Enter the next stage of value creation by staying ahead of ever-changing social needs
I. Current Mid-Term Management Plan Principles

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* FY2018 indicates the year ending March 31, 2018, other fiscal years being treated in a similar manner.
I. Current Mid-Term Management Plan Principles
Successfully achieved previous mid-term management plan target of **enhancing company value** through the reinforcement of income stream

### Strengthening development expertise

- Carried out multiple landmark development projects nationwide with concentration in Marunouchi area
- Further diversified urban functions of Marunouchi by attracting venture companies and adding hospitality functions
- Expanded development asset types including hotels and investment purposed micro-unit condominiums
- Organizational improvement of overseas business (e.g. establishing Premium Residence in Thailand together with renowned local partner)

### Enhancing group-wide value chain platform

- Implemented the initiative through M&A and alliance (Acquisition of TA Realty and strategic partnership with Marubeni in residential property management business)
- Expansion of solution services for the private property owners (e.g. addition of building renovation services)

### Reorganizing company structure

- Transition to a “Company with Nominating Committee, etc.”
- Launch of Business Creation Dept.
- Consolidation of formerly independent office building business lines into one group
- Independent segmentation of Lifestyle Property Business line
- Expansion of Business Development, Consulting & Solutions Group

Reinforcement of income stream will lead to realization of profit during current mid-term
Previous Mid-Term Review FY 2015-2017

Quantitative Target Achievements

Original target was successfully achieved through increased rent revenue and timely disposition of assets by accurately capturing market improvement.

<table>
<thead>
<tr>
<th></th>
<th>FY 2017 Target</th>
<th>FY 2017 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Potential EBITDA</td>
<td>¥250 billion or above</td>
<td>¥279.7 billion</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥165 billion or above</td>
<td>¥192.5 billion</td>
</tr>
<tr>
<td>Performance EBITDA/Total Assets</td>
<td>5.0% or above</td>
<td>5.2%</td>
</tr>
<tr>
<td>Stability Net Debt/EBITDA</td>
<td>Approx. 8.0-8.9 times</td>
<td>7.7 times</td>
</tr>
</tbody>
</table>

Operating Income performance during previous mid-term management period

Unrealized gain of income generating assets
### Previous Mid-Term Review FY 2015-2017

<Operating Income by business line>

<table>
<thead>
<tr>
<th></th>
<th>FY2015 Actual</th>
<th>FY2016 Actual</th>
<th>FY2017 Actual</th>
<th>FY2017 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Business</td>
<td>102.8</td>
<td>108.9</td>
<td>133.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Lifestyle Property</td>
<td>26.1</td>
<td>25.8</td>
<td>25.8</td>
<td>20.0</td>
</tr>
<tr>
<td>Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential Business</td>
<td>11.5</td>
<td>18.0</td>
<td>19.2</td>
<td>28.0</td>
</tr>
<tr>
<td>International Business</td>
<td>25.9</td>
<td>19.4</td>
<td>26.3</td>
<td>25.5</td>
</tr>
<tr>
<td>Management Services</td>
<td>6.8</td>
<td>8.9</td>
<td>9.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Eliminations or</td>
<td>(16.9)</td>
<td>(14.9)</td>
<td>(21.5)</td>
<td>(15.5)</td>
</tr>
<tr>
<td>Corporate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>156.3</td>
<td>166.2</td>
<td>192.5</td>
<td>165.0</td>
</tr>
</tbody>
</table>
Surrounding Business Environment

- Market is expected to remain robust for the near term, but there is potential for the downside due to the political unrest and economic uncertainty on a global level
- Rapid changes to the social and economic environments affecting our business

### Diversification in how people work and communicate

Targeted number of companies introducing Telework to be tripled by 2020 from 2012

*2016.5 Cabinet Decision “Declaration to be the World’s Most Advanced IT Nation”

