

Mitsubishi Estate Group

Long-Term Management Plan
2030

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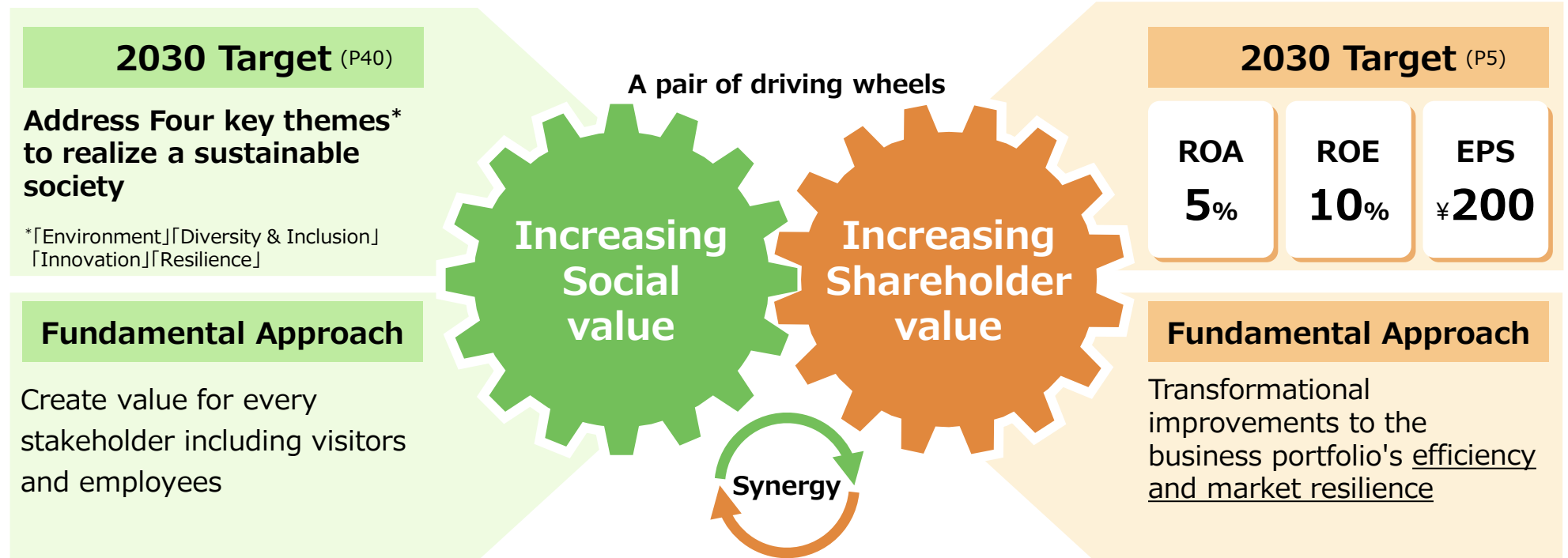
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Long-Term Management Plan 2030 Overview

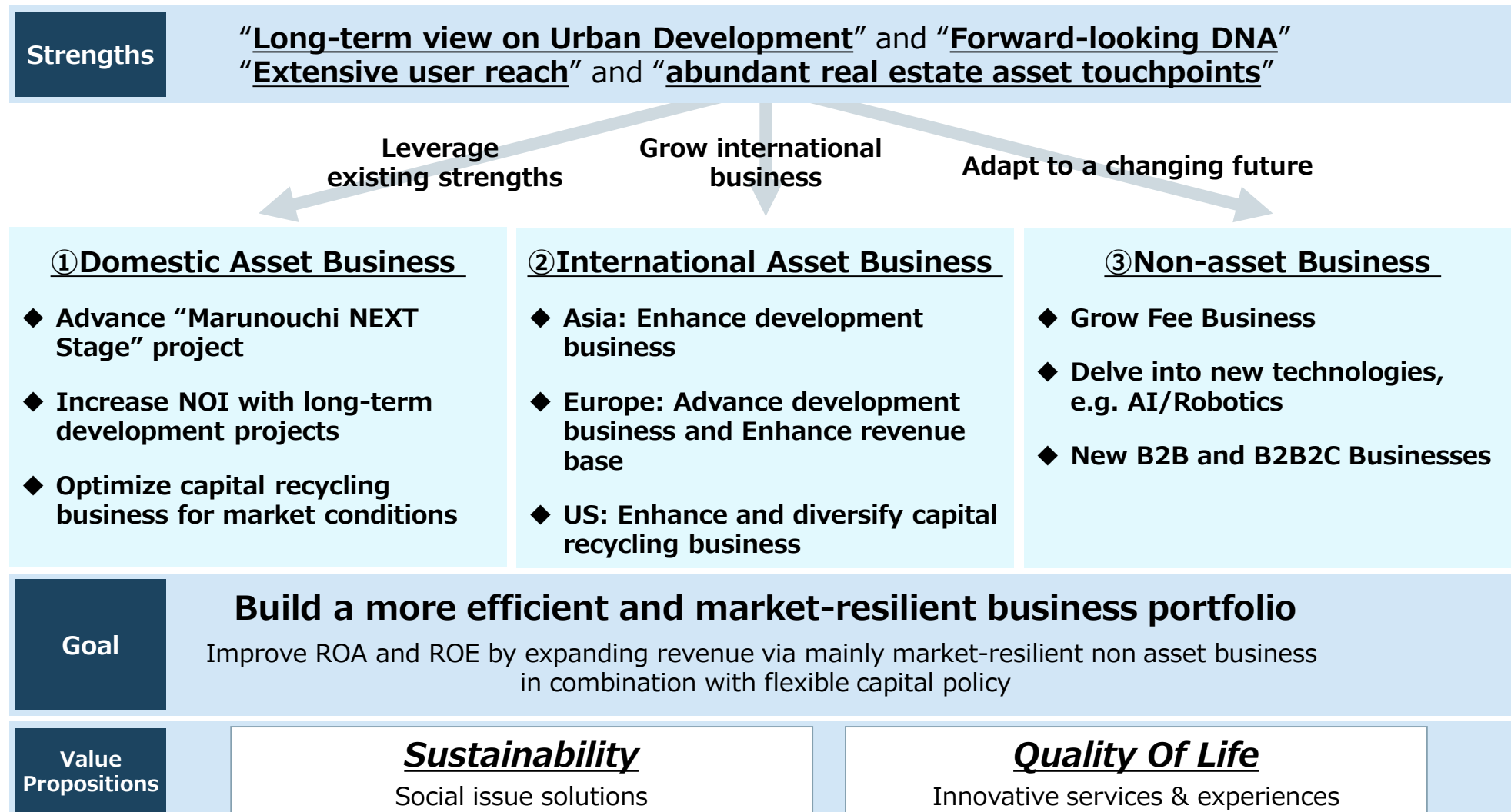
1. Management Plan: Objective

**Mitsubishi Estate Group's Mission:
Creation of a truly meaningful society through urban development**



**Realize our mission and sustainable growth
by increasing both social value and shareholder value**

2. Strengths and Growth Strategy



3. Quantitative Target – 2030 Target

2030 Target		
ROA ^{*1}	ROE	EPS
5%	10%	¥200

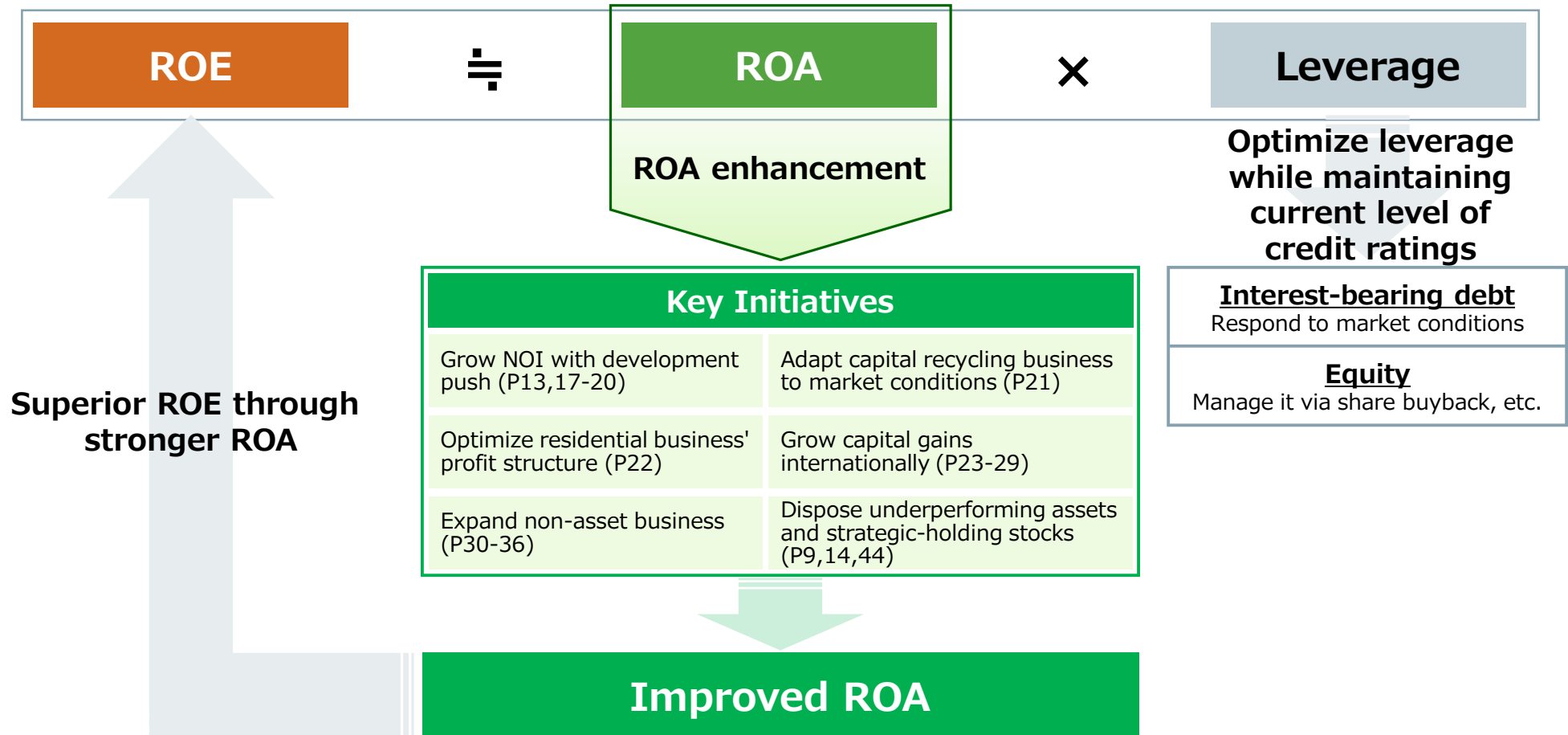
*1 ROA = Business Profit^{*2} / Total Asset (average of opening/closing balances)

Key Assumptions		
Profit Growth	Shareholders Return	Financial Stability
Business Profit ^{*2} <u>¥350–400 bn</u>	Current framework [*] <ul style="list-style-type: none"> • Payout ratio: Approx. 30% + <ul style="list-style-type: none"> • Share buybacks (when determined to be optimal use of funds) <p><small>* Will adjust to business conditions</small></p>	Maintain current level of credit ratings 【Reference】 R&I : AA- S&P : A+ Moody's : A2

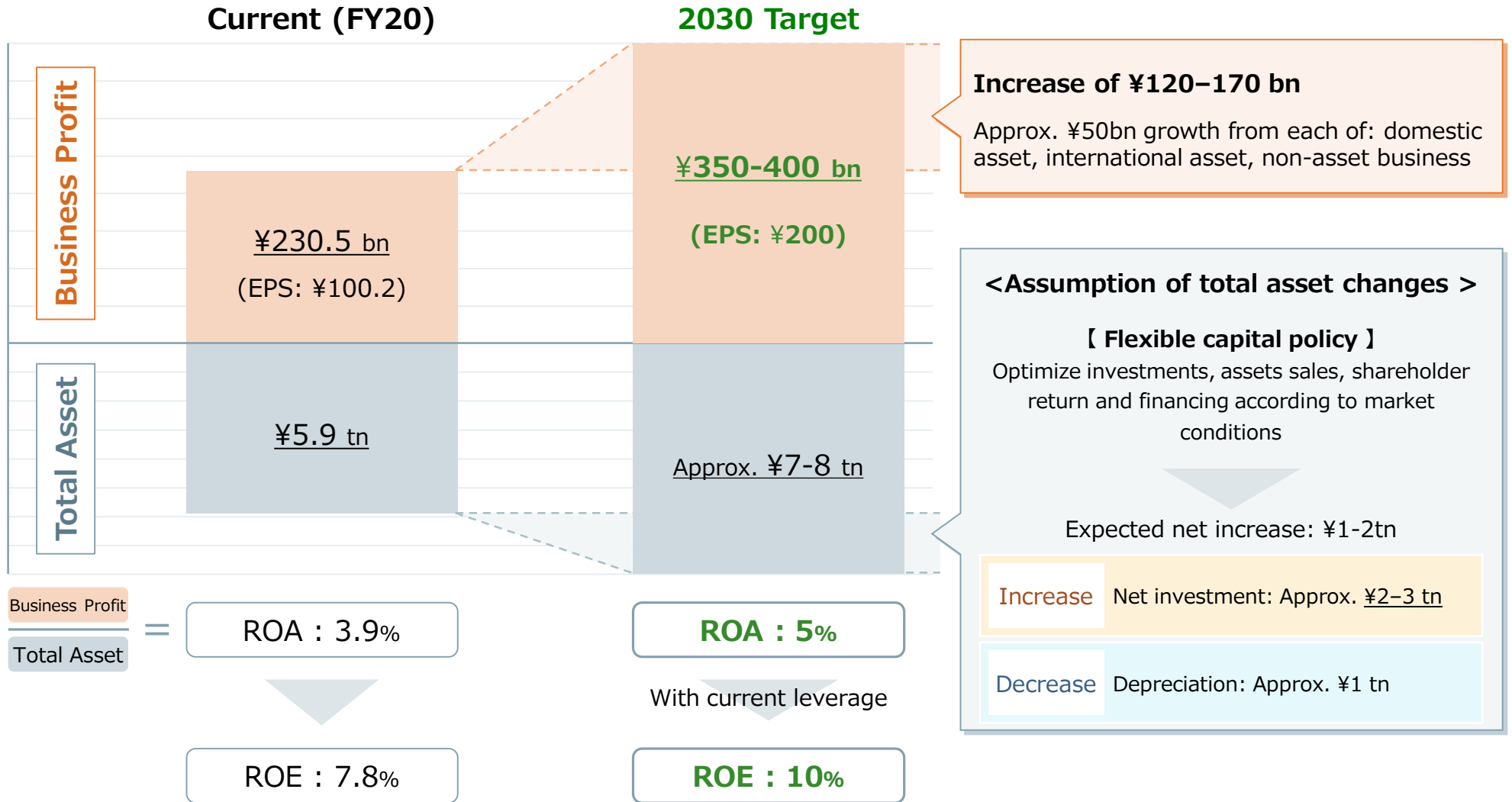
*2 Business Profit = Operating Income + Equity in earnings (loss) unconsolidated subsidiaries and affiliates

