



Staying Ahead of
the Times to Provide
New Value

Integrated Report 2020

 **MITSUBISHI ESTATE**

“A Love for People A Love for the City”

Forever Taking On New Challenges—The Mitsubishi Estate Group

The Spirit of Mitsubishi: Three Principles

“Shoki Hoko”

所期奉公

Corporate Responsibility to Society
Strive to enrich society, both materially and spiritually, while contributing toward the preservation of the global environment.

“Shoji Komei”

处事光明

Integrity and Fairness
Maintain principles of transparency and openness, conducting business with integrity and fairness.

“Ritsugyo Boeki”

立業貿易

Global Understanding through Business
Expand business, based on an all-encompassing global perspective.

The Mission of the Mitsubishi Estate Group

We contribute to society through urban development.

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

The Mitsubishi Estate Group Code of Corporate Conduct

In order to carry out the Group’s Mission, we pledge to observe the following Code of Conduct:

1

We will act with integrity.

We will base our conduct on laws and ethics and always reflect with humility upon our behavior, valuing our communication with society and placing priority in our corporate activities on earning trust through fairness and transparency.

2

We will strive to earn the trust of our clients.

We will approach all objectives from our clients’ point of view, providing safe and reliable products and services, and make information available as appropriate.

3

We will strive to create a vibrant workplace.

While aiming at personal growth, we will respect the human rights and diversity of opinions of others and increase our creativity and professionalism, while displaying our collective strengths as a team.

For details on the Mitsubishi Estate Group Guidelines for Conduct:

<https://www.mec.co.jp/e/company/charter/index.html>

(Formulated December 1, 1997; revised on August 1, 2002, January 1, 2006, and April 1, 2018)

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A Word about Integrated Report 2020

We adopted this integrated report format starting from FY2019, having published annual reports through to FY2018. With this integrated report, we have expanded coverage of non-financial information centering on environmental, social, and governance (ESG) compared with prior annual reports. In doing so, we aim to increase readers’ awareness of our efforts to raise the corporate value of the Mitsubishi Estate Group from a medium-to-long-term perspective. We hope that this report promotes a deeper understanding of the Group among all our stakeholders, including shareholders and investors.

Definition of Term

“FY2020” refers to the Group’s fiscal year ended March 31, 2020, and other fiscal years are referred to in a corresponding manner.

Caution Concerning Forward-Looking Statements

This integrated report contains forward-looking statements concerning Mitsubishi Estate Co., Ltd., and its future strategies and earnings outlook, including forecasts, plans, and decisions based on information available at the time of publication. As with any forecast, plan, or decision, forward-looking statements are inherently susceptible to potential risks, uncertainties, and assumptions. The Company’s actual results may therefore vary materially from those expressed or implied in its forward-looking statements.

Track Record of Mitsubishi Estate and Its Business Expansion

The Mitsubishi Estate Group has overseen the development of the Marunouchi area over the last 120 years, evolving it into Japan's preeminent business center. In the process, we have accumulated unique knowledge and expertise in urban development. Looking ahead, we are expanding our business to a variety of domains by leveraging this knowledge and expertise.

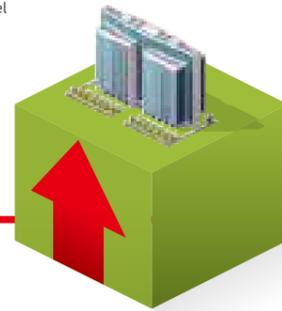
Residences

- 1969 Akasaka Park House sold in lots. Started condominium business
- 2011 Mitsubishi Estate Residence Co., Ltd., founded through the integration of the residential businesses of Mitsubishi Estate Co., Ltd., Mitsubishi Real Estate Services Co., Ltd., and Towa Real Estate Co., Ltd.



Hotels

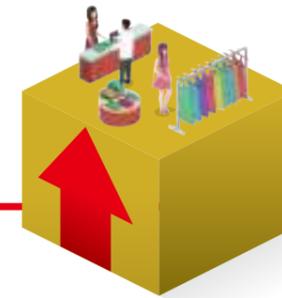
- 1989 Opened the Royal Park Hotel



Acquisition of hotel sites and operation of hotels by leveraging tenant relationships and operation and management expertise we have built up in Marunouchi

Outlet Malls

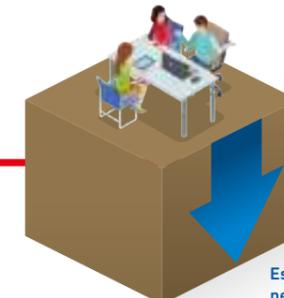
- 2000 Opened GOTEMBA PREMIUM OUTLETS®
- 2009 Converted Chelsea Japan Co., Ltd., into consolidated subsidiary (renamed Mitsubishi Estate-Simon Co., Ltd., in February 2013)



Development of outlet malls boasting the top customer-drawing power in Japan by leveraging tenant relationships and information networks established through the operation of Marunouchi retail facilities

Start-Up Support

- 2007 Established EGG JAPAN, a new business creation support hub, in the Shin-Marunouchi Building
- 2016 Established FINOLAB, a co-working office specializing in fintech start-ups



Establishment of a new Marunouchi brand as a hub for technology start-ups

International Business

- 1972 Established Mitsubishi Estate New York Inc.
- 1986 Established MEC UK Limited
- 1990 Initiated capital investment in the Rockefeller Group International, Inc.
- 2008 Established Mitsubishi Estate Asia Pte. Ltd.



Establishment of a robust network through the expertise refined and accumulated in the development of Marunouchi as well as ample financial resources

Utilization of plot ratio transfer and other methods in the redevelopment of Marunouchi

A History of Business Expansion with Marunouchi as a Base

Leveraging the expertise and knowledge gained in Marunouchi

Returning the expertise and knowledge gained through other business to Marunouchi

Accumulation of expertise through a track record of operating abundant real estate assets

Investment Management Business

- 2001 Japan Real Estate Investment Corporation became the first JREIT in Japan to be listed on the Tokyo Stock Exchange
- 2015 Acquired the American investment management company TA Realty LLC
- 2017 Mitsubishi Estate Logistics REIT Investment Corporation was listed on the Tokyo Stock Exchange



Marunouchi Redevelopment

1890 Starting from Scratch

Purchase of Marunouchi land and vision of a major business center

The history of Mitsubishi Estate began when Yanosuke Iwasaki, the first president of Mitsubishi Company, purchased the Marunouchi area, which was an expanse of fields, at the request of the Meiji government based on his belief that the creation of a business center to rival those of the world's leading cities would help realize the modernization of Japan.



1890s–1950s First Phase of Development

Dawning of a full-scale business center development

The construction of the area's first modern office building, Mitsubishi Ichigokan, was completed in 1894. Soon after, three-story redbrick office buildings began springing up, resulting in the area becoming known as the "London Block."



1960s–1980s Second Phase of Development

An abundance of large-capacity office buildings in a period of rapid economic growth

As Japan entered an era of high economic growth, there was a sharp increase in demand for office space. Through the Marunouchi remodeling plan that began in 1959, the area was rebuilt with large-scale office buildings providing a considerable supply of highly integrated office space.



1995–2019 Third Phase of Development

Creating the world's most interaction-inspiring neighborhood

Following the announcement of the reconstruction of the former Marunouchi Building in 1995, the Company transformed the Marunouchi area—which had up until then been purely a business district—into a space with a vibrant and bustling atmosphere, based on the concept of creating the world's most interaction-inspiring neighborhood. Aiming to make redevelopment of the area broader and more comprehensive, we expanded that concept to Otemachi and Yurakucho from 2008. By establishing a financial business center and a greater amenity infrastructure, we promoted the strengthening of the international competitiveness of the area. In these ways, we worked to give the area a fresh appeal based on a new sense of values.



2020– Marunouchi NEXT Stage

Transforming Marunouchi into an area that continuously creates new value

Positioning urban development from 2020 onward as part of the "Marunouchi NEXT Stage," we will promote urban development that generates improvements in people's quality of life and spurs discovery of and solutions to social issues through the emergence of innovation and strengthening of our digital foundations. Based on the theme of "Marunouchi Re-Design," we will aim to establish the "Co-Creation Platform for Innovation through Companies, Employees, and Visitors."



Mitsubishi Estate's Strengths

Our Long-Term View on Urban Development and Forward-Looking DNA

Mitsubishi Estate possesses urban development expertise based on a long-term view—one that evolved Marunouchi into a major business center over a period of 120 years—and a DNA for providing value that is constantly ahead of the times, as exemplified by its development of Japan's first outlet shopping mall and its early entry into the real estate investment trust (REIT) market.

Evolution of Marunouchi into a Major Business Center

Beginning of development in 1890



2020

■ Number of Companies Listed on the First Section of the Tokyo Stock Exchange

115 companies

■ Number of Office Workers in Marunouchi

Approx. **280,000**

▶ Please see pages 6 to 7 for details.

Establishment of Outlet Malls as Part of Japanese Culture

Opening of GOTEMBA PREMIUM OUTLETS® in 2000



2020

■ Number of Outlet Malls operated

9

▶ Please see page 36 for details.

Early Entrance into the REIT market

Established Japan Real Estate Asset Management Co., Ltd., in 2000



2020

■ Built a global platform through execution of M&A and other activities

▶ Please see page 44 for details.

Abundant Real Estate Asset Touchpoints

Mitsubishi Estate owns about 30 office buildings in the Marunouchi area alone. In addition, we have taken part in the development of a wide spectrum of real estate assets, from office buildings to residential properties, retail facilities, hotels and logistics facilities. Based on the experience we have acquired through these activities, we will uncover latent social issues and create solutions to address them.

▶ Please see pages 34 to 49 for details.

■ Number of Office Buildings under Management

184 buildings

■ Rental Apartments (Operational)

28 buildings

■ Number of Condominiums Sold a Year

3,214 units

■ Number of Condominiums under Management

352,365 units

■ Retail Facilities

24 facilities (including 9 outlets)

■ Logistics Facilities (Total Number of Developed Facilities)

13 facilities

■ Number of Rooms in Hotels under Operation

3,604 rooms

■ Number of Airports Operated by Airport Business

10 airports

Note: All figures are correct as of FY2020 or as of March 31, 2020.

▶ Please see pages 34 to 49 for details.

Relationships

Among the key strengths of the Company are its abundant customer contact points and relationships of trust that it has accumulated through a host of real estate developments and operations, in addition to its partnerships with subcontractors and business partners. The Mitsubishi Estate Group intends to make new history through the cultivation of various relationships that uncover latent needs and lead to the development of solutions thereto.

Customer Contact Points

■ Number of Office Workers in Marunouchi

Approx. **280,000**

■ Number of Patrons of Group-Affiliated Retail Facilities, Hotels, and Airports

Approx. **200** million per year

■ Number of Members Eligible to Join the Residence Club

Approx. **600,000** households

■ Number of Tenants (Nationwide, All Purposes)

Approx. **3,300** companies

The Mitsubishi Estate Group possesses unique strengths, which together form a distinctive driving force obtained through urban development over many years. Leveraging these strengths, we will continue to create attractive urban environments that enrich people's lives through the provision of new value that only we can provide.



Human Resources Who Have Adopted Our DNA

▶ Please see pages 56 to 57 for details.

The power of our human resources—our most important management resource—underpins our ongoing creation of value. The Group possesses an array of outstanding human resources, all of whom are able to create "something" from "nothing" and have adopted its founding DNA. In addition, we are cultivating and strengthening our diverse human resources through the establishment of an environment conducive to stimulating creativity and the taking on of challenges.

Productivity per Employee—A Compact, Elite Group Honed by a Challenging Corporate Culture

■ (Reference) Productivity per Employee

FY2020 (Millions of yen)			FY2020 (People)	FY2020 (Millions of yen)		
Revenue from operations	Operating income	Profit attributable to owners of parent	Number of employees (Consolidated)	Revenue from operations per employee	Operating income per employee	Profit attributable to owners of parent per employee
1,302,196	240,768	148,451	9,619	135.3	25.0	15.4

Establishment of a Leading-Edge Corporate Governance System

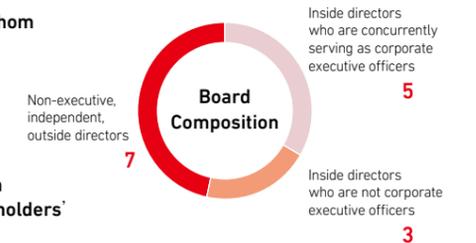
▶ Please see pages 59 to 67 for details.

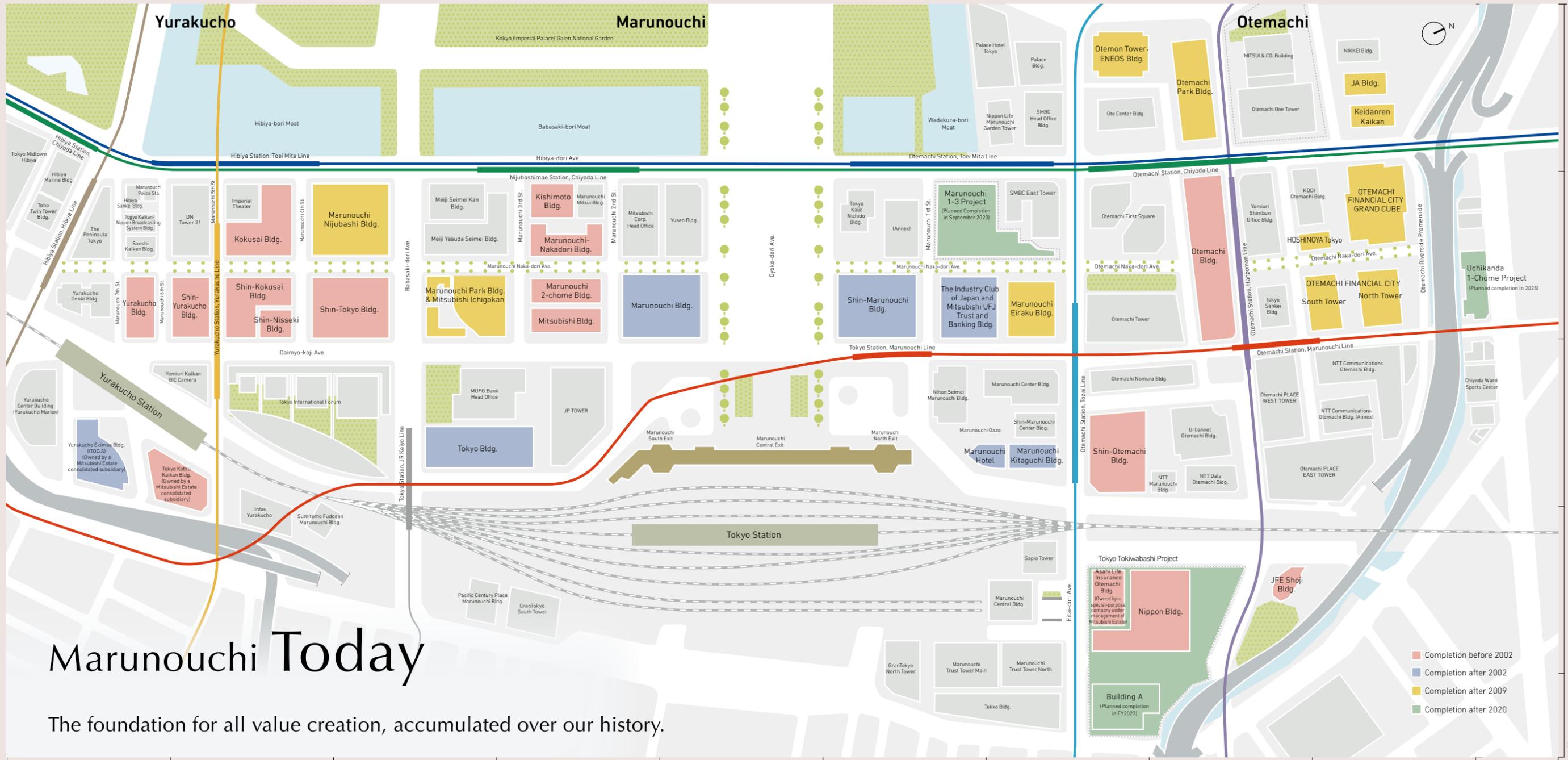
We are working to establish a leading-edge corporate governance system that contributes to improving our overall effectiveness and enhancing corporate value over the long term. We are also responding to social needs through measures that include transitioning to a "Company with Nominating Committee, etc.," and ensuring outside directors account for approximately one-half of the Board of Directors.

■ A total of 15 Directors, of Whom 7 Are Outside Directors

■ Transition to a "Company with Nominating Committee, etc."

■ An Executive Compensation Plan Aiming to Align Shareholders' and Executives' Interests



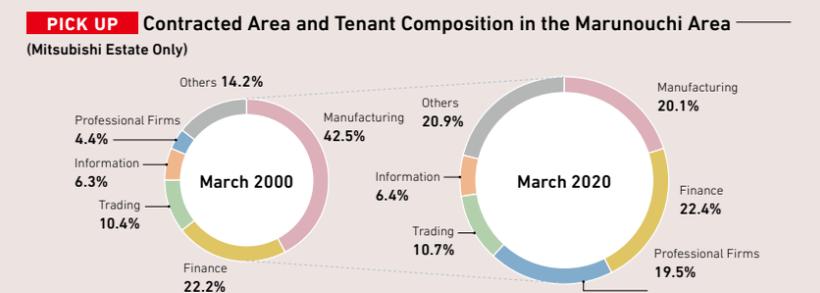
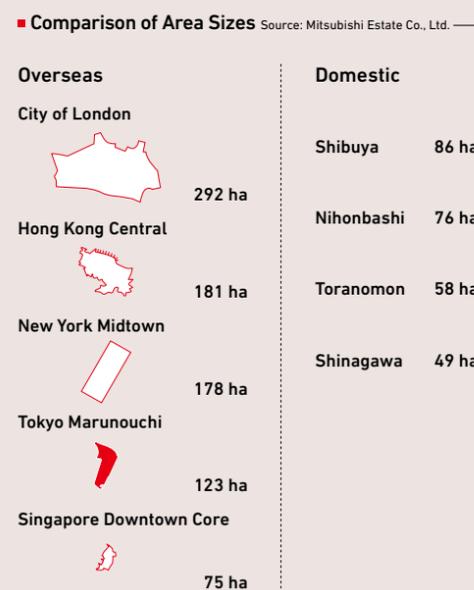


Marunouchi Today

The foundation for all value creation, accumulated over our history.

Marunouchi by the Numbers

- Number of Companies Listed on the First Section of the Tokyo Stock Exchange*1: **115 companies**²
- Consolidated Net Sales of the 115 Companies in the Marunouchi Area: **Approx. ¥122 trillion**²
Equivalent to around 8.85% of GDP in Japan
- Number of Office Workers: **Approx. 280,000**²
- Number of Buildings (Including Buildings under Construction): **101** / **Approx. 4,300 offices**²
- Building Floor Space (Including Floor Space of Buildings under Construction): **Approx. 810 hectares**²
- Railway Lines Servicing the Area: **28 lines, 13 stations**²



As of the end of March 2020, the contracted area in the Marunouchi area (Mitsubishi Estate only) has increased about 1.8 times compared with the end of March 2000. In terms of tenant composition, the ratio of professional firms has been rising.

Concentration of Professional Firms
As of May 2020, all of the four major law firms in Japan and three of the four leading audit companies have their offices in Marunouchi.

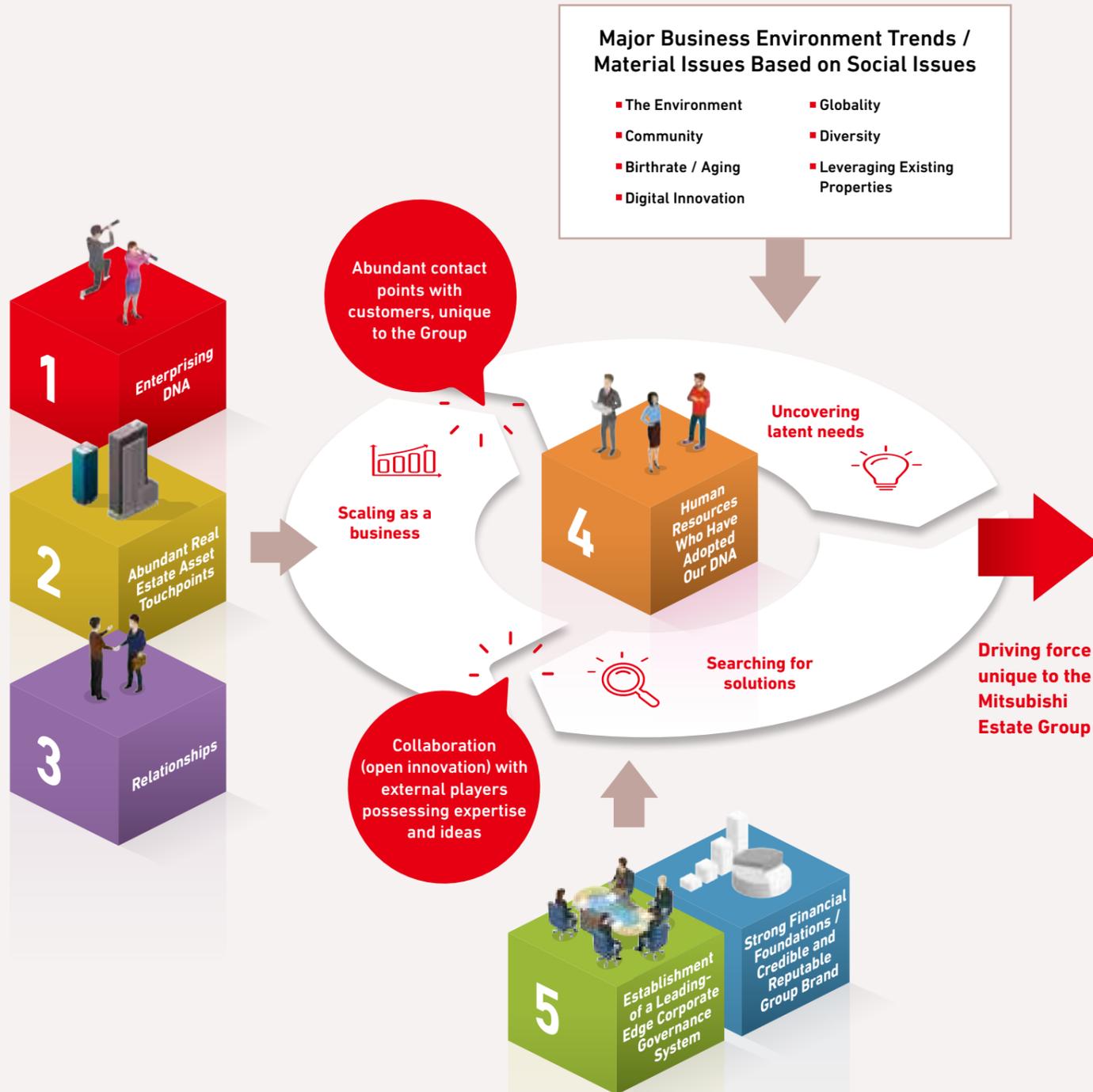
Law firms: Anderson Mori & Tomotsune, Nagashima Ohno & Tsunematsu, Nishimura & Asahi, and Mori Hamada & Matsumoto
Audit companies: KPMG AZSA LLC, Deloitte Tohmatsu LLC and Pricewaterhouse Coopers Aarata LLC

*1 Number of listed companies on the First and Second sections of the Tokyo Stock Exchange with head offices in the Otemachi, Marunouchi, and Yurakucho areas
*2 Otemachi-Marunouchi-Yurakucho (OMY) District Redevelopment Project Council, "The Council for Area Development and Management of Otemachi, Marunouchi, and Yurakucho 2020"

Mitsubishi Estate's Value Creation Model

Having grown as a comprehensive developer, Mitsubishi Estate will realize ongoing sustainable value improvement through its steadfast commitment to creating attractive urban developments that anticipate changes in the times and to enriching people's lifestyles, while leveraging and enhancing its various strengths.

The Mitsubishi Estate Group's Strengths and Value Creation Cycle



Long-Term Management Plan 2030

Fundamental Approach

Increasing Social Value
Four key themes to realize a sustainable society

Increasing Shareholder Value
Transformational improvements to the Group's business portfolio's efficiency and market resilience

2030 Targets

ROA	5%
ROE	10%
EPS	¥200

Aim for improvement in both social value and sustainable shareholder value that is highly resistant to market fluctuations through business that addresses social issues and the needs of the times

Vision for the Mitsubishi Estate Group in the Future

Creating a Truly Meaningful Society through Attractive Urban Development

Cities that conduct management of climate change, waste, and energy issues

Safe and peaceful cities of a sustainable and resilient nature

Cities that provide interactive added value through knowledge accumulation and networks

Borderless cities respecting the diverse backgrounds of all peoples

Cities conducive to realizing an inclusive society

Pleasant and abundant cities responding to demographic and lifestyle changes

Efficient and ecological cities where stock is utilized effectively

Innovative cities acting as wellsprings for open innovation



We will aim to increase our corporate value by promoting a management plan with a long-term perspective befitting the Mitsubishi Estate Group's business model and by mutually increasing social value and shareholder value.