### Sustained growth of emerging countries

Outlook for ASEAN 5 nominal GDP

- 2015: $2.0 trillion
- 2022: $3.5 trillion

*IMF 2017.4 World Economic Outlook Database

### Increasing inbound tourism and diversification of demand

Travel expenditure of international visitors to Japan

- 2015: ¥3.5 trillion
- 2030: ¥15 trillion

*2016.3 Japan Tourism Agency
“Annual Value of the Consumption Trends of International Visitors to Japan Survey for 2016 (final report)”

### Progress of low birth rate and aging population in domestic market

<table>
<thead>
<tr>
<th>Domestic Population</th>
<th>Aging population growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>127 MM</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>26.7%</td>
</tr>
<tr>
<td>117 MM</td>
<td>2030</td>
</tr>
<tr>
<td></td>
<td>31.6%</td>
</tr>
</tbody>
</table>

*2016 Annual report on aging society

### Progress of Industry 4.0 (e.g. AI, IOT)

<table>
<thead>
<tr>
<th>Number of IoT products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>3 billion products</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>25 billion products</td>
</tr>
</tbody>
</table>

*2015.2 Ministry of Economy, Trade and Industry

### Surge of venture companies and start-ups in business activities

Ratio of Venture capital investment to nominal GDP to be doubled by 2022 (2012 to 2014 average 0.03%)

*2016.4 “Venture Challenge 2020” Cabinet Office, Government Of Japan

### Growing investment demand into real estate sector globally

Targeted total asset size including REIT to be doubled by around 2020 (¥30 trillion)

*2016.3 Ministry of Land, Infrastructure, Transport and Tourism

### Diversified demand for dwellings

- Second hand housing market: ¥4 trillion
- Renovation market: ¥7 trillion
- Government Target for market expansion: ¥8 trillion

*2016.3 Basic Act for Housing

### IMF 2017.4 World Economic Outlook Database

Outlook for ASEAN 5 nominal GDP

- 2015: $2.0 trillion
- 2022: $3.5 trillion

### Targeted number of companies introducing Telework to be tripled by 2020 from 2012

*2016.5 Cabinet Decision “Declaration to be the World’s Most Advanced IT Nation”

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*2016.4 “Venture Challenge 2020” Cabinet Office, Government Of Japan

### Targeted total asset size including REIT to be doubled by around 2020 (¥30 trillion)

*2016.3 Ministry of Land, Infrastructure, Transport and Tourism

### Government Target for market expansion

- ¥8 trillion
- 2025
- ¥12 trillion

*2016.3 Basic Act for Housing
Ⅱ．Outline Of The Current Mid-Term Management Plan
Values Behind Current Mid-Term Management Plan

The Spirit of Mitsubishi: Three Principles

“Shoki Hoko” 所期奉公 Corporate Responsibility to Society
Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

“Shoji Komei” 处事光明 Integrity and Fairness
Maintain principles of transparency and openness, conducting business with integrity and fairness.

“Ritsugyo Boeki” 立業貿易 Global Understanding through Business
Expand business, based on an all-encompassing global perspective.

The Mission of the Mitsubishi Estate Group

We contribute to society through urban development
By building attractive, environmentally sound communities where people can live, work and relax with contentment we contribute to the creation of a truly meaningful society

Initiatives of current mid-term management period to be realized over a 10-year

Intensify **competitiveness** of group companies and **stay ahead** of changes in the market

Group-wide initiatives to achieve innovative changes

1. Expanded reproduction of existing expertise
2. Enforce the most efficient use of management resources
3. Increase the speed and quality of decision making process
Themes Shared Among The Group

1. Expanded reproduction of existing expertise

Mitsubishi Estate expertise

Accumulated involvement in vast number of assets

- Total 5.4 million m² office space managed
- 2.7 million m² in Marunouchi area
- Total of 185,000 residential units delivered to date
- Total 3.7 million m² developed by Rockefeller Group to date

