

FY2022 – 3Q  
(For the Year Ending March 31, 2022)  
**IR Presentation**



For details of the "Long-Term Management Plan 2030", which began from April 2020, please refer to the following link.  
[https://www.mec.co.jp/e/investor/plan/pdf/plan200124\\_e.pdf](https://www.mec.co.jp/e/investor/plan/pdf/plan200124_e.pdf)

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## Financial Overview

### <FY2022-3Q Financial Results>

- Operating income increased significantly YoY due to the following factors.  
【Main factors】 Capital gain increase, Tokiwabashi Tower operation, decrease in COVID-19 impact on retails and hotels, and fee revenue\* increase in IM business
- Profit attributable to owners of parent decreased slightly YoY due the the following factors.  
【Main factors】 Increase in minority interest distribution due to IM business fee revenue\* increase and income taxes increase  
\*See page 73 for details.

### <FY2022 Forecasts (Revision to Earnings Forecasts) >

- Upward revision due to increase in capital gains and IM business profit; operating profit up ¥35.0 bn, profit attributable to owners of parent up ¥13.0 bn
- Upward revision in dividend per share from ¥33 to ¥36

### < Recent Highlights >

- Started construction of Tokyo Ryutsu Center Distribution A Building (December 2021)
- Announced "Mitsubishi Estate Residence GHG Emission Reduction Strategy" (January 2022)
- All electricity for all office buildings and commercial properties owned in Tokyo and Yokohama to be converted to renewable electricity (January 2022)
- Entered "5G Infrastructure Sharing Business" (January 2022)

# Summary of FY2022-3Q Results

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# 1. Income Statement Results for FY2022-3Q

## Significant increase in operating profit due to higher capital gains and other factors

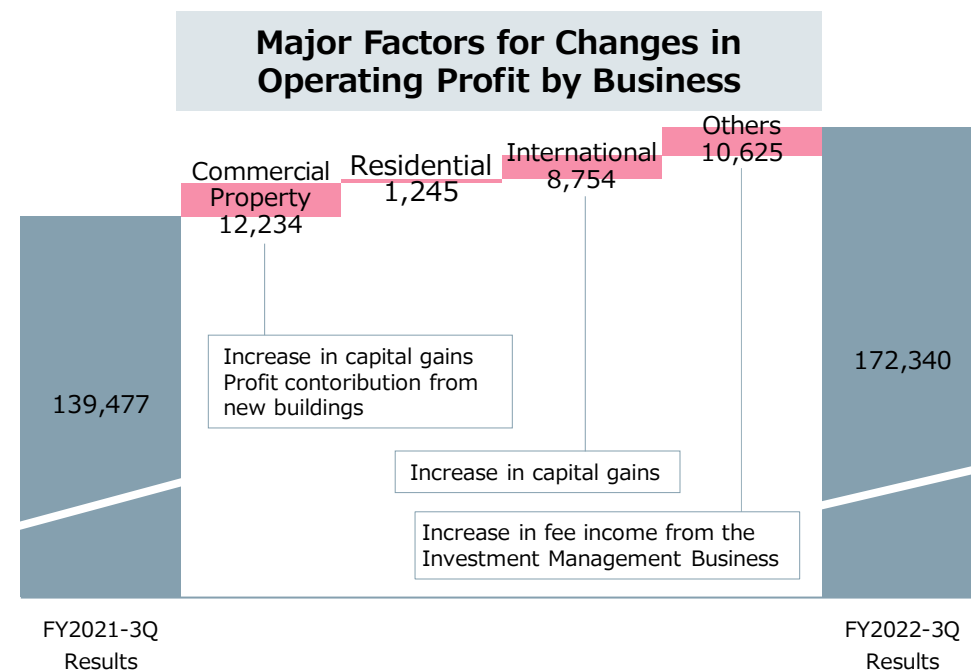
Millions of yen (rounded down)			
<New Segment>	FY2022-3Q	FY2021-3Q	Change
<b>Operating revenue</b>	<b>904,570</b>	<b>777,883</b>	<b>126,686</b>
Commercial Property Business	566,929	481,831	85,098
Residential Business	214,133	206,086	8,046
International Business	73,958	53,281	20,676
Investment Management Business	23,973	14,537	9,436
Other*	45,033	41,484	3,549
Elimination	△ 19,459	△ 19,338	△ 121
<b>Operating profit</b>	<b>172,340</b>	<b>139,477</b>	<b>32,862</b>
Commercial Property Business	143,590	131,355	12,234
Residential Business	8,218	6,972	1,245
International Business	28,969	20,214	8,754
Investment Management Business	11,099	2,642	8,457
Other*	△ 2,324	△ 4,318	1,992
Eliminations or corporate	△ 17,212	△ 17,388	176
Non-operating income (Share of profit of entities accounted for using equity method)	12,917	23,782	△ 10,865
	354	274	79
Non-operating expenses	34,496	23,794	10,702
<b>Ordinary profit</b>	<b>150,760</b>	<b>139,465</b>	<b>11,294</b>
Extraordinary income	9,609	15,610	△ 6,001
Extraordinary losses	14,060	24,485	△ 10,424
Total income taxes	44,454	34,391	10,063
Profit attributable to non-controlling interests	14,712	7,417	7,294
<b>Profit attributable to owners of parent</b>	<b>87,142</b>	<b>88,782</b>	<b>△ 1,639</b>

Millions of yen (rounded down)			
	FY2022-3Q	FY2021-3Q	Change
<b>Business profits</b>	<b>172,694</b>	<b>139,752</b>	<b>32,942</b>
<b>EBITDA</b>	<b>249,580</b>	<b>222,604</b>	<b>26,976</b>
<b>Interest-bearing debt</b>	<b>2,747,100</b>	<b>2,739,639</b>	<b>7,461</b>

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

### Capital Gains included in Operating Profit

Millions of yen (rounded off to the nearest billion)			
	FY2022-3Q	FY2021-3Q	Change
<b>Total</b>	<b>44,000</b>	<b>25,000</b>	<b>19,000</b>
Commercial Property Business	27,000	17,000	10,000
Residential Business	5,000	6,000	△ 1,000
International Business	12,000	2,000	10,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-

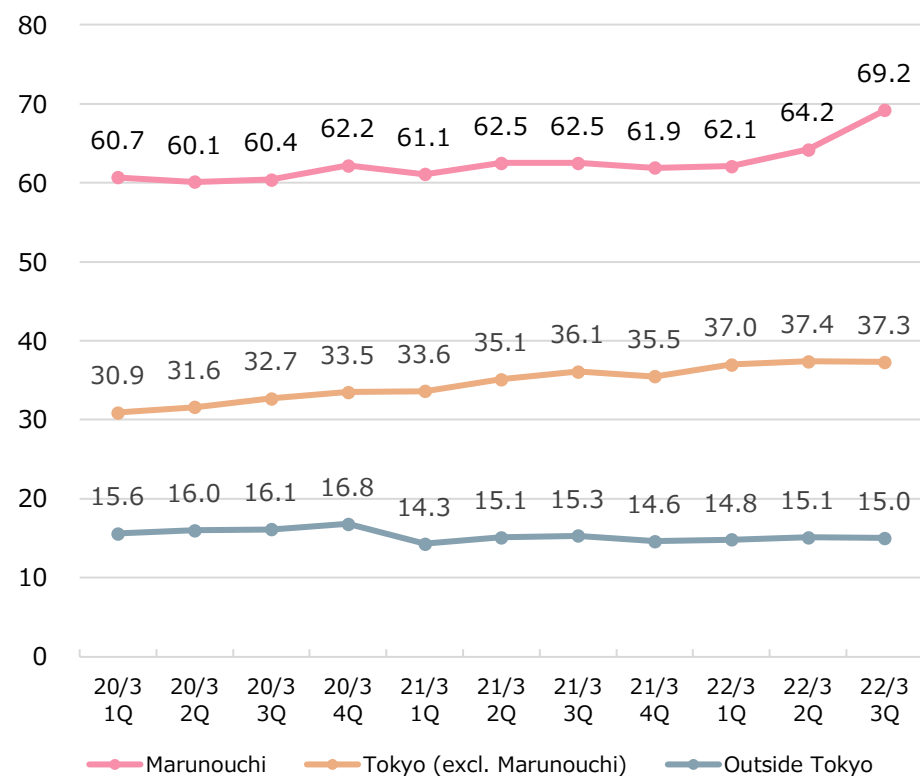


## 2. Changes in Revenue from Operations by Asset Type (Japan)

For retail properties and hotels, business environment improved in 3Q after SOE lifted

### Office buildings\*<sup>1</sup>

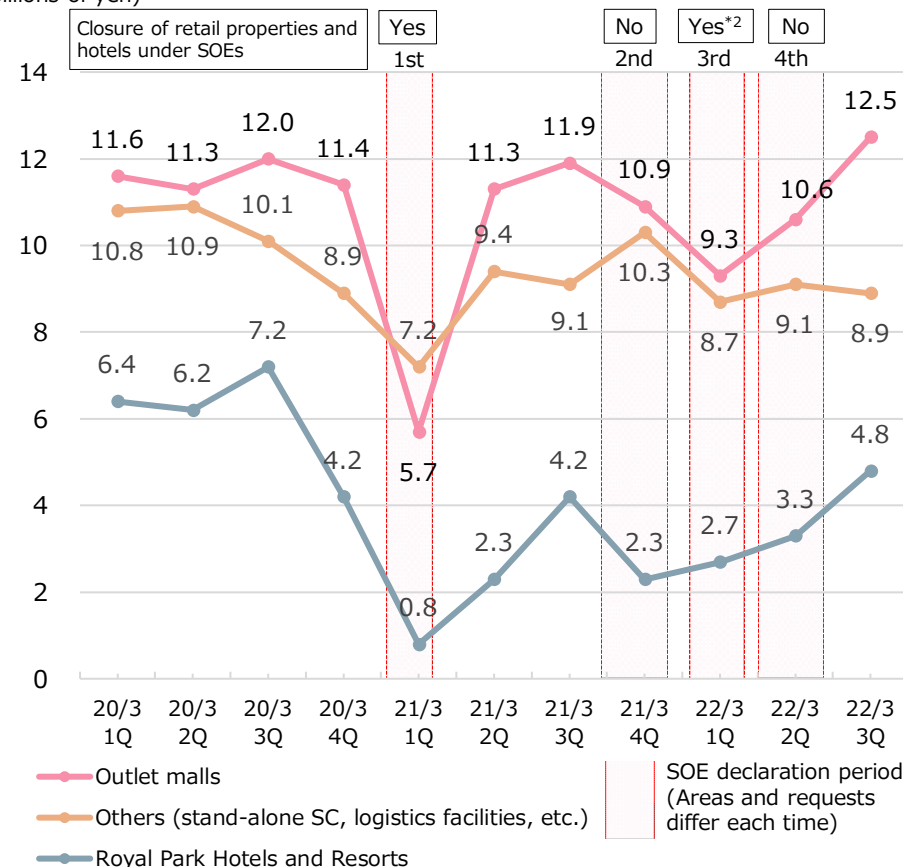
(Billions of yen)



\*<sup>1</sup>Incl. revenue from office complexes and retail properties

### Retail properties, outlet malls, hotels, etc.

(Billions of yen)



\*<sup>2</sup> Some outlet malls and retail properties only.

# **Summary of FY2022 Forecasts (Revision of Earnings Forecasts)**

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# 1. Income Statement Forecasts for FY2022 (vs Previous Forecasts)

Upward revision in full-year forecast due to increase in capital gains and IM business profit

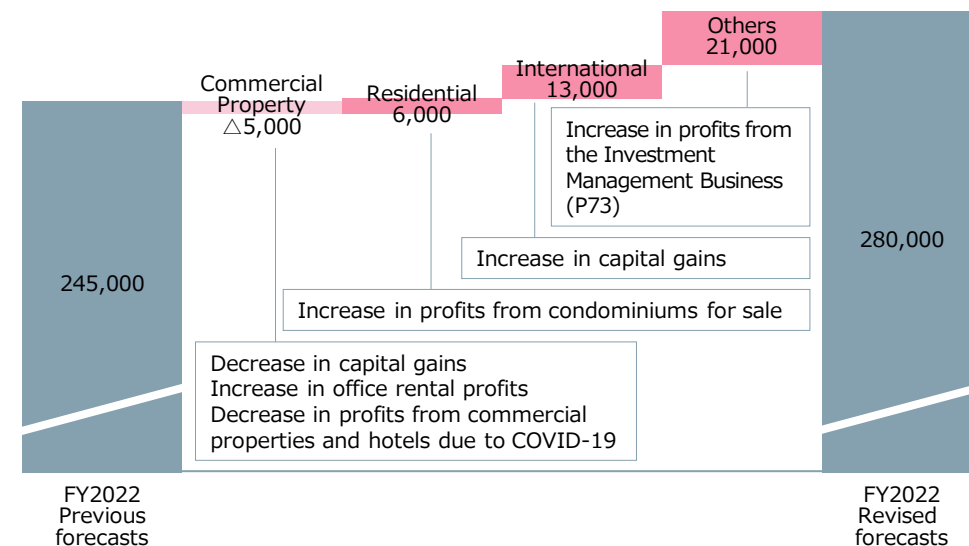
Millions of yen (rounded down)			
<New Segment>	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
<b>Operating revenue</b>	<b>1,361,000</b>	<b>1,326,000</b>	<b>35,000</b>
Commercial Property Business	767,000	787,000	△ 20,000
Residential Business	384,000	373,000	11,000
International Business	117,000	96,000	21,000
Investment Management Business	48,000	23,000	25,000
*Other	71,000	72,000	△ 1,000
Elimination	△ 26,000	△ 25,000	△ 1,000
<b>Operating profit</b>	<b>280,000</b>	<b>245,000</b>	<b>35,000</b>
Commercial Property Business	189,000	194,000	△ 5,000
Residential Business	30,000	24,000	6,000
International Business	55,000	42,000	13,000
Investment Management Business	28,000	7,000	21,000
*Other	3,000	2,000	1,000
Eliminations or corporate	△ 25,000	△ 24,000	△ 1,000
Non-operating income	14,000	11,000	3,000
(Share of profit of entities accounted for using equity method)	300	300	0
Non-operating expenses	40,000	36,000	4,000
<b>Ordinary profit</b>	<b>254,000</b>	<b>220,000</b>	<b>34,000</b>
Extraordinary income	18,000	15,000	3,000
Extraordinary losses	17,000	17,000	0
Total income taxes	77,000	65,000	12,000
Profit attributable to non-controlling interests	23,000	11,000	12,000
<b>Profit attributable to owners of parent</b>	<b>155,000</b>	<b>142,000</b>	<b>13,000</b>

Millions of yen (rounded down)			
	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
<b>Business profits</b>	<b>280,300</b>	<b>245,300</b>	<b>35,000</b>
<b>EBITDA</b>	<b>380,000</b>	<b>344,000</b>	<b>36,000</b>
<b>Interest-bearing debt</b>	<b>2,780,000</b>	<b>2,680,000</b>	<b>100,000</b>

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

Millions of yen (rounded off to the nearest billion)			
Capital Gains included in Operating Profit			
	FY2022 Revised Forecasts	FY2022 Previous Forecasts	Change
<b>Total</b>	<b>75,000</b>	<b>64,000</b>	<b>11,000</b>
Commercial Property Business	41,000	43,000	△ 2,000
Residential Business	5,000	5,000	0
International Business	29,000	16,000	13,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-

## Major Factors for Changes in Operating Profit by Business





## 2. Income Statement Forecasts for FY2022 (vs FY2021 Results)

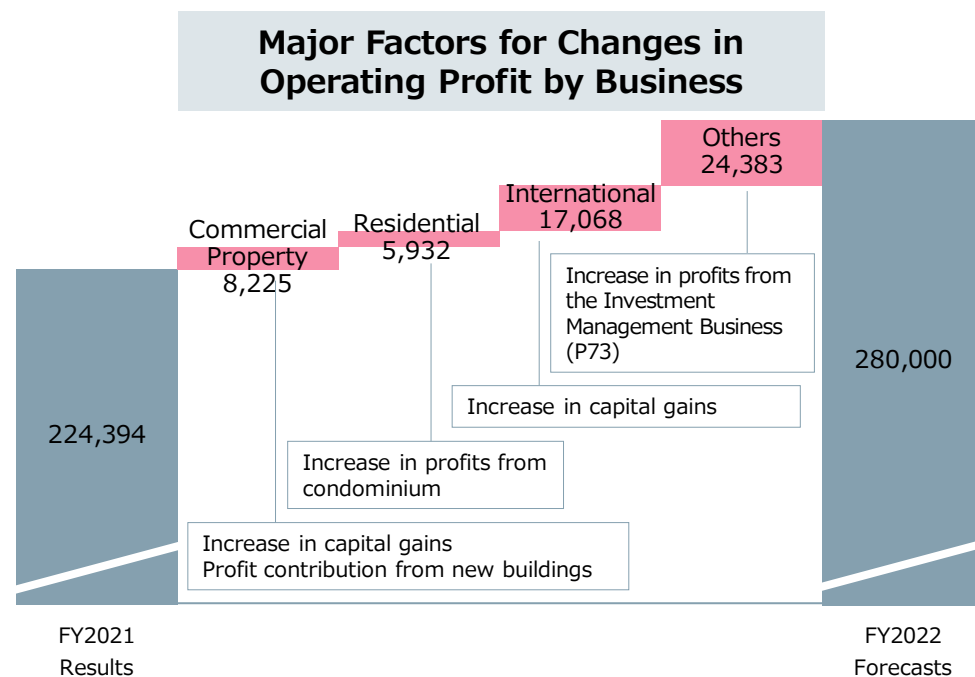
### Record high profits due to new building completion and capital gain increase

Millions of yen (rounded down)			
<New Segment>	FY2022 Forecasts	FY2021 Results	Change
<b>Operating revenue</b>	<b>1,361,000</b>	<b>1,207,594</b>	<b>153,406</b>
Commercial Property Business	767,000	672,441	94,559
Residential Business	384,000	362,755	21,245
International Business	117,000	114,457	2,543
Investment Management Business	48,000	22,199	25,801
*Other	71,000	65,119	5,881
Elimination	△ 26,000	△ 29,378	3,378
<b>Operating profit</b>	<b>280,000</b>	<b>224,394</b>	<b>55,606</b>
Commercial Property Business	189,000	180,775	8,225
Residential Business	30,000	24,068	5,932
International Business	55,000	37,932	17,068
Investment Management Business	28,000	5,966	22,034
*Other	3,000	△ 130	3,130
Eliminations or corporate	△ 25,000	△ 24,219	△ 781
Non-operating income	14,000	26,292	△ 12,292
(Share of profit of entities accounted for using equity method)	300	307	△ 7
Non-operating expenses	40,000	39,720	280
<b>Ordinary profit</b>	<b>254,000</b>	<b>210,965</b>	<b>43,035</b>
Extraordinary income	18,000	16,603	1,397
Extraordinary losses	17,000	26,304	△ 9,304
Total income taxes	77,000	54,195	22,805
Profit attributable to non-controlling interests	23,000	11,414	11,586
<b>Profit attributable to owners of parent</b>	<b>155,000</b>	<b>135,655</b>	<b>19,345</b>

Millions of yen (rounded down)			
	FY2022 Forecasts	FY2021 Results	Change
<b>Business profits</b>	<b>280,300</b>	<b>224,701</b>	<b>55,599</b>
<b>EBITDA</b>	<b>380,000</b>	<b>331,821</b>	<b>48,179</b>
<b>Interest-bearing debt</b>	<b>2,780,000</b>	<b>2,526,142</b>	<b>253,858</b>

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

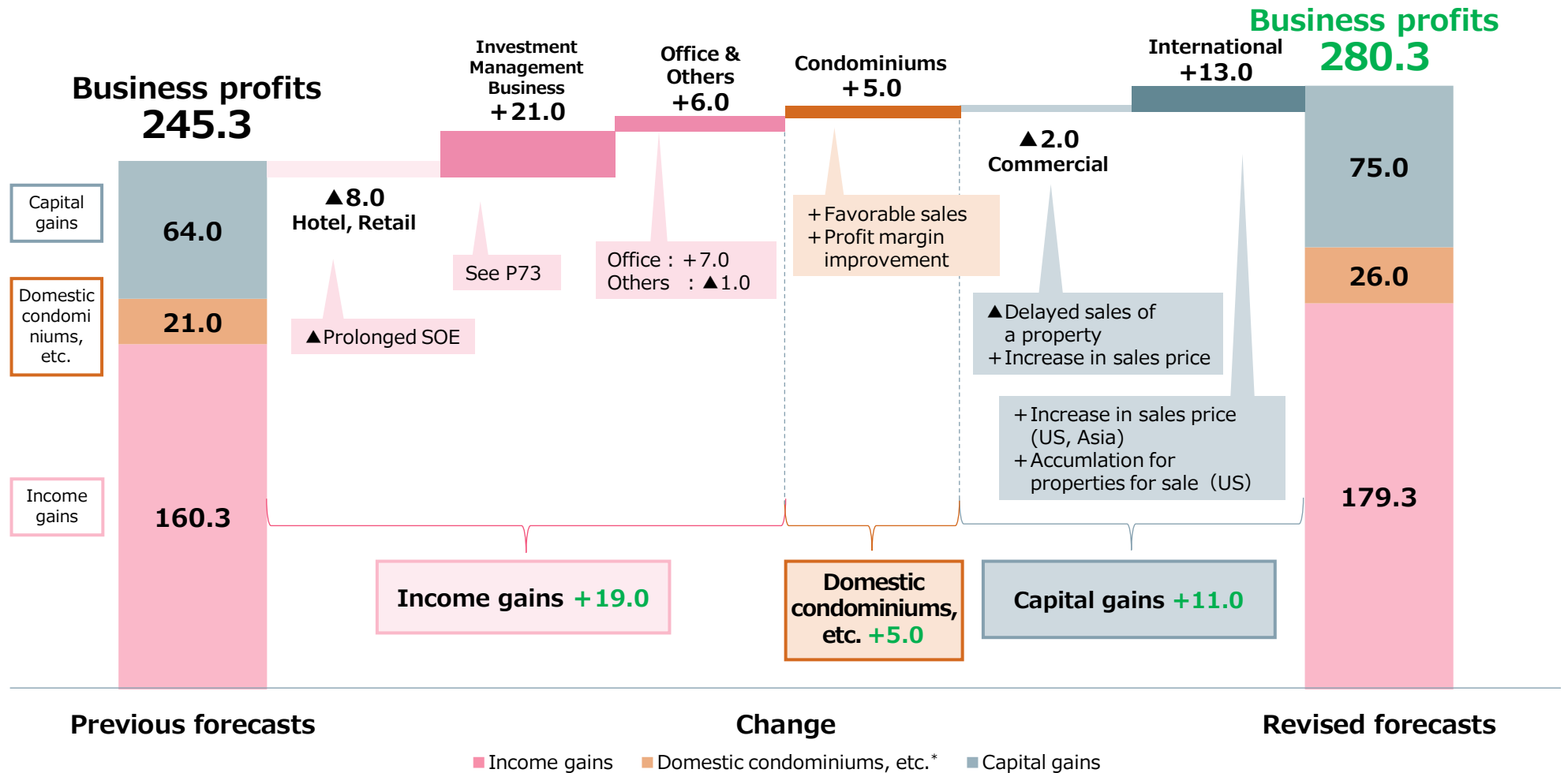
Millions of yen (rounded off to the nearest billion)			
Capital Gains included in Operating Profit			
	FY2022 Forecasts	FY2021 Results	Change
<b>Total</b>	<b>75,000</b>	<b>51,000</b>	<b>24,000</b>
Commercial Property Business	41,000	32,000	9,000
Residential Business	5,000	7,000	△ 2,000
International Business	29,000	12,000	17,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-



### 3. Revision to Income Statement Forecasts for FY2022 (Main Factors of Change in Business Profits)

Significant increase in business profits due to capital gain increase and IM business profit

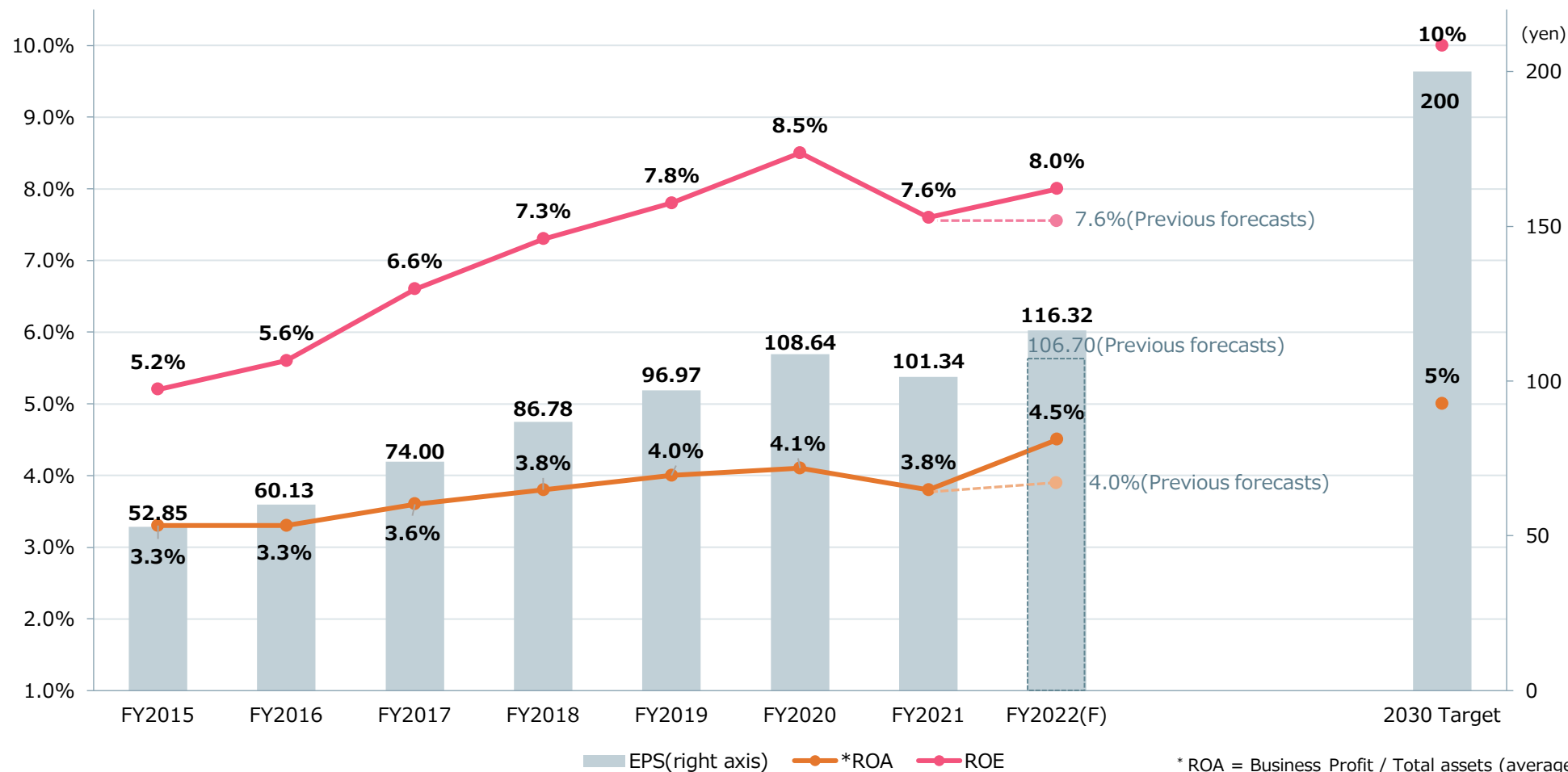
(Billions of yen)



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

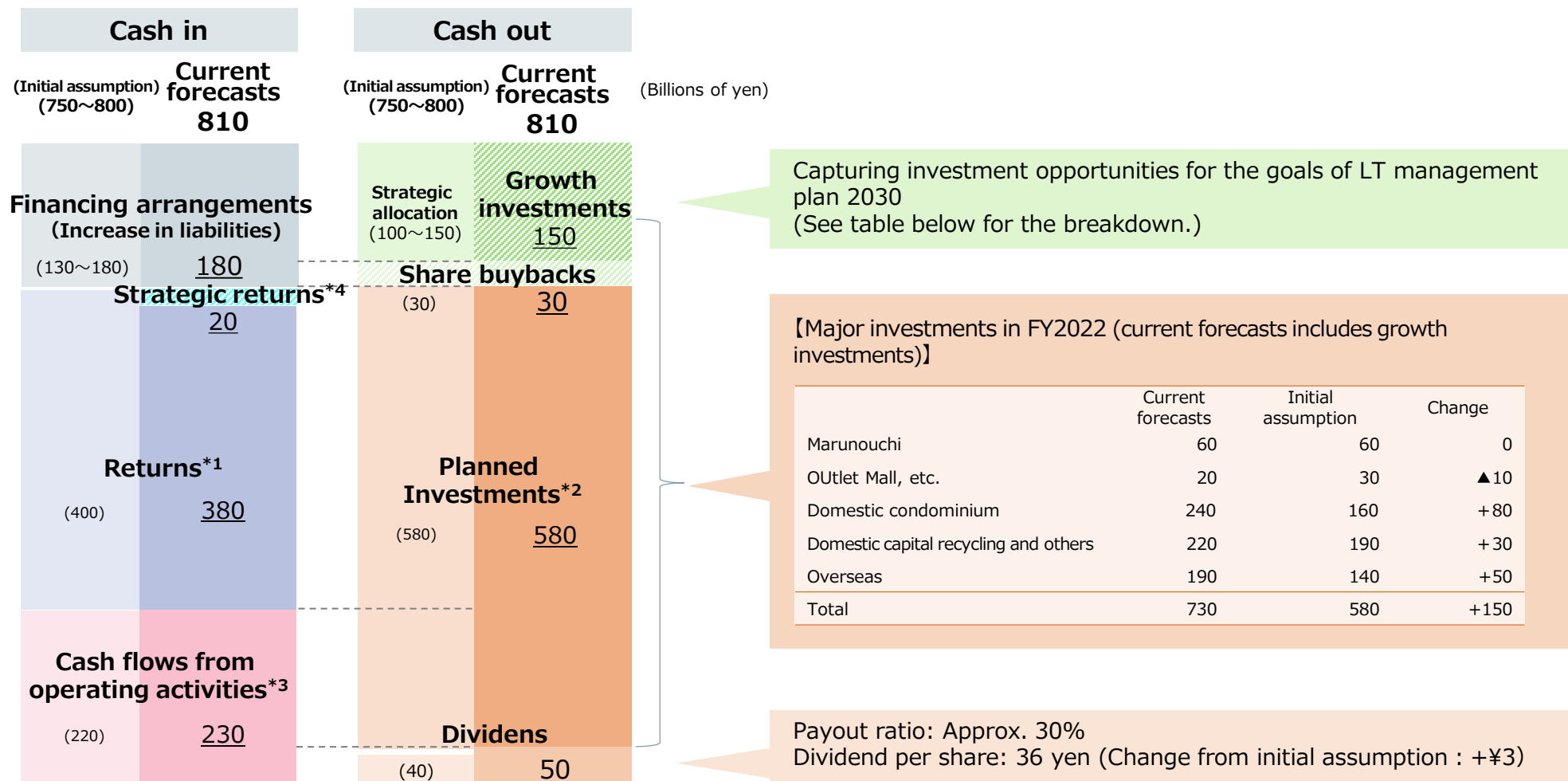
## 4. Changes in ROA/ROE/EPS

ROE recovers the 8% level. EPS reach record high.



