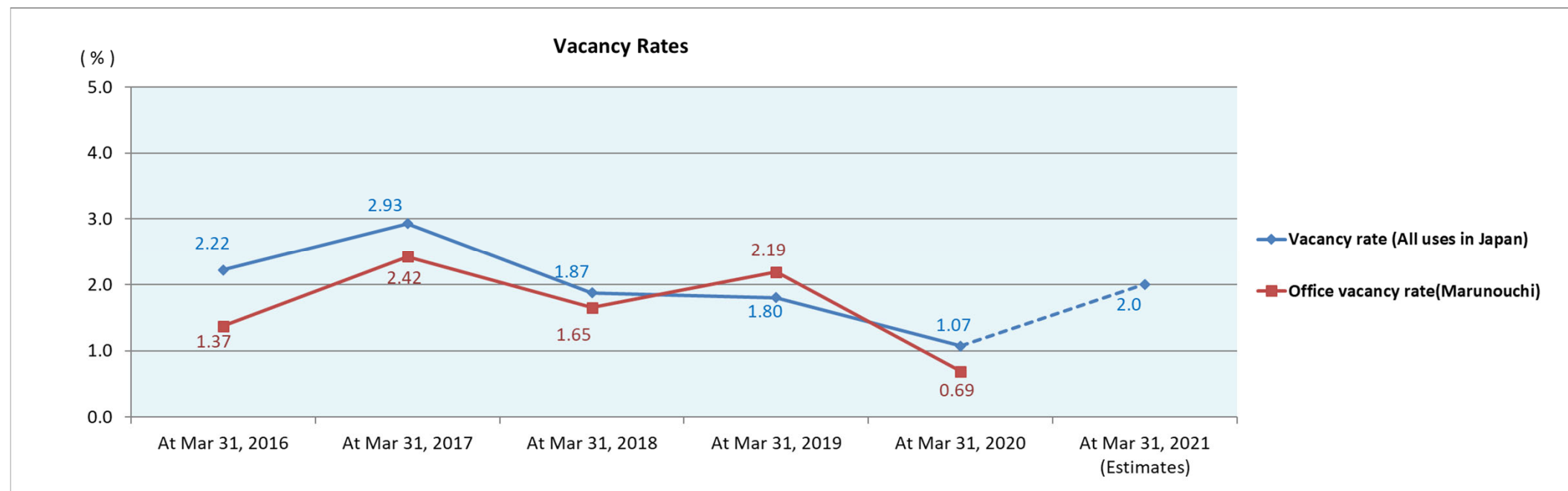


## 8. Office Building Data (Unconsolidated)

	At Mar 31, 2016	At Mar 31, 2017	At Mar 31, 2018	At Mar 31, 2019	At Mar 31, 2020	At Mar 31, 2021 (Estimates)
Vacancy rate (All uses in Japan*)	2.22 %	2.93 %	1.87 %	1.80 %	1.07 %	2.0 %
Office vacancy rate(Marunouchi)	1.37 %	2.42 %	1.65 %	2.19 %	0.69 %	- %
Average rent*2 (All uses in Japan*)	25,234	25,842	26,193	26,702	27,177	28,000

\* including retail area etc. in office building

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



## 9. Office Building <sup>\*1</sup> Rent Revenue Breakdown (Unconsolidated)

(Billions of Yen)

	FY2019 (Results)	FY2020 (Recent Estimates)	FY2020 (Results)	FY2021 (Estimates)
Rent Revenue from Office Building <sup>*1</sup> (Unconsolidated)	<b>388.6</b>	<b>400.7</b>	<b>406.6</b>	<b>418.6</b>
Changes from Previous Period	<b>+ 27.3</b>	<b>+ 12.0</b>	<b>+ 17.9</b>	<b>+ 11.9</b>
Rent revenue from new buildings	+ 17.9	+ 10.5	+ 10.8	+ 11.9
Rent revenue from existing buildings	+ 6.2	+ 3.7	+ 6.8	+ 6.1
Termination of master lease, closure of building for redevelopment	+ 0.3	(0.1)	+ 0.3	(1.3)
Moving in/out of tenants, Rent revisions at lease renewal	+ 5.9	+ 3.8	+ 6.5	+ 7.5
		<b>Impact of Coronavirus</b>	<b>Office buildings</b>	<b>(0.5)</b>
			<b>Integrated retail facilities<sup>*2</sup></b>	<b>(5.0)</b>
Supplementary Revenue, including common area charge	+ 3.3	(1.8)	+ 0.0	(0.6)

