

Q&A from IR Presentation (IR Meeting for FY2021)

< Capital Policy / Shareholders Return >

Q: I understand that you have been taking a stance for acquiring a considerable amount of share buybacks rather than a small scale. Why did you decide to repurchase worth 30 billion Japanese yen? Isn't it possible to do both growth investments and large-scale share buybacks with your strong financial condition?

A: In order to achieve KPI target in the Long-Term Management Plan, making a steady increase in profit, which is a numerator of ROE, in late 2020s becomes important. Therefore, growth investments aiming for profit growth have higher priority at the moment.

In addition, the number of projects that we decided to participate but cash out will be a little later has been increasing. A considerable amount of share buybacks is planned in the Long-Term Management Plan, however, we made a general judgement on a scale of share buybacks by considering future investment environment, BS/PL conditions, and stock price condition.

Q: What is your future plan for the frequency and scale of share buybacks? Have any investors expressed to ask for more stable share buybacks, such as stable dividend?

A: The major premise is to achieve KPI target in the Long-Term Management Plan. Therefore, growth investments aiming for a steady increase in profit have higher priority at the moment. However, changes in investment environment need to be considered when and how we make actions in order to improve social and shareholder values. By keeping in mind that achieving KPI target in the Long-Term Management Plan, we'd like to make appropriate judgements flexibly through communication with stake holders.

Opinions on shareholders return policy differ among investors. However, we believe that constant evaluations have been received from long-term investors who show understandings for our long-term direction and policy.

< Investment Strategies >

Q: What are your development and investment directions for Marunouchi, outlet malls and Asia?

A: In regards to Marunouchi, we will steadily proceed with redevelopment and renewal in order to enhance area value. For outlet malls, we plan to develop new sites in Saitama and Kyoto. We'll look for more opportunities if there are any with but choices are limited in Japan.

In Asia, there are areas where excess return is possible by utilizing the Company's know-how. We'd like to establish positive cycle of enhancing relationships with local partner companies and

securing preeminent local staff members by accumulating business results. We also think that there are some rooms for developing outlet malls in Asia.

Q: In your presentation, you mentioned opportunities for property acquisitions trend upward. What do you think the background for it with a current condition that property price tends to rise? Have you made any changes in investment evaluation criteria?

A: Because of the impact of COVID-19, more companies are discussing effective use of their real estates. Under such situation, cultivated business relationships with our customers have contributed to increase business opportunities through one-on-one negotiation. The price competition tends to be intense for bidding projects, however, we take an initiative on improving profitability of projects by calling for business partners and receiving incentives, such as development fees, in return for providing the Company's know-how.

There has been no change in investment evaluation criteria and investments have been selected carefully.

Q: Are there any possibilities to participate in data center development projects in Japan?

A: We have already participated in data center management through Mitsubishi Estate Groups' Marunouchi Direct Access. However, as announced the other day, it will be our first to enter a large-scale data center development in the U.S. In Japan, we have been discussing the possibility, so we'd like to participate if appropriate sites are found.

< Real Estate Market / Capital Recycling Business >

Q: It is explained that capital gains level will be increased in order to achieve ROE target in the Long-Time Management Plan. What are your views on domestic capital recycling business and ROE improvement?

A: Conditions of real estate market differ according to each asset. For logistics facilities, rental apartments, and offices, while excessive liquidity continues worldwide, investment demands remain active. Although market environment to obtain lands for logistic facilities is severe, we have about 15 pipelines including ones currently under development. In addition, we promote developments of rental apartments and compact offices (CIRCLES Series).

For future development projects, along with joint ventures with investors, we'd like to improve ROE by improving investment efficiency through fee income.

Q: Do you plan to sell properties in Marunouchi in the future as you have sold of ownership interests in the Otemachi Park Building in March, 2020?

A: In order to increase overall area value in Marunouchi, it is important that the Company continues to take initiatives for controlling urban development of the area. Therefore, selling properties to other parties who agree with our vision of urban development is the premises. With asset efficiency in mind, we'd like to discuss the matter considering situations at each time and availability of other parties.

< **Marunouchi / Office Building Business** >

Q: How do you think the competitive edge of Marunouchi will change as redevelopment of Yaesu moves forward? Are you concerned about declining the competitive edge?