4. Approach to improve ROE

Improve ROE: Focus on ROA while maintaining current level of credit ratings



5. 2030 Targets: Realization Plan (ROA·ROE·EPS)

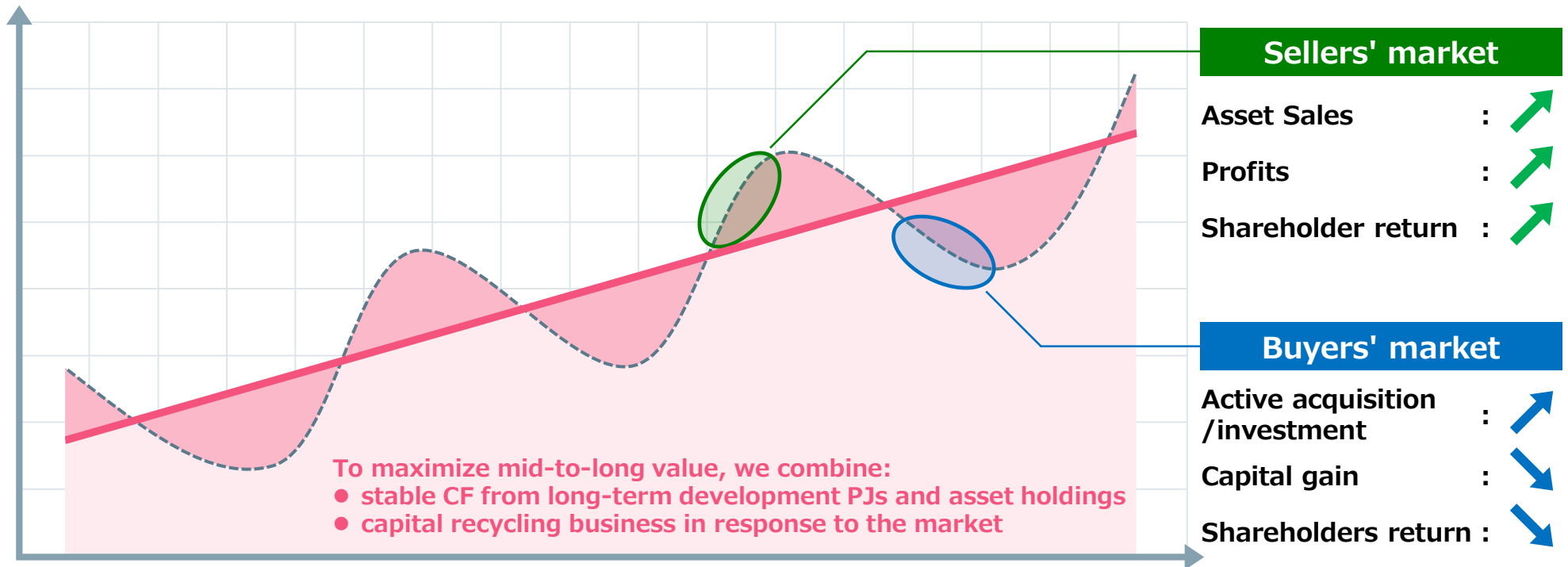


6. Capital Policy – Responsive to market conditions

* From IR Presentation FY2019 with some translational adjustments

Flexible capital policy – Responsive to market conditions
 (Value creation through BS management)

Optimize mix of investment, asset sales, shareholders returns and financing in response to the market



7. Value creation through BS management

* From IR Presentation FY2019 with some translational adjustments(Additional statements are underlined)

Flexible Capital Policy – Responsive to market conditions (Value creation through BS management)

Asset

Capital recycling business optimized for market conditions

- ◆ In seller's market: expedite asset sales
- ◆ Investment in promising PJs to enhance corporate value

Long-term development and asset holdings (core focus: Marunouchi redevelopment)

- ◆ Steady capital investment in core business enables stable, cycle-proof rental cashflow
- ◆ Timely asset sales judged by expected yields and external environment

Sale of underperforming properties and strategic-holding stocks

- ◆ Disposal of underperforming assets, including core asset
- ◆ Ongoing disposal of strategic-holding stocks

Expansion of Non-asset Business

Shareholders' Equity and Liability

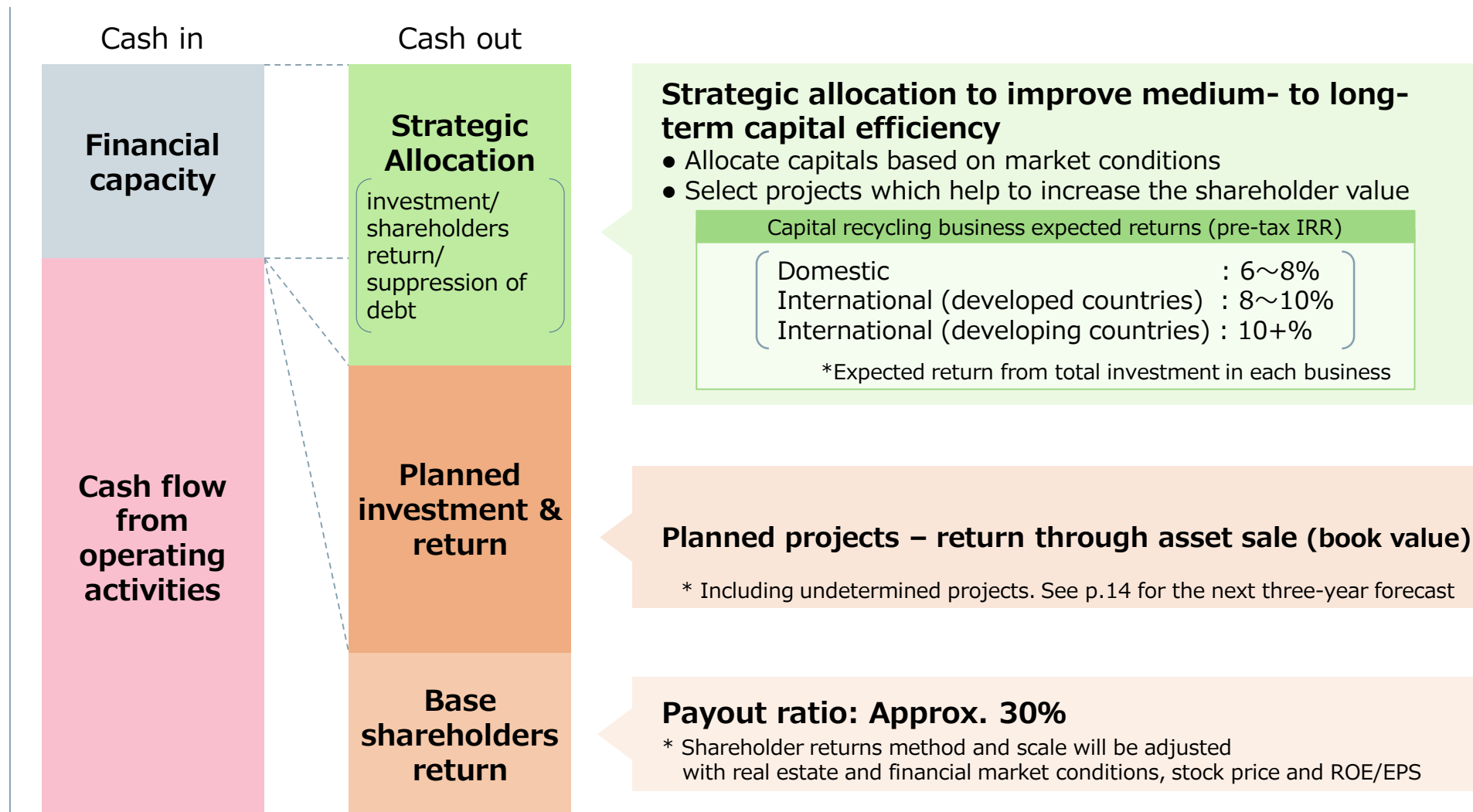
Maintaining Financial Stability

- ◆ Financial reserves for seizing buyer's market opportunities
- ◆ High credit rating enables long-term and low-cost financing
- ◆ In sellers' market, use asset sale proceeds for shareholder returns and to maintain financial stability

Capital Efficiency Improvement

- ◆ Targets: ROA 5%, ROE 10%, EPS ¥200
- ◆ Increase numerator (net income) and decrease denominator (shareholders' equity)
- ◆ Choose measures to manage shareholders' equity according to market conditions