## 5. Capital Policy #1: Cashflow of FY2022 (Forecasts)

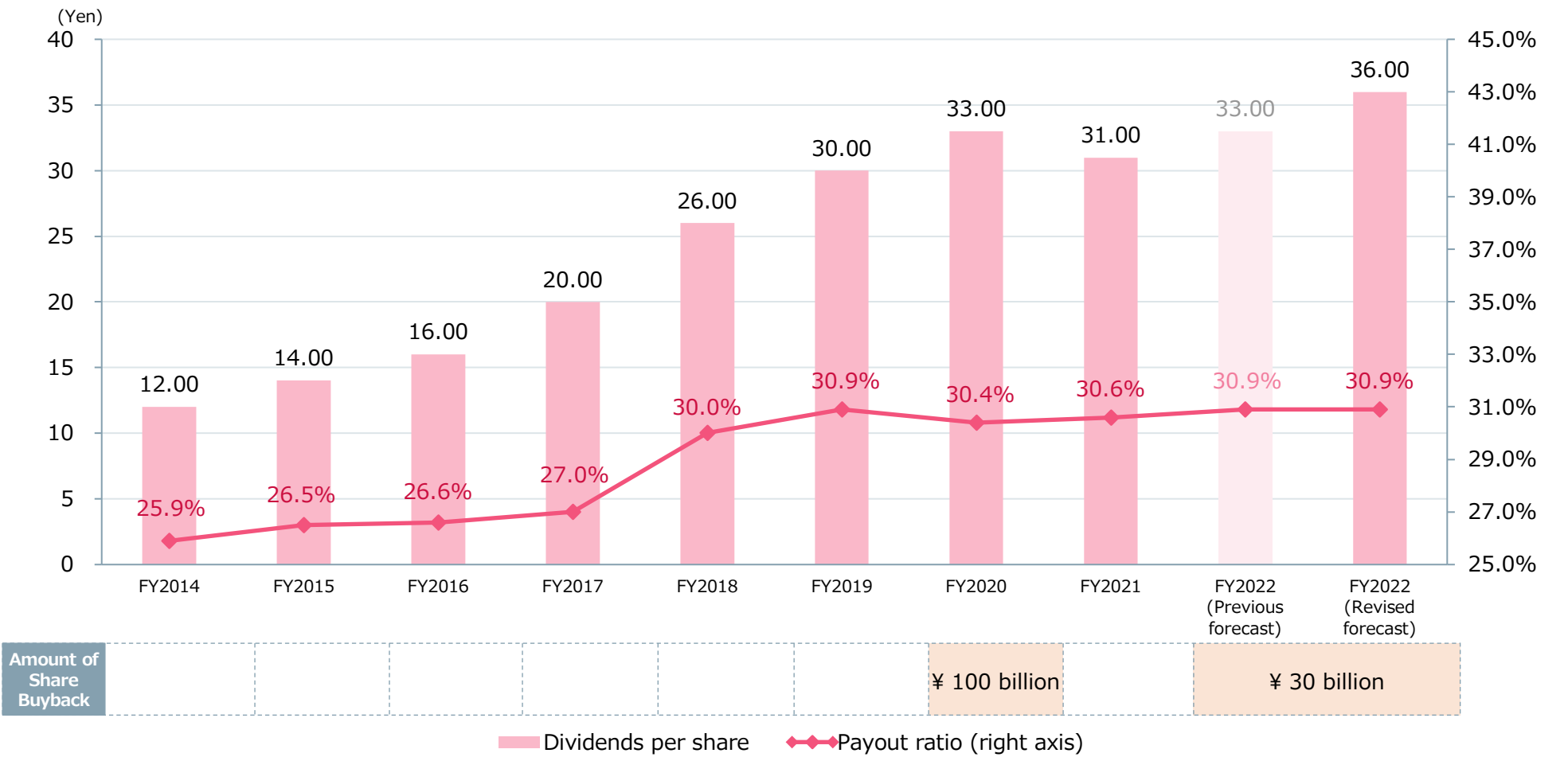
Capturing investment opportunities for the goals of LT management plan 2030



\*1 Collection amount of book values from sale proceeds of properties \*2 Investment amount for approved investment projects (partly incl. expected approvals)  
\*3 Operating cashflows, excl. Change in inventories and change in equity investments \*4 Sale of low-performing assets to improve capital efficiency

# 6. Capital Policy #2: Shareholders Returns

Dividend per share forecast increases by ¥3 from ¥33 to ¥36 and reaches record high exceeding FY2020



# **Progress of the Long-Term Management Plan**

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For details of the "Long-Term Management Plan 2030", please refer to the following link.  
[https://www.mec.co.jp/e/investor/plan/pdf/plan200124\\_e.pdf](https://www.mec.co.jp/e/investor/plan/pdf/plan200124_e.pdf)

## 1. Actions for BS Management ①

### Promoting various measures for BS management steadily

#### <BS Management>

##### ① Capital recycling business optimized for market conditions

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

##### ② Long-term development and asset holdings (core focus: Marunouchi redevelopment)

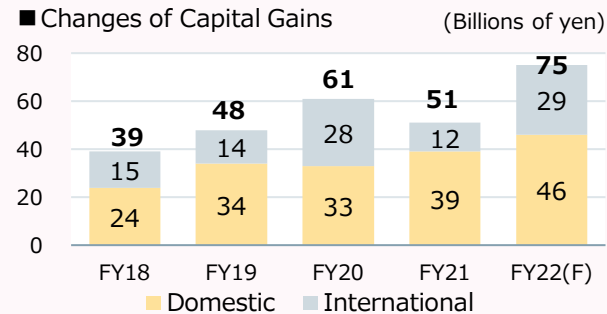
- ◆ Steady capital investment in core business enables stable, cycle-proof rental cashflow
- ◆ Timely asset sales judged by expected yields and external environment

##### ③ Sale of underperforming properties and strategic-holding stocks

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

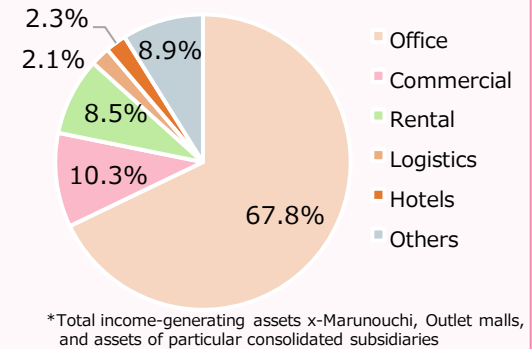
##### ④ Expansion of Non-asset Business

- **Expedited asset sales** by capturing the active market
- **Book value of domestic assets** in capital recycling business **increased to approx. ¥1.2 trillion**



- Book value of domestic assets\* in capital recycling business

**¥1.2 tn at the end FY2021**



- See **page 17** for major pipelines.

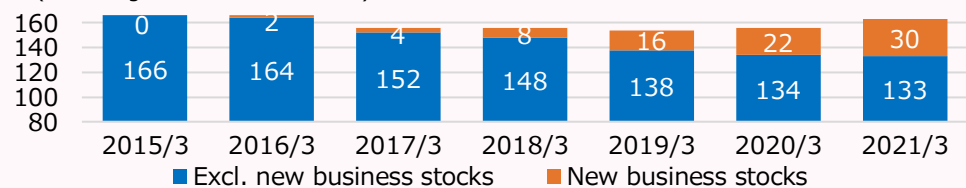
- Selling interests in Otemachi Park Building and Grand Front Osaka, underperforming assets and businesses (villa business in Atagawa), and continuing to reduce strategic-holdings to achieve KPIs.



- Changes in the Number of Stocks Held (Total of Listed and Unlisted Companies)

Number of stocks held **decreased by approx. 20% over the past 6 years**

(excluding new business stocks)



- Investment management business: **AUM grew to ¥4 tn** (Increase of ¥0.9 tn from ¥3.1 tn at the announcement of the Long-Term Management Plan)
- Implemented a variety of initiatives in new fields, including those described on **page 18**.

## 2. Actions for BS Management ②

Increased shareholder returns in an active market while maintaining investment capacity to capture expanding opportunities

### <Shareholder's equity and Liability Management>

#### ① Maintaining Financial Stability

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

#### ② Capital Efficiency Improvement

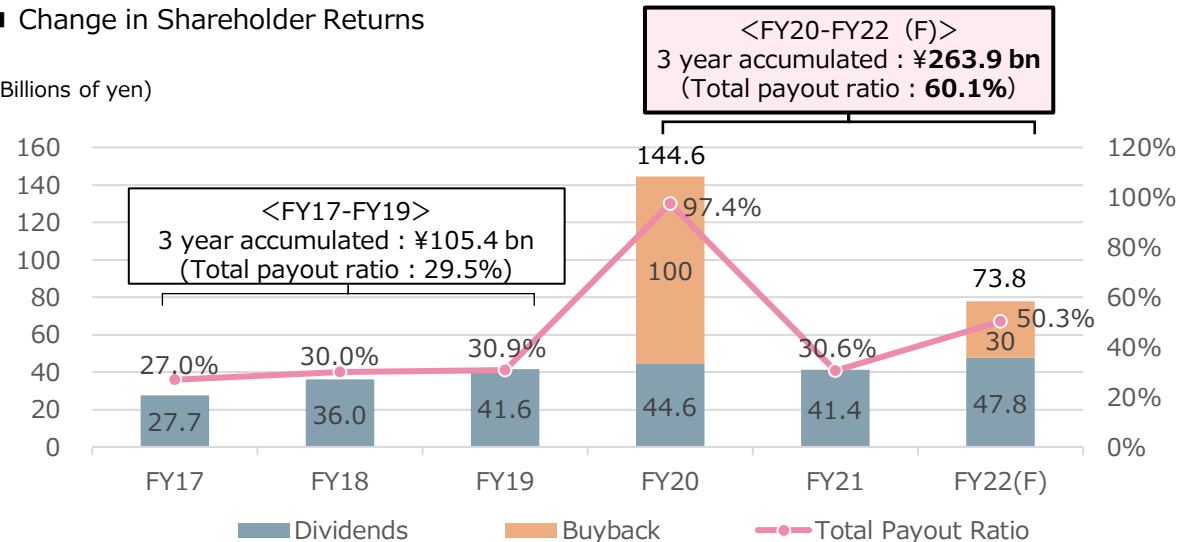
- ◆ Targets: ROA 5%, ROE 10%, EPS ¥200
- ◆ Increase numerator (net income) and decrease denominator (shareholders' equity)
- ◆ Choose measures to manage shareholders' equity according to market conditions

- **Maintain the credit rating level** at the announcement of the Long-Term Management Plan
- **Maintain investment capacity** to capture expanding opportunities (FY2021 Net debt/EBITDA: 7.1x)
- **Lengthen the average duration of debt and lower the average interest rate** in the current interest rate environment (interest rate on bonds issued in June 2021: 0.610% for 20-year bonds and 0.260% for 10-year bonds)
- **Signed sustainability linked loans** as part of ESG initiatives (¥11.5 bn, May 2020)

- Announced a **share buyback of ¥30 bn** in April 2021
- **Expect shareholder returns of approx. ¥260 bn for FY20-FY22** in an active market (Actual results for the previous 3 years: ¥105.4 bn)

#### ■ Change in Shareholder Returns

(Billions of yen)





\*Repost of IR Presentation for FY2022-2Q (as of Nov. 10, 2021)

## 3. Progress of Domestic & International Asset Business (Major Future Pipelines)

Focused on overseas and regional properties in early 2020s, and on large-scale redevelopment projects such as Marunouchi in the late 2020s. Total NOI at stable occupancy is ¥85-90 bn (40% of which will be at stable occupancy by the mid-2020s)

Category	Property Name (including tentative name)* <sup>1</sup>	Total Floor Area <sup>2</sup>	FY2022	FY2023	FY2024	FY2025	FY2026	~	2030	Estimated NOI (Stable operation)	Estimated Investment		
Domestic	Marunouchi	Tokiwabashi Tower (Bldg. A)	146,000m <sup>2</sup>	●						Approx. ¥60-65 bn	Approx. ¥1 tn		
		Uchikanda 1-chome Project	84,500m <sup>2</sup>		★			●					
		Yurakucho Building, Shin-Yurakucho Building Reconstruction Project	<sup>*3</sup> 10,700m <sup>2</sup>					Under consideration					
		Torch Tower (Bldg. B)	544,000m <sup>2</sup>				★		●				
	Mixed Use- Office	Minami-Aoyama 3-chome project	14,700m <sup>2</sup>	★			●						
		Osaka Mitsubishi Building reconstruction project	67,000m <sup>2</sup>	★				●					
		Toyosu 4-2 development project	<sup>*3</sup> 19,500m <sup>2</sup>		★			●					
		IMS Reconstruction Project	<sup>*3</sup> 4,600m <sup>2</sup>			★			Under consideration				
		Umekita Second Zone Development Project (Rental Property)	378,450m <sup>2</sup>									Gradual completion and opening	
		Former Hotel Grand Palace site redevelopment project	<sup>*3</sup> 6,600m <sup>2</sup>					Under consideration					
		Kokusai Shin-Akasaka Building and others Redevelopment Project	<sup>*3</sup> 14,200m <sup>2</sup>					★				●	
	Outlet Mall	FUKAYA HANAZONO PREMIUM OUTLETS	34,500m <sup>2</sup>	★			●						
		KYOTO JOYO PREMIUM OUTLETS	<sup>*3</sup> 245,000m <sup>2</sup>		Under consideration				●				
	Large-scale Logistics (100,000m <sup>2</sup> +)	Tokyo Ryutsu Center Distribution A Building	<sup>*4</sup> 173,000m <sup>2</sup>		★			●					
Logicross Zama		183,900m <sup>2</sup>		★			●						
Sagamihara-shi Chuo-ku Fuchinobe Project		173,000m <sup>2</sup>		★			●						
International	Asia	Trinity Tower (Indonesia)	143,200m <sup>2</sup>	●						Approx. ¥25 bn	Approx. ¥300 bn		
		ALPHA PARK (China)	233,600m <sup>2</sup>		●								
		CapitaSpring (Singapore)	93,400m <sup>2</sup>		●								
		Yoma Central (Myanmar)	212,700m <sup>2</sup>					Under consideration					
		180 George Street (Australia)	<sup>*5</sup> 60,000m <sup>2</sup>				●						
		One City Centre (Thailand)	116,000m <sup>2</sup>				●						
		Parkline Place (Australia)	65,900m <sup>2</sup>			★			●				
		Oasis Central Sudirman (Indonesia)	307,000m <sup>2</sup>				★		●				
	Europe	Warwick Court (London, Renovation)	29,000m <sup>2</sup>				●						
		8 Bishopsgate	85,000m <sup>2</sup>				●						
		Cristóbal de Moura 121-125 (Spain)	<sup>*5</sup> 11,000m <sup>2</sup>				●						
		Fyrkanten 11 (Sweden, Renovation)	<sup>*5</sup> 7,800m <sup>2</sup>			★			●				
		60-72 Upper Ground	<sup>*3</sup> 10,400m <sup>2</sup>									●	
	US	Virginia Data Center (Building1)	<sup>*6</sup> 51,000m <sup>2</sup>		★			●					
		Virginia Data Center (Building2)				★			●				
	★... Start Construction ●... Completion											Total	Approx. ¥85-90 bn
	... Project announced after the Long-Term Management Plan												

\*<sup>1</sup> Includes properties expected to be sold by 2030

\*<sup>2</sup> Total floor area unless otherwise noted.

\*<sup>3</sup> Site area

\*<sup>4</sup> Total floor area before reconstruction

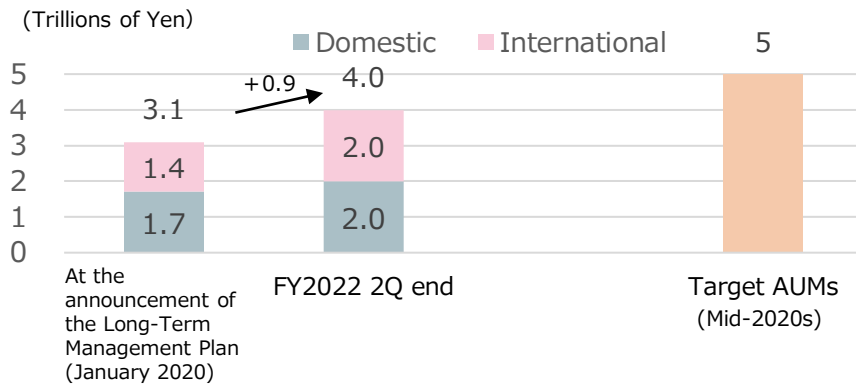
\*<sup>5</sup> Leasable area

\*<sup>6</sup> Total of the 2 bldgs.

## 4. Non-asset (Fee-based) Business

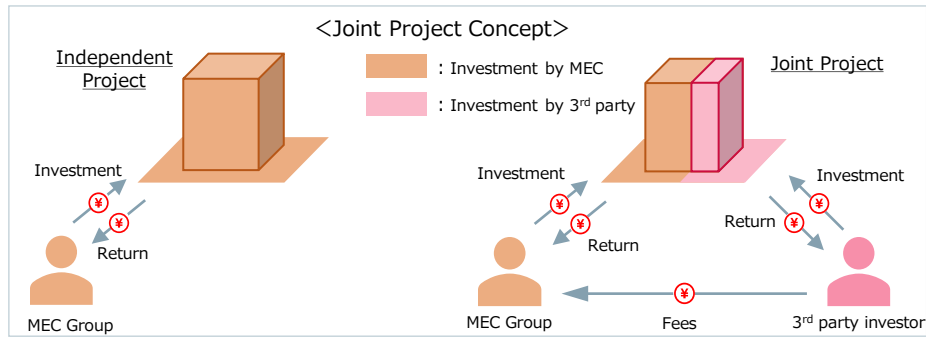
### Steady Growth in Existing Businesses

#### ■ AUM \*1 Trends and Target in the Investment Management Business



#### ■ Acquire fee-based business via promotion of joint projects

- Aiming to improve investment efficiency through fee-based business
- Received approx. ¥5 bn in development-related fees after the announcement of the Long-Term Management Plan (total of Japan and overseas)



\*1 AuM = Assets Under Management

### Initiatives to Create New Businesses

- Aiming to develop new business opportunities by investing in domestic and overseas start-up companies, venture capital, etc. (Actual investment: approx. ¥20 bn\*3)
- Set up 7 focus areas and aims to secure new revenue streams through collaboration with investees and new businesses of the company

Focus Area	Investee	New Business
Agriculture	SARA	MEC アグリ
Renewable energy	clean planet	
Infrastructure/P PP/PFI	Hokkaido Airports*	富士山静岡空港 高松空港 みやこ地下島空港ターミナル
Real estate related services	SKY FARM SPACEE サマリーポケット Linough SEQSENSE b8ta	spacemotion MEC Industry NINJA SPACE hmlet
Contents/ Entertainment/S ports	JAPAN CYCLE LEAGUE JCC ぴあ	GYM 1 TICKET FITNESS NO MONTHLY BASIS NO ADMISSION FEES ぷらごる
Tourism/ Inbound/Regional development	上川大雪酒造	膝栗毛 HIZAKURIGE
Healthcare/Food	FiNC 羽田市場	Medicha AOYAMA TOKYO

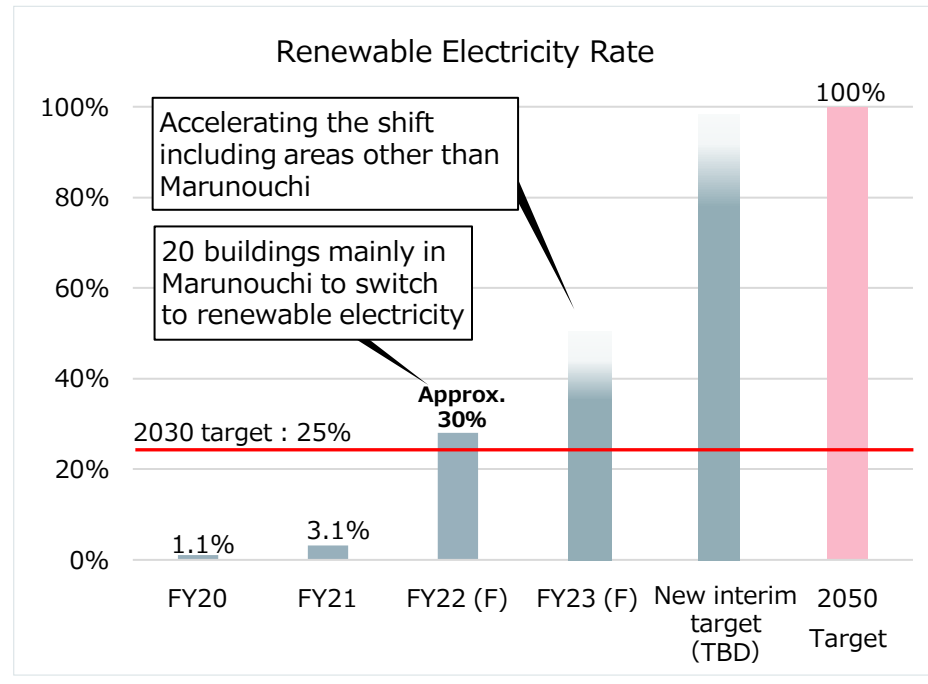
\*2 Including commitments

## 5. Efforts to Improve Social Value

Renewable electricity rate is on track to meet the 2030 target well ahead of schedule, and GHG emissions reduction measures are being promoted

### Increase in the Renewable Electricity Rate

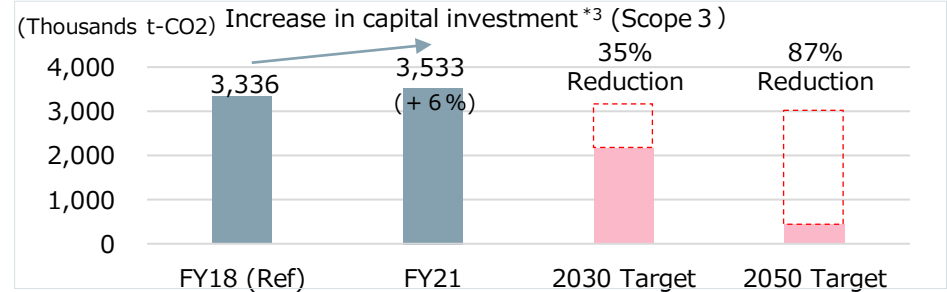
- ◆ Accelerating the transition to renewable electricity in large-scale buildings, mainly in Marunouchi
- ◆ Expect to exceed the 2030 target of 25% in FY22 and to reach more than half of the overall electricity consumption in FY23<sup>\*1</sup>
- ◆ New interim target is being considered for the end of FY22



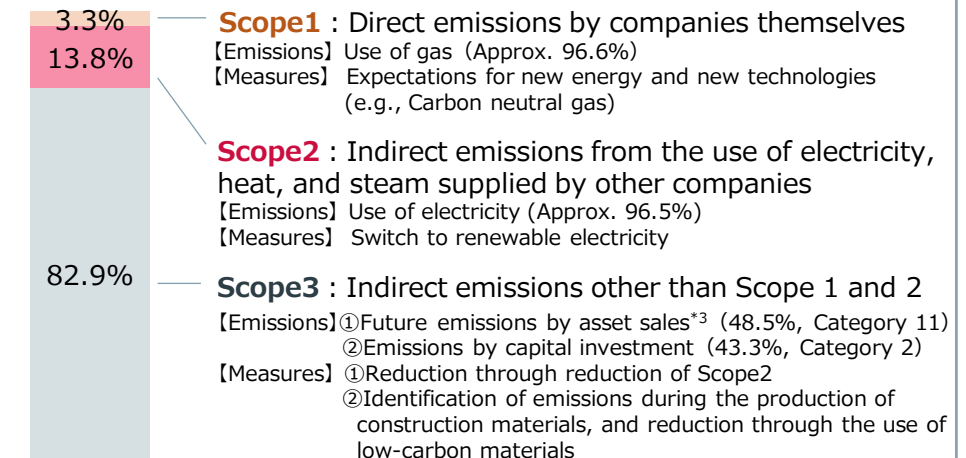
<sup>\*1</sup> Current forecast based on FY2021 results, and may change in the future. <sup>\*2</sup> Approved by SBTi in April 2019

### Reduction of GHG Emissions

- GHG emission reduction targets<sup>\*2</sup> and actual results (Scope 1+2+3)
- ◆ Reviewing targets toward the end of FY22 in line with the net-zero standard being developed by SBTi



- Breakdown of GHG emissions and major reduction policies (FY21 Actual)



<sup>\*3</sup> Calculation: Floor space sold x Emissions per m<sup>2</sup> in the previous year (Scope 1+2) X 50 years

# Financial Supplemental Data

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## 1. Management Indicators

	Previous Management Plan Period			Current Management Plan Period		
	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecasts)	2030 Target
* <sup>1</sup> Business Profits	¥ 213.4 bn	¥ 229.4 bn	¥ 240.9 bn	¥ 224.7 bn	¥ 280.3 bn	¥ 350-400 bn
* <sup>2</sup> ROA	3.8%	4.0%	4.1%	3.8%	4.5%	5%
ROE	7.3%	7.8%	8.5%	7.6%	8.0%	10%
EPS	¥ 86.78	¥ 96.97	¥ 108.64	¥ 101.34	¥ 116.32	¥ 200

\*<sup>1</sup> Business Profit = Operating Income + Equity in Net Earnings/Loss (for unconsolidated subsidiaries and affiliates)

