

FY 2020

(For the Year Ended March 31, 2020)

IR Presentation



For details of “Long-Term Management Plan 2030”, which began from April 2020, please refer to the following link.
<https://www.mec.co.jp/j/investor/plan/pdf/plan200124.pdf>

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Summary of FY2020 Results and FY2021 Estimates

1. Summary of Financial Statements

<FY2020 Financial Results>

- Resulted in overall increase from building rental profits and overseas capital gains, etc. compared to the previous fiscal year
- KPIs of the previous medium-term management plan (FY2018 to FY2020) were all achieved
- Although the Coronavirus (COVID-19) affected hotel, retail property and outlet mall businesses in the 4th quarter, the impact on company-wide performance was limited.

<FY2021 Estimates>

- Sales and profits will both decrease compared to the previous fiscal year as a decrease of ¥45 billion (business profits) is estimated due to the impact of Coronavirus.

<Topics>

FY2020-4Q (January to March 2020)

- Announced Mitsubishi Estate Group “Long-term Management Plan 2030” (January 2020)
(https://www.mec.co.jp/e/investor/plan/pdf/plan200124_e.pdf)
- Completed a large-scale mixed-use redevelopment "CO·MO·RE YOTSUYA" (January 2020)
- Ownership interest in Otemachi Park Building was sold as a part of the portfolio strategy (March 2020)

2. Income Statement Results for FY2020

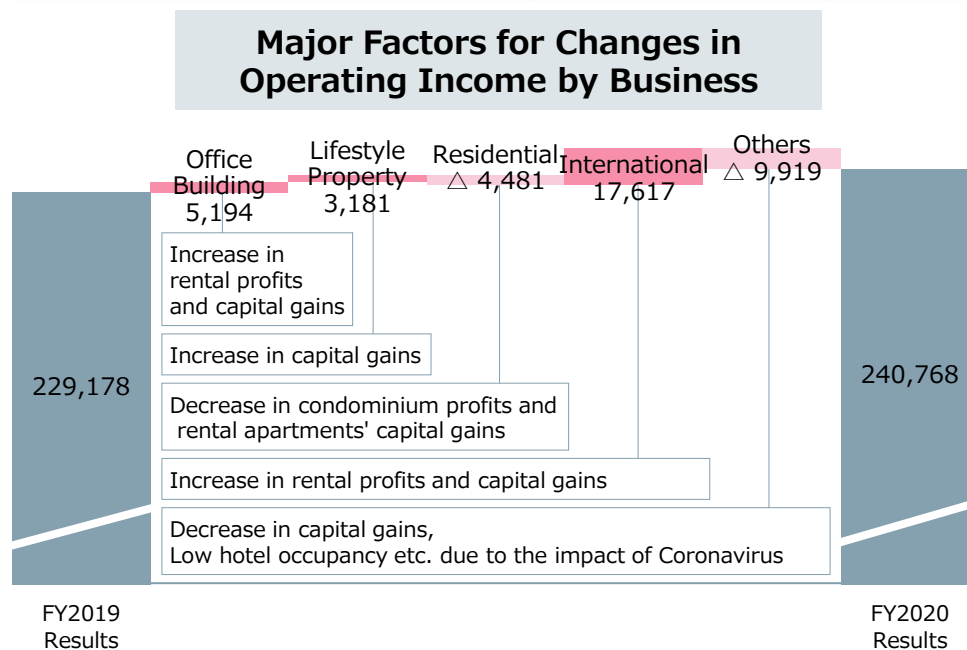
Resulted in overall increase from building rental profits and international business, with growth in overseas capital gains.

	Millions of yen (rounded down)		
	FY2020 Results	FY2019 Results	Change
Revenue from Operations	1,302,196	1,263,283	38,912
Office Building Business	565,501	529,695	35,806
Lifestyle Property Business	127,205	106,182	21,023
Residential Business	389,008	420,405	△ 31,396
International Business	130,718	81,844	48,874
Investment Management Business	21,316	49,588	△ 28,271
Other*	102,189	110,534	△ 8,346
Elimination	△ 33,745	△ 34,969	1,223
Operating Income	240,768	229,178	11,590
Office Building Business	152,886	147,691	5,194
Lifestyle Property Business	35,741	32,560	3,181
Residential Business	25,946	30,428	△ 4,481
International Business	44,544	26,927	17,617
Investment Management Business	4,467	9,231	△ 4,763
Other*	△ 392	6,799	△ 7,189
Eliminations or corporate	△ 22,426	△ 24,459	2,033
Non-Operating Revenue (of affiliates' equity in earnings)	12,377	12,391	△ 14
Non-Operating Expense	229	263	△ 33
Non-Operating Expense	33,574	34,983	△ 1,409
Income before Taxes and Special Items	219,572	206,587	12,985
Extraordinary Income	26,251	8,170	18,080
Extraordinary Loss	21,874	3,818	18,056
Profit Attributable to Owners of Parent	148,451	134,608	13,843

	Millions of yen (rounded down)		
	FY2020 Results	FY2019 Results	Change
Business profits	240,998	229,442	11,556
EBITDA	336,784	320,641	16,143
Interest-bearing debt	2,429,883	2,319,597	110,286

*Hotel·Airport Business, Architectural Design & Engineering, Real Estate Services, Other

	Millions of yen (rounded off to the nearest billion)		
	FY2020 Results	FY2019 Results	Change
Capital Gains included in Operating Income	61,000	48,000	13,000
Total	61,000	48,000	13,000
Office Building Business	15,000	12,000	3,000
Lifestyle Property Business	8,000	4,000	4,000
Residential Business	10,000	11,000	△ 1,000
International Business	28,000	14,000	14,000
Investment Management Business	-	5,000	△ 5,000
Hotel & Airport Business	-	2,000	△ 2,000
Other	-	-	-
Eliminations or corporate	-	-	-



3. Income Statement Estimates for FY2021

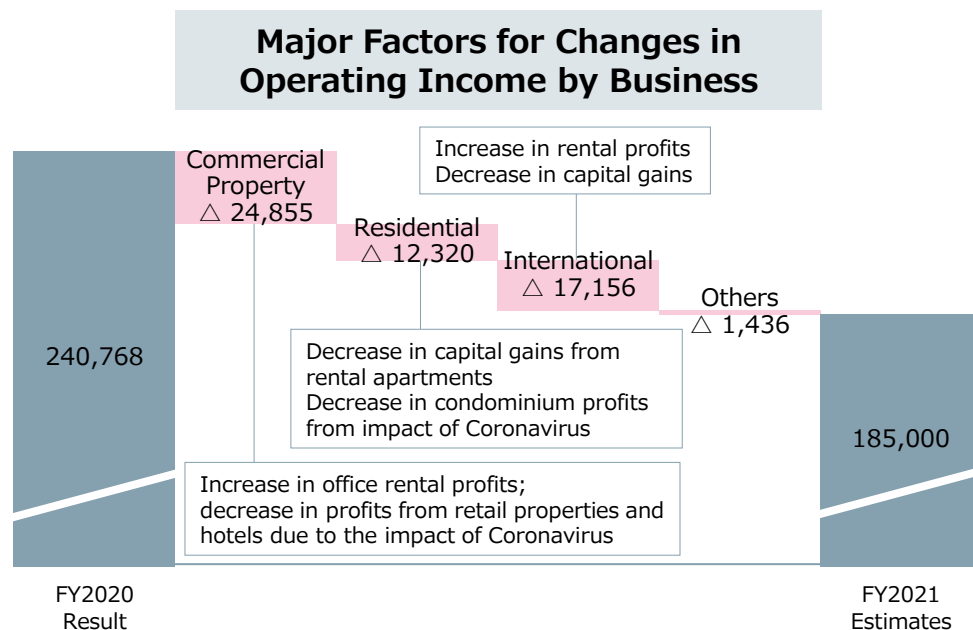
Estimated decrease in revenue and profits considering the impact of the Coronavirus.
An increase in domestic and overseas office rental profits is estimated.

	Millions of yen (rounded down)		
<New Segment>	FY2021 Estimates	FY2020 Results	Change
Revenue from Operations	1,142,000	1,302,196	△ 160,196
Commercial Property Business	674,000	723,712	△ 49,712
Residential Business	320,000	385,538	△ 65,538
International Business	88,000	134,175	△ 46,175
Investment Management Business	20,000	21,316	△ 1,316
Other*	66,000	65,871	129
Elimination	△ 26,000	△ 28,418	2,418
Operating Income	185,000	240,768	△ 55,768
Commercial Property Business	163,000	187,855	△ 24,855
Residential Business	12,000	24,320	△ 12,320
International Business	29,000	46,156	△ 17,156
Investment Management Business	4,000	4,467	△ 467
Other*	1,000	389	611
Eliminations or corporate	△ 24,000	△ 22,420	△ 1,580
Non-Operating Revenue (of affiliates' equity in earnings)	18,000	12,377	5,623
Non-Operating Expense	300	229	71
Income before Taxes and Special Items	169,000	219,572	△ 50,572
Extraordinary Income	15,000	26,251	△ 11,251
Extraordinary Loss	22,000	21,874	126
Profit Attributable to Owners of Parent	110,000	148,451	△ 38,451

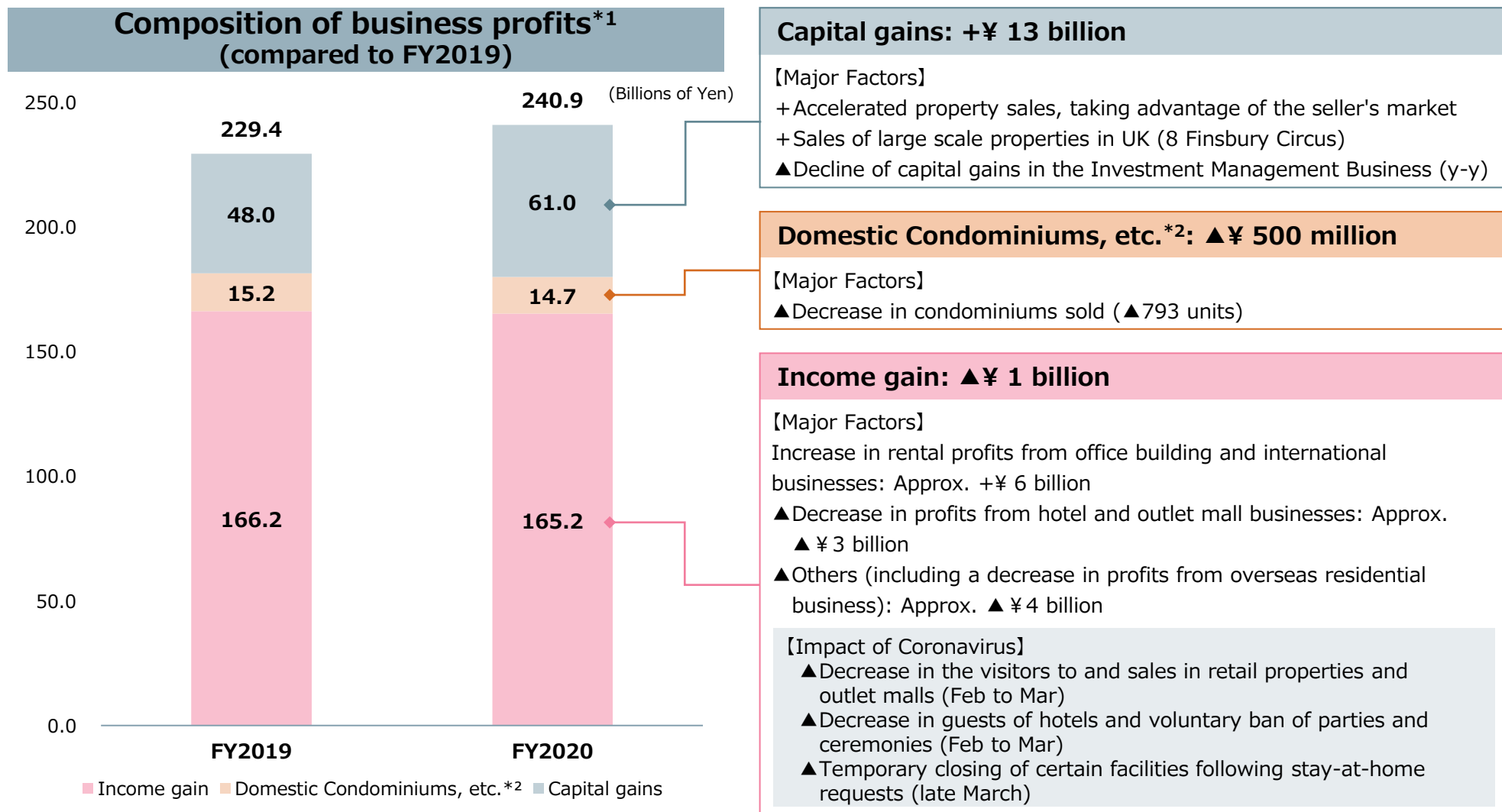
	Millions of yen (rounded down)		
	FY2021 Estimates	FY2020 Results	Change
Business profits	185,300	240,998	△ 55,698
EBITDA	289,800	336,784	△ 46,984
Interest-bearing debt	2,610,000	2,429,883	180,117

*Architectural Design & Engineering / Real Estate Service Business and Other businesses

	Millions of yen (rounded off to the nearest billion)		
	FY2021 Estimates	FY2020 Results	Change
Capital Gains included in Operating Income	31,000	61,000	△ 30,000
Total	31,000	61,000	△ 30,000
Commercial Property Business	22,000	23,000	△ 1,000
Residential Business	6,000	10,000	△ 4,000
International Business	3,000	28,000	△ 25,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-



4. FY2020 results highlights



*1 Business Profit = Operating Income + Equity in earnings (loss) from unconsolidated subsidiaries and affiliates *2 Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income

5. FY2020 results highlights (situation of each business)

Topics concerning income gain

Office Building Business

New buildings	<ul style="list-style-type: none"> ◆ Average contract rate of buildings completed in FY2020 to FY2022*: Over 90% * Link Square Shinjuku, CO·MO·RE YOTSUYA, the ARGYLE aoyama, Tamachi N Bldg, Marunouchi 1-3 Project, Tokiwabashi Bldg. A
Existing buildings	<ul style="list-style-type: none"> ◆ Secondary vacancies in the existing building are almost fully leased, including Hibiya Kokusai Building and Sunshine 60 ◆ Increase in rent revenue due to tenants moving in/out and rent revisions: ¥ 6.5 billion
Vacancy rate at the end of the fiscal year	<ul style="list-style-type: none"> ◆ All uses in Japan: 1.07% ◆ Offices in Marunouchi: 0.69%

International Business



- ◆ Completion of major renovation of 1271 Avenue of the Americas (US)
- ◆ Full-scale contribution to profits from FY2021



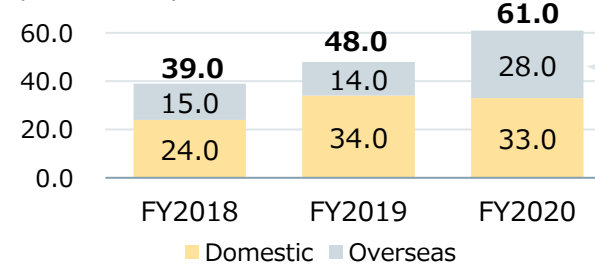
- ◆ Beginning of new construction in 8 Bishopsgate (UK)
- ◆ Will be completed at the end of 2022

Topics concerning capital gains and asset sales

Change in capital gains

Establishment of a system to stably post capital gains by sales to group funds

(Billions of Yen)



Great increase by the sale of 8 Finsbury Circus (UK)



Sale of ownership interests in the Otemachi Park Building



- ◆ Implemented as a part of the portfolio strategy
- ◆ Sale price: ¥ 99.8 billion
- ◆ Cap rate: mid-2%
- ◆ Actualized unrealized gains: Approx. ¥ 20 billion*
 - *Total of profit from asset sales and profit from amortization of negative goodwill
- ◆ Project-related fee business after the asset sales: AM, property management

6. Measures to prevent Coronavirus spread (as of May 14)

Key measures in retail properties / outlet malls

- ◆ Implemented various measures to prevent spread of infection
- ◆ Reduction of operating hours and certain facility closures on weekends (before the state of emergency declaration)
- ◆ Facility and store closures with some exceptions* (after state of emergency declaration)

【Main closed facilities (as of May 14)】

Marunouchi Bldg, Shin-Marunouchi Bldg, Yokohama Landmark Plaza, AQUA CITY ODAIBA, MARK IS Minatomirai, MARK IS Fukuoka Momochi, SUNAMO, Ponteporta Senju, Premium Outlets® malls

*Some stores that sell basic necessities and some facilities with eased restrictions will open partially

Key measures for hotels

- ◆ Implemented various measures to prevent spread of infection
 - ◆ Temporary suspension of new bookings (from Apr. 13)
 - ◆ Facility closures and booking transfers to other nearby facilities
- 【Main closed hotels (as of May 14)】

The Royal Park Hotel Kyoto Shijo (transferred to Kyoto Sanjo)

The Royal Park Canvas Ginza 8 (transferred to Tokyo Shiodome)

The Royal Park Canvas Osaka Kitahama
(transferred to Osaka Midosuji)

Key measures for Mitsubishi Estate employees

- ◆ Introducing systematic changes for flexible workstyle from mid-February (flexible hours, unlimited frequency in telecommuting, and childcare telecommuting)
- ◆ Gradual switch to mainly telecommuting from Mar. 27 (all locations from Apr. 17)
- ◆ Nearly 85% of head office and branch employees are working from home
- ◆ Creation of headquarters for measures against Coronavirus
- ◆ Moving face-to-face meetings to online meetings (including Board of Directors and management meetings)
- ◆ Holding of online wellness events for employees and their families

Other key measures

- ◆ Live concerts moved online
- ◆ Sendai Royal Park Hotel donated nearly 10,000 surgical masks to neighboring medical facilities as well as to Miyagi and Sendai



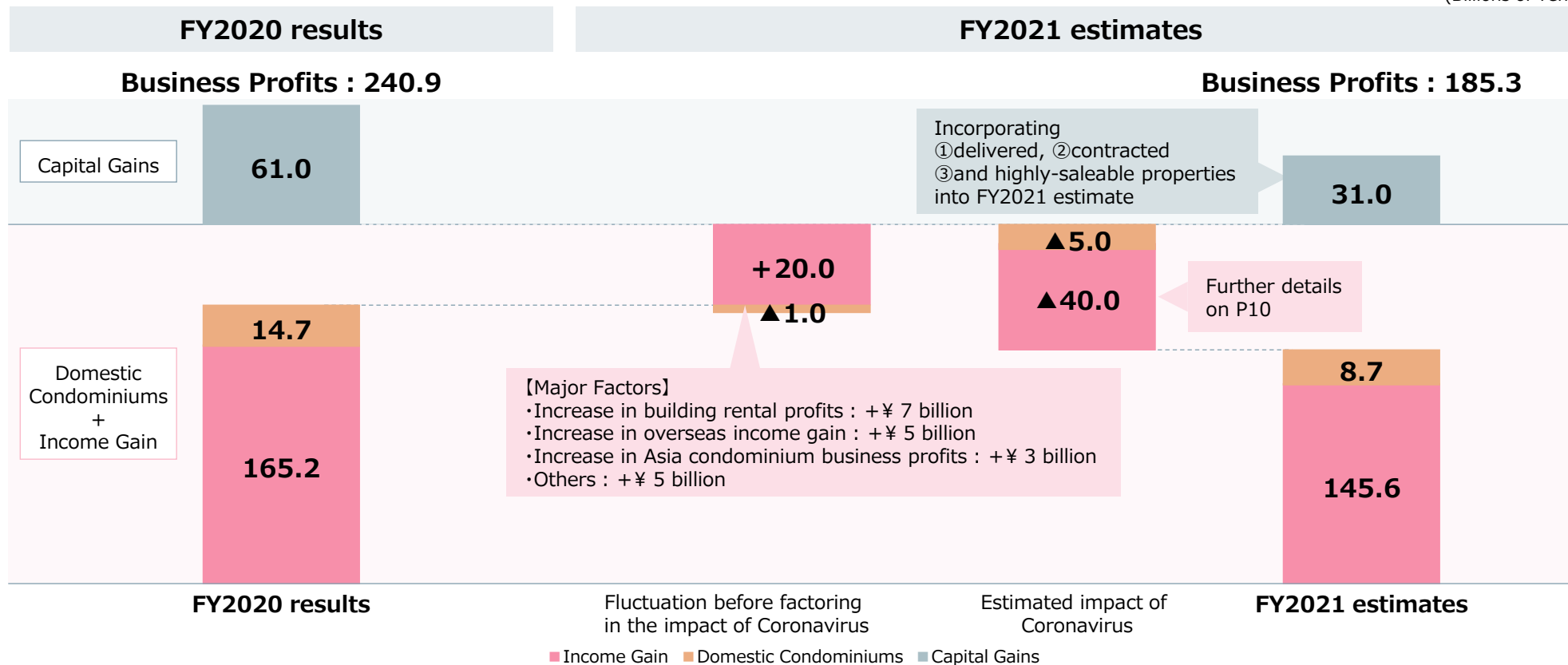
7. Impact of Coronavirus (COVID-19) ① (estimates for FY2021)

Breakdown of business profits vs FY2020 and estimated impact of Coronavirus

It is assumed that the state of emergency will continue until the end of May, and that business will recover gradually toward the end of September.