8. Capital Allocation Policy

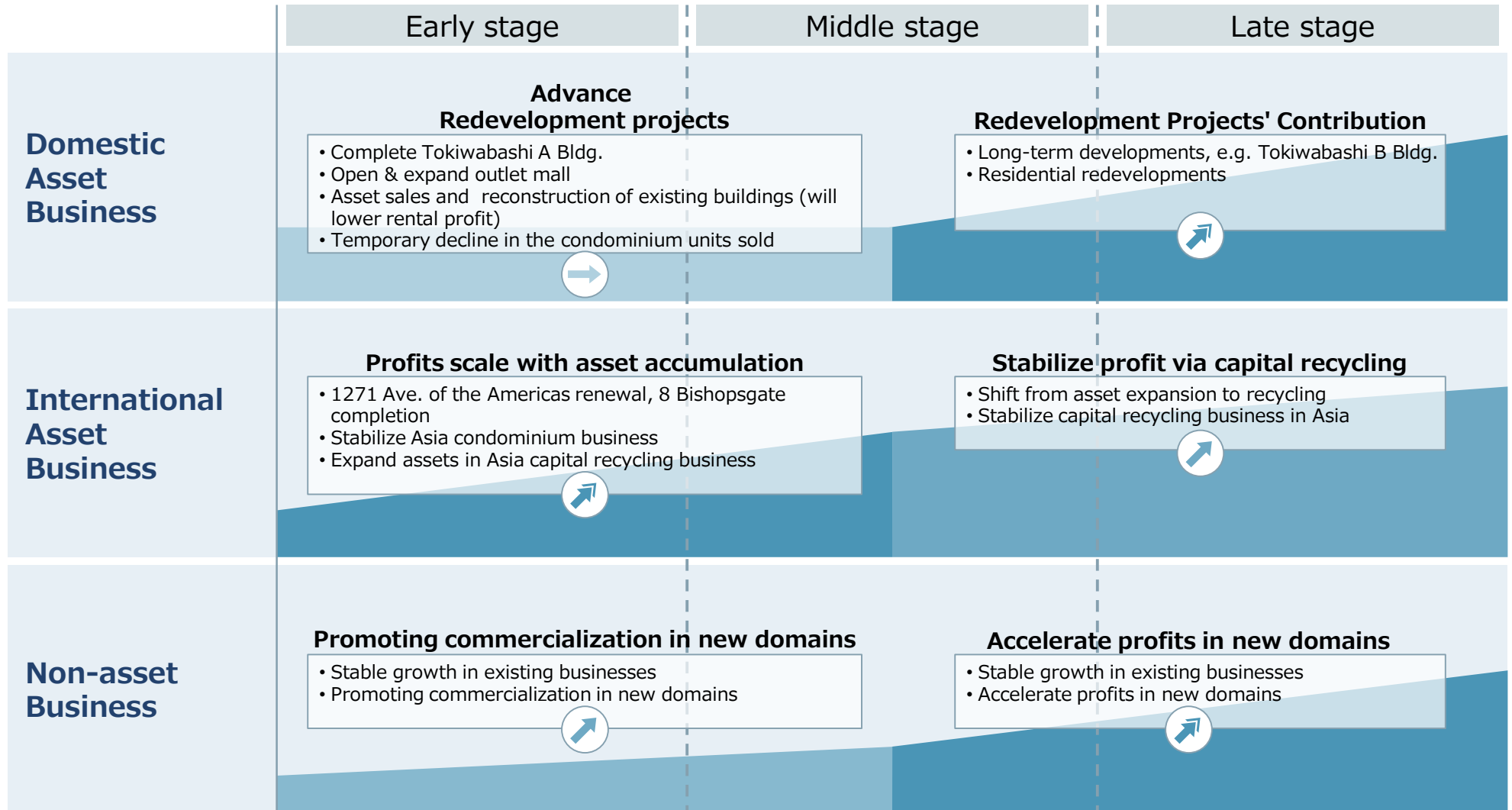


9. Profit Growth Strategy - 2030 Vision

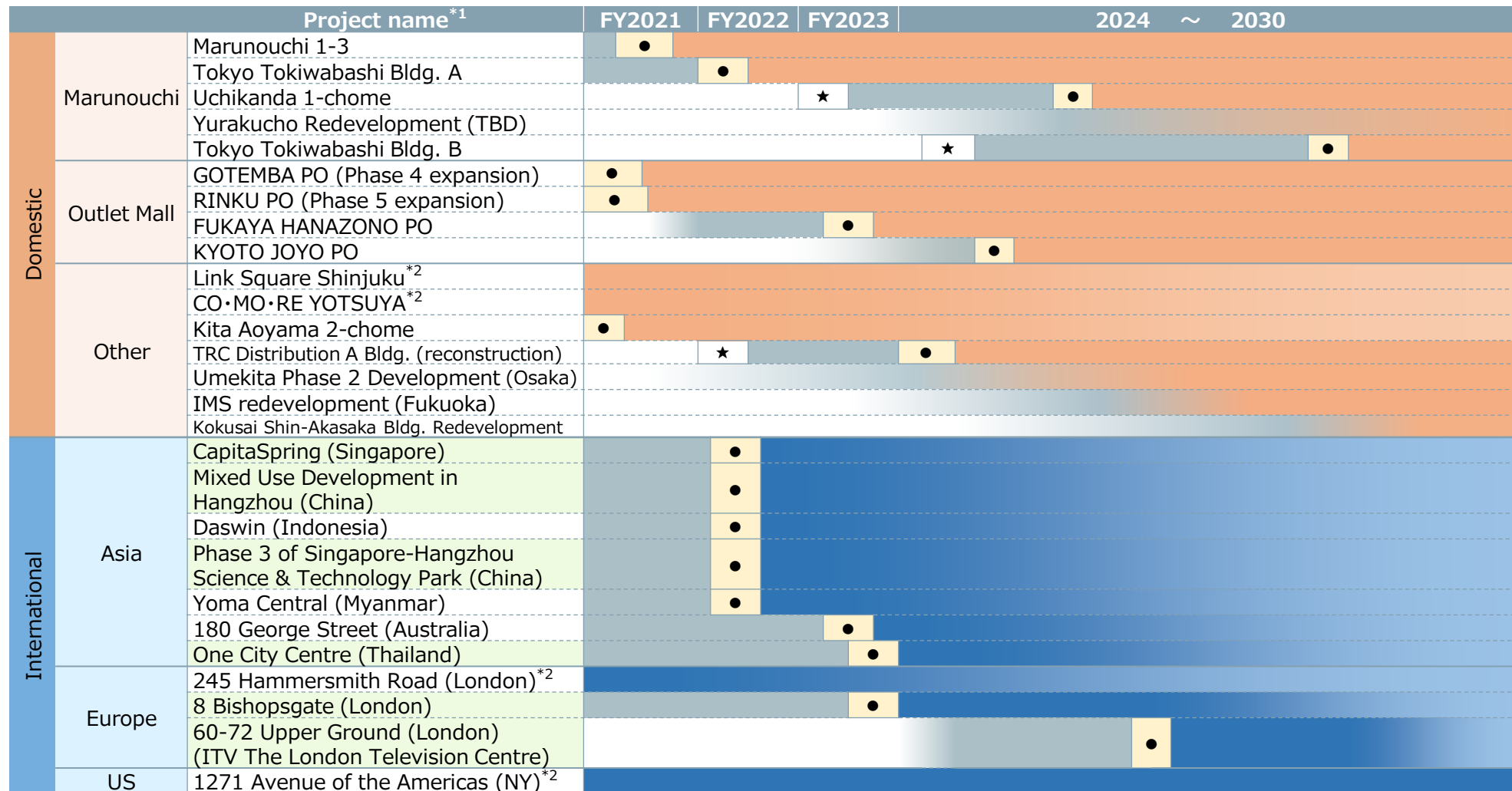


* Composition of FY20 Business Profit= ① Domestic Asset + ② International Asset + ③ Non-asset Business + Eliminations or corporate (Round number) (¥ 201.0 bn) (¥ 36 bn) (¥ 16 bn) (▲ ¥ 23 bn)

10. Roadmap for Profit Growth



11. Pipelines



...International projects approved for the previous management plan (FY18-FY20)

...Construction period

★...Start Construction

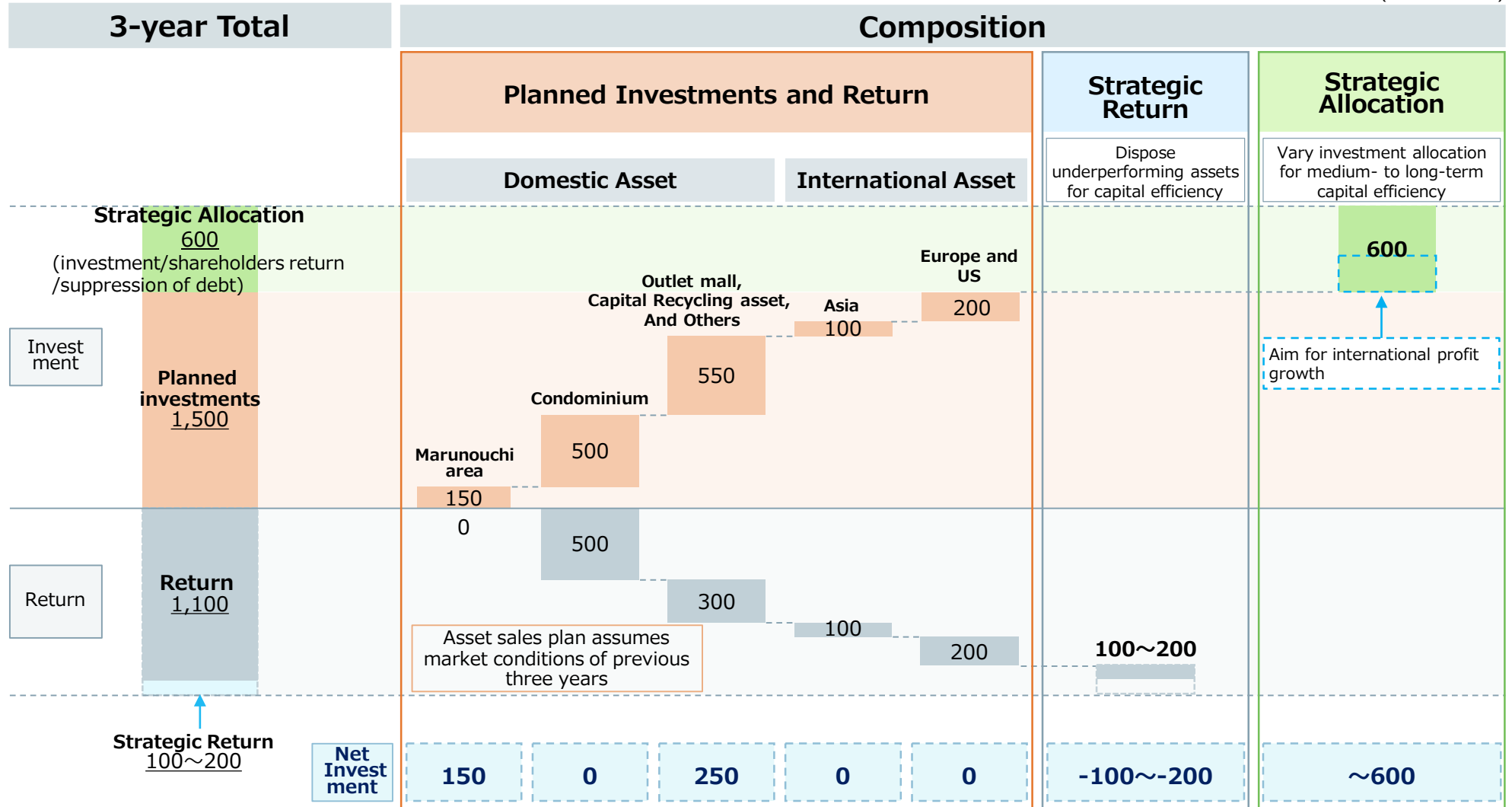
●...Completion

*1 For some projects, start/completion date is provisional

*2 To be completed in FY 2020

12. Three Year Investment Return Plan (FY2021-FY2023)

(Billions of Yen)



Long-Term Management Plan 2030 Business Strategy

① Domestic Asset Business

1. Domestic Asset Business Growth Strategy

Profit Growth (vs FY2020)

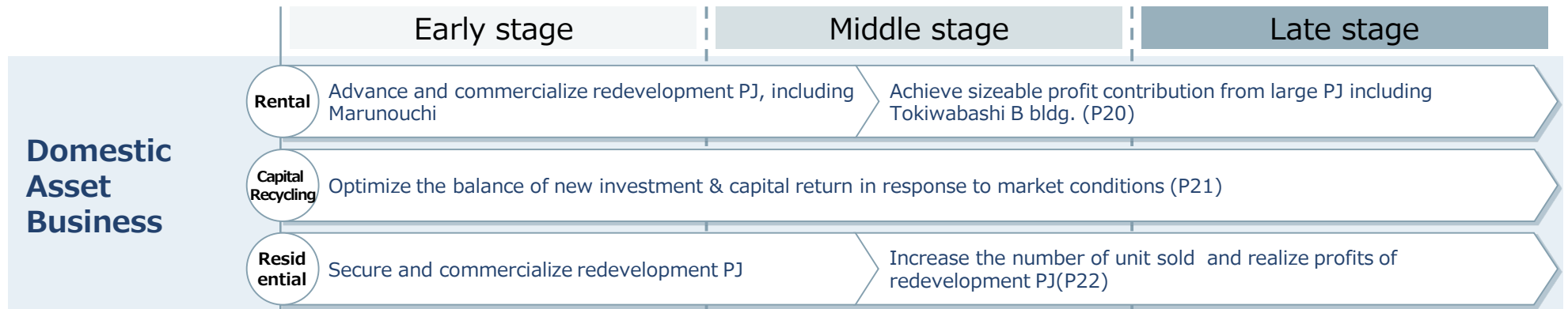
<2030 Goal>
Approx. +¥50 bn
 (FY20E : Approx. ¥201.0 bn)

Investment & Return Plan (FY2021-FY2023)

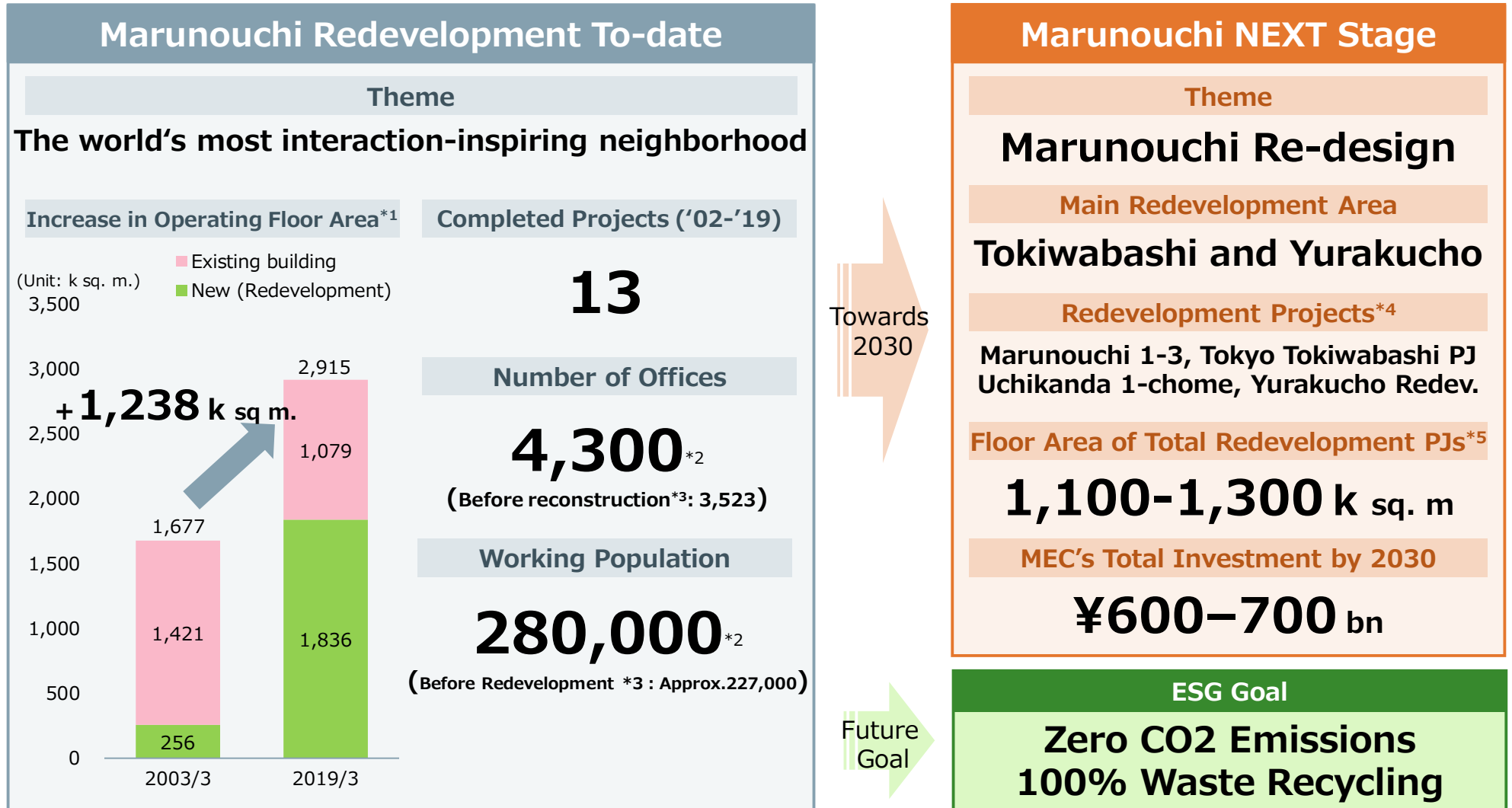
(Billions of Yen)