Long-cultivated relationship with various stakeholders

Selected as FTSE 4 GOOD Global Index 15 years in a row *3

170 million visitors to the managed shopping centers annually *2

Mitsubishi Jisho Sekkei provided its service to approx. 14,000 projects*4

Japan Real Estate Investment Corp. has 1,100 institutional investment partners

Credible and reputable brand

A wealth of information derived from providing a wide variety of services

Strong financial stability

Cycle of expanded reproduction of expertise through shared created value

Creation of added value through utilization of expertise

Sharing of created value with stakeholder

Acquisition of new business opportunities (Expanded reproduction of asset involvement)

Boost strong relationship with stakeholders (Expanded reproduction of various network)

Acquire new capabilities through the formation of the appropriate partnerships, to achieve the maximum mutual benefit in the event of creating new business and innovating existing business model

*1 Figures are as of March 2017.
*2 Number of visitors to the shopping centers reflects 2016 data
*3 The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
*4 After company split-up in 2001
2. Enforce the most efficient use of management resources

**<Human resource>**
- Exercise full potential of group employees through advancement of group-wide efficient management system
- Provide an improved working environment corresponding to “work-style reforms” aimed at increasing productivity
- Introduce a system which enables full utilization of employees’ expertise as well as client network

**<Business/asset portfolio>**
- Ensure premium value creation and assessment of market cycle/external factors (growth potential) for every asset and business
- Seek new opportunities deriving from existing business and assets

**<Capital allocation>**
- Allocation of investment into mid-to-long term strategic growth area where we can apply in-house capabilities
- Using in-house expertise to build the most efficient portfolio through timely and opportune disposal and acquisition of assets

3. Increase the speed and quality of decision making process

- Ensure to improve the functionality of corporate governance and performance monitoring
- Promote appropriate transition of power
2 major points

① Realization of profit as a result of reinforced income stream during previous mid-term

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
Elements Of Current Mid-Term Management Plan ①
: Realization of profit as a result of reinforced income stream during previous mid-term

<p>| Completion of landmark projects (with concentration in Marunouchi area) will contribute to operating cash flow |</p>
<table>
<thead>
<tr>
<th>Office Building Group</th>
<th>Lifestyle Property Business Group</th>
<th>Residential Business Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>OTEMACHI FINANCIAL CITY GRAND CUBE</td>
<td>Otemachi Park Building</td>
<td>The Parkhouse Nishi-Shinjuku Tower 60</td>
</tr>
<tr>
<td>TRC New Logistics Building B</td>
<td>The Parkhouse Shirokane 2-chome Tower</td>
<td>TGMM Shibaura Project (Tower A)</td>
</tr>
<tr>
<td>Multi-use development complex, planned on the site of Hawks Town Mall</td>
<td>Marunouchi 3-2 Project</td>
<td></td>
</tr>
</tbody>
</table>

Full utilization of brand and development/management capabilities to achieve financial performance targets

Expansion and advancement of overseas business
- Complete major capital renovation of 1271 Avenue of the Americas (full occupancy expected in 2020)
- Further implement the hybrid investment model through a global investment management platform
- Increase the investment volume into the development projects in the 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

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 through the initiatives such as launch of dedicated REIT which has intention of going public

Generate income streams from capital gain and various management fees through delivery of high quality assets
Elements Of Current Mid-Term Management Plan ②

\[
\text{Basic concept}
\]

"In-house expertise" × "Acceleration of environmental change" \(\Rightarrow\) Business model innovation

- Accumulated involvement in vast number of assets
- Long-cultivated relationships with various stakeholders
- Credible and reputable brand
- A wealth of information derived from providing a wide variety of services
- Strong financial stability

Advancement of technology which incites a change in values

Globalization and growth of emerging markets

Surge in venture businesses

Increased speed of access to and distribution of information

Social and demographic changes

"Entering the next stage of value creation by staying ahead of ever-changing social needs"