Approx. ¥45 billion reduction (business profits) is estimated against income gain and domestic condominiums, etc.

(Billions of Yen)



* Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income

8. Impact of Coronavirus (COVID-19) ② (key assumption for FY2021 estimates)

Assuming that the state of emergency will continue until the end of May, business is expected to recover gradually toward the end of September

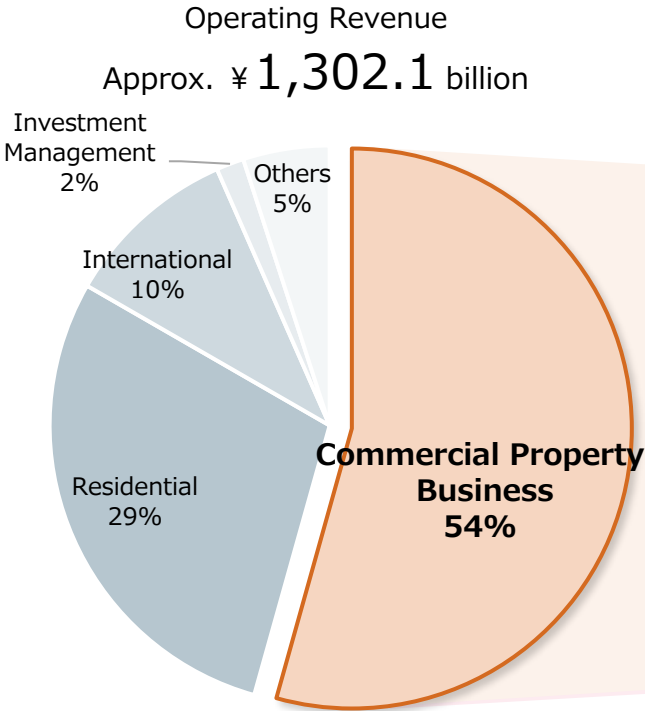
Categories		Estimated Impact (Business profit)	Key assumptions for FY2021 estimates and Coronavirus impact
Capital Gains		-	<ul style="list-style-type: none"> Budgeted from delivered, contracted, and highly-saleable properties (60%+ of the planned properties for this fiscal year have already been delivered)
Domestic Condominiums, etc.*		▲ ¥ 5 billion	<ul style="list-style-type: none"> Approximately 60% of the condominiums estimated to be sold before including the impact of Coronavirus have been contracted No new contracts assumed during the state of emergency (assuming it lasts until the end of May) A decline in new contracts after June is expected considering the anti-Coronavirus measures that limit visitor numbers Incorporating delays in delivery of some residential units due to construction delays, etc.
Income Gain	Retail Property	▲ ¥ 16 billion	<ul style="list-style-type: none"> Incorporating the general closure of most facility/stores, with some exceptions, during the state of emergency (assuming it lasts until the end of May) Business environment recovery is assumed for the end of the first half of FY2021
	Hotels	▲ ¥ 15 billion	<ul style="list-style-type: none"> The impact on the hotel management business is assumed to continue until the end of the fiscal year
	Offices	▲ ¥ 0.5 billion	<ul style="list-style-type: none"> A set vacancy period for all vacant floors is incorporated (no contracting tenant; including future vacancies)
	Others	▲ ¥ 8.5 billion	<ul style="list-style-type: none"> Partial revision of residential sales schedule for international business Incorporating the risk of market stagnation in the investment management and real estate service businesses Slowdown in project orders received in architectural design & engineering businesses
	Subtotal	▲ ¥ 40 billion	
Total		▲ ¥ 45 billion	

* Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income

9. Impact of Coronavirus (COVID-19) ③(revenue stream)

Expanding office leasing business that generates stable cash flow through long-term tenant relationships in prominent locations in Japan and around the world.
 Providing offices that give the valuable asset of a place for people to meet in person by understanding the needs for the office that can adjust to changes in workstyle

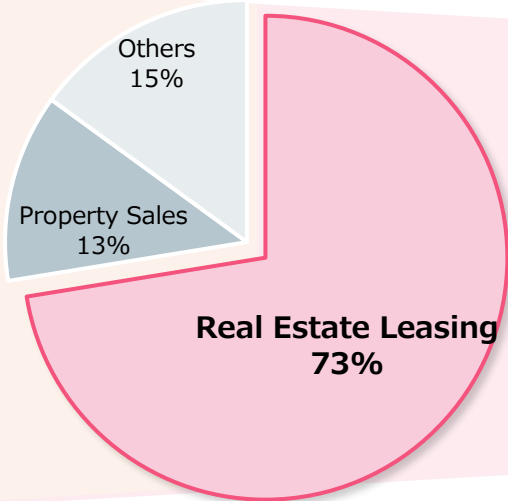
Operating Revenue Breakdown (FY2020 results, new segment)



Commercial Property Business Breakdown

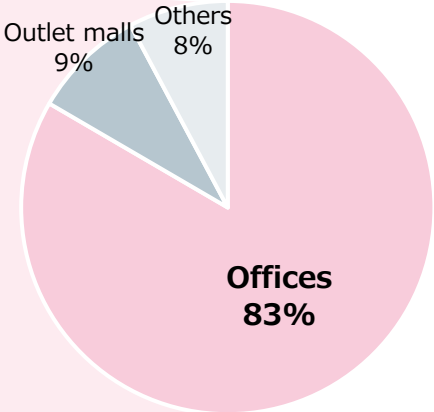
Breakdown by business models

Operating Revenue
Approx. ¥ 723.7 billion



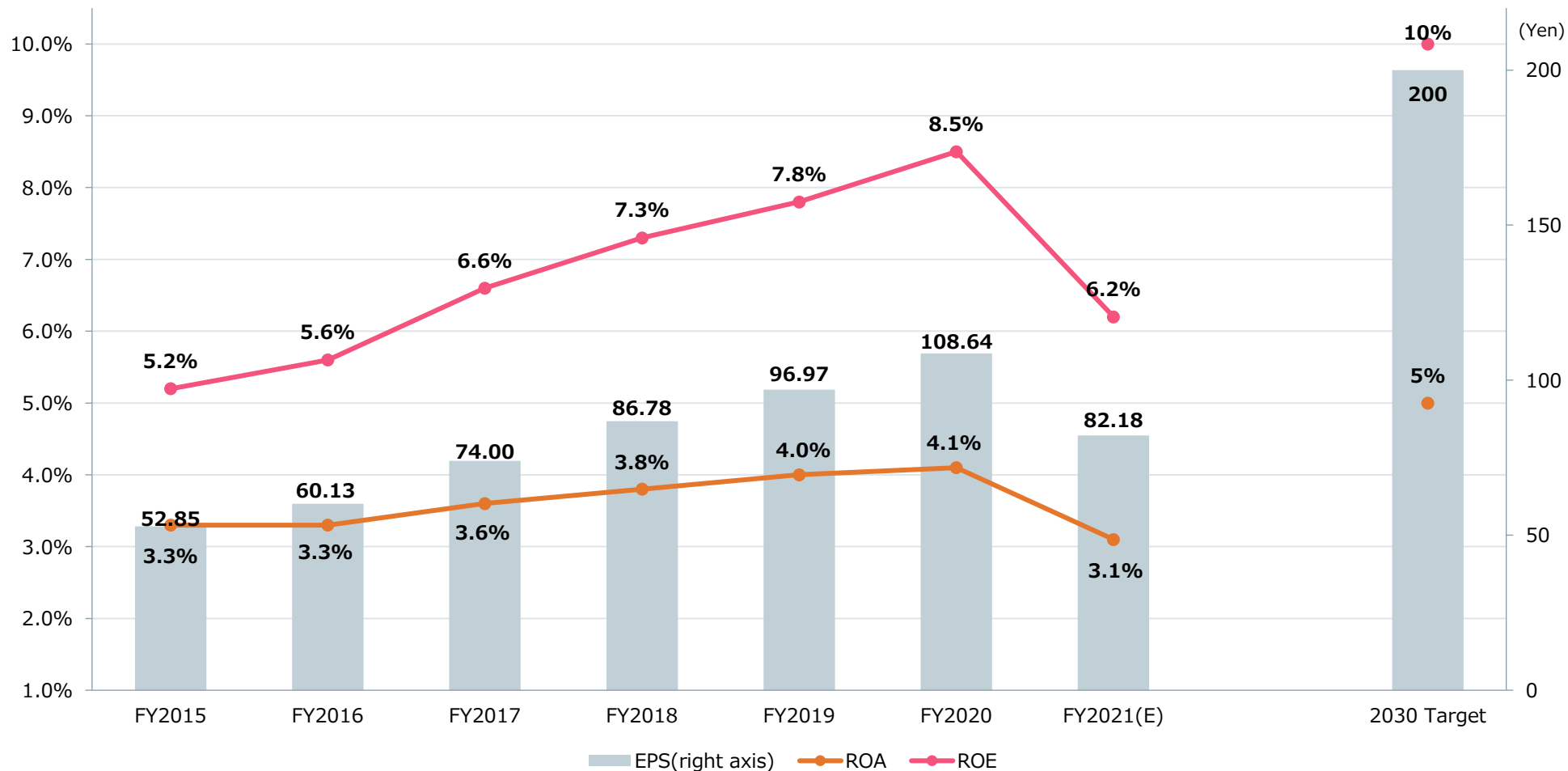
Breakdown by assets (real estate leasing)

Operating Revenue
Approx. ¥ 524.4 billion



10. Changes in ROA / ROE / EPS

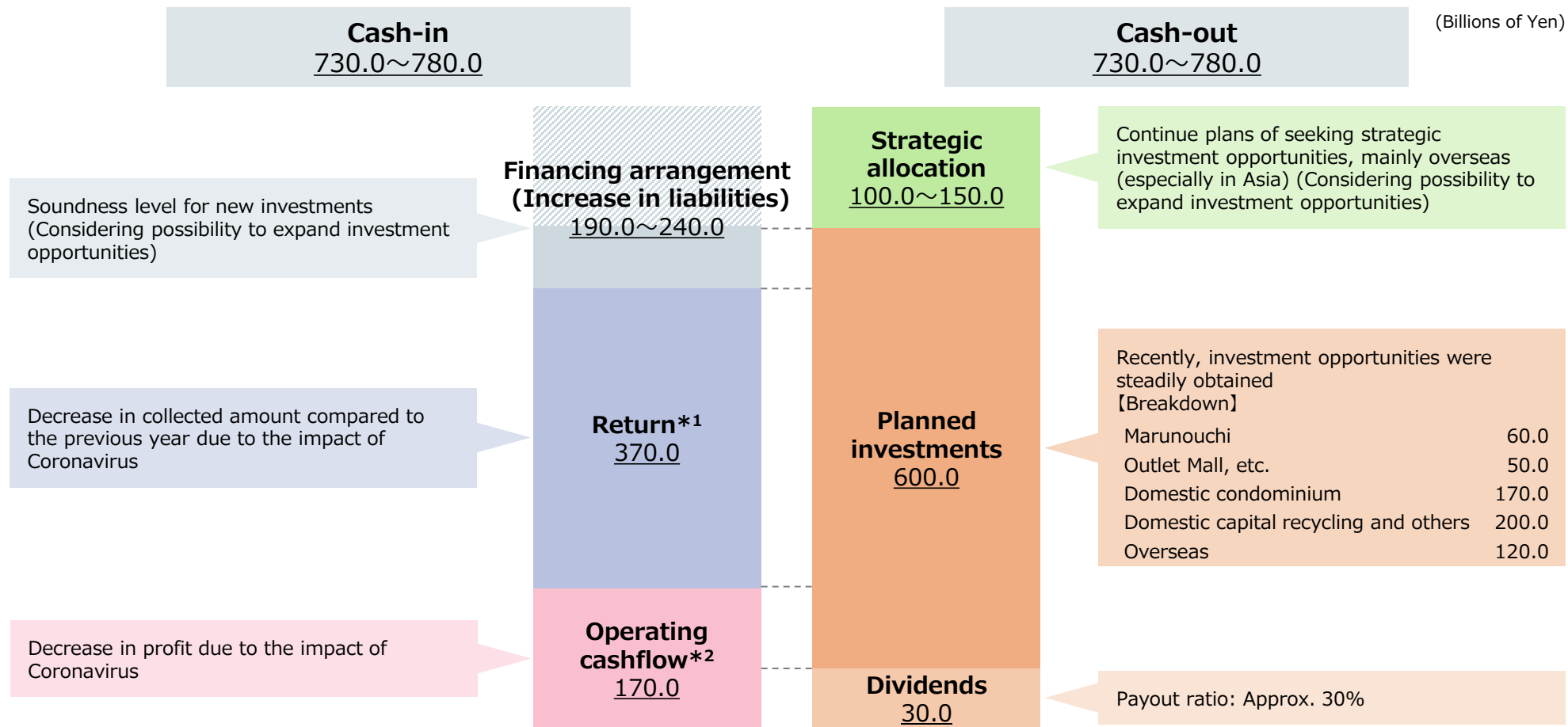
Continued efficiency improvements resulted in ROA: 4.1%, ROE: 8.5%, EPS: ¥ 108
 All indicators are forecast to fall in FY2021 due to the impact of Coronavirus



* ROA=Business Profit / Total assets (average)

11. Cashflow forecast for FY2021

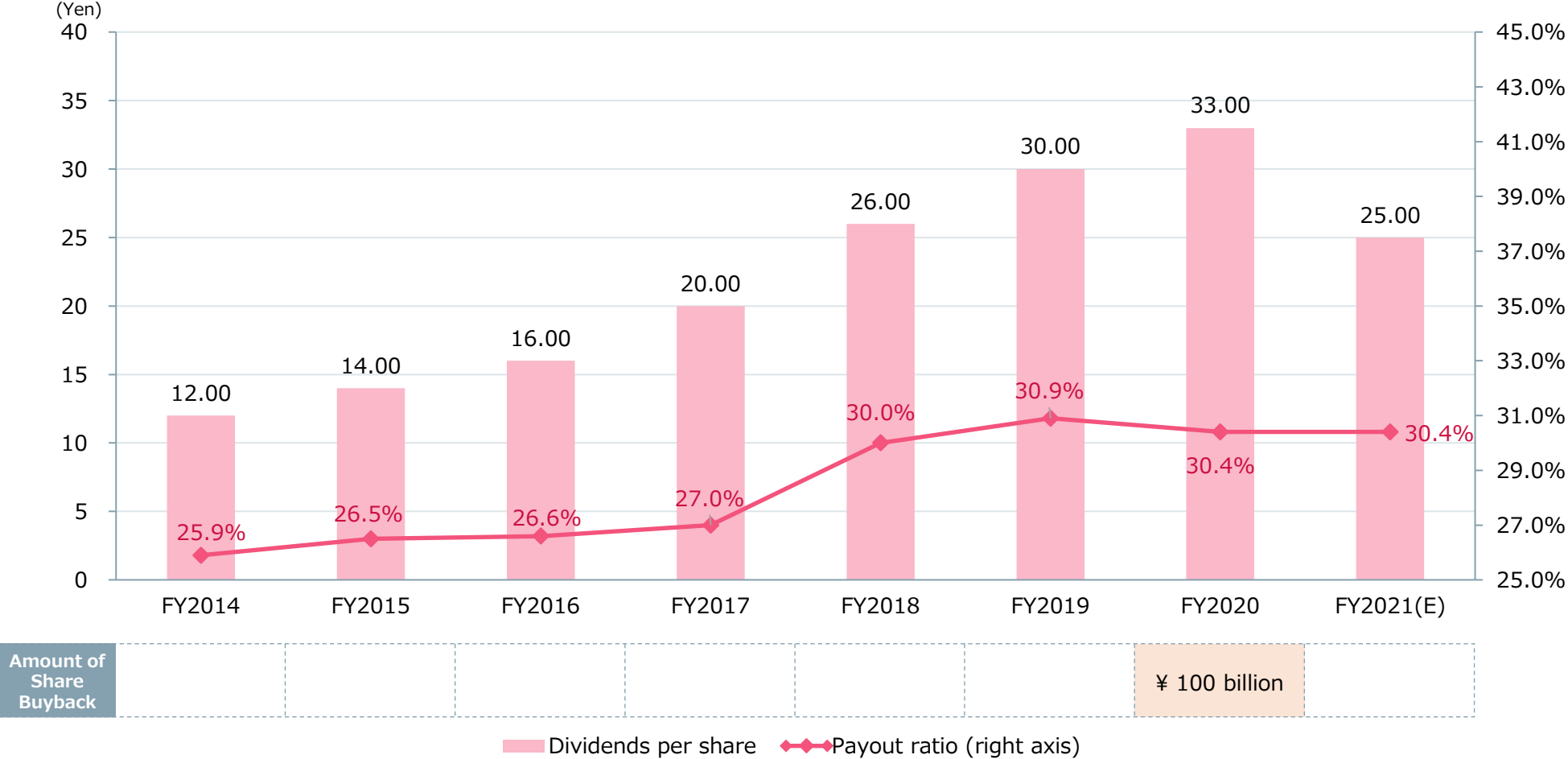
Decrease in profits due to Coronavirus and decrease in cash-in due to selection of timing of asset sales
Cash-out will tend to increase due to steady acquisition of new investment opportunities



*1 Collected amount (in book value) from asset sales *2 Cash flows from operating activities, excluding change in inventories and change in equity investment

12. Shareholder returns

Policy for increasing dividends continues with support of a strong real estate market. ¥ 100 billion share buyback was executed during FY2020. Dividends are planned based on a payout ratio of approx. 30% during FY2021. Preparation for financial risks and expansion of investment opportunities.



13. Progress of strategies to improve efficiency and increase shareholder value

Implementation of strategies to improve efficiency and governance in the previous medium-term management plan (from FY2018 to FY2020). Strategies to achieve the targets in the long-term management plan have begun in advance and will be steadily implemented.