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

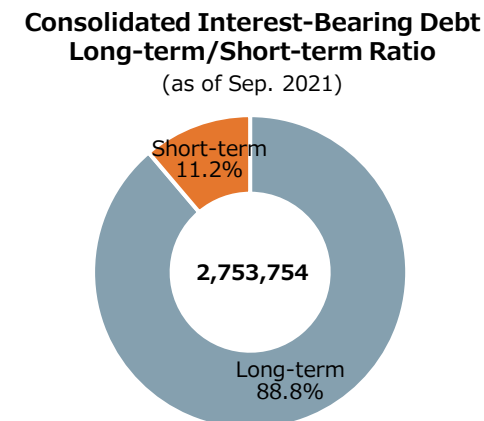
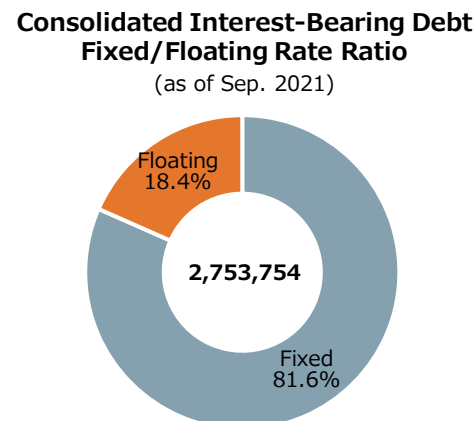
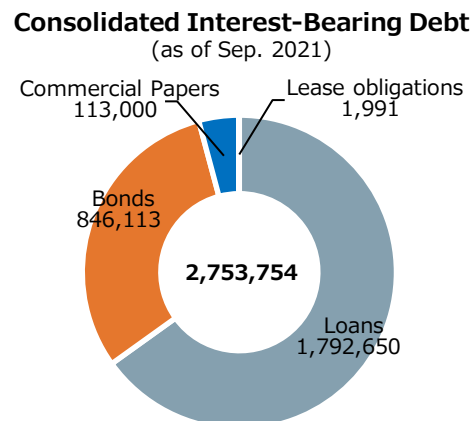
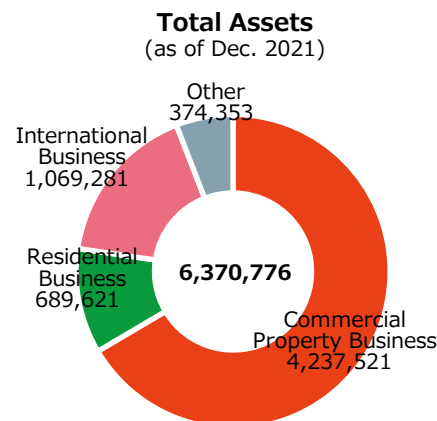
## 2. Balance Sheet As of December 31, 2021

Millions of yen (rounded down)

	As of December 31, 2021	As of March 31, 2021	Change
<b>Current assets</b>	<b>1,322,377</b>	<b>1,164,037</b>	<b>158,339</b>
Cash and deposits	243,036	170,040	72,996
Trade notes and accounts receivable, and contract assets	43,682	52,031	△ 8,348
Real estate for sale	54,504	88,116	△ 33,611
Real estate for sale in progress	302,534	267,563	34,970
Real estate for development	724	975	△ 250
Equity investments	569,290	496,182	73,108
Other	108,601	89,126	19,474
<b>Non-current assets</b>	<b>5,048,398</b>	<b>4,908,481</b>	<b>139,917</b>
Total property, plant and equipment	4,278,491	4,179,893	98,598
Total intangible assets	110,247	101,095	9,152
Investment securities	280,812	281,996	△ 1,184
Other	378,843	345,494	33,349
<b>Total assets</b>	<b>6,370,776</b>	<b>6,072,519</b>	<b>298,257</b>

Millions of yen (rounded down)

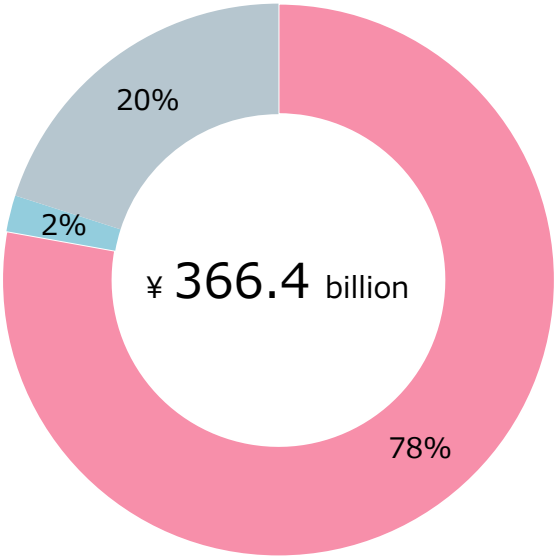
	As of December 31, 2021	As of March 31, 2021	Change
<b>Liabilities</b>	<b>4,244,252</b>	<b>4,011,071</b>	<b>233,180</b>
<b>Current liabilities</b>	<b>707,341</b>	<b>662,437</b>	<b>44,904</b>
Trade notes and accounts payable	38,815	60,507	△ 21,691
Short-term borrowings	174,079	141,785	32,293
Current portion of long-term borrowings	106,471	127,643	△ 21,171
Commercial Papers	64,000	50,000	14,000
Current portion of bonds payable	100,000	65,000	35,000
Other	223,974	217,500	6,474
<b>Non-current liabilities</b>	<b>3,536,910</b>	<b>3,348,634</b>	<b>188,276</b>
Bonds payable	736,180	745,759	△ 9,579
Long-term borrowings	1,564,389	1,393,858	170,530
Other	1,236,336	1,209,011	27,324
<b>Net assets</b>	<b>2,126,523</b>	<b>2,061,447</b>	<b>65,076</b>
Shareholders' equity	1,276,778	1,259,887	16,890
Accumulated other comprehensive income	630,456	592,011	38,445
Share acquisition rights	231	231	-
Non-controlling interests	219,056	209,316	9,740
<b>Total liabilities and net assets</b>	<b>6,370,776</b>	<b>6,072,519</b>	<b>298,257</b>



3. Asset Compositions

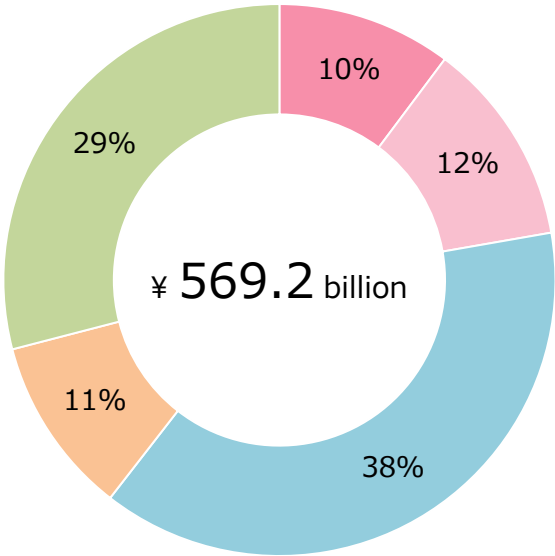
(End of December 2021)

Inventories



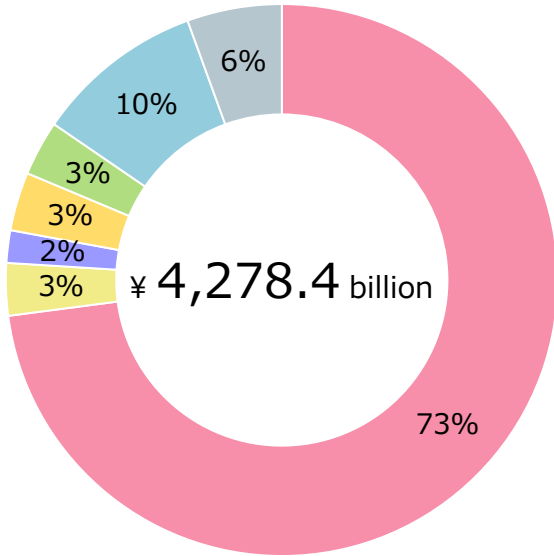
- Domestic Condominiums
- US
- Others

Equity Investments



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

Property, plant and equipment



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

\* Excluding outlet malls

## 4. Consolidated Cash Flow

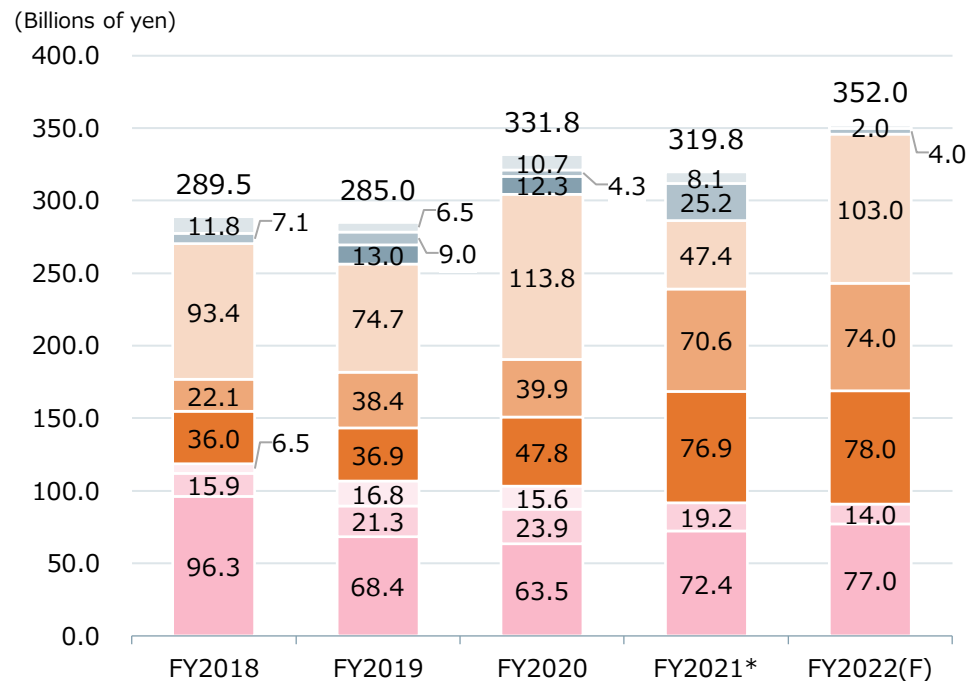
Millions of yen (rounded down)

	①FY2021- 3Q Results	②FY2022- 3Q Results	Change (② – ①)	③FY2021 Results	④FY2022 Forecasts	Change (④ – ③)
<b>Cash Flows From Operating Activities</b>	<b>98,049</b>	<b>174,848</b>	<b>76,798</b>	<b>207,414</b>	<b>173,000</b>	<b>△ 34,414</b>
Depreciation	66,372	67,933	1,561	89,107	90,000	893
Decrease (increase) in inventories	23,630	71,409	47,779	56,443	15,000	△ 41,443
Decrease (Increase) in equity investments	13,574	△ 15,858	△ 29,432	△ 21,048	△ 73,000	△ 51,952
<b>Cash Flows From Investing Activities</b>	<b>△ 207,570</b>	<b>△ 223,410</b>	<b>△ 15,839</b>	<b>△ 297,303</b>	<b>△ 346,000</b>	<b>△ 48,697</b>
Proceeds from sales of investment securities	12,813	8,398	△ 4,414	14,186	11,000	△ 3,186
Purchase of property, plant and equipment	△ 231,284	△ 217,833	13,450	△ 319,841	△ 352,000	△ 32,159
<b>Cash Flows From Financing Activities</b>	<b>273,629</b>	<b>118,105</b>	<b>△ 155,524</b>	<b>50,425</b>	<b>167,000</b>	<b>116,575</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>373,948</b>	<b>245,875</b>	<b>△ 128,072</b>	<b>172,307</b>	<b>163,000</b>	<b>△ 9,307</b>
<b>Free Cash Flow</b>	<b>△ 109,520</b>	<b>△ 48,561</b>	<b>60,958</b>	<b>△ 89,889</b>	<b>△ 173,000</b>	<b>△ 83,111</b>

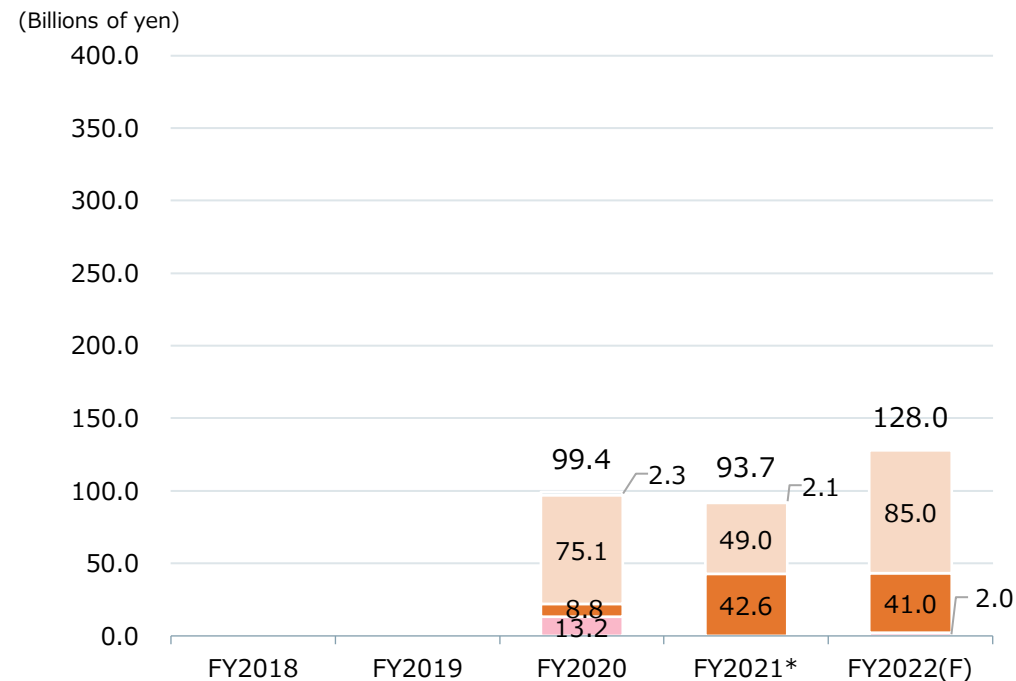


## 5. Investment Data

### Major Breakdown of Purchase of Property, Plant and Equipment



### Major Breakdown of Equity Investments



\*Classifications have been changed below from FY2021

#### <Legend for FY2018 - FY2020>

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

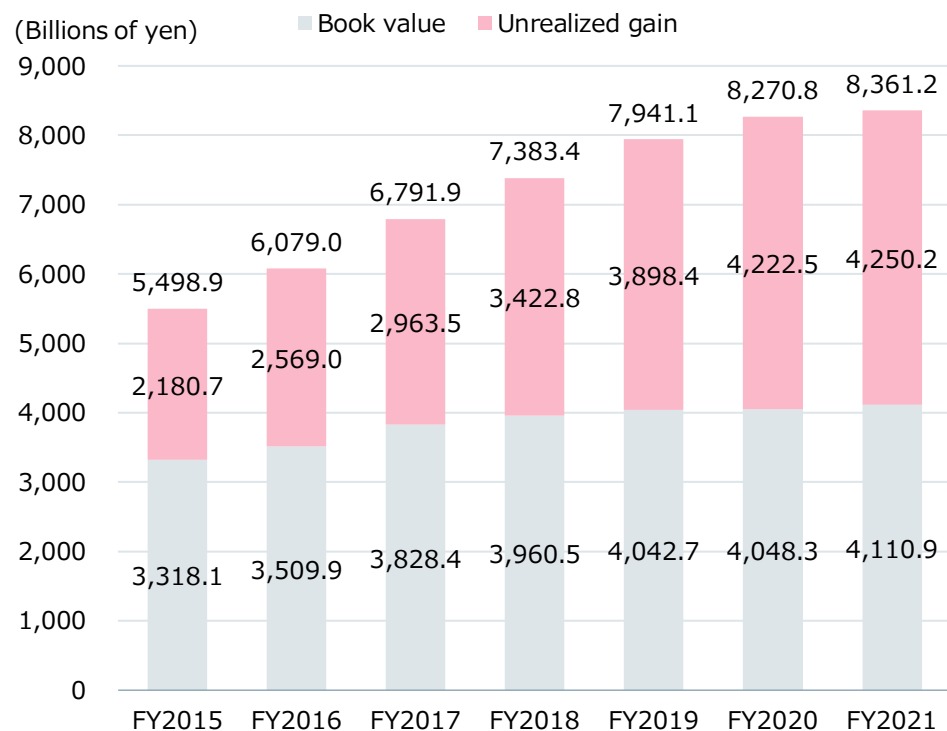
#### <Legend for FY2021 - >

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

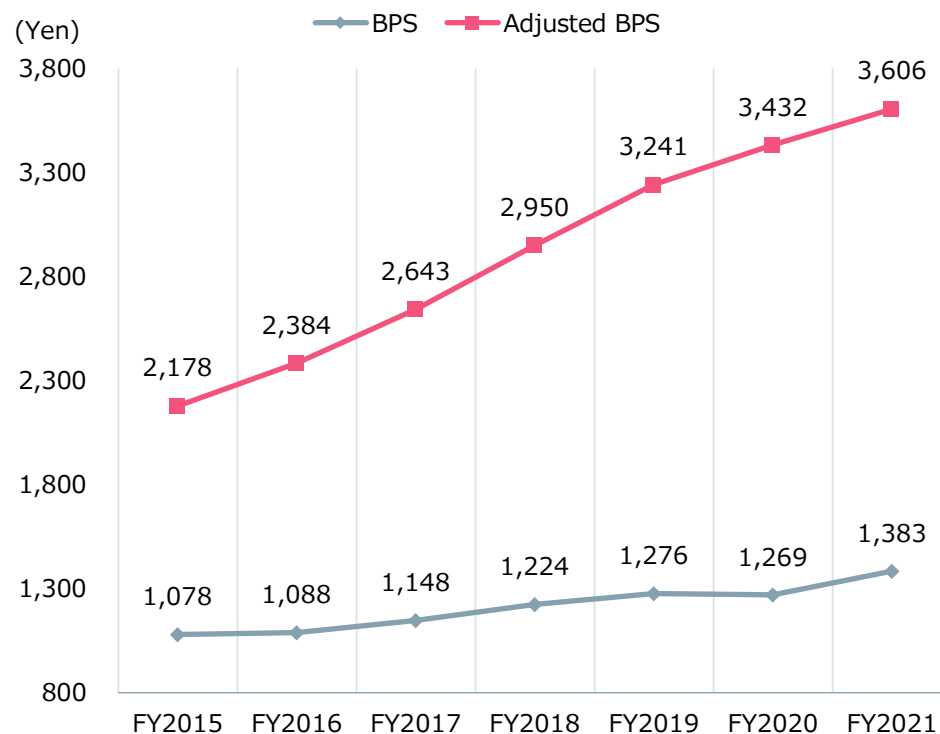
## 6. Income Generating Assets Unrealized Gains: Current Status #1

Steady cap rate and a slight increase in unrealized gains. Decrease in average number of shares and increase in BPS and adjusted BPS due to an increase in net worth.

### Income Generating Assets Unrealized Gain



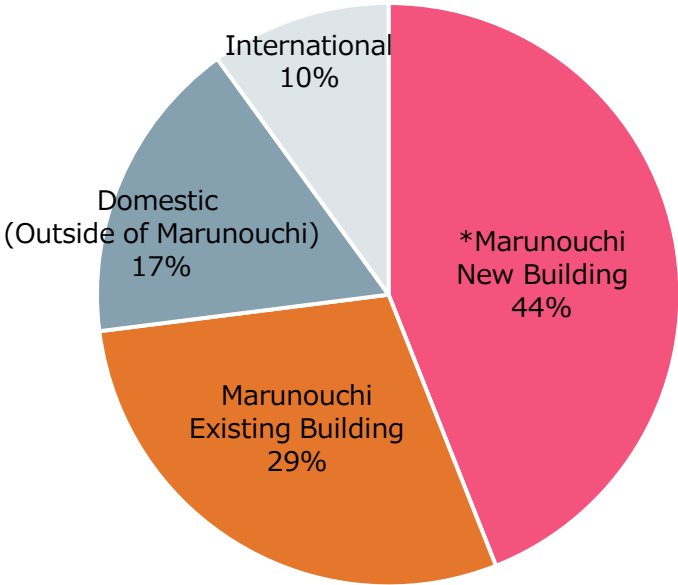
### \*BPS and Adjusted BPS



\* BPS including unrealized gains (after tax)

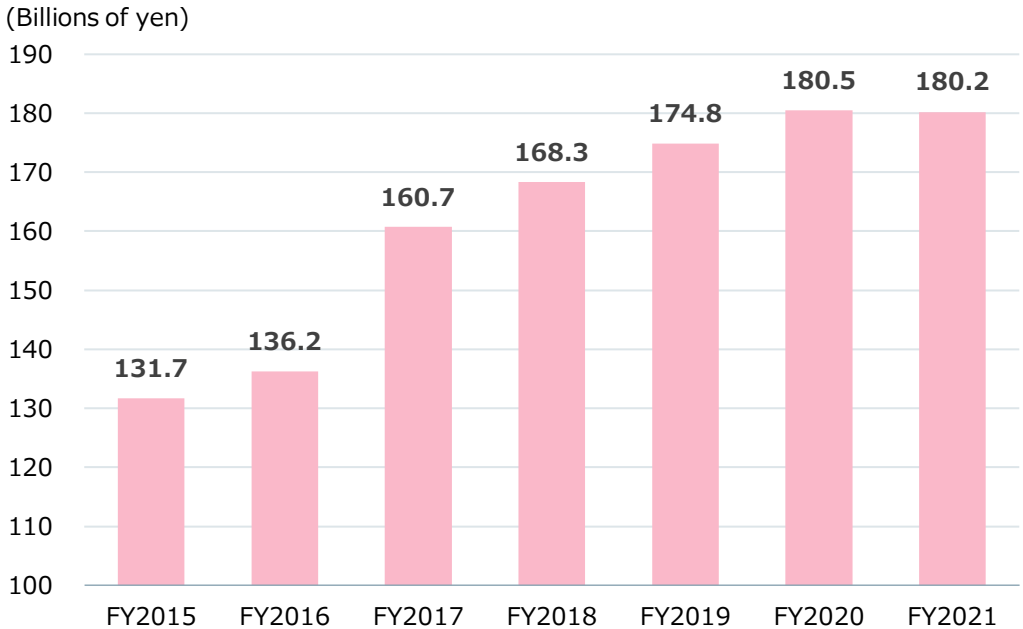
## 7. Income Generating Assets Unrealized Gains: Current Status #2

Unrealized Gain Breakdown



\*Redeveloped properties after the completion of Marunouchi Building  
FY2021 Results

Rental Profits



# ESG Initiatives (Sustainability Initiatives)

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For details of ESG initiatives in the "Long-term Management Plan 2030", please refer to the following link.  
[https://www.mec.co.jp/e/investor/plan/pdf/plan200124\\_e.pdf](https://www.mec.co.jp/e/investor/plan/pdf/plan200124_e.pdf)

# 1. Materialities / Material Issues for Sustainability Management

## Mitsubishi Estate Group Sustainability Vision 2050

### Be the Ecosystem Engineers

We aspire to be a corporate group (=engineers) that provides spaces and infrastructure (=ecosystems) where all actors (individual, corporations, and more) are able to coexist sustainably and thrive together economically, environmentally, and socially.

Backcasting





### 'Materialities'

 Environment

 Globality

 Community

 Diversity

 Declining Birthrate/  
Aging Population

 Leveraging Existing  
Population

 Digital Innovation

Formulation of key themes and KPIs based on our materiality

## Mitsubishi Estate Group 2030 Goals for SDGs

### ① Environment

#### Sustainable urban development that proactively addresses climate change and environmental issues

- Reduce GHG emissions (Scope 1 + Scope 2 + Scope 3) by 35% by 2030 (compared with FY2018) (87% reduction by 2050 approved by SBTi in April 2019)
- Renewable electricity rate: 25% (100% by 2050) (joined RE100 in January 2020)
- Waste recycling rate: 90%, Waste disposal: 20% reduction (compared with FY2020, per m2)
- Promote sustainable timber use



### ② Diversity & Inclusion

#### Urban development that responds to lifestyle and human resource trends and facilitates active participation for all

- Strengthen hospitality and realize stress-free cities
- Respect different lifestyles, local customs, religions, and sexual orientation
- Establish traceability of timber to be used in business activities



### ③ Innovation

#### Innovative urban development that continuously renews society

- Innovate business models and maximize performance
- Support the creation of new ideas and businesses from the perspective of urban development and contribute to the growth of cities and industries



### ④ Resilience

#### Dynamic, flexible urban development that builds disaster-resilient communities and prioritizes safety and security

- Enhance disaster preparedness to minimize functional stagnation during disasters
- Enhance BCP function through hardware measures and strengthen neighborhood communication



## 2. 2030 KPIs and Progress (The “E” & “S” in ESG)

### 1 Environment

Benchmarks	2030 KPIs	FY2021 Actual
GHG emissions	vs. FY2018 35% reduction	3,533 thousand t (Reference value: 3,336 thousand t)
Renewable electricity rate	25%	3.1%
per m <sup>2</sup> Waste disposal	vs. FY2020 20% reduction	5.0kg (Reference value: 7.1kg)
Waste recycling rate	90%	60.5%

### 3 Innovation

Benchmarks	<ul style="list-style-type: none"> <li>Maximize performance by innovating business models</li> <li>Support the creation of new ideas and businesses from the perspective of urban development and contribute to the growth of cities and industries</li> </ul>
Initiatives	See page 15 and 33 for details.

### 2 Diversity & Inclusion

Benchmarks	2030 KPIs	FY2021 Actual
Percentage of female managers	Over 10%	7.1%
Percentage of female new graduate hires	30% every year	37.8%
Rate of use of male employees taking childcare leave of absence	100%	42.4%

### 4 Resilience

Benchmarks	2030 KPIs	FY2021 Actual
Percentage of employees with first aid provider qualification	100%	63.0%
Percentage of buildings that are to take in stranded commuters *	—	92.3%

\*Large properties completed in 2002 or later are eligible

### 3. Recent Highlights (The “E” in ESG)

## 1 Environment

#### GRESB Real Estate Assessment Awarded highest “5-Star” rating and named as a sector leader for the first time

- Received a “5 Star rating<sup>\*1</sup>” in the “GRESB Standing Investments Benchmark,” an evaluation of the existing property portfolio (for the second consecutive year).
- Obtained a “5 Star rating<sup>\*1</sup>” in the “GRESB Development Benchmark,” an evaluation of the new development and major renovation portfolio for the first time. In addition, the company was selected as a “Sector Leader” for the first time in the Asia region and office buildings.

<sup>\*1</sup> The highest rating given to the top 20% of the global ranking of the overall score.

<sup>\*2</sup> The title given to the participant with the highest overall score (and the participant whose score difference is within one point) in each region and property use.



#### GRESB

An organization that provides and operates annual benchmark assessments to measure the ESG considerations of real estate companies and funds. It is the only ESG survey that specializes in the real estate sector, and is also unique in that it conducts ESG assessments on a company/fund basis, rather than certifying individual properties.

#### Obtained ZEB Ready certification for several logistics facilities completed this fiscal year

Logicross Kasukabe and Logita・Logicross Ibaraki Saito B Building, completed in May 2021, obtained a 5 Star rating and ZEB Ready certification under BELS, a third-party certification system in accordance with the “Guidelines concerning the labeling of building energy consumption performance” (Logista・Logicross Ibaraki Saito A Building received 5-Star rating).



▲Logicross Kasukabe

#### Started development of ZEH condominiums with virtually zero CO2 emissions from electricity

“The Parkhabio Bunkyo Edogawabashi” is the first rental condominium to adopt ZEH-M (High-rise ZEH-M Oriented).

Improved thermal insulation to drastically reduce primary energy consumption.

Also, by using solar power generation and non-fossil certified electricity, annual CO2 emissions are reduced by approximately 63% compared to the conventional The Parkhabio.