- New service
- New process
- New target
- New income source

Evolution of existing business

Entrance to new field of business

"In-house expertise" × "Acceleration of environmental change" \(\Rightarrow\) Business model innovation
Elements Of Current Mid-Term Management Plan ②
Promote business model innovation to achieve further growth in 2020’s

“In-house expertise” × “Acceleration of environmental change” ⇒ Business model innovation

Direction of Mitsubishi Estate group’s business model innovation

The Spirit of Mitsubishi: Three Principles
- Corporate Responsibility to Society
- Integrity and Fairness
- Global Understanding through Business

The Mission of the Mitsubishi Estate Group
We contribute to society through urban development
By building attractive, environmentally sound communities where people can live, work and relax with contentment we contribute to the creation of a truly meaningful society

Based on the our core trinity of values, with commitment to take one-step further to enhance “the creation of a truly meaningful society”

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

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)

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.)
Elements Of Current Mid-Term Management plan

Initiate business model innovation to achieve further growth in 2020’s

Organizational improvement in FY2018
- Direct supervision of Business creation Dept. under President and CEO in order to increase the speed of decision making process and accelerate group-wide business innovation
- Launch of “Open Innovation Promotion Office” in Office Building Group in order to trigger Marunouchi centered business creation

Generate new primary source of business of 2020’s by further strengthening the comprehensive effort of enhancing group-wide expertise and finding promising markets

On-going initiatives and viewpoints

Improve productivity of business activity
- Attract cutting-edge venture businesses by utilizing the benefit of concentration of leading global companies
- In addition to strengthening office leasing business, further expand and sophisticate our business including the tenant services through collaboration

Effective use of existing social resources
- As renovation market is expanding, lease the old building from the property owner and sublease to the users after the renovation
- Entering into regional airport operation business which utilizes existing public infrastructure to satisfy social tourism demand

Enriching quality of life
- Provide highly developed IT service at the large number of managed facilities through collaboration with tech companies and research institutions
- Introduced unattended property tour services at the residential apartments using smartphones
- Multilingual customer service translation application introduced at managed shopping centers to accommodate ever-growing inbound tourism popularity

⇒ Increase the asset value of managed facilities by achieving high client satisfaction through providing various soft services.

Collaboration on new business model to satisfy the sophisticated demand for food

Through the partnership with CSN, introduced fresh seafood delivery service to the residents of the condominiums

<Concentration of leading companies in the Marunouchi District>
- Concentration of Fortune Global 500 companies
- Number of listed companies with head offices in the Marunouchi District
- Consolidated net sales of the 97 companies
- ¥121 trillion
- Number of office workers
- 280,000

*1 Fortune Global Top 500, 2015
*2 Japan company handbook, 2015
*3 The council for area development and management of Otemachi, Marunouchi, and Yurakucho, 2016

 Yosemite Property

Organizational improvement in FY2018

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Launch of “Open Innovation Promotion Office” in Office Building Group in order to trigger Marunouchi centered business creation

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Effective use of existing social resources

As renovation market is expanding, lease the old building from the property owner and sublease to the users after the renovation

Before

After

The ParkRex Koamicho Building

⇒ Entering into regional airport operation business which utilizes existing public infrastructure to satisfy social tourism demand

⇒ Utilizing in-house facility operation expertise and a well cultivated partner network, explore the new business opportunities, such as resort hotel business which can benefit from airport operation business.
Ⅲ．Quantitative Plan
### Quantitative Targets