In FY2020, the quantitative targets in the medium-term management plan were all achieved

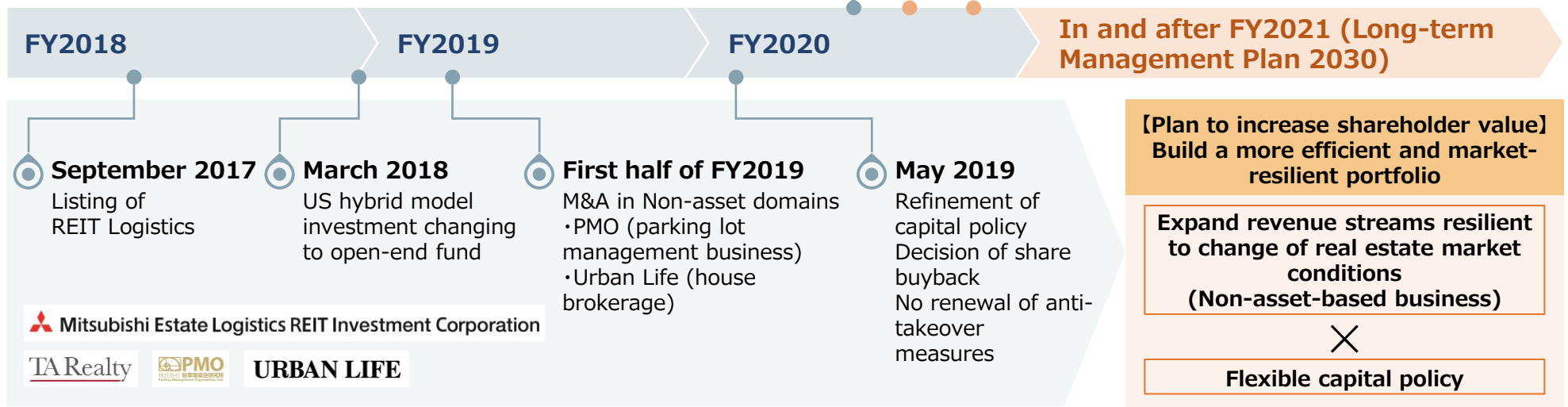
Type	Target	Result
Operating Income	¥ 220 billion	¥ 240.7 billion
ROA	Approx. 3.5%	4.1%
Net interest-bearing debt / EBITDA	Nearly 8.5 times	6.6 times

2030 Target

ROA 5%	ROE 10%	EPS ¥ 200
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March 2020
Sale of ownership interest in Otemachi Park Building

February 2020
Transfer of vacation home business in Izu-Atagawa



Financial Supplemental Data

1. Management Indicator

	Previous management plan period			Current management plan period	
	FY2018	FY2019	FY2020	FY2021 (Estimates)	2030 Target
Business Profit*¹	¥ 213.4 billion	¥ 229.4 billion	¥ 240.9 billion	¥ 185.3 billion	¥ 350-400 billion
ROA*²	3.8%	4.0%	4.1%	3.1%	5%
ROE	7.3%	7.8%	8.5%	6.2%	10%
EPS	¥ 86.78	¥ 96.97	¥ 108.64	¥ 82.18	¥ 200

*¹ Business Profit = Operating Income + Equity in earnings (loss), unconsolidated subsidiaries and affiliates

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

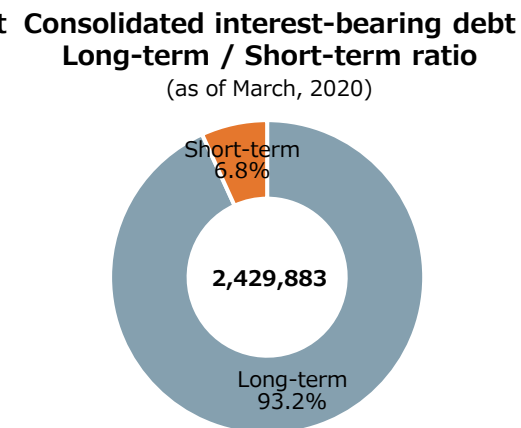
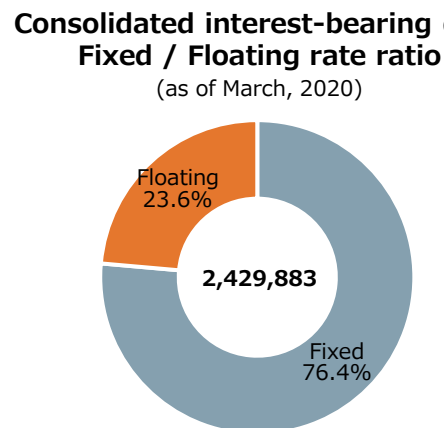
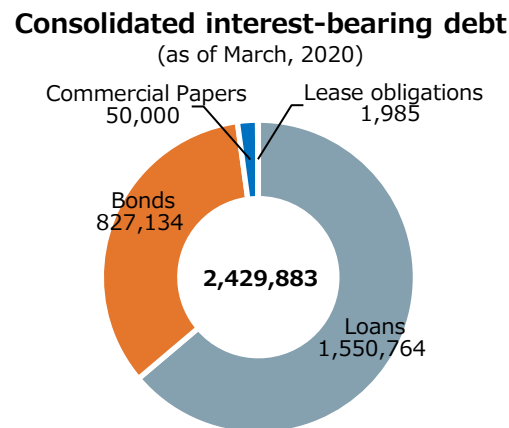
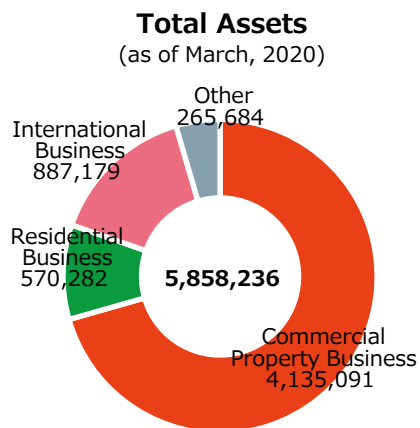
2. Balance Sheet

Millions of yen (rounded down)

	At March 31, 2020	At March 31, 2019	Change
Current assets	1,115,634	1,072,869	42,765
Cash	207,896	176,814	31,081
Notes and accounts receivable-trade	50,340	62,603	△ 12,262
Property for sale	72,256	84,104	△ 11,847
Property for sale in progress	247,677	268,152	△ 20,475
Property for development	975	996	△ 20
Equity investments	450,520	387,385	63,135
Other	85,966	92,811	△ 6,846
Fixed assets	4,742,602	4,701,323	41,278
Tangible assets	4,107,252	4,088,084	19,168
Intangible assets	96,767	95,128	1,638
Investment securities	236,969	258,527	△ 21,557
Other	301,611	259,581	42,027
Total assets	5,858,236	5,774,193	84,043

Millions of yen (rounded down)

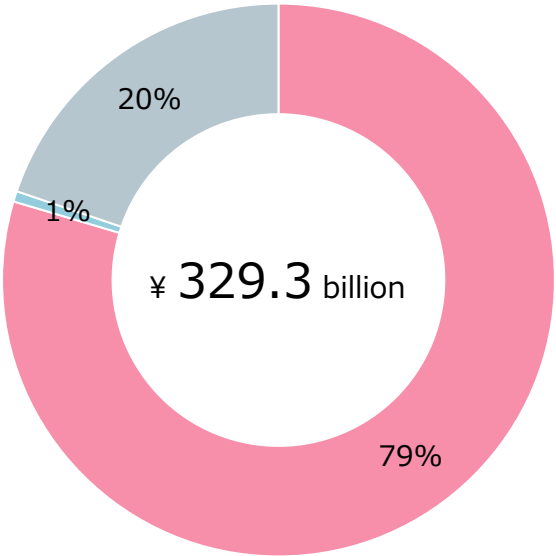
	At March 31, 2020	At March 31, 2019	Change
Liabilities	3,917,030	3,817,088	99,942
Current liabilities	664,001	688,942	△ 24,940
Notes and accounts payable-trade	66,368	57,967	8,401
Short-term borrowings	115,306	86,156	29,150
Current portion of long-term debt	156,778	231,065	△ 74,287
Commercial Papers	50,000	-	50,000
Bonds due within one year	51,550	75,000	△ 23,450
Other	223,998	238,753	△ 14,755
Long-term liabilities	3,253,028	3,128,145	124,883
Bonds	775,584	733,916	41,667
Long-term debt	1,278,678	1,188,866	89,812
Other	1,198,762	1,205,357	△ 6,596
Net assets	1,941,206	1,957,105	△ 15,898
Shareholders' equity	1,163,746	1,157,824	5,922
Other accumulated comprehensive income	570,716	612,819	△ 42,102
Stock acquisition rights	288	302	△ 13
Non-controlling interests	206,454	186,159	20,294
Total liabilities and net assets	5,858,236	5,774,193	84,043



3. Asset composition

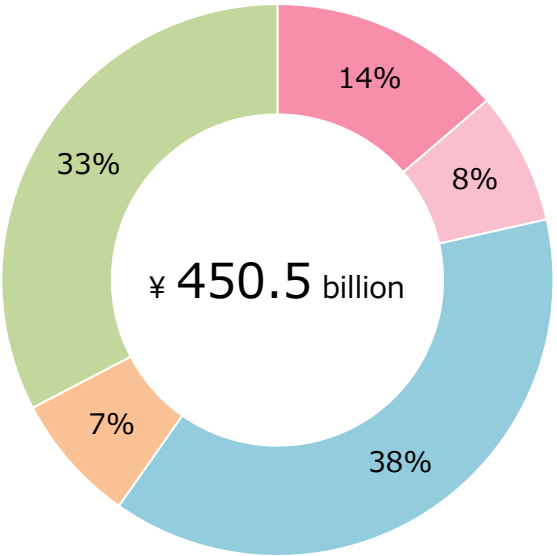
(FY2020 Results)

Inventory



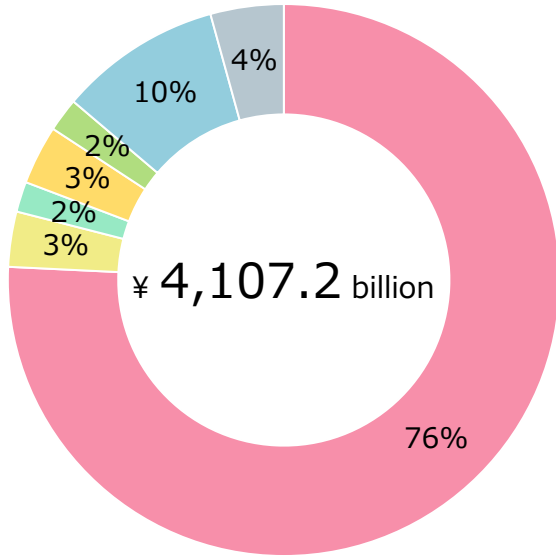
■ Domestic Condominiums ■ US ■ Others

Equity investment



■ Domestic (office buildings)
■ Domestic (others)
■ US
■ Europe
■ Asia

Tangible fixed asset



■ Office Buildings ■ Outlet Malls
■ Logistics Facilities ■ Retail Properties*
■ Rental Apartments ■ Overseas
■ Others

* Excluding outlet malls

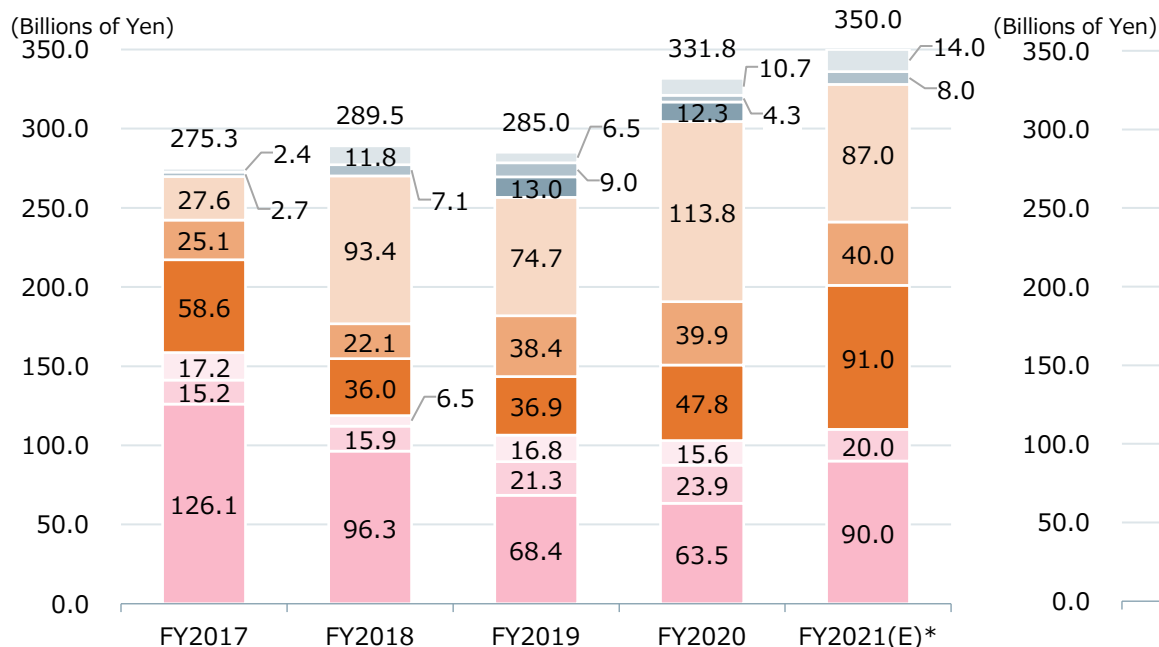
4. Consolidated Cash Flow

Millions of yen (rounded down)

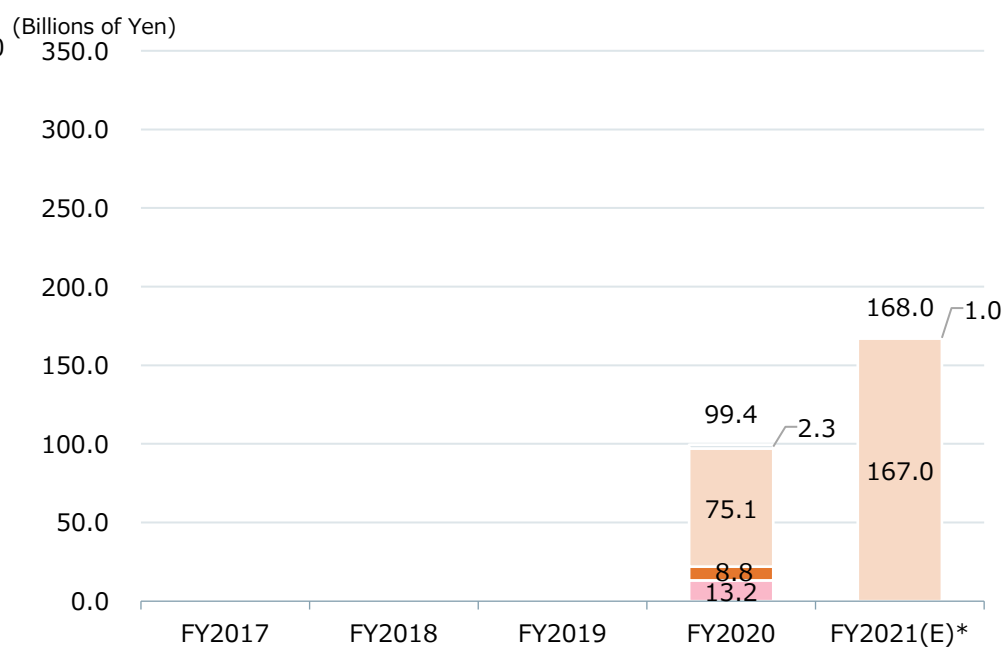
	①FY2019 Results	②FY2020 Results	Change (② - ①)	③FY2021 Estimates	Change (③ - ②)
Cash flows from operating activities	345,954	341,766	△ 4,187	42,000	△ 299,766
Depreciation and amortization	80,336	84,941	4,605	87,000	2,058
Change in Inventories	132,337	148,161	15,823	18,000	△ 130,161
Change in Equity Investment	△ 9,124	△ 43,217	△ 34,092	△ 146,000	△ 102,783
Cash flows from investing activities	△ 271,083	△ 277,440	△ 6,356	△ 299,000	△ 21,560
Proceeds from sales of investment securities	13,871	5,275	△ 8,596	12,000	6,725
Capital Investment	△ 285,089	△ 331,857	△ 46,768	△ 350,000	△ 18,143
Cash flow from financing activities	△ 192,473	△ 28,886	163,586	194,000	222,886
Cash and cash equivalents at end of year	179,308	213,008	33,699	147,000	△ 66,008
Free cash flow	74,871	64,326	△ 10,544	△ 257,000	△ 321,326

5. Investment Data

Major Breakdown of Capital Investment



Major Breakdown of Equity Investments



*Classifications have been changed below from FY2021

<Legend for FY2017 - FY2020>

- Office Building (MEC: New/Redevelopment)
- Office Building (MEC: Refurbishment)
- Office Building (Subsidiaries)
- Lifestyle Property
- Residential
- International
- Hotel & Airport
- Special Purpose Vehicle
- Other (including consolidated eliminations)

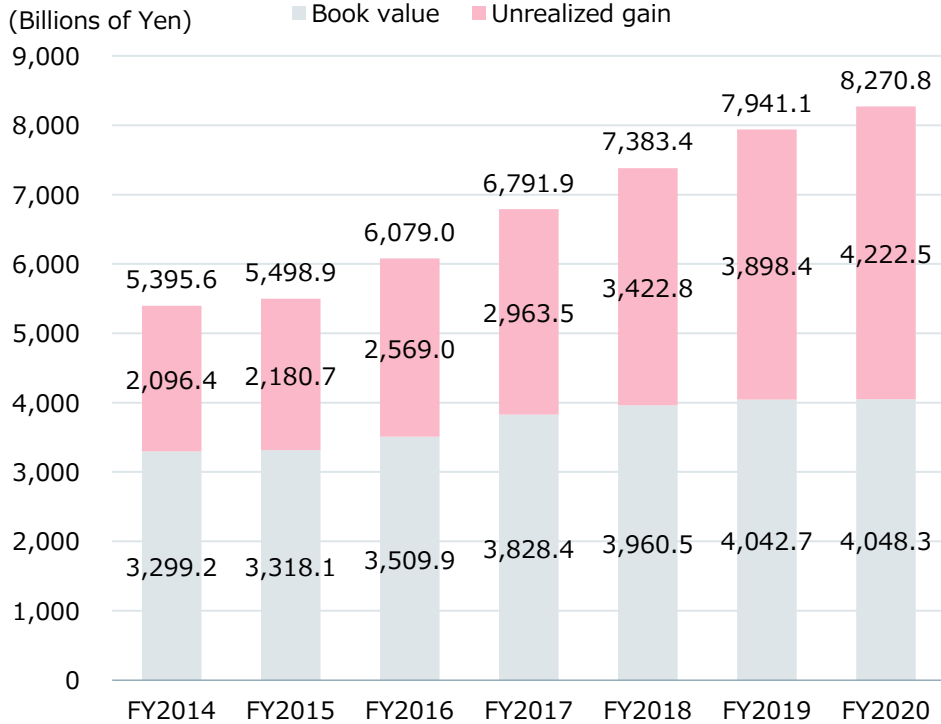
<Legend for FY2021>

- Office (MEC: New / Redevelopment)
- Office (MEC: Refurbishment)
- Commercial Property (excluding MEC office)
- Residential
- International
- Special Purpose Vehicle
- Others (including consolidated eliminations)

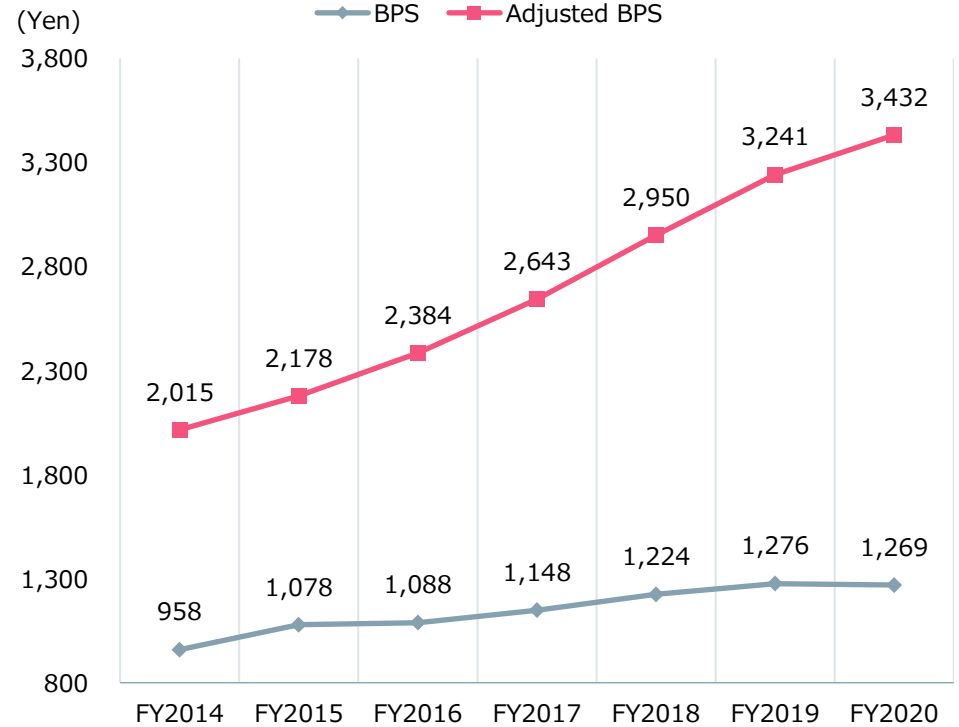
6. Income Generating Assets Unrealized Gain : Current Status ①