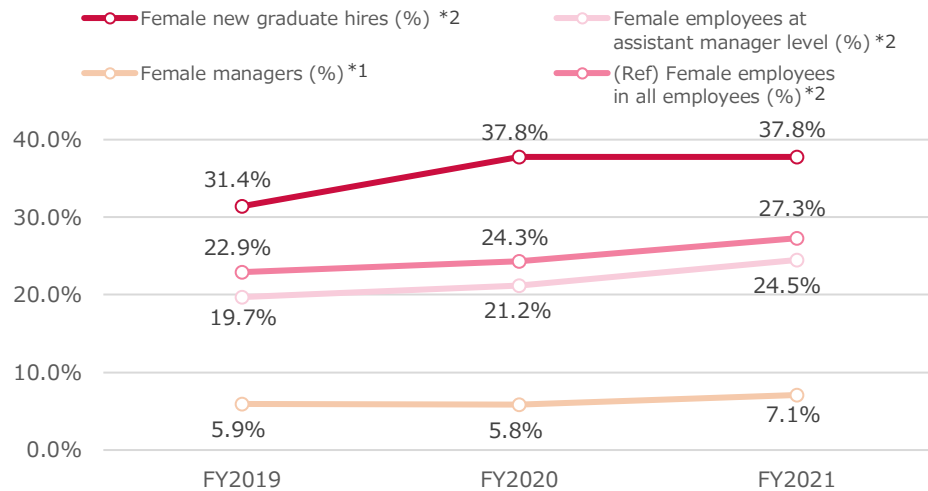


▲“The Parkhabio Bunkyo Edogawabashi” (Image)

## 4. Recent Highlights (The “E” & “S” in ESG)

### 2 Diversity & Inclusion

#### Changes in targets and numbers for improvements in female participation rate.



#### KPI

- ① Percentage of female managers\*1: Over 10% by FY2031
- ② Ratio of female employees at the assistant manager level (candidates for management positions)\*2: 30% by FY2026
- ③ Ratio of female new graduate hires\*2: 30% annually

#### ■ Initiatives

- Enhancing personnel systems to create a better working environment for women
- Strengthening mid-career recruitment of female employees at the assistant manager level and candidates for assistant manager level
- Increasing the dissemination of information on the activities of female employees and their working environment
- Holding in-house roundtable discussions with female employees and having employees speak at seminars for women

\*1 Average of Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Estate Residence, Mitsubishi Jisho Sekkei, Mitsubishi Real Estate Service

\*2 Mitsubishi Estate

#### Addressing human rights and supply chain issues

#### KPI

Most of the "concrete form panels" used in construction in Japan are made from South Seas lumber, and the human rights violations (child labor, taking of Indigenous peoples' land, etc.) in the lumber production process has been pointed out. To address this issue, we have set a target of achieving a 100% use rate of lumber that complies with the "Sustainable Sourcing Code\*1" (Certified Wood and Domestically Produced Wood) for concrete form panels by FY2031.

#### ■ Initiatives

In new condominiums for sale, Mitsubishi Estate Residence uses concrete form panels that meet the sustainable sourcing code for procuring timber in consideration of sustainability, and ensure traceability (to trace where and how the timber was produced).

"The Parkhouse Takanawa Matsugaoka," FSC\*2 certified materials are used for concrete form panels. This is the world's first attempt\*3 to acquire project certification based on FSC criteria for concrete form panels.



▲ "The Parkhouse Takanawa Matsugaoka" (Image)

\*1 Criteria and operational methods for sustainability-oriented procurement, with reference to international agreements and codes of conduct in various fields related to sustainability.

\*2 FSC (Forest Stewardship Council®) An independent NPO that aims to promote responsible forest management worldwide and operates an international forest certification system. (Source: Website of FSC)

\*3 According to our research



## 5. Recent Highlights (The “E” and “G” in ESG)

### 3 Innovation

#### Implementing SDGs-related projects that go beyond corporate boundaries

OMY SDGs ACT5 is a project based in the Otemachi, Marunouchi, and Yurakucho areas through which various activities for contributing to the accomplishment of the SDGs. These activities are based on the five SDG themes (Acts) of sustainable food, climate change and resource recycling, well-being, diversity and inclusion, and communication.

- In FY2021, the number of participating companies were 45 and the aggregate number of participants in the events and seminars surpassed 8,000.
- In FY2022 an app that allows users to accrue “ACT5 member points” by taking action to contribute to the accomplishment of the SDGs was launched. Through this project, Mitsubishi Estate looks to encourage changes in the behavior of individuals to create a framework which leads to future SDG-based action.

\*See page 15 for initiatives in other new businesses.



Event example:  
“SUSTABLE” learning about the social issues behind food\*



“ACT5 member points” app

\*Combined offline and online events with countermeasures against COVID-19

### 4 Resilience

#### Conducting disaster prevention drills and demonstration tests

##### ■ Emergency drills through public and private sector cooperation

Conducted every year and all Mitsubishi Estate executives and employees, Group companies, and relevant external entities participate. In FY2021 and FY2022, consideration was given to avoidance of the infection risk of COVID-19. Initial response, collecting and communicating information using tools such as the safety confirmation system and web conferencing, in line with the actual conditions of the work system with limited personnel under infectious disease countermeasures were conducted.

##### ■ Disaster drills using advanced communication technologies

A verification test of our Disaster Dashboard 4.0 platform was performed with Chiyoda Ward, Tokyo, railroad operators, bus companies, and building operators over the period from January to February 2021. The dashboard platform enables sharing information between disaster response institutions and the provides information to individuals unable to return home.



Disaster response drills (FY2020)  
Conducting drills to simulate the use of security robots in the event of an earthquake



Disaster Dashboard 4.0 digital signage

## 6. Corporate Governance (The “G” in ESG) #1

Establish effective governance that ensures long-term enhancement of corporate values.

(as of Mar. 2021)

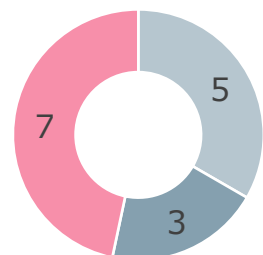
### Corporate Structure

- Transitioned to a “Company with Nominating Committee, etc.” in June 2016
- In 2020, an independent evaluation of the effectiveness of the Board was undertaken

#### Structure of the Board of Directors

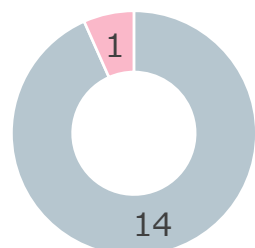
- 15 directors: 8 company directors and 7 independent outside directors (10 of which are non-executive directors)
- 6 of 7 independent outside directors are male and 1 is female

Board Structure



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

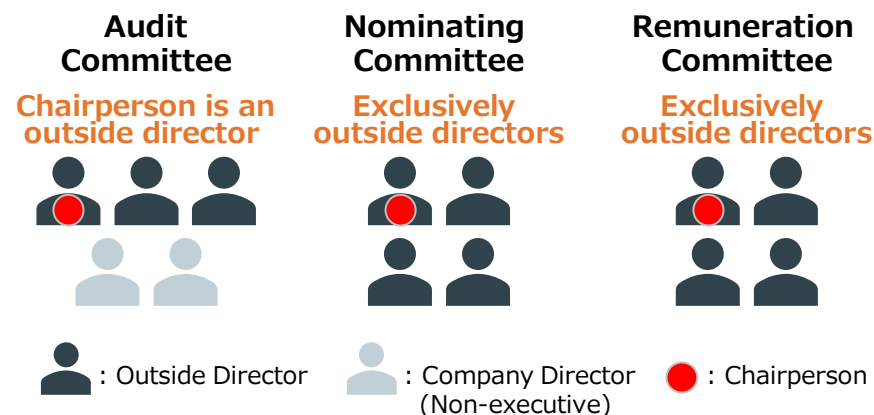
Composition of Male/Female



- Male
- Female

#### Committee Members

- Chairpersons of all committees are independent outside directors
- Remuneration and Nominating Committees comprised of independent outside directors only
- With regards to the Audit Committee, two non-executive internal directors, who are familiar with the company's business, were appointed to ensure the effectiveness of audits

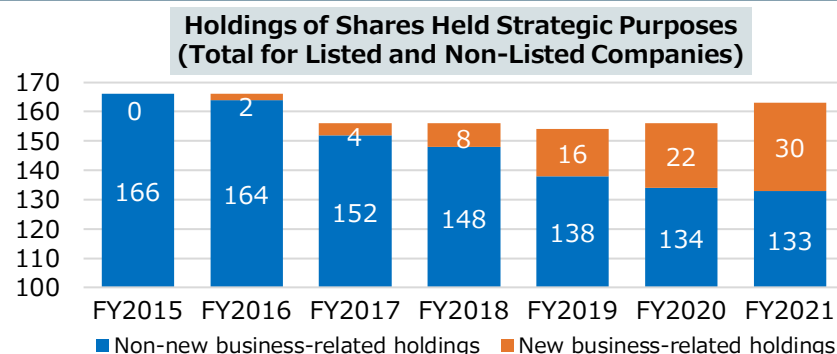


## 7. Corporate Governance (The “G” in ESG) #2

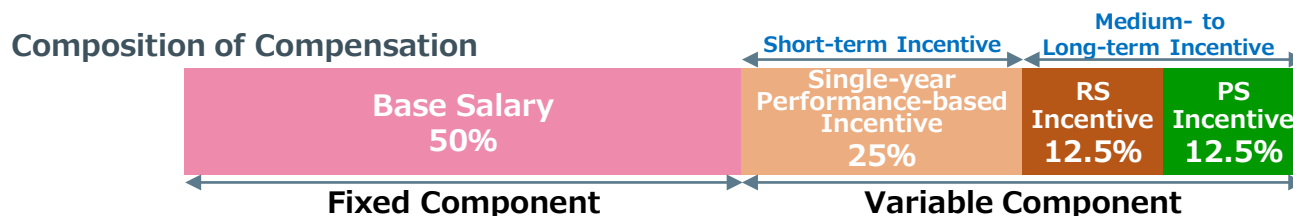
### Strategic-Holding Stock Policies

- Sold 20 \*entities with a total value of approx. ¥20.7 bn in the past three years (FY2019-FY2021)
- As of March 2021, hold approx. ¥228.5 bn of stock value. Routinely review strategic objectives and dispose of stocks as necessary
- Expect to sell approx. ¥10 bn in FY2022

\* Stocks of listed companies only. Including partial sale



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



#### <Single-Year Performance-Based Incentives>

- Form: Cash
- Calculation: "KPIs": Operating profit, ROE, etc., of previous year (quantitative evaluation) as well as levels of contribution to medium- to long-term business results, efforts in ESGs, and other elements (qualitative evaluation)

#### <Phantom Stock Incentives>

- Form: Cash
- Performance evaluation period: About 3 years
- Calculation: Based on stock price and total shareholder return (TSR) relative to \*peer companies

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

#### <Restricted Stock Incentives>

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

## 8. External Evaluations

As of February 10, 2022

— Not selected

Category	Benchmarks	2019	2020	2021	Remarks
ESG in General	FTSE4Good Global Index	●	●	●	20 years in a row
ESG in General	FTSE Blossom Japan Index (Adopted by GPIF)	●	●	●	5 years in a row
ESG in General	MSCI Japan ESG Select Leaders Index (Adopted by GPIF)	●	●	●	5 years in a row
ESG in General	Dow Jones Sustainability Asia Pacific Index	—	●	●	2 years in a row
ESG in General	Member of the "S&P Global Sustainability Yearbook"	—	●	●	2 years in a row
ESG in General	SOMPO Sustainability Index	●	●	●	10 years in a row
ESG in General	GRESB Public Disclosure	A	A	A	
ESG in General	GRESB Standing Investment Benchmark	3 Star <sup>*1</sup>	5 Star	5 Star	
ESG in General	GRESB Development Benchmark	— <sup>*2</sup>	4 Star	5 Star	
E (Environment)	S&P/JPX Carbon Efficient Index (Adopted by GPIF)	●	●	●	4 years in a row
E (Environment)	CDP Climate Change	A-	A	A-	
E (Environment)	CDP Water Security	—	—	A-	
S (Society)	MSCI Japan Empowering Women Select Index (Adopted by GPIF)	●	●	●	4 years in a row

For GRESB, the evaluation system differs between before 2019 and after 2020.

\*1 Evaluation results in the Real Estate Assessment

\*2 Started assigning ratings from 2020



2021 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

Member of  
Dow Jones  
Sustainability Indices  
Powered by the S&P Global CSA

Sustainability Yearbook  
Member 2022  
S&P Global



2021 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

# Business Overview

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# 1. Mitsubishi Estate Group's Business Segments

## Commercial Property Business

### <Office Buildings>

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



### <Retail Properties>

Develops 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>

Undertakes hotel management nationwide as the Royal Park Hotels group. Began private airport management business.



## Residential Business

### <Domestic Residential>

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



## International Business

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



## Investment Management Business

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



## Architectural Design & Engineering and Real Estate Service Business

### <Architectural Design & Engineering Business>

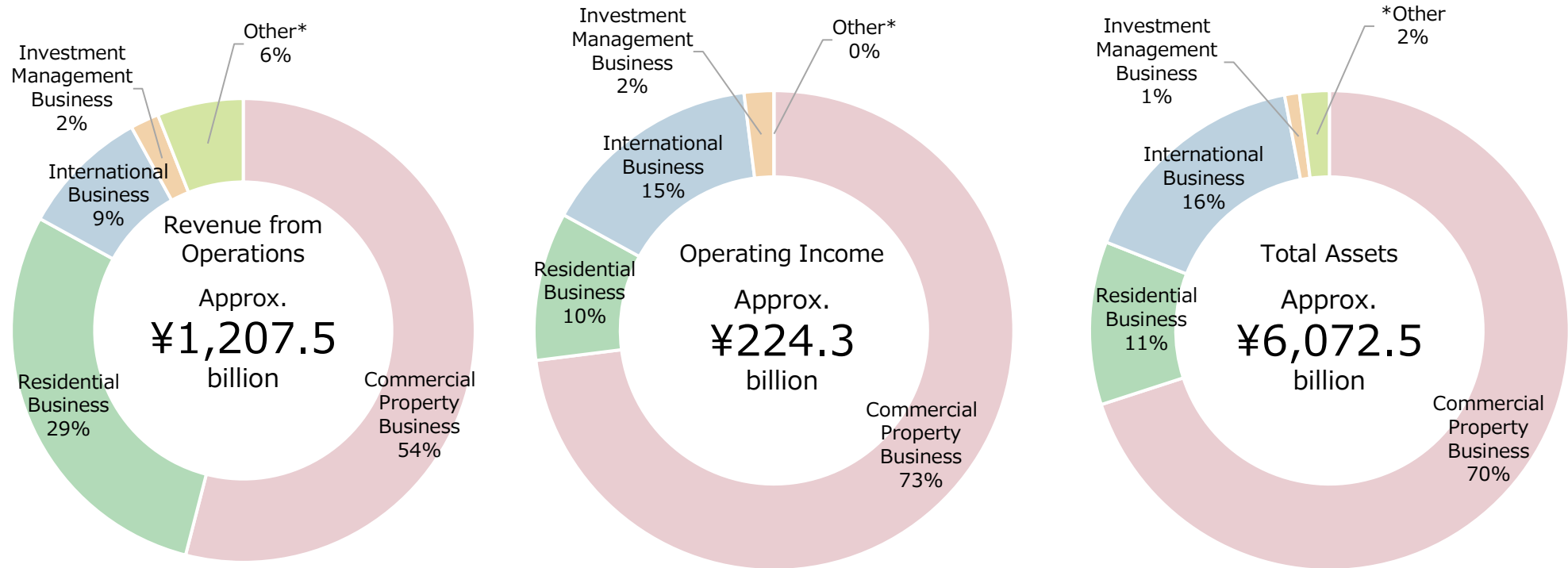
Mitsubishi Jisho Sekkei Inc. provides architectural design and engineering services of construction and civil engineering.



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



## 2. Business Scale



\*Architectural Design & Engineering Business and Real Estate Services Business, Other Business (FY2021 Results)

# Commercial Property Business

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## Office Buildings



**Marunouchi Today**

**Yurakucho** **Marunouchi** **Otemachi**

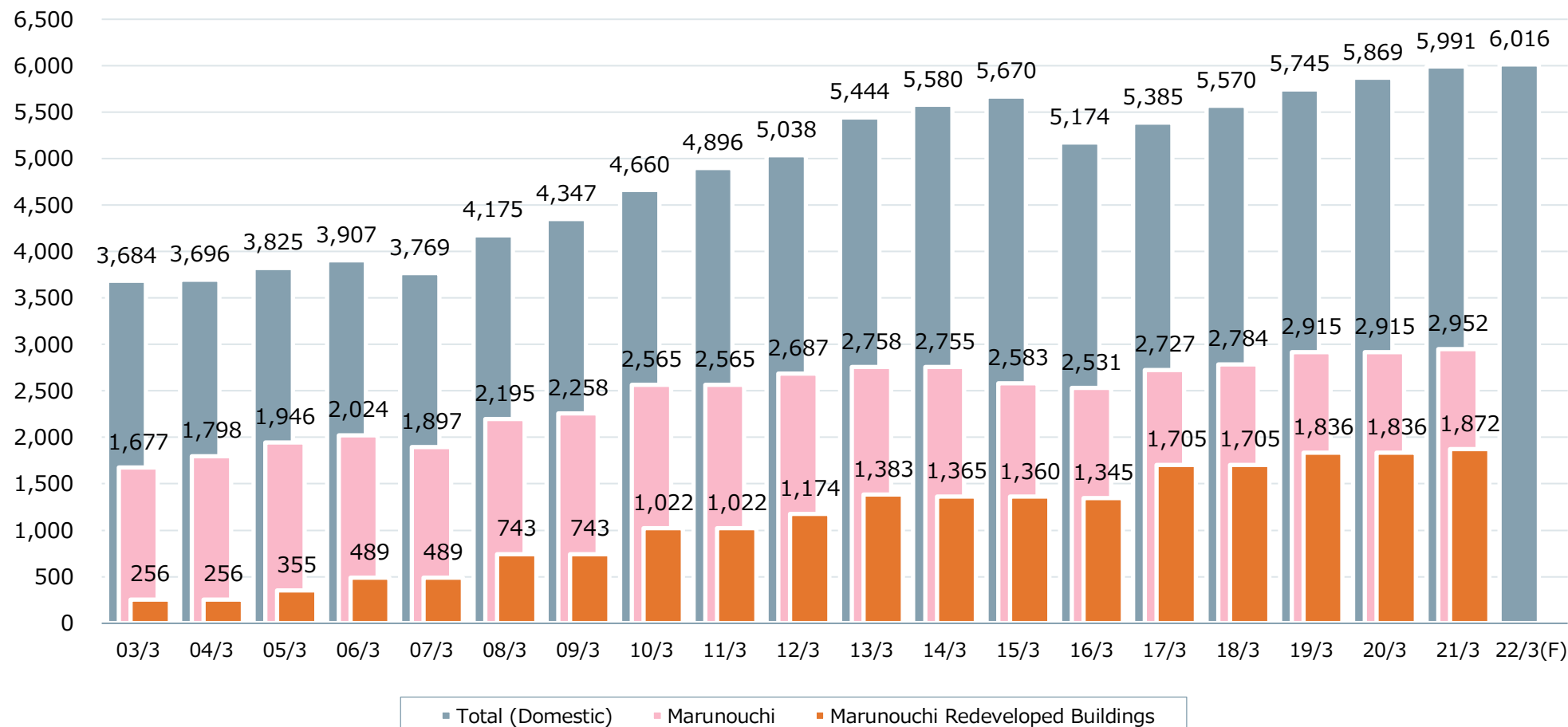
Completion before 2002  
Completion after 2002  
Completion after 2009  
Completion after 2020  
Completion after 2020 (Planned)

## 2. Pipeline



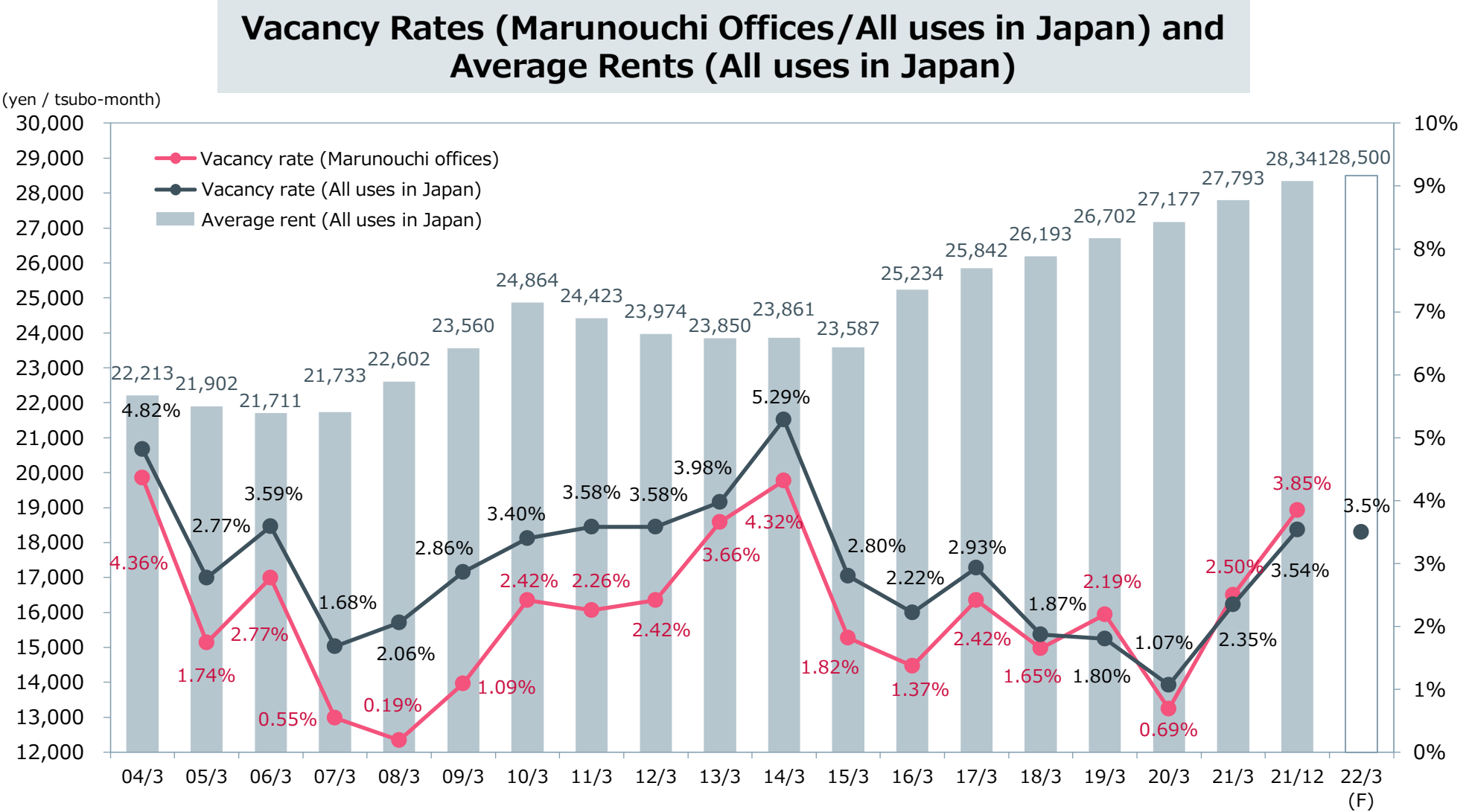
### 3. Earnings Related Data: Total Operating Floor Space (Unconsolidated)

#### Total (Domestic)/Marunouchi/Marunouchi Redevelopment Buildings

(Thousand m<sup>2</sup>)

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

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



## 5. Earnings Related Data: Office Building Business, Revenue Breakdown<sup>\*1</sup> (Unconsolidated)

(Billions of yen)

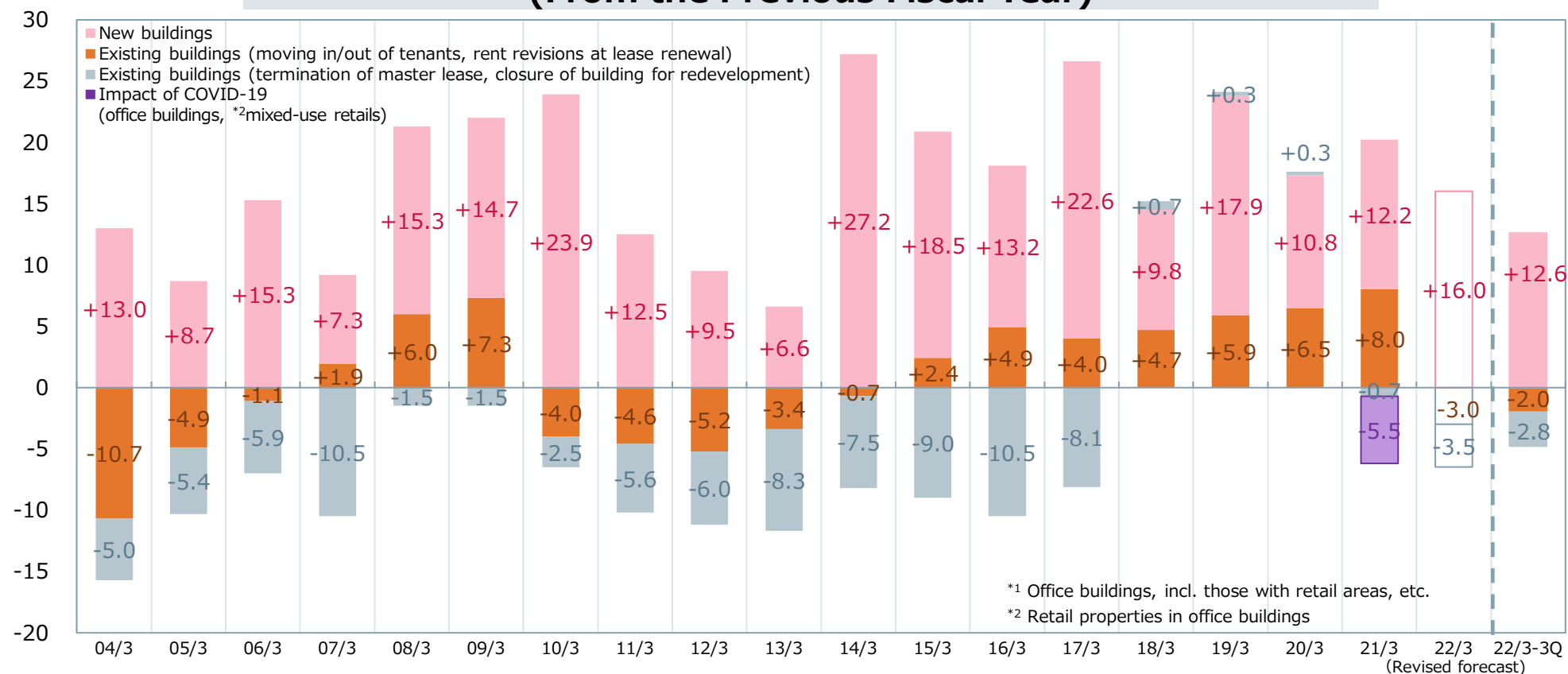
	FY2021-3Q (Results)	FY2021 (Previous Results)	FY2022-3Q (Results)	FY2022 (Previous forecast)	FY2022 (Revised forecast)
Rent revenue from <sup>*1</sup> office buildings	<b>313.8</b>	<b>418.0</b>	<b>329.5</b>	<b>428.3</b>	<b>434.4</b>
Changes from the previous period	<b>+ 12.1</b>	<b>+ 11.3</b>	<b>+ 15.7</b>	<b>+ 10.2</b>	<b>+ 16.4</b>
Rent revenue from new buildings	+ 8.4	+ 12.2	+ 12.6	+ 15.8	+ 16.0
Rent revenue from existing buildings	+ 7.6	+ 7.2	△ 4.8	△ 3.3	△ 6.5
Termination of master lease, closure of building for redevelopment	△ 0.3	△ 0.7	△ 2.8	△ 6.5	△ 3.5
Moving in/out of tenants, Rent revisions at lease renewal	+ 8.0	+ 8.0	△ 2.0	+ 3.2	△ 3.0
Impact of COVID-19	Offices	-	△ 0.5		
	<sup>*2</sup> Mixed-use retail	△ 4.0	△ 5.0		
Supplementary revenue, incl. common area charge	+ 0.1	△ 2.4	+ 7.9	△ 2.2	+ 7.0

<sup>\*1</sup> Office buildings, incl. those with retail areas, etc.<sup>\*2</sup> Retail properties in office buildings