<table>
<thead>
<tr>
<th></th>
<th>FY2017 Actual</th>
<th>FY2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth Potential</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥192.5 billion</td>
<td>¥220 billion</td>
</tr>
<tr>
<td>Overseas Operating Income※1</td>
<td>Approx. ¥27 billion</td>
<td>Approx. ¥35 billion</td>
</tr>
<tr>
<td>Capital Gains※2</td>
<td>Approx. ¥42 billion</td>
<td>Approx. ¥38 billion</td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income / Total Assets (ROA)</td>
<td>3.6%</td>
<td>Around 3.5%</td>
</tr>
<tr>
<td><strong>Stability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Debt / EBITDA (Hybrid finance reflected)</td>
<td>7.7 times (7.1 times)</td>
<td>Around 8.5 times (around 8 times)</td>
</tr>
</tbody>
</table>

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

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

**Operating Income**

FY2015: 156  
FY2016: 166  
FY2017: 193  
FY2018 (forecast): 195  
FY2020 (Target): 220

**Overseas Operating Income**

FY2017: Overseas Operating Income 27  
FY2020: Overseas Operating Income 35  

*Overseas operating income includes one-time-only profit due to the early lease termination*
### Quantitative Targets

**<Operating Income target by business line>**

<table>
<thead>
<tr>
<th>Business Line</th>
<th>FY2017 Actual Operating Income</th>
<th>FY2020 Target Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;Capital Gains&gt;</td>
<td>&lt;Capital Gains&gt;</td>
</tr>
<tr>
<td>Building Business</td>
<td>133.6 (Approx. 18)</td>
<td>138 (Approx. 8)</td>
</tr>
<tr>
<td>Lifestyle Property Business</td>
<td>25.8</td>
<td>37</td>
</tr>
<tr>
<td>Residential Business</td>
<td>19.2</td>
<td>20</td>
</tr>
<tr>
<td>International Business</td>
<td>26.3 (Approx. 24)</td>
<td>29</td>
</tr>
<tr>
<td>Investment Management Business</td>
<td>4.5 (Approx. 24)</td>
<td>6 (Approx. 30)</td>
</tr>
<tr>
<td>Hotel Business /Architectural Design &amp;Engineering /Real Estate Solution Services</td>
<td>4.5</td>
<td>5</td>
</tr>
<tr>
<td>Eliminations or Corporate</td>
<td>(21.5)</td>
<td>(15)</td>
</tr>
<tr>
<td>Total</td>
<td>192.5 (Approx. 42)</td>
<td>220 (Approx. 38)</td>
</tr>
</tbody>
</table>
Quantitative Targets

<Investment-Return Target FY 2018-2020>

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>Return</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Business</td>
<td>500</td>
<td>200</td>
<td>300</td>
</tr>
<tr>
<td>Lifestyle Property Business</td>
<td>200</td>
<td>50</td>
<td>150</td>
</tr>
<tr>
<td>Residential Business</td>
<td>850</td>
<td>750</td>
<td>100</td>
</tr>
<tr>
<td>&lt;Domestic condominium&gt;</td>
<td>&lt;700&gt;</td>
<td>&lt;600&gt;</td>
<td>&lt;100&gt;</td>
</tr>
<tr>
<td>International Business</td>
<td>400</td>
<td>150</td>
<td>250</td>
</tr>
<tr>
<td>Group-wide business model innovation budget</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,050</td>
<td>1,150</td>
<td>900</td>
</tr>
<tr>
<td>&lt;Domestic condominium&gt;</td>
<td>&lt;700&gt;</td>
<td>&lt;600&gt;</td>
<td>&lt;100&gt;</td>
</tr>
</tbody>
</table>
**Capital Policy**

**Growth investment**

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

**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)

Recent issuance of corporate bond

<table>
<thead>
<tr>
<th>Date of issuance</th>
<th>Maturity</th>
<th>Amount issued</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2016</td>
<td>40-year</td>
<td>¥ 15 billion</td>
<td>0.789%</td>
</tr>
<tr>
<td>February 2017</td>
<td>10-year</td>
<td>¥ 10 billion</td>
<td>0.270%</td>
</tr>
<tr>
<td></td>
<td>20-year</td>
<td>¥ 10 billion</td>
<td>0.859%</td>
</tr>
</tbody>
</table>