Junichi Yoshida

President & Chief Executive Officer
Mitsubishi Estate Co., Ltd.

Aiming for Growth Worthy of the Mitsubishi Estate Group

In *Integrated Report 2019*, published in 2019, I stated that the initiatives aimed at achieving the ongoing growth of the Group will not conclude with the three-year period of the discontinued Medium-Term Management Plan and communicated my intention to engage in attractive urban development, looking ahead five or 10 years, or even further into the future. As the value demanded of the Group will change going forward amid the growing manifestation in recent years of global social issues, such as increasingly serious environmental problems, the rise in natural disasters, and trends including falling birth rates, aging societies, and declining populations—issues that Japan also faces—we carried out repeated discussions on what is required in order to transform the changes brought about by these issues into opportunities and continue to achieve growth worthy of the Group, with the support of our stakeholders. As a response, we announced the Mitsubishi Estate Group's Long-Term Management Plan 2030 (hereinafter, the "Long-Term Management Plan"), which spans the decade leading up to 2030.

In order to realize the urban development to which it aspires, the Group will establish goals from a long-term perspective, unswayed by the state of the market environment. We must continuously consider what is required of us to achieve these goals and reflect that in our management plan. Our conclusion that the previous three-year medium-term management plans were too short for us to realize the value we sought to provide prompted the formulation of a decade-long management plan. By promoting this Long-Term Management Plan, I am certain that the Group can create the value expected of it and boldly take on the challenge of achieving growth in new business domains, which will involve initiatives to be carried out over the long term.

Increasing Social Value Leads to Heightened Shareholder Value

Under the Long-Term Management Plan, we are focusing on realizing our mission with a dual emphasis on a strategy for social value improvement and a strategy targeting shareholder value enhancement. Above all else, we should cherish continuing to fulfill our mission and enabling all stakeholders to feel the value thereof. The Mitsubishi Estate Group has thus far provided value by repeatedly identifying and addressing social issues in accordance with the times. In the 2020s, addressing social issues and responding to the needs of the age—as well as conducting business operations with an eye to offering value beyond that—will help the Group improve social value while sustainably enhancing shareholder value in a manner that is resilient to market fluctuations. Accordingly, these two strategies are inseparable from each other and exert a reciprocal influence.

Meanwhile, in our strategy targeting shareholder value enhancement, we have established KPIs from a more shareholder-oriented perspective. Although I have hitherto discussed our policy of increasing ROE through improvements in ROA, we have adopted ROE and EPS as KPIs in addition to ROA, with the goal of clearly indicating our greater emphasis on increasing shareholder value and enhancing efficiency from the perspective of shareholders. Since I am sure that other developments requiring our close attention will emerge, in addition to adopting the above indicators, I will advance management while communicating with our shareholders about what is suitable for the Group.

Advancing Value Provision from a Long-Term Perspective

In our domestic asset business, we will focus on realizing the Marunouchi NEXT Stage and moving ahead with a variety of measures. I want to develop Marunouchi into an area that constantly stimulates and inspires people by evolving it into a co-creation platform for innovation through companies, employees, and visitors and by communicating our cutting-edge initiatives to the world.

In our international asset business, our growth in Asia will be one of the keys to our progress. Industries, populations, and residences continue to increase in the region, and there are many countries and regions where real estate prices are rising. Moreover, there are also countries in which overseas companies can carry out a large number of developments, such as Vietnam and Indonesia. As demonstrated, numerous domains exist in which we can leverage our urban development know-how. I believe that if we can take the initiative in carrying out developments in real estate and peripheral domains, we may dramatically increase our profits.

In addition, transforming our portfolio into one that is resilient to changes in market conditions is an important theme in the Long-Term Management Plan and growth in our non-asset businesses is indispensable to achieving said transformation. In its expansion into new business domains, the Group will make full use of the various strengths it possesses. Among these, we will leverage our strength that is the Marunouchi area and initiate a trend that encourages business partners to want to join forces with Mitsubishi Estate, above all other companies. By doing so, if we develop functions to constantly create new ideas and value, I am convinced our non-asset business can grow into a major pillar of profit creation.



ESG—The Most Important Theme of Our Strategies for Social Value Improvement

In FY2019, the Mitsubishi Estate Group identified seven categories of materiality as important issues for sustainable management. By tackling these seven categories through our business activities, we will aim to achieve the Mitsubishi Estate Group Sustainable Development Goals 2030 that we defined as targets in the Long-Term Management Plan.

In regard to the environment, while we have to date advanced initiatives and other efforts aimed at preventing global warming, we will continue to promote sustainable urban development that proactively tackles climate change and environmental issues. The impact of the spread of the COVID-19 pandemic is prompting calls for proposals for and the provision of office environments where social distancing can be ensured and for the introduction of non-contact security. As the scale of disasters increases every year, I recognize that we must establish countermeasures in cooperation with surrounding areas and a variety of institutions.

Human resource development is an important theme in promoting sustainable management. To create value over the next 10 years, I believe it will be vital to possess a sensitivity that picks up on small changes and connects them to new value creation, without being trapped by past experience or conventional ways of thinking. To this end, I would like to create an environment where employees can take on challenges in their own fields of interest. Thankfully, Marunouchi possesses unique appeal in abundance. As there is still so much new value that only the Group can realize, and in order to increase such value, I am keen for employees to take on the challenge of creating new businesses by utilizing technologies and collaborating with people not previously found at Mitsubishi Estate.

Offering the Group's Unique Value in the "New Normal Society"

It is expected that workstyles and the roles of offices will change in the society of the future. Put in terms of concepts such as implicit knowledge and explicit knowledge, I believe that explicit knowledge can be advanced to a certain extent under workstyles including telecommuting. However, direct communication is necessary for implicit knowledge. I am of the opinion that future workstyles will combine actual and digital aspects, rather than just one or the other.

I know for sure that we are one of Japan's leading corporate groups in the urban development domain. Moreover, we have the ability to advance urban development on a global scale suitable for countries and regions by leveraging the experience and know-how we have cultivated in Japan. Going forward, I would like to provide unique value from a global perspective that only we can, by offering our stakeholders a range of value, including that pertaining to space and service, with a mindset and stance centered on open innovation. We kindly ask for the continuing support of all our shareholders and investors in our endeavors and we hope you will join us in looking forward to the growth of the Mitsubishi Estate Group in the 2020s.

October 2020

President & Chief Executive Officer
Mitsubishi Estate Co., Ltd.

Overview of Long-Term Management Plan 2030

In light of the rapidly changing market environment, the Mitsubishi Estate Group has formulated a 10-year Long-Term Management Plan 2030, as it aims to continuously provide value sustainably to its stakeholders over the longer term.

Background to Strategy Formulation

Under previous three-year medium-term management plans, we became shackled by short-term target setting, which is incompatible with the urban development approach that we ought to be pursuing. Therefore, by setting targets for periods more suited to our original business model, which aims to improve the value of facilities and areas over the long term, we formulated Long-Term Management Plan 2030 in order to reflect our ambition for boldly taking action to achieve growth in new domains.

- Macro Environment**
- Global trends
 - Decrease in birth rate and aging society / declining population
 - Technological development

Changes in the External Environment Affecting the Mitsubishi Estate Group

- Borderless and multiple-use real estate
- Emphasis on "experiential value" through services and content
- Aspirations toward increasing workers' productivity and innovation creation
- Demand for leveraging robotics and AI due to labor shortages
- Entry of players from other industries into the real estate industry
- Increase in inbound tourism and the economic development of emerging nations
- Expansion in needs for environmental impact reduction and resilience (disaster prevention and reduction)
- Rise of digital platforms
- Close scrutiny to a company's capital efficiency

Cannot thrive by continuing with our conventional business structure

Formulation of Long-Term Management Plan 2030

Overview of Long-Term Management Plan 2030

Goals of the Plan

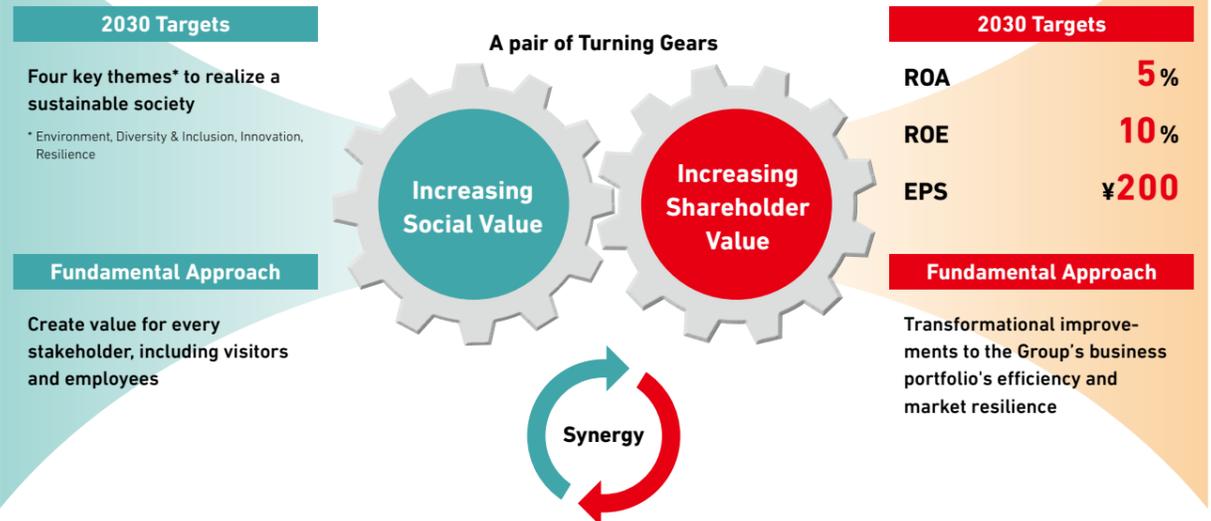
To realize the Mitsubishi Estate Group's basic mission and ongoing growth, we will carry out management with a dual focus on strategies for increasing both social value and shareholder value.

Under our strategies for increasing social value, we will provide higher value to all stakeholders, including visitors and employees, by implementing initiatives designed to realize a sustainable society.

Under our strategies for increasing shareholder value, we will adopt ROA, ROE, and EPS as KPIs and aim to convert to a highly efficient business portfolio resilient to changes in market conditions.

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

The Group's Strengths and Growth Strategies

Leveraging our long-term perspective on urban development and forward-looking DNA, in addition to our extensive user reach and abundant real estate asset touchpoints, strengths of the Group, we will seek to realize growth in the three domains of our domestic asset business, international asset business, and non-asset business.

Moreover, we will raise the level of ROA and ROE by combining revenue expansion resilient to real estate market fluctuations in our non-asset and other businesses and flexible capital policies.

1 Domestic Asset Business

- Advance Marunouchi NEXT Stage project
- Increase NOI* with long-term development projects
- Optimize capital-recycling business in line with market conditions

* Net operating income = Rental income — rental costs (excluding depreciation)

2 International Asset Business

- Asia: Enhance development business
- Europe: Advance development business and enhance revenue base
- U.S.: Enhance and diversify capital-recycling business

3 Non-Asset Business

- Grow fee business
- Utilization of new technologies, e.g., AI and robotics
- New B2C and B2B2C businesses

Goal

Build a More Efficient and Market-Resilient Business Portfolio

Improve ROA and ROE by expanding revenue via mainly market-resilient, non-asset businesses in combination with a flexible capital policy

Value Propositions

Sustainability

Solutions to social issues

Quality of Life

Innovative services and experiences

2 International Asset Business Growth Strategy

Grow International Business

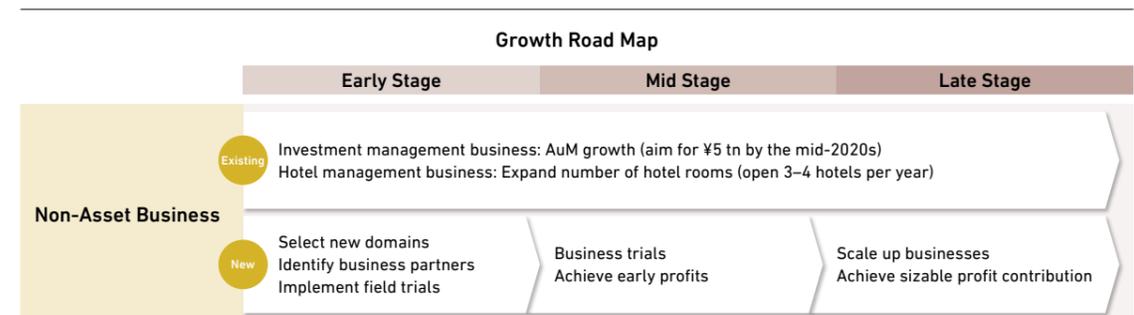
Profit Growth	Investment and Return Plan (FY2021–FY2023)			
	Investment	Return	Net Investment	
<2030 Goal> Approx. +¥50 bn (vs. FY2020) FY2020 results: ¥46.0 billion	Asia	100	100	0
	Europe/U.S.	200	200	0
	Strategic allocation*	300–450	0	300–450
	Total	600–750	300	300–450
	<small>* Aiming to invest ¥100–¥150 billion in addition to planned investments over the coming three years to expand the international business</small>			



3 Non-Asset Business Growth Strategy

Adapt to a Changing Future

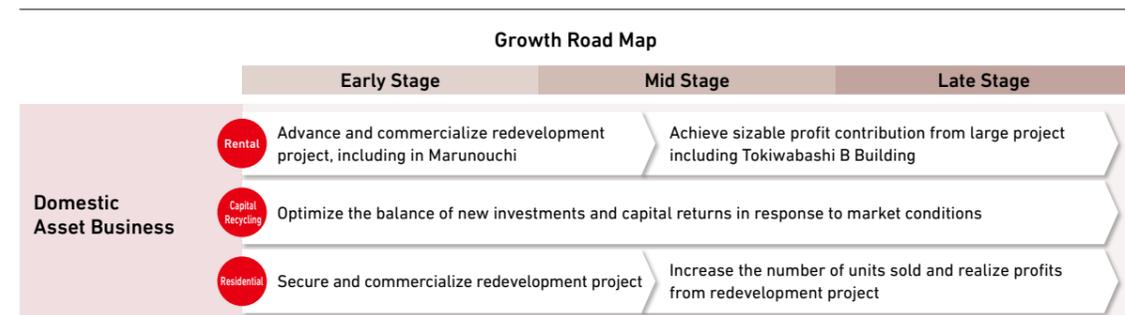
Profit Growth	
<2030 Goal> Approx. +¥50 bn (vs. FY2020) FY2020 results: ¥16.0 billion	<ul style="list-style-type: none"> Aim for profit growth without affecting the balance sheet However, investments in M&A and capital alliances will be considered for driving rapid growth and acquiring external know-how



1 Domestic Asset Business Growth Strategy

Leverage Existing Strengths

Profit Growth	Investment and Return Plan (FY2021–FY2023)			
	Investment	Return	Net Investment	
<2030 Goal> Approx. +¥50 bn (vs. FY2020) FY2020 results: ¥201.0 billion	Marunouchi	150	0	150
	Outlet malls, etc.	100	0	100
	Condominiums	500	500	0
	Others	450	300	150
	Total	1,200	800	400



The Mitsubishi Estate Group's Mission
Creation of a Truly Meaningful Society
through Urban Development

2030 Targets

ROA ————— 5%
ROE ————— 10%
EPS ————— ¥200

Achievement of the Mitsubishi Estate's SDGs by 2030 —
1. Environment 3. Innovation
2. Diversity & Inclusion 4. Resilience

Road Map for 2030

To achieve the targets set forth in the Mitsubishi Estate Group's basic mission and Long-Term Management Plan 2030, the Group will grow business profit and improve corporate value from the two major perspectives of realizing a sustainable society and proposing times and experience that are ahead of the times.

Profit Growth



Flexible Capital Policy

Flexible Capital Policy in Response to Market Conditions
(Value Creation through balance sheet management)

- Optimize mix of investments, asset sales, shareholders returns, and financing in response to market growth projections



Aspects for Value Provision in Light of Changes in the Social Environment

- Sustainability** —————
- Develop sustainable communities to address climate change and environmental problems
 - Enable people of all backgrounds to thrive by building communities adaptive to varying lifestyle needs
 - Create innovative cities that birth innovative ideas
 - Build strong and resilient communities that prioritize security, peace, and disaster protection
- Quality of Life** —————
- Realize urban development that provides inspiration and happiness to customers, allowing them to experience convenience, fun, well-being, and community involvement





Domestic Asset Business

CO • MO • RE YOTSUYA

A 2.4 ha Large-Scale Redevelopment and Multifunctional Development That Will Become a New Landmark in Yotsuya

Yotsuya is located in the center of Tokyo, with the Chuo Line, the Sobu Line, the Marunouchi Line, and the Namboku Line extending into the area and some of Tokyo's leading hubs, such as Marunouchi, Shinjuku, and Roppongi, are all situated within a radius of around three kilometers. In Yotsuya, which is brimming with appeal, CO • MO • RE YOTSUYA, a large-scale mixed-use redevelopment that will become a new landmark, was completed in January 2020.

Making full use of our resources, this project—the business promotion of which we conducted in cooperation with many landowners and the Urban Renaissance Agency, the entity that headed the construction—lays out multifunctional facilities, including those for offices, retail, residences, education, and public facilities. In addition, CO • MO • RE YOTSUYA boasts a lush green space in the city center offering relaxation and bustle, with coexistence with the community as its guiding principle. In these ways, this redevelopment contributes to the enriched lifestyles of the diverse individuals who assemble there.

Maximization of Our Expertise in Large-Scale Mixed-Use Developments Accumulated in Marunouchi and Elsewhere

Leveraging and combining the development and operational management expertise, experience, know-how, and network accumulated by the Mitsubishi Estate Group in urban development in Marunouchi and elsewhere, the Company was able to give rise to CO • MO • RE YOTSUYA. Moreover, as this project is a redevelopment business, Mitsubishi Estate will continuously pursue optimal solutions for local residents, the Company, and its business partners, including landowners, to establish facilities tailored to the area that facilitate coexistence with the community. CO • MO • RE YOTSUYA also fulfills a role as a base for disaster-preparedness activities, as exemplified by its functioning as a temporary refuge for stranded commuters in the event of a disaster and the installation of "manhole toilets." As a new landmark in Yotsuya, this redevelopment will continuously help enhance the appeal of the area.

CO • MO • RE YOTSUYA Facilities

Yotsuya Tower

The tower is an office building equipped with high-function specifications. It has scenic views of lush green and boasts wonderful, commanding panoramic views. The area per floor is approximately 2,000 m² while the ceiling height is 2.8 m. It is therefore a highly comfortable and spacious environment suited to next-generation workstyles.



CO • MO • RE Mall

The mall is a bustling retail zone, within which we have assembled a wide range of stores, including convenience stores, a supermarket, clinics, and a dry cleaner, thereby helping bring convenience to the lifestyles of people in the community. We also provide a rich lineup of restaurants that address dining needs, ranging from the conduct of business to daily use.



Yotsuya Global Study Square

This new development features educational facilities for visitors and local residents that offer lifelong learning classes and enable industrial-academic collaboration initiatives among members of the local community and companies therein.

The Residence Yotsuya Avenue / The Residence Yotsuya Garden

We have created highly convenient urban residential spaces with building layouts that are in harmony with the surrounding environment.



Yotsuya Sports Square / Yotsuya Cruce

We have established a multipurpose hall, music room, and meeting room with sports, cultural activities, mutual interactions, and meeting functions open to the local community.



COMMENT Message from the Employee in Charge of This Project

Realization of Our Goal to Develop a Facility Loved by Those Involved with It

The CO • MO • RE YOTSUYA project started when the local redevelopment council initiated moves in 2006 and the Company purchased an eight tsubo plot of land on the premises and joined the council in September 2007. Establishing relationships of trust with landowners is crucial in redevelopment projects. For landowners who hold the original land rights, anything other than a redevelopment of value is meaningless. For this reason, we repeatedly held workshops with landowners and carefully established relationships of trust therewith, rather than advancing the project in a high-handed manner.

Unlike projects in which we have been engaged to date, this large-scale mixed-use development was not located in a prime area, such as Marunouchi or Minato Mirai. However, I believe that it will serve as a model case for our domestic asset business, which we will grow going forward.

While the value we offer changes in step with the times, fundamental values stay the same. What is important is to offer space and services that allow the people who live, work, and visit an area to experience genuine happiness. That is the vision of the urban development we pursue. Although this entails a great social responsibility, we will continue to take on the challenge of this rewarding work.

Koji Uomi

Senior Manager, Urban Redevelopment Department Mitsubishi Estate Co., Ltd.

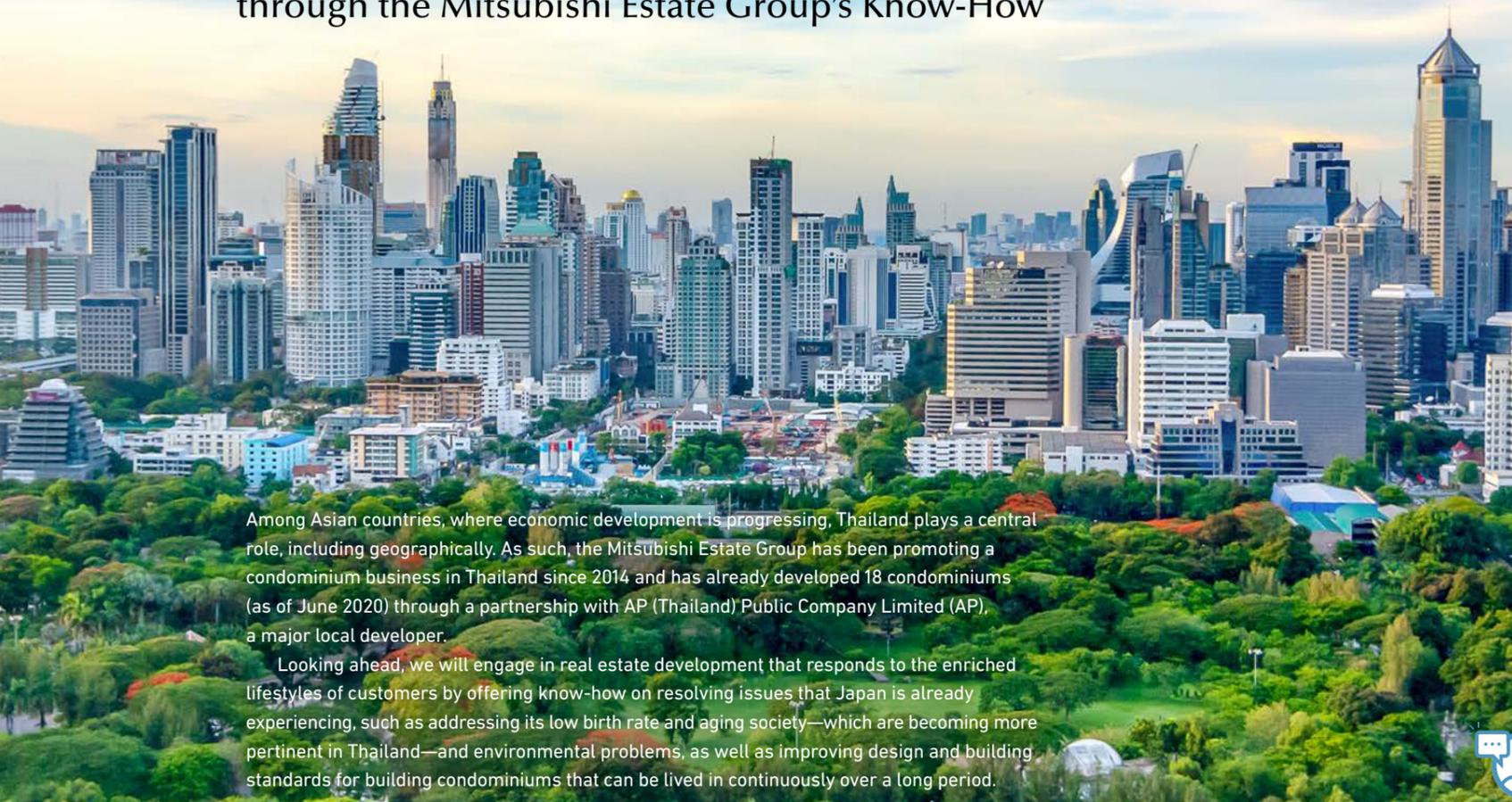




International Asset Business

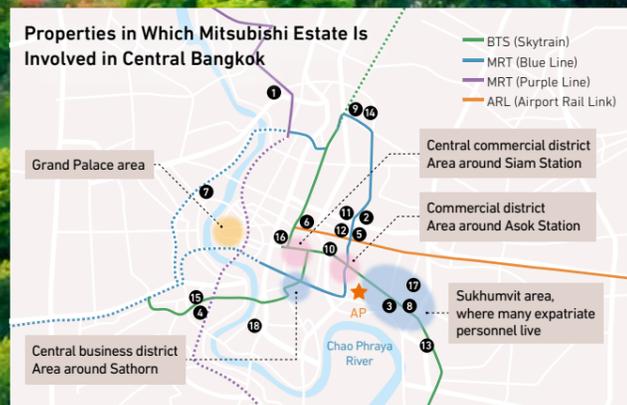
Condominium Business in Bangkok, Thailand

Addressing of Residential Needs in Thailand, Which Is Experiencing Dramatic Growth, through the Mitsubishi Estate Group's Know-How



Among Asian countries, where economic development is progressing, Thailand plays a central role, including geographically. As such, the Mitsubishi Estate Group has been promoting a condominium business in Thailand since 2014 and has already developed 18 condominiums (as of June 2020) through a partnership with AP (Thailand) Public Company Limited (AP), a major local developer.