## 6. Earnings Related Data: Trends in Rent Revenue From Office Buildings\*<sup>1</sup> (Unconsolidated)

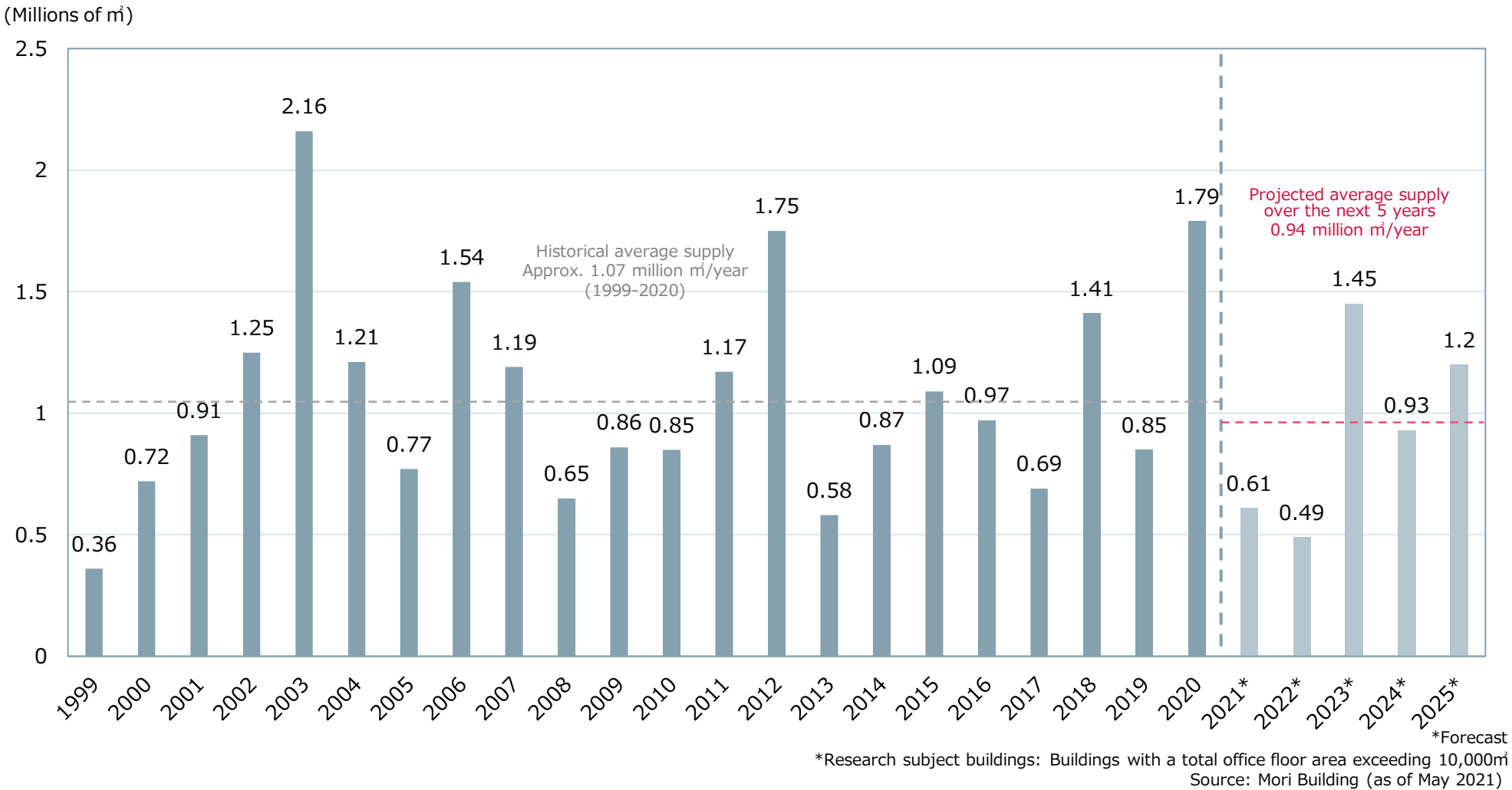
### Increase/Decrease of Rent Revenue from Office Buildings\*<sup>1</sup> (From the Previous Fiscal Year)

(Billions of yen)

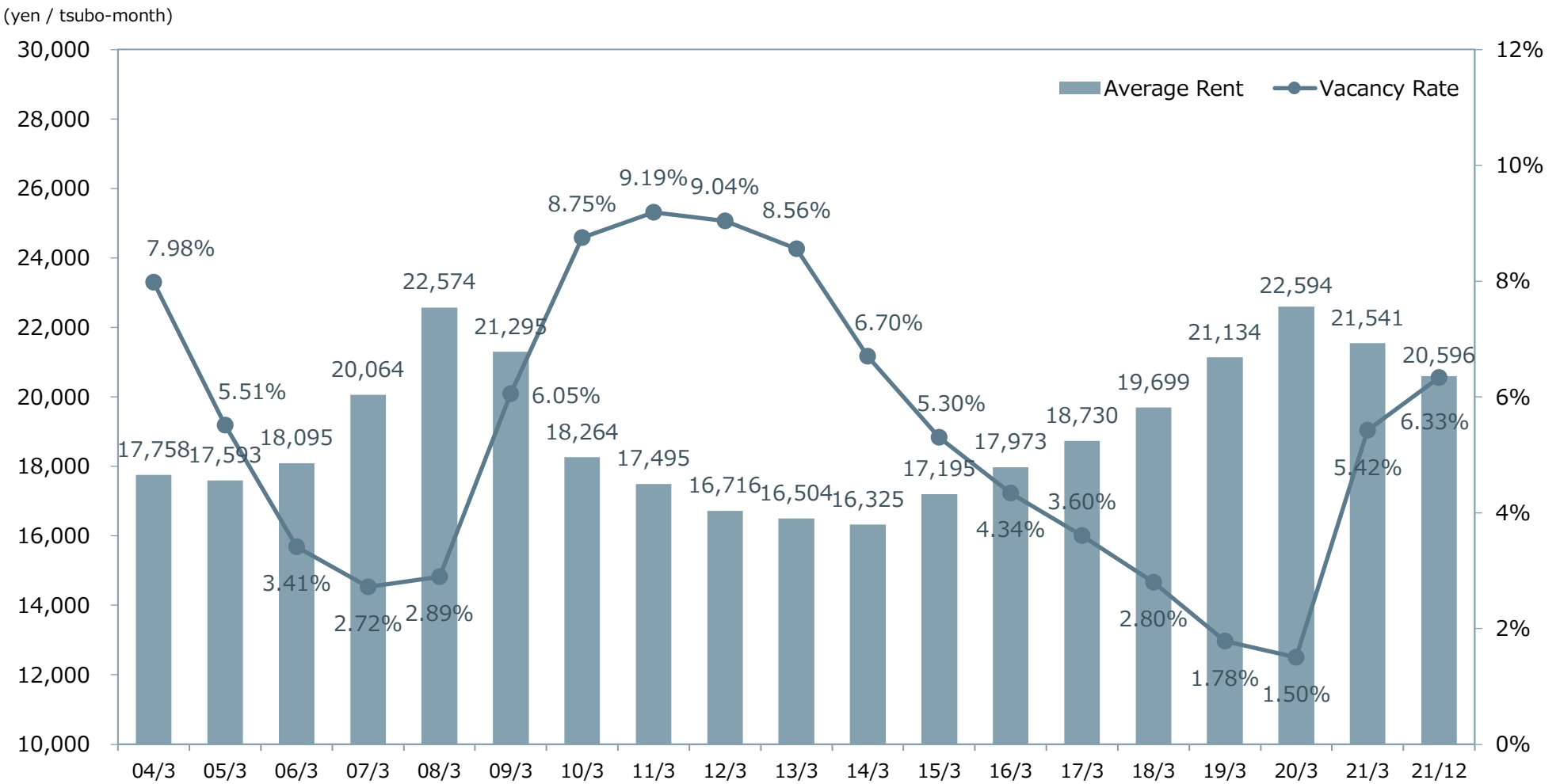


Total	-2.7	-1.6	+8.3	-1.3	+19.8	+20.5	+17.4	+2.3	-1.7	-5.1	+19.0	+11.9	+7.6	+18.5	+15.2	+24.1	+17.6	+14.0	+9.5	+7.8
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# 7. Office Building Market Data: New Supply of Large-Scale Office Buildings (23 Wards of Tokyo)



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

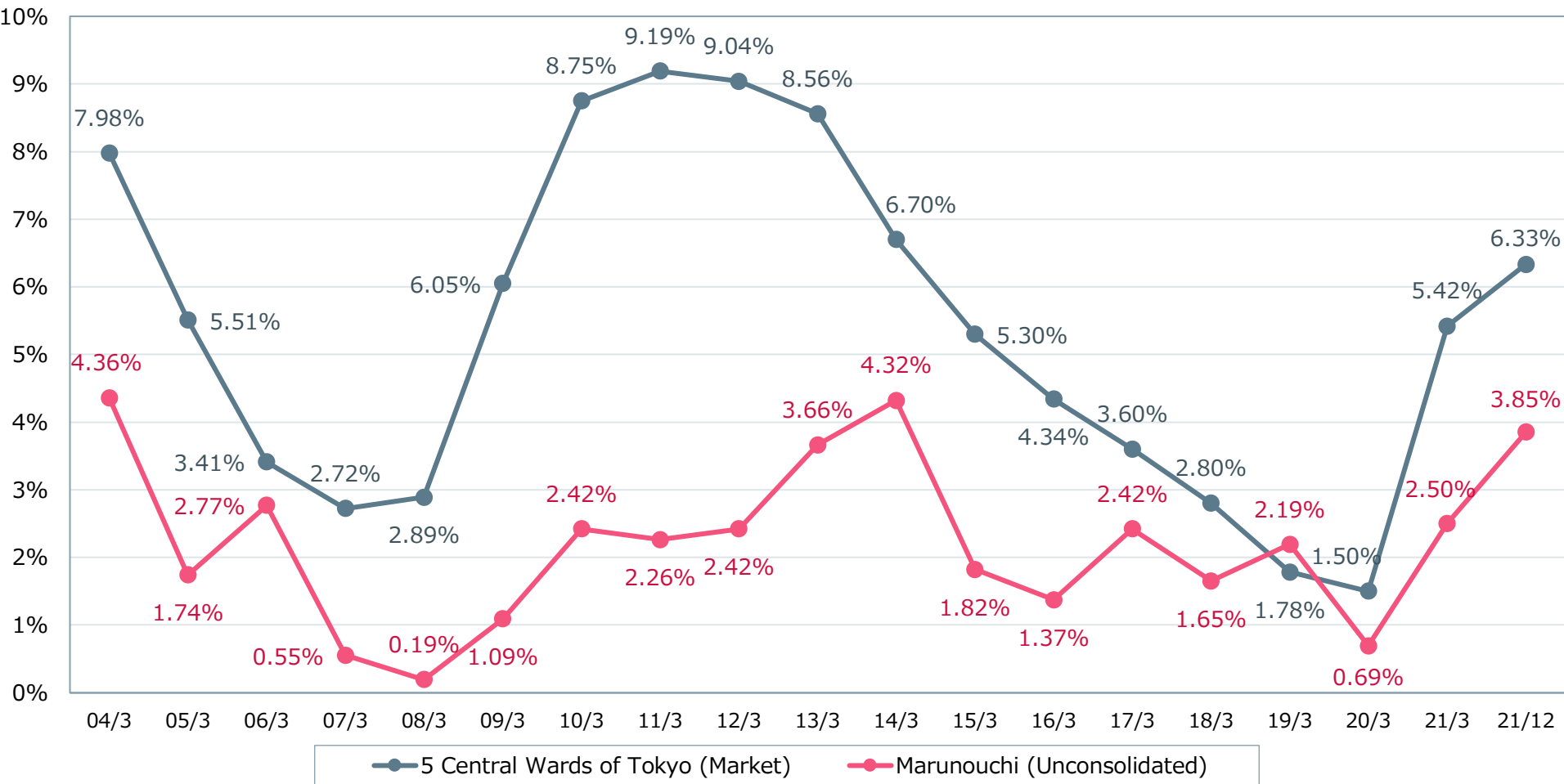


Source: Miki Shoji Co., Ltd.



# 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

Marunouchi



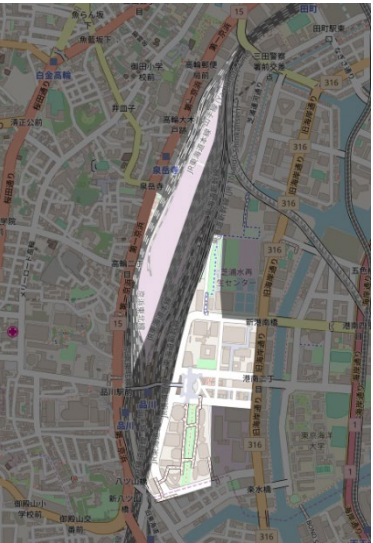
Area: **120ha**  
Railway lines: 28 lines

Nihonbashi



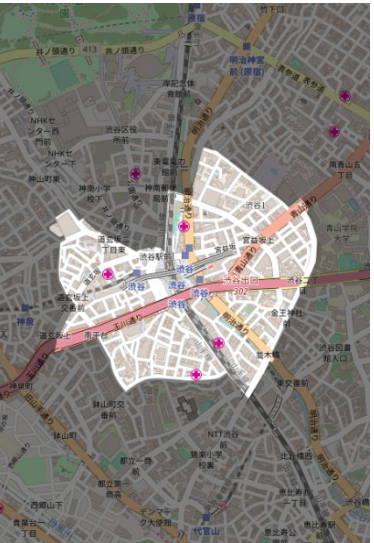
Area: **76ha**  
Railway lines: 5 lines

Shinagawa



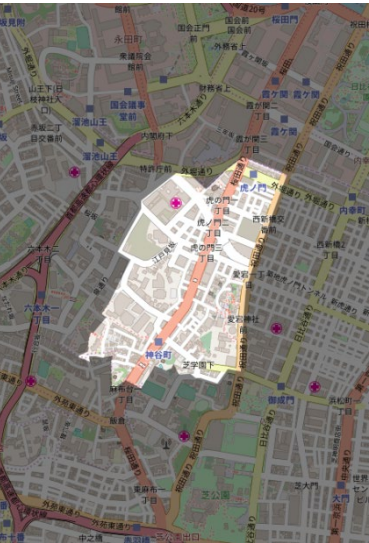
Area: **49ha**  
Railway lines: 9 lines

Shibuya



Area: **86ha**  
Railway lines: 8 lines

Toranomon



Area: **58ha**  
Railway lines: 2 lines

©Open Street Map

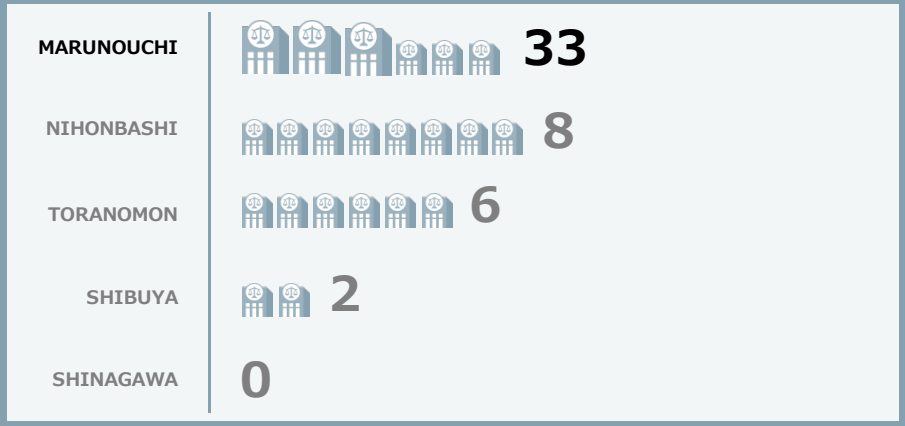
# 11. Competitive Edge of Marunouchi: Number of Headquarters and Offices

(as of March 2021)

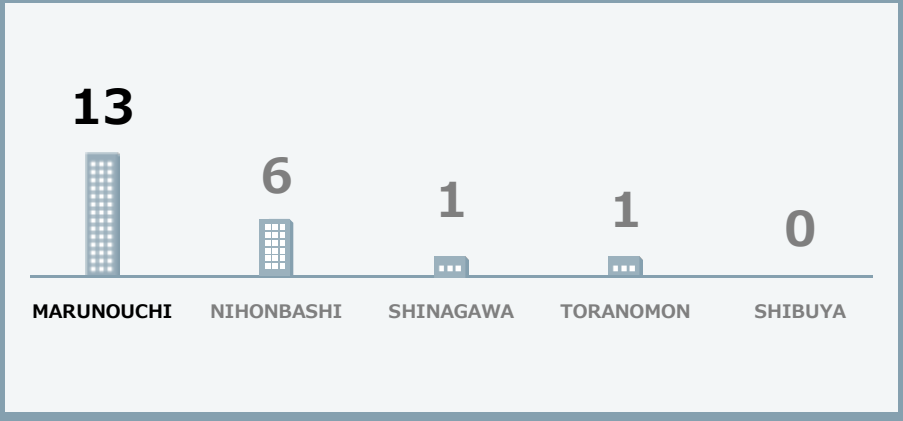
① Fortune Global 500 company headquarters



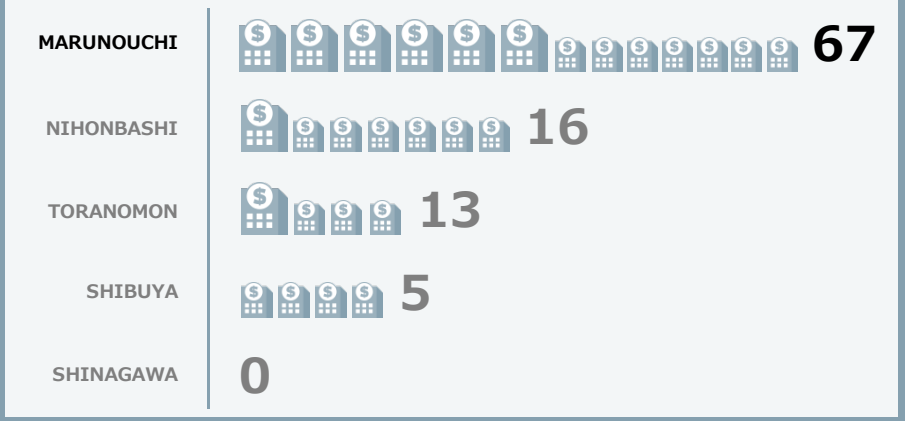
③ Top 100 law firm headquarters and offices



② Top 50 company headquarters in terms of market capitalization



④ Foreign financial company offices

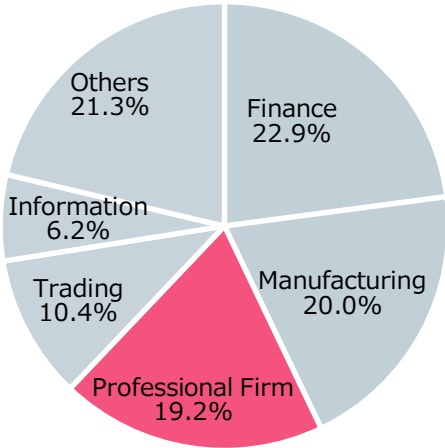
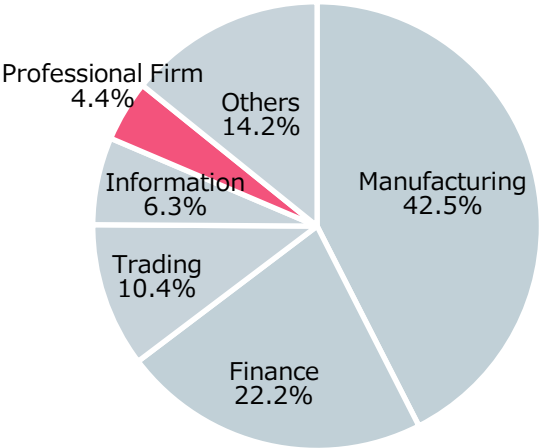


## 12. Marunouchi Data: Marunouchi Tenant Mix (Unconsolidated)

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 2021	Type of Business	Area ratio
1	Finance	22.9%
2	Manufacturing	20.0%
3	Professional Firm	19.2%
4	Trading	10.4%
5	Information	6.2%
	Others	21.3%



## 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 regulations: Special Urban Renaissance Districts

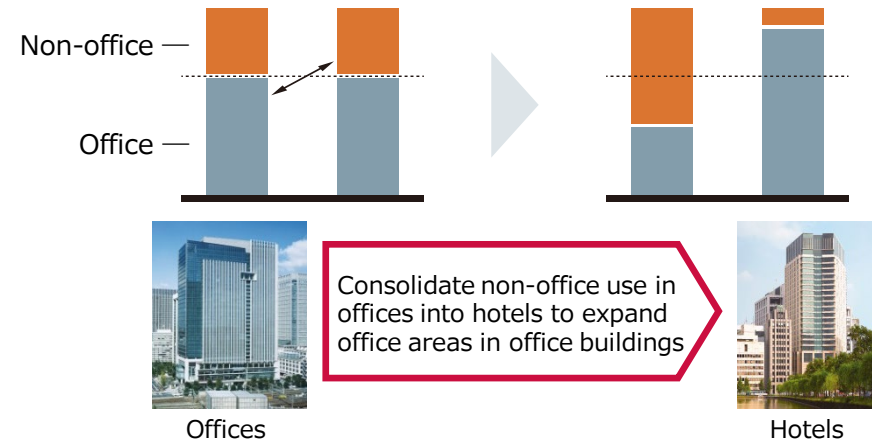
Possible to be permitted for relaxation of floor-area ratio regulation depending on levels of contribution to city regeneration as an exemption of urban planning

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

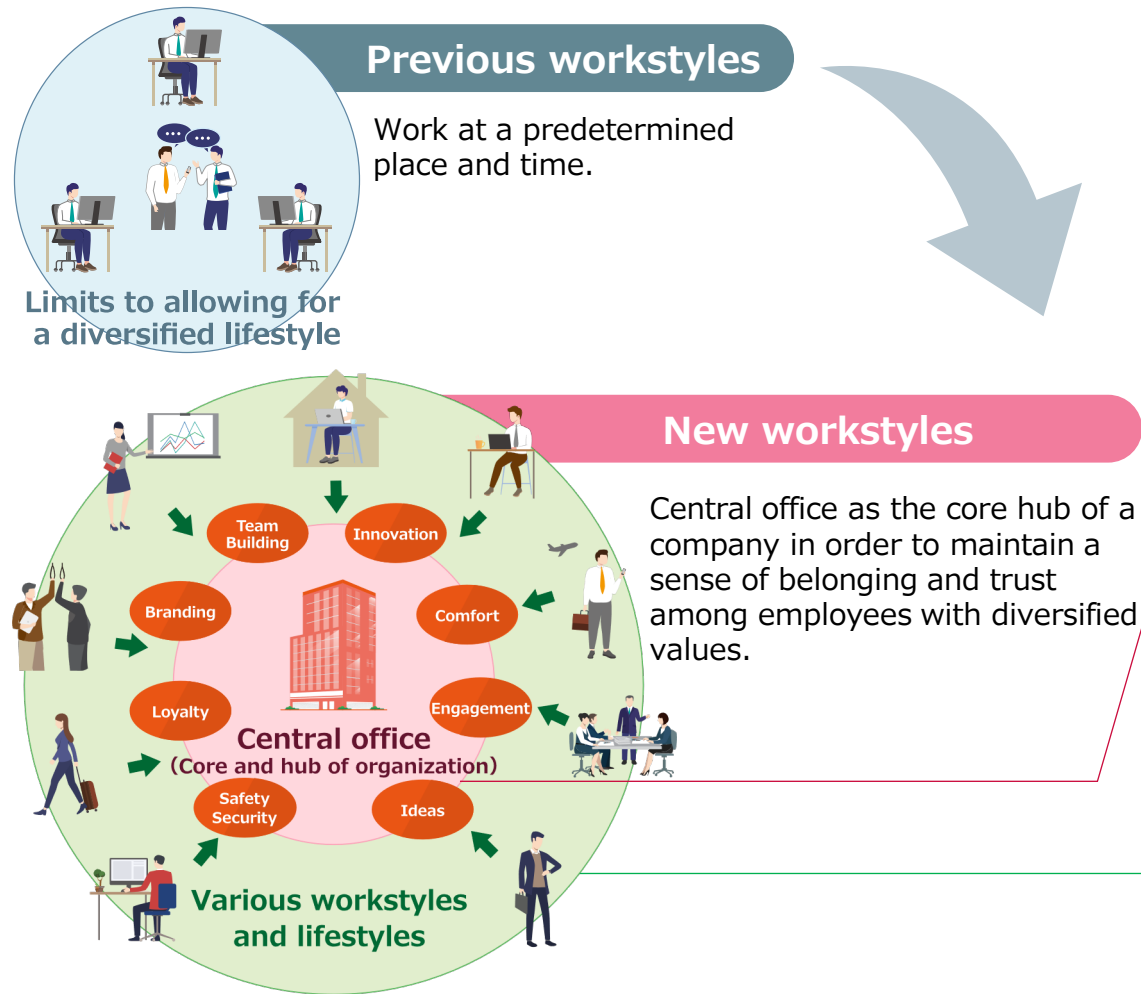
◆ Example: Consolidate office and hotel usages



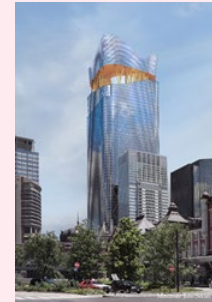


## 14. Initiatives Looking Ahead to Post-COVID-19

Enhancing value in the office by sophisticating the core functions of the central office and adapting to diversified workstyles.



### Sophistication of the Central Office



#### TOKYO TORCH (Tokiwabashi PJ)

- 2ha outdoor space
- Communal space for workers
- Implementation of contactless securities
- Large hall (2,000 seats)
- World-class hotel (100 rooms)
- Eco-friendly city development (e.g. green bonds)

#### FINOLAB (renewal)

- Financial support for startups (investing in FINOLAB FUND)
- Renewal and expansion
- Support services for business expansion



### Approaches to diversified workstyles



#### WORK x ation Site (Workation)

- Establishment of a new hub



#### Telecubes

- Increase installment numbers
- Expand installation spots to condominiums etc.