**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 share will be considered depending on circumstances (ex. the economic condition and share price of company at the time etc.)
Ⅳ． Strategies By Business Line
Strategies By Business Line  - General Overview

Covering wide range of business in both domestic and overseas market with, synergy between the business lines.
Strategies By Business Line  - General Overview

Initiatives of current mid-term management period to be realized over a 10-year
Intensify competitiveness of group companies and stay ahead of changes in the market

Group-wide initiatives
- Expanded reproduction of existing expertise
- Enforce the most efficient use of management resources
- Increase the speed and quality of decision making process

Reinforcement of income stream  “In-house expertise” × “Acceleration of environmental change”  Realization of profit  Business model innovation

<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 support 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 the flagship building
- 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 management platform in Japan, US, Europe and Asia.

<Hotel Business>
Expand “Royal Park” branded hotels by capitalizing on the increasing tourism popularity

<Architectural Design & Engineering Services>
Continue to provide design and construction supervision services for the landmark projects
Expand consulting, construction management and overseas services
Provide technical support within the group

<Real Estate Services>
Become No.1 real estate service provider by utilizing various solution menu, group-wide expertise, and nation-wide branch network

<Corporate>
Achieve long-term corporate value enhancement and mutually profitable relationship with stakeholders by establishing a position as a fore-runner of ESG-conscious corporation

<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.
Office Building Business ①

**Key Takeaways**

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 support sustainable growth

### Otemachi Park Building
- Dedicated lounge space to accommodate diversified work style
- Ascott Marunouchi Tokyo (Serviced Apartments) as the first-ever residential function in Otemachi

### Nishiki 2-chome Project
- Large scale development project in Nagoya CBD
- Preservation of historic building for retail use

### OTEMACHI FINANCIAL CITY GRAND CUBE/Hotel
- Key disaster resistance hub to supports area-wide business continuity plan
- Hoshinoya Tokyo offers its first-ever urban resort “ryokan” experience

### TGMM Shibaura Project
- Landmark development project directly connects to JR Tamachi station by pedestrian deck
- Smart energy network enables energy security improvement and lower carbon-hydrate emission

### Marunouchi 3-2 Project
- Meeting room and banquet space to attract various business events (MICE)
- Underground service tunnel to bolster area-wide disaster management

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**Vacancy Performance (Our building vs. Tokyo 5-ward average)**

Achieve targeted income stream through delivery of characteristic development projects, demonstration of strong leasing track-record, and operation expertise

**Building Business Operating Income performance**

(billions of yen)

- FY2017: 116 (Capital gains: 18), 130 (Capital gains: 8)
- FY2020: 130 (Capital gains: 8)
In addition to business facilities, we added retail and social functions to the area. Otemachi-Marunouchi-Yurakucho has become a diverse and open area, appealing to a wider range of people.

In providing creativity oriented destination, accelerate current initiative as “Open Innovation Field” and realize these ideas through delivery of each projects.

We are Here!

In providing creativity oriented destination, accelerate current initiative as “Open Innovation Field” and realize these ideas through delivery of each projects.

Creativity oriented destination

“Next 20 years”

“Past 20 years”

Creation of shopping oriented venue

20 years since the restructuring of Marunouchi began. Otemachi-Marunouchi-Yurakucho area is now transforming into “OPEN INNOVATION FIELD”

World’s most interactive city
Dynamic Harmony “DIVERSITY” “SUSTAINABLE”

OPEN INNOVATION FIELD
Place where workers and businesses can grow

“Providing diversified business and social interaction opportunities”

“Create an environment which welcomes challenges”

An area abundant knowledge, filled with creative people and thriving businesses
Enhancing the areas functions will create business opportunities attract a highly-skilled network of professionals

“Bringing together knowledge and people for greater prospects”

“Encouraging people and institutions to reach their potential”