Looking ahead, we will engage in real estate development that responds to the enriched lifestyles of customers by offering know-how on resolving issues that Japan is already experiencing, such as addressing its low birth rate and aging society—which are becoming more pertinent in Thailand—and environmental problems, as well as improving design and building standards for building condominiums that can be lived in continuously over a long period.



Property name	Total number of units	Year of completion
1 aspire Ratchada-wongsawang	1,232	2016
2 RHYTHM Asoke II	346	2016
3 RHYTHM Sukhumvit 36-38	496	2016
4 aspire Sathorn-Thapra	1,218	2016
5 Life Asoke	1,642	2018
6 RHYTHM Rangnam	385	2017
7 Life Pinklao	803	2017
8 RHYTHM Ekkamai	326	2018
9 Life Ladprao	1,615	2020
10 Life One Wireless	1,344	2019
11 Life Asoke-Rama9	2,248	2020
12 Life Asoke Hype	1,253	2021
13 Life Sukhumvit 62	438	2019
14 Life Ladprao Valley	1,140	2021
15 Life Sathorn Sierra	1,971	2022
16 The Address Siam-Ratchathewi	880	2023
17 RHYTHM Ekkamai Estate	303	2021
18 RHYTHM Charoenkrung Pavillion	421	2022

Property Profile



Life One Wireless

(10th project in Bangkok, completed in 2019)

Life One Wireless is in a highly convenient location, situated two stations from both Asoke, Bangkok's commercial district, and the Siam district on the BTS, with its nearest BTS Skytrain station being Phloen Chit. In addition, the Swiss Embassy, hotels, and other buildings grace the streets of its sophisticated environs. Surrounded by lush green, we have adopted European-style interiors for this condominium while employing a design tailored to modern lifestyles, such as through co-working spaces and other innovations.



Rooftop pool



The Address Siam-Ratchathewi

(16th project in Bangkok, scheduled for completion in 2023)

This condominium is part of the "The Address" series, AP's high-end brand of properties. It is located in an area just one station from the Siam district, Bangkok's renowned central commercial district. As it is replete with facilities that include the Sky Lounge and Infinity Pool on the 50th floor overlooking the Bangkok cityscape, a high-quality lifestyle can be enjoyed in the center of Bangkok.



Average floor area per unit of 35 m² (typical size in Bangkok)

Offering of New Value by Addressing Thailand's Social Issues

In Thailand, which is seeing dramatic economic growth, buying a residence is not only seen as an once-in-a-lifetime purchase, but also as an investment product. Depending on the purchaser, there is often little motivation to maintain building quality over the long term. However, as the economy matures, we expect to see an increase in demand for residences as lifelong homes. As such, there will be demand for product development and building management that preserve housing quality over the long term. To meet this demand, we believe it will be vital to leverage the expertise we have cultivated in Japan and reflect that expertise in our product plans and designs and in the creation of building standards.

The problem of air pollution caused by PM_{2.5} has become increasingly serious in Thailand in recent years. With that in mind, we have installed ventilation systems made by a Japanese manufacturer and are advancing proposals of condominiums that take into account air quality inside a building as environment-friendly properties. Further, social issues such as the low birth rate and aging society being experienced in Japan are expected to become increasingly apparent in Thailand going forward and consideration must be given to new needs and lifestyle patterns in our countermeasures to the current COVID-19 pandemic. We would like to offer enriched lifestyles to customers by quickly responding with AP to these social issues and changes in the environment.



COMMENT Message from the Employee in Charge of This Project

Relationships with Local Partners Are the Key to Business Success in Thailand

In Thailand, as the real estate development business falls into the category of what is referred to as a restricted industry, overseas companies are not allowed to conduct real estate business independently, while collaboration with local partners is mandatory. Selecting a partner was a crucial element in promoting our business in Thailand. Our partnership with AP, which has a corporate culture highly compatible to that of our own and boasts abundant experience and expertise in condominium development in Thailand, serves as a competitive advantage in our business there. I would like to propose a new standard of housing to the market in Thailand by carefully assessing market changes and leveraging the expertise of Mitsubishi Estate and AP.

Going forward, the Company will share the experience it has gained regarding business promotion with local companies in this business, as well as the expertise we have accumulated in a market that is different from Japan's, with other asset businesses and businesses operated by the Company in other countries. I am confident that sharing our experience in this manner will contribute to the further expansion of our international asset business, one of the goals laid out in Long-Term Management Plan 2030.

Masamichi Noyori
General Manager
Mitsubishi Estate Asia Pte. Ltd.





Non-Asset Business

Participation in the Elevator Media Business

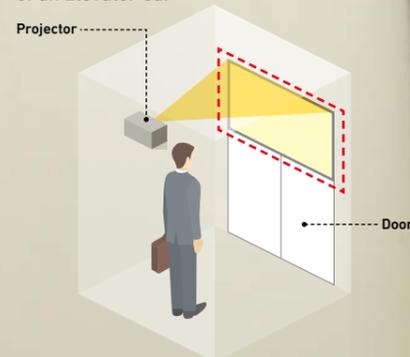
Transforming Elevators into Theaters—
Creating a New Market Using Unique Technology



Many people use elevators several times a day, but, for almost everyone, they are spaces where time is spent idly.

To convert this idle time into time of value, spacemotion, Inc., a company established by Mitsubishi Estate, takes part in the elevator media business, delivering building announcements, weather information, news, and unique entertainment content. By projecting images inside an elevator car using a projector to facilitate the viewing of exciting content on a large screen, we will transform elevators into mini theaters.

Projection onto the Inside Door of an Elevator Car



Value Offered by the Elevator Media Business

The elevator media business (business name: elecinema) offers a service delivering optimized content inside elevators, enclosed spaces where people spend a short time. A projector is installed at the rear of an elevator car and unique entertainment content, such as building information, news, weather, and advertisements, are projected onto the door at the front. Although information is currently typically communicated using notices or tablets inside elevators, there are issues associated with these methods in terms of visibility, the burden of updating the information, and other difficulties. By using this service, customers can offer a cinema-like, compelling viewing experience by projecting images onto an elevator door. In addition, as a slot is prepared in the delivered content that building owners and management companies can customize according to their own wishes, they are able to provide information to those working at their buildings in a timely manner while spacemotion conducts batched editing and operation of generic content, such as news and weather.

In the elecinema business, we offer our services to real estate owners without their incurring any charge for initial or running costs and monetize the business principally through advertising revenue. We are initially advancing installations at office buildings and have been receiving copy centered on advertisers who want to communicate their messages primarily to office workers. This service has enjoyed a positive reception. Of late, we have been enriching short content that allows users to enjoy their brief time in elevators and carrying out large-scale revisions of the product. By doing so, we are pursuing the provision of superior customer experiences.

Acceleration of Commercialization through Collaboration with a Start-Up Company

We established spacemotion, which will promote our elevator media business, jointly with Tokyo, Inc., a technology start-up. While the elevator media domain is still a young market in Japan, a huge market has developed for it in China, which is an advanced digital country, to the extent that the market capitalization of the largest company in this domain reached ¥5 trillion at one point. Similar to China, in terms of advertising trends in Japan, revenue from mass advertising, such as TV commercials, was lower than it had been in the previous year for the first time in 2019. Amid expectations of a further decline in mass advertising going forward, out-of-home advertising (outdoor and transit advertising), including taxi advertising, is growing rapidly.

Although delivering advertising in elevators had for some time been the subject of attention as an idea, the technology for delivering content remotely in an environment with a weak reception proved to be an obstacle, meaning such advertising was never realized on a full-scale in Japan. To remove this obstacle, we use the technology that Tokyo, Inc., our joint business partner, has refined since its founding as our technological competitive advantage. Mitsubishi Estate and Tokyo, Inc., will combine their respective strengths and promote this business at an overwhelming speed to create a new market.

spacemotion, Inc.



Date of establishment: November 5, 2019
Business location: Otemachi 1-1-1, Chiyoda-ku, Tokyo
Shareholder composition: Mitsubishi Estate Co., Ltd., and Tokyo, Inc.
Representatives: Kenichiro Ishii and Youhong Luo
Business activities: Operation of a content delivery service leveraging projectors in elevators



COMMENT Message from the Employee in Charge of This Project

We Will Create a Business Good for All Four Parties—Real Estate Owners, Elevator Users, Advertisers, and Ourselves.

In an era in which digital technologies permeate every aspect of people's lives, the Mitsubishi Estate Group, which primarily operates in offline markets, has felt the need to redefine its business model. Accordingly, we established the DX Promotion Office in 2018 (changed to the DX Promotion Department in 2019) within the Corporate Planning Department as a specialist organization to drive digital transformation (DX).

As we tackle a variety of projects from multiple angles, we have positioned the elevator media business as a DX business generating new revenue by combining our expertise in real estate and digital technology (utilizing idle space to relieve customer pain points during idle time).

Given that this business deploys a solutions business model that did not previously exist, I feel the difficulties attendant with that aspect on a daily basis. I am of the opinion that it is important this business model strikes a balance benefiting its four interested parties, by uncovering value for real estate owners, elevator users, advertisers, and ourselves, the primary entity in this business.

One of the themes of the Company's Long-Term Management Plan 2030 is the creation of new value and functions for real estate through technology. As such, we have positioned the elecinema business as a very important business acting as a litmus test for that theme.

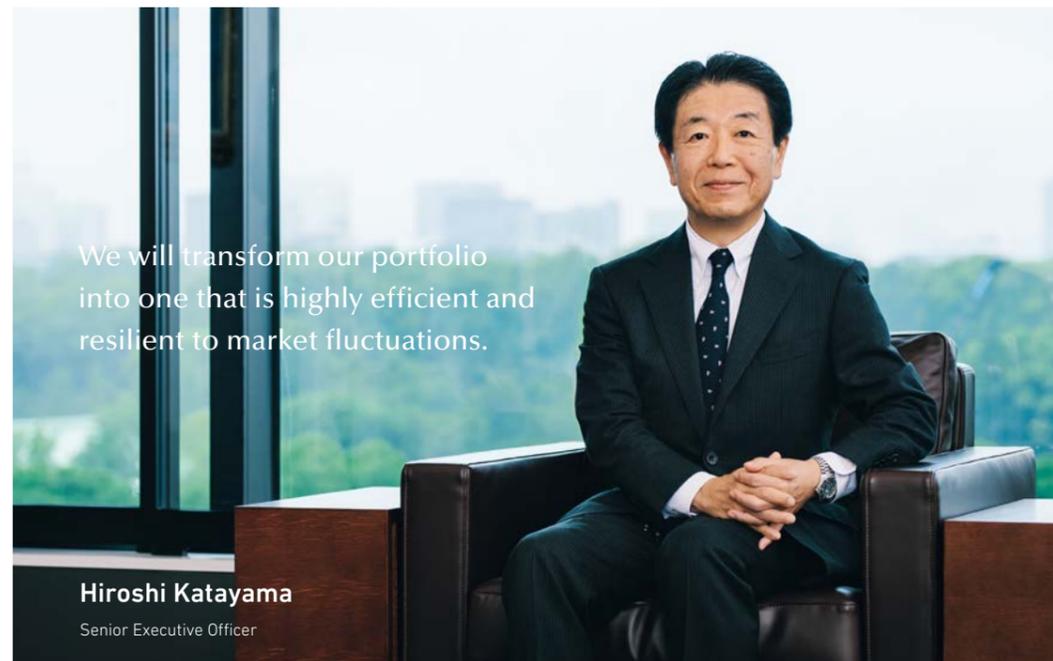
Although this business is still in its infancy, I hope that our initiatives will help add variety to real estate and cities.

Kenichiro Ishii

DX Promotion Department
Mitsubishi Estate Co., Ltd.
and President &
Representative Director,
spacemotion, Inc.



Message from the Corporate Officer in Charge of Finance & Accounting and Corporate Communications

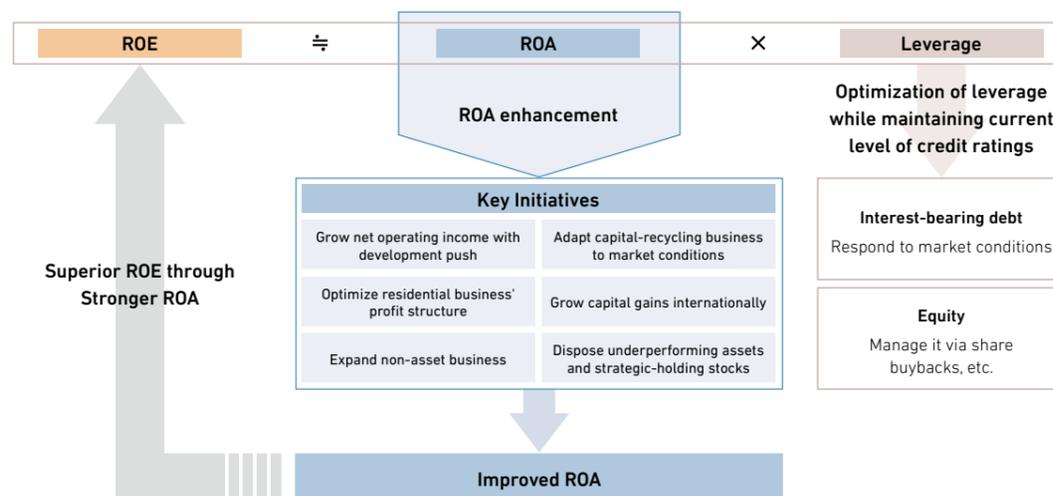


Establishment of Targets for Strategies to Increase Shareholder Value in Our Long-Term Management Plan 2030

As its Long-Term Management Plan 2030 highlights, in order for the Mitsubishi Estate Group to achieve ongoing growth, it has established KPIs with a greater focus on efficiency to transform its portfolio into one possessing the high level of efficiency and resilience to market changes that is expected of a listed company by making full use of the strengths it has developed to date. Although our previous policy was to use ROA improvement as an efficiency indicator, we decided that it would be more appropriate to adopt ROE and EPS as KPIs, in addition to ROA, to clearly indicate that we will emphasize further enhancing shareholder value and increasing efficiency from the viewpoint of shareholders. In regard to ROE, while we have raised it to the 8%

Approach to Improve ROE

Improve ROE: Focus on ROA While Maintaining Current Level of Credit Ratings

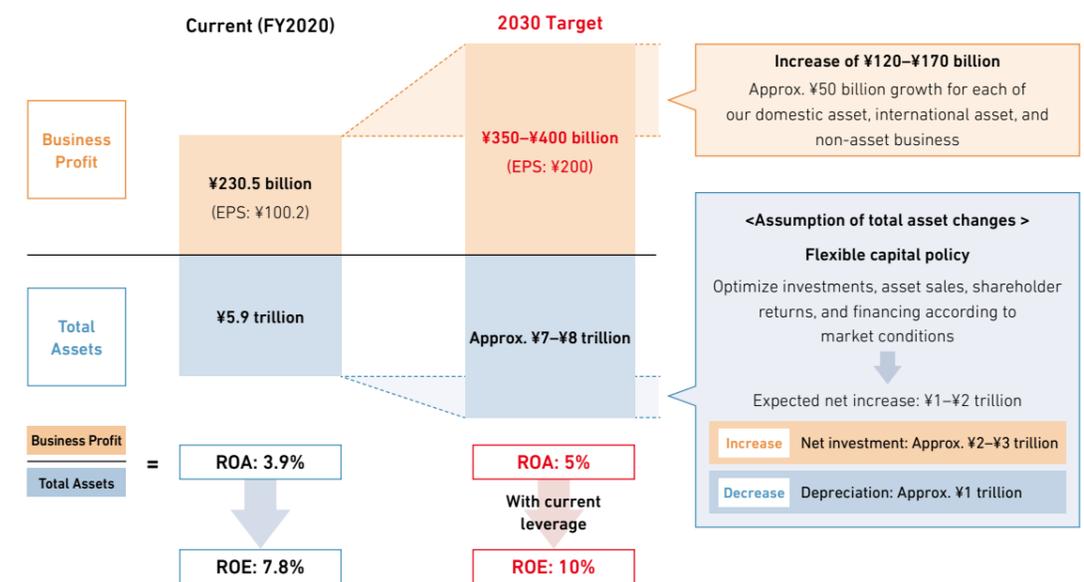


mark through our initiatives to date, we will aim for a level in the double digits to further increase shareholder value. Partly for that reason, as the chart on the previous page indicates, we will follow a policy of ROE improvement through raising ROA by controlling our leverage ratio within a range that allows us to maintain our credit rating levels. As for improving ROA, in addition to profit growth through aiming to expand each of our domestic asset, international asset, and non-asset businesses by around ¥50.0 billion, we will carry out various measures that include selling underperforming assets and stocks held for strategic purposes and expanding our non-asset business.

▶ Please see pages 16 and 17 for the key points of each asset business initiative.

In terms of improving ROE, we will manage shareholders' equity in addition to growing profits. The chart below shows our plan for realizing our ROA, ROE, and EPS targets. In spite of the fact that growth in business profit, the numerator in the formula, does not double under this calculation, we are targeting a doubling in EPS. As such, it is a plan that hinges on reducing the denominator, that is to say, it incorporates substantial share buybacks.

2030 Targets: Realization Plan (ROA, ROE, and EPS)

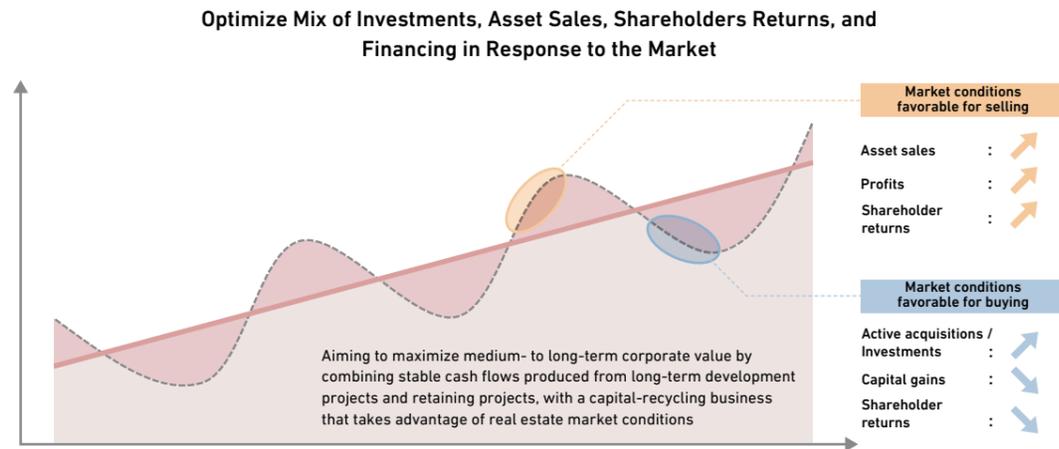


Execution of a Flexible Capital Policy Taking into Account Real Estate Market Conditions

As a business company, while we aim to capture growth investment opportunities associated with an improvement in efficiency, we believe it is crucial to strike a balance that flexibly takes into account real estate market conditions. Our core business is super long-term redevelopments such as those in the Marunouchi area. Accordingly, the procurement of long-term funds at low cost is important for our financial strategy and we follow a policy of controlling our leverage ratio within a range that allows us to maintain our credit ratings. Ordinarily, a deterioration in real estate market conditions exerts downward pressure on credit ratings. However, as we are seeing a buyer's market in which properties can be purchased cheaply, we are able to secure a buffer to a certain extent. We will therefore carry out investments in a proactive manner. To that end, we will follow a policy of increasing corporate value by optimally combining investments, asset sales, shareholder returns, and financing in accordance with real estate market conditions.

In regard to the share buybacks, we will act flexibly while monitoring factors including potential investment demand, the status of cash, and share prices.

A Flexible Capital Policy in Response to Real Estate Market Conditions (Increasing Corporate Value by Controlling the Balance Sheet)

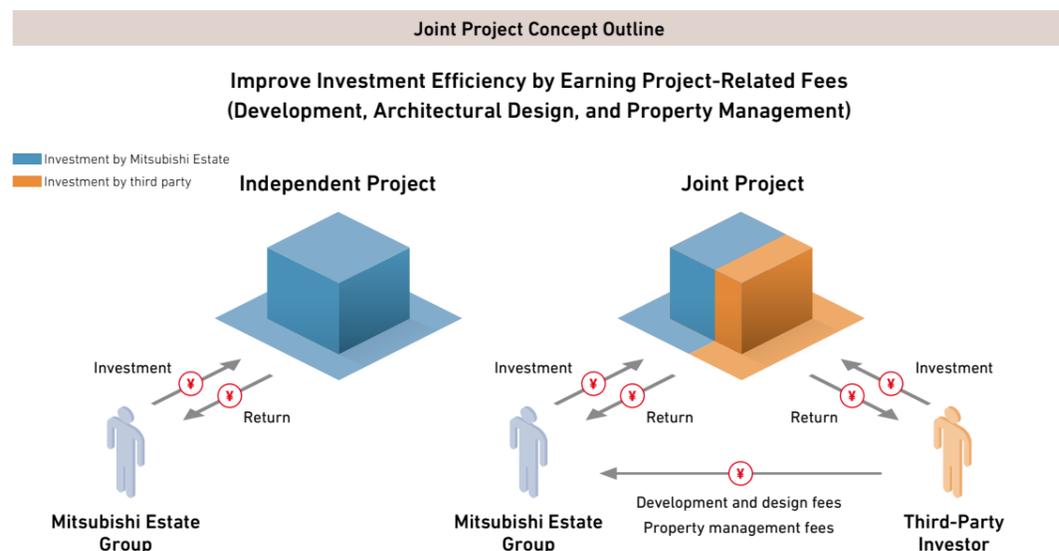


Our Approach to Growth Investments and Asset Efficiency Aimed at Achieving Our Targets

We have set expected returns (pre-tax internal rate of return) from investments at 6–8% for our domestic capital-recycling business, at 8–10% for our international business (developed countries), and at 10% or more for our international business (emerging countries). I believe that, if we can make investments that surpass expected returns in each business on a Companywide basis, then overall returns will exceed capital costs. In addition, in regard to risks related to investment projects, we ascertain business viability by carrying out verification at the Strategic Investment Office, which has jurisdiction over Companywide research functions and investment decision rules. In addition, prior to deliberations by the Executive Committee, the Strategic Investment Committee carries out discussions and evaluations to check profitability and the nature of risks.

As discussed earlier, we will improve ROA by implementing a variety of measures, including selling underperforming assets and stocks held for strategic purposes as well as expanding our non-asset business that is not dependent on assets. However, in our development business, we will engage investors and landowners to promote projects as joint businesses, rather than insisting on solo investments. By undertaking coordination, architectural design and engineering, leasing, and property management of development projects as a whole, the Company will increase the ratio of its fee business and realize an increase in investment efficiency.

Promotion of Capital-Recycling Business



Our Approach to ESG Investment in Our Strategies to Increase Social Value

Amid the emergence of diverse social issues in Japan, such as population decline, the low birth rate and the aging of society, and environmental problems, the Mitsubishi Estate Group, which has opportunities to engage with these issues in a variety of ways in its urban development efforts, would like to offer higher social value. It is important to adopt a standpoint of striking a balance between the realization of a sustainable society and the development of the Group by helping resolve social issues and offering new value. In recent years in particular, there has been a growing trend to screen investment destinations by taking into account not only financial information but also non-financial elements such as environmental, social, and governance (ESG) factors. Beyond helping resolve social issues, I believe that working to improve ESG-related matters earns recognition from long-term investors and results in the improvement of share performance. Recently, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company formulated two main scenarios regarding the risks posed by climate change and analyzed the future impact of climate change on its business. In one scenario, in which climate change countermeasures make progress due to the strengthening of government regulations and policies, the rise in temperature is kept to 1.5°C–2°C higher than its pre-industrial revolution level. However, in the other scenario, in which countermeasures fail to make progress and the temperature rises by 4°C, natural disasters are expected to intensify and increase. In terms of financial risks, an increase in costs required to reduce CO₂ emissions, a rise in vacancy rates accompanying an outflow of tenants from properties where the environmental response is delayed, and a decrease in rents are all expected. Among these, we would expect the negative impact of a decline in earnings power due to an outflow of tenants to be particularly significant. We therefore intend to transform risks into opportunities and maintain and increase our market competitiveness by examining diverse renewable energy procurement methods centered on switching to renewable energy-derived electricity contracts, increasing energy efficiency over the short to medium term, and proactively further reducing CO₂ emissions by leveraging new technologies over the long term.