#### NINJA SPACE

- To locate workspaces



#### CIRCLES (Compact office)

- Aim is to develop 30 buildings by 2024



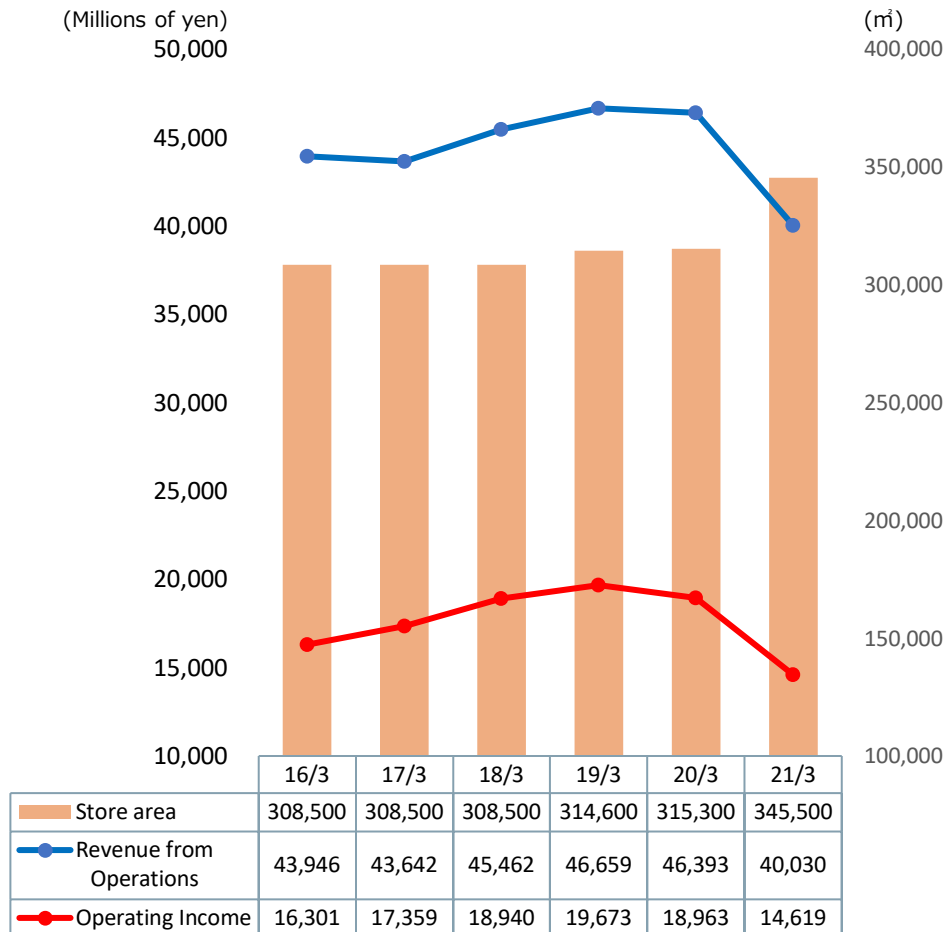
# **Commercial Property Business**

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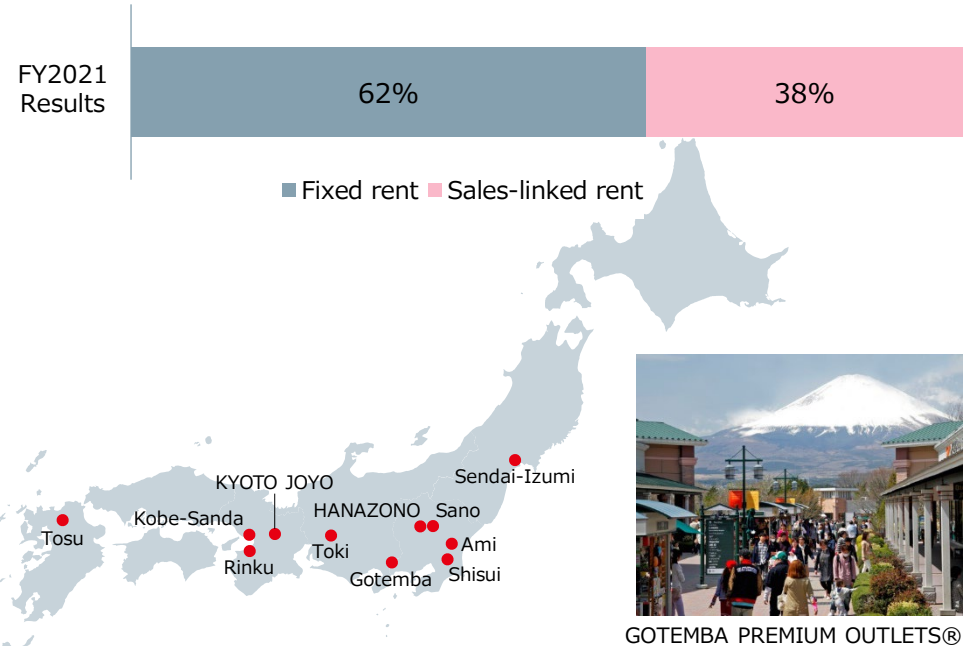
**Outlet Malls, Retail Properties, Logistics  
Facilities, Hotels, and Airports**

# 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)



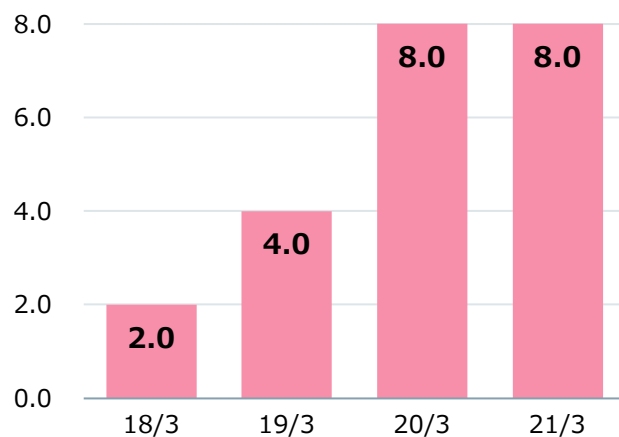
Name	Open	Store Floor Area
Gotemba (Phase 4)	Jun. 2020	Before expansion: Approx. 44,600m <sup>2</sup> Currently: Approx. 61,000m <sup>2</sup> (+37%)
Rinku (Phase 5)	Aug. 2020	Before expansion: Approx. 39,400m <sup>2</sup> Currently: Approx. 50,100m <sup>2</sup> (+27%)
Fukaya Hanazono (New)	Fall, 2022	Approx. 27,000m <sup>2</sup>
Kyoto Joyo (New)	Scheduled at the same time as the opening of the neighboring roads.	



## 2. Logistics Facility Business

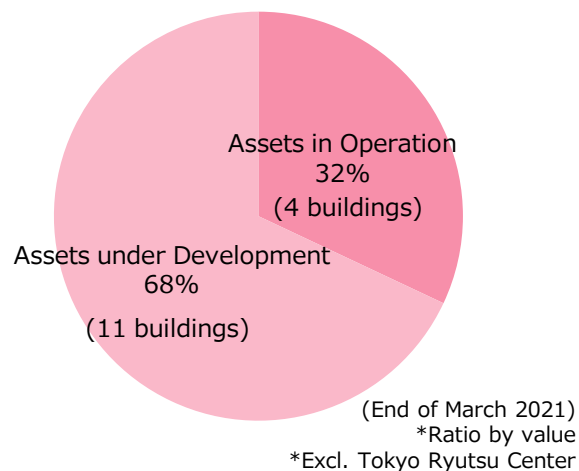
### Trends in Gain on Sales

(Billions of yen)



### Total Assets

Approx. ¥ **61.0** billion



### Operational Logistics Facilities

Total number of developed facilities: **15**

Number of facilities in operation: **4**

Total floor area of facilities in operation: **192,000m<sup>2</sup>**

(End of March 2021)  
\*Excl. Tokyo Ryutsu Center



Tokyo Ryutsu Center Distribution Building B



Logicross Hasuda



(Tentative name) Sagamihara-shi Chuo-ku Fuchinobe project

### 3. Outlet Malls and Logistics Facility Pipelines



## 4. Hotel (Development/Operations) Business



The Royal Park Canvas Sapporo Odori Park

### 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 Iconic Tokyo Shiodome	Minato, Tokyo	490	Jul. 2003
Marunouchi Hotel	Chiyoda, Tokyo	205	Oct. 2004
The Royal Park Hotel Fukuoka	Fukuoka, Fukuoka	174	Jul. 2011
The Royal Park Hotel Kyoto Sanjo	Kyoto, Kyoto	172	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 Iconic Osaka Midosuji	Osaka, Osaka	352	Mar. 2020
The Royal Park Canvas Kobe Sannomiya	Kobe, Hyogo	170	Jan. 2021
The Royal Park Hotel Kyoto Umekoji	Kyoto, Kyoto	246	Mar. 2021
The Royal Park Canvas Kyoto Nijo	Kyoto, Kyoto	180	Jun. 2021
The Royal Park Canvas Sapporo Odori Park	Sapporo, Hokkaido	134	Oct. 2021
The Royal Park Hotel Iconic Kyoto	Kyoto, Kyoto	130	Apr. 2022
Ginza 6-chome Hotel Project	Chuo, Tokyo	160	Fall 2022
Nagoya Sakae Hotel Project	Nagoya, Aichi	250	FY2025

### Hotel Development Business

Name	Location	Number of Rooms	Construction Begins	Open
The Royal Park Hotel Kyoto Shijo	Kyoto, Kyoto	127	Jul. 2016	Apr. 2018
MJ HOTEL Asakusa	Taito, Tokyo	166	Mar. 2017	To be determined
The Royal Park Canvas Kobe Sannomiya	Kobe, Hyogo	170	Sep. 2019	Jan. 2021
The Royal Park Hotel Kyoto Umekoji	Kyoto, Kyoto	246	Jun. 2019	Mar. 2021
MJ Hotel Asakusa Kaminarimon	Taito, Tokyo	51	Dec. 2019	Apr. 2021
The Royal Park Canvas Sapporo Odori Park	Sapporo, Hokkaido	134	Mar. 2020	Oct. 2021
MJ HOTEL Kyoto Okazaki	Kyoto, Kyoto	60	Feb. 2020	Jan. 2022
(Tentative name) Naha-shi Nishi 1-chome project	Naha, Okinawa	143	Sep. 2020	Spring 2022
(Tentative name) Sendai-shi Aoba-ku Chuo 4-chome Hotel project	Sendai, Miyagi	224	Oct. 2020	Summer 2022
Hilton Okinawa Miyakojima Resort	Miyakojima, Okinawa	329	Feb. 2021	FY2024



Hilton Okinawa Miyakojima Resort

# Residential Business

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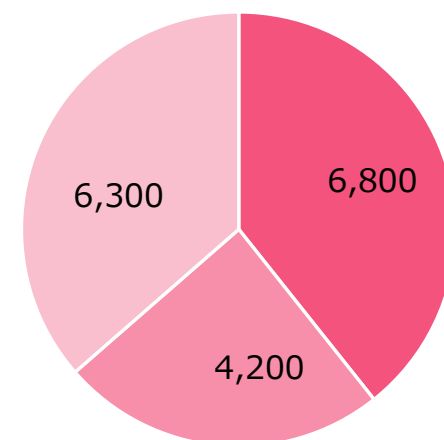
## 1. Condominium Business Data #1

In FY2022, sales will be flat YoY, and deliveries will be scheduled in the 2nd half.  
Gross margin improved and inventories are on a downtrend.

	FY2021-3Q (Results)	FY2021 (Results)	FY2022-3Q (Results)	FY2022 (Forecasts)
Condominiums Sold (millions of yen)	95,822	203,513	93,524	212,000
Condominiums Sold (units)	1,624	3,476	1,353	3,000
Gross Margin	19.2%	18.7%	19.2%	21.0%
Inventory (units)	240	213	62	-
New Supply of Condominiums (units)	1,655	2,350	1,475	1,820

### Land Bank Breakdown in Reporting Term

(As of December 31, 2021)



Total: 17,300 units

- FY2022 - FY2024
- FY2025 - FY2027
- FY2028 -

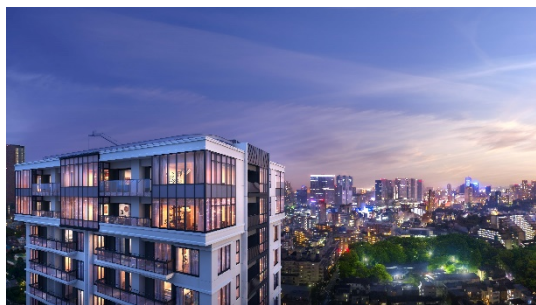


## 2. Residential Condominium Business #2

### Scheduled for delivery in FY2022



The Parkhouse Mita Garden Residence & Tower



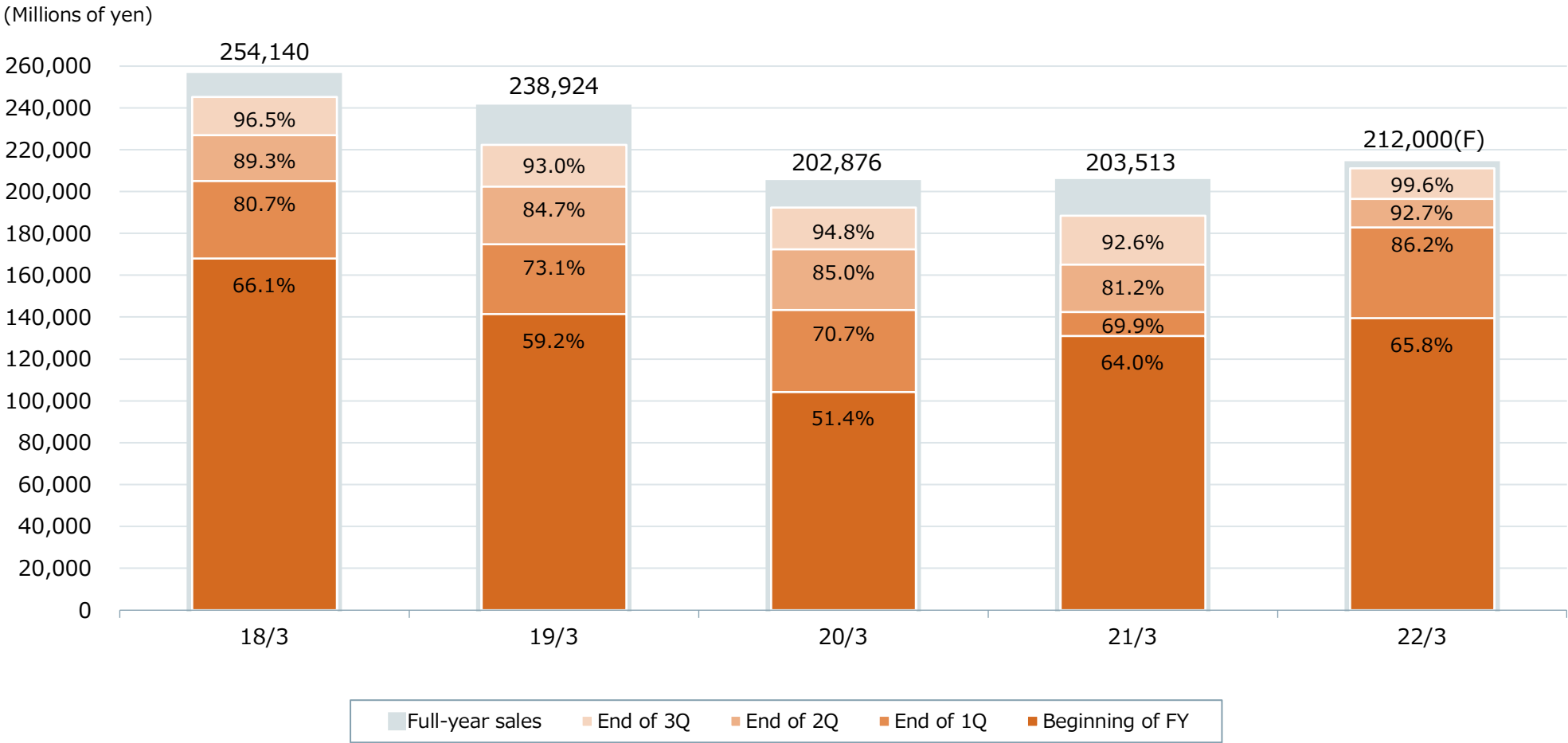
The Parkhouse Takanawa Tower

Name (project name)	Location	Site area	Total units	Scheduled delivery
The Parkhouse Mita Tower	Minato, Tokyo	1,900㎡	111	May 2021
The Parkhouse Ichikawa 2-chome	Ichikawa, Chiba	2,000㎡	57	Nov. 2021
The Parkhouse Ichigaya Kagacho Residence	Shinjuku, Tokyo	5,800㎡	228	Nov. 2021
The Parkhouse Mita Garden Residence & Tower	Minato, Tokyo	5,200㎡	266	Dec. 2021
The Parkhouse Shin-Urayasu Marine Villa(Stage 1)	Urayasu, Chiba	47,100㎡*	234	Jan. 2022
The Parkhouse Takanawa Tower	Minato, Tokyo	2,000㎡	164	Jan. 2022
The Parkhouse Musashino Kyonancho	Musashino, Tokyo	2,700㎡	82	Jan. 2022
The Parkhouse Nagoya(Stage 1)	Nishi, Nagoya	18,100㎡*	314	Jan. 2022
The Parkhouse Asakadai Residence	Asaka, Saitama	2,300㎡	64	Feb. 2022
The Parkhouse Komazawa Residence	Setagaya, Tokyo	2,700㎡	69	Feb. 2022
The Parkhouse Kamakura	Kamakura, Kanagawa	1,100㎡	23	Feb. 2022
The Parkhouse Kyodo Residence	Setagaya, Tokyo	3,200㎡	91	Feb. 2022
The Parkhouse Tokorozawa Place	Tokorozawa, Saitama	2,400㎡	104	Feb. 2022
The Parkhouse Yokohama Shin Koyasu Front	Yokohama, Kanagawa	7,400㎡	180	Mar. 2022
The Parkhouse Miyazakidai	Kawasaki, Kanagawa	4,500㎡	123	Mar. 2022
The Parkhouse Saitama Shin-Toshin	Chuo-ku, Saitama	1,500㎡	109	Mar. 2022

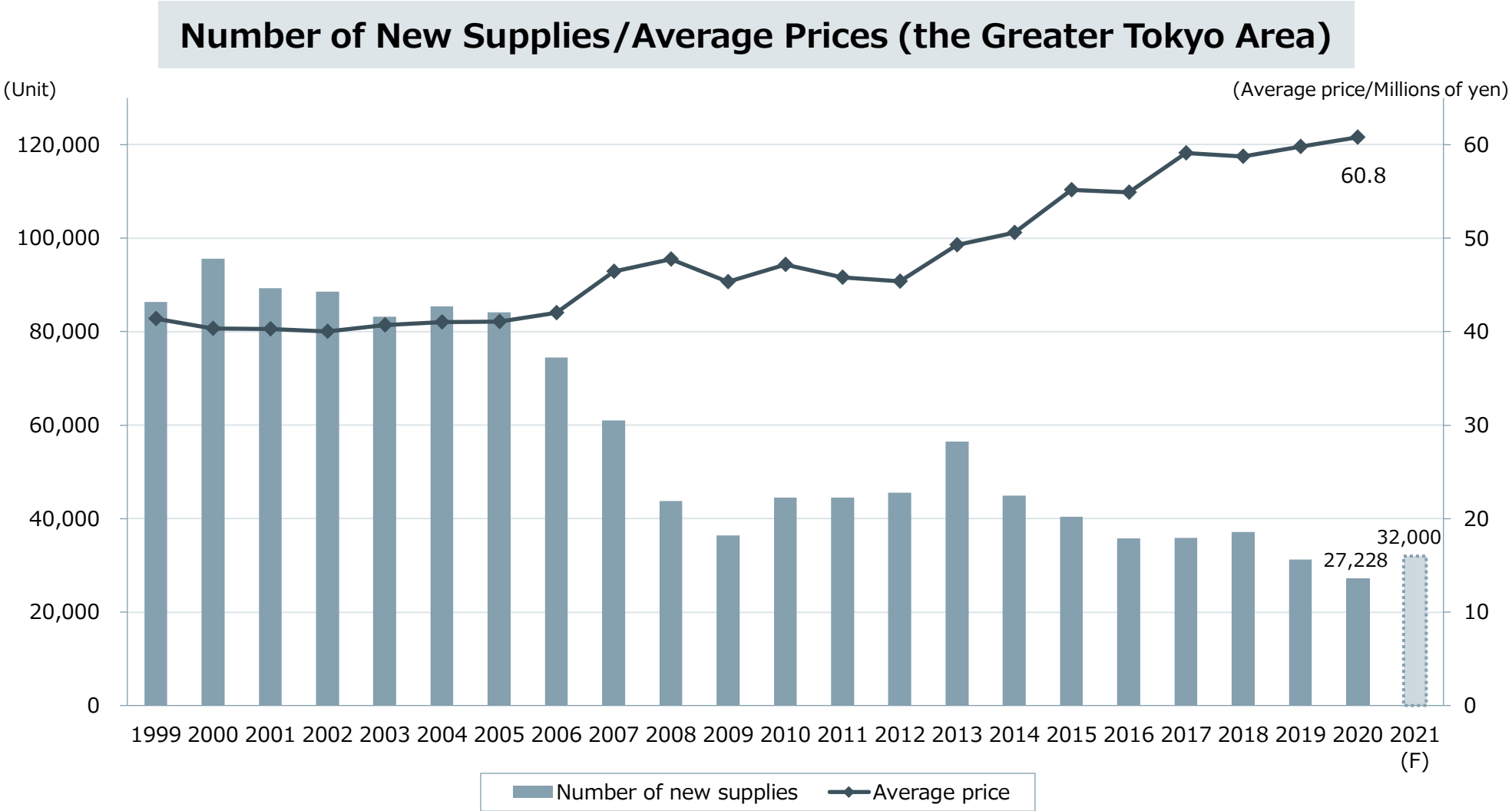
\*Total occupying area

3. Condominium Business Data #3

Quarterly Distribution of Sales by Agreement Date



4. Condominium Market Data



Source: Real Estate Economic Institute Co., Ltd.



## 5. Redevelopment Projects and Large-scale Development Projects

### Redevelopment Projects and Large-scale Development Projects

\*Only major projects are listed

Scheduled Delivery	Location	Project Name	Total Units
FY2021	Atsugi, Kanagawa	The Parkhouse Hon-Atsugi Tower	163
FY2021	Chiba, Chiba	Makuhari Bay Park Sky Grand Tower	826
FY2023	Yokohama, Kanagawa	Land Readjustment Project (H block) in West District around Kawawa-cho Station	183
FY2023	Kita, Tokyo	Maintenance project of Kami-Jujo 1-chome 4-banchi Disaster prevention zone	43
After FY2025	Shinagawa, Tokyo	Togoshi 5-chome, 19 District Redevelopment Project	Approx. 240
	Yokosuka, Kanagawa	In Front of Oihama Station Type 1 Urban Zone Redevelopment Project	Approx. 300
	Minato, Tokyo	Mita Koyama-cho Nishi area Type 1n Urban Zone Redevelopment Project	Approx. 1,200
	Chuo, Tokyo	Toyomi area Type 1 Urban Zone Redevelopment Project	Approx. 1,700
	Chiyoda, Tokyo	Kanda-Ogawamachi 3-chome West-side South area Type 1 Urban Zone redevelopment Project	Approx. 110
Total			Approx. 23,300

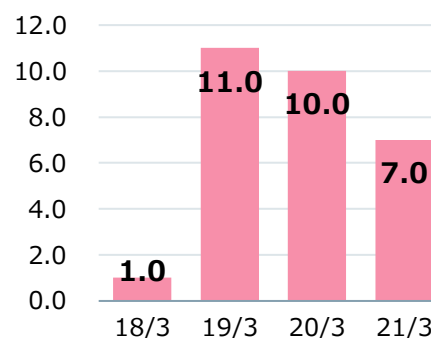


The Parkhouse Hon-Atsugi Tower

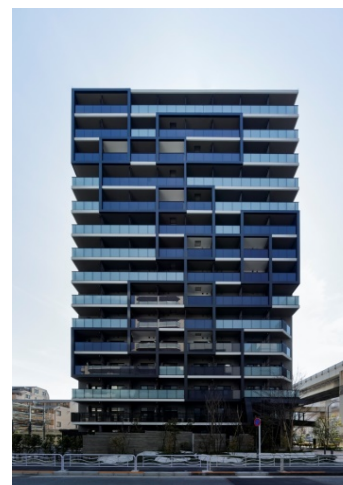
## 6. Rental Apartment Business

### Trends in Gain on Sale

(Billions of yen)



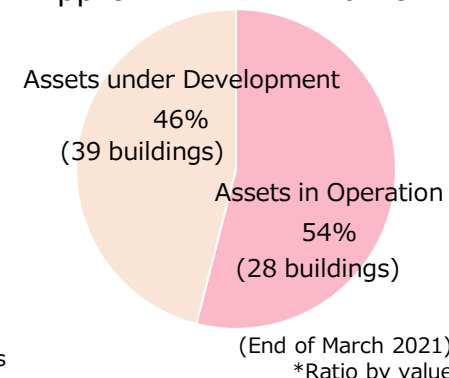
\*Trends in capital gains for Residential Business



The Parkhabio Kiba

### Total Assets

Approx. ¥ **117** billion



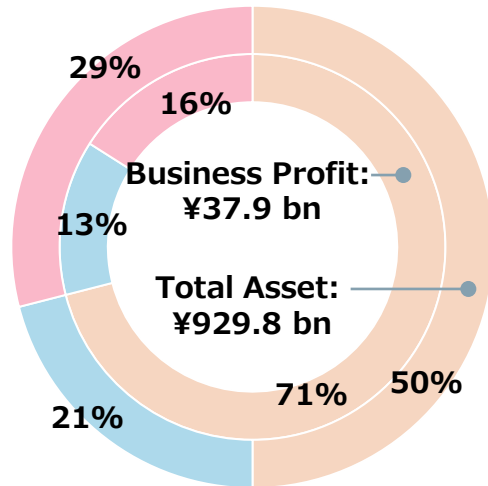
Parkhabio Akasaka Tower

# International Business

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# 1. International Business Strategy

FY2021



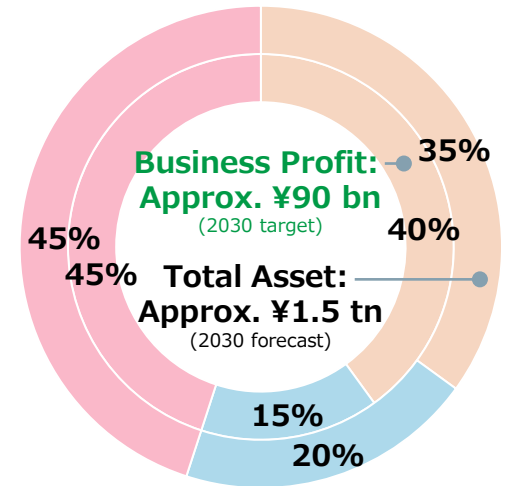
ROA : Approx. 4.2%

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%

Strategies

## ①Asia

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

&lt;Expected Return from Investment&gt;

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

&lt;Expected Return from Investment&gt;

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

## ③US

- ◆ Strengthen capital recycling business and capitalize on RGII\* know-how
- ◆ Promote joint ventures with local partners

\*Rockefeller Group International, Inc.

&lt;Expected Return from Investment&gt;

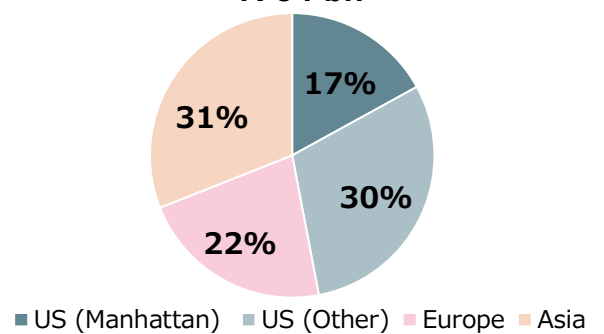
IRR	8-10%
-----	-------

## 2. International Assets/Ongoing Projects

Many ongoing developments (rentals and for-sale housing) are expected to make early profit contributions.

### International Assets (at the end FY2021)

**\*Book Value:  
¥764 bn**



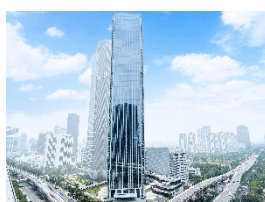
1271 Avenue of the Americas



CapitaSpring



(Tentative name)  
8 Bishopsgate project



Trinity Tower

### Major Ongoing Projects

	Property Name	Location	Use	Completion	Area / Units* <sup>1</sup>
Asia	CapitaSpring	Singapore	Multi-use	2021	* <sup>2</sup> 93,400m <sup>2</sup>
	ALPHA PARK (Previous PJ name : Singapore-Hangzhou Science & Technology Park 3rd)	China (Hangzhou)	Office	2021	172,300m <sup>2</sup>
	Trinity Tower	Indonesia (Jakarta)	Multi-use	2021	75,000m <sup>2</sup>
	Savya Financial Center North Tower	The Philippines (Manila)	Office	2022	* <sup>3</sup> 24,600m <sup>2</sup>
	Yoma Central (4 buildings total)	Myanmar (Yangon)	Multi-use	TBD	* <sup>2</sup> 212,700m <sup>2</sup>
	180 George Street	Australia (Sydney)	Office	2022	60,000m <sup>2</sup>
	One City Centre	Thailand (Bangkok)	Office	2022	61,000m <sup>2</sup>
Europe	Warwick Court (Large-scale redevelopment)	UK (London)	Office	2022	19,000m <sup>2</sup>
	(Tentative name) 8 Bishopsgate	UK (London)	Office	2022	53,000m <sup>2</sup>
	The Fold	UK (London)	Rental apartment	2022	196 units
	60-72 Upper Ground (ITV The London Television Centre)	UK (London)	Multi-use	2020s 2nd half	TBD
US	Middlesex	US (New Jersey)	Logistics facilities	2021	37,200m <sup>2</sup>
	Stateline 77	US (South Carolina)	Logistics facilities	2022	93,500m <sup>2</sup>
	Hanover	US (Pennsylvania)	Logistics facilities	2022	42,100m <sup>2</sup>
	55 Paradise	US (New York)	Logistics facilities	2023	16,000m <sup>2</sup>
	Virginia Data Center (Bldg.1 & Bldg.2)	US (Virginia)	Data center	2023, 2024	51,000m <sup>2</sup>
	Liv Crossroads	US (Arizona)	Rental apartment	2022	356 units
	Liv Laveen	US (Arizona)	Rental apartment	2023	360 units
	200 East 83rd Street	US (New York)	Condominium	2023	86 Units
	1158 Delaware Street	US (Colorado)	Rental apartment	2024	250 units
	1072 West Peachtree	US (Georgia)	Multi-use	2024	* <sup>2</sup> 46,900m <sup>2</sup>
	600 Fifth Street	US (Washington, D.C.)	Office	2025	* <sup>2</sup> 36,700m <sup>2</sup>

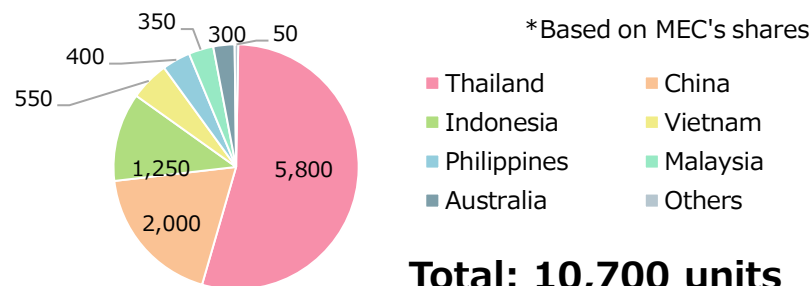
\*<sup>1</sup>Leasable area or # of units \*<sup>2</sup>Total floor area \*<sup>3</sup>Area for sale

\* # of units MEC owns

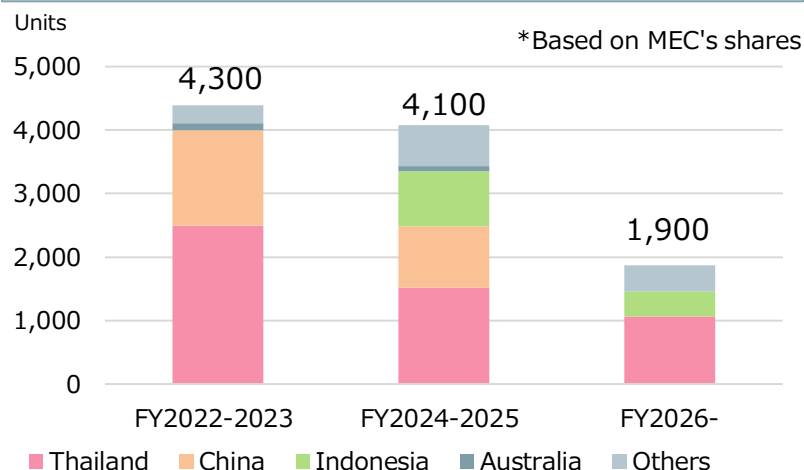
### 3. International Assets/Ongoing Projects

In Asia, the land bank has been built up and deliveries are strong in the for-sale housing market.