Unrealized gain rose approx. ¥300 billion (y-y), supported by declines in cap rates and cash flow improvement

Income Generating Assets Unrealized Gain



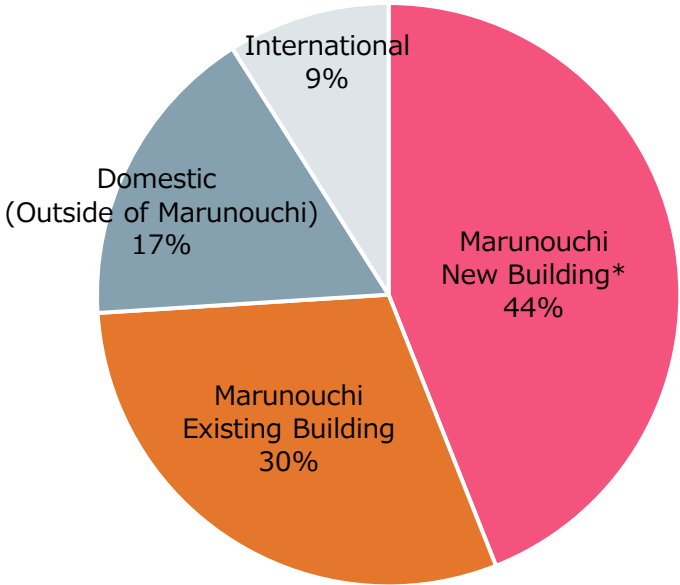
BPS and Adjusted BPS*



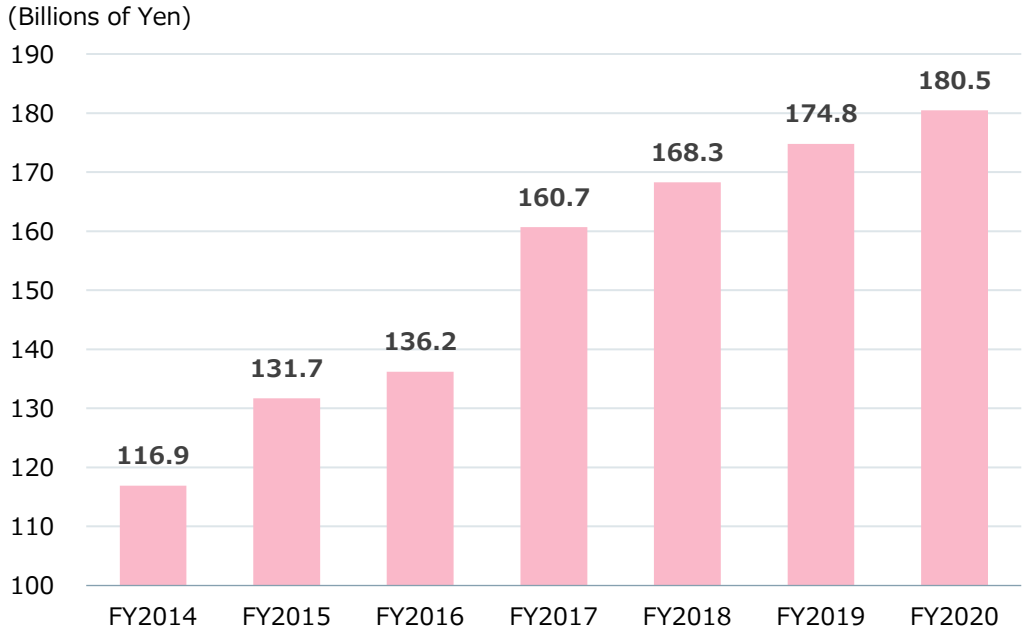
* BPS including unrealized gain (after tax)

7. Income Generating Assets Unrealized Gain : Current Status ②

Unrealized Gain Breakdown



Rental Profits



*Redeveloped properties after the completion of Marunouchi Building
FY2020 Results

Business Overview

1. Mitsubishi Estate Group's Business Segment

Commercial Property Business

<Office Buildings>

Engages in the development, leasing, and operation management of office buildings, mainly in Marunouchi area and other major Japanese cities.



<Retail Properties>

Developing retail properties and outlet malls nationwide, mainly in the major metropolitan areas.



<Logistics Facilities>

Development, leasing, and management of the "Logicross" series as a foundation of logistics facilities.



<Hotels / Airports>

Undertaking hotel management nationwide as the Royal Park Hotels group. Begun private airport management business.



Residential Business

<Domestic Residential>

Operating residential condominium business under "The Parkhouse" brand and rental apartments business under "The Parkhabio" brand.



International Business

Undertaking office building development and leasing businesses in the United States and the United Kingdom, as well as projects in Asia.



Investment Management Business

Providing a wide range of services regarding real estate investment for investors.



Architectural Design & Engineering and Real Estate Service Business

<Architectural Design & Engineering Business>

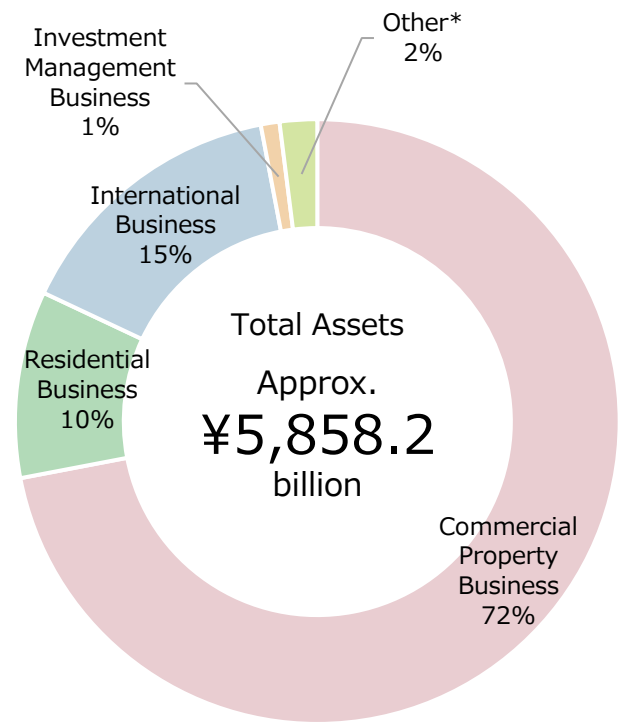
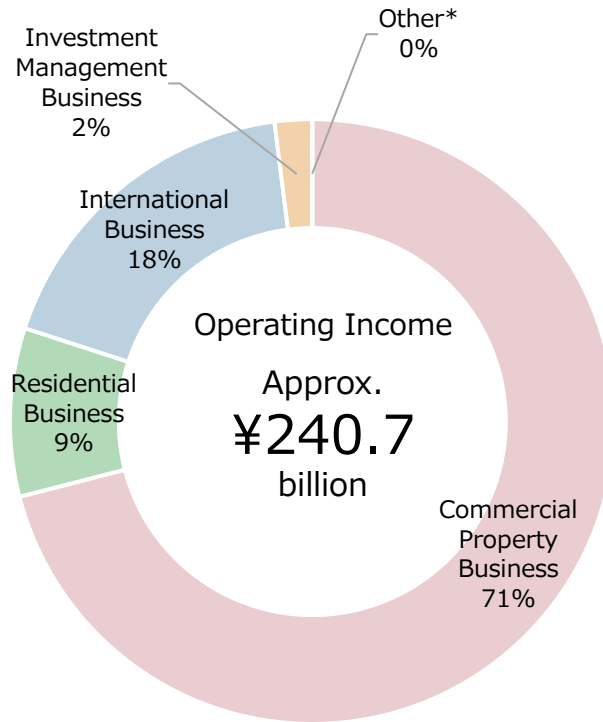
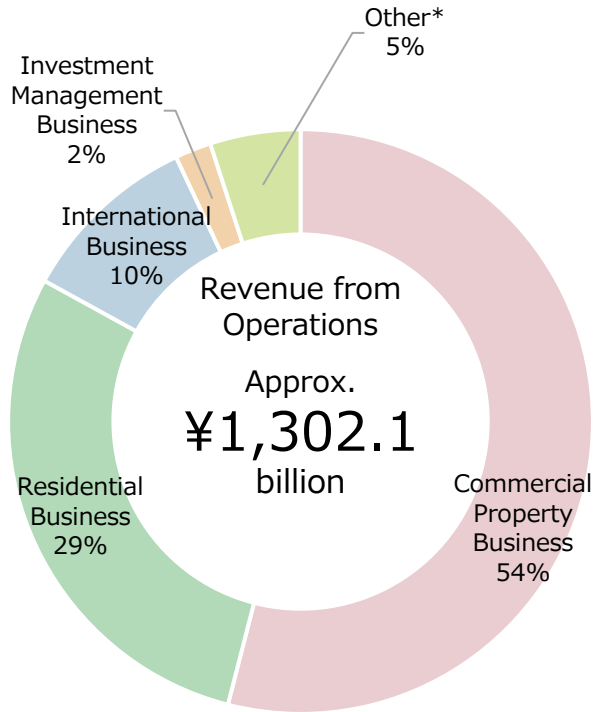
Mitsubishi Jisho Sekkei Inc. provides architectural design and engineering services of construction and civil engineering.



<Real Estate Services Business>
Mitsubishi Real Estate Services Co., Ltd. offers real estate brokerage, parking lot management support, and other services.



2. Business Scale

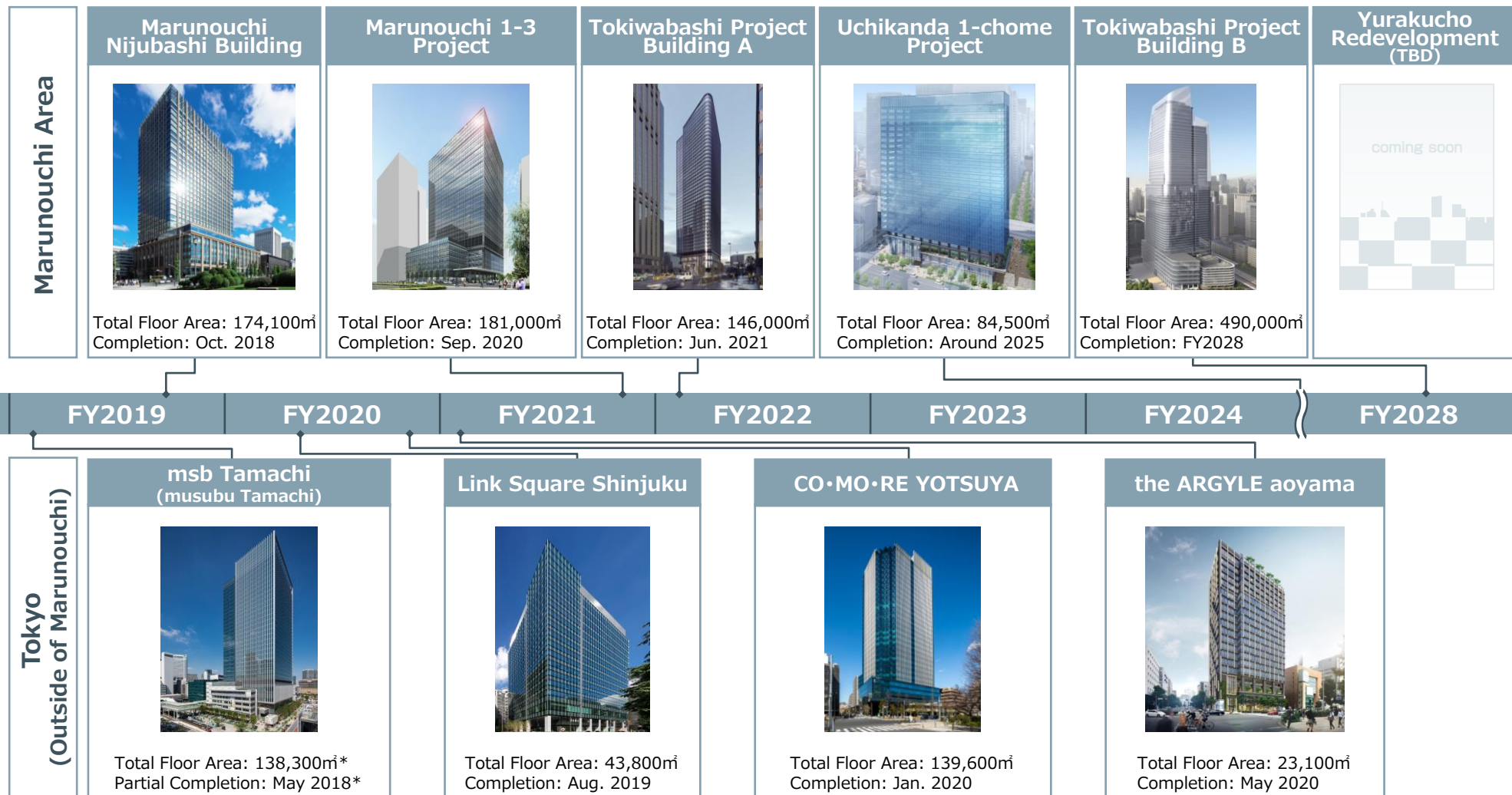


*Hotel / Airport Business, Architectural Design & Engineering, Real Estate Services, Other Business (FY2020 Results)

Commercial Property Business

Office Buildings

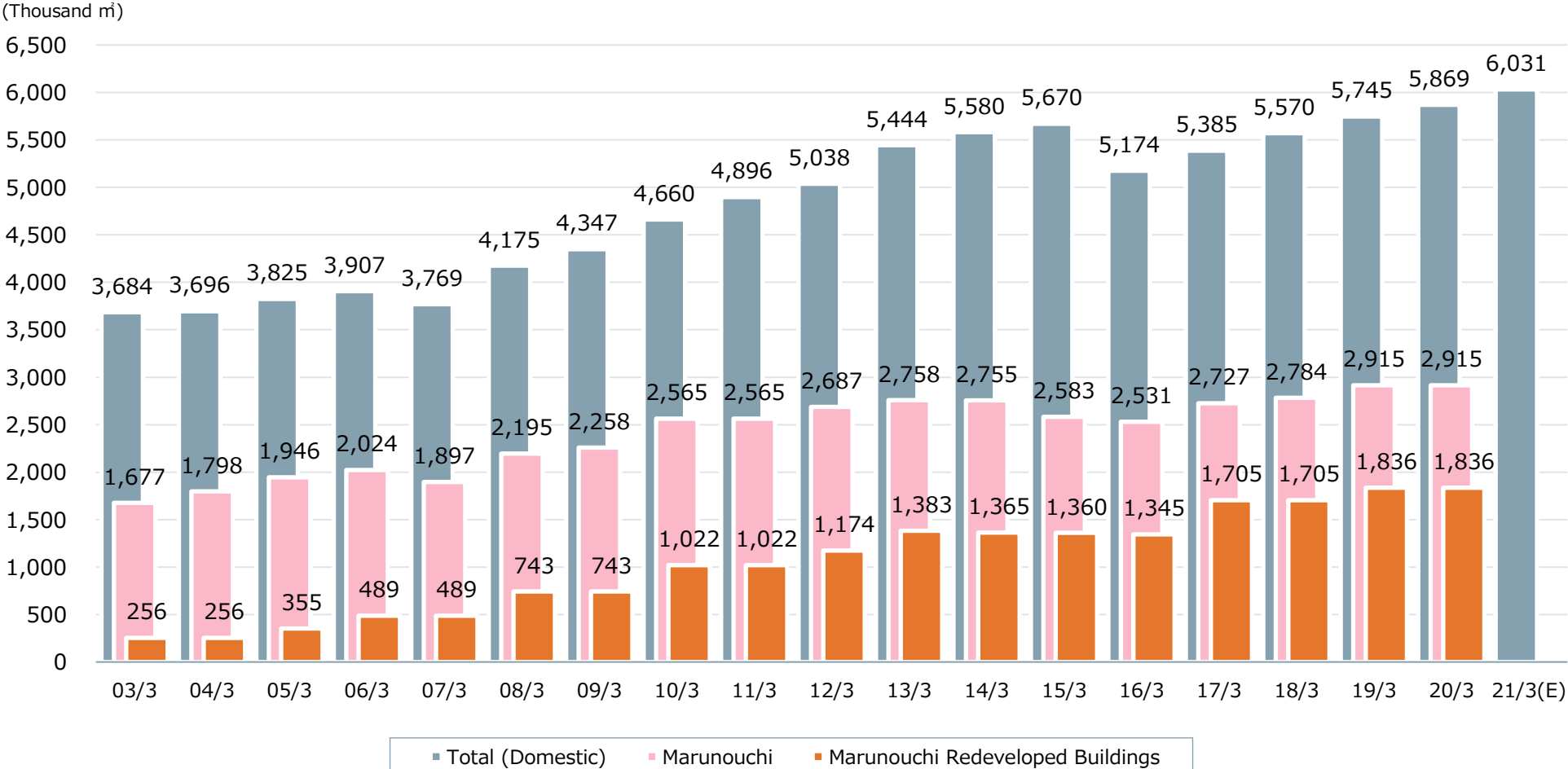
2. Pipeline



*Tower S

3. Earnings Related Data: Total operating floor space (Unconsolidated)

Total (Domestic) / Marunouchi / Marunouchi Redevelopment Buildings

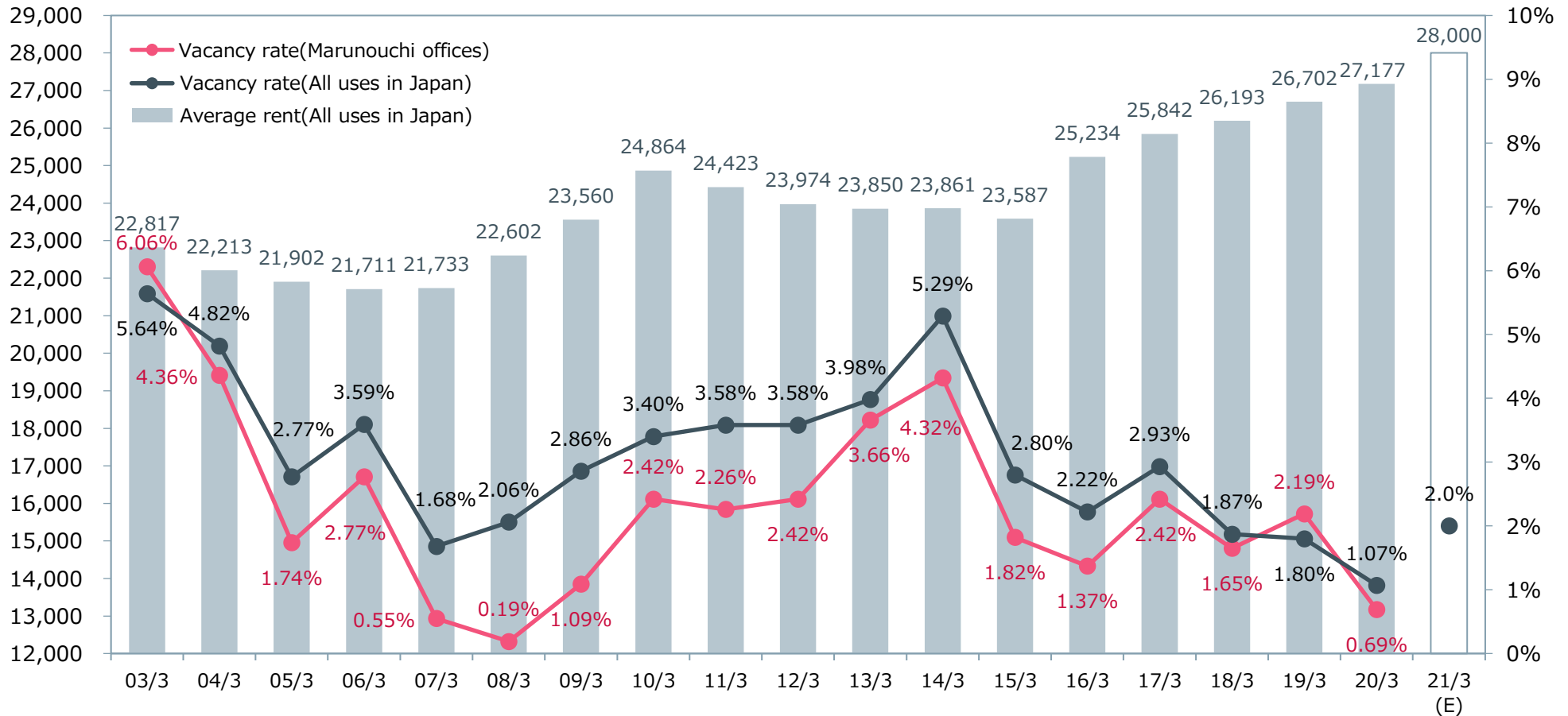


*Excluding floor space in Lifestyle Property Business from 16/3

4. Earnings Related Data: Vacancy Rates / Average Rents (Unconsolidated)

Vacancy Rates (Marunouchi offices / All uses in Japan) / Average Rents (All uses in Japan)