In addition, as a financial initiative, ahead of other companies and to meet rising ESG investment needs, we issued a ¥20 billion green bond in June 2018 for the purpose of allocating funds to the construction of Building A of the Tokiwabashi Project, while in May 2020 we implemented fund procurement of ¥11.5 billion through a sustainability-linked loan.

As a means to monitor and manage risks related to climate change in order to achieve the targets set out in the Mitsubishi Estate Group Sustainable Development Goals 2030, we have incorporated those targets into annual plans for each organization and function and will monitor their progress status from FY2020 at meetings of the Sustainability Committee and the Board of Directors twice yearly.

▶ Please see page 55 for details of the Company's response to the TCFD's recommendations.

Promotion of Appropriate Information Disclosure and Engagement and Timely Measures, as the Corporate Officer in Charge of Finance & Accounting and Investor Relations

The stock market assesses on a daily basis the content of and stance toward information disclosure by companies, and this is reflected in share prices. Rather than viewing it as sufficient to simply abide by information disclosure rules, it is important for a company to disclose specific plans in an easy-to-understand and timely manner while detailing the conditions in its business environment and what steps it will take to draw on its strengths to achieve growth. Based on this awareness, we will continuously engage with investors and the stock market and also endeavor to reduce capital costs.

Although FY2021, the first year of Long-Term Management Plan 2030, has begun with a profit decline forecast due to the impact of COVID-19, our management plan is for the long term of 10 years, and we therefore do not believe it is necessary at this stage to revise our achievement targets for a decade from now. To achieve our intended goals, we will correctly assess the external environment, including the market, and execute the requisite measures in a timely manner. Accordingly, we ask for your continued support in our endeavors.

The Mitsubishi Estate Group operates the office building business and various other businesses in Japan and overseas.

Under our Long-Term Management Plan 2030, we will enhance our earnings power in each segment through business strategies that leverage our competitive advantages, as well as actively working to establish new businesses that pursue synergies with our established businesses.



Structural Reforms to Drive Growth Strategies

To date, we have increased our competitiveness and produced results through business groups divided by asset type. However, looking toward the next 10 years, we will further harness our comprehensive strengths, transcending asset-type boundaries, and restructure our organization and frameworks, in order to ensure that we not only make use of these strengths in securing and promoting opportunities to develop new businesses across segments, but also leverage them in our provision of non-asset businesses and service content, while valuing the characteristics of each asset type.

In our domestic business operations, aiming to strengthen our capability to promote the expansion of cross-segment projects, we have integrated the Office Building, Lifestyle Property, and Hotel & Airport business segments. In addition, we will consolidate our international business expertise by transferring the International Residential Business from the Residential Business segment to the International Business segment to achieve business expansion going forward. Further, we have integrated the Architectural Design & Engineering Business and Real Estate Services Business segments to streamline information disclosure.

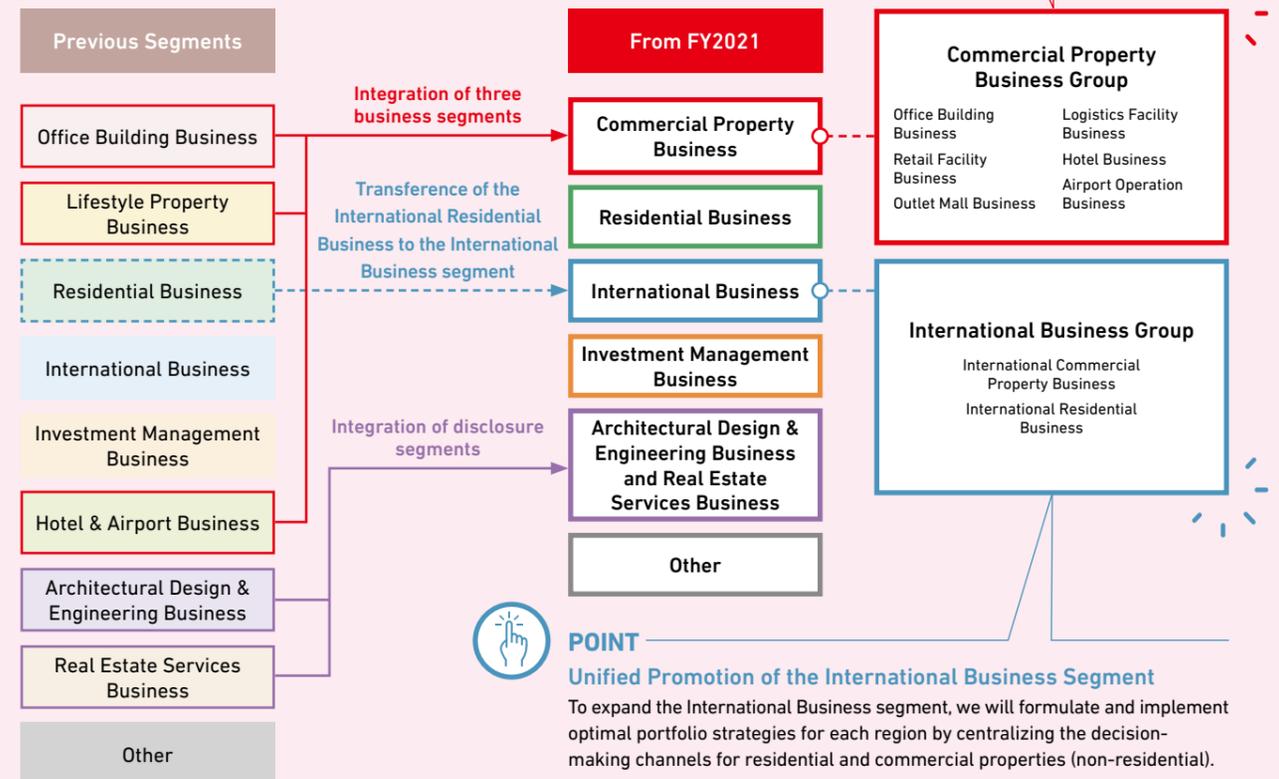


POINT

Establishment of the Commercial Property Business Group

We have integrated the Office Building, Lifestyle Property, and Hotel & Airport business segments with the goal of promoting sourcing development and operations that harness our comprehensive strengths by transcending asset-type boundaries. We will also centrally promote the sharing of land information among these segments, cooperation with Mitsubishi Estate Residence Co., Ltd., in mixed-use redevelopment business, and application of know-how in the International Business.

From Individual Assets to Mixed-Use Facility Developments



POINT

Unified Promotion of the International Business Segment

To expand the International Business segment, we will formulate and implement optimal portfolio strategies for each region by centralizing the decision-making channels for residential and commercial properties (non-residential).

Business Segments



Commercial Property Business Group

Please see pages 34 to 39 for details.



Office Building Business

This is Mitsubishi Estate's core business, which engages in the development, leasing, and property management of office buildings, mainly in Tokyo and other major Japanese cities. We promote urban development that contributes to the increased appeal of cities while maintaining a balance between properties for lease and properties for sale in our asset portfolio.



Retail Facility Business

Promoting the development of various types of retail facilities tailored to the characteristics of locations across Japan, the Mitsubishi Estate Group operates this business using a comprehensive system whereby it remains continuously involved from facility planning, development, and tenant leasing through to operation after opening.



Outlet Mall Business

We conduct the nationwide development and operation of our PREMIUM OUTLETS®, which boast the top customer-drawing power in Japan.



Logistics Facility Business

Under the Logicross brand, Mitsubishi Estate is pursuing logistics facility business opportunities nationwide. To take advantage of the rapid growth in the domestic logistics market on the back of the expansion of e-commerce and other factors, we are focusing on development projects at locations suited to logistics nearby major terminals, such as metropolitan areas, main roads, ports, and airports.



Hotel Business

Working together with hotel operators in Japan and overseas, we conduct a hotel development business across a wide range of categories matching location characteristics as well as practicing nationwide hotel operation business under the Royal Park Hotels brand and the Marunouchi Hotel.



Airport Operation Business

We are working to raise the value of airports where we have already begun private management or where future privatization is planned while advancing initiatives aimed at securing new business opportunities.



Residential Business

Please see page 40 for details.

We offer services to meet a variety of needs for condominiums, rental apartments, custom-built housing, purchase and sales, leasing, brokerage areas, renovations, and management. As the circulation of existing homes expands and people's lifestyles grow increasingly diverse, we are strengthening our reform and renovation business to seize upon such changes.



Investment Management Business

Please see page 44 for details.

For investors seeking real estate asset management, we provide a wide range of services based on our specialized expertise, utilizing collaboration among our operating bases in Japan, the United States, Europe, and Asia excluding Japan. These services include real estate investment trusts (REITs) to meet management needs for long-term stability as well as private placement funds to meet the specific management needs of institutional investors.



International Business

Please see page 42 for details.

International Commercial Property Business / International Residential Business

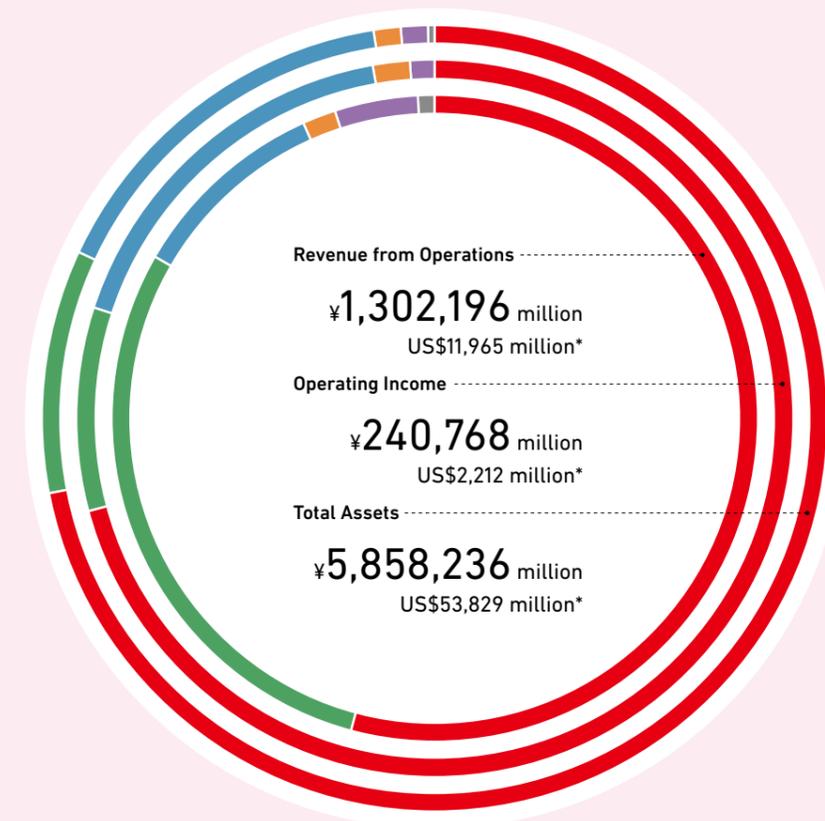
The Mitsubishi Estate Group has pursued business overseas since the 1970s, undertaking real estate leasing and development businesses in the United States and the United Kingdom. In recent years, we have also been actively developing our office building, residential, commercial facility, and other real estate businesses in rapidly expanding Asian markets and advancing into continental Europe.



Architectural Design & Engineering Business and Real Estate Services Business

Please see page 45 for details.

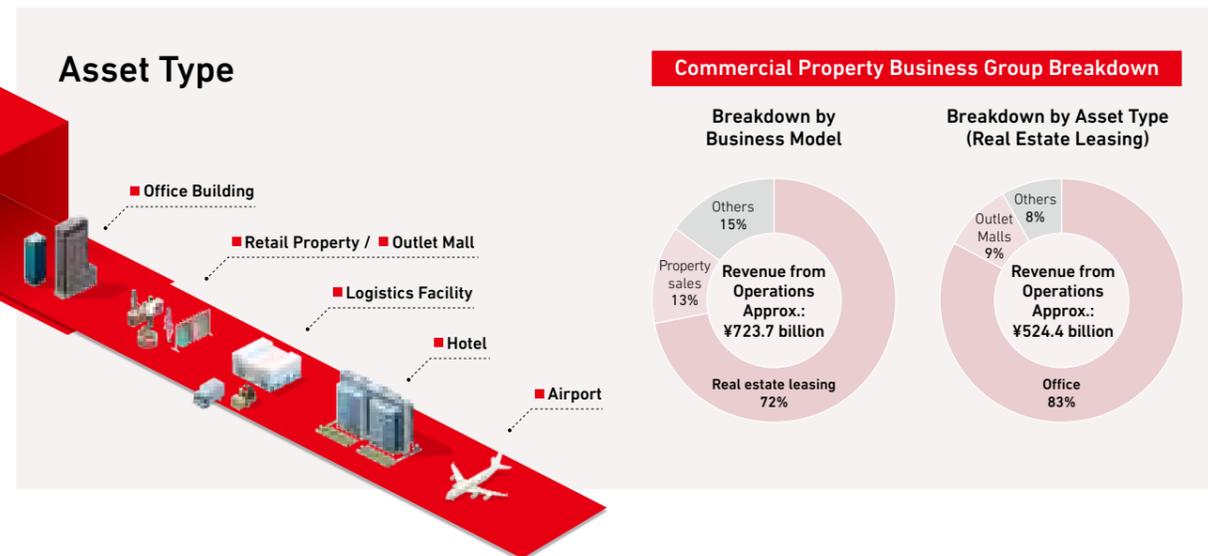
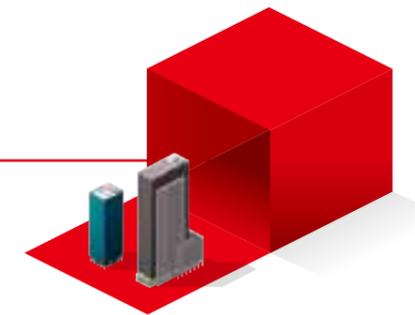
This full-service architectural design and engineering business meets social needs through construction, civil engineering, and urban and regional development planning and consulting. Meanwhile, the Real Estate Services Business provides one-stop, real estate problem-solving solutions, including real estate brokerage and condominium and office building leasing management support.



* The above amounts were translated into U.S. dollars at ¥108.83 = US\$1.00, the approximate prevailing exchange rate on March 31, 2020.

Fiscal year ended March 31, 2020 (consolidated)	Millions of yen		
	Revenue from Operations	Operating Income	Total Assets
Commercial Property Business	723,712	187,855	4,135,091
Residential Business	385,538	24,320	570,282
International Business	134,175	46,156	887,179
Investment Management Business	21,316	4,467	71,829
Architectural Design & Engineering Business and Real Estate Services Business	57,128	2,407	55,737
Other	8,743	(2,018)	13,270
Eliminations or Corporate	(28,418)	(22,420)	124,847
Total	1,302,196	240,768	5,858,236

Commercial Property Business



Office Building Business

Overview

The Office Building Business, Mitsubishi Estate's core business, engages in the development, leasing, and property management of office buildings with state-of-the-art functions, mainly in major Japanese cities centering on the Marunouchi area. Our businesses involve three types of earnings models: our property development and leasing business, in which we ourselves develop office buildings and receive rental revenue from them; our capital-recycling business, in which we generate capital gains on the sale of properties we have developed; and our non-asset businesses, which center on office building operations and management. Through building development and operations, we are promoting urban development to increase the attractiveness of the entire surrounding area.

Business Concept	Office Buildings		Main Non-Asset Type Businesses	
	Marunouchi area (mainly the property development and leasing business)	Major business areas in Japan (mainly the capital-recycling business)	Property management	Master leases

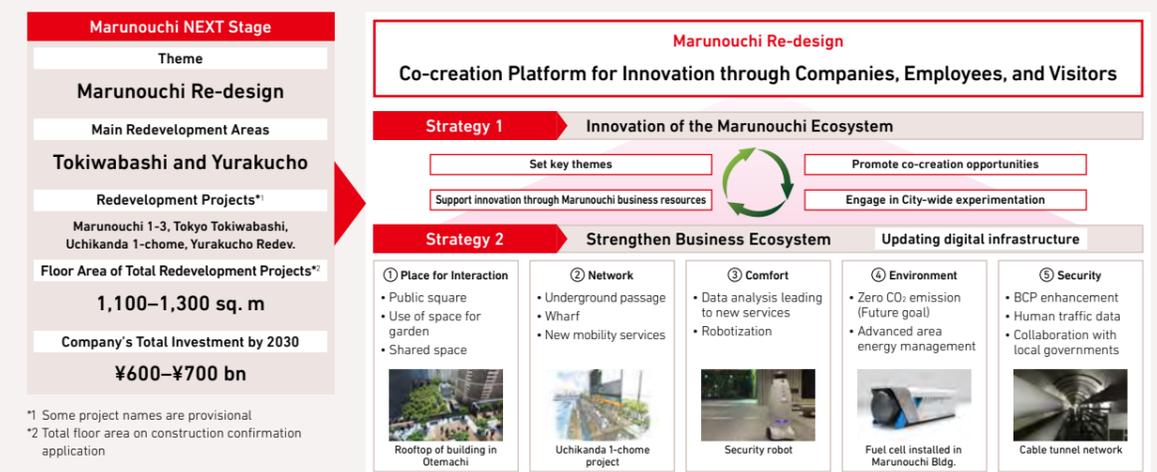
- Competitive Advantages**
- Ownership of about 30 office buildings in the Marunouchi area, a leading business area in Japan with one of the world's greatest concentrations of companies.
 - Redevelopment in Marunouchi not requiring new land acquisition is largely unaffected by fluctuations in the real estate investment market, thus enabling stable and continuous redevelopment.
 - Development know-how and a track record cultivated through continuous urban development in the Marunouchi area for more than 100 years.
 - Tenant relationships and information networks built through the Group's wide-ranging businesses, including development in the Marunouchi area.
 - Relationships with the central and local governments built through public and private sector cooperation in urban development.
 - Urban development and area management with advanced disaster-management functions centering on the Marunouchi area.

- Business Strategies**
- Marunouchi Area**
- Generally, redevelopment enables rental revenue to be increased by expanding building floor space and raising rents per square meter. In the Marunouchi area, we aim to promote continuous redevelopment that raises value through individual redevelopment projects as well as by realizing synergies across the whole area.
 - Positioning urban development from 2020 onward as part of the Marunouchi NEXT Stage, we will establish a co-creation platform for innovation through companies, employees, and visitors.
- Main Office Areas in Japan**
- We aim to strengthen our development pipeline by using the know-how we have accumulated through redevelopment in the Marunouchi and other areas.
- Non-Asset Businesses and Others**
- We intend to expand and strengthen non-asset businesses, including property management and master leases, and businesses that utilize existing stock, such as through the renovation of aged buildings.

Long-Term Management Plan 2030 Priority Strategy—The Marunouchi NEXT Stage

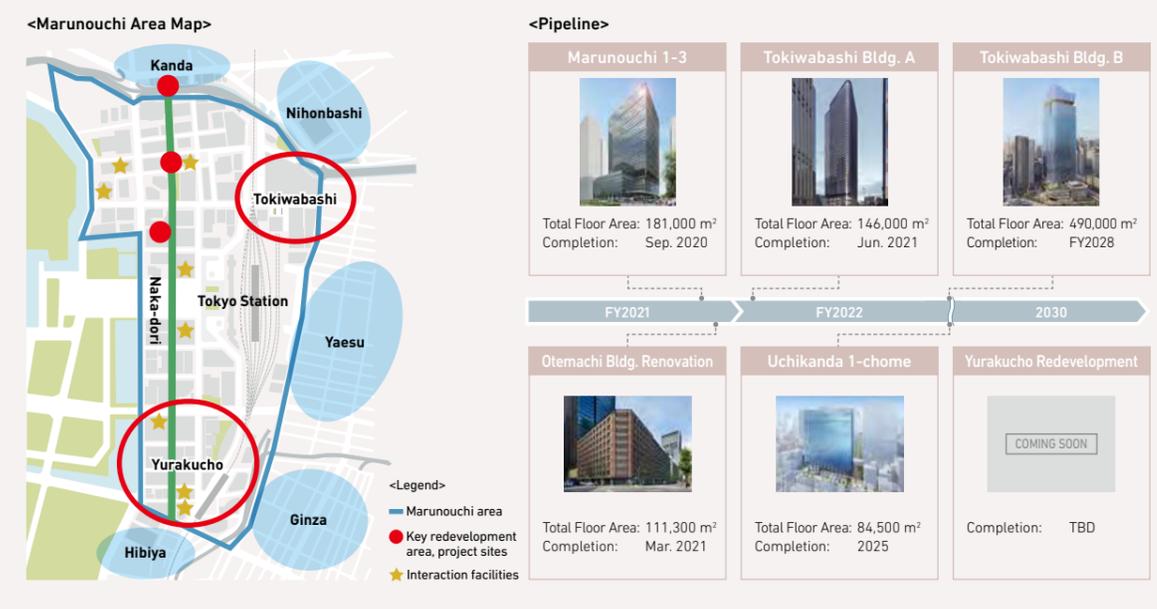
1 Overview

Long-Term Management Plan 2030 positions urban development in the Otemachi, Marunouchi, and Yurakucho areas from 2020 onward as part of the Marunouchi NEXT Stage. To that end, the Office Building Business, our primary business, will carry out improvements with a focus on the Yurakucho and Tokiwabashi areas while promoting urban development that not only helps improve people's quality of life but also spurs the discovery of and solutions to social issues through the emergence of innovation, in addition to strengthening our digital foundations, based on the theme of Marunouchi Re-design.



2 Key Areas and Pipelines

In the Marunouchi area, the Tokyo Tokiwabashi Project, a large-scale mixed-use redevelopment boasting the largest site area in the vicinity of Tokyo Station, is well underway. In addition to the recently begun construction of the 210 meter-tall Tokiwabashi Building A, we are moving ahead diligently with construction of Tokiwabashi Building B, which stands at 390 meters and is set to become a new Tokyo landmark. Meanwhile, besides the Marunouchi 1-3 Project, the Tokyo Tokiwabashi Project, and the Uchikanda 1-chome Project, we are promoting the reconstruction and renovation of several aged buildings owned in the Yurakucho area.



Commercial Property Business

Retail Facility Business / Outlet Mall Business

Overview

The Retail Facility and Outlet Mall businesses promote the development of various types of retail facilities tailored to the characteristics of locations across Japan. The Mitsubishi Estate Group operates these businesses using a comprehensive system whereby it remains continuously involved from facility planning, development, and tenant leasing through to operation after opening. These businesses are operated through three business formats: urban mixed-use facilities, stand-alone shopping centers, and PREMIUM OUTLETS®.

Competitive Advantages

- The top customer-drawing power in Japan of PREMIUM OUTLETS®.
- Information networks and tenant relationships built through wide-ranging Group businesses, including developments in the Marunouchi area.
- Extensive development and management know-how gained through a portfolio consisting of three different business formats, business coverage in Japan stretching beyond Tokyo, all the way from Hokkaido to Kyushu, and an extensive tenant network.

Business Strategies

- With urban mixed-use buildings, we are aiming to deliver wide-ranging eating and drinking options and shops as well as various service providers to offer better amenities and convenience for office workers while also drawing in people for shopping and tourism.
- Regarding stand-alone shopping centers, we are developing distinctive facilities tailored to diverse demand based on detailed analyses of the location, local demand characteristics, tourism potential, and discussions with tenants.
- With outlet malls, we will continue to expand and refurbish existing facilities and develop new ones to offer visitors unique spaces and meet their needs for a fun, one-of-a-kind experience.

Area Map of Main Retail Facilities



T O P I C

Completion of GOTEMBA PREMIUM OUTLETS® Phase 4 Expansion

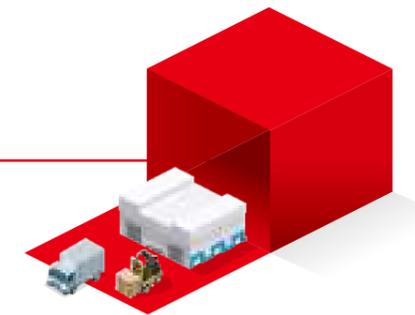
GOTEMBA PREMIUM OUTLETS®, which opened in July 2000 as the first PREMIUM OUTLETS® in Japan, marked its 20th anniversary in 2020 with the completion of phase 4 of its expansion, the first expansion for 12 years. Through the opening of a newly established area and renovation of existing areas, GOTEMBA PREMIUM OUTLETS® has evolved into Japan's largest shopping resort,* with approximately 290 shops, a hotel, and a hot spring day spa.

We will continue to pursue the development of shopping resorts that earn customers' support as outdoor shopping venues with an open feel recreating America's streetscapes and as destinations for savoring a short getaway.



GOTEMBA PREMIUM OUTLETS®

* In terms of store floor area (Mitsubishi Estate data)



Logistics Facility Business

Overview

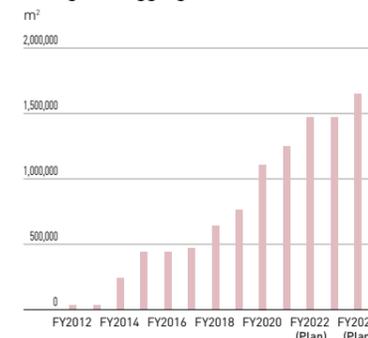
The functions required of logistics facilities are changing as the domestic logistics market grows rapidly on the back of the expansion of e-commerce and other factors. In recent years, we have been planning development projects centered on locations that are easily accessible by public transportation and advantageous for recruitment, in addition to being ideally situated for logistics, and on locations in proximity to metropolitan areas and nearby major terminals, such as expressways, main roads, ports, and airports.