**Land Bank of For-Sale Housing in Asia**



**Number of Housing Units for Sale by Completion Year**



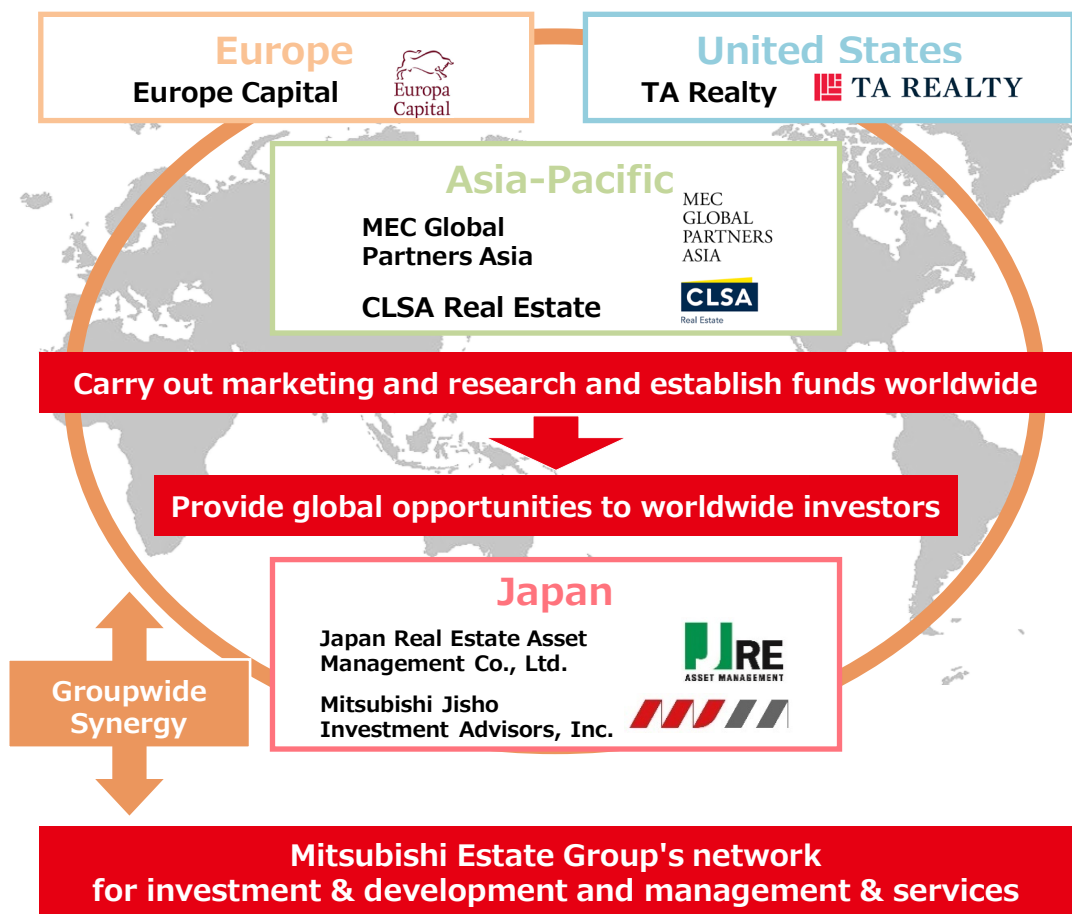
Property Name	Location	Total units	MEC's share	Completion
<b>Southeast Asia</b>				
Life Asoke Hype	Thailand (Bangkok)	1,253	49%	2021
Life Ladprao Valley	Thailand (Bangkok)	1,140	49%	2021
RHYTHM Ekkamai Estate	Thailand (Bangkok)	303	49%	2022
Life Sathorn Sierra	Thailand (Bangkok)	1,971	49%	2022
RHYTHM Charoenkrung Pavillion	Thailand (Bangkok)	421	49%	2022
The Address Siam-Ratchathewi	Thailand (Bangkok)	880	49%	2023
Life Rama 4	Thailand (Bangkok)	1,237	49%	2024
GEMS	Malaysia (Selangor)	676	45%	2023
Sora gardens II	Vietnam (Binh Duong Province)	560	45%	2021
Oasia(Previously:L34)	Vietnam (Dong Nai Province)	502	49%	2023
DAISAN	Indonasia (Kota Tngerang)	1,767	49%	2024
Kizuna Heights	Philippines (Manila)	1,036	40%	2026
<b>East Asia</b>				
Vanke•Nantong	Nantong, Jiangsu	1,170	25%	2021
Vanke•Wuxi	Wuxi, Jiangsu	1,556	25%	2021
Zhongnan/County Garden Cullinan	Haimen, Jiangsu	1,424	25%	2021
Hainan•Amoy	Xiamen, Fujian	311	25%	2021
Taiwan•Ruentex feng hui	New Taipei City, Taiwan	220	30%	2021
Vanke•Metropolis Seasons	Changzhou, Jiangsu	1,408	20%	2022
Zhongnan•Southern Shore Mansion	Huainan, Anhui	1,665	30%	2023
Taiwan•De you xiu chuan	Taoyuan, Taiwan	124	30%	2024
Weifeng•Elegant Residence	Changchun, Jilin	1,016	14%	2024
Weifeng•Sunrise Building	Changchu, Jilin	1,782	13%	2024
<b>Oceania</b>				
One Sydney Harbour R1/R2	Australia (Sydney)	R1 : 315 R2 : 322	R1 : 25% R2 : 25%	2024

All data are as of March 31, 2021

# Investment Management Business

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# 1. Investment Management Business : Global Platform



## Japan Real Estate Asset Management Co., Ltd.



Established in 2000. Entrusted with asset management of "Japan Real Estate Investment Corporation," the first J-REIT listed in Japan in September 2001. Mainly invests in office bldgs.

## Mitsubishi Jisho Investment Advisors, Inc.



Established in 2001. Provides a wide range of real estate investment products to institutional investors in Japan and overseas based on the know-how and resources accumulated by the Mitsubishi Estate Group. Manages listed REITs, private REITs, and private funds.

## TA Realty (North America)



Established in 1982. A leading real estate investment management company in the U.S. with funds that invest in a diverse range of real estate, including office, logistics, residential and retail properties in major cities across the U.S. Acquired in 2015 and became a subsidiary.

## Europa Capital (Europe)



Established in 1995. Based in the U.K., manages funds that invest in office, residential, commercial and logistics properties throughout Europe. Acquired a stake in the company in 2010, making it a subsidiary.

## MEC Global Partners Asia (Asia, Oceania)



Established in 2017 (name changed in 2021). Based in Singapore, manages core-plus private funds that invest in pan-Asia.

## CLSA Real Estate (Asia, Oceania)

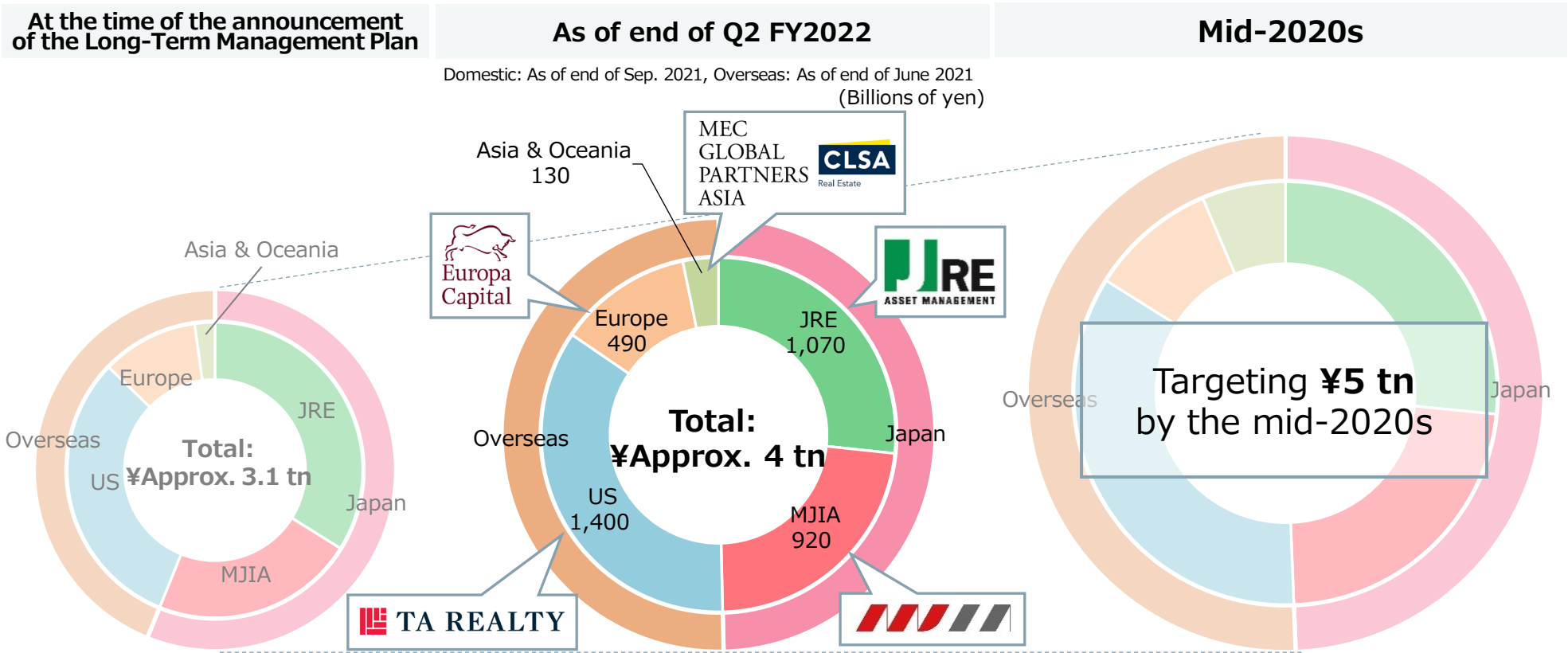


Managed pan-Asian value-add private funds since 2004; acquired and became a subsidiary in 2019.

2. Investment Management Business : Increase in Assets under Management (AUM)

Stable increase in AUM

Total AUM in Japan and overseas grew to ¥4 tn (as of end of Sep. 2021)  
(Increase of ¥0.9 tn from the announcement of the Long-Term Management Plan)



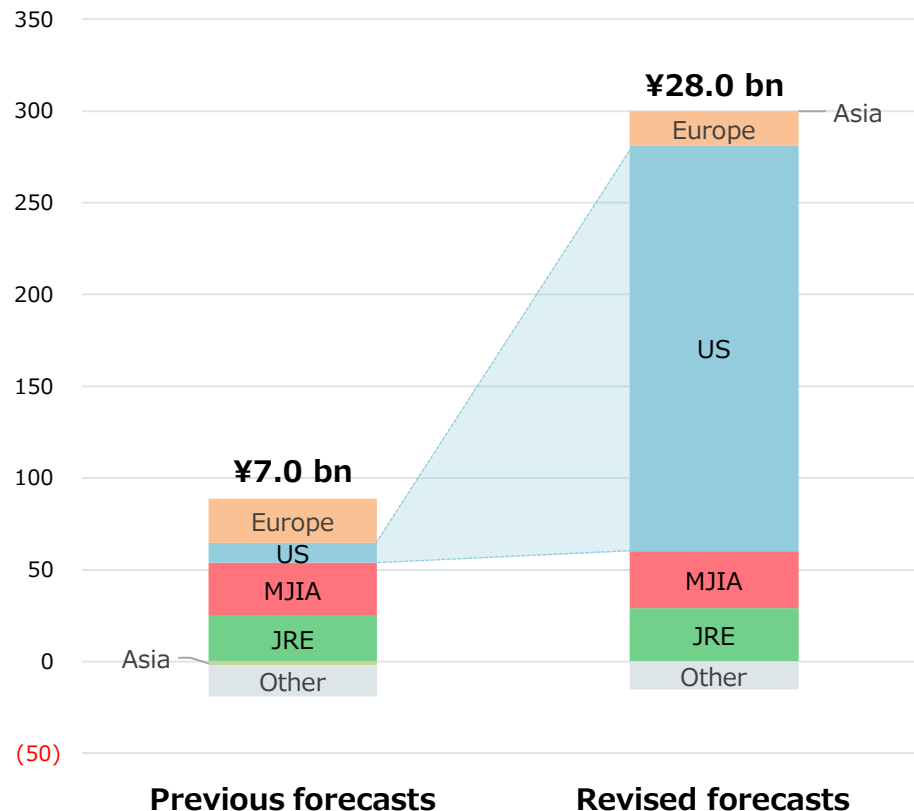


### 3. Investment Management Business : Breakdown of Operating Revenue by Area

#### Factors affecting profit growth in FY2022 related to the revision of forecasts

Significant increase of ¥21 bn from the previous forecast. The main factor was the recording of future fees\* associated with an increase in the market value of real estate in value-added funds in the U.S. and other countries.

#### Investment Management Business – Business Profit

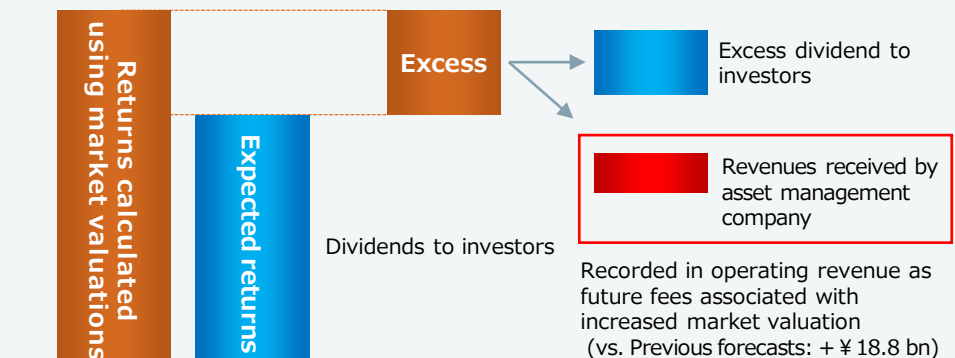


#### 【\*Recognition of future fees associated with increased market value of real estate in funds in the U.S. and other countries】

- For some funds, incentive fees are established in which the management company receives a portion of the excess over expected returns.
- Such fees are received near the end of the fund as returns are determined, but in accounting, the company updates returns as needed using market valuations of real estate and records the fees it expects to earn as operating revenue each period (no cash inflows at this time).
- Although it will contribute fully to operating revenue and operating profit, its contribution to profit attributable to owners of parent will be limited (no cash outflow at this time) because a portion will be posted as profit attributable to non-controlling interests in the form of contingency fees to the officers and employees of the asset management company.

#### 【Accounting procedures】

\*This is a general description and may differ from the design of our funds.



## 4. Investment Management Business : (Reference) Classification of Funds

### Classification by Asset Liquidity

<b>Open-end</b>	<p>A type of REIT or fund that allows investors to withdraw their investment in REIT units or funds upon request.</p> <p><b>Examples :</b> Private REITs</p>
<b>Closed-end</b>	<p>A type of REIT or fund that does not allow investors to withdraw their investment in REIT units or funds upon request.</p> <p><b>Examples :</b> Listed REITs ... Secure liquidity by trading in the market Private funds ... Acquire and manage real estate with a set investment and management period of several years, and eventually sell it to distribute returns to investors</p>

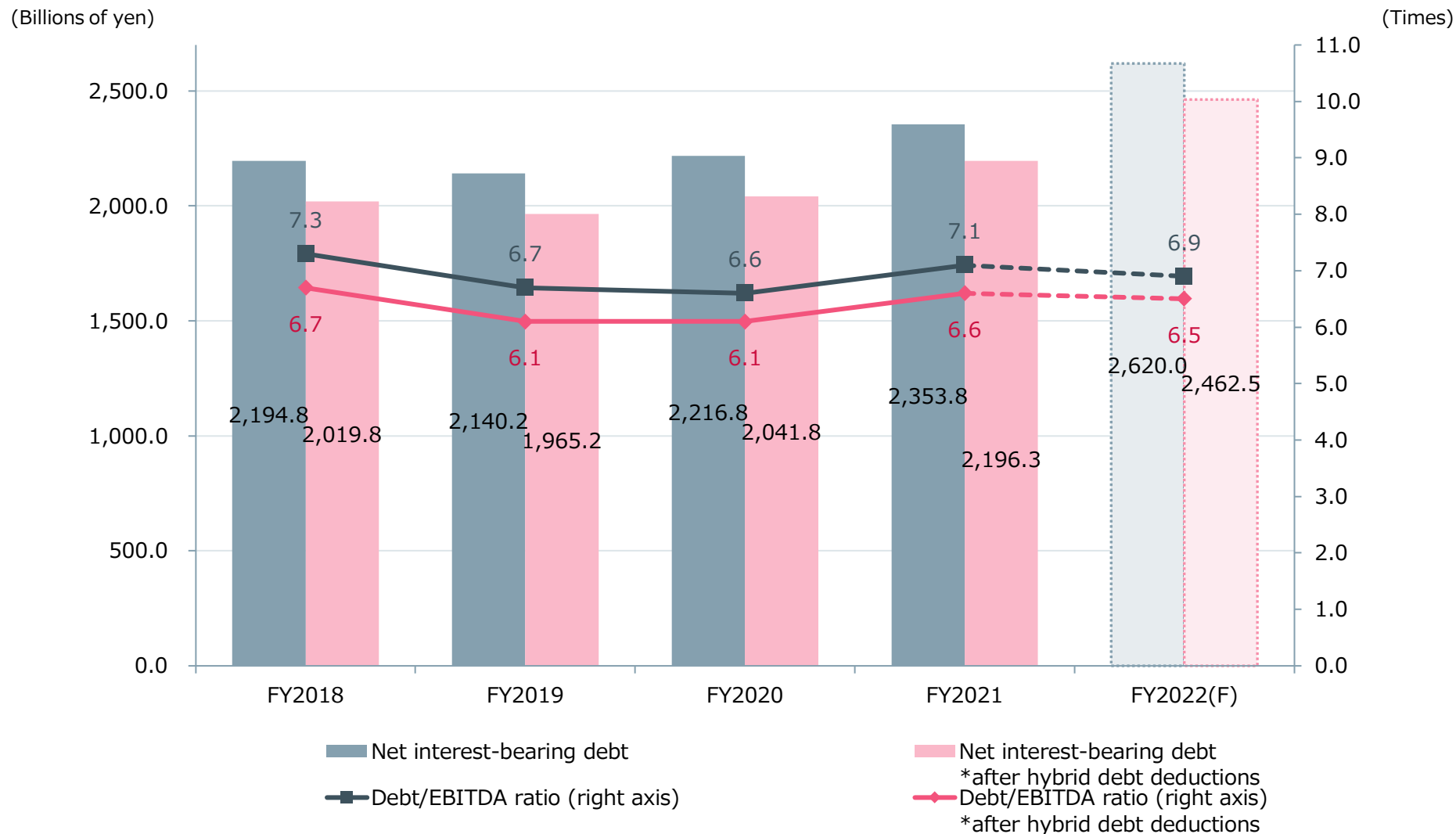
### Classification by Fund Strategy (Source: Website of the Association for Real Estate Securitization)

<b>Core</b>	<p>The fund aims to generate a target return mainly from rental income returns by income-producing property investments.</p> <p>*Capital return is not considered as a main target return, but the fund takes a low to medium market risk.</p>
<b>Core-plus</b>	<p>Same as Core Fund, the fund aims to generate a target return mainly from rental income returns, but some from capital returns.</p>
<b>Value-added</b>	<p>The fund aims to generate a target return mainly from rental income returns as well as capital returns by increasing the yield and value of undervalued properties.</p> <p>*Generally, the value-added strategy has a higher risk than the Core and Core-plus strategy because the fund often invests in low yield properties with some physical obsolescence.</p>
<b>Opportunistic</b>	<p>The fund aims to generate a target return mainly from capital returns by trading properties based on the market forecast.</p> <p>*This is a higher risk strategy including adaptive reuse, bulk trade and M&amp;As.</p>

# Investment/Financial Data, etc.

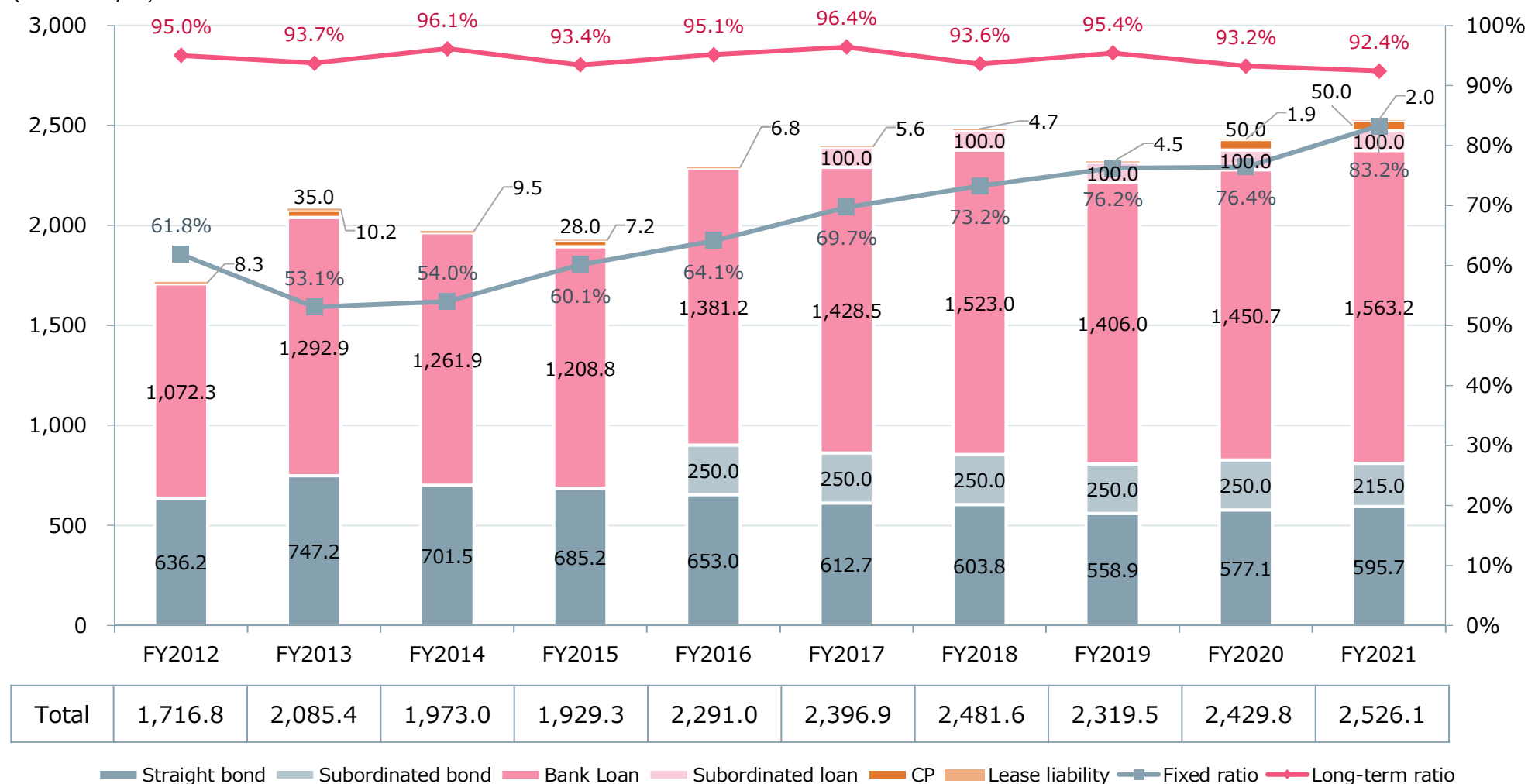
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# 1. Net Interest-Bearing Debt/EBITDA Ratio