	Investment	Return	Net Investment
Marunouchi	150	0	150
Outlet Mall, etc.	100	0	100
Condominium	500	500	0
Other	450	300	150
Total	1,200	800	400

Growth Roadmap



2. Future of Marunouchi (Marunouchi NEXT Stage: Overview)



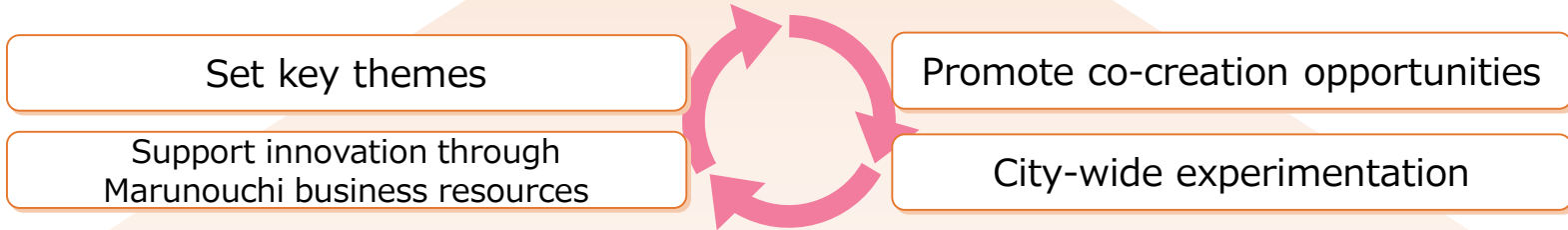
*¹ MEC only: total floor area of MEC's holding + leased floor *² Marunouchi Total *³ As of 1996 before former Maru bldg. close *⁴ Some project names are provisional *⁵ Total floor area on construction confirmation application

3. Future of Marunouchi






Marunouchi Re-design

Co-creation Platform for Innovation through Companies, Employees, and Visitors

Strategy① Innovation of Marunouchi- Ecosystem



Program② Strengthen Business Ecosystem updating digital infrastructure

<p>① Place for Interaction</p> <ul style="list-style-type: none"> ✓ Public square ✓ Use of space for garden ✓ Shared space  <p>Rooftop of building in Otemachi</p>	<p>② Network</p> <ul style="list-style-type: none"> ✓ Underground passage ✓ Wharf ✓ New mobility services  <p>Uchikanda 1-chome PJ</p>	<p>③ Comfort</p> <ul style="list-style-type: none"> ✓ Data analysis leads to new services ✓ Robotization  <p>Security robot</p>	<p>④ Environment</p> <ul style="list-style-type: none"> ✓ Zero CO₂ emission (Future goal) ✓ Advanced area energy management  <p>Fuel cell installed in Marunouchi Bldg.</p>	<p>⑤ Security</p> <ul style="list-style-type: none"> ✓ BCP enhancement ✓ Human traffic data ✓ Collaboration with local government  <p>Cable tunnel network</p>
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4. Future of Marunouchi

Value creation through Tokiwabashi and Yurakucho redevelopment

<Place for interaction>

- THE PREMIER FLOOR
 Serviced office facilities
- FINOLAB
 THE FINTECH CENTER OF TOKYO
 Fintech innovation lab
- Inspired.Lab
 Social innovation lab
- 3x3Lab Future
 Co-Creation community for a sustainable society
- micro FOOD&IDEA MARKET
 Space to find a variety of ideas
- SAAI
 Wonder Working Community
 Intrapreneur community

<Marunouchi area map>



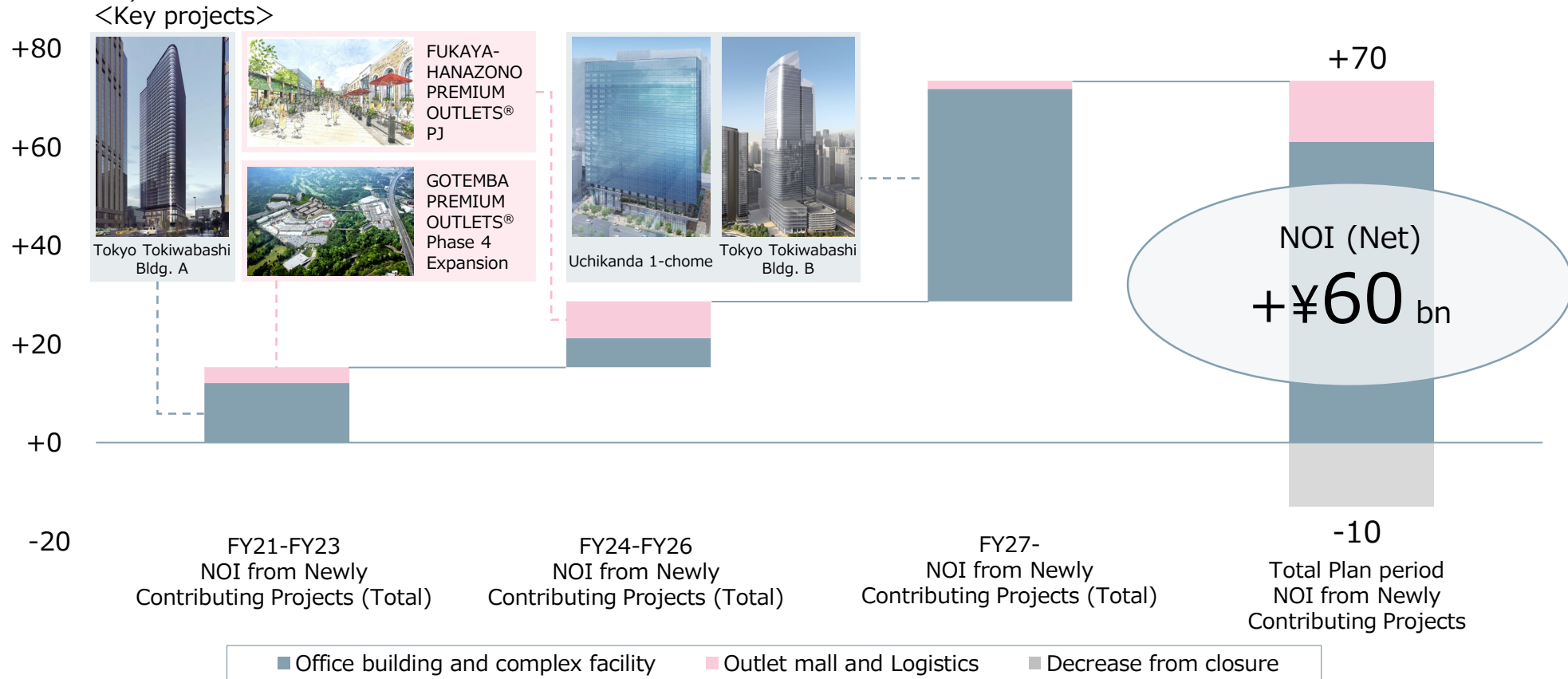
<Pipelines>

Marunouchi 1-3	Tokiwabashi Bldg. A	Tokiwabashi Bldg. B
<p>Floor area: 181,000㎡ Completion: Sep. 2020</p>	<p>Floor area: 146,000㎡ Completion: Jun. 2021</p>	<p>Floor area: 490,000㎡ Completion: FY2028</p>
<div style="display: flex; justify-content: space-around;"> <div style="background-color: #4a7c9c; color: white; padding: 5px;">FY2021</div> <div style="background-color: #4a7c9c; color: white; padding: 5px;">FY2022</div> <div style="background-color: #4a7c9c; color: white; padding: 5px;">2030</div> </div>		
<div style="background-color: #f4a460; padding: 5px;">Otemachi Bldg. Renovation</div> <p>Floor area: 111,300㎡ Completion: Mar. 2021</p>	<div style="background-color: #4a7c9c; padding: 5px;">Uchikanda 1-chome</div> <p>Floor area: 84,500㎡ Completion: 2025</p>	<div style="background-color: #4a7c9c; padding: 5px;">Yurakucho Redevelopment (TBD)</div> <div style="background-color: #e0e0e0; padding: 20px; text-align: center;"> coming soon </div>

5. Expected NOI Contribution

New and expanding asset projects will increase by ¥60 bn on net NOI basis in Domestic Asset Business

(Billions of Yen)

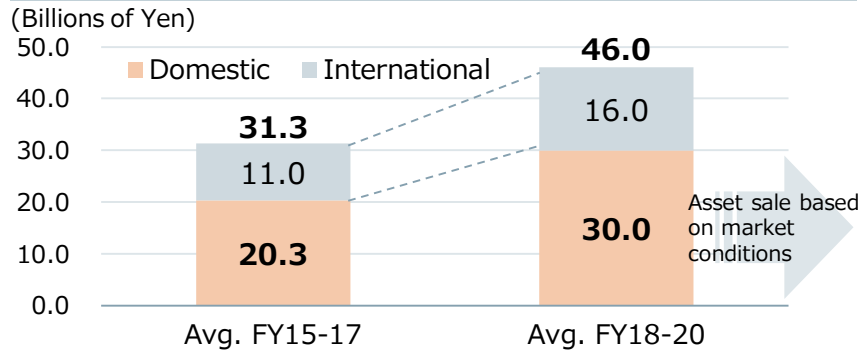


* NOI = Rental Income - Rental Cost (excluding Depreciation)

* Total contribution to NOI from domestic pipelines shown on Page 13. Subject to change (future property sales)

6. Promoting Capital Recycling Business

Change in Capital Gains (incl. Int'l)



Capital Recycling – Policy

- ◆ Optimize the balance between new investment and return (asset sales) to market conditions
- ◆ Joint projects for improved efficiency (see below)
- ◆ Expected return for domestic capital recycling business*: 6~8%

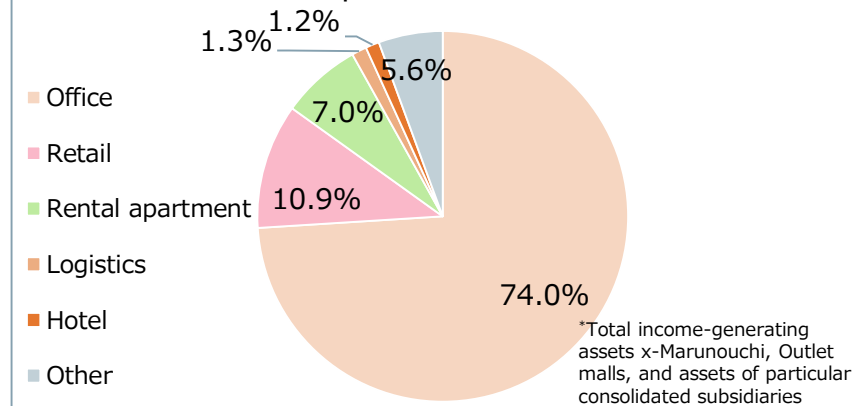
* Expected return of total capital recycling business (pre-tax IRR)

Domestic Asset*

Book value at end of Mar. 2019

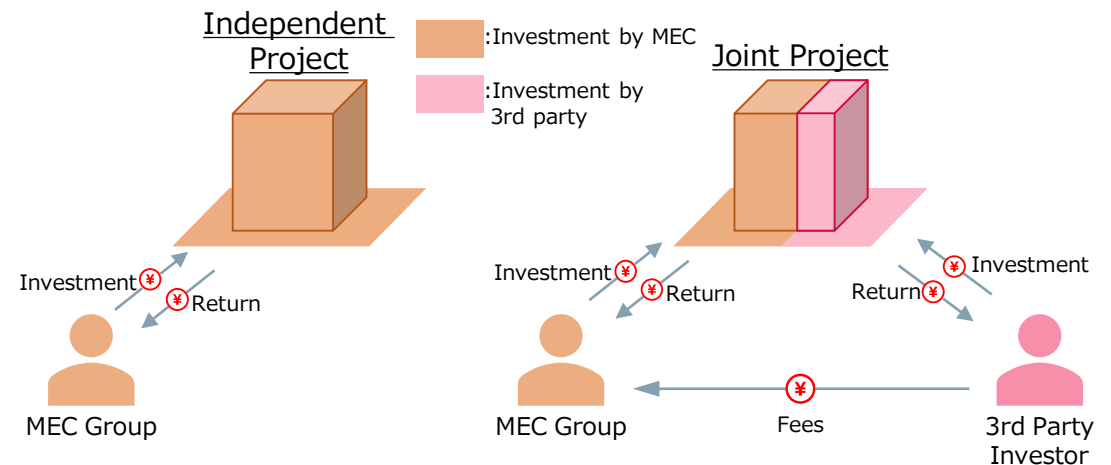
¥1.1 tn

Composition of Asset



Joint Project Concept Outline

Improve investment efficiency by earning project related fees (development, design, and property management)