The Mitsubishi Estate Group will continue to conduct proactive investment, development, operational management, and asset management centered on the Tokyo metropolitan, Kansai, and Chukyo areas.

Competitive Advantages

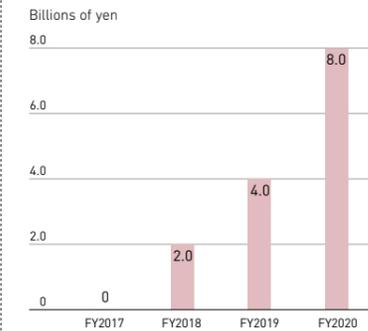
- A business platform with a broad range of functions related to logistics facilities, from land acquisition and development to building operations, ownership, and asset management.
- Tenant relationships and information networks through wide-ranging Group businesses, including developments in the Marunouchi area.
- Management know-how and experience gained through Tokyo Ryutsu Center Inc. (TRC) and its competitiveness underpinned by being based in Heiwajima, a location providing excellent access to central Tokyo and Haneda Airport.

Changes in Aggregate Floor Area



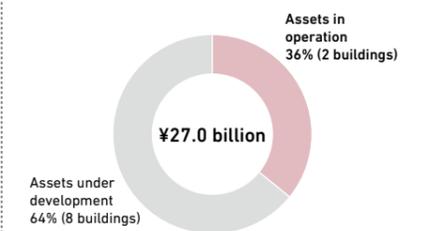
* Including joint ventures
* Excluding Tokyo Ryutsu Center

Trends in Gain on Sale



Total Assets

(As of March 2020)

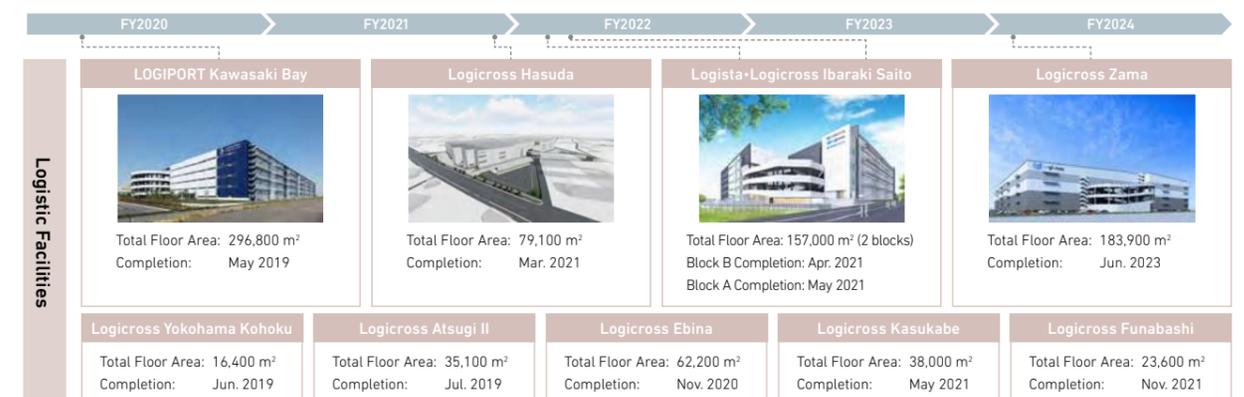


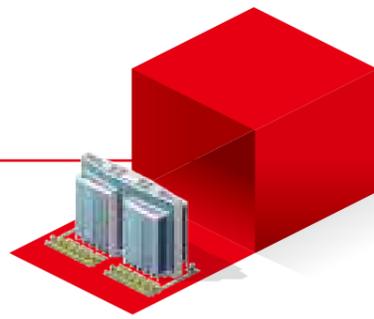
* Ratio by value
* Excluding Tokyo Ryutsu Center

Business Strategies

- We intend to make acquisitions of land and undertake leasing operations by making use of our multiple information networks and tenant relationships.
- We aim to generate stable capital gains by leveraging our logistics facility business platform to sell developed properties to Mitsubishi Estate Logistic REIT Investment Corporation, which is managed by Mitsubishi Jisho Investment Advisors, Inc., and other parties.
- We intend to generate synergies Groupwide by sharing the information networks and management know-how acquired by the Tokyo Ryutsu Center, which has been involved in logistics facility business operations for over 50 years.

Logistics Facility Pipeline





Commercial Property Business

Hotel Business

Overview

The Hotel Management Business operates 13 hotels nationwide under the Royal Park Hotels brand and the Marunouchi Hotel in the Marunouchi area, aiming to improve brand value through the implementation of management focused on customer satisfaction. We will address diversifying customer needs by continuing to increase new hotel openings. In addition, to meet the robust and diverse accommodation needs of late, the Hotel Development Business engages in hotel development across a wide range of categories matching location characteristics, by working together with hotel operators in Japan and overseas, including Royal Park Hotels and Resorts of the Mitsubishi Estate Group.

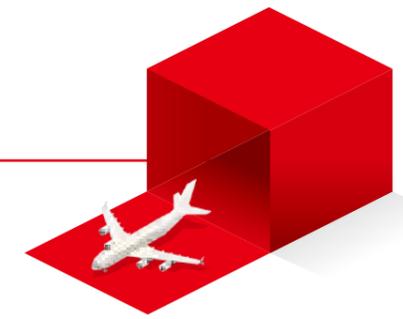
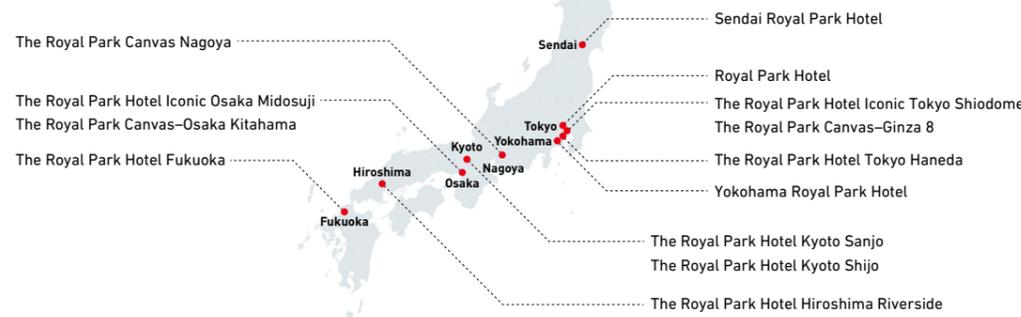
Competitive Advantages

- We are leveraging our development expertise and the tenant relationships we have built by handling diverse real estate assets as a comprehensive developer in order to acquire sites for hotels and promote hotel development.
- Applying more than 30 years of hotel management experience with the Royal Park Hotels brand, we have been expanding our networks of full-service hotels and accommodation-oriented, limited-service hotels.

Business Strategies

- We focus on the development of hotels under the Royal Park Hotels brand on sites we have acquired ourselves while actively looking to lease properties to other operators and generate capital gains through the sale of properties after holding them for a certain period of time.
- With the Royal Park Hotels brand, we aim to steadily increase operating income by improving the operating income ratio at existing hotels while opening three to four new hotels on a yearly basis through the leasing of properties developed by other companies and the utilization of various schemes, including management contracts and franchise contracts.

Royal Park Hotel Locations



Airport Operation Business

Overview

The Mitsubishi Estate Group is involved in the operation of Takamatsu Airport, Miyako Shimojishima Airport Terminal, Mt. Fuji Shizuoka Airport, and seven airports in Hokkaido. Each airport will contribute to regional development by acting in unison with their local communities to increase the non-resident population and improve regional value while leveraging the distinctive characteristics of their respective regions.

Operation of Airports (and Planned Operation)

2 Miyako Shimojishima Airport Terminal
Opening of passenger terminal facilities and commencement of terminal operations at the end of Mar. 2019



4 Seven Airports in Hokkaido
Launch of airport building facilities business for the seven Hokkaido airports in Jan. 2020
Commencement of business operations at New Chitose Airport in Jun. 2020
Beginning of business operations at Asahikawa Airport in Oct. 2020
Launch of business operations at Wakkanai, Kushiro, Hakodate, Obihiro, and Memanbetsu airports

3 Mt. Fuji Shizuoka Airport
Operating since Apr. 2019



1 Takamatsu Airport
Operating since Apr. 2018



Competitive Advantages

- Mitsubishi Estate operates airports leveraging its track record of operating several airports, the expertise gained in businesses related to inbound tourism through outlet malls and hotels, and its cooperation with other businesses in the Mitsubishi Estate Group.

Business Strategies

- We ensure stable operation at each airport while aiming to achieve operational efficiency and sophistication through inter-airport cooperation.
- We will work to invigorate regions by leveraging our urban development expertise and to increase revenues for passenger terminal buildings by harnessing our expertise in the development and operation of retail facilities.

Opening of The Royal Park Hotel Iconic Osaka Midosuji

In March 2020, we opened The Royal Park Hotel Iconic Osaka Midosuji as the first brand from our flagship brand of hotels, The Royal Park Hotel Iconic, in our range of premium accommodation-oriented, limited-service hotels, THE Series.

As indicated by the name "Iconic," which expresses our desire to be Osaka's symbolic base of hospitality, we welcome customers on the upper floors of the Obic Midosuji Building with 352 guest rooms comprising executive floors and all-day dining, lounges, and a bar that can be used for a variety of purposes.



TOPIC

Operation of Seven Airports in Hokkaido

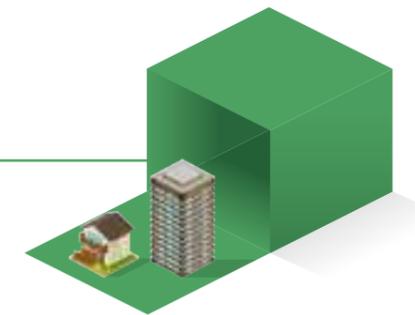
In 2019, we established Hokkaido Airports Co., Ltd.* in response to the consortium of which we are a part being selected as the preferred bidder for the right to operate seven airports in Hokkaido. The new company will create a multi-tourism gateway by assigning clear roles to the seven airports and steadily increase tourism activities throughout Hokkaido by means of the promotion of digital marketing. By communicating the appeal of Hokkaido, we will contribute to the invigoration of the seven airports and their localities while advancing stable airport operation over the long term, with reliability and safety as the top priority.

* Established through investment by 17 entities: Hokkaido Airport Terminal Co., Ltd., Mitsubishi Estate Co., Ltd., Tokyu Corporation, Development Bank of Japan Inc., North Pacific Bank, Ltd., The Hokkaido Bank, Ltd., Hokkaido Electric Power Co., Inc., The Sankei Building Co., Ltd., Japan Airlines Co., Ltd., ANA HOLDINGS INC., Mitsui Fudosan Co., Ltd., Mitsubishi Corporation, Iwata Chizaki Inc., Doshin Service Center, Dentsu Inc., Taisei Concession Co., Ltd., and Sampo Japan Nipponkoa Insurance Inc.



CG rendering of how some of the airports will look (vision for 30 years into the future)

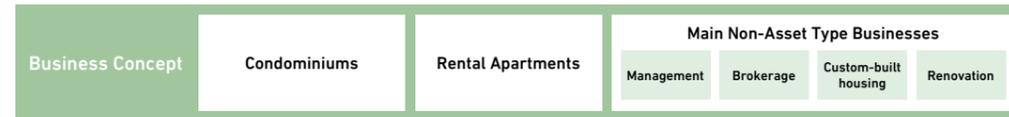
TOPIC



Residential Business

Overview

The Mitsubishi Estate Group has approximately 50 years of experience in the condominium business. We have established a value chain to meet housing-related needs spanning from new development and rebuilding and redevelopment projects to purchasing and sales, brokerage, and management. We are also developing a wide range of businesses to meet diversifying lifestyle needs. Such businesses include rental housing, renovation, our international business, and investment-purposed real estate.



Competitive Advantages

- The power of The Parkhouse and The Parkhabio brands backed by outstanding technologies, uncompromising product quality control, and a long and extensive track record.
- Quality control of The Parkhouse brand at all stages of the development process—from design and construction to completion—with “Check Eyes,” our quality management and performance indication system, which reflects our dedication to all aspects of the properties we offer.
- Product-planning capabilities that ensure our buildings keep people safe through resilience in natural disasters and offer both comfort and cost performance and which respect the environment and the local region by paying careful attention to preserving biodiversity and helping realize a low-carbon society.
- The ability to provide services to meet all housing-related needs.

Business Strategies

Domestic Condominiums

- We aim to expand our customer base by strengthening our brand power through the enhancement of product appeal, reliability, and services and by leveraging said brand power to acquire loyal “fans.”
- We intend to optimize material costs and construction costs by utilizing our leading business scale in residential condominium development in Japan.
- We are promoting redevelopment projects that make full use of our abundant know-how related to real estate development and of the comprehensive capabilities of the Mitsubishi Estate Group.

Rental Apartments

- We are aiming to stabilize segment profits through capital gains from rental apartments and other investment-purposed properties in the residential business.

Non-Asset Type Businesses

- We aim to strengthen non-asset type businesses involving existing properties in such areas as residence management, brokerage, custom-built housing, and renovation.

Residential Business Value Chain

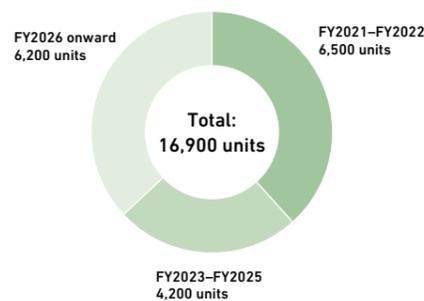
- We are providing one-stop services as a group making full use of all of the phases of the value chain, from land acquisition, development, sales, and management through to brokerage.



Condominium Business

Land Bank Breakdown in Reporting Term

(as of March 31, 2020)



Ranking by Condominium Seller and Owner Based on Number of Units Supplied

(2019)

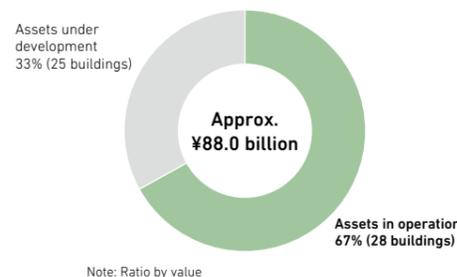
1	Sumitomo Realty & Development	5,690
2	Pressance Corporation	5,305
3	Nomura Real Estate	3,941
4	Mitsubishi Estate Residence	3,365
5	Mitsui Fudosan Residential	2,365
6	Eslead Corporation	2,121
7	Tokyu Land Corporation	1,812
8	Takara Leben	1,765
9	Daiwa House Industry	1,702
10	Anabuki Kosan	1,599

Note 1: Source: “National condominium market trends,” Real Estate Economic Institute Co., Ltd.
 Note 2: Only family-type condominiums are included in the scope of the survey for the Tokyo metropolitan area while those condominiums for investment purposes are not included. Condominiums for investment purposes are included for the Kinki area and other areas.
 Note 3: Fixed-term leasehold condominiums are not included in the scope of the survey.

Rental Apartment Business

Total Assets

(March 31, 2020)



Note: Ratio by value

Non-Asset Business

Ranking of Condominium Management Companies Based on Number of Units under Management

(2020)

1	Nihon Housing	459,551
2	Daikyo Astage	429,576
3	Haseko Community	366,793
4	Tokyu Community	341,041
5	Mitsubishi Estate Community	335,980
6	Daiwa LifeNext	273,011
7	Gojinsha Keikaku Kenkyujo	217,075
8	Mitsui Fudosan Residential Service	209,421
9	Sumitomo Fudosan Tatemono Service	173,147
10	Nomura Real Estate Partners	164,126

Note: Source: “Ranking of condominium management companies based on number of units under management (2020),” Mansion Kanri Shimibun

TOPICS

Adoption of Net-Zero-Energy House (ZEH-M Ready) Standards—A First for The Parkhouse

Mitsubishi Estate Residence Co., Ltd., will adopt ZEH-M Ready standards for the first time at The Parkhouse Shin-Urayasu Marine Villa, which is scheduled to go on the market in November 2020. Net-zero-energy houses (ZEH) refer to houses that significantly increase the thermal insulation performance of exterior walls while maintaining a high-quality indoor environment by adopting high-efficiency equipment, that significantly increase energy savings, and that aim to eliminate yearly primary energy consumption by using renewable energy.

We will continue to realize urban development that delights people and communities by reducing environmental impact through residential development.



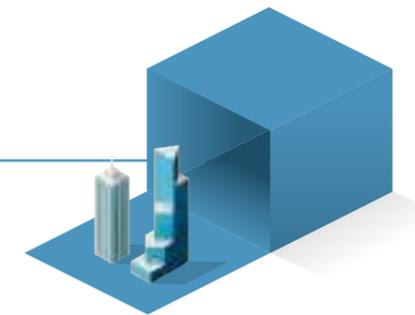
The Parkhouse Shin-Urayasu Marine Villa

Residence x Working from Home: Creation of Residences for Living and Working

In response to the promotion of flexible and diverse workstyles in recent years, Mitsubishi Estate Residence is advancing proposals to realize spaces conducive to concentrating when working from home, in order to create residences for living and working. Among these proposals is an optional plan to install in the living room or service room of homes a “box room” that can easily change the layout of a room—partitioning it or enclosing it—depending on how it is positioned. Also among these proposals is a “work-in closet” menu plan enabling the creation of storage space within a room layout to be converted free of charge into a space for working from home.



Example of the positioning of a “box room”



International Business

Overview

The Mitsubishi Estate Group's international business began with the establishment of a company in the United States in the early 1970s. Its geographical coverage has since expanded to include the United Kingdom, mainland Europe, and Asia and Oceania. We have been strengthening our portfolio with both management properties predicated on returns from rental fees and properties for sale premised on raising their value under a capital-recycling business model. We are promoting business expansion with respect to the real estate trading rules and business customs of each country. Furthermore, we seek to apply optimal business models for each market based on macroeconomic data and analysis of capital and real estate markets to identify the right time to enter.



Competitive Advantages

United States

- The sourcing power of Rockefeller Group International, Inc. (RGII), and its development know-how and track record, as well as the name recognition it brings.
- TA Realty LLC's networks and track record in raising the value of properties.

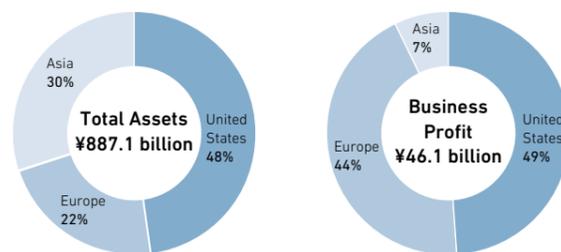
Europe

- Sourcing power based on business achievements over a long period.
- The establishment of development teams and operational effectiveness.
- Europa Capital LLP's networks and track record in raising the value of properties.

Asia and Oceania

- Development know-how gained in the business in Japan.
- Acclaim the Group has won for its track record in Japan among businesses in leading cities in Asia excluding those in Japan.
- Relationships with leading local partners.
- The networks Pan Asia Realty Advisors Singapore Pte. Ltd. (PA Realty) has established together with CLSA Real Estate Partners (CLSARE), which handles the real estate fund management business in Asia and Oceania.

Total Assets and Ratio of Business Profit by Region (FY2020)



Business Strategies

- Compared with current levels, we will increase business profit by around ¥50.0 billion and double our total assets in 2030. To that end, we will aim to secure opportunities to invest between ¥200.0 billion and ¥250.0 billion on an annual basis.

Basic Strategies for Each Area

The United States

- Reinforcement of capital-recycling business leveraging RGII's know-how
- Promotion of joint ventures with local partners
- Expected return from investment IRR: 8%–10%

Europe

- Implementation of investments and returns with a focus on balancing profit stability and capital efficiency
- Promotion of business development centered on large-scale projects* that have already been decided

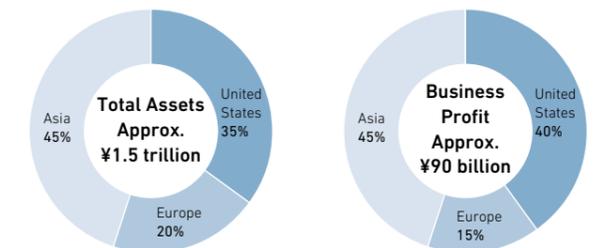
* 8 Bishopsgate, London and 60–72 Upper Ground, London

- Expected return from investment IRR: 8%–10%

Asia and Oceania

- Increase in investment balance and establishment of a capital recycling portfolio
- Business promotion based on the two approaches of business development in which we have a major share and of joint business with local partners
- Expected return from investment: IRR (developed countries): 8%–10%; IRR (emerging countries): Over 10%

Total Assets and Ratio of Business Profit by Region (Target for 2030)



The United States

The large-scale renovation of 1271 Avenue of the Americas, a major office building in Manhattan's Midtown area owned by RGII, was completed in December 2019. As part of the renovation, we increased the window areas of the office space by approximately 60% to enhance its open feel and upgraded the building's facilities, including air-conditioning equipment and elevators. As of July 2020, the tentative contract rate for the building stood at over 95% and the gradual moving in of tenants was underway.



8 Bishopsgate

Europe

In March 2019, the 8 Bishopsgate project broke ground in London, the U.K. The new 51-story high-rise office building will replace the two existing office towers, 6–8 Bishopsgate and 150 Leadenhall Street, and offer approximately 2.8 times more leasable floor space than the two existing towers combined.

Asia and Oceania

In July 2020, we joined a residential development project in the center of Sydney, One Sydney Harbour Residences One, in cooperation with Lendlease, an Australian real estate and construction company. Located in the most popular development area in Sydney, this project is a large-scale development that comprises 72 stories and 317 units and which will further enhance our presence in Australia.



One Sydney Harbour Residences One

TOPICS



Investment Management Business

Competitive Advantages

- Through the execution of M&A deals and other activities overseas, we have established a strategic global investment management platform. This enables us to provide global asset management services to clients by leveraging our expertise and achievements fostered in Japan, the United States, Europe, and Asia excluding Japan.
- In Japan, the investment management business offers specialist services. Mitsubishi Jisho Investment Advisors, Inc., provides asset management services across a wide range of investment products, including the country's largest private real estate investment trust (REIT) and a listed logistics REIT, while Japan Real Estate Asset Management Co., Ltd., manages Japan's first publicly listed office REIT.

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



AuM Area Breakdown
Billions of yen
(as of end of March 2020)



Business Strategies

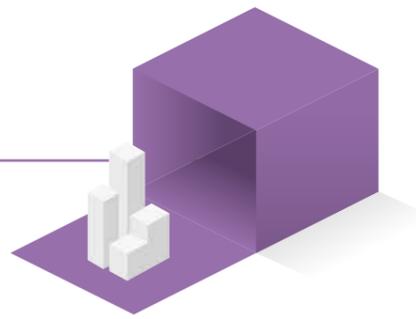
- By utilizing our hybrid investment model strategy, through which we co-invest our principal investment capital alongside our clients' in funds that our Group companies manage, we seek to capture demand for cross-border property investments. Through this approach, we are simultaneously pursuing the expansion of our overseas portfolio while benefiting from enhanced investment diversification as well as expanding and strengthening our investment management businesses.
- In Japan, we meet the needs of domestic and overseas investors by providing a diverse lineup of products, including listed REITs, private REITs, and private funds, as well as dependable asset management services.

T O P I C

As of April 2020, the TA Realty Core Property Fund—a core, open-end fund managed by TA Realty LLC—has been added to the NFI-ODCE,*¹ a real estate investment index calculated by the National Council of Real Estate Investment Fiduciaries (NCREIF*²). As NFI-ODCE open-end funds do not have a defined management period and consist of multiple investors that can contribute new equity or receive returns through redemption requests on a periodic basis, they provide a degree of liquidity. Meanwhile, the term “diversified core equity” reflects low-risk investment strategies in the equity of stable U.S. operating properties diversified across regions and property types, based on low leverage.

*¹ NCREIF Fund Index—Open-End Diversified Core Equity
*² National Council of Real Estate Investment Fiduciaries

Architectural Design & Engineering Business and Real Estate Services Business



Competitive Advantages

Architectural Design & Engineering Business

- As a full-service architectural design and engineering firm, we have extensive experience in urban planning covering such areas as the design and management of buildings for various applications and proposal-based consulting, including large-scale complex developments in the Marunouchi area, and designing underground spaces that take into account traffic conditions.
- We undertake design and management with an in-depth understanding of operation, maintenance, and management from the perspectives of business operators and clients based on experience cultivated as a comprehensive developer's in-house design office.
- We have access to a wealth of information on China and Southeast Asian countries through a network centered on local subsidiaries established in Shanghai and Singapore.