Evolution of urban space and infrastructure
Update of urban functions

Large scale renovation of Otemachi building (centennial building challenge)
The first action of “OPEN INNOVATION FIELD” initiative

✓ Prime Location
✓ Easily accessible
✓ Suited for small-grid layout popular with start-ups and tech related companies

⇒ Generate endless possibilities through the utilization of existing stock and updating the facilities of the existing building, demonstrating a new development solution which is unique to Mitsubishi Estate, in contrast to the traditional scrap-and-build model.
Office Building Business

Long-range development pipeline to support sustainable growth
(Full occupancy of following projects is expected in 2020’s)

- **Yurakucho Station District Redevelopment Project**
- **Sendagaya 5-chome North District Urban Redevelopment**
- **Marunouchi 1-3 Project**

### Yurakucho area
- **Marunouchi 3-2 Project** will increase capability to accommodate international convention and events
- City of Tokyo proposed Yurakucho area to be prototype of “National Strategic Economic Growth Areas”

### Tokiwabashi District Redevelopment Project
- Redevelopment of Tokiwabashi area neighboring Tokyo Station
- Tower B (390m) will be the highest office building in Japan when it is completed
- Large scale development as Tokyo’s new landmark
- Tower A construction start expected in January 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Project</th>
<th>Height</th>
<th>GFA</th>
<th>Construction Start</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>Yotsuba</td>
<td>230m</td>
<td>140,000m²</td>
<td>FY2018</td>
<td>FY2022</td>
</tr>
<tr>
<td>2020</td>
<td>Station</td>
<td>390m</td>
<td>490,000m²</td>
<td>FY2024</td>
<td>FY2028</td>
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</tbody>
</table>

### Key Features
- 7,000m² open space can accommodate various styles of events, unique to this project
- Large scale development enables diversified working environment and cutting-edge technology. This will create the destination where workers and businesses can pursue innovation and grow
Lifestyle Property Business

Key Takeaways
① Development, restoration, expansion of retail and hospitality properties
② Build strong platform for industrial property business

Outlet mall business
Premium Outlet brand has the highest number of visitors in the industry. In addition to expansion, efforts are being made for further sophistication and diversification.

The Fourth phase expansion project of Gotemba Premium Outlet will include hospitality facilities including a Japanese hot spring.

Gross sales of Premium Outlets showing rapid growth ever since the first opening in Japan.

Urban centered shopping center
Best utilize cultivated tenant relationship to identify new development opportunities.

Jingumae 4-chome Project

Industrial property business platform
Utilize client and partner networks together with solution planning capabilities to develop quality products including “Logicross” branded properties

Site acquisition/development
Operation/Property management
Asset management

Regional Shopping Center National Shopping Center
Leverage local development and operation expertise to expand “Mark is” series shopping center nationwide.

Hospitality Business
Cooperate with in-house and outside operator to secure the growing demand by delivering the most suitable product in the market.

Kyoto Shijo Karasuma Hotel Project

Hotel Project

Development pipeline
Completion expected | GFA
--- | ---
Tokyo Ryutsu Center New Logistics Building B | 06/2017 | 171,200㎡
Logiport Osaka | 03/2018 | 123,000㎡
Logicross Narashino | 03/2018 | 38,000㎡
Tsukuda 6-chome Project (Osaka) | 10/2018 | 38,000㎡

Full cooperation with Tokyo Ryutsu Center, consolidated subsidiary since August 2016, to maximize the asset value.

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Gross sales of Premium Outlets showing rapid growth ever since the first opening in Japan.