7. Optimize residential business profit structure

Residential Business Strategy

Early to mid 2020s

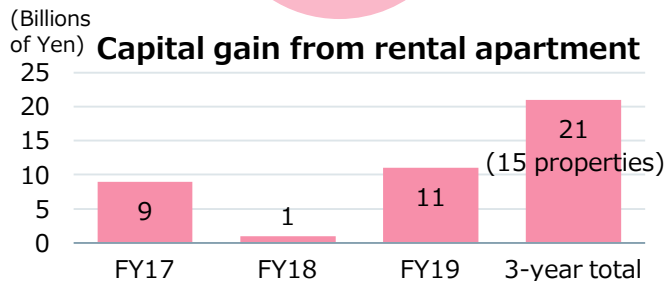
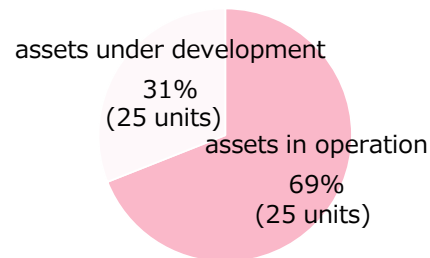
- Sales of condos will decrease due to careful selection of investments in current market
- Focus is ①development/sale of rentals and ②securing residential redevelopment projects

Mid to late 2020s

- Regain condominium sales with completion of redevelopment projects
- Maximize gains from rental property sales by timing to market conditions

Rental Apartment Business

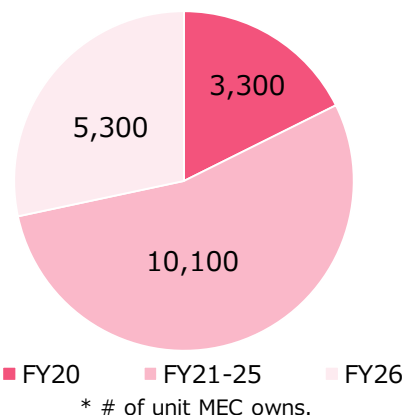
Book value of rental apartment
Approx. ¥80.0 bn
(March 2019)
 (Composition by value)



Condominium Business

- Sales will trend down for the next few years
- Increase profits by focusing on property in central Tokyo
- Current focus on redevelopment projects will contribute to profits after mid 2020s

Land Bank* by period
 (September 2019)



Major Redevelopment Projects

Project name*	Total units	Completion
Togoshi 5-chome	200	Early-2020s
Oppama District	300	Mid-2020s
Higashikanamachi 1-chome	700	Late 2020s
Koyama 3-chome	800	Late 2020s
Musashikosugi District	1,400	Late 2020s

There will be approx.15 more projects (total of approx. 10,000 units) to be completed after mid-2020s.

* Project names are abbreviated..

Long-Term Management Plan 2030 Business Strategy

② International Asset Business

1. Growth Strategy

Profit growth (vs FY2020)

<2030 Goal>
Approx. +¥50 bn
 (FY20E : Approx. ¥36 bn)

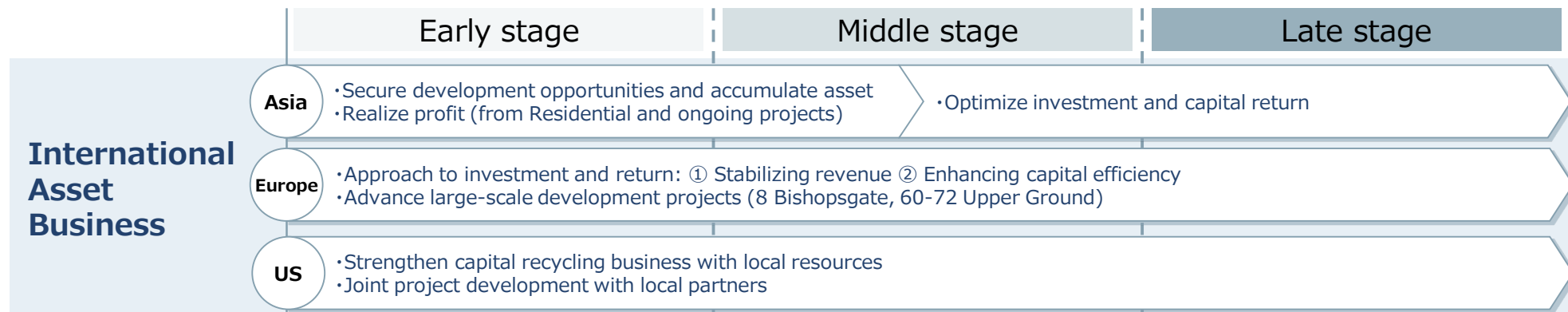
Investment & Return Plan (FY2021-FY2023)

(Billions of Yen)

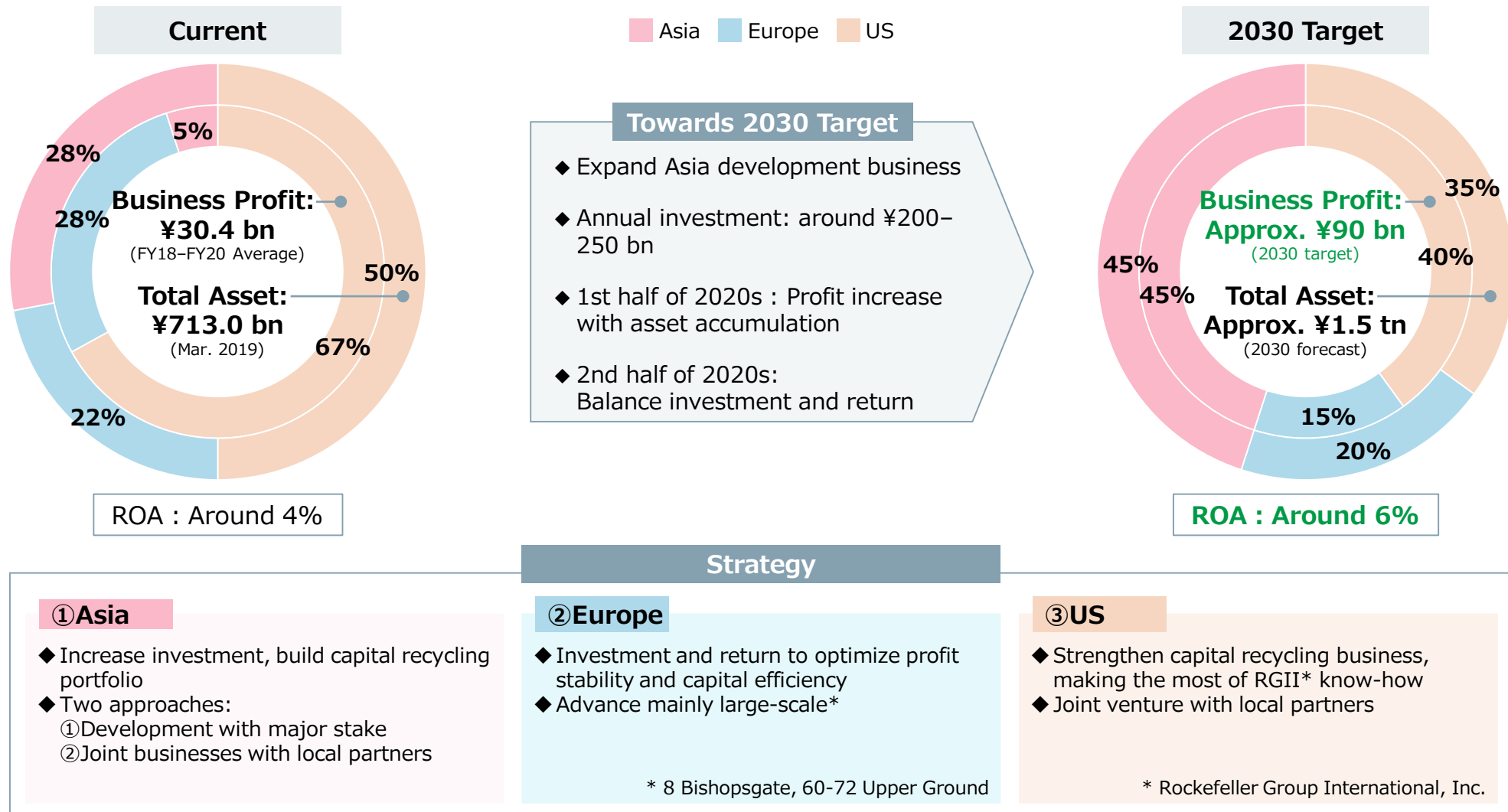
	Investment	Return	Net Investment
Asia	100	100	0
Europe/US	200	200	0
Strategic Allocation*	300~450	0	300~450
Total	600~750	300	300~450

* Aiming to invest ¥100-150 bn/year in addition to planned investment for coming 3 years to expand international business

Growth Roadmap

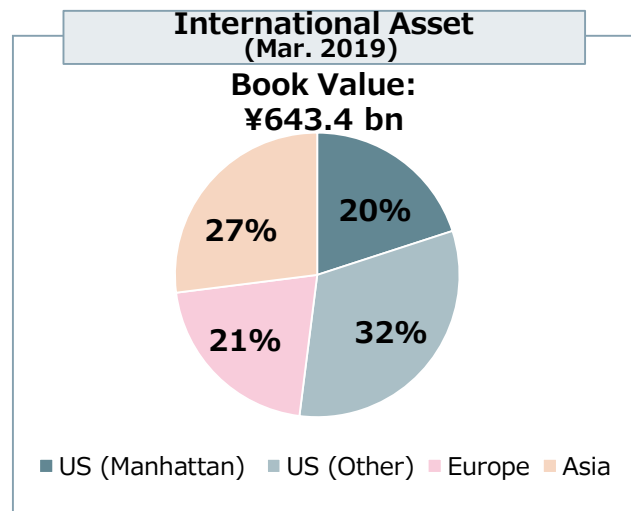


2. Change in Asset and Profit Structure



3. International Asset/Ongoing Projects

Many ongoing developments (rentals and condos) are expected to make early profit contribution



Major Ongoing Projects

	Property Name	Location	Use	Completion	Area / Units ^{*1}
Asia	Phase 3 of Singapore-Hangzhou Science & Technology Park	China (Hangzhou)	Office	2020	52,500m ²
	CapitaSpring	Singapore	Office	2021	59,000m ²
	Mixed Use Development in Hangzhou	China (Hangzhou)	Office	2021	51,750m ²
	Daswin	Indonesia (Jakarta)	Office	2021	75,000m ²
	Yoma Central	Myanmar (Yangon)	Multi-use	2021	212,670m ² * ²
	Savya Financial Center North Tower	The Philippines (Manila)	Office	2021	24,600m ² * ³
	180 George Street	Australia (Sydney)	Office	2022	55,000m ²
Europe	One City Centre	Thailand (Bangkok)	Office	2022	66,000m ²
	8 Bishopsgate	UK (London)	Office	2022	53,000m ²
	Nine Elms Park	UK (London)	Rental apartment	2022	196 units
US	60-72 Upper Ground (ITV The London Television Centre)	UK (London)	TBD	2020s 2nd half	TBD
	1271 Avenue of the Americas	US (Manhattan)	Office	Dec. 2019	195,000m ²
	Boro Tower	US (Virginia)	Office	Jan. 2019	41,000m ²
	Rose Hill	US (Manhattan)	Condominiums	Spring 2021	123 units

^{*1} Leasable area or # of units ^{*2} Total floor area ^{*3} Area for sale



1271 Avenue of the Americas



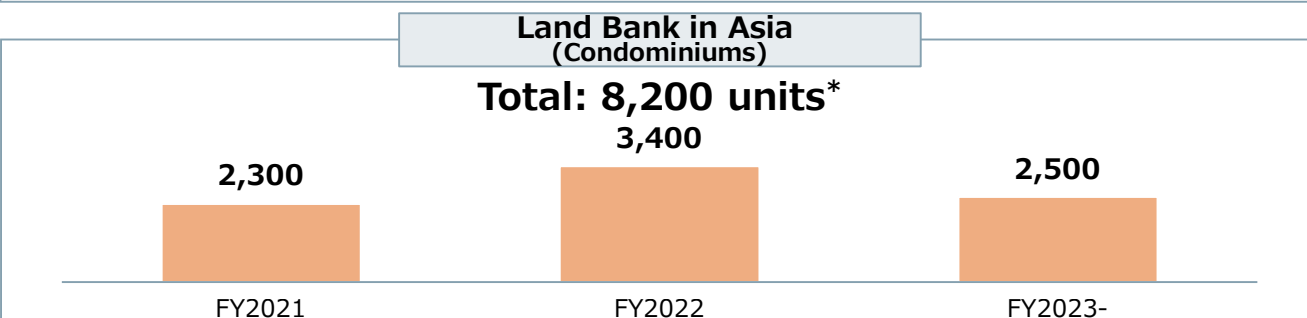
Daswin Project



8 Bishopsgate project



Yoma Central



* # of unit MEC owns

4. International Business Profit Forecast

Steady development of asset portfolio will lead to achievement of 2030 target

(Billions of Yen)