\*1 including retail area etc. in office buildings

\*2 Retail properties in office buildings

## 10. Domestic Condominium Business Data

### Domestic Condominium Business Data

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Estimates)
Condominiums sold (Millions of yen)	215,762	223,266	254,140	238,924	202,876	-
Condominiums sold (units)	3,868	3,713	3,938	4,007	3,214	-
Gross margin	18.7 %	19.4 %	19.7 %	17.0 %	17.8 %	-
Inventory (units)	188	326	460	542	373	-
New Supply of condominiums (units)	3,641	3,236	3,615	3,966	2,924	-
Condominium contract balance (Millions of yen)	226,952	188,282	156,944	144,970	162,141	-
The following fiscal year share (Millions of yen)	140,563	167,887	141,408	104,242	130,195	-
The post following fiscal year share (Millions of yen)	86,389	20,395	15,536	40,728	31,946	-

\* Gross Margin: Subtract Land Acquisition Cost and Construction Cost from Sales

# 11. Investment Data

## Capital investment

Millions of yen (rounded down)

FY2020		FY2021 (Estimates)	
Total	331,857	Total	350,000
Mitsubishi Estate	128,599	Mitsubishi Estate	178,000
(Breakdown)		(Breakdown)	
Office Building Business		Office Building	
New/Redevelopment buildings (Marunouchi redevelopment etc.)	63,529	New/Redevelopment buildings (Marunouchi redevelopment etc.)	90,000
Refurbishment cost etc.	23,938	Refurbishment cost etc.	20,000
Lifestyle Property Business	23,844	Hotel	21,000
Hotel & Airport Business	11,182	Retail Property	21,000
		Logistics Facility	18,000
Other	203,258	Other	172,000
(Breakdown)		(Breakdown)	
Mitsubishi Estate Europe	46,590	MEC Group International	57,000
MEA Comercial Holdings	41,761	Mitsubishi Estate Residence	40,000
Mitsubishi Estate Residence	39,946	Mitsubishi Estate Europe	30,000
MEC Group International*2	25,449	Mitsubishi Estate • Simon	16,000
Mitsubishi Estate • Simon	21,593	Sunshine City	7,000
Marunouchi Heat Supply	8,849	Consolidated TMK(Domestic)	8,000
Sunshine City	6,759	Marunouchi Heat Supply	6,000
Consolidated TMK(Domestic)	4,368	Royal Park Hotels & Resorts	2,000
Yokohama Sky Building	2,393		
Royal Park Hotels & Resorts	1,119		

\* Major inter-group transactions are eliminated.

\*2 Rockefeller Group, Inc. changed its name to MEC Group International, Inc. on January 1, 2020.

## Equity investment

Millions of yen (rounded down)

FY2020		FY2021 (Estimates)	
Total	99,412	Total	168,000
Mitsubishi Estate	24,252	Mitsubishi Estate	3,000
(Breakdown)		(Breakdown)	
Office Building Business	13,258	International	2,000
Lifestyle Property Business	8,854		
Others(Domestic)	1,160		
Other	75,160	Other	165,000
(Breakdown)		(Breakdown)	
Asia, Oceania	46,618	Asia, Oceania	43,000
US	26,833	US	31,000
Europe	1,707	Europe	1,000
		Strategic investment	90,000

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Regarding information on the properties of this material, it is based on judgment obtained from information available at the presentation date of this material.

Please be aware that actual information can result in different results depending on various factors.