Real Estate Services Business

- The real estate services business boasts one-stop real estate solution provision capabilities leveraging a wide-ranging service menu (including support utilizing CRE* information and real estate brokerage) and the Mitsubishi Estate Group's comprehensive strengths.
- We provide solutions throughout Japan using our nationwide branch network backed by specialist expertise and knowledge.

* Corporate real estate (CRE): Real estate held or used by a business enterprise or organization for its own operational purposes. In recent years, there has been growing interest in using CRE strategically to contribute to increasing corporate value.

Business Strategies

Architectural Design & Engineering Business

- In addition to handling design project orders from within the Group and from long-established clients, the architectural design & engineering business is working closely with the Business Development, Client Relations & Solutions Group to win new orders.
- Besides construction management work involving the comprehensive management of projects such as construction schedules, budgets, and quality control, we are focusing on winning orders in renovation and other growth fields in order to expand our earnings base.
- We provide technological support to Group companies and seek to generate synergies therewith.

Real Estate Services Business

- We are aiming to be the leading company in CRE strategy support, real estate consulting, and recreational land and recreational facility management by providing services to enterprises and high-net-worth individuals as our core customers.
- We are strengthening our value chain, which combines a variety of service menus of the Business Development, Client Relations & Solutions Group and of each of the Group's businesses, while expanding the range of services we provide to existing customers.

Architectural Design & Engineering Business

Mitsubishi Jisho Sekkei Inc. handled the architectural design and engineering work for the Ikebukuro Nishiguchi Park GLOBAL RING, on which construction was completed in 2019. Centered on a Global Ring 35 meters in diameter and using a round pond that once existed there as a motif, this project created a new icon and flow of people in the city. Overseas, we received an order for the China–Japan (Qingdao) Regional Development Cooperation Zone Project in a joint venture with Nomura Research Institute, Ltd., and the Qingdao City Planning and Design Institute in Qingdao in Shandong Province, China. We will take advantage of receiving this order to expand overseas the leading-edge smart city initiatives we are implementing in the Marunouchi area.



Ikebukuro Nishiguchi Park GLOBAL RING
Photo by Nacása & Partners Inc.

Real Estate Services Business

Integration of Mitsubishi Real Estate Services' Parking Lot-Related Business into a Subsidiary

Effective April 1, 2020, Mitsubishi Real Estate Services Co., Ltd., executed a company split of its parking lot-related business and integrated it into its subsidiary Parking Management Organization, Ltd. (PMO). Concurrent with the integration, we changed PMO's name to Mitsubishi Estate Parks Co., Ltd., merged the coin-parking business that had previously been operated by Mitsubishi Real Estate Services with PMO's facility parking-lot business, and began sales. Going forward, we will target net sales of ¥16.0 billion and parking lots under management numbering 80,000 in 2025, five years after integration, as we aim to achieve further growth in the parking-lot business by expanding areas of operation centered on the bases of various Mitsubishi Estate Group companies and on the provision of efficient facility operation and management leveraging cutting-edge technologies.

T O P I C S

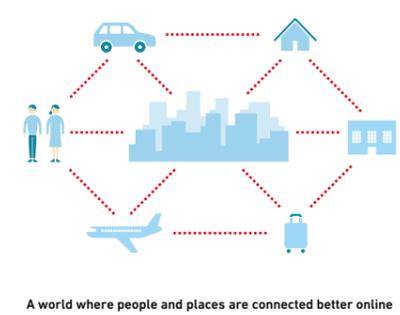


Innovation and Business Transformation Group

- Overview**
- We newly established the Innovation and Business Transformation Group as an organizational structure responsible for creating new businesses across the entire Group to drive the creation of new value with regard to business model innovation domains.
 - The Business Creation Department will (1) create new businesses unique to the Company while (2) leading efforts to create frameworks and promote open innovation initiatives aimed at creating new businesses for the Mitsubishi Estate Group.
 - The DX Promotion Department will (1) secure new sources of earnings and (2) increase earnings and enhance productivity by refining existing business models and work processes through the leveraging of digital technologies while (3) leading the establishment of a Groupwide IT platform and promotion of Group IT governance.



- Competitive Advantages**
- Our wide-ranging business portfolio in the real estate domain as a comprehensive developer.
 - Our B2C contact points with workers and visitors in area development districts such as Otemachi, Marunouchi, and Yurakucho, with visitors to retail facilities and airports, and with residents and other parties based on our position among the leading companies in Japan in terms of number of condominiums supplied and assets under management.
 - Relationships established with diverse tenants and corporate business partners, from leading major companies from various industries to start-up companies that have become tenants at our innovation hubs, including Inspired. Lab., FINOLAB, and EGG JAPAN.



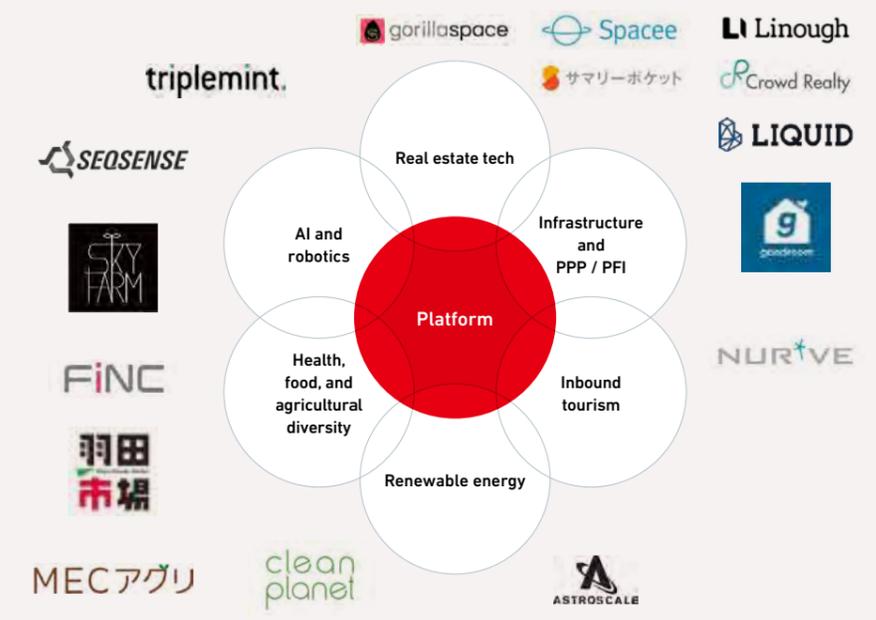
- Growth Strategies**
- In response to latent social needs, we will seek new earnings opportunities by accumulating and analyzing available data online and offline, with a focus on B2B and B2B2C contact points.
 - Leveraging our knowledge cultivated in the real estate business, we will expand our business domains by proactively cooperating with external partners. As a field for verifying the business structures born of such cooperation, the Group will utilize diverse real estate stock that it owns and manages (including agricultural facilities and meditation studios).
 - We will drive automation and labor-saving processes by using IT and digital tools, such as robotic process automation (RPA) and business chat tools, as means of increasing productivity with the power to propagate effects cross-organizationally and across the entire Group.
 - We will promote the increased efficiency and sophistication of real estate-related processes by leveraging technologies while creating new value and functions for real estate.
 - We will proactively conduct investments and accelerators to promote open innovation while leveraging our New Business Proposal system to uncover new business seeds from within the Company, thereby driving new business creation both internally and externally.

T O P I C S

Business Creation Department

In February 2019, our investments in start-ups and venture companies in Japan and overseas, conducted mainly by our Business Creation Department, reached ¥10.0 billion (including commitments). As part of our efforts to create new businesses, we have established seven focus areas, including real estate tech, AI, and renewable energy, to generate new sources of earnings. Further, in our Corporate Accelerator Program, in which we solicit proposals from venture companies and work closely with them, we received 72 entries in the third round of applications held in November 2019. For the five proposals deemed to be most promising, the Company has begun taking full-fledged measures to create new businesses with the provision of funding and commencement of services at its facilities.

Seven Focus Areas and Main Investment Targets for Creating New Businesses



Meditation Studio (Medicha)

In April 2019, we established a new company, Medicha Co., Ltd. We operate this immersive experience studio combining meditation, art, and tea culture based on the concept of "a luxurious time to create a blank space for yourself." Focusing on meditation, a self-care method that is attracting attention and the introduction of which is progressing centered on the wealthy demographic and sportspeople overseas, Medicha will create spaces to savor an immersive feeling and its own meditation programs in conjunction with professionals active on the front lines of various fields, including meditation, sound, lighting, and tea culture. We will offer a luxurious time to busy workers suffering from too much stress in their daily lives so that they can reflect on themselves.



Inside a Medicha studio

GYM

GYM is an online service facilitating a new way to use fitness facilities. This service is an IT platform linking gym and studio facility operators with users. By matching gyms that want to attract customers and increase their profitability with the needs of users who want to find a gym that suits them and use it without wasting monthly membership fees (that is, people who want to pay as they use), we are able to offer environments for adults with busy daily lives to take exercise readily and freely. Moreover, this service is of value to both parties as gym operators can keep down their advertising costs and reduce variations in demand depending on time slots.



Innovation and Business Transformation Group

T O P I C S

DX Promotion Department

Security for Next-Generation Facilities

In August 2019, Mitsubishi Estate introduced SQ-2 autonomous mobile security robots, developed by SEQSENSE Inc., at the Otemachi Park Building to primarily stand guard. These robots were then introduced in December of the same year at the Otemachi Building to mainly conduct patrols. At the Otemachi Building, we achieved efficiency in terms of cost and processes by establishing a system whereby elevators and robots are linked and robots are able to get in and out of elevators automatically and by introducing two of these robots in place of two security guards.

Going forward, we plan to steadily install robots at locations where it is possible to transfer duties from people to robots in accordance with property characteristics, while aiming to further increase the efficiency and sophistication of processes by increasing coordination.



Security robot SQ-2

Utilization of Cleaning Robots

After verification, Mitsubishi Estate began transitioning to the full introduction of Whiz, a vacuum-cleaning robot made by Softbank Robotics, in May 2019 at several properties, including its offices, retail facilities, airports, hotels, condominiums, and logistics facilities.

In addition, we introduced Neo, a floor-scrubbing robot developed by Avidbots, at Yokohama Landmark Tower in April 2019, where floor scrubbing that takes seven hours and two people to do when done by hand can now be completed in two hours by one robot. In this way, the robot is helping make costs and processes more efficient. Going forward, we plan to examine the gradual introduction of cleaning robots that are able to operate without coming into contact with people, not only at offices but also at properties with large floor areas, such as airports and retail facilities.



©SoftBank Robotics
Vacuum-cleaning robot Whiz



Floor-scrubbing robot Neo

Group Comprehensive IT Governance

The IT Management Unit of the DX Promotion Department works to develop the IT environment that underpins the competitiveness of the Mitsubishi Estate Group as a whole through the establishment, maintenance, and operation of applications and IT infrastructure used internally. In this process in particular, we aim to achieve overall, optimal Group IT operations while working closely with MEC Business System Solutions Co., Ltd., from the principal upstream processes of system development and conception planning to downstream processes such as actual implementation and operational management. Moreover, in a project for introducing RPA, we are producing results with regard to innovating the processes of back-office work by focusing on the business process re-engineering (BPR) of work flows and approval structures. On the other hand, in response to threats that change on a daily basis, such as unauthorized access by external parties, we are also focusing our efforts on cybersecurity measures.



Message from the Executive Officer in Charge of the Business Creation and DX Promotion Departments COMMENT

In a bid to play a major role in increasing earnings and profits in the non-asset business domain and service contents provision domain under Long-Term Management Plan 2030, the Innovation and Business Transformation Group will offer seamless services by expanding “touch points” with customers online, in addition to customer contact points at physical locations through the development, sale, and operation of real estate, at which the Company specializes. At the same time, by analyzing the information we acquire and accumulate from diverse customer contact points in a cross-sectional manner, we will accurately identify customer needs and use the findings for the early discovery and resolution of issues in our existing business domains and for the uncovering of new business opportunities.

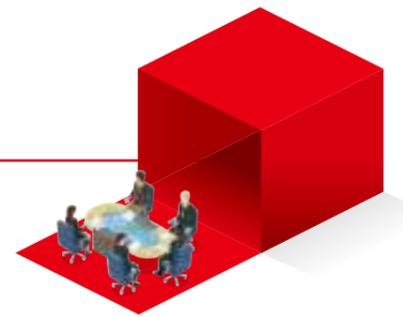
In addition, we are accelerating new business development and the transformation of existing businesses by proactively promoting open innovation with real estate technology companies and a variety of external stakeholders, including companies from other industries.

Among these efforts, we will increase IT utilization speed and literacy for the Group as a whole by focusing in a well-balanced manner on the development of a Groupwide IT platform and on the strengthening of Group IT governance, with the goal of smoothly promoting the utilization of digital technologies and IT that will be indispensable to our growth strategies.

Executive Officer

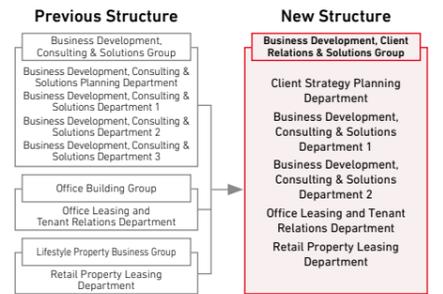
Ikuo Ono

Business Development, Client Relations & Solutions Group



Key Points of Organizational Changes

- The Business Development, Client Relations & Solutions Group will deliver the most effective proposals to customers by centrally managing customer contact point information and aim to maximize the acquisition of business opportunities for the Group.
- Acting as a Companywide, general contact point for the Group, Business Development, Consulting & Solutions Departments 1 and 2 will propose solutions maximizing the Company’s resources in response to all manner of customer real estate utilization needs.
- The Office Leasing and Tenant Relations Department will carry out extensive office leasing activities by leveraging the Group’s diverse building assets and customer relationships.
- In addition to properties owned by the Group, the Retail Property Leasing Department will conduct leasing activities for retail facilities boasting diverse characteristics, from urban to suburban facilities, including properties owned by other companies.

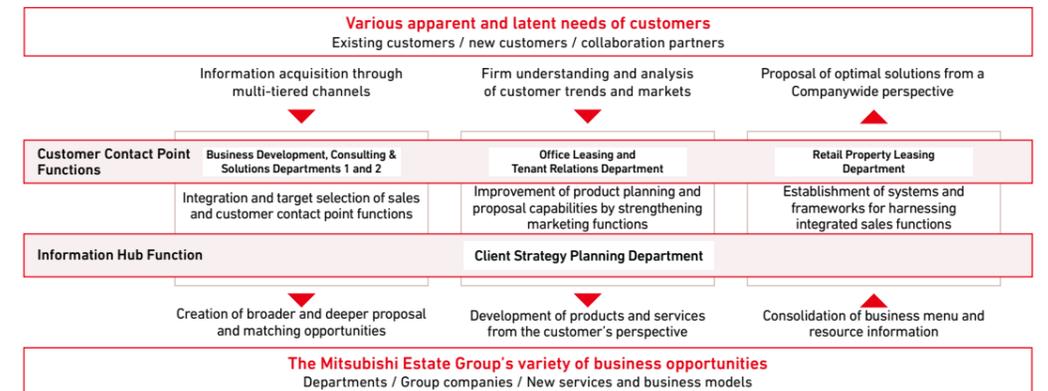


POINT
We will maximize business opportunities by fully leveraging in a cross-organizational manner the sales information that was previously concentrated by asset and organization.

Competitive Advantages

- A cross-segment, strategic sales organization.
- Firm understanding of various apparent and latent needs of customers.
- Provision of abundant solutions drawing on Companywide resources.
- Leveraging of medium- to long-term relationships with office tenants and other customers and brokerage companies.
- Leveraging of relationships with retail tenants through an abundant leasing track record stretching from urban to suburban facilities.

Integration of Sales and Customer Information and Leveraging of Information across the Group



T O P I C S

Undertaking for a New Function Matching Customer Needs as a Section Boasting Direct Contact Points with Customers

Workation <https://workxation.mec.co.jp/> (Japanese only)

This business operates new facilities supporting innovation creation by offering out-of-the-ordinary spaces to companies and, in doing so, realizes regional revitalization. Coined in the West, “Workation” is a portmanteau of the words “work” and “vacation.” In Japan, however, which has a different working culture, we define it more broadly, for example, as a place for realizing diverse workstyles, examples of which include changing location, fostering communication, and creating innovation. In July 2020, we opened WORK x ation site Karuizawa, our second Workation facility, and launched a Workation portal website, which features comprehensive information on facility reservations and local authorities that are concentrating their energy on Workations.



WORK x ation site Karuizawa

Telecube

We are marketing the Telecube, a product that meets the needs of workers by allowing them to work anytime and anywhere. In doing so, we are offering a private space necessary for managing information and preventing the spread of infection. This business was launched through open innovation between V-Cube, Inc., Okamura Corporation, and Mitsubishi Estate, three companies with differing strengths. By using the Marunouchi area—a strength of which is its dense concentration of companies—as a hub to expand this business, we will contribute to maximizing the Group’s competitive advantages.



Telecube

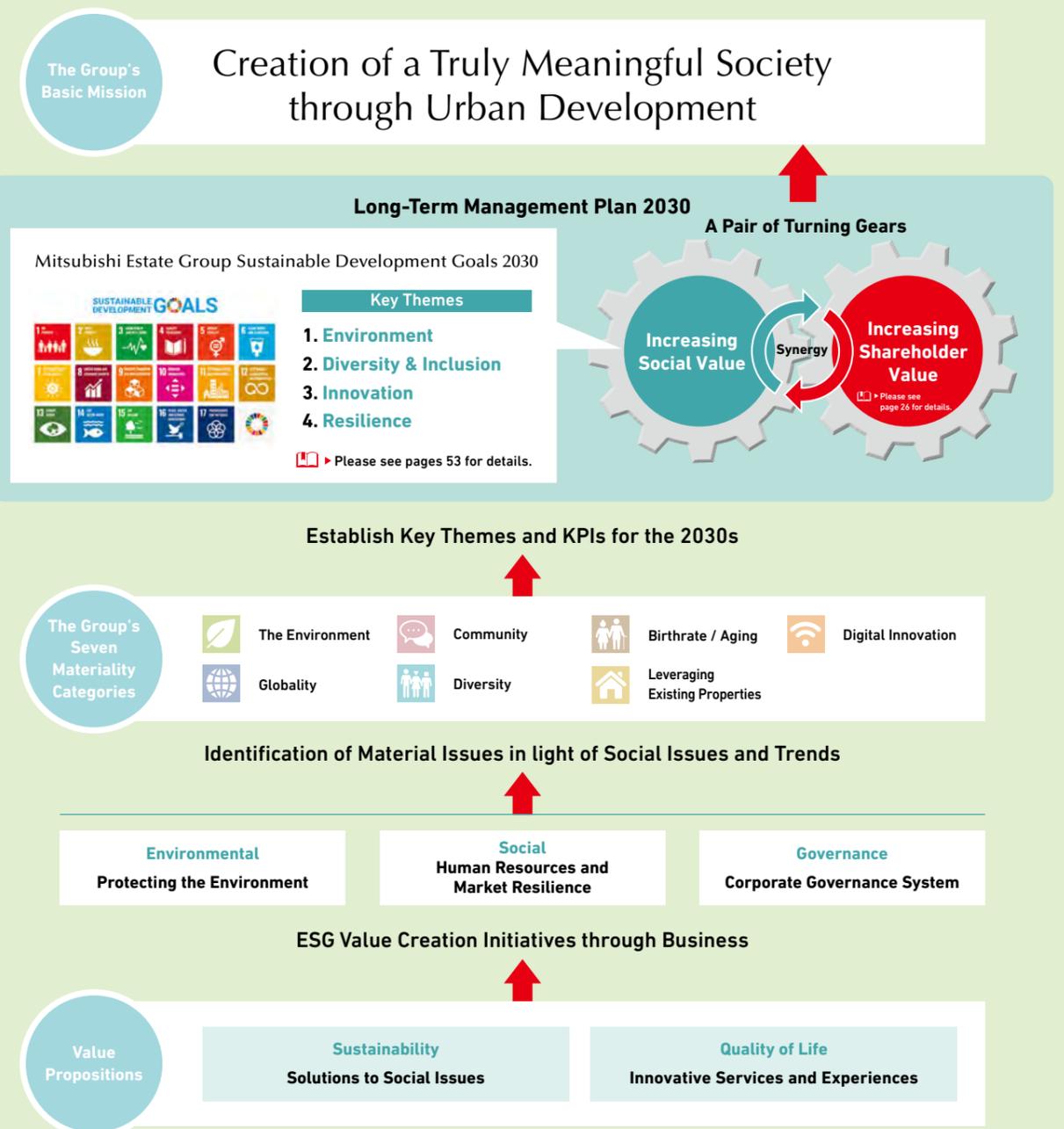
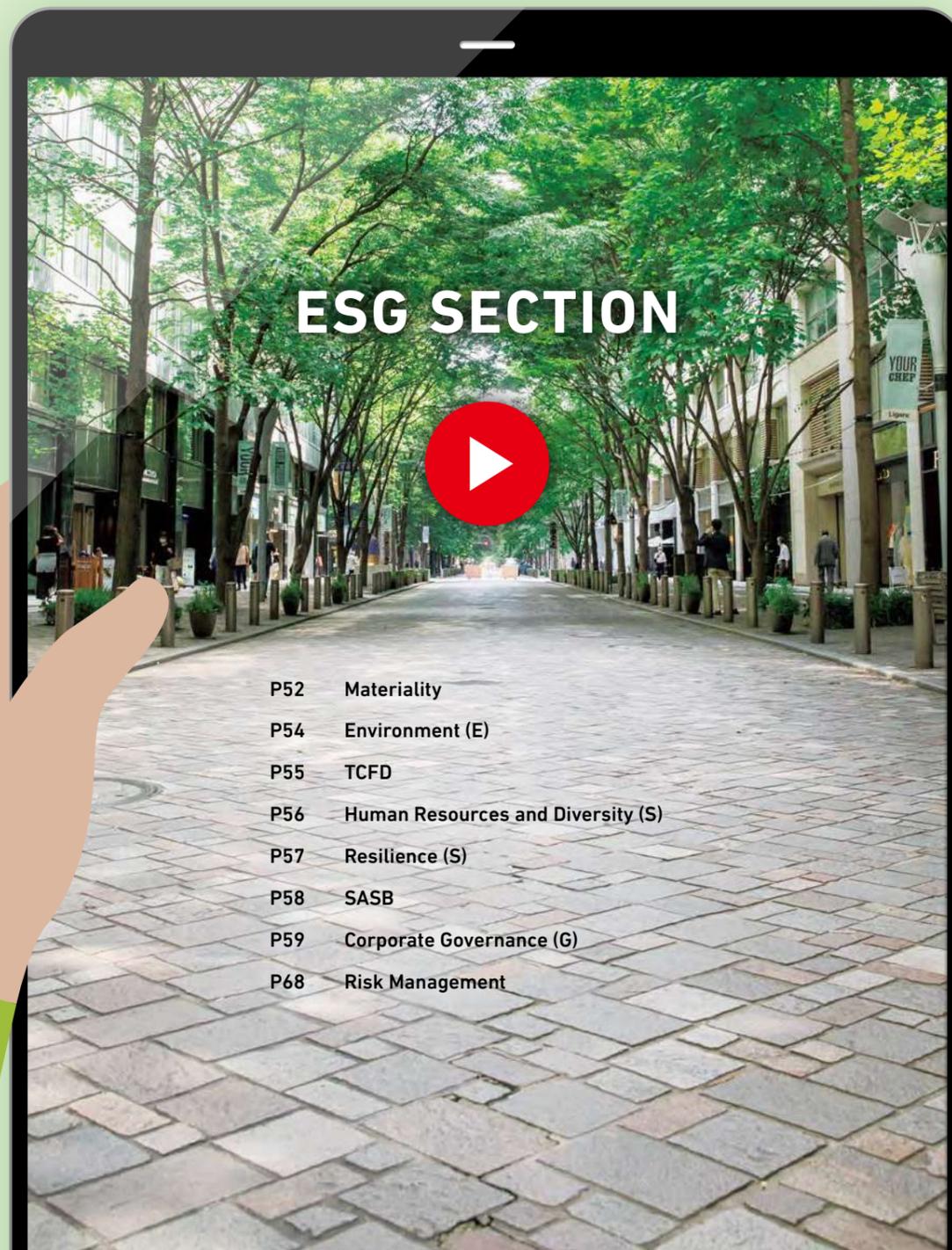
The basic mission of the Mitsubishi Estate Group is “to contribute to society through urban development.” Adopting a long-term view, the Group believes that it is of great importance to pursue business activities in harmony with society.

In light of the growing momentum in Japan and overseas behind ESG investment, as well as initiatives for the SDGs, we will aim to realize a sustainable society and enhance corporate value over the long term by conducting governance more rigorously than ever before while pursuing initiatives that pay close attention to society and the environment.

Overview of ESG Initiatives

For the Mitsubishi Estate Group, which declares its mission as “contributing to society through urban development,” advancing business activities in coexistence with society from a long-term perspective is of the utmost importance. As such, the promotion of ESG initiatives is crucial.