(yen / tsubo-month)



5. Earnings Related Data: Office Building*¹ Business, Revenue Breakdown (Unconsolidated)

(Billions of Yen)

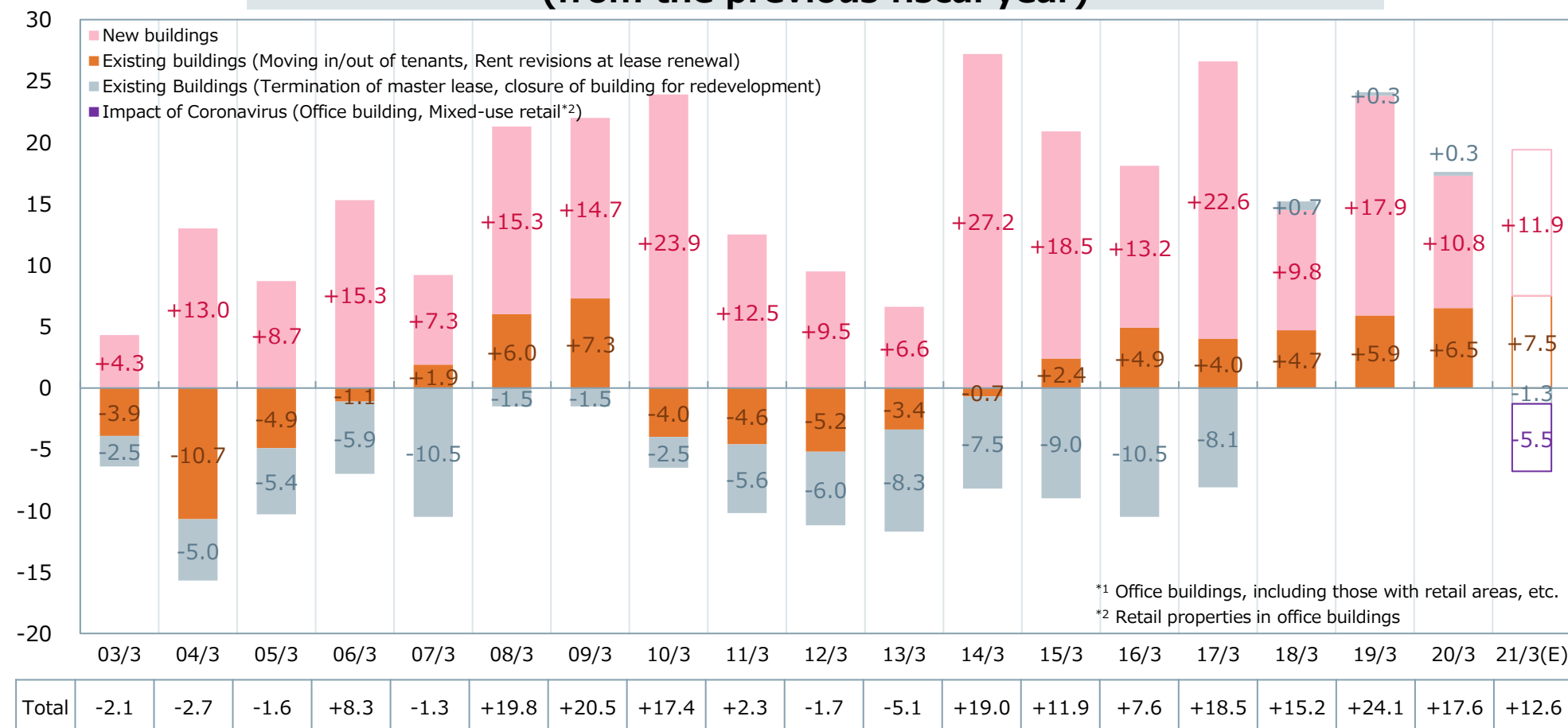
	FY2019 (Results)	FY2020 (Previous Estimates)	FY2020 (Results)	FY2021 (Estimates)
Rent revenue from office building* ¹	388.6	400.7	406.6	418.6
Changes from Previous Period	+ 27.3	+ 12.0	+ 17.9	+ 11.9
Rent revenue from new buildings	+ 17.9	+ 10.5	+ 10.8	+ 11.9
Rent revenue from existing buildings	+ 6.2	+ 3.7	+ 6.8	+ 6.1
Termination of master lease, closure of building for redevelopment	+ 0.3	△ 0.1	+ 0.3	△ 1.3
Moving in/out of tenants, Rent revisions at lease renewal	+ 5.9	+ 3.8	+ 6.5	+ 7.5
		Impact of Coronavirus	Offices	△ 0.5
			Mixed-use retail*²	△ 5.0
Supplementary Revenue, including common area charge	+ 3.3	△ 1.8	+ 0.0	△ 0.6

*¹ Office buildings, including those with retail areas, etc.*² Retail properties in office buildings

6. Earnings Related Data: Trends in rent revenue from office building*1 (Unconsolidated)

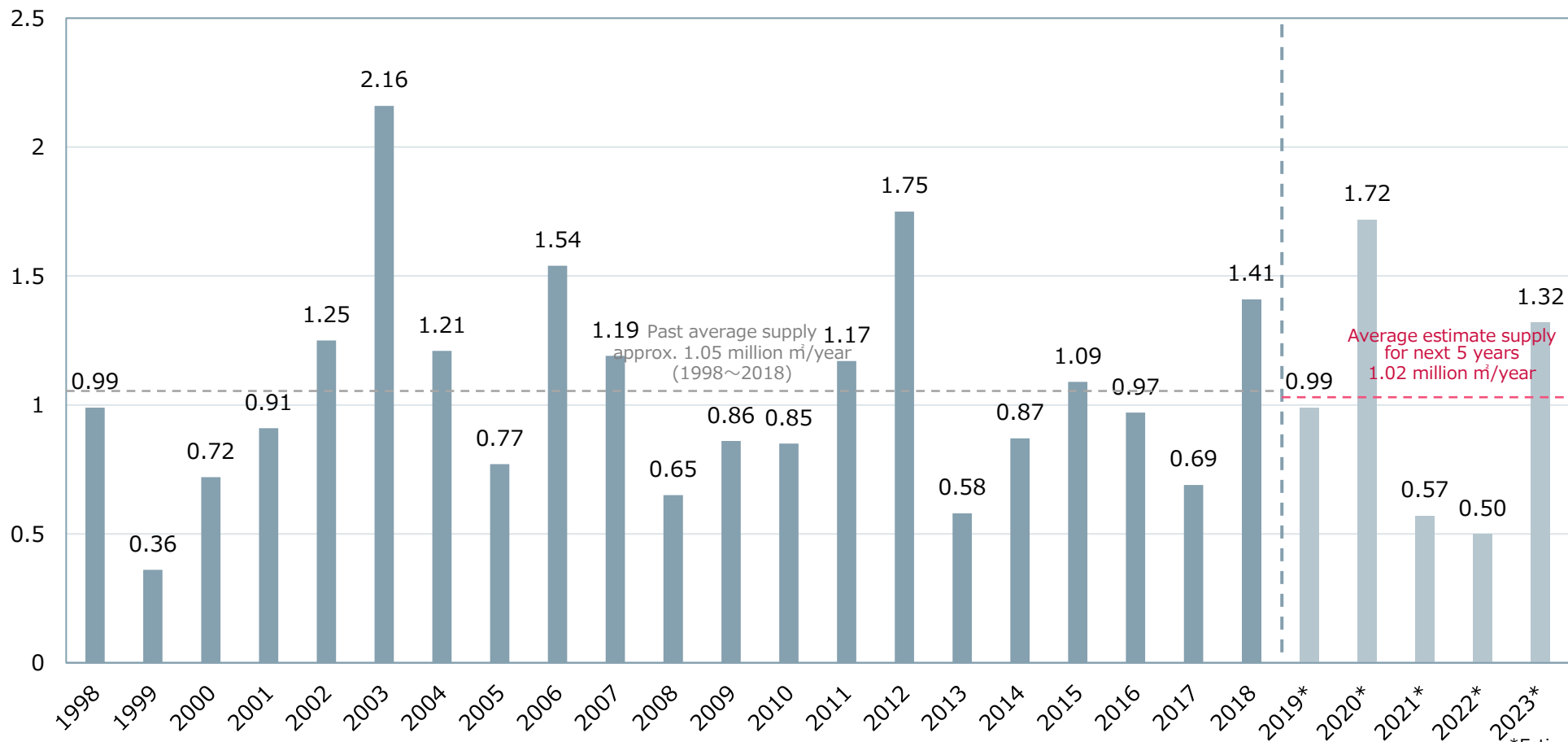
**Increase / decrease of rent revenue from office building*1
(from the previous fiscal year)**

(Billions of Yen)



7. Office Building Market Data: New Supply of Large-Scale Office Buildings (23 Wards of Tokyo)

(Millions of m²)

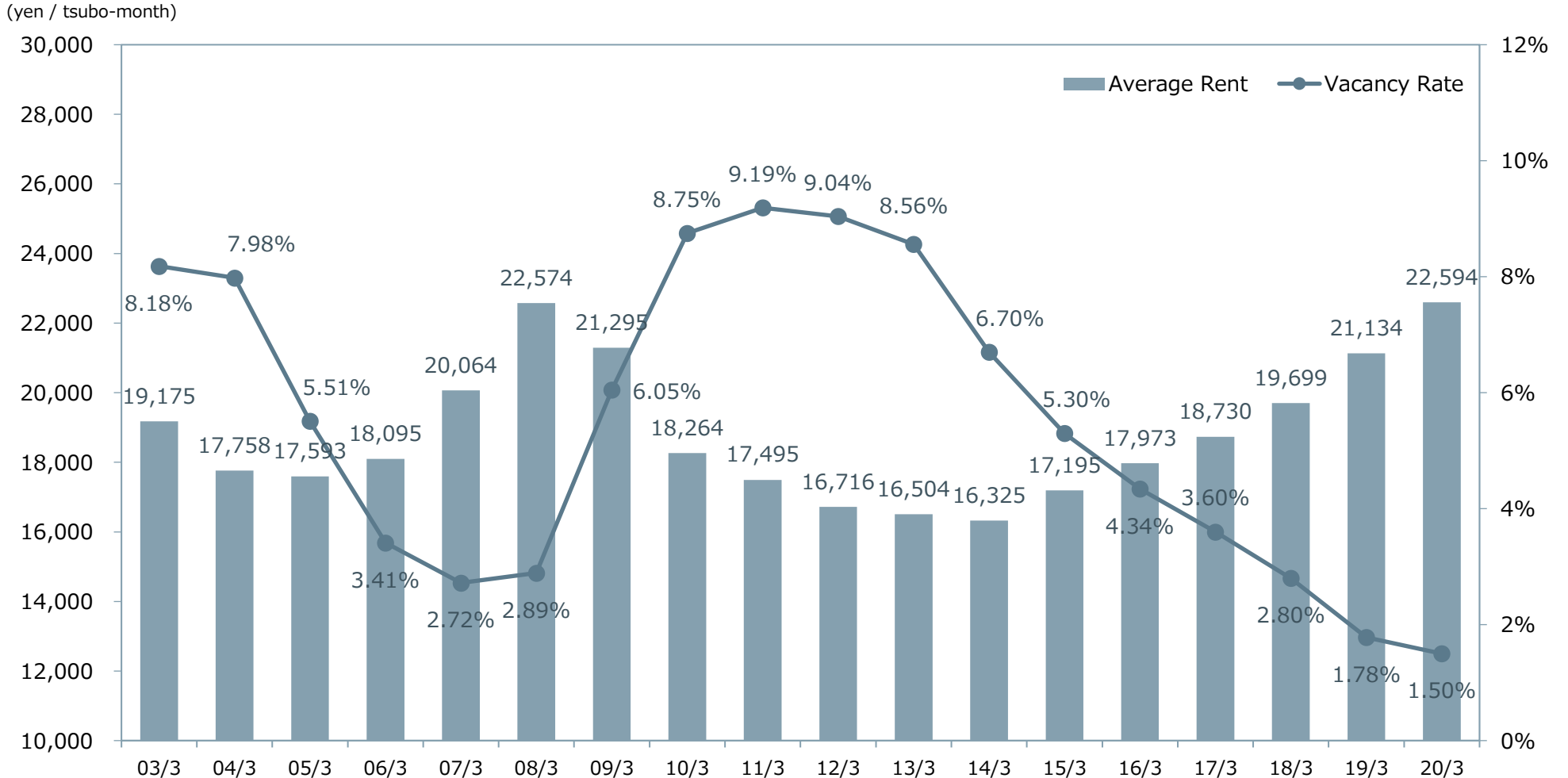


*Estimate

※Research subject buildings: Buildings with total office floor area exceeding 10,000m²

Source: Mori Building

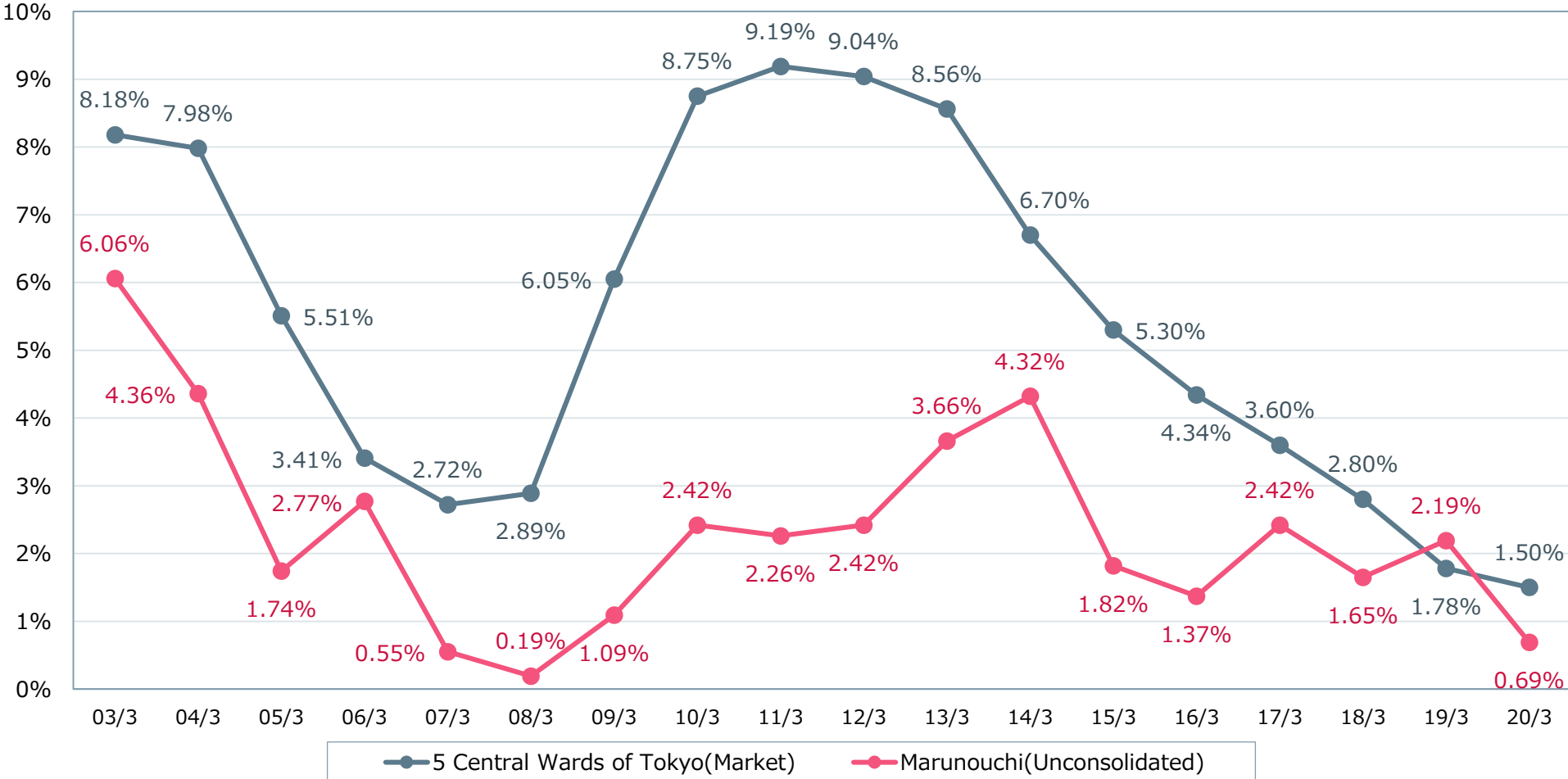
8. Office Building Market Data: Average Rents / Vacancy Rates (5 Central Wards of Tokyo)



Source: Miki Shoji Co., Ltd.

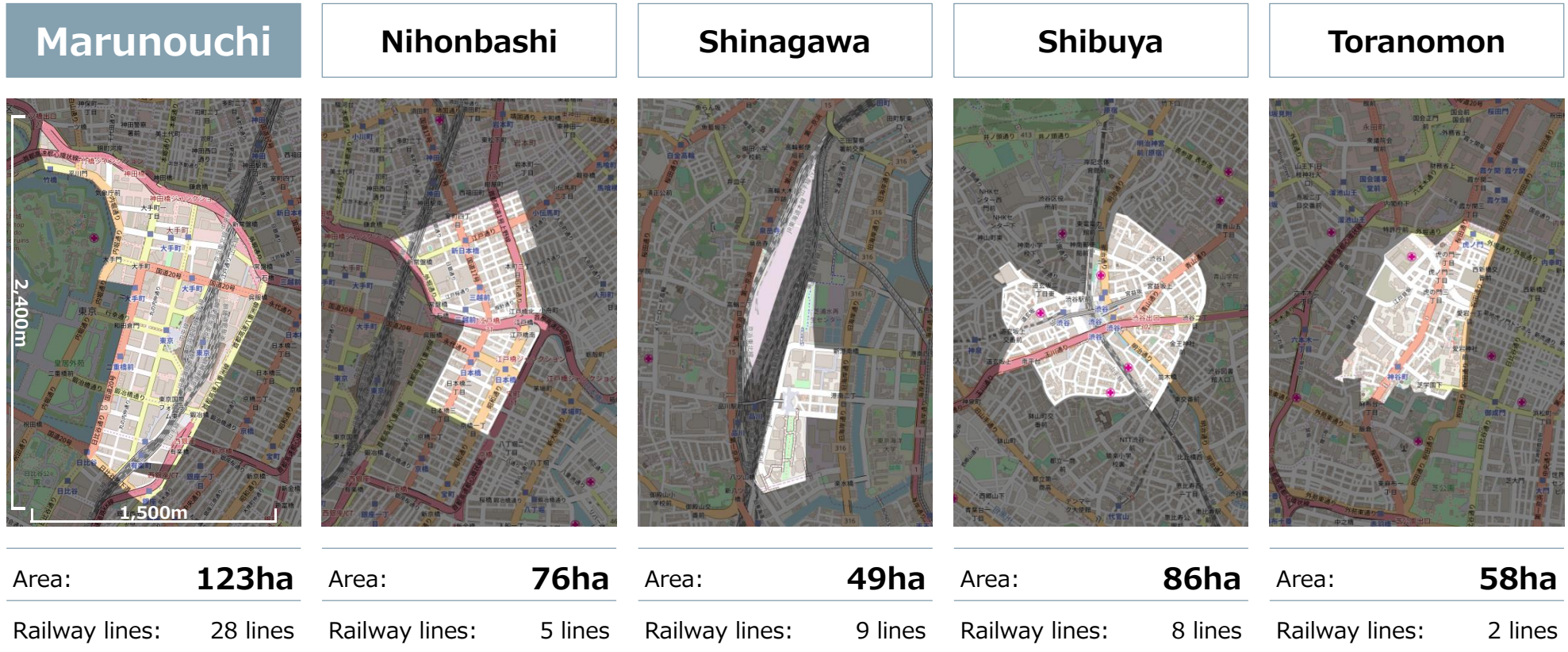
9. Competitive Edge of Marunouchi: Vacancy Rates

5 Central Wards of Tokyo(Market) vs. Marunouchi(Unconsolidated)



Source: Miki Shoji Co., Ltd.