2030 Target

Around 90.0

■ Capital Gain

■ Income Gain

Avg. FY18–FY20

Contribution from ongoing projects

60.0-70.0

⑤

Avg. FY08–FY17

17.3

6.7

10.7

①

30.4

16.0

14.4

②

③

④

① Capital recycling business

Steady profit of

Approx. **¥10** bn/year (US)

② Hybrid model investment

Income gain

Approx. **¥4** bn/year

③ On-going projects in Asia

Number of ongoing projects:
(rental property)

16 PJs

Land Bank: (Condos)

Approx. **8,200** units

Continue investment opportunities for capital recycling business in Asia

④ Large-scale renovation and development projects (US and Europe)



⑤ **Expand Asia development business**

Continue work on 60-72 Upper Ground (London)

5. Business Strategy and Development Cases in Asia and Oceania

Expected Return from Investment

IRR Developed countries 8~10 %
 Developing countries 10+ %

*Expected return from total investment business in each area (pre-tax IRR)

Business Strategy

- ◆ Increasing in capital recycling asset portfolio
- ◆ Two wheels of business:
 - ① Development with major stake
 - ② Joint businesses with local partners

Detailed Area Strategy in the Region

Vietnam and Indonesia

- ⇒ ① Development with major stake
- ② Joint businesses with local partners

Thailand, Malaysia, The Philippines, Singapore, China, Taiwan, Australia

- ⇒ Mainly joint businesses with local partners

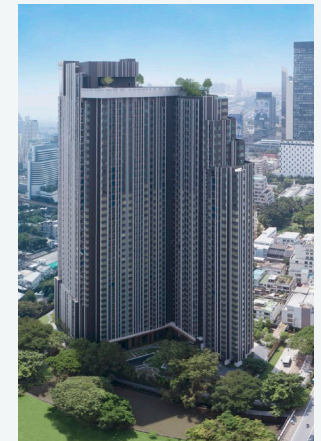
Development Project Cases



CapitaGreen
(Singapore, Office)



Daswin
(Indonesia, Office)



Life one Wireless
(Thailand, Condominium)

6. Business Strategy and Development Cases in US and Europe

Expected Return from Investment

IRR 8~10%

*Expected return from total investment business in each area (pre-tax IRR)

Business Strategy

【Europe】

- ◆ Approach to investment & return:
 - ① Stabilizing revenue
 - ② Enhancing capital efficiency

【US】

- ◆ Strengthen capital recycling business with local resources
- ◆ Joint venture with local partners

Key Projects

- ① 8 Bishopsgate (London)
- ② 60-72 Upper Ground (London)
- ③ Capital Recycling Business in US



8 Bishopsgate Project

Selected Track record



**8 Finsbury Circus
Redevelopment PJ**
(London, Office)

IRR Approx. **8%**

Tri City Industrial Complex
(US, Logistics facility)



IRR over **10%**

Liv Goodyear
(US, Rental Apartment)



IRR over **10%**

Long-Term Management Plan 2030 Business Strategy

③ Non-asset Business

1. Non-asset Business Growth Strategy

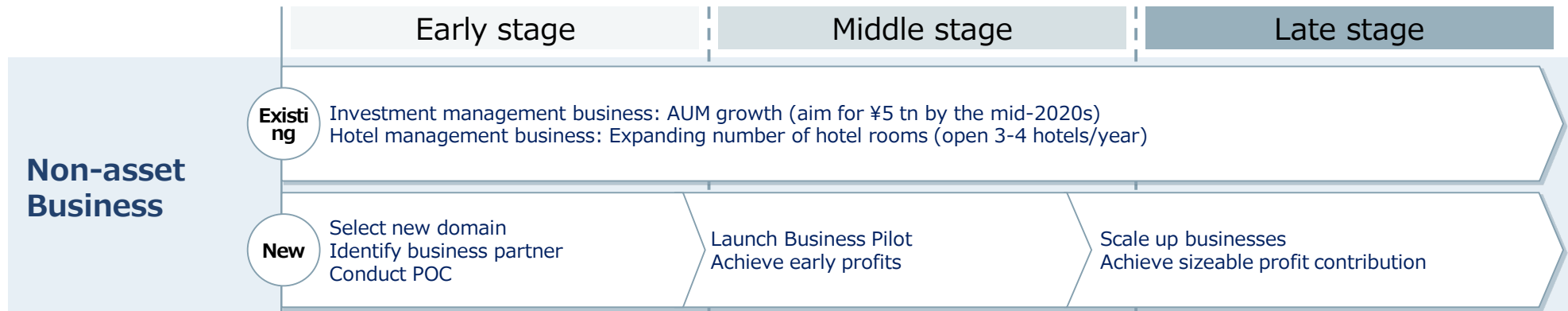
Profit Growth (vs FY2020)

<2030 Goal>
Approx. +¥50 bn
 (FY20E : Approx. ¥16 bn)

Investment Policy

- ◆ Aim for profit growth without affecting BS
- ◆ However, investment for M&A and capital alliance would be considered for rapid growth and acquiring external know-how

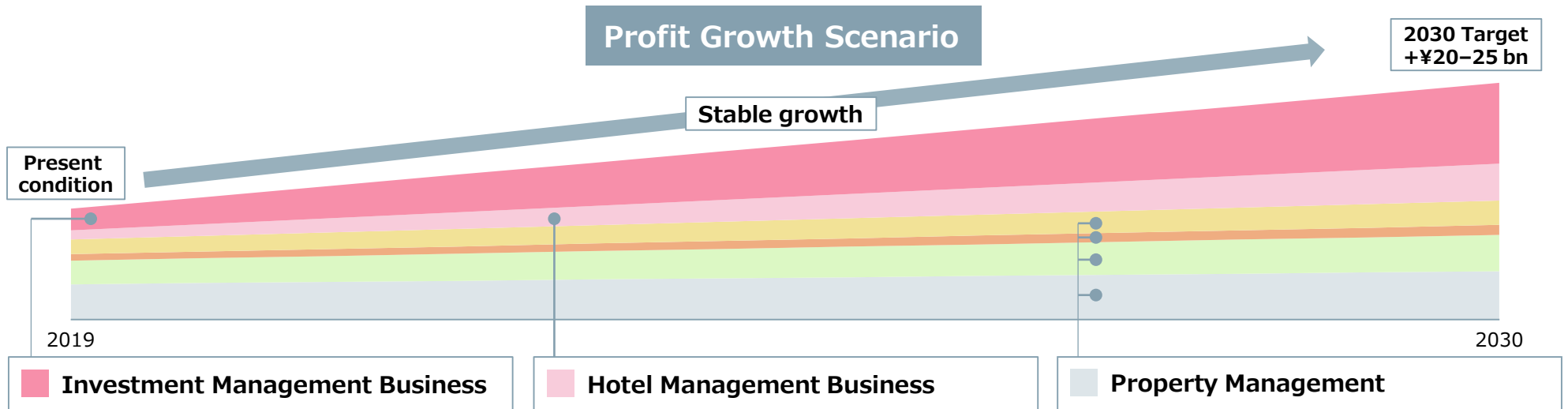
Growth Roadmap



2. Steady Growth in Existing Business

Steady Growth in Existing Business (Approx. +¥20–25 bn)

Steady profit increase mainly through investment management and hotel management businesses

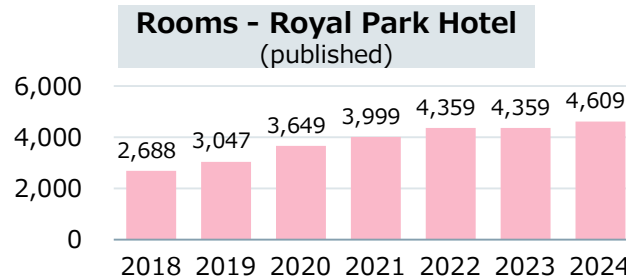


<Growth Strategy>

- AUM balance of ¥5 tn by the mid-2020s (currently ¥3.1 tn)
- Goodwill fully amortized (+¥2 bn)

<Growth Strategy>

- Continue to open 3–4 new hotels/year.



- Property Management
- Residential-related fee business (management, brokerage, renovation)
- Architectural Design & Engineering
- Real Estate Services

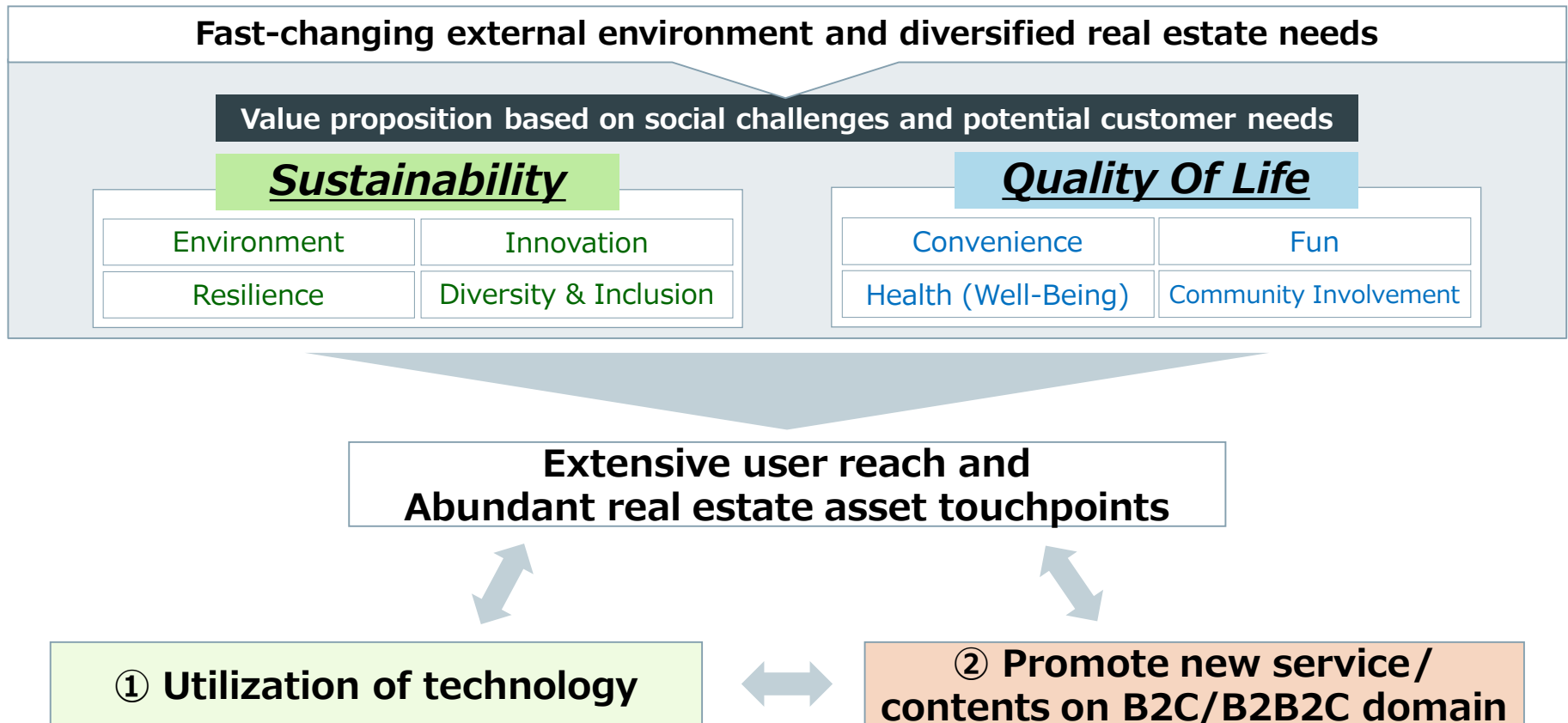
<Growth Strategy>

- Improved efficiency using IT
- Stronger alliance within MEC Group
- Staff talent on growth areas