A: Our focus is to enhance value of Marunouchi area as a whole. We'd like to engage in urban development that continues to be chosen by offering various measurements, such as promotion of collaborations among companies as a result of concentration of companies in the area, support for venture companies, and introduction of state-of-the-art technologies. We welcome various functions to be added to Yaesu area and thus contribute to enhance area value. As a result, we hope to enhance the value of Tokyo station surrounding area, including Marunouchi.

Q: Have you seen any changes in terms of motives for relocation among tenants compared with before COVID-19?

A: Before COVID-19, each company was motivated to relocate in order to secure human resources. This flow gradually begins to restart at the moment, but not yet like before COVID-19 when each company was moving toward the same direction. We will continue to understand tenants' needs and communicate with them for better suggestions that meet their needs.

Q: You have shifted to new workstyle by relocating your headquarters to Otemachi Park Building. How do you respond to post COVID-19 workstyles of your own as well as tenant companies?

A: Ideal workstyle is not the same for all. It depends on industry and situation of each company and thus changes as time goes by. There are two initiatives that we attempted in our current headquarters and were found as universally important: To make decisions in a speedy manner by eliminating barriers among departments; To make changes in layout and functions easier without increasing cost. In addition, with the increasing demand of sanitation, we have been actively pursuing demonstration experiments in order to improve contactless technology and ventilation function.

Q: Could you share your views on most recent trends of office demands and changes in usage of office?

A: During the corona crisis, telecommuting and working from home are encouraged to prevent the spread of the infectious disease. It doesn't mean that these workstyles are desirable for all companies, but in some aspects, this experience provides us opportunities to realize importance of face-to-face communication and comfortability of work environment. A series of cancelations have been happening among IT companies in Japan and overseas companies, such as in the U.S., but now they begin to return to work in offices. Therefore, I think that workstyle combining office and telecommuting will take root.

Q: While many companies try to reconsider their workstyles, when do you think it will be for each company to arrive at a conclusion of its new workstyle?

A: I can't say for sure because the impact of COVID-19 on business performance differs depending on industry and individual company. At least, I don't think cancellation volume from tenants in our owned buildings is not increasing at the moment. However, even if any cancellations were to happen, there are needs for relocation to Marunouchi from surrounding areas. Therefore, we could invite tenants to relocate their strategy centers to Marunouchi and further promote diversity among tenants. I believe this will lead to improvement of overall area value in Marunouchi.

Q: I understand that you have been promoting to establish workation sites and TELECUBE. How are current operation conditions and external evaluations for these?

A: For workation sites, while the use for the purpose of team building and employee trainings had decreased due to COVID-19, operation rate has been gradually increasing at the moment as demands for telecommuting continue. Therefore, I hope to find more various use of workation sites than in the past at post COVID-19. We also promote TELECUBE as a space for making efficient use of spare time wherever you go. From now on, we'd like to increase both numbers of sites and operation rate.

< Environment / ESG >

Q: Regarding renewable energy, is there a possibility that you participate in power generation business?

A: I believe that, as the Company engaging in urban development, we have the mission to be involved in renewable energy in various ways. At present, we are working on the installation of solar panels in some of our businesses. We plan to participate in biomass power business from now on. In addition, we'd like to actively participate in all kinds of measures promoted by

Japanese government.

Q: What are reactions from your current and prospective tenants regarding the introduction of renewable energy?

A: While the whole world including Japan is aiming for carbon-neutral, companies also need to proceed with their businesses by setting CO₂ emission reduction target. Our initiative to switch to renewable energy contributes to CO₂ emission reduction of tenant companies, so I believe that we will receive high evaluation from companies that are keen on CO₂ emission reduction.

< Others >

Q: What do you think about a risk of rise in interest rates in the U.S.?

A: We are keeping an eye on various trends in the U.S., not just about interest rate risk but also others including changes in the corporate tax rate. We are open to discuss policies through close communication with local group companies, regarding but not limited to market conditions.

Q: What the purpose for the pilot program of electric scooters indicated in IR presentation p.16?

A: It aims to examine how to improve accessibility and convenience in Marunouchi area and also find electric scooters' potential as the means of transportation.

(End)