

May 26, 2021

To Whom It May Concern:

Company name: Mitsubishi Estate Co., Ltd.
Representative: Junichi Yoshida,
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Securities code: 8802
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Notice Regarding the Execution of a Share Exchange Agreement for the Acquisition of 100% Ownership of ROYAL PARK HOTEL CO., LTD. (Simple Share Exchange) by MITSUBISHI ESTATE CO., LTD.

MITSUBISHI ESTATE CO., LTD. (hereinafter referred to as the “Company”) and ROYAL PARK HOTEL CO., LTD. (hereinafter referred to as “RPH”) decided this day to exchange shares, which makes the Company a wholly-owning parent company in share exchange and makes RPH a wholly-owned subsidiary in share exchange (hereinafter referred to as the “Share Exchange”), in order to make RPH a wholly-owned subsidiary of the Company (hereinafter referred to as the “Acquisition of 100% Ownership”) and entered into a share exchange agreement for the Share Exchange (hereinafter referred to as the “Share Exchange Agreement”) as of this day. Therefore, we hereby notify you as follows.

The Share Exchange will be performed effective as of August 1, 2021 for the Company through procedures for simple share exchange that requires no approval of the shareholders’ meeting pursuant to Article 796, Paragraph 2 of the Companies Act and for RPH upon approval on the Share Exchange Agreement at RPH’s shareholders’ meeting to be held on June 23, 2021.

Since the Share Exchange is a simple share exchange involving a consolidated subsidiary, we are making disclosure, partially omitting matters and details that would otherwise require disclosure.

1. Purpose of the Share Exchange

The Company holds the reinforcement and expansion of non-asset businesses as one of the pillars of its three-pillar strategy for growth in the “Long-term Management Plan 2030 of MITSUBISHI ESTATE Group” announced on January 24, 2020 and is making efforts for new business development focused on B-to-C and B-to-B-to-C. As part of such efforts, in the hotel business, the Company is opening up hotels mainly in metropolitan areas across Japan in order to increase the number of guest rooms operated by hotels. In addition, the Company caused ROYAL PARK HOTELS AND RESORTS CO., LTD., the

Company's wholly owned subsidiary that operates group hotels (hereinafter referred to as "RPH&R") to absorb YOKOHAMA ROYAL PARK HOTEL CO., LTD. and TOHOKU ROYAL PARK HOTEL CO., LTD. in April 2020 and October 2020 respectively. By centralizing hotel operation, the Company is promoting the reinforcement of the power of the chain of Royal Park Hotels, the reinforcement of the operation ability of hotels, and the effective and efficient allocation of business resources.

On the other hand, the predecessor of RPH was a warehouse company that was incorporated in 1889 and that used to own a piece of land located in Nihonbashi Kakigaracho, Chuo-ku, Tokyo (that is the site of the present "Royal Park Hotel"). When the former CHUO KAIHATSU KANKO K.K. was launched as a main player in the hotel business upon the change of the trade name of that warehouse company in 1972, the Company took a stake in it together with several companies in the financial sector. Later, the Company became the largest shareholder as a result of subscription at the time of capital increase in 1980 and came to hold an approximately 40% stake as a result of sole subscription at the time of capital increase in 1986. After that, said company carried out full-scale hotel development plans, opened the "Royal Park Hotel" in 1989 and, since then, has owned and managed the hotel as a flagship hotel of the chain for more than 30 years. Meanwhile, the Company purchased shares from the other investors. At present, RPH is a consolidated subsidiary of the Company that has a 54.4% stake.

The Royal Park Hotels chain, like other hotel chains, must accelerate the necessary structural reforms in order to cope with rapid changes in the hotel business environment, including rapid changes in the demand of travel from overseas under the present severe environment for domestic and overseas tourism and lodging industries due to COVID-19, entry into the hotel business from different industries and the increased competition resulting therefrom, and the emergence of new technologies such as digital transformation.

