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To whom it may concern:

Company name: Mitsubishi Estate Co., Ltd.
Representative: Junichi Yoshida,
President and Chief Executive Officer
Securities code: 8802
Contact: Masato Kawasaki, General Manager,
Corporate Communications Department
Telephone: +81-3-3287-5200

Mitsubishi Estate Group

New Medium-Term Management Plan (FY2018–FY2020)

Mitsubishi Estate Co., Ltd. (hereinafter “Mitsubishi Estate” or the “Company”) today announced that it has formulated its new medium-term management plan that extends over the next three years. The details are as follows.

Elements of Current Mid-Term Management Plan

- 1. Realization of profit as a result of reinforced income stream during previous mid-term plan**
- 2. Initiate business model innovation by capturing the momentum of changes in business environment as new opportunities in order to achieve further growth in 2020's**

- 1. Realization of profit as a result of reinforced income stream during previous mid-term**
 - (1) Completion of landmark projects (with concentration in Marunouchi area) will contribute to operating cash flow**
 - OTEMACHI FINANCIAL CITY GRAND CUBE (Office Building Group)
 - Otemachi Park Building (Office Building Group)
 - The Parkhouse Nishi Shinjuku Tower 60 (Residential Business Group)
 - Multi-use development complex, planned on the site of Hawks Town Mall, Fukuoka (Lifestyle Property Business Group)
 - Marunouchi 3-2 Project (Office Building Group)
 - Full utilization of brand and development/management capabilities to achieve financial performance targets**
 - (2) Expansion and advancement of overseas business**
 - Complete major capital renovation of 1271 Avenue of the Americas

- Further implement the hybrid investment model through a global investment management platform
- Increase the investment volume into development projects in emerging markets where we can utilize our in-house capabilities

→ **Fulfill profit growth by proactively engaging in the areas of business which provides opportunity for utilizing group-wide expertise**

(3) Accelerate fee business model through capital recycling

- Providing asset pipeline to group funds to earn capital gain and asset management fees
- Build an effective value chain model for industrial property business

→ **Generate income streams from capital gain and various management fees through delivery of high quality assets**

2. Initiate business model innovation by capturing the momentum of changes in business environment as new opportunities, in order to achieve further growth in 2020's

(1) Improve productivity of business activities

Improve productivity of office users, by not only providing superior physical spaces but also creating the cutting-edge working environment that triggers open innovation

(2) Effective use of existing social resources

Provide solution services that promote the most efficient use of existing social resources (e.g. renovation of existing buildings, value creation through the operation)

(3) Enriching quality of life

Enrich QOL by not only delivering retail centers, but also better serving diversified and sophisticated living needs (how people live, eat, relax, shop, etc.)

Quantitative Plan

1. Quantitative Targets

Mitsubishi Estate has set management indicator targets for growth potential, performance and stability.

	Indicator	Target (FY2020)
Growth potential	Operating income	¥220 billion
	Overseas Operating Income *1	Approx. ¥35 billion
	Capital Gains *2	Approx. ¥38 billion
Performance	Operating Income /Total Assets(ROA)	Around 3.5%
Stability	Net Debt/EBITDA (Hybrid finance reflected)	Around 8.5 times (around 8 times)

*1 : Sum of operating income from the International Business Group and other overseas operations

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

2. Investment-Return Target FY 2018-2020

(Billions of yen)

	Investment	Return	Net
Building Business	500	200	300
Lifestyle Property Business	200	50	150
Residential Business (Domestic condominium)	850 (700)	750 (600)	100 (100)
International Business	400	150	250
Group-wide Business Model Innovation Budget	100		
Total (Domestic condominium)	2,050 (700)	1,150 (600)	900 (100)

3. Capital Policy

(1) Growth investment

With mid-to-long-term vision, further enhance corporate value through expertise driven growth investment

(2) Maintain financial soundness

- Maintain best-in-the-industry level ratings (R&I AA-, S&P A+, Moody's A2)
- Achieve low cost debt finance utilizing high ratings (Average interest rate 0.95%, average maturity in 6.5-year as of end of March 2017)

(3) Initiatives to increase shareholders' value

- In addition to enhancing corporate value through the promotion of growth investment, we aim to carry out shareholder value oriented operations, such as the introduction of stock compensation plan
- Effective disposal and acquisition of operating assets, and achieve higher capital efficiency through timely disposition of cross-holding stocks
- Ensure a stable 25 to 30% payout ratio. Buy-back of company shares will be considered depending on circumstances (ex. economic factors and company share price at the time etc.)

4. Strategies By Business Line

Office Building Business

- (1) Increase in rent revenue as leases commence at currently under construction development projects
- (2) Further strengthen the functions of Marunouchi through "OPEN INNOVATION FIELD" Initiative
- (3) Long-range development pipeline that supports sustainable growth

Lifestyle property business

- (1) Development, restoration, expansion of retail and hospitality properties
- (2) Build strong platform for industrial property business

Residential Business

- (1) Domestic Market: Steady implementation of condominium business
- (2) Overseas Market: Expansion of existing business and realization of profit from existing investment
- (3) Sophistication of stock business

International Business

- (1) Large scale renovation of flagship buildings
- (2) Promote hybrid investment model through global investment platform

(3) Increase investment volume into the development projects in the emerging markets by utilizing in-house expertise

Investment Management

Aim for the sustainable growth of business by accommodating cross-border investment demand through the expansion of investment platform in Japan, US, Europe and Asia.

Hotel Business

Expand “Royal Park” branded hotels by capitalizing on the increasing number of tourists

Architectural Design & Engineering Services

Continue to provide Architectural Design & Engineering services for the landmark projects.

Expand consulting, construction management and overseas services

Provide technical support within the group

Real Estate Services

Become a one-stop real estate service provider by utilizing various solution menu, group-wide expertise, and nation-wide branch network

Corporate

Achieve long-term corporate value enhancement through ESG-conscious corporate strategy

Business Development, Consulting & Solutions

As a group-wide business representative function, aim to create wide variety of business opportunities including CRE solution services, mid to long term development projects, strategic partnership initiatives, etc.