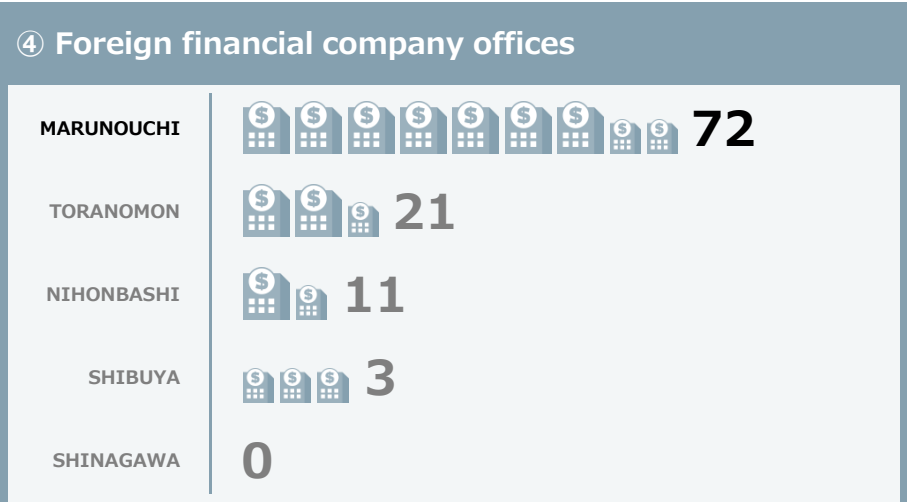
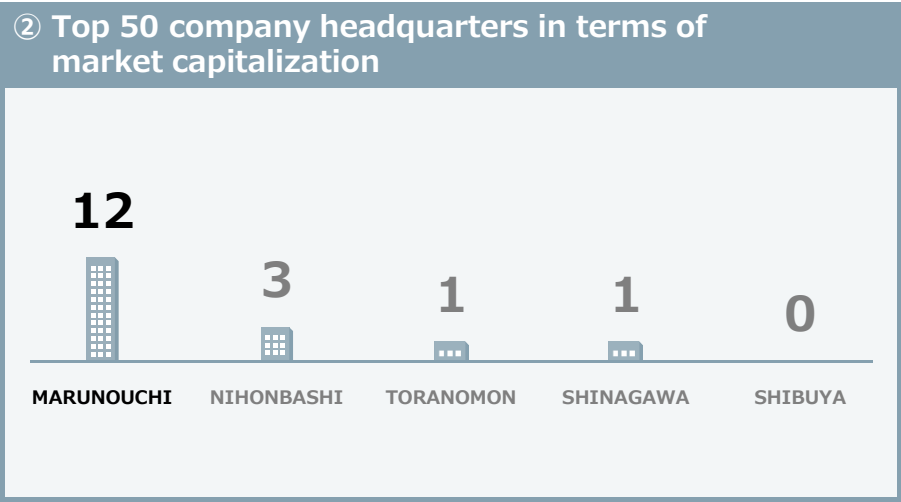
10. Competitive Edge of Marunouchi: Area / number of railway lines



©Open Street Map

11. Competitive Edge of Marunouchi: Number of headquarters and offices

(as of March, 2019)

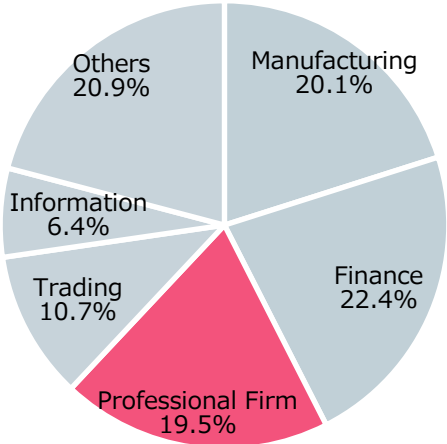
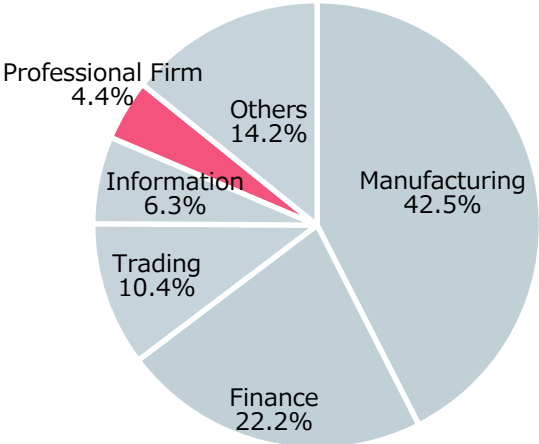


12. Marunouchi Data: Marunouchi Tenant Mix (Unconsolidated)

March 2000	Type of Business	Area ratio
1	Manufacturing	42.5%
2	Finance	22.2%
3	Trading	10.4%
4	Information	6.3%
5	Professional Firm	4.4%
	Others	14.2%



March 2020	Type of Business	Area ratio
1	Finance	22.4%
2	Manufacturing	20.1%
3	Professional Firm	19.5%
4	Trading	10.7%
5	Information	6.4%
	Others	20.9%



13. Marunouchi Data: Approaches for Marunouchi Area Development

Improvement of floor-area-ratio

Improving plot ratio in Marunouchi area by reviewing the use area

1,000% → 1,300% (June, 2004)

※1,200% for limited areas

Transfer of plot ratio: Exceptional plot ratio district system

Possible to transfer floor area among several areas meeting a certain conditions

“Exceptional floor-area ratio district” Area



◆ Example: Transfer unused floor-area at Tokyo station to other buildings around the station



Relaxation of plot ratio regulation: Special Urban Renaissance Districts

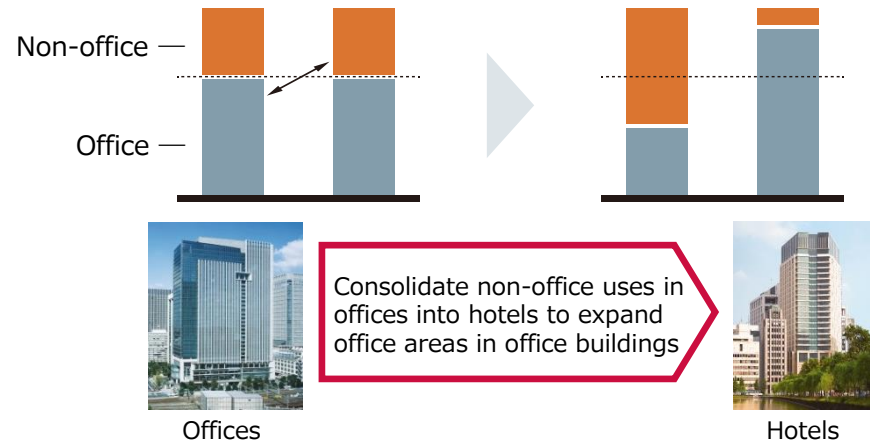
Possible to be permitted for relaxation of floor-area ratio regulation depending on levels of contribution to city regeneration as an exception of urban planning

Example: International business bases (Global Business Hub Tokyo etc.)
 Development of fine urban environment (improvement on water quality of ditch around the Imperial Palace etc.)
 BCP function(self-reliant of electric power and water supply, etc.)

Change of building uses: Consolidation of non-office use

Possible to consolidate and allocate mandated non-office use floor-areas when running several projects simultaneously

◆ Example: Consolidation between offices and hotels

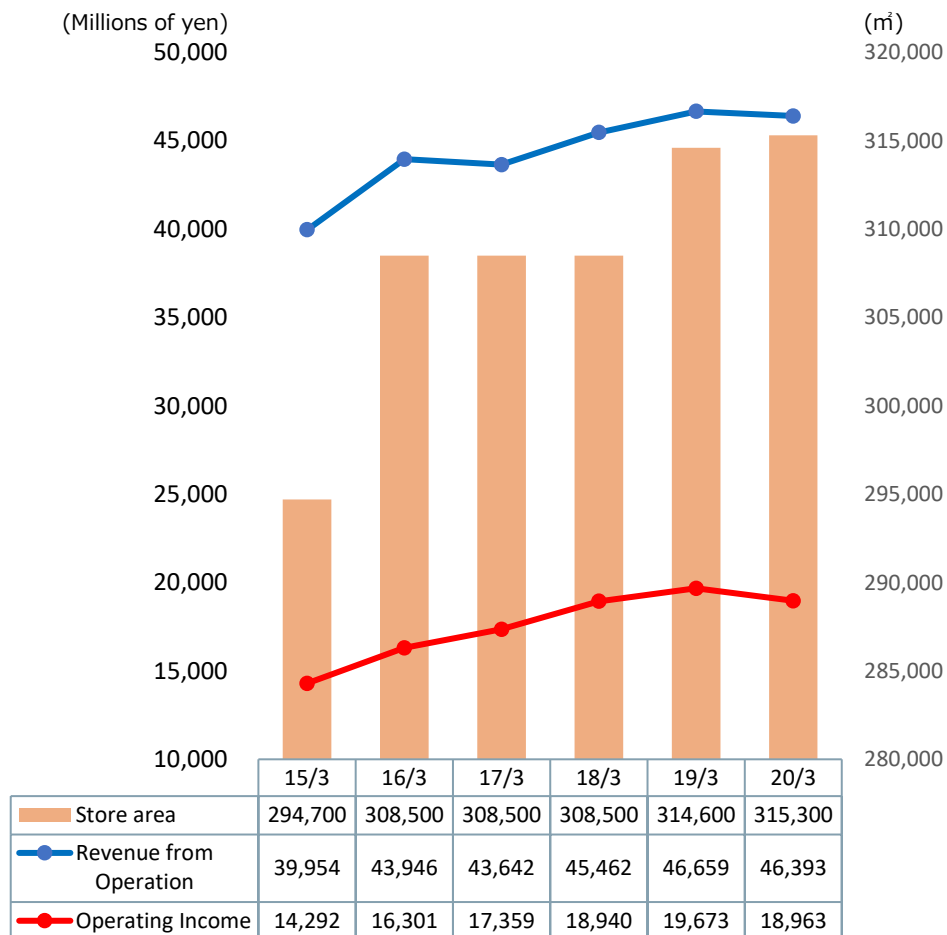


Commercial Property Business

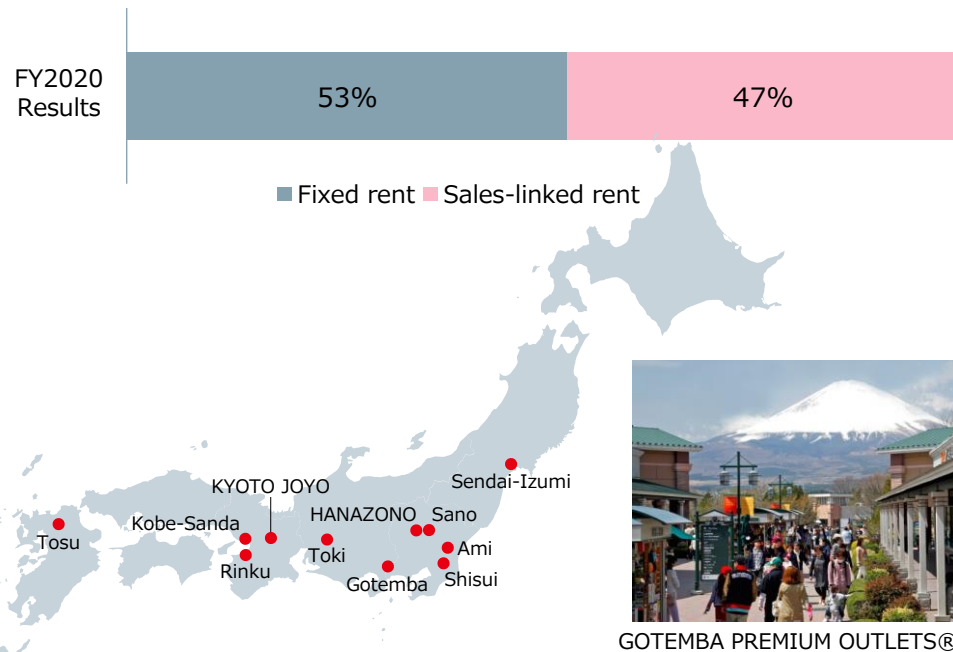
Outlet Malls, Retail Properties, Logistics Facilities, Hotels, and Airports

1. Outlet Mall Business

Change in Store Area, Revenue from Operations, and Operating Income



Average of all facilities Sales-linked & fixed ratio (Rent revenue basis)

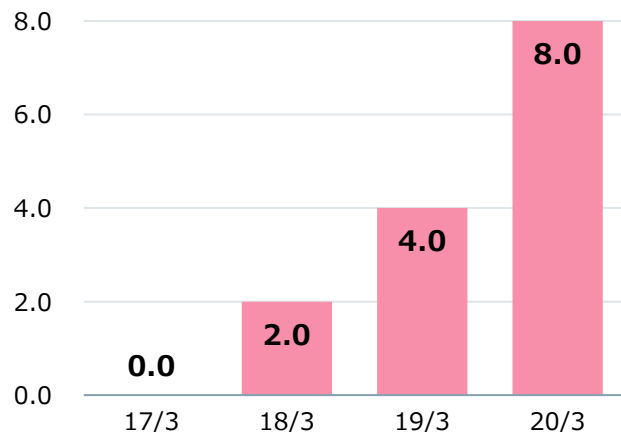


Name	Open	Store Floor Area
Gotemba (Phase 4)	Apr. 2020 (postponed)	Currently: Approx. 44,600m ² After expansion: Approx. 60,000m ² (+36%)
Rinku (Phase 5)	Summer, 2020	Currently: Approx. 39,400m ² After expansion: Approx. 49,600m ² (+26%)
Fukaya Hanazono (New)	Fall, 2022	Approx. 25,000m ²
Kyoto Joyo (New)	Spring, 2024	

2. Logistics Facility Business

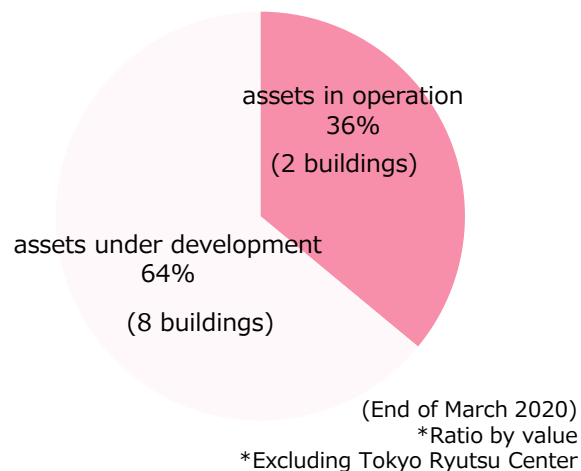
Trends in gain on sale

(Billions of Yen)



Total assets

Approx. ¥ **27 billion**



Operational logistics facilities

Total number of developed facilities

13

Number of facilities in operation

2

Total floor area of facilities in operation

51,000m²

(End of March 2020)
*Excluding Tokyo Ryutsu Center



Tokyo Ryutsu Center Distribution Building B



Logicross Yokohama Kohoku

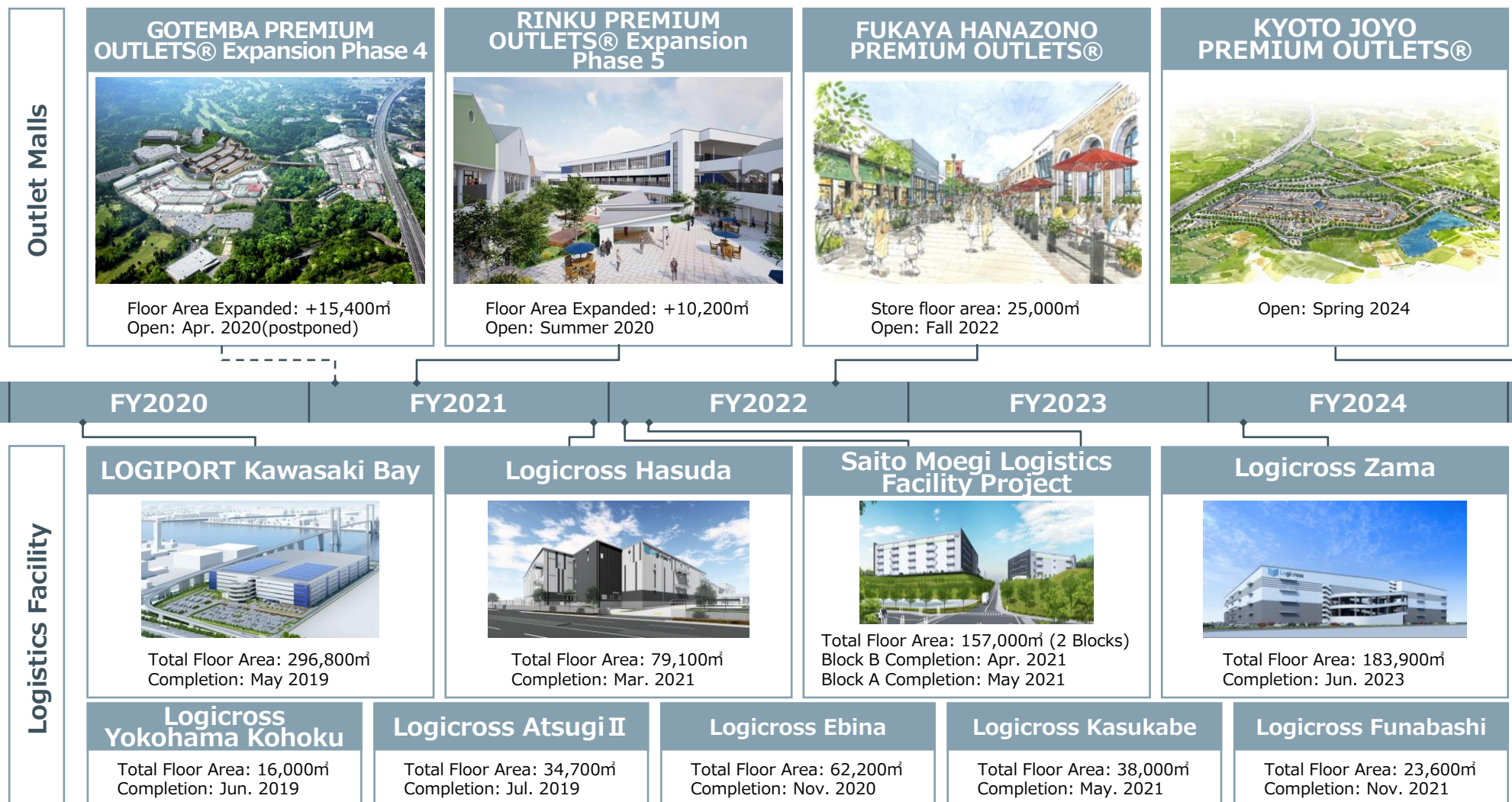


Logicross Atsugi II



Saito Moegi Logistics Facility Project

3. Outlet Malls and Logistics Facility Pipelines



4. Hotel (Development / Operation) Business



The Royal Park Hotel Iconic Osaka Midosuji



Odori Nishi 1-chome Project

Hotel Management Business

Name	Location	Number of Rooms	Open
Royal Park Hotel	Chuo, Tokyo	419	Jun. 1989
Yokohama Royal Park Hotel	Yokohama, Kanagawa	603	Sep. 1993
Sendai Royal Park Hotel	Sendai, Miyagi	110	Apr. 1995
The Royal Park Hotel Tokyo Shiodome	Minato, Tokyo	490	Jul. 2003
Marunouchi Hotel	Chiyoda, Tokyo	205	Oct.2004
The Royal Park Hotel Kyoto Sanjo	Kyoto, Kyoto	172	Jul. 2011
The Royal Park Hotel Fukuoka	Fukuoka, Fukuoka	174	Oct. 2011
The Royal Park Canvas Nagoya	Nagoya, Aichi	153	Nov. 2013
The Royal Park Hotel Tokyo Haneda	Ota, Tokyo	313	Sep. 2014
The Royal Park Hotel Kyoto Shijo	Kyoto, Kyoto	127	Apr. 2018
The Royal Park Hotel Hiroshima Riverside	Hiroshima, Hiroshima	127	Oct. 2018
The Royal Park Canvas Ginza 8	Chuo, Tokyo	121	Mar. 2019
The Royal Park Canvas Osaka Kitahama	Osaka, Osaka	238	Jun. 2019
The Royal Park Hotel Osaka Iconic Midosuji	Osaka, Osaka	352	Mar. 2020
The Royal Park Hotel Kyoto Umekoji	Kyoto, Kyoto	250	Fall 2020
The Royal Park Canvas Kobe Sannomiya	Kobe, Hyogo	170	Beginning of 2021
The Royal Park Canvas Kyoto Nijo	Kyoto, Kyoto	180	Spring 2021
Odori Nishi 1-chome Project	Sapporo, Hokkaido	130	Fall 2021
The Royal Park Hotel Kyoto Karasumaoike	Kyoto, Kyoto	200	Spring 2022
Ginza 6-chome Hotel Project	Chuo, Tokyo	160	Fall 2022
Nagoya Sakae Hotel Project	Nagoya, Aichi	250	FY2024