Following the centralization of the operation of the premium accommodation type hotels, "THE Series" and the full-service type hotels, "Yokohama Royal Park Hotel" and "Sendai Royal Park Hotel" to the Company's subsidiary, RPH&R, the Company intends to reinforce and expand the hotel chain by speeding up the decision-making processes and making use of the human resources, service skills, and operational expertise it has developed in full-service type hotels over many years across the entire chain through the acquisition of 100% ownership of RPH, which owns, manages, and operates the flagship "Royal Park Hotel."

The Company recently decided to acquire 100% ownership of RPH, deeming it necessary to promptly carry out structural reforms including the diversification of the portfolio (area, price range and facility type) and dispersion of risk by making use of a chain; the reinforcement of brand and customer transfer

power, the securing of IT investment capability and renovation investment capability by making use of the scale advantage brought by expanding the chain scale; and enhancement of labor productivity by improvement of operational efficiency and the introduction of contactless operation by means of IT digital, and differentiation through the reinforcement of digital marketing capabilities in view of the future of the hotel industry after the significant changes caused by COVID-19. The Company will promote the reinforcement and expansion of group hotels as a whole by speeding up the decision-making processes and developing centralized and organic management of group hotels after the acquisition of 100% ownership of RPH by the Share Exchange and eventually reinforce and expand the non-asset businesses of the MITSUBISHI ESTATE Group.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

Date of approval on execution of the Share Exchange Agreement (both companies)	May 26, 2021
Date of execution of the Share Exchange Agreement (both companies)	May 26, 2021
Planned date of resolution for approval of the Share Exchange Agreement by the shareholders' meeting (RPH)	June 23, 2021 (plan)
Planned date of implementation of the Share Exchange (effective date)	August 1, 2021 (plan)

(Note 1) For the Company, the Share Exchange will be performed through procedures for simple share exchange that requires no approval of the shareholders' meeting pursuant to Article 796, Paragraph 2 of the Companies Act.

(Note 2) The planned date (effective date) of the Share Exchange may be changed upon the agreement of both companies.

(2) Method of the Share Exchange

The Share Exchange will make the Company a wholly-owning parent company in share exchange and make RPH a wholly-owned subsidiary in share exchange. The Share Exchange will be performed effective as of August 1, 2021 for the Company through procedures for simple share exchange that requires no approval of the shareholders' meeting pursuant to Article 796, Paragraph 2 of the Companies Act and for RPH upon approval on the Share Exchange Agreement at RPH's shareholders' meeting to be held on June 23, 2021.

(3) Allotment of shares in the Share Exchange

	Company (wholly owning parent company resulting from a share exchange)	RPH (wholly owned subsidiary resulting from a share exchange)
Allotment ratio in the Share Exchange	1	0.025
Number of shares to be delivered as a result of the Share Exchange	Ordinary shares of the Company: 1,368,010 shares (plan)	

(Note 1) Share allotment ratio

0.025 ordinary shares in the Company will be allotted and delivered with respect to 1 ordinary share of RPH. However, no shares will be allotted with respect to the ordinary shares in RPH held by the Company (65,279,600 shares as of this day) as a result of the Share Exchange.

If a material change arises in the financial or business conditions of the Company or RPH or any event that significantly hinders the implementation of the Share Exchange arises or comes to light by the effective date of the Share Exchange, the Company and RPH may change the above allotment ratio in the Share Exchange (hereinafter referred to as the “Share Exchange Ratio”) upon agreement through mutual consultation.

(Note 2) Number of shares to be delivered as a result of the Share Exchange

The Company will deliver such number of shares in the Company as calculated on the basis of the Share Exchange Ratio to RPH’s shareholders entered or recorded in RPH’s shareholders registry immediately before the Company’s acquisition of all outstanding shares in RPH by the Share Exchange in exchange for the shares in RPH held thereby. The Company will not issue new shares since it plans to cover all shares that will be delivered in the Share Exchange by 1,368,010 treasury shares held by the Company.

(Note 3) Handling of shares of less than one unit

The Share Exchange is expected to give rise to shareholders holding shares of less than one unit (shares less than 100 shares) in the Company. Shareholders that will come to hold shares less than one unit in the Company may use the following systems with respect to the Company’s shares.