Among the strategies for increasing social value in Long-Term Management Plan 2030, the Group has established its Sustainable Development Goals 2030 as its vision to be achieved in that year. Through an ability to provide value capable of contributing to sustainability and quality of life that distinguishes us from our competitors, we will increase asset value and gain opportunities to offer services to end users. Doing so will heighten our competitiveness as a business and allow us to grow sustainably as a company.

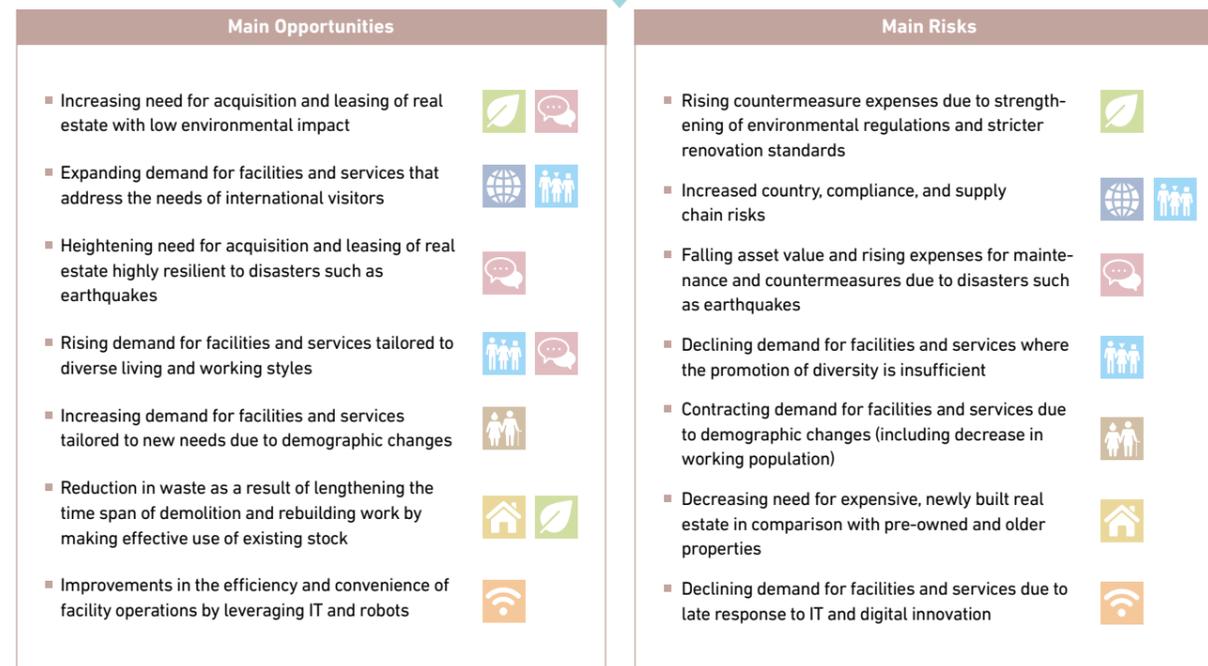
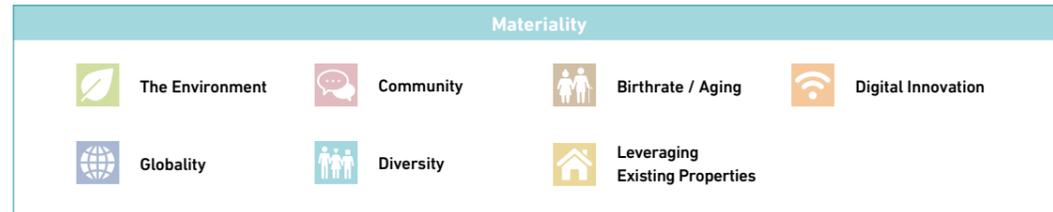


Materiality

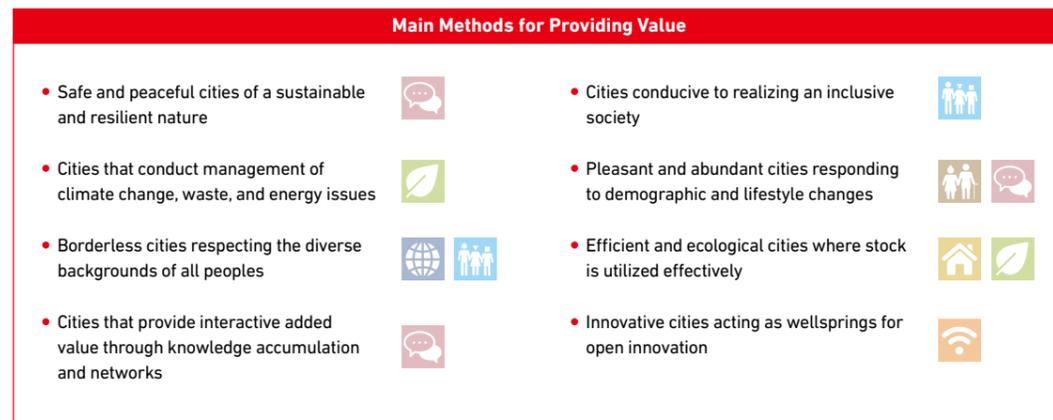
At meetings of the Groupwide working group in FY2019, 24 social issues and trends related to the Mitsubishi Estate Group's business activities were determined and materiality and related opportunities and risks were identified, by grouping those issues and trends into seven categories.

In addition, establishing targets for 2030 taking into account the aforementioned materiality, we will work to achieve the priority themes in Long-Term Management Plan 2030.

 Please refer to our website for detailed information on identifying materiality. Sustainability: <https://www.mec.co.jp/e/sustainability/materiality/process/>



 Please see our website for details on other opportunities and risks. <https://www.mec.co.jp/e/sustainability/materiality/opportunity-risk/>



2030 Targets Taking into Account Materiality

As part of our Long-Term Management Plan 2030, we formulated four sustainability themes for the Mitsubishi Estate Group to prioritize with an eye to 2030 as its Sustainable Development Goals 2030.

Beyond reaching the targets and action plans set out under these themes, we aim to surpass them by repeatedly refining our efforts, taking into consideration changes in the external environment, status of progress every fiscal year, and other factors.



Backcasting



Goals Formulated Based on the Seven Material Issues



Our Approach

We will conduct various measures designed to realize a carbon-free society, based on our Groupwide medium- to long-term greenhouse gas reduction targets (certified by the Science Based Targets* (SBT) initiative in April 2019) and on our becoming a signatory to RE100 (January 2020), an initiative for companies to use 100% renewable electricity in their business activities by 2050. In addition, we will endeavor to promote initiatives in recognizing that the reduction of waste, effective use of water and other resources, and consideration for biodiversity are important themes.

* Greenhouse gas emission reduction targets set by companies for five to 15 years into the future that are consistent with the standards demanded in the Paris Agreement

KPIs

	Targets	FY2019 results	FY2020 results	Scope
CO ₂ emissions (t-CO ₂)	35% reduction by 2030 and 87% reduction by 2050, compared with 2017 * 2017 Performance: 3,336,472t-CO ₂	3,588,345	4,038,584	Mitsubishi Estate Group*
Renewable energy rate (%)	25% by 2030, 100% by 2050	1.3%	1.1%	Mitsubishi Estate Group*
Waste recycling rate (%)	90% by 2030	45.5%	55.2%	Mitsubishi Estate Group*
Waste disposal (kg/m ²)	20% reduction compared with FY2020	11.1	7.1	Mitsubishi Estate Group*

* Group companies have been chosen to be included in the calculation based on control criteria. Properties for which the Group's ownership or share of beneficial interests in trust is less than 50% have been excluded from the scope of calculations.

 Please refer to our website for detailed information on other KPI and ESG data.
<https://www.mec.co.jp/e/sustainability/activities/esg-data/>

Signatory to RE100

On January 31, 2020, we signed up to RE100, a collaborative initiative committing signatory companies to using 100% renewable energy-derived electricity in their business activities by 2050. Based on this affiliation, the Group will promote sustainable urban development leveraging the use of renewable forms of energy.



Support for the TCFD's Recommendations

On February 3, 2020, Mitsubishi Estate announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD), which recommends that companies disclose climate-related risks and opportunities.  Please see page 55 for an overview of the Company's disclosure information.

* Established by the Financial Stability Board (FSB) in response to a request from the G20 to disclose climate change-related information and to consider measures financial institutions can take



Recent Initiatives Designed to Achieve the SBT and RE100

① Promoting the Use of Renewable Energy-Derived Electricity

On April 1, 2020, Mitsubishi Estate switched to renewable energy (wood biomass)-derived electricity in parts of the Marunouchi Building and Otemon Tower • ENEOS Building, which the Company operates and manages. Through this initiative, we expect to achieve a CO₂ emissions reduction of approximately 10,000 tons per year in total for the two buildings.



Marunouchi Building Otemon Tower • ENEOS Building

② Commencing the Use of Carbon-Neutral City Gas

In March 2020, Mitsubishi Estate commenced use of Japan's first carbon-neutral city gas at two of its office buildings in Chiyoda Ward, Tokyo. The gas in question is carbon-neutral liquefied natural gas (LNG) purchased by TOKYO GAS Co., Ltd., from the Shell Group, and CO₂ emissions generated in the processes from natural gas extraction through to combustion are offset by carbon credits held by the Shell Group.



Solid oxide fuel cell used in Marunouchi Building

Regarding the TCFD's Recommendations

In accordance with the TCFD's recommendations, we formulated two future scenarios, including the below -2°C scenario, and analyzed the future impact of climate change on our primary businesses (offices, retail facilities, and housing). As follows, we have disclosed an overview of the four themes of corporate governance, strategy, risk management, and metrics and targets set out under said recommendations, taking into consideration the analysis results. See below for details.

 Please refer to our website for detailed information on the TCFD. Information disclosure based on the TCFD's recommendations:
https://www.mec.co.jp/e/sustainability/management/external-initiative/pdf/TCFD_Recommendations.pdf

Corporate Governance

Important matters pertaining to sustainability, including climate change, are deliberated and reported on at meetings of the Sustainability Committee, chaired by the president & chief executive officer of the Company, with the chief sustainability officer (the executive officer in charge of the Sustainability Management and Promotion Department at the Company) as the deputy chair. The deliberations and reports of the committee are also reported to and supervised by the Board of Directors.

Strategy

In regard to climate change-related strategy, we have formulated two scenarios in accordance with the extent of the following global response to climate change. We have established a strategy in light of analysis of the impact on our businesses and identification of major risks and opportunities in each scenario.

Overview of Scenario Analysis Result / Major Impact / Approach and Strategy Going Forward

① 1.5°C–2°C Scenario (scenario in which the response to climate change makes progress due to the strengthening of government regulations and other policies)

- Scenario overview • Climate change measures make progress as government environmental regulations are strengthened.
- Major impact • Likelihood of a rise in the cost of construction materials, which are carbon intensive, associated with the introduction of a carbon tax.
• Likelihood of a decline in rents as vacancy rates rise for buildings without advanced environmental performance and leasing periods are extended. On the other hand, it is assumed that there would be an opportunity to maintain and increase competitiveness in the market by proactively carrying out additional investments.

② 4°C Scenario (scenario in which the response to climate change makes insufficient progress, global warming worsens, and natural disasters intensify and increase)

- Scenario overview • Natural disasters intensify and increase as the response to climate change makes insufficient progress.
- Major impact • Although there is a likelihood that costs due to temporary flood damage and other disasters would increase, the damage is not expected to be serious given the implementation of industry-leading measures at Company properties.

Approach and strategy going forward

In addition to switching existing electricity contracts, we are examining a variety of methods for procuring all kinds of renewable energy, including corporate power purchase agreements (PPAs) and green power certificates (including overseas certificates). Moreover, we are looking to leverage new technologies as we aim for further reductions in CO₂ emissions.

Risk Management

To achieve the targets set out in the Mitsubishi Estate Group's Sustainable Development Goals 2030, in managing climate change risks, we incorporate action plans into annual plans for each organization and function and have commenced monitoring and management of the status of their progress since FY2021 at meetings of the Sustainability Committee and the Board of Directors biannually.

Metrics and Targets

CO₂ Emissions	
Targets	35% reduction by 2030 and 87% reduction by 2050, compared with 2017
FY2020 result	4,038,584 t-CO ₂
Renewable Energy Rate	
Targets	2030: 25% 2050: 100%*
FY2020 result	1.1%

* Targets based on RE100 (signatory as of January 31, 2020)

Human Resources and Diversity (S)

Our Approach

Based on a recognition that employees are an important management resource for companies, the Mitsubishi Estate Group conducts a variety of measures aimed at human resource development and health maintenance and promotion. In promoting health and productivity management, we have issued a Health Management Declaration and aim to establish vibrant workplaces reflecting the Group's Code of Corporate Conduct.

Moreover, we have established a specific approach to respecting human rights in the Mitsubishi Estate Group Human Rights Policy and support and respect international norms on human rights, such as the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

KPIs

	Targets	FY2019 results	FY2020 results	Scope
Paid leave utilization	5% increase by FY2021 (FY2018 performance comparison: 66.0%)	72.9%	68.0%	Mitsubishi Estate
Rate of use of female employees taking childcare leave of absence	100% every year until 2030	100%	98.7%	Five Mitsubishi Estate Group companies*
Rate of use of male employees taking childcare leave of absence	100% by 2030	12.6%	17.1%	Five Mitsubishi Estate Group companies*
Rate of reinstatement to work after childcare/maternity leave	100% by 2030	96.7%	93.8%	Five Mitsubishi Estate Group companies*

* Mitsubishi Estate Co., Ltd., Mitsubishi Jisho Property Management Co., Ltd., Mitsubishi Estate Residence Co., Ltd., Mitsubishi Jisho Sekkei Inc., and Mitsubishi Real Estate Services Co., Ltd.

 Please refer to our website for detailed information on other KPI and ESG data. <https://www.mec.co.jp/e/sustainability/activities/esg-data/>

Initiatives Aimed at Realizing a Work-Life Balance and Flexible Workstyles

Mitsubishi Estate has introduced a variety of systems, such as flex-time for all employees, childcare and nursing care leave, and telecommuting, so that employees can choose a workstyle best suited to their individual situations. The Company also implements the "positive off movement" that encourages employees to take paid leave by having them set targets for the number of days they wish to take.

Moreover, based on the Act on Advancement of Measures to Support Raising Next-Generation Children, we are promoting a balance between employees' work and child-rearing responsibilities through the formulation of a General Employer Action Plan and the introduction of measures including childcare leave and a flex-time system.

Initiatives Aimed at Development of Human Resource and the Skills Thereof

We conduct a variety of training programs with the goal of promoting role awareness in accordance with stages of career growth and employee skills development. In addition, to develop global human resources, we have introduced a system to subsidize the cost of foreign language skills improvement measures for all employees and established a training program for employees to gain practical experience at overseas Group companies. We are also sending employees to study abroad and to business school.

Further, we launched a permission-based, second-job program* in January 2020. Additionally, in certain businesses, particularly new businesses, we decided to accept applications from human resources working second or concurrent jobs.

* Excluding at businesses where there is a conflict of interest with the Company, such as competitors. Maximum of 50 working hours per month

Initiatives Aimed at Health Management and Occupational Health and Safety

In order to maintain and promote employee health, the Company offers annual health checkups for all employees. We are aiming to increase the ratio of employees undergoing these checkups through measures that include sending individual notices with checkup information to those who have not taken the opportunity to undergo a checkup. We are also working on a variety of measures designed to manage the health of employees, such as having an occupational physician conduct interviews with any employee, including managers, who works more than 80 hours of overtime per month. In addition, we also provide a free breakfast to prevent employees from missing their morning meal.



Free breakfast

Human Rights Initiatives

Beginning in September 2018, we have been repeatedly examining human rights initiatives by holding the Construction and Real Estate Human Rights Study Group jointly with other real estate companies and construction companies. In light of the plundering of the land of native peoples and environmental destruction in the manufacturing process for the tropical wood that is used in Japan becoming a matters of concern, and after repeated examinations at the study group, we formulated a policy regarding wood procurement in FY2021, establishing a policy to use wood equivalent to that in the Sustainable Sourcing Code* (Certified Wood and Domestically Produced Wood) for formwork concrete panels used in the construction of offices and housing. The Group as a whole aims to increase its use ratio of such wood to 100% by FY2031.



Formwork concrete panels

* Defines standards and operational procedures for ensuring procurement with consideration for sustainability with respect to international agreements and codes of conduct in fields relevant to sustainability

Resilience (S)

Our Approach

Positioning "safety and security" as part of its corporate culture, the Mitsubishi Estate Group establishes at normal times preventive measures, division of responsibilities, drill plans, emergency measure plans for when disasters occur, and recovery measures.

In addition, we worked on the preparation of a business continuity plan and formulated the Mitsubishi Estate Business Continuity Plan Guidelines in October 2006. In December 2012, we formulated the Mitsubishi Estate Business Continuity Plan Documents and the Mitsubishi Estate Guide to Preparing a Business Continuity Plan Document following the Great East Japan Earthquake. In these ways, we are promoting resilient organizations and urban development.



Sheltering stranded commuters at the time of the Great East Japan Earthquake

KPIs

	Targets	FY2019 results	FY2020 results	Boundary
Ratio of employees with first aid provider qualifications	100% by 2030	64.0%	61.0%	Three Mitsubishi Estate Group companies ^{*1}
Ratio of buildings that are to shelter stranded commuters	—	92.3%	92.3%	New properties ^{*2} and large-scale properties ^{*3} in Japan

*1 Mitsubishi Estate Co., Ltd., Mitsubishi Jisho Property Management Co., Ltd., and Mitsubishi Jisho Retail Management Co., Ltd.

*2 Completed from 2008 onward

*3 Floor area of 100,000m² and above

 Please refer to our website for detailed information on other KPI and ESG data. <https://www.mec.co.jp/e/sustainability/activities/esg-data/>

Various Initiatives Aimed at Ensuring Safety

Since the Great Kanto Earthquake in 1923, the Company has been holding comprehensive emergency drills every year with the participation of all of its executives and employees, Group companies, local fire departments, medical institutions, and other entities. The drill in FY2020, the 93rd such drill, took place on August 30, 2019, with the participation of approximately 1,250 Group employees in addition to affiliated parties, and saw cutting-edge drills leveraging robots as well as drills for helping non-Japanese people at spaces for sheltering stranded commuters.

In terms of our system for managing safety, we have established the Safety Management Office within our Facility Management Planning Department to centrally manage activities and information at various sites. We have also created the Building Safety Design Guidelines, which independently set standards that are stricter than the Building Standards Act and other laws and regulations. We apply the guidelines from a building's design stage to preemptively avoid accidents and revise these as needed.



Drill for sheltering stranded commuters



Drill simulating the utilization of security robots in an emergency

Information Disclosure Based on SASB Standards

Preconditions

- We are classified as being in the Real Estate industry under the Infrastructure sector according to the Sustainable Industry Classification System (SICS®) of SASB. Therefore, we have disclosed the following information based on disclosure standards for this industry.
- The property subsectors are aligned with the 2018 GRESB Real Estate Assessment Reference Guide, as stipulated in the SASB standards.
- The scope of the following information covers only Mitsubishi Estate Co., Ltd. (not its Group companies), which is different from the coverage of the scope used for reporting under Science Based Targets and RE100.
- The following information has not been verified by a third party.

Sustainability Disclosure Topics and Accounting Metrics (FY2019)

<Energy Management>

	Unit of Measure	Code	Retail, High Street	Retail, Shopping Centers	Office	Healthcare	Parking (Indoors)	Other
Energy consumption data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area	IF-RE-130a.1	100	100	100	100	100	100
Total energy consumed by portfolio area with data coverage	GJ	IF-RE-130a.2	15,308	104,454	1,183,481	2,810	2,295	614
Percentage grid electricity	GJ	IF-RE-130a.2	0	0	0	0	0	0
Percentage renewable	%	IF-RE-130a.2	0	0	0.75	0	0	0
Like-for-like percentage change in energy consumption for the portfolio area with data coverage	%	IF-RE-130a.3	(4.91)	(0.70)	1.71	(14.12)	—	2.84
Percentage of eligible portfolio that has an energy rating	Percentage (%) by floor area	IF-RE-130a.4	0	0	0	0	0	0
Percentage of eligible portfolio that is certified to ENERGY STAR	Percentage (%) by floor area	IF-RE-130a.4	0	0	0.28	0	0	0
	Unit of Measure	Code	Contents					
Description of how building energy management considerations are reflected in property investment analysis and operational strategy	n/a	IF-RE-130a.5	On January 31, 2020, we joined RE100 and committed to switching to 100% renewable energy for the electricity we use by 2050. Based on this goal, we are going to consider how we can use renewable energy in many aspects of our business from diverse points of view. Also, we have a policy of working hard to obtain green building certifications, such as DBJ Green Building and CASBEE certifications.					

<Water Management>

	Unit of Measure	Code	Retail, High Street	Retail, Shopping Centers	Office	Healthcare	Parking (Indoors)	Other
Water withdrawal data coverage as a percentage of total floor area	Percentage (%) by floor area	IF-RE-140a.1	100	100	100	100	100	100
Water withdrawal data coverage as a percentage of floor area in regions with high or extremely high baseline water stress	Percentage (%) by floor area	IF-RE-140a.1	Not disclosed					
Total water withdrawn by portfolio area with data coverage	Thousand m ³	IF-RE-140a.2	57	533	2,552	16	7	4
Percentage in regions with high or extremely high baseline water stress	%	IF-RE-140a.2	Not disclosed					
Like-for-like percentage change in water withdrawn for portfolio area with data coverage	%	IF-RE-140a.3	5.25	(0.20)	(5.47)	(0.69)	(7.06)	(7.89)
	Unit of Measure	Code	Contents					
Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	IF-RE-140a.4	We purify rainwater and wastewater in a recycling system, after which the treated recycled water* is used to flush toilets inside the building. In order to drive the use of recycled water, we have set a KPI for taking the recycled water use rate to 100%, and this goal will continue until 2030. * Water reclaimed from used tap water and treated for recycling. It is used for flushing toilets, watering greenery, air-conditioning systems and other such facility water needs, as well as for cleaning, before being discharged into the sewage system.					

<Management of Tenant Sustainability Impacts>

	Unit of Measure	Code	Retail, High Street	Retail, Shopping Centers	Office	Healthcare	Parking (Indoors)	Other
Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	Percentage (%) by floor area	IF-RE-410a.1	Not disclosed					
Associated leased floor area, by property subsector	m ²	IF-RE-410a.1	Not disclosed					
Percentage of tenants that are separately metered or submetered for grid electricity consumption	Percentage (%) by floor area	IF-RE-410a.2	0	0	0	0	0	0
Percentage of tenants that are separately metered or submetered for water withdrawals	Percentage (%) by floor area	IF-RE-410a.2	Not disclosed					
	Unit of Measure	Code	Contents					
Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	n/a	IF-RE-410a.3	To drive energy-saving actions with our tenants, we created a guidebook that introduces examples of energy-saving methods to them, and we introduced green leases in the template of our contracts. Also, we hold yearly Global Warming Prevention Council meetings in collaboration with the tenants in each of our ISO 14001-certified buildings in the Tokyo Metropolitan area to explain GHG emission reductions, energy-saving actions, and to provide updates on the progress regarding these efforts, and so on.					

<Climate Change Adaptation>

	Unit of Measure	Code	Retail, High Street	Retail, Shopping Centers	Office	Healthcare	Parking (Indoors)	Other
Area of properties located in 100-year flood zones, by property subsector	m ²	IF-RE-450a.1	Not disclosed					
	Unit of Measure	Code	Contents					
Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	n/a	IF-RE-450a.2	Please refer to "I2 Strategy" in our "Information Disclosure Based on TCFD Recommendations" on our website. (URL: https://www.mec.co.jp/e/sustainability/management/external-initiative/pdf/TCFD_Recommendations.pdf)					

<Activity Metrics>

	Unit of Measure	Code	Retail, High Street	Retail, Shopping Centers	Office	Healthcare	Parking (Indoors)	Other
Number of assets, by property subsector	Number	IF-RE-000.A	3	8	49	2	1	1
Leasable floor area, by property subsector	m ²	IF-RE-000.B	52,378	607,603	4,717,870	11,657	21,430	3,387
Percentage of indirectly managed assets, by property subsector	Percentage (%) by floor area	IF-RE-000.C	0	0	0	100	0	0
Average occupancy rate, by property subsector	%	IF-RE-000.D	98.14	98.14	98.34	100	—	100

Message from the Chairman of the Board



Hirotaka Sugiyama

Chairman of the Board
Mitsubishi Estate Co., Ltd.

After the transition to the "Company with Nominating Committee, etc.," structure described in the Companies Act of Japan, Mitsubishi Estate has continued to strengthen its corporate governance system. Initiatives to this end have included introducing remuneration systems for directors—namely, the Restricted Stock Compensation System and a performance-based incentive plan (the "Phantom Stock Plan")—evaluating the effectiveness of the Board of Directors, and establishing the "Mitsubishi Estate Co., Ltd., Corporate Governance Guidelines." Since June 2019, following the example of the Remuneration Committee, the Nominating Committee now comprises entirely independent outside directors, while an independent outside director has been appointed as the chairperson of the Audit Committee. In these ways, we are pursuing initiatives designed to bolster the supervisory functions of the Board of Directors and various committees as well as promoting greater objectivity and transparency.