Hotel Development Business

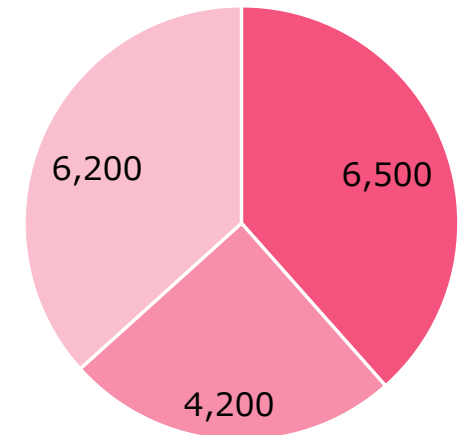
Name	Location	Number of Rooms	Construction Begins	Open
The Royal Park Hotel Kyoto Shijo	Kyoto, Kyoto	127	-	Apr. 2018
MJ HOTEL Asakusa	Taito, Tokyo	166	Mar. 2017	To be determined
The Royal Park Hotel Kyoto Umekoji	Kyoto, Kyoto	250	Jun. 2019	Fall 2020
The Royal Park Canvas Kobe Sannomiya	Kobe, Hyogo	170	Sep. 2019	Beginning of 2021
Asakusa Kaminarimon 2-chome Hotel Project	Taito, Tokyo	51	Dec. 2019	Spring 2021
Kyoto Okazaki Hotel Project	Kyoto, Kyoto	60	Feb. 2020	Fall 2021
Odori Nishi 1-chome Project	Sapporo, Hokkaido	130	Mar. 2020	Fall 2021
Hilton Okinawa Miyakojima Resort	Miyakojima, Okinawa	329	-	FY2024

Residential Business

1. Condominium Business Data

	FY2019 (Results)	FY2020 (Results)	FY2021 (Estimates)
Condominiums Sold (millions of yen)	238,924	202,876	-
Condominiums Sold (units)	4,007	3,214	-
Gross margin	17.0%	17.8%	-
Inventory (units)	542	373	-
New Supply of Condominiums (units)	3,966	2,924	-

**Land Bank
Breakdown in reporting term**
(as of March, 2020)



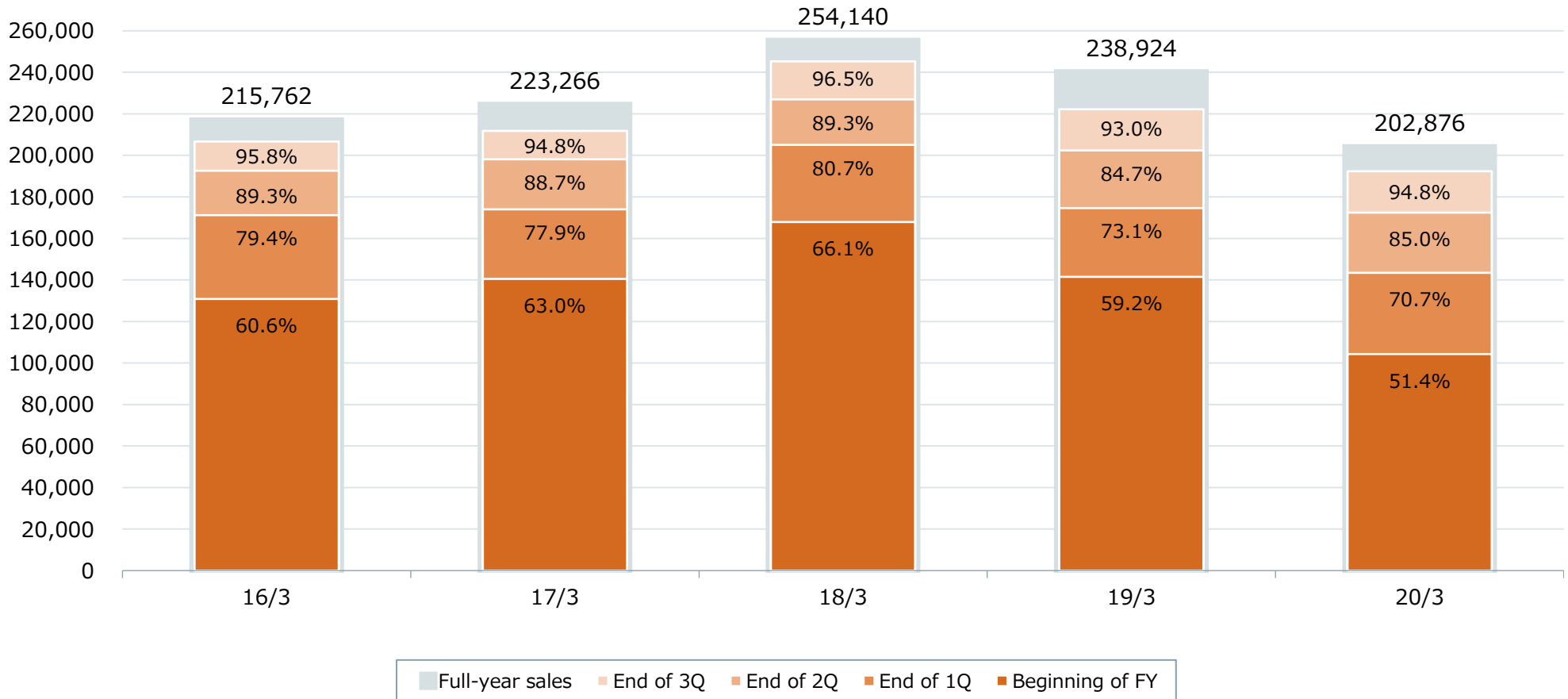
Total: 16,900 units

- FY2021 - FY2022
- FY2023 - FY2025
- FY2026 -

2. Condominium Business Data②

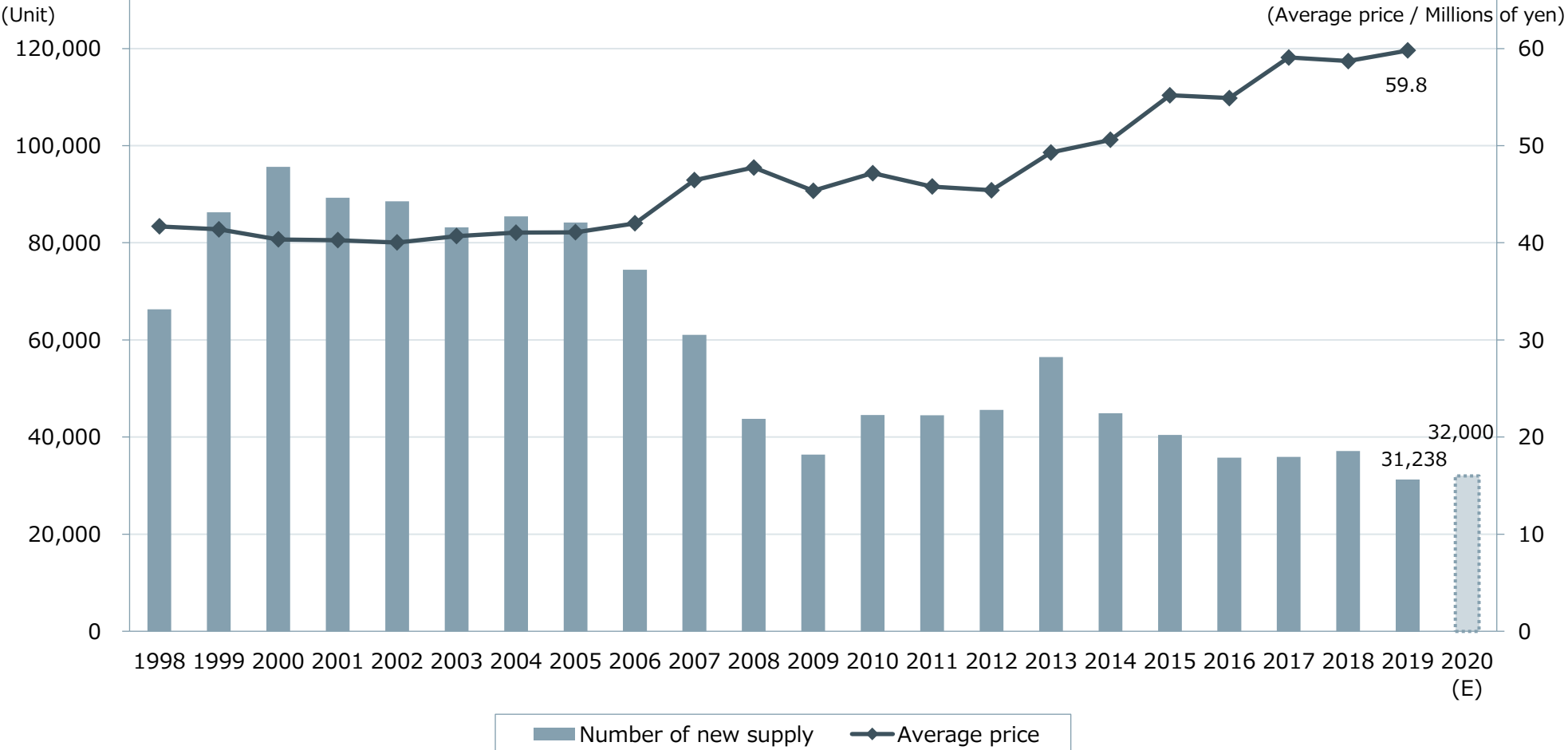
Quarterly Distribution of Sales by Agreement Date

(Millions of yen)



3. Condominium Market Data

Number of New Supply / Average Prices (the Greater Tokyo Area)



Source: Real Estate Economic Institute Co., Ltd.

4. Redevelopment Projects and Large-scale Development Projects

Redevelopment Projects and Large-scale Development Projects

Scheduled Delivery	Location	Project Name	Total Units
FY2021	Narashino, Chiba	Tsudanuma The Tower	759
FY2021	Adachi, Tokyo	Senju The Tower	184
FY2021	Atsugi, Kanagawa	The Parkhouse Hon-Atsugi Tower	163
FY2021	Kawaguchi, Saitama	The Parkhouse Kawaguchi Honcho	162
FY2021	Chiba, Chiba	Makuhari Bay Park Sky Grand Tower	826
FY2021	Kagoshima, Kagoshima	The Parkhouse Kagoshima Chuo Tower	210
FY2021	Shinjuku, Tokyo	The Residence Yotsuya Avenue/Garden	60
FY2021	Shinagawa, Tokyo	Crevia Tower Oimachi THE RESIDENCE	136
FY2022	Bunkyo, Tokyo	Park Court Bunkyo Koishikawa The Tower	571
FY2022	Koto, Tokyo	Proud Tower Kameido Cross	934
FY2023	Nagasaki, Nagasaki	Shin-daikumachi District Redevelopment Project	240
FY2023	Yokohama, Kanagawa	Land Readjustment Project (H block) in West District around Kawawa-cho Station	183
FY2024	Shinagawa, Tokyo	Togoshi 5-chome, 19 District Redevelopment Project	241
From FY2025	The Greater Tokyo Area	Hamamatsucho 2-chome District Redevelopment Project, etc.*1	Total 18,550*2
	Outside of the Greater Tokyo Area	Minatomachi 3-chome C Block District Area Redevelopment Project, etc.*1	Total 3,380*2



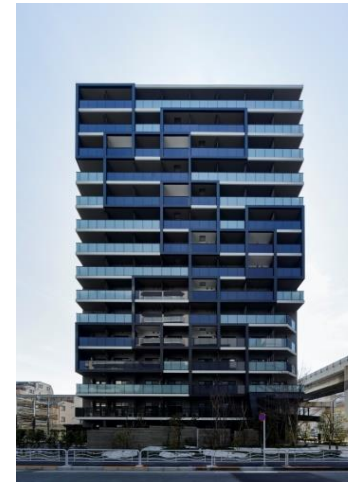
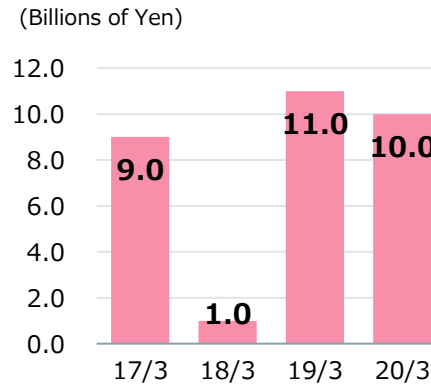
The Parkhouse Hon-Atsugi Tower

*1 There are approx. 25 ongoing projects scheduled for delivery in FY2024 onward

*2 Total of several planned projects

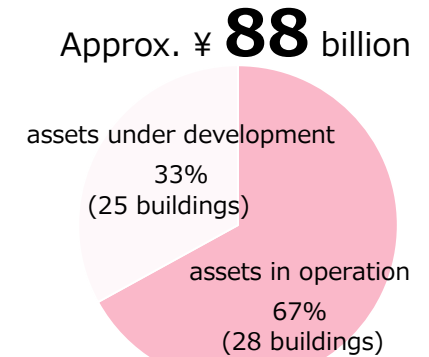
5. Rental Apartment Business

Trends in gain on sale

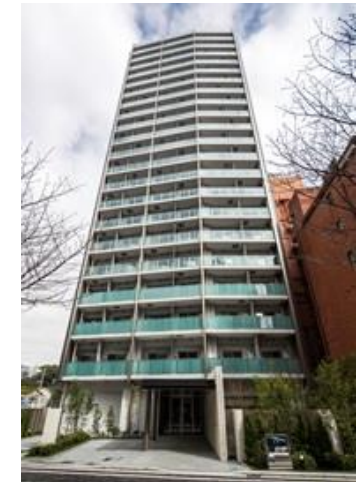


The Parkhabio Kiba

Total assets



(End of March 2020)
*Ratio by value

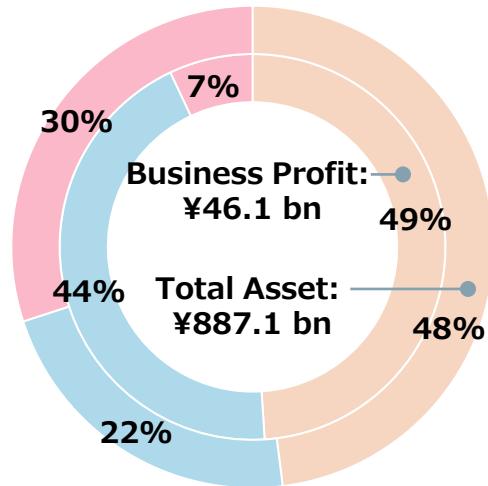


Parkhabio Akasaka Tower

International Business

1. International Business Strategy

FY2020



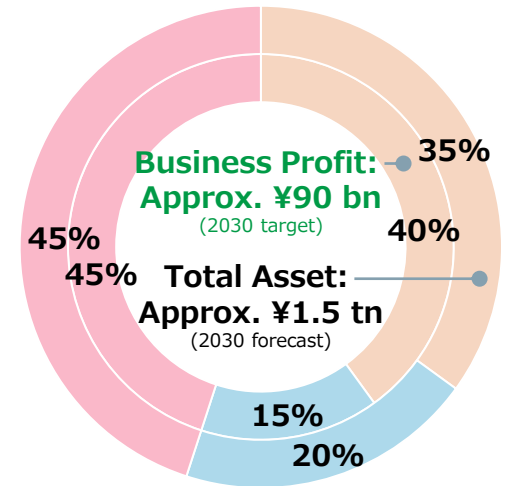
ROA : Approx. 5%

Asia Europe US

Towards 2030 Target

- ◆ Expand Asia development business
- ◆ Annual investment: approx. ¥200–250 bn
- ◆ 1st half of 2020s : Profit increase with asset accumulation
- ◆ 2nd half of 2020s: Balance investment and return

2030 Target



ROA : Approx. 6%

Strategy

①Asia

- ◆ Increase investment, build capital recycling portfolio
- ◆ Two approaches:
 - ①Development with major stake
 - ②Joint businesses with local partners

<Expected Return from Investment>

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

②Europe

- ◆ Investment and return to optimize profit stability and capital efficiency
- ◆ Advance mainly large-scale*

* 8 Bishopsgate, 60-72 Upper Ground

<Expected Return from Investment>

IRR	8~10%
-----	-------

③US

- ◆ Strengthen capital recycling business, making the most of RGII* know-how
- ◆ Joint venture with local partners

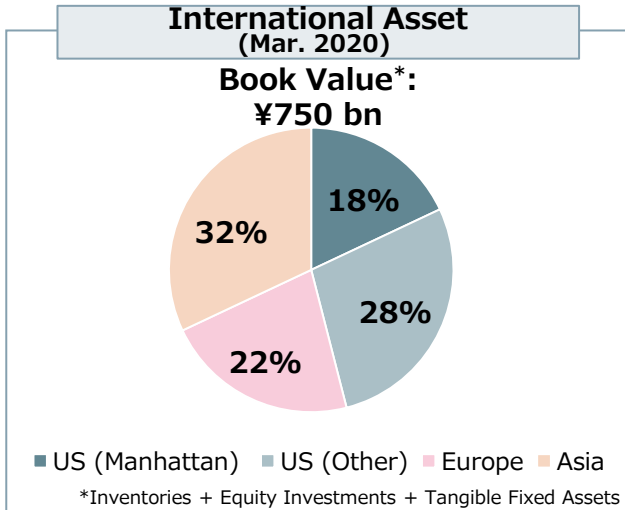
* Rockefeller Group International, Inc.