3. New Initiatives for the 2030s: Key Concept

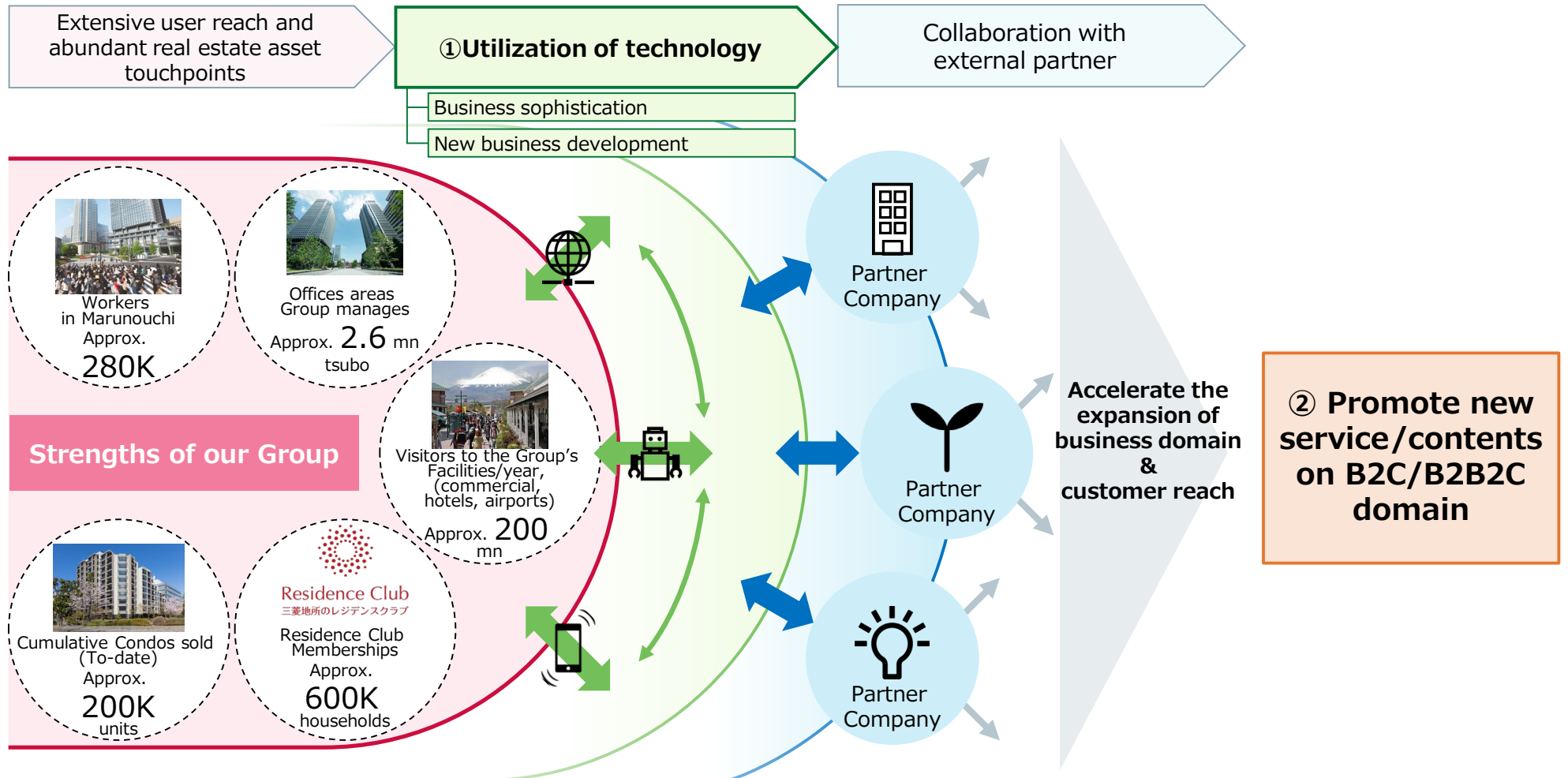
New Initiatives for the 2030s and Beyond (+¥25~30 bn)

- ✓ Utilize technology for sophistication of current business and new business development
- ✓ Seek new business opportunities in B2C/B2B2C that match potential social needs



4. New Initiatives for the 2030s: Business Domain Expansion

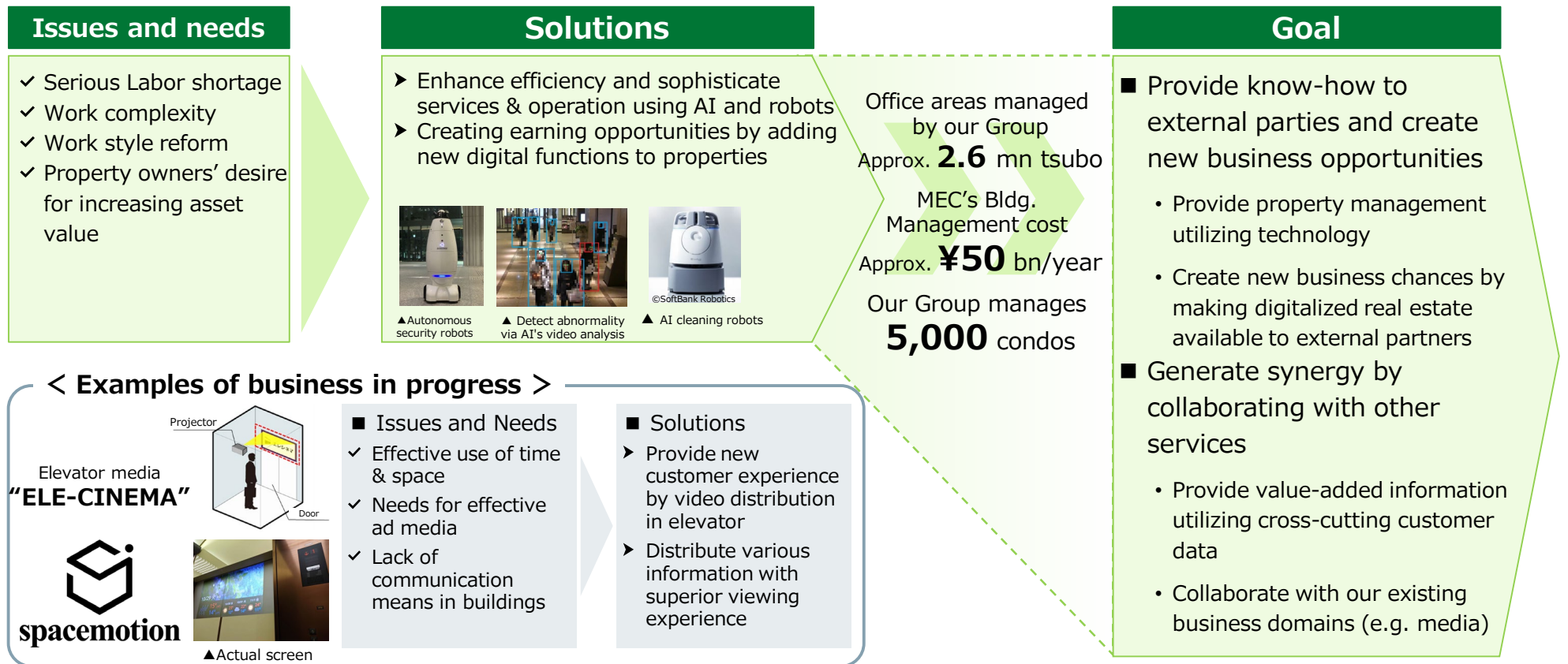
Expand business domains through technology and partnerships, offering new services and contents



5. New Initiatives for the 2030s: Utilization of technology

① Utilization of technology

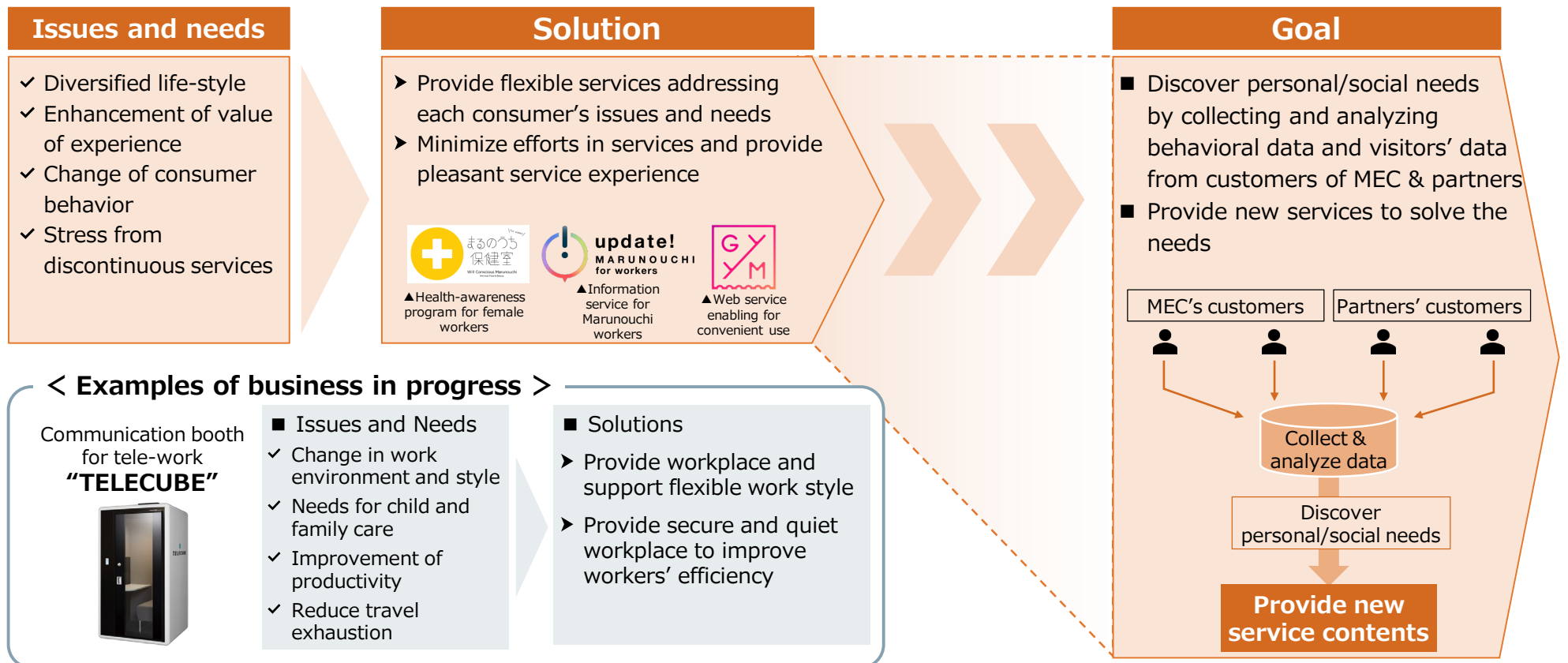
- ✓ Enhance efficiency and sophisticate real estate services by utilizing technology
- ✓ Create new value and function of real estate by utilizing technology



6. New Initiatives for the 2030s: Provision of service contents

② Provision of service contents focusing on B2C/B2B2C

- ✓ Provide services for diverse personal/social issues and needs
- ✓ Take new business opportunities by analyzing data and discovering new needs



Long-Term Management Plan 2030 ESG Initiatives

1. ESG Initiatives (Overview)

Mitsubishi Estate Group's Mission Creation of a truly meaningful society through urban development

Identify 7 materialities considering environmental shift surrounding the Group

Group's Materialities

The environment	Globality	Community	Diversity
Birthrate / Aging	Leveraging existing properties	Digital innovation	

(P39)

Establish key themes and KPIs for the 2030s

Mitsubishi Estate Group Sustainable Development Goals 2030

Key Themes 1. Environment 2. Diversity & Inclusion 3. Innovation 4. Resilience (P40)

E nvironment (P41)	S ocial (P42)	G overnance (P43~44)
Protecting the environment	Human resource and resilience	Corporate governance system

ESG value-creation initiatives through business















Value Propositions

<u>Sustainability</u> Social issue solutions	<u>Quality Of Life</u> Innovative services & experiences
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"Materialities = the degree of relevance of an ESG initiative to the company's domain; also, such an initiative that is deemed highly material"

2. Materialities (Important Issues for Sustainable Management)

Identifying 7 Materialities' Opportunities and Risks

Materialities	Opportunities	Risks
 The environment	Real estate with lower environmental impact and natural disaster resilience  	Environmental regulations' impact on development opportunities 
 Globality	Response to foreign workers and foreign visitors needs 	Increased country, compliance, and supply chain risks 
 Community	Real estate / development that protects against terrorism and crime 	Aging and vacant buildings causing security issues  
 Diversity	Growing demand for facilities or services which meet various styles of life, work and consumption  	New work styles (e.g. telecommuting) reducing demand for fixed offices 
 Birthrate / Aging	Facilities that best serve the aging population 	Working age population decline changes demand for fixed offices 
 Leveraging existing properties	Redevelopment and renovation of existing stock in major cities 	New condominium needs changing 
 Digital innovation	Smart-city/home/office technology 	Reduced demand for physical facilities 

3. Sustainable Development Goals 2030

Mitsubishi Estate Group’s Sustainable Development Goals 2030

Four key themes chosen:

1. Environment

Develop sustainable communities to address climate change and environmental problems



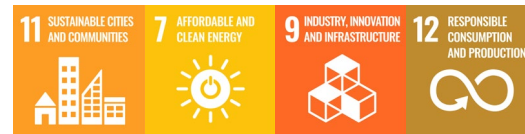
2. Diversity & Inclusion

Enable people of all backgrounds to thrive by building communities adaptive to varying lifestyle needs



3. Innovation

Create innovative cities that birth innovative ideas



4. Resilience

Build strong and resilient communities that prioritize security, peace, and disaster protection



4. Initiatives to Protect Environment (ESG's "E")

Key KPIs and Targets

- CO2 emissions ■ Waste disposal ■ Renewable energy rate ■ Waste recycle rate
- Water recycle rate ■ # of renovated buildings and condos ■ Domestic lumber usage rate

CO2 Emissions

- Increase electricity storage facilities
- Optimize thermal circulation
- Employ demand response system

2030 Target

35% reduction (vs. FY2018)

2050 Target

87% reduction (vs. FY2018)

*These targets were approved by
SBT Initiative in April 2019

[Actual: 3,336,000t (FY2018)]

Waste Recycle Rate

- Raise awareness and distribute information for tenants, visitors, and guests
- System/measures to facilitate waste separation

2030 Target

90%

[Actual : 45.5% (FY2019)]

Renewable Energy Rate

2030 Target

25%

2050 Target

100%

[Actual : 1.3% (FY2019)]

Waste Disposal

2030 Target

20% reduction (vs. FY2020)

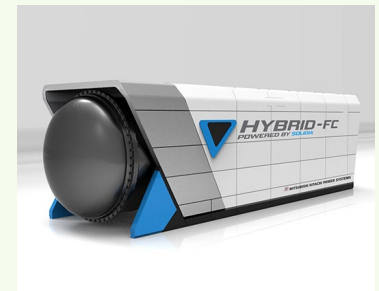
[Referential figures: 0.01t/sq m. (FY2019)]

CO2 Reduction Case Study

- Use of a fuel cell system manufactured by Mitsubishi Hitachi Power Systems
- Installed in the Marunouchi Building Mar. 2019
- CO2 emission reduced by 50% vs grid power



Marunouchi Bldg.