(1) System for buyback of shares of less than one unit (sale of shares of less than 100 shares)

Under this system, shareholders that hold shares of less than one unit in the Company may sell the shares of less than one unit that they hold by demanding that the Company purchase those shares pursuant to the provision of Article 192, Paragraph 1 of the Companies Act.

(2) System for the additional purchase of shares of less than one unit (additional purchase of shares that constitute one unit [100 shares] if combined with already held shares)

Under this system, shareholders that hold shares of less than one unit in the Company may additionally purchase such number of ordinary shares in the Company that would

constitute one unit (100 shares) if combined with the number of already held shares of less than one unit by demanding that the Company sell those shares pursuant to the provisions of Article 194, Paragraph 1 of the Companies Act and of the Articles of Incorporation of the Company.

(Note 4) Handling of fractions of less than one share

To RPH's shareholders that will receive an allotment of fractions of less than one share in the Company in connection with the Share Exchange, the Company will deliver money in an amount equivalent to the amount calculated by multiplying the market value per ordinary share in the Company by the number of fractions (and rounding up any fractions of less than one yen) instead of delivery of ordinary shares in the Company corresponding to the number of fractions pursuant to the provisions of Article 234 of the Companies Act and of other relevant laws and ordinances. "Market value per ordinary share in the Company" refers to the closing price of an ordinary share in the Company in a regular transaction on the Tokyo Stock Exchange on the trading day immediately preceding the effective date of the Share Exchange (or, if there is no such closing price on that immediately preceding trading day, the closing price on the last trading day on which there was such closing price).

(4) Handling of share options and bonds with share options in connection with the Share Exchange
RPH has issued neither share options nor bonds with share options.

3. Way of Thinking in the Determination of the Details of Allotment in the Share Exchange

In determining the details of allotment in the Share Exchange, the Company asked a third-party calculation agency independent from both parties, DELOITTE TOHMATSU FINANCIAL ADVISORY LLC (hereinafter referred to as "DELOITTE TOHMATSU") to calculate the share exchange ratio.

RPH also asked a third-party calculation agency independent from both parties, PLUTUS CONSULTING CO., LTD. (hereinafter referred to as "PLUTUS"), to calculate the share exchange ratio.

The Company's third-party calculation agency, DELOITTE TOHMATSU and RPH's third-party calculation agency, PLUTUS are calculation agencies independent from the Company and RPH, and they do not fall under related parties of the Company or RPH or have any material interests to be noted in connection with the Share Exchange.

DELOITTE TOHMATSU carried out the calculation with respect to the Company, employing the market price method from the fact that there is a market price for shares in the Company since it is listed on a financial instruments exchange. DELOITTE TOHMATSU carried out the calculation with respect to RPH, respectively employing the discounted cash flow method (hereinafter referred to as the "DCF Method") in the aim of reflecting the future status of business activities in evaluation, comparable

companies analysis from the fact that the stock value of RPH can be estimated by comparison with similar companies since there are several similar listed companies with which RPH can be compared and, further, the net asset method based on the net asset value in the balance sheet.

The price ranges of RPH ordinary shares evaluated by the respective calculation methods assuming that the value per ordinary share in the Company is 1 are as set forth below.

Calculation method		Result of calculation of share exchange ratio
Company	RPH	
Market price method	DCF Method	From 0.017 to 0.027
	Comparable companies analysis	From 0.014 to 0.024
	Net asset method	From 0.019 to 0.030

(Note 1)

Under the market price method, the closing price on the record date and the simple average closing prices for one-month, three-month, and six-month periods up to and including the record date, all on the Tokyo Stock Exchange, are employed with the record date set as May 25, 2021.

Under the net asset method, an adjusted book value of net assets that reflects latent profits from real properties and investment securities held by RPH is analyzed in addition to the book value of net assets in the balance sheet presented by RPH. The latent profits from real properties are based on the results of appraisal by a third-party agency presented by RPH.