<Expected Return from Investment>

IRR	8~10%
-----	-------

2. International Asset/Ongoing Projects

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



1271 Avenue of the Americas



Daswin Project



8 Bishopsgate project



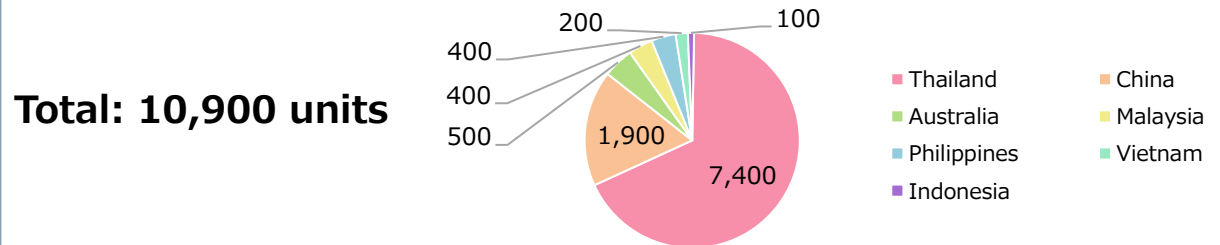
Yoma Central

Major Ongoing Projects

	Property Name	Location	Use	Completion	Area / Units* ¹
Asia	Phase 3 of Singapore-Hangzhou Science & Technology Park	China (Hangzhou)	Office	2020	172,300m ²
	CapitaSpring	Singapore	Multi-use	2021	93,400m ² * ²
	Mixed Use Development in Hangzhou	China (Hangzhou)	Office	2021	69,800m ²
	Daswin Project	Indonesia (Jakarta)	Office	2021	75,000m ²
	Yoma Central (4 buildings total)	Myanmar (Yangon)	Multi-use	2021	212,700m 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
	One City Centre	Thailand (Bangkok)	Office	2022	66,000m ²
	Europe	8 Bishopsgate	UK (London)	Office	2022
Nine Elms Park		UK (London)	Rental apartment	2022	196 units
60-72 Upper Ground (ITV The London Television Centre)		UK (London)	TBD	2020s 2nd half	TBD
US	1271 Avenue of the Americas	US (Manhattan)	Office	Dec. 2019	195,000m ²
	Edison	US (New Jersey)	Logistics facilities	2020	87,200m ²
	Lehigh Valley (4 buildings total)	US (Pennsylvania)	Logistics facilities	2021	325,200m ²

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

Land Bank in Asia (Condominiums)

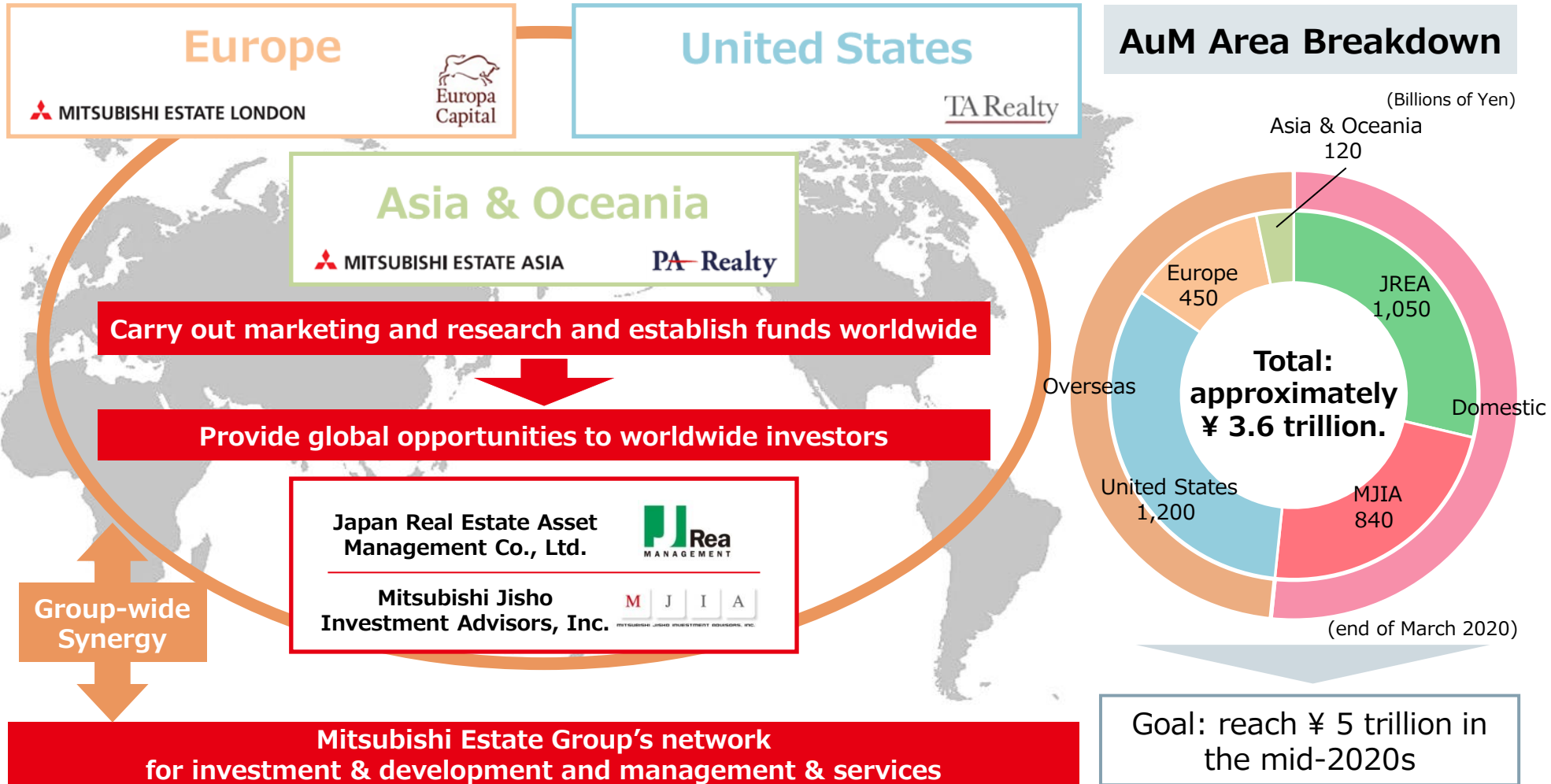


* # of unit MEC owns

Other business

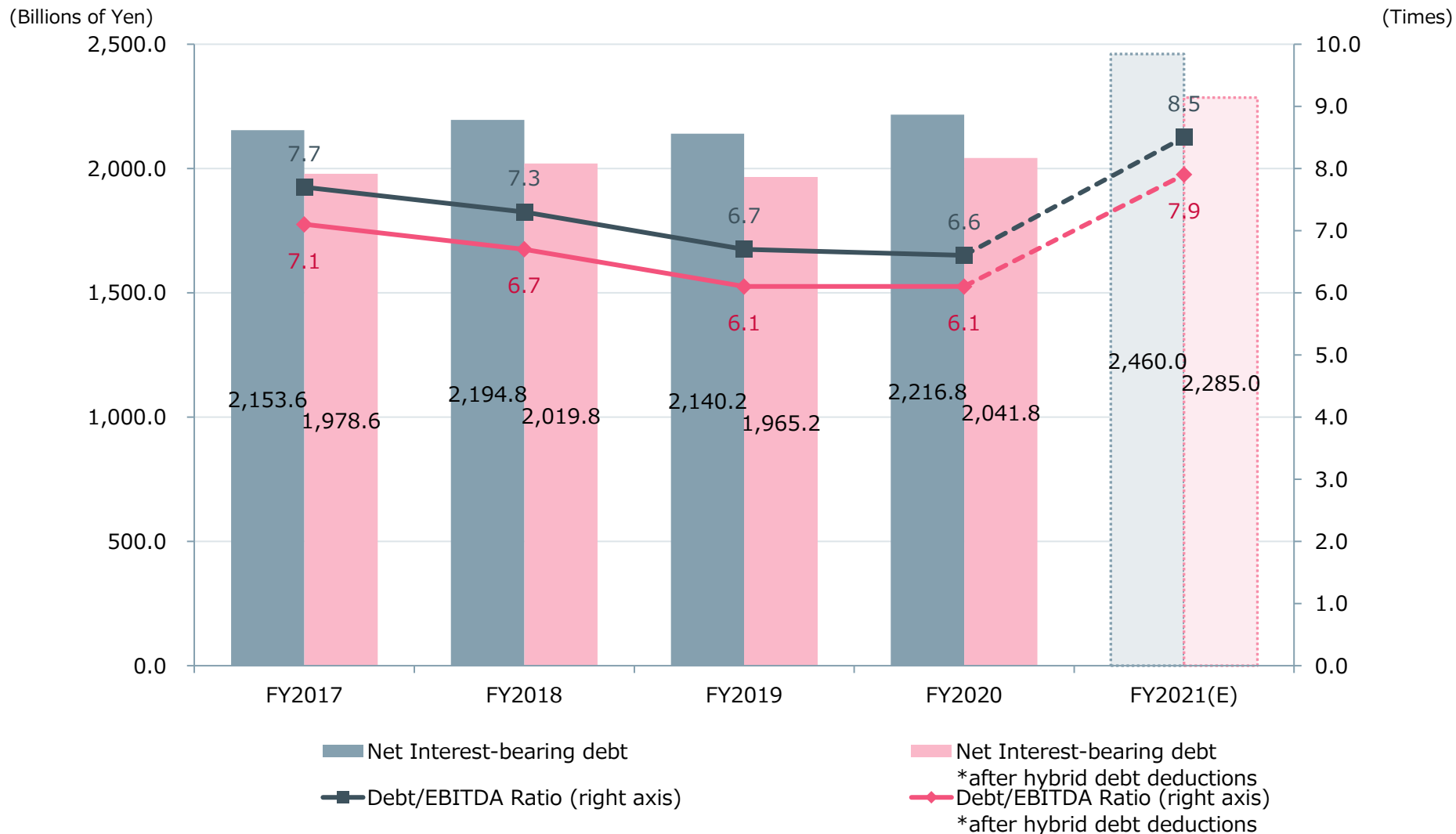
1. Investment Management Business: Global Platform

Globally, we have combined assets under management of approximately ¥ 3.6 trillion.



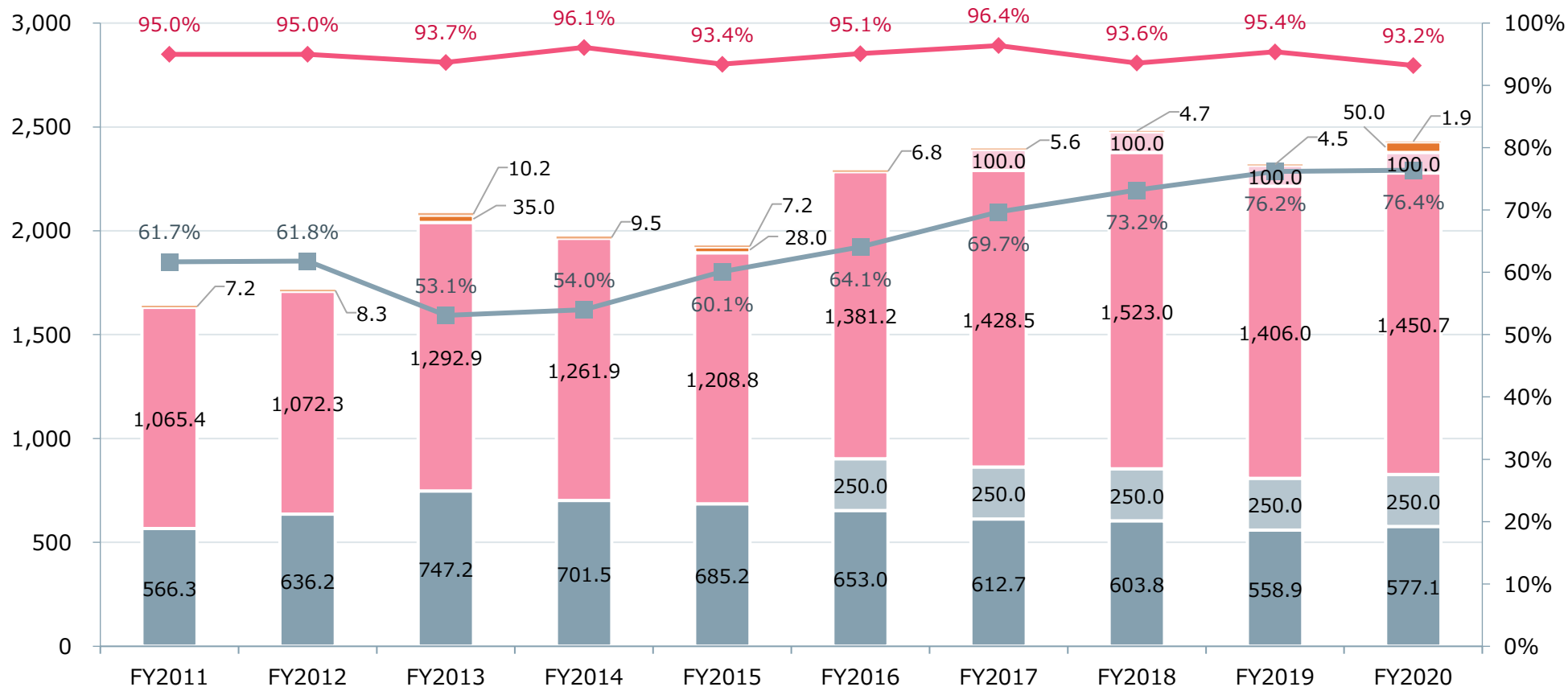
Investment / Financial Data etc.

1. Net Interest-bearing debt/EBITDA Ratio



2. Interest-Bearing Debt Breakdown

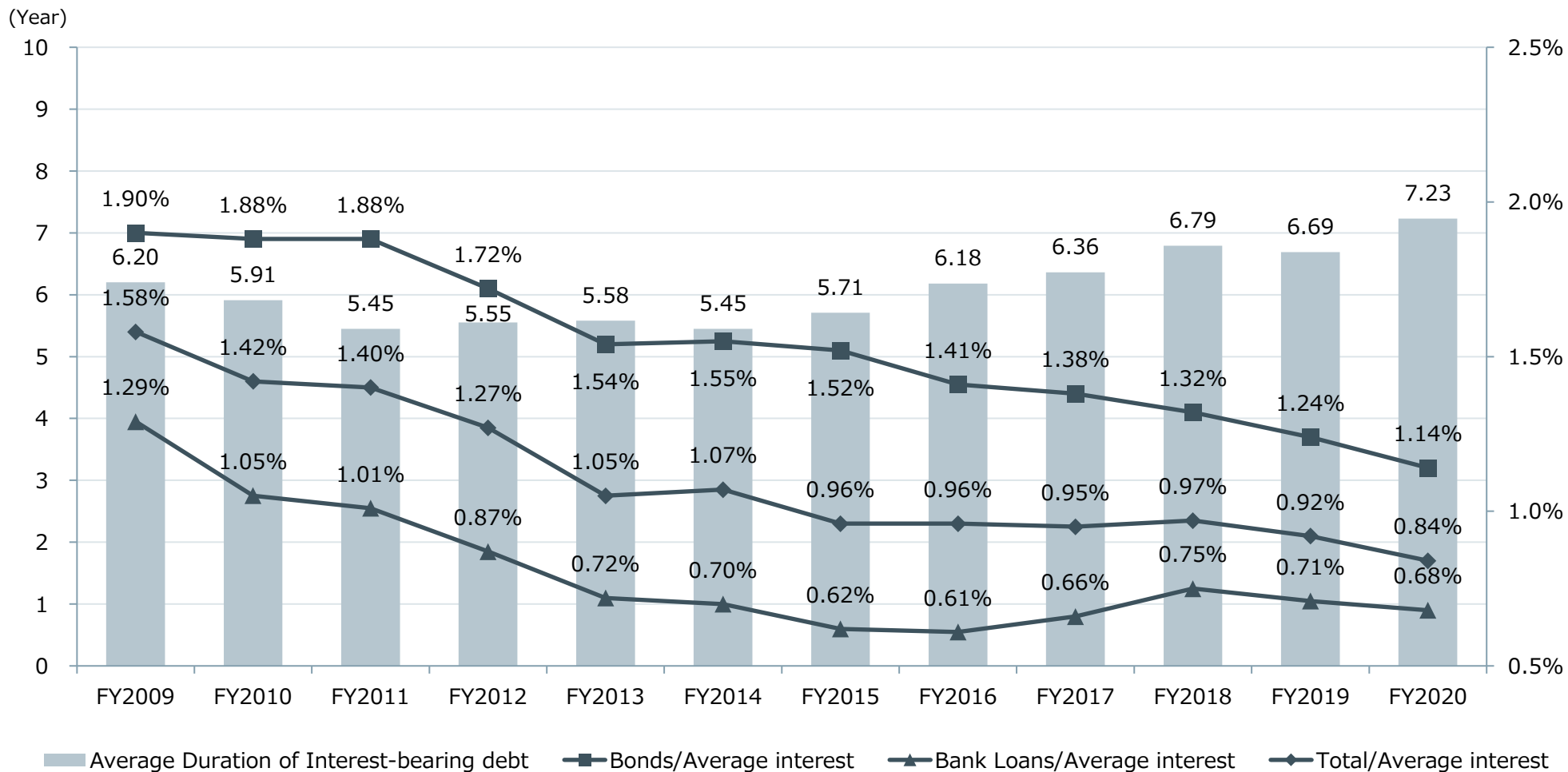
(Billions of Yen)



Total	1,693.0	1,716.8	2,085.4	1,973.0	1,929.3	2,291.0	2,396.9	2,481.6	2,319.5	2,429.8
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■ Straight Bond
 ■ Subordinated bond
 ■ Bank Loan
 ■ Subordinated loan
 ■ CP
 ■ Lease liability
 ■ Fixed ratio
 ◆ Long-term ratio

3. Interest-bearing debt: Procurement Interest rates / Average Duration of Interest-bearing debt (Unconsolidated)

















ESG Initiatives

For details of ESG initiatives in "Long-term Management Plan 2030", please refer to the following link.
https://www.mec.co.jp/e/investor/plan/pdf/plan200124_e.pdf

1. 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 

2. 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)]

Renewable Energy Rate

2030 Target

25%

2050 Target

100%

[Actual : 1.3% (FY2019)]

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)]

Waste Disposal

2030 Target

20% reduction (vs. FY2020)

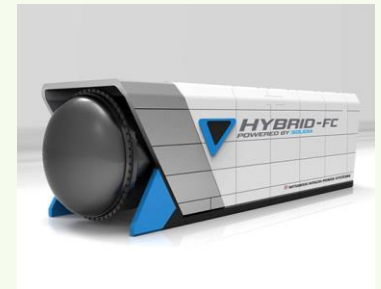
[Referential figures: 0.01t/sq m. (FY2019)]

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

3. 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. Retail properties: 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

4. 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

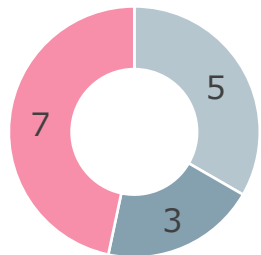
Structure of the Board of Directors

- 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

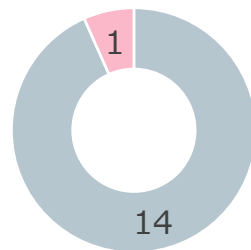
- Chairpersons of all committees are independent outside directors
- Remuneration and Nominating Committees comprised of independent outside directors only

Board Structure



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

Composition of male/female



- Male
- Female

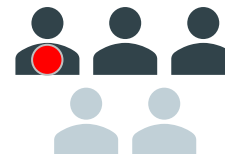
Nominating Committee

Exclusively outside directors



Audit Committee

Chairperson is outside director



Remuneration Committee

Exclusively outside directors



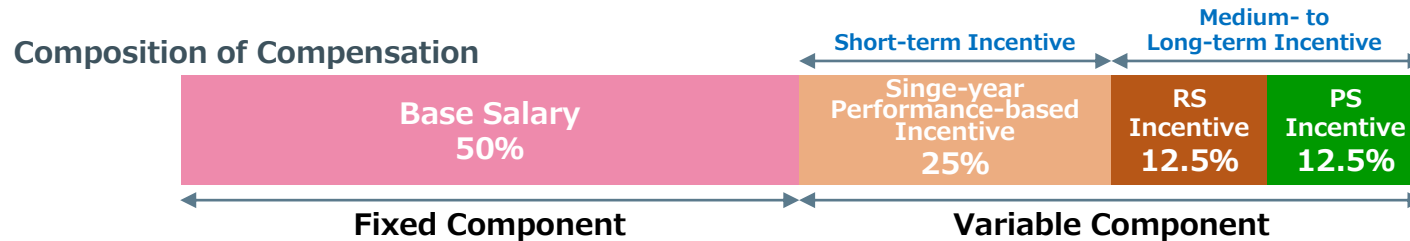
- Outside Director
- Company Director (Non-executive)
- Chairperson

5. 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 in the past four years (FY16–19).
- Current market value of the holdings is approx. ¥ 230 bn; routinely review strategic objectives and dispose of stocks as necessary as of January 2020.

* Including partial sale

6. 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



MSCI Japan ESG
Select Leaders Index



MSCI Japan Empowering
Women Index (WIN)



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Please be aware that actual information can result in different results depending on various factors.