Best utilize cultivated tenant relationship to identify new development opportunities.
Residential Business

《Key takeaways》
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

Domestic condominium business
Enhance the solid income stream by establishing best-in-the-industry brand

Overseas Business
Incorporate steady economic growth of Asian markets through cooperation with renowned local partners and fully exercise residential expertise cultivated in our domestic business

The ParkOne’s
Delivering micro-unit condominiums in top locations
Whether for the demographic shift into the CBD, the increase of single-person households, or the demand created from low interest rates, this series meets a variety of needs

Stock business
With an abundance of stock and residential related services at its core, renovation and the circulation of secondhand housing is becoming increasingly diversified to meet changing evolving residential needs. Proactively integrating advanced information technology is providing customers with a greater level of satisfaction.
International Business

Key Takeaways
1. Large scale renovation of the flagship building
2. Promote hybrid investment model through global investment management platform
3. Increase investment volume into the development projects in the emerging markets by utilizing in-house expertise

Large scale renovation of the flagship building

Developed by Rockefeller Group in 1959, the building has been the major contributor for US operations. A large scale renovation project currently underway in order to further enhance the competitiveness of the building. Fully executed lease agreement with Major League Baseball already in place.

Hybrid investment model in developed countries

Promote investment through the platform which combines own and third party equity. Making efficient and diversified investment with the benefit of volume and area in order to explore opportunities to provide additional services for investors.

Partnership development business in emerging markets

Invest into quality development projects throughout Asia with renowned local partners. Drawing on a variety of group-wide expertise.
### Investment Management

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

- **Ahead of domestic rivalries, building global investment platform** through strategic M&A overseas
- **Further expand** current domestic and overseas total AUM exceeds ¥3 trillion.

### Hotel Business

**Key takeaways**
Expand “Royal Park” branded hotels by capitalizing on the increasing tourism popularity

#### Projects currently underway

- **Kyoto Shijo Karasuma Project** (Shimogyo-ku, Kyoto) Opening Spring 2018 130 rooms
- **Ginza Project** (Chuo-ku, Tokyo) Opening early 2019 125 rooms
- **Midosuji Project** (Chuo-ku, Osaka) Opening Spring 2020 352 rooms
Architecture and Design Services Business

**Key takeaways**
Continue to provide design and construction supervision services for the landmark projects  
Expand consulting, construction management and overseas services  
Provide technical support within the group

- With a strong track-record of architecture and design services of developer, Mitsubishi Jisho Sekkei is able to provide its services with business operator’s perspective  
- Maximize its corporate value by providing technical support within the group

Real Estate Services Business

**Key takeaways**
Become No.1 real estate service provider by utilizing various solution menu, group-wide expertise, and nation-wide branch network

- With a strong track-record of architecture and design services of developer, Mitsubishi Jisho Sekkei is able to provide its services with business operator’s perspective  
- Maximize its corporate value by providing technical support within the group

Taipei Nanshan Plaza
Architectural and design services for Nanshan Life (expected completion in 2017)  
- Mixed use landmark project comprised of office, retail and cultural components

- Mixing hearts, shaping the future

- Become best in the industry for providing services for CRE strategy support and real estate consulting services, by maximizing client asset value through utilization of accumulated expertise  
- Expand upon the car parking business by providing new services and a new business model, to make it another primary source of income
Increase productivity and human resource competitiveness

- Achieve higher productivity through innovation in business operations coupled with inspiring working environment
  - Relocation of headquarters to Otemachi Park Building is expected in second half of FY 2017.
  - Drive “work-style reforms” forward with cutting-edge offices.
  - Create an environment where employees can fully exercise their potential through human resources development program and various human-rights/diversity initiatives

Improvement and maintenance of Corporate Governance Structure

Further enhance the functionality of the various initiatives enforced during previous mid-term in order to increase quality and speed of decision making process at management level to further enhance corporate value

- Transition to a “Company with Nominating Committee, etc.” (Strengthen the function of corporate supervision function of board of directors, nominating committee, audit committee, and remuneration committee)
- Enhance supervising function of board of directors and transition of power to the officers (promote clarification of authorities and responsibilities of officers)
- Stock compensation plan (improve value sharing with shareholders)
Disclaimer

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