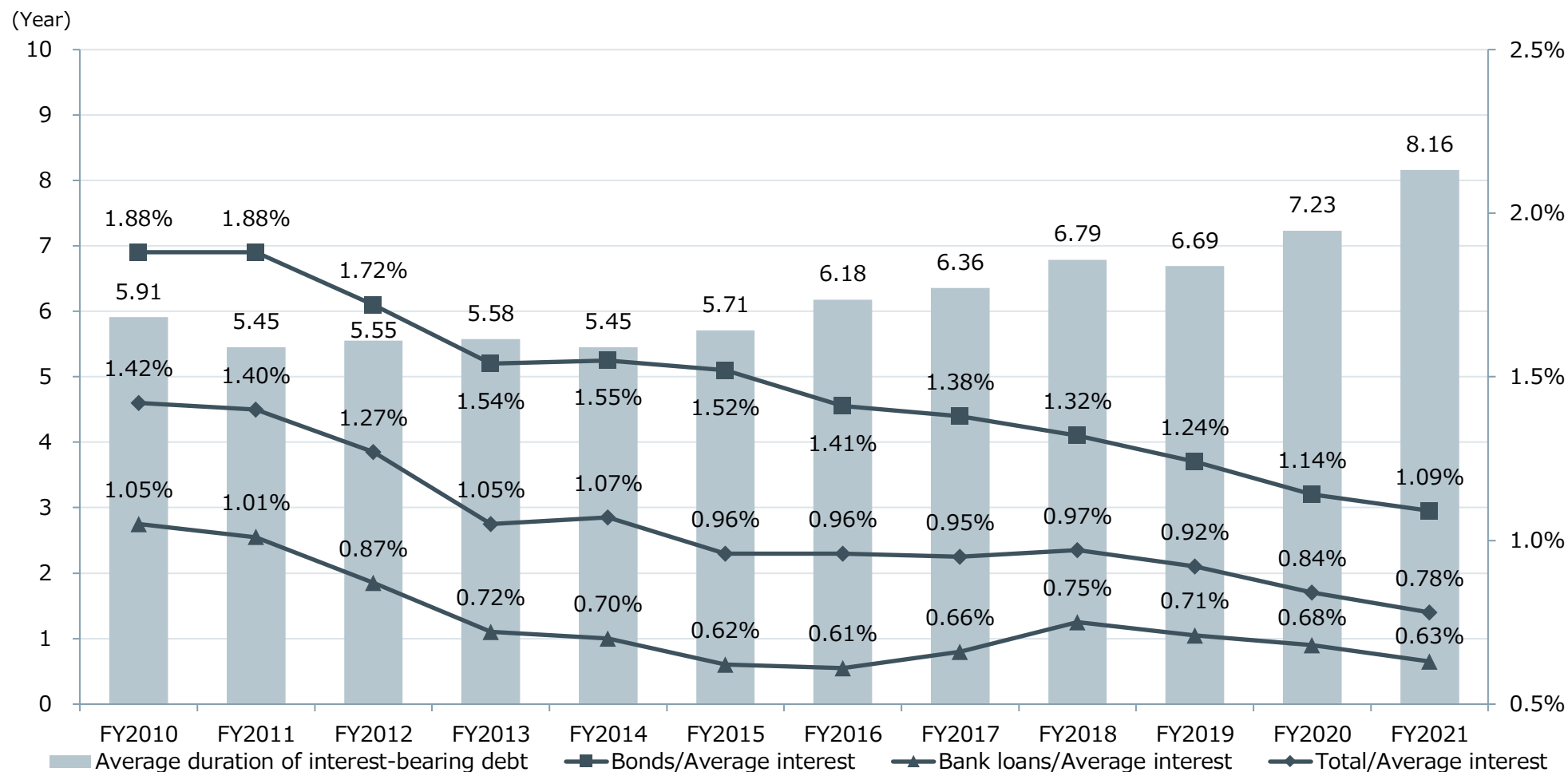


## 2. Breakdown of Interest-Bearing Debt

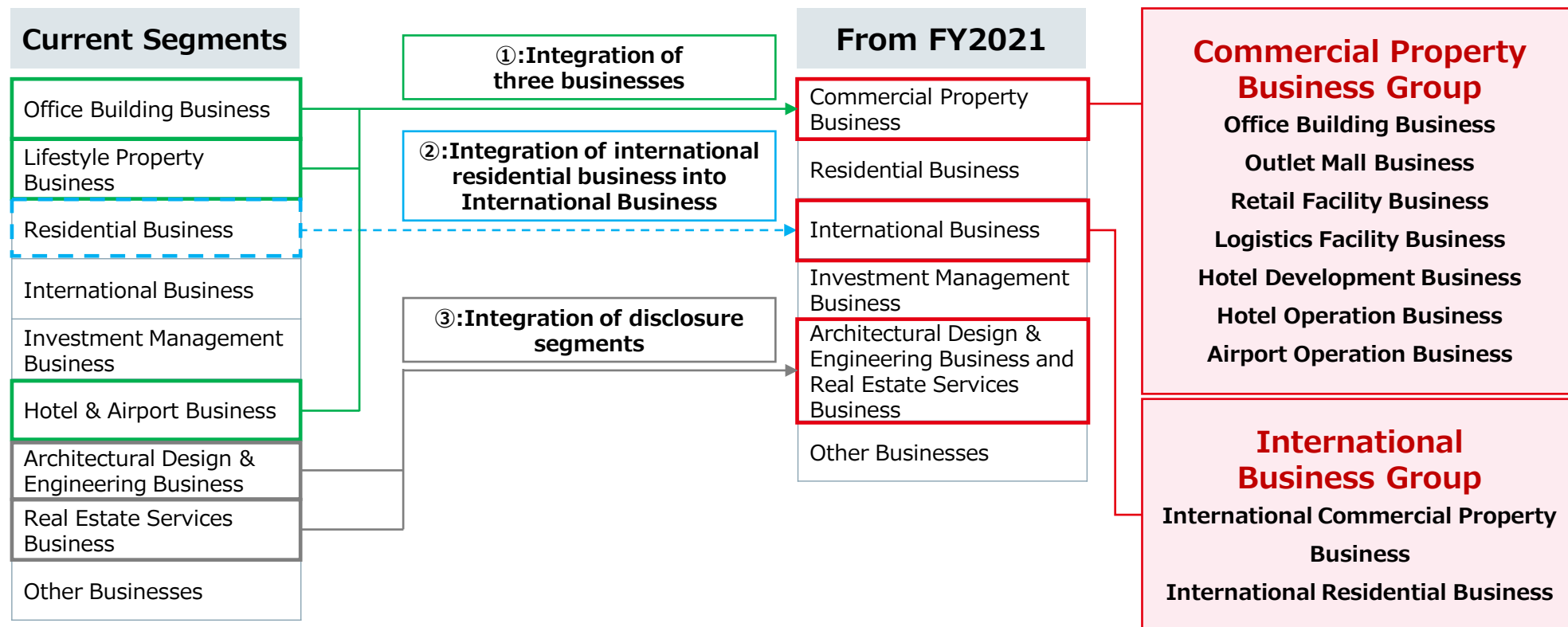
(Billions of yen)



### 3. Interest-Bearing Debt: Procurement Interest Rates/ Average Duration of Interest-Bearing Debt (Unconsolidated)



## 4. Segmentation Changes from April 1, 2020



### <Purpose of Changes>

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

# Overview of the "Long-Term Management Plan 2030"

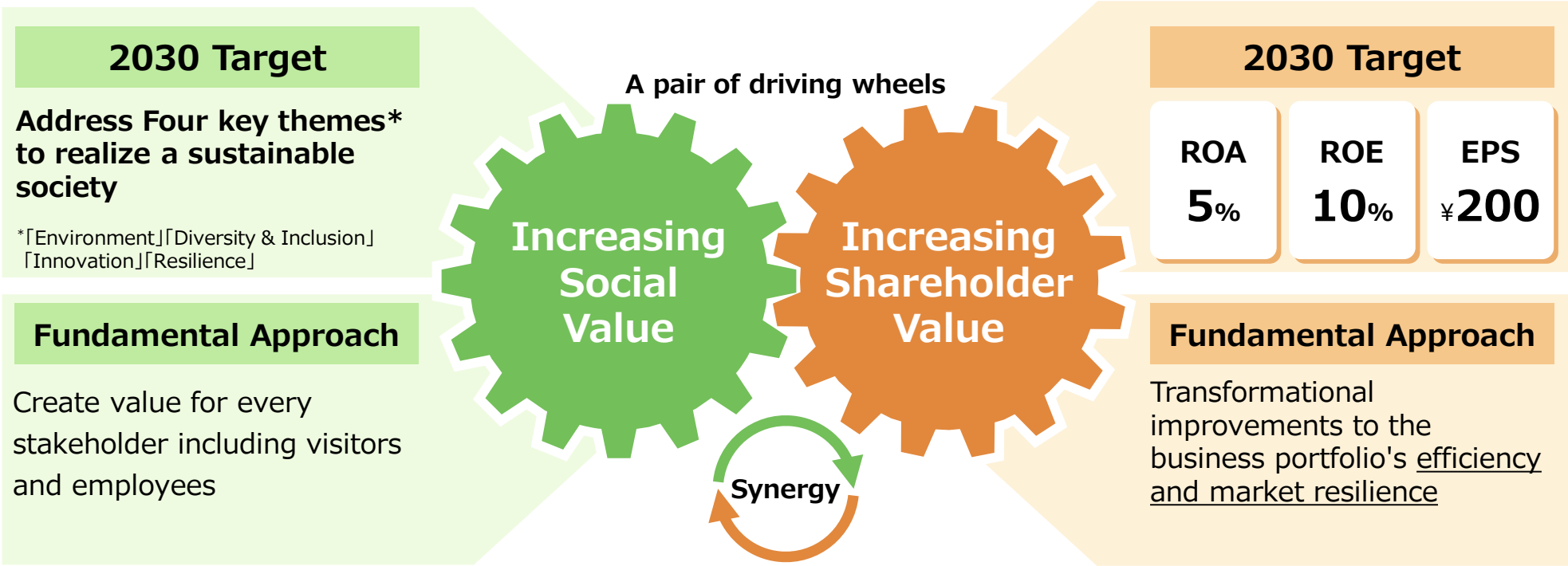
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1. New Management Plan: Objectives

\*Repost from the "Long-Term Management Plan 2030"

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



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

## 2. Quantitative Target - 2030 Target

\*Repost from the "Long-Term Management Plan 2030"

2030 Target		
ROA* <sup>1</sup>	ROE	EPS
5%	10%	¥200

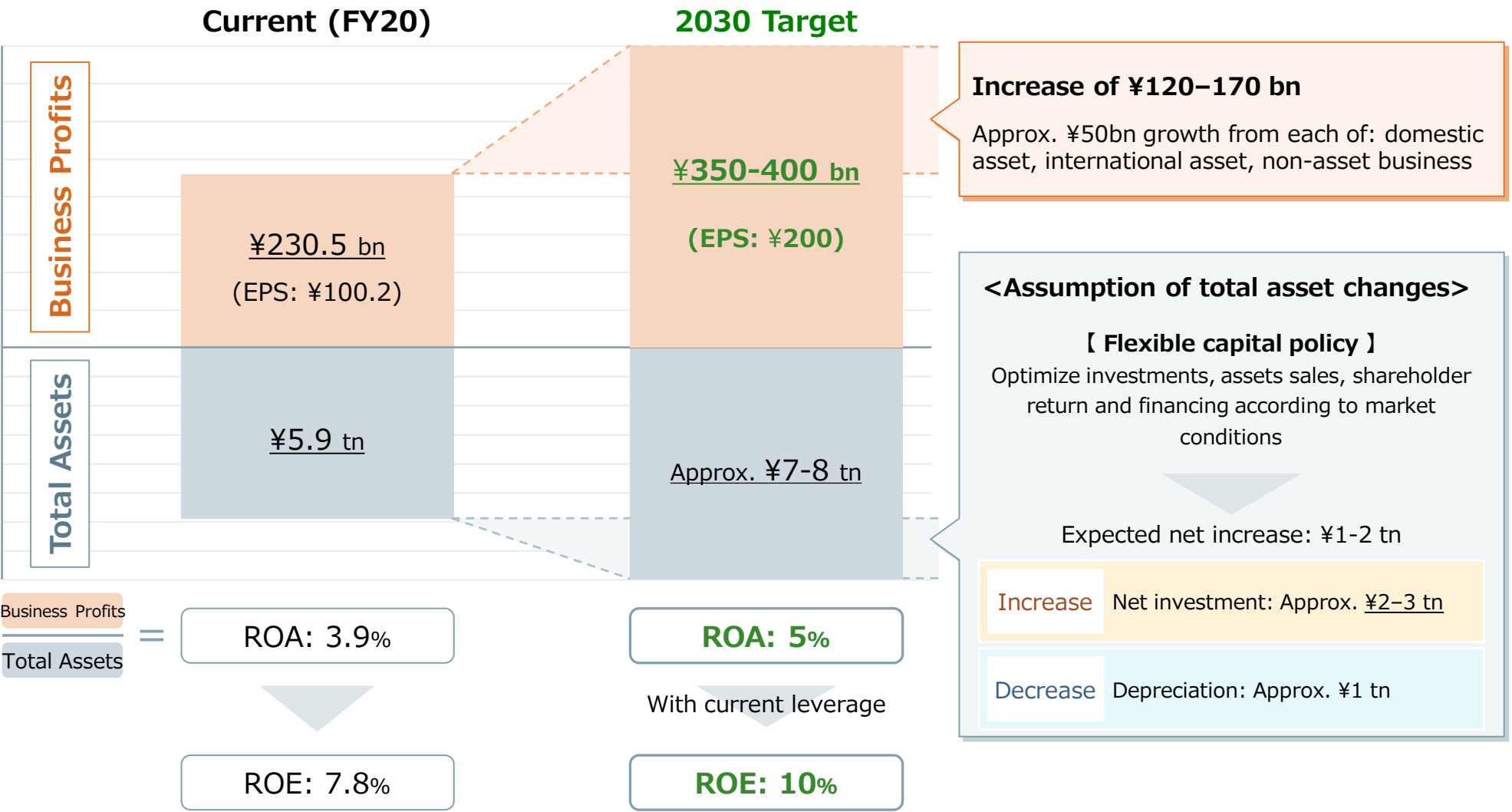
\*<sup>1</sup> ROA = Business Profits\*<sup>2</sup> / Total Asset (average of opening/closing balances)

Key Assumptions		
Profit Growth	Shareholders Returns	Financial Stability
Business Profit* <sup>2</sup>  <u>¥350–400 bn</u>	Current framework* • Payout ratio: Approx. 30% + • Share buybacks (when determined to be an optimal use of funds)  * Will adjust to business conditions	Maintain current level of credit ratings  【Reference】 R&I : AA- S&P : A+ Moody's : A2

\*<sup>2</sup> Business Profit= Operating Income + Equity in earnings (loss) unconsolidated subsidiaries and affiliates

3. 2030 Targets: Realization Plan (ROA·ROE·EPS)

\*Repost from the "Long-Term Management Plan 2030"

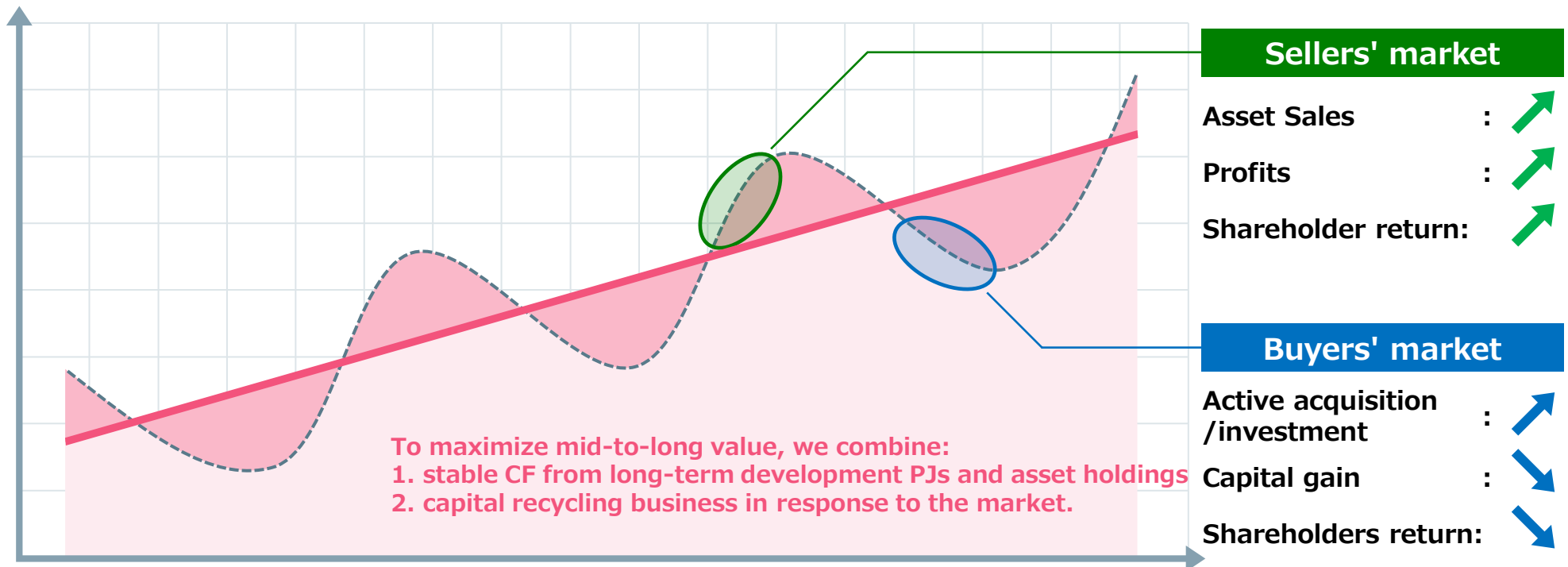


## 4. Capital Policy - Responsive to Market Conditions

\*Repost from the "Long-Term Management Plan 2030"

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

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



## 5. Value creation through BS management

\*Repost from the "Long-Term Management Plan 2030"

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

#### Asset

##### Capital recycling business optimized for market conditions

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

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

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

##### Sale of underperforming properties and strategic-holding stocks

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

##### Expansion of Non-asset Business

#### Shareholders' Equity and Liability

##### Maintaining Financial Stability

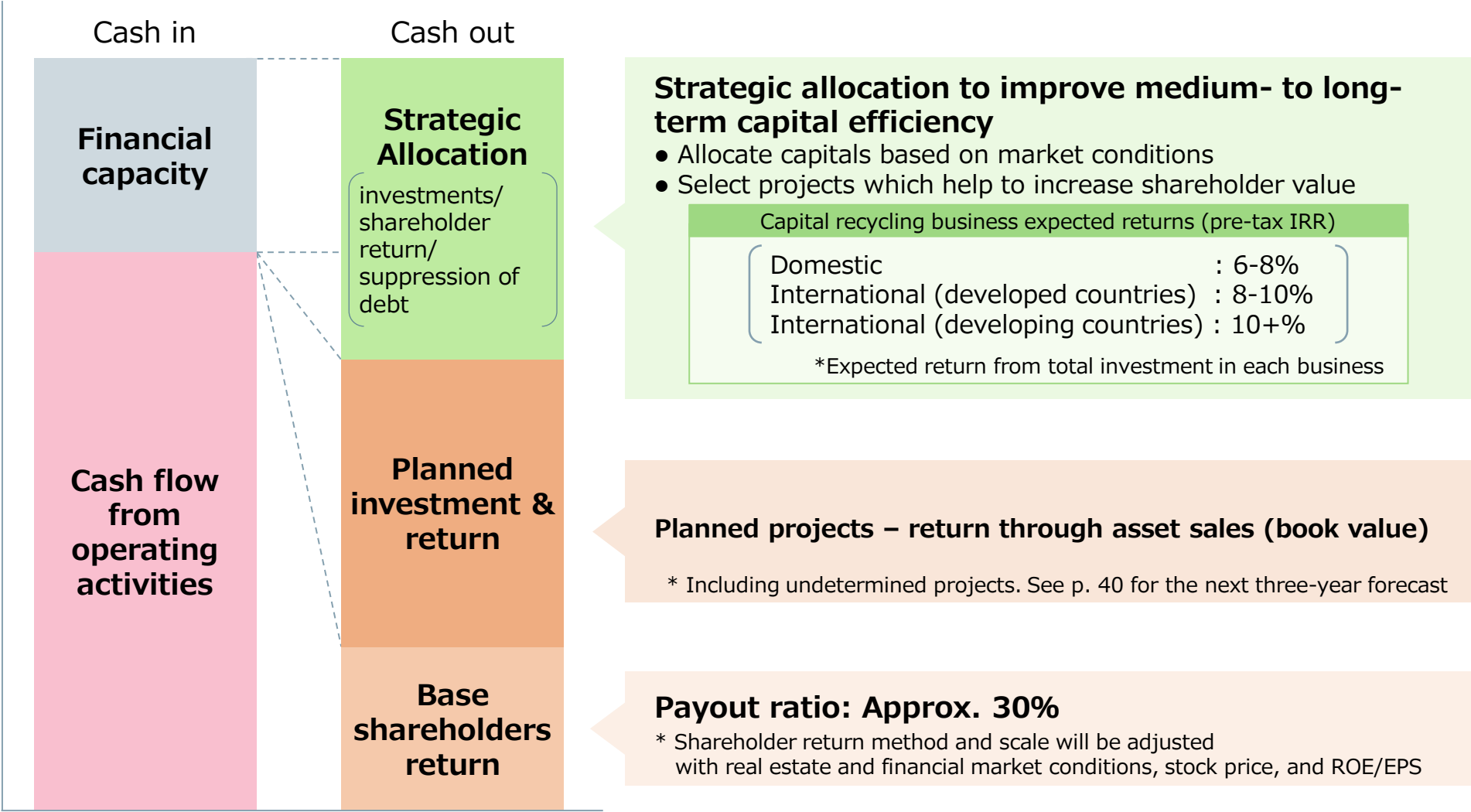
- ◆ Financial reserves for seizing buyer's market opportunities
- ◆ High credit rating enables long-term and low-cost financing
- ◆ In sellers' market, use asset sale proceeds for shareholder returns and to maintain financial stability

##### Capital Efficiency Improvement

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

6. Capital Allocation Policy

\*Repost from the "Long-Term Management Plan 2030"



## 7. Profit Growth Strategy - 2030 Vision

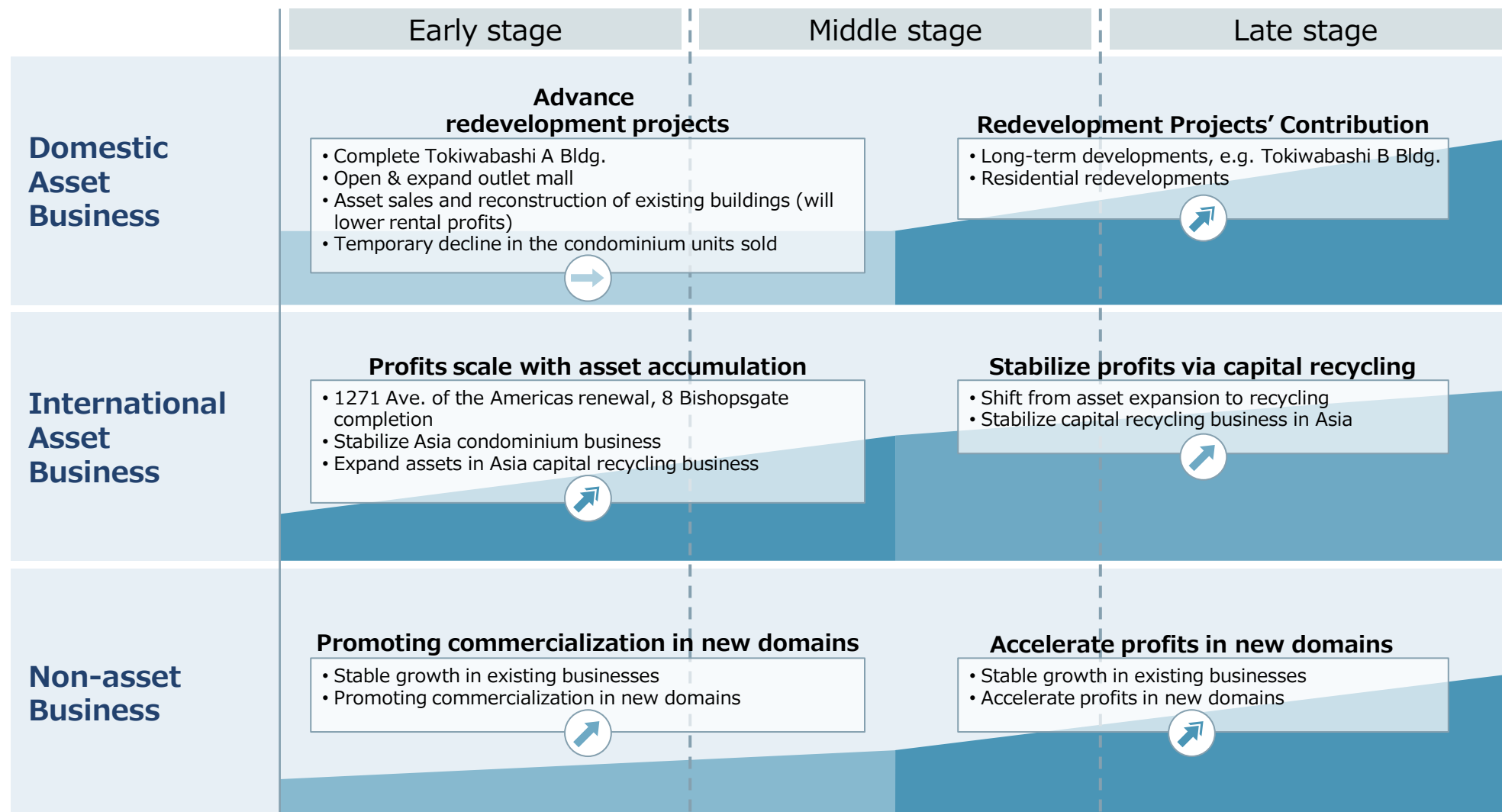
\*Repost from the "Long-Term Management Plan 2030"

Profit changes vs FY2020*	Growth Strategy
<b>① Domestic Asset Business</b> <b>Approx. +¥50 bn</b> (FY20E*: Approx. ¥ 201.0 bn)	① Advance "Marunouchi NEXT Stage" project ② Increase NOI with development projects ③ Optimize capital recycling business to market conditions ④ Optimize residential business profit structure
<b>② International Asset Business</b> <b>Approx. +¥50 bn</b> (FY20E*: Approx. ¥ 36 bn)	① Expand development business in Asia ② Enhance development business and revenue base in Europe ③ Enhance and diversify US capital recycling business
<b>③ Non-asset Business</b> <b>Approx. +¥50 bn</b> (FY20E*: Approx. ¥ 16 bn)	① Steady profit growth in existing businesses ② Utilization of technology ③ Provision of service contents focusing on B2C/B2B2C
<b>④ Fluctuation Factors</b> <b>Approx. ±¥20–30 bn</b>	• Asset sales control in response to market conditions • Capital gain and rental profit fluctuation due to investment opportunities

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

## 8. Roadmap for Profit Growth

\*Repost from the "Long-Term Management Plan 2030"

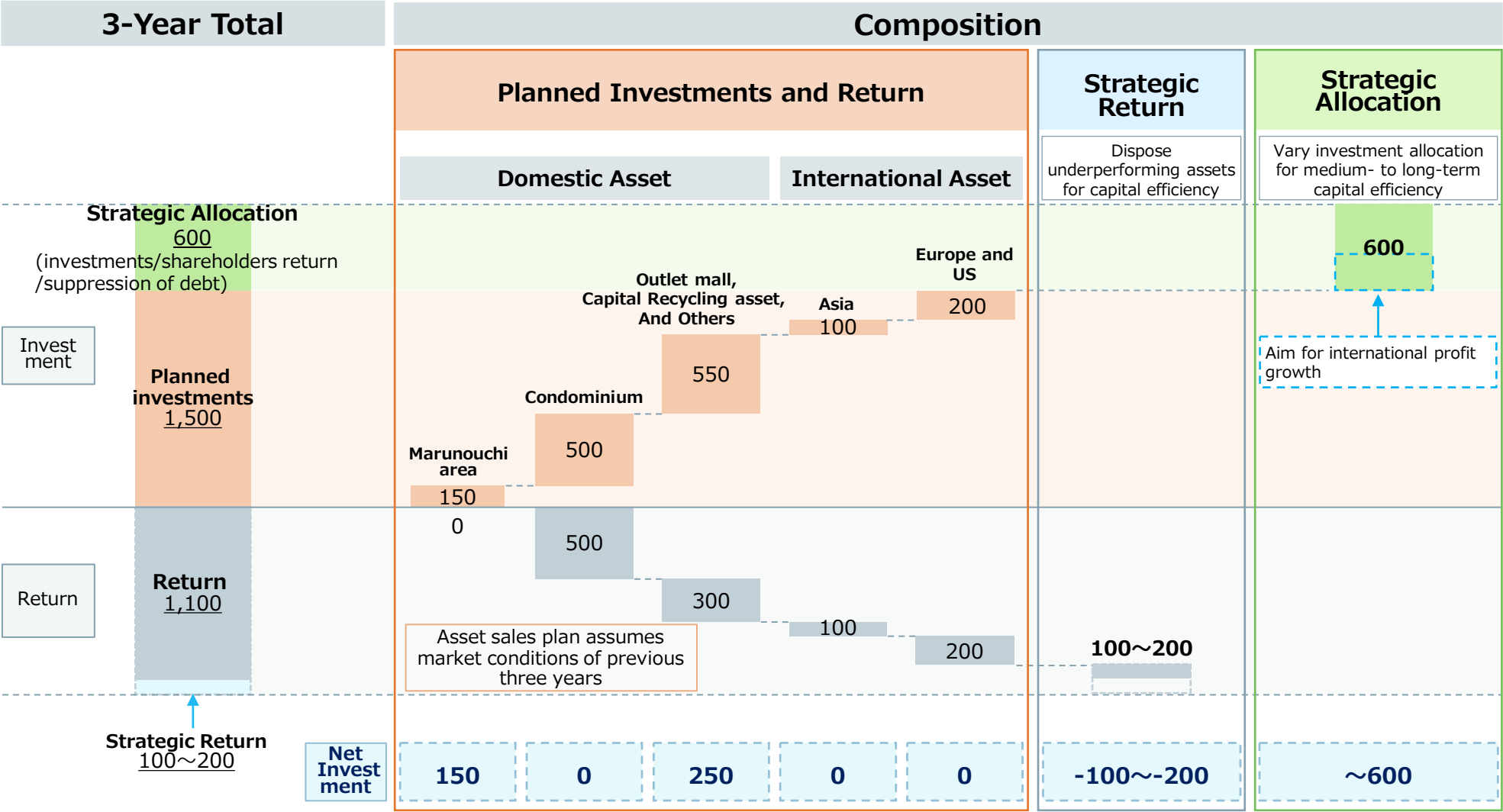




9. Three Year Investment Return Plan (FY2021-FY2023)

\*Repost from the "Long-Term Management Plan 2030"

(Billions of yen)



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