In the calculation of the above share exchange ratio, DELOITTE TOHMATSU assumed that all public information considered by DELOITTE TOHMATSU and all financial and other information provided for or consulted on with DELOITTE TOHMATSU by the Company and RPH and providing a substantial basis for calculation of the share exchange ratio was correct and complete and it has not independently verified the correctness or completeness of such information. Likewise, DELOITTE TOHMATSU has not independently carried out calculation, appraisal or assessment with respect to assets or liabilities (including financial derivatives, off-balance-sheet assets and liabilities and other contingent liabilities) of the Company or RPH or their respective associated companies, including analysis or evaluation of their respective assets and liabilities, nor asked any third-party agency to carry out such appraisal or evaluation. The share exchange ratio calculated by DELOITTE TOHMATSU reflects information and economic conditions up to the record date and is based on the premise that RPH's financial forecast (including the profit plan and other information) has been reasonably considered or prepared on the basis of the best forecast and judgment currently available.

The profit plan of RPH employed as the premise for calculation under the DCF Method by DELOITTE TOHMATSU includes fiscal years in which profits are expected to significantly increase. Such increase in profits will owe to an increase in sales resulting from the mitigation of the impact of market recovery from COVID-19-related deterioration and improvement in the profit ratio through the promotion of operational efficiency. That business plan is not based on the premise that the Share Exchange will be carried out.

PLUTUS carried out the calculation with respect to the Company, employing the market price method

given the fact that there is a market price for shares in the Company since it is listed on a financial instruments exchange. PLUTUS carried out the calculation with respect to RPH, employing the DCF Method in the aim of reflecting the future status of business activities in evaluation, and employing the adjusted book value net asset method given the fact that RPH holds important real properties due to the nature of its business.

The price ranges of RPH ordinary shares evaluated by the respective evaluation methods assuming that the value per ordinary share in the Company is 1 are as set forth below.

Calculation method		Result of calculation of share exchange ratio
Company	RPH	
Market price method	DCF Method	From 0.023 to 0.032
	Adjusted book value net asset method	From 0.029 to 0.030

(Note 2)

Under the market price method, the closing price on the record date and the simple average closing prices for one-month, three-month and six-month periods up to and including the record date, all on the Tokyo Stock Exchange, are employed with the record date set as May 25, 2021.

In the calculation of the above share exchange ratio, PLUTUS used information provided by RPH, publicly disclosed information, etc. and assumed that all such materials, information, etc. were correct and complete and it has not independently verified the correctness or completeness of such materials, information, etc. Likewise, PLUTUS has not independently carried out evaluation, appraisal or assessment with respect to assets or liabilities (including financial derivatives, off-balance-sheet assets and liabilities and other contingent liabilities) of the Company or RPH or their respective associated companies, including analysis or evaluation of their respective assets and liabilities, nor asked any third-party agency to carry out such appraisal or evaluation. The share exchange ratio calculated by PLUTUS reflects information and economic conditions up to May 25, 2021 and is based on the premise that RPH's financial forecast (including profit plan and other information) has been reasonably considered or prepared on the basis of the best forecast and judgment currently available.

The profit plan of RPH employed as the premise for calculation under the DCF Method by PLUTUS includes fiscal years in which profits are expected to significantly increase. Such increase in profits will owe to an increase in sales resulting from the mitigation of impact of COVID-19-related deterioration and improvement in the profit ratio through the promotion of operational efficiency. That business plan is not based on the premise that the Share Exchange will be carried out.

The Company and RPH have had mutual negotiations and discussions, conducting a careful study based on the results of the calculation of the share exchange ratio submitted by their respective third-party calculation agencies and comprehensively taking into account relevant factors such as the financial conditions, asset conditions and future outlook of the Company and RPH. As a result, the Company

and RPH reached the judgment that the Share Exchange Ratio was appropriate and would not damage the interests of their respective shareholders and, consequently, decided to carry out the Share Exchange, applying the Share Exchange Ratio.