Fuel Cell System installed

5. Initiatives to Human Resources and Resilience (ESG's "S")

<Human Resource> Key KPIs and Targets

- PTO utilization
- Paternity leave utilization
- Retention post-parental-leave

PTO Utilization

FY2021 Goal

5% increase (VS FY2018)
 [Actual*1 : 66.0% (FY2018)]

Paternity Leave Utilization

FY2030 Goal

100%
 [Actual*2 : 12.6% (FY2019)]

Retention Post-parental-Leave

FY2030 Goal

100%
 [Actual*2 : 96.7% (FY2019)]

<Resilience> Key KPIs and Targets

- Rate of buildings that are to take in stranded commuters
- Rate of people with first aid training course qualifications

Rate of Buildings That are to Take in Stranded Commuters

Actual (FY2019)

Rate of such facilities*3 **92%**

Rate of People with First Aid Training Course Qualifications

FY2030 Goal

100%
 [Actual*4 : 64.0% (FY2019)]



Seismic Performance of New Building (Marunouchi Area)

1.5x
 of a standard skyscraper
 (=withstand a level 7 earthquake)

Emergency Generator for BCP in New Buildings (Marunouchi Area)

72 hr*5

*1 Mitsubishi Estate only

*2 Average of 5 companies (Mitsubishi Estate, Mitsubishi Estate Residence, Mitsubishi Jisho Property Management, Mitsubishi Jisho Sekkei, Mitsubishi Real Estate Services)

*3 Office building: Large buildings completed in 2002 onward. Commercial facilities: Large facilities completed in 2008 onward

*4 Average of 3 companies (Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Jisho Retail Property Management)

*5 There are certain exceptions

6. Corporate Governance (ESG's "G") -1

Establish effective governance that ensures long-term enhancement of corporate value

(as of Jan 2020)

Corporate Structure

- Transitioned to a "Company with Nominating Committee, etc." in June 2016

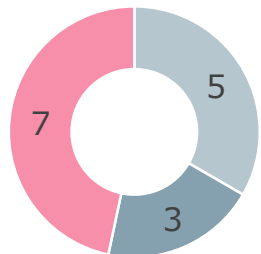
Structure of the Board of Directors

- 15 directors: 8 company directors and 7 independent outside directors (10 of which are non-executive directors)
- 6 of 7 independent outside directors are male and 1 is female.

Committee Members

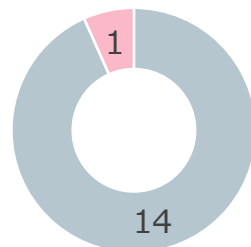
- Chairpersons of all committees are independent outside directors
- Remuneration and Nominating Committees comprised of independent outside directors only

Board Structure



- Company Director(Executive)
- Company Director(Non-executive)
- Independent/Outside Director (Non-executive)

Composition of male/female

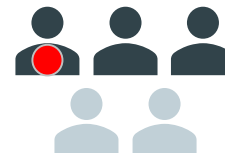


- Male
- Femal

Nominating Committee Exclusively outside directors



Audit Committee Chairperson is outside director



Remuneration Committee Exclusively outside directors



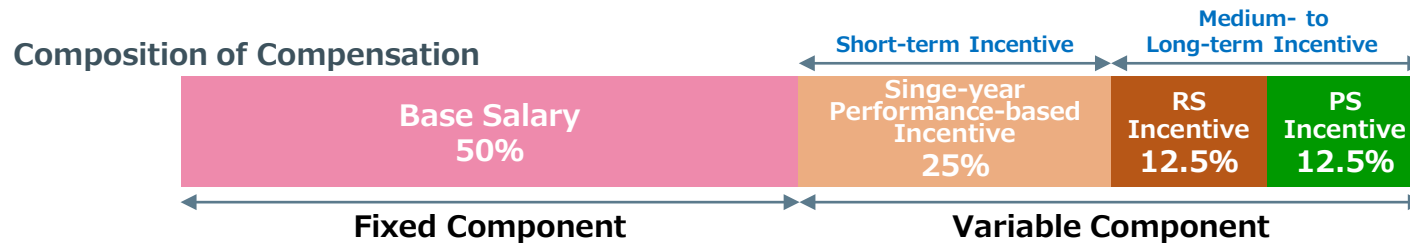
- : Outside Director
- : Company Director (Non-executive)
- : Chairperson

7. Corporate Governance (ESG's "G") -2

Non-Renewal of Anti-takeover Measure

- The Board of Directors did not renew the anti-takeover program which would provide countermeasures against hostile takeover attempts. It expired in June 2019.

The Executive Compensation Plan Aims to Align Shareholders and Executives' Interests



<Single-year Performance-based Incentive>

- Form : cash
- Calculation: "KPIs" : Operating Profit, ROE etc. of previous year

<New Long-term Performance-based Incentive Plan (PS Incentive) >

- Form : cash
- Performance evaluation period: 3 years
- Calculation: Based on stock price and total shareholder returns relative to peer companies*

<Restricted Stock Plan (RS Incentive) >

- Form : stock
- Lock-up period: 3 years

* Nomura Real Estate Holdings, Inc., Tokyu Fudosan Holdings Corporation, Mitsui Fudosan Co., Ltd., Tokyo Tatemono Co., Ltd., and Sumitomo Realty & Development Co., Ltd

Strategic-holding Stock Policies

- Sold 28 entities* with total value of approx. 31.5 bn yen in the past four years (FY16–19).
- Current market value of the holdings is approx. 230 bn yen; routinely review strategic objectives and dispose of stocks as necessary.

* Including partial sale

8. External Evaluation

As of January 2020, reputations or ratings below have been given.

- FTSE4Good Global Index (18 years in a row)
- FTSE Blossom Japan Index (Adopted by GPIF)(3 years in a row)
- MSCI Japan ESG Select Leaders Index (Adopted by GPIF) (3 years in a row)
- MSCI Japan Empowering Women Select Index (Adopted by GPIF)
- S&P/JPX Carbon Efficient Index (Adopted by GPIF)
- SNAM Sustainability Index (8 years in a row)
- GRESB Public Disclosure (3 years in a row)
- GRESB Real Estate 2019: Three Stars/Green Star
- CDP Climate Change 2019 Questionnaire: A- rating



Appendices

1. Expected Results and Review of Previous Medium-term Management Plan

<Summary> All quantitative targets are on track
Financial efficiency and corporate value improvement initiatives showing significant progress

① Expected results vs targets (in brackets)

Operating income: ¥230 bn(¥220 bn) , **ROA: 3.9%**(around 3.5%) , **Net interest-bearing debt / EBITDA: 7.4×**(around 8.5×)

② Efforts to improve financial efficiency

Significant progress in improving both the numerator (profit) and the denominator (asset and equity)

Increase numerator	<ul style="list-style-type: none"> • Advance long-term redevelopment projects • Increase in capital gains 	<ul style="list-style-type: none"> • Enhance rental profit on existing asset • Secure development projects
Expand business without asset	<ul style="list-style-type: none"> • Develop hybrid model investment business • Public listing of logistics REIT company 	<ul style="list-style-type: none"> • M&A: realty business, parking management business • Expand hotel operations business
Control denominator	<ul style="list-style-type: none"> • Executed ¥100 bn share buyback • Disposal of strategic-holding stocks 	<ul style="list-style-type: none"> • Disposal of underperforming asset • Replacement of assets

③ Efforts to enhance corporate value

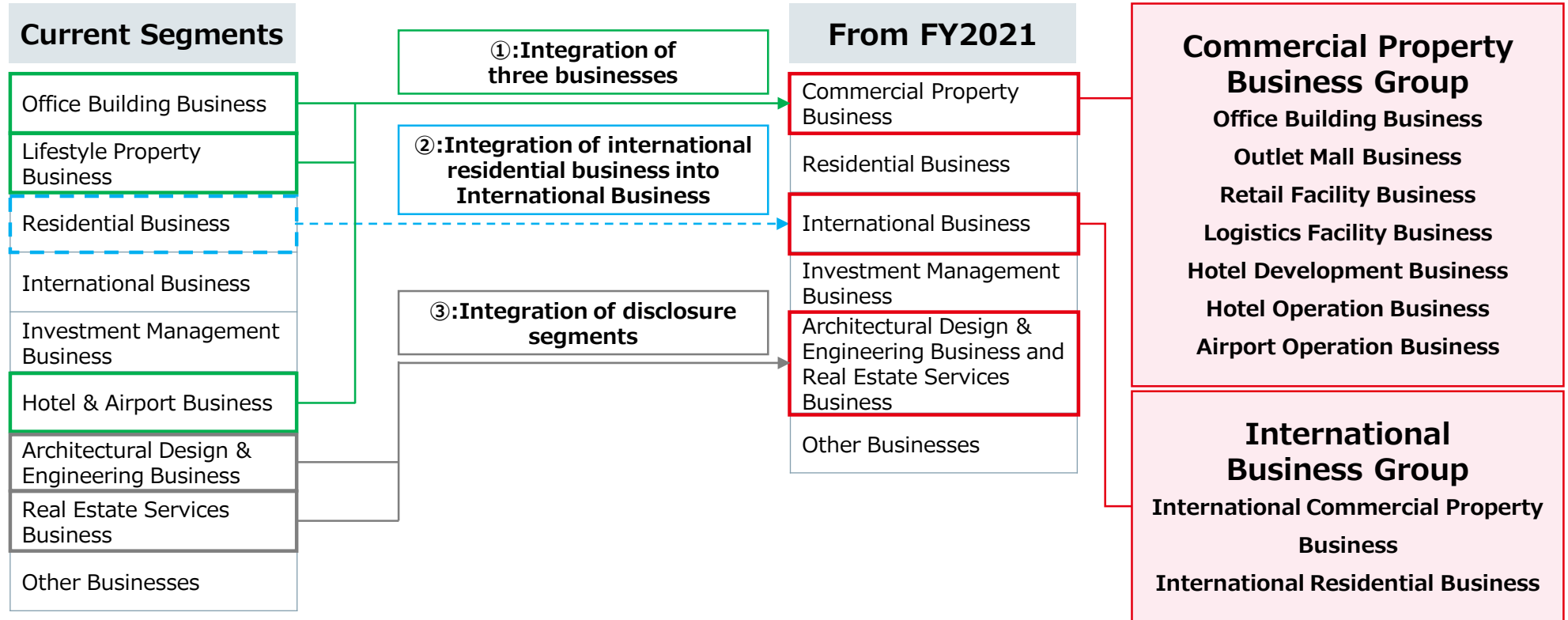
Reinforcement of capital policy and governance	<ul style="list-style-type: none"> • Transformation of capital policy • No renewal of anti-takeover measures • Disposal of strategic-holding stocks 	<ul style="list-style-type: none"> • Change in the composition of Committees <ul style="list-style-type: none"> ✓ Independent outside directors only for Nominating Committee ✓ Independent outside director for the chairman of Audit Committee
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2. Quantitative Target (Rationale of index selection)

	Formula	Rationale
ROA	Business Profit ÷ Total Asset* (See below)	This is an index that demonstrates the importance of continuous improvement of asset efficiency for our asset business which continues to be our core activity. It is also used to monitor the progress of non-asset business.
ROE	Profit Attributable to Owners of Parent ÷ Equity*	The index is introduced for the first time in the Management Plan to ensure improvement of capital efficiency and enhancement of shareholder value. The basic idea is improvement of ROE through improvement of ROA. Leverage will be properly managed, including share buyback, while maintaining current credit ratings
EPS	Profit Attributable to Owners of Parent ÷ Average Number of Stocks during the Year	The index is introduced for the first time in the Management Plan to ensure improvement of business efficiency and enhancement of shareholder value. The basic idea is improvement of EPS through the improvement of profits. The denominator will be properly managed through share buyback, while maintaining current debt ratings.
Business Profit	Operating Profit + Equity in earnings (loss) unconsolidated subsidiaries and affiliates	Strategic alliance with third parties will become more critical than ever for the continuing growth of our business. This index is introduced to monitor profits including returns from these joint ventures.

* Average of the amount at the beginning and end of the period

3. Segmentation Change from April 1, 2020



<Purpose of Change>

- ① The Office Building, Lifestyle Property, and Hotel & Airport business units will be merged to strengthen capabilities for increasing cross-segment projects.
- ② International Residential business will move from the Residential Business segment to the International Business segment to consolidate international project expertise.
- ③ Architectural Design & Engineering Business, and Real Estate Services Business are integrated as Other Businesses for simplified disclosure.

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