If a material change arises in the financial or business conditions of the Company or RPH or if any event that significantly hinders the implementation of the Share Exchange arises or comes to light by the effective date of the Share Exchange, the Company and RPH may change the Share Exchange Ratio upon agreement through mutual consultation.

4. Outline of Parties to the Share Exchange (As of March 31, 2021)

	Wholly owning parent company resulting from a share exchange	Wholly owned subsidiary resulting from a share exchange
(1) Name	MITSUBISHI ESTATE CO., LTD.	ROYAL PARK HOTEL CO., LTD.
(2) Location	1-1, Otemachi 1-chome, Chiyoda- ku, Tokyo	1-1, Nihonbashi Kakigaracho 2- chome, Chuo-ku, Tokyo
(3) Title and name of representative	Junichi Yoshida, Representative Corporate Executive Officer, President and Chief Executive Officer	Yasuhisa Furukusa, President
(4) Business Activities	Development, leasing and management of office buildings, commercial facilities, etc. Development and asset management of income properties Development and sale of housing lots, industrial sites, etc. Operation of leisure facilities, etc. Purchase and sale and brokerage of, and consulting on, real properties	Management of the Royal Park Hotel
(5) Capital	142,279 million yen	6,000 million yen
(6) Date of incorporation	May 7, 1937	December 28, 1889
(7) Number of outstanding shares	1,391,328,316 shares	120,000,000 shares
(8) Fiscal year-end	End of March	End of March

(9) Major shareholders and stockholding ratio (%)	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Account) 9.84% CUSTODY BANK OF JAPAN, LTD. (Trust Account) 4.83% MEIJI YASUDA LIFE INSURANCE COMPANY 3.39% GOVERNMENT OF NORWAY 3.27% JP MORGAN CHASE BANK 380055 2.51%	MITSUBISHI ESTATE CO., LTD. 54.40% 33 other corporate shareholders
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(10) Financial conditions and operating results in the immediately preceding fiscal year (millions of yen)

	MITSUBISHI ESTATE (consolidated)	ROYAL PARK HOTEL
Net assets	2,061,447	4,257
Total assets	6,072,519	13,168
Net assets per share (yen)	1,383.47	35.47
Revenue from Operations	1,207,594	3,063
Operating Income	224,394	△2,841
Income before Taxes and Special Items	210,965	△2,510
Profit Attributable to Owners of Parent	135,655	△3,005
Earnings per share (yen)	101.34	△25.04

(Note) The Company resolved at the board of directors meeting held on April 8, 2021 on the repurchase of its own shares, in which up to 22,000,000 shares will be repurchased for the total price of up to 30,000,000,000 yen.

In addition, on May 21, 2021, the Company issued 150,390 shares with restriction on transfer.

5. Status after the Share Exchange

	Wholly owning parent company resulting from a share exchange
(1) Name	MITSUBISHI ESTATE CO., LTD.
(2) Location	1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(3) Title and name of representative	Junichi Yoshida, Representative Corporate Executive Officer, President and Chief Executive Officer

(4) Business Activities	Development, leasing and management of office buildings, commercial facilities, etc. Development and asset management of income properties Development and sale of housing lots, industrial sites, etc. Operation of leisure facilities, etc. Purchase and sale and brokerage of, and consulting on, real properties
(5) Capital	142,414 million yen
(6) Fiscal year-end	End of March
(7) Net assets	Unconfirmed at present.
(8) Total assets	Unconfirmed at present.

6. Future Outlook

The Share Exchange will have only a minor impact on the consolidated results of the Company.

(Reference Information) Projected Consolidated Results for the Current Fiscal Year and Consolidated Results for the Previous Fiscal Year

(Millions of yen)

	Revenue from Operations	Operating Income	Income before Taxes and Special Items	Profit Attributable to Owners of Parent	Earnings per share (yen)
Projected consolidated results for the current fiscal year	1,326,000	245,000	220,000	142,000	106.70
Consolidated results for the previous fiscal year	1,207,594	224,394	210,965	135,655	101.34

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