In May 2019, the Board of Directors decided not to renew the Company's countermeasure program regarding possible hostile takeover attempts. This decision was and remains an expression of our determination to have an effectively functioning governance system that continues to lead the industry as well as to realize and provide higher value through ongoing dialogue with capital markets. Furthermore, we have been conducting lively discussions on capital policy at Board of Directors' meetings. In FY2020, we executed share buybacks totaling approximately ¥100.0 billion.

Long-Term Management Plan 2030, which was enacted in FY2021, is a plan forged through a process of ongoing discussions by the Board of Directors spanning more than a year. Going forward, Mitsubishi Estate will practice management based on its strategies for increasing social value and shareholder value in order to sustainably provide value to all of its stakeholders over the long term.

Guided by the Company's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally friendly communities where people can live, work, and relax with contentment, the Board of Directors is committed to meeting the expectations of shareholders and investors by doing all it can to guide the Company in a way that takes into account future changes in society and the business environment.

October 2020

Hirotaka Sugiyama

Directors (As of June 26, 2020)

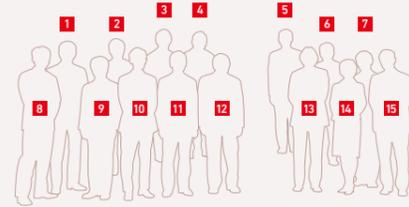


Please refer to "Notice of Convocation of the 121st Ordinary General Meeting of Shareholders" for information on the career histories of directors.
https://www.mec.co.jp/e/investor/stock/shareholder/pdf/shareholder121_e.pdf



(Back row, from left)
1 Shin Nagase **2** Junichi Tanisawa **3** Jo Kato **4** Shin Ebihara **5** Tetsuji Arimori
6 Iwao Taka **7** Toru Okusa

(Front row, from left)
8 Bunroku Naganuma **9** Hiroshi Katayama **10** Masaaki Shirakawa **11** Tsuyoshi Okamoto
12 Junichi Yoshida **13** Hirotaka Sugiyama **14** Setsuko Egami **15** Tetsuo Narukawa



Name
 Position
 Appointment year
 Number of shares held
 (As reported in FY2020 Financial Report, available only in Japanese)

Hirotaka Sugiyama

Chairman of the Board
 2007
 50 thousand shares

Hiroshi Katayama

Director
 2016
 29 thousand shares

Tsuyoshi Okamoto

Outside Director
 2019
 – shares

Shin Nagase

Outside Director
 2016
 – shares

Junichi Yoshida

Director
 2016
 56 thousand shares

Bunroku Naganuma

Director
 2019
 18 thousand shares

Shin Ebihara

Outside Director
 2015
 – shares

Setsuko Egami

Outside Director
 2015
 – shares

Junichi Tanisawa

Director
 2014
 40 thousand shares

Jo Kato

Director
 2011
 66 thousand shares

Tetsuo Narukawa

Outside Director
 2018
 – shares

Iwao Taka

Outside Director
 2016
 – shares

Tetsuji Arimori

Director
 2018
 31 thousand shares

Toru Okusa

Director
 2013
 30 thousand shares

Masaaki Shirakawa

Outside Director
 2016
 – shares

Corporate Executive Officers, Executive Officers, and Group Executive Officers

(As of June 26, 2020)



Junichi Yoshida
 Representative Corporate Executive Officer
 President & Chief Executive Officer



Junichi Tanisawa
 Representative Corporate Executive Officer
 Deputy President



Atsuo Kyono
 Representative Corporate Executive Officer
 Executive Vice President



Tetsuji Arimori
 Representative Corporate Executive Officer
 Executive Vice President



Hidemi Waki
 Representative Corporate Executive Officer
 Executive Vice President



Futoshi Chiba
 Representative Corporate Executive Officer
 Executive Vice President



Noboru Nishigai
 Representative Corporate Executive Officer
 Executive Vice President



Hiroshi Katayama
 Senior Executive Officer



Kenji Hosokane
 Senior Executive Officer



Keiji Takano
 Senior Executive Officer



Atsushi Nakajima
 Senior Executive Officer



Yuji Fujioka
 Senior Executive Officer



Bunroku Naganuma
 Senior Executive Officer



Toru Kimura
 Senior Executive Officer



Yutaro Yotsuzuka
 Senior Executive Officer



Tetsuo Yuasa
 Group Executive Officer



Hisashi Komada
 Group Executive Officer



Masaki Yamagishi
 Group Executive Officer



Masaharu Miyajima
 Group Executive Officer

Executive Officers Group Executive Officers

- | | |
|------------------------|--------------------------|
| Ikuo Ono | Tetsuo Yuasa |
| Takashi Kobari | Hisashi Komada |
| Toshiyuki Inoue | Masaki Yamagishi |
| Seijin Chino | Masaharu Miyajima |
| | Akinori Nakajo |
| | Akihiko Watanabe |
| | Tetsuya Okusa |
| | Nobuhiro Okumoto |
| | Naoki Umeda |
| | Ryozo Kawabata |
| | Shinya Mizumura |
| | Haruhiko Araki |
| | Masato Aikawa |

Characteristics of Corporate Governance System

Basic Policy

The Company aims to realize the enhancement of corporate value through a harmonious balance between corporate growth and the interests of its various stakeholders by following its brand slogan, "A Love for People. A Love for the City," based on its basic mission of "contributing to society through urban development." The Company shall position the development and promotion of its corporate governance system as one of the most important management issues in realizing this goal.

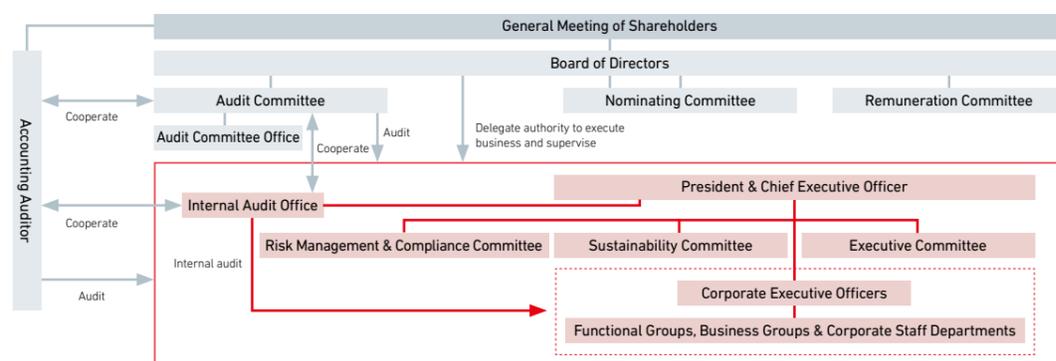
In developing and promoting our corporate governance system, to bring about greater clarity with regard to roles and the strengthening of functions in both the supervision of management and the execution of business while also fulfilling accountability to our shareholders and other stakeholders, the basic policy shall work to ensure the transparency and objectivity of management.

Evolution of Corporate Governance System

	2015	2016	2017	2018	2019
Organizational structure, outside directors	<ul style="list-style-type: none"> Change in outside directors (improvement of independence and gender diversity) 	<ul style="list-style-type: none"> Transition to "Company with Nominating Committee, etc." structure Increase in ratio of outside directors (7 of 15) 		<ul style="list-style-type: none"> Making of all committee members into non-executive directors Membership of Remuneration Committee comprising exclusively outside directors 	<ul style="list-style-type: none"> Change of chairperson of Audit Committee to outside director Membership of Nominating Committee composed completely of outside directors
Officer remuneration		<ul style="list-style-type: none"> Introduction of Restricted Stock Compensation System 		<ul style="list-style-type: none"> Introduction of performance-based incentive system (the "Phantom Stock Plan") 	
Other aspects of corporate governance			<ul style="list-style-type: none"> Commencement of evaluations of the effectiveness of the Board of Directors Establishment of the "Mitsubishi Estate Co., Ltd., Corporate Governance Guidelines" 		<ul style="list-style-type: none"> Introduction of the flexible capital policy based on market conditions (execution of share buybacks totaling approximately ¥100.0 billion) Decision not to renew the countermeasure program regarding possible hostile takeover attempts

System Structure

As a "Company with Nominating Committee, etc.," Mitsubishi Estate has established the Nominating Committee, the Audit Committee, and the Remuneration Committee, which are positioned under the Board of Directors and are membered by a majority of outside directors. These committees help promote high standards and ensure transparency of the decision-making process.

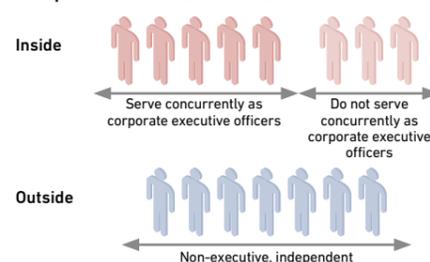


Board of Directors

The Board of Directors decides the basic policy of the Company's management, and it also carries out supervision of the execution of duties by directors and corporate executive officers. As of June 26, 2020, the Board of Directors consists of 15 directors, of whom seven are outside directors. The role of chairman of the Board of Directors is held by the chairman of the Board of the Company, who does not concurrently serve as a corporate executive officer.

The membership of the Board of Directors is appropriately balanced with members from a diverse range of backgrounds.

Composition of the Board of Directors



Nominating Committee, Audit Committee, and Remuneration Committee

	Nominating Committee	Audit Committee	Remuneration Committee
Committee Duties	<ul style="list-style-type: none"> Decision of the details of the proposals to the general meeting of shareholders related to the appointment and dismissal of directors 	<ul style="list-style-type: none"> Auditing and compilation of audit reports pertaining to the performance of duties by corporate executive officers and directors Decision of the details of the proposals to the general meeting of shareholders related to the appointment, dismissal, and non-reappointment of the accounting auditor 	<ul style="list-style-type: none"> Formulation of remuneration policies for corporate executive officers and directors Decision of remuneration amounts for individual corporate executive officers and directors
Committee Activities	<ul style="list-style-type: none"> Five meetings in FY2020 Determination of the details of director nomination proposals based on standards established for nominating director candidates formulated by the Nominating Committee Reports and deliberations with regard to the nomination of corporate executive officers prior to the resolution by the Board of Directors 	<ul style="list-style-type: none"> Fifteen meetings in FY2020 Performance of audits through coordination with the accounting auditor and internal audit divisions based on audit standards and plans Attendance at important meetings, review of important documents, and visits to internal divisions, branches, and subsidiaries by full-time members of the Audit Committee 	<ul style="list-style-type: none"> Six meetings in FY2020 Decision of individual remuneration amounts based on remuneration systems
Membership*	4 (4 outside)	5 (2 inside, 3 outside)	4 (4 outside)
Chairperson	Tsuyoshi Okamoto (Outside Director)	Tetsuo Narukawa (Outside Director)	Shin Ebihara (Outside Director)

* All three committees are composed solely of non-executive directors.

Attendance Rates of Outside Directors in FY2020 and Contributions Made

Name	Attendance at Meetings of the Board of Directors and Committees		Contributions Made
	Board of Directors	Committees	
Tsuyoshi Okamoto	Board of Directors	8/8	Tsuyoshi Okamoto poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his management experience at a comprehensive energy company.
	Remuneration Committee	5/5	
Shin Ebihara	Board of Directors	10/10	Shin Ebihara poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his wealth of international experience and knowledge gained through his extensive years as a diplomat.
	Remuneration Committee	5/5	
Tetsuo Narukawa	Board of Directors	10/10	Tetsuo Narukawa poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his international experience as well as management experience at financial institutions and real estate companies.
	Remuneration Committee	2/2	
Masaaki Shirakawa	Board of Directors	9/10	Masaaki Shirakawa poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his knowledge in finance and economics, among other fields, gained through his experience working at a central bank.
	Remuneration Committee	5/5	
Shin Nagase	Board of Directors	10/10	Shin Nagase poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his management experience at an airline company.
	Audit Committee	15/15	
Setsuko Egami	Board of Directors	10/10	Setsuko Egami poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging her abundant knowledge of corporate strategy, marketing strategy, and human resource development.
	Remuneration Committee	5/5	
Iwao Taka	Board of Directors	10/10	Iwao Taka poses pertinent questions and offers valuable advice from an objective viewpoint independent of management executives in charge of business affairs, by leveraging his extensive knowledge regarding business ethics and compliance, among other fields.
	Audit Committee	14/15	

Independence Standards for Independent Outside Directors

Candidates for the outside director position shall fulfill a duty of care as a prudent manager toward the Company; understand the Group's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work, and relax with contentment; apply their qualities and capabilities to contribute to enhancing medium-to long-term sustainable corporate value, as well as their experience and knowledge in specialized fields such as global business, finance, and risk management, in view of the Group's business characteristics, such as supporting urban development in the Marunouchi area; and have personality and knowledge enabling objective and fair judgments, based on the perspective that they shall contribute to the common interests of shareholders without bias toward the interest of any particular party of interest. However, as a general principle, candidates are not elected if the Tokyo Stock Exchange's standards for independence and the following independence standards for outside directors apply to them.

- (1) A shareholder or executive member of an entity holding voting rights exceeding 10% of total voting rights of the Company.
- (2) A transaction party or executive member of an entity whose transactional amounts in the most recent fiscal year have exceeded 2% of consolidated revenue from operations of the Company.
- (3) A representative employee, employee, or member of staff of the Company's accounting auditor.
- (4) An attorney, certified public accountant, tax accountant, consultant, or other party who has received compensation from the Company exceeding ¥10 million in the most recent fiscal year.

Evaluation of the Effectiveness of the Board of Directors

The Company regularly conducts self-evaluations of each director with regard to the operation of the Board of Directors and the contents of deliberations. The results of these evaluations shall be reported to the Board of Directors, and the Board of Directors analyzes and evaluates its effectiveness based on these self-evaluations and other information.

The process and results of the evaluation of the effectiveness of the Board of Directors conducted in FY2020 are as follows.

1. Process of Evaluation

(1) Method of Evaluation

All directors conducted self-evaluations in the form of a response to a questionnaire relating to the composition, operation, effectiveness, etc., of the Board of Directors and each of the Nominating, Audit, and Remuneration committees, and taking these results into consideration, they discussed the issues with each other and examined proposed corrective measures at Board of Directors' meetings.

(2) Items of Evaluation

Composition of the Board of Directors	Proportion of outside directors, number of members, and diversity
Operation of the Board of Directors	Frequency, required time, reports on execution of business by corporate executive officers, information provided outside of Board of Directors' meetings, questions and answers, training, etc.
Effectiveness of the Board of Directors	Management plan, monitoring of execution of business and risk management systems, dialogue with shareholders and investors, appointment and dismissal of key management personnel, successor training plan, remuneration paid to officers, operation of the Nominating, Audit, and Remuneration committees, etc.
Others	Method of the evaluation of the effectiveness of the Board of Directors, etc.

2. Results of Evaluation and Future Initiatives

(1) Main Items Improved Since the Previous Evaluation

Through a process of examination and discussion at Board of Directors' meetings, two points were identified.

- The outside directors received information on the current circumstances of the Company and sufficient time to hold discussions and exchange opinions in order to contribute to management plans reflecting the long-term vision and goals of the Company under Long-Term Management Plan 2030 that started in FY2021.
- Measures to further enhance discussions at Board of Directors' meetings were carried out. Steps were taken to continuously enable discussions at presentation meetings of the Company's business for outside directors and meetings composed mostly of outside directors, at which opinions can be exchanged.

(2) Main Issues and Future Initiatives Aimed at Further Improvements in Effectiveness

Through a process of examination and discussion at Board of Directors' meetings, the following points were identified.

- Initiatives aimed at further improving diversity of the Board of Directors are to be continuously implemented, with efforts mainly by the Nominating Committee.
- Appropriate monitoring is to be performed at Board of Directors' meetings concerning the progress status of Long-Term Management Plan 2030.

Remuneration

Total Remuneration Paid to Directors, Corporate Executive Officers, and Statutory Auditors in FY2020

Category	Total remuneration (Millions of yen)	Fixed remuneration (Millions of yen)	Performance-based remuneration (Millions of yen)	Recipients
Inside directors	260	260	—	3
Corporate executive officers	1,081	551	529	13
Outside directors	108	108	—	8

Board Policies and Procedures in Determining the Remuneration of Senior Management and Directors

(i) Procedures for Deciding Remuneration Paid to Officers

The policy concerning decisions on the details of remuneration paid to directors and corporate executive officers of the Company and the details of remuneration for each person shall be decided upon by a resolution at the Remuneration Committee, which comprises solely outside directors.

(ii) The Basic Policy for Deciding Remuneration for Officers

The basic policy for deciding remuneration for directors and corporate executive officers of the Company is as follows.

- The remuneration system shall be linked with our medium- to long-term performance targets, etc., aimed at in management strategies and Medium-term management plans and realize sustained corporate value improvement and the sharing of value with our shareholders.
- The remuneration system shall allow for the giving of incentives to management executives to encourage them to take on challenges and conduct appropriate risk-taking in line with the above strategies' targets and expectations of shareholders and other stakeholders.
- The remuneration system shall make it possible to fulfill high accountability for the benefit of our shareholders and other stakeholders through objective deliberations and judgments by the Remuneration Committee.

(iii) Remuneration Systems for Officers

The remuneration systems for directors and corporate executive officers shall be separately established in consideration of respective functions and roles to be fulfilled for the purpose of achieving sustained corporate value improvement. In addition, directors who concurrently serve as corporate executive officers shall be paid remuneration as corporate executive officers.

- Directors (excluding directors who concurrently serve as corporate executive officers)
In consideration of their function and role of supervising the performance of duties by corporate executive officers and directors, they shall receive, in principle, only basic remuneration in the form of cash, and the standards shall be decided upon individually taking into account factors such as their position and responsibilities as directors and whether they are full-time or part-time.
- Corporate executive officers
In consideration of their function and role of taking charge of business execution of the Company, their remuneration shall, in principle, comprise basic remuneration and variable remuneration. Variable remuneration comprises monetary compensation that is paid based on short-term performance, etc., and stock compensation, etc., (including monetary compensation paid based on indicators such as stock price) that is paid with a view to realizing the medium- to long-term sharing of value with shareholders. The standards and ratio of basic remuneration and variable remuneration, valuation indicators for variable remuneration, and other matters shall be decided upon taking into account medium- to long-term performance targets, etc., aimed at in management strategies and the current management plan and factors such as position and responsibilities as corporate executive officers.

Composition of the Remuneration of Corporate Executive Officers



Overview of Performance-Based Remuneration

Single-year, performance-based remuneration

- Form of remuneration: Cash
- Method of evaluating performance: Quantitative evaluation looking at the previous fiscal year's figures for consolidated operating income, EBITDA, ROA, ROE, and operating income from respective divisions; assessment of contributions to medium- to long-term performance; and qualitative evaluation examining ESG initiatives, etc.

Medium- to long-term performance-based remuneration (Restricted stock compensation)

- Form of remuneration: Shares
- Restricted stock period: Approximately three years

Medium- to long-term performance-based remuneration (Phantom stock)

- Form of remuneration: Cash
- Performance evaluation period: Approximately three years
- Method of evaluating performance: Evaluation based on the relative ranking of the Company's total shareholder return and the rate of change in common stock price among five 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.)

Shares Held for Strategic Purposes

The Company acquires and holds shares for other than purely investment purposes if it deems such shareholdings to be useful in facilitating the Group's business activities smoothly in cases such as when seeking to maintain or reinforce medium- to long-term transactional relationships or in procuring funds on a stable basis.

In regard to the holding of listed shares as investment shares for other than purely investment purposes, we examine the rationality of such holdings from the perspective of whether they are useful or not in facilitating the Group's business activities smoothly, focusing on such aspects as the background of the acquisition, record of transactions, status of cooperative and collaborative relationships, and level of dividend payouts. The findings of these examinations, as well as the number of reductions of such shares and the policy on reductions going forward, are reported to the Board of Directors at least once a year, and we are proceeding with sales in an appropriate manner.

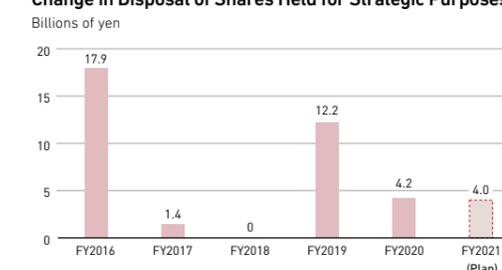
In addition, the Company has been conducting ongoing investments in venture businesses since FY2016 in its seven defined focus areas, which include real estate tech, AI and robotics, and renewable energy. Centered on the Innovation and Business Transformation Group, these efforts are aimed at heightening the value of existing businesses and expanding the Company's business domains through the utilization of technologies and coordination with external partners.

▶ Please refer to page 46 for details regarding the Innovation and Business Transformation Group.

Holdings of Shares Held for Strategic Purposes (Total for Listed and Non-Listed Companies)



Change in Disposal of Shares Held for Strategic Purposes



Please refer to our Corporate Governance Report for more information on our corporate governance system.
<https://www.mec.co.jp/e/investor/governance/materials/pdf/corp200713e.pdf>

Message from an Outside Director



Development of
Corporate Governance System
Compatible with Global Standards
in Conjunction with Expansion
of Business Domains

Shin Ebihara

Outside Director
(Member of the Nominating
Committee, Chairman of the
Remuneration Committee)

Enhancement of True Corporate Value through Two Reforms

Guided by its basic mission of “contributing to society through urban development,” the Mitsubishi Estate Group seeks to enhance true corporate value through a sophisticated balance of growth as a conglomerate and coexistence with its various stakeholders. The development and implementation of corporate governance systems is a top management priority toward realizing this goal. In my capacity as a director, I hope to help ensure that the Group continues to be a valuable entity a century from now. By “valuable,” I mean that the Group has significant meaning to all stakeholders, including shareholders, employees, and society as a whole. I believe that the Group will need to implement two reforms in order to accomplish this goal.

The first is corporate governance system reform. The Mitsubishi Estate Group is a comprehensive developer, which means that the scope of its operations, its mission, and its duty to society is constantly growing. Accordingly, the Group needs a corporate governance system with a variety of functions and capabilities in order to support its business activities. I became an outside director at the Company in 2015. Since then, I have seen the Company engage in various leading-edge governance reforms, including the transition to the “Company with Nominating Committee, etc.,” structure, the increase in the ratio of outside directors on the Board of Directors, and the appointment of outside directors as the chairs of each of its committees. I personally chair the Remuneration Committee. In this committee, we are working to create a remuneration system that helps officers better share value with shareholders and which promotes appropriate risk-taking. This system is based on the Company’s total shareholder return (TSR) ranking and entailed the introduction of a performance-based incentive plan. The evolution of the Group’s corporate governance and remuneration systems is proving to be a significant strength.

Business reform is the second needing implementation. Surviving in the volatile market will require that the Group reform its businesses and furnish flexible responses to change. Moreover, it is imperative for the Group to develop management strategies from a medium- to long-term perspective and further hone its strengths while diligently reforming its businesses in line with its strategies.

Growth Suited to the Group Achieved through Advancement of Long-Term Management Plan 2030

The management strategies based on a medium- to long-term perspective I just mentioned refer to the Medium-Term Management Plan, which concluded in FY2020, and its successor, Long-Term Management Plan 2030

(the “Long-Term Management Plan”). The Long-Term Management Plan was formulated based on the recognition that the three-year period of prior medium-term management plans was too short for effectively implementing the Group’s strategies. Accordingly, the Long-Term Management Plan covers 10 years. The period of a decade was chosen as it was deemed to be more ideal to the Mitsubishi Estate Group’s business model. This business model entails raising the value of facilities and areas from a long-term perspective not overly preoccupied with short-term targets. Such an approach has been taken to ensure that the Group can continue to achieve growth in a manner best suited to it by transforming the volatile changes in the social climate into opportunities and maintaining the support of customers, employees, and all other stakeholders. Moreover, the Long-Term Management Plan represents a declaration of the Group’s commitment to boldly seeking out growth in new fields, even as it advances numerous initiatives that require substantial amounts of time to reach successful conclusions.

Necessity of Enhancing ESG Initiatives to Improve Corporate Value

In the world of politics and diplomacy, it is important to branch out into new fields whenever possible while remaining rooted to one’s traditional foundations. The same could be said of the Mitsubishi Estate Group’s business strategies. The Group’s traditional business foundation is based in the Marunouchi area. It is therefore important for the Group to engage in new businesses after having evolved Marunouchi into a stronger and more unique business area. The Tokyo Tokiwabashi Project is one example of an undertaking that is congruent with this idea, whereas the Airport Business represents the Group’s aggressive expansion into new business fields.

Meanwhile, the Group is targeting the improvement of both shareholder and social value under its Long-Term Management Plan. This two-pronged goal is based on the recognition that growing while heightening corporate value in the coming social landscape will require the Group to enhance its environmental, social, and governance (ESG) initiatives, in order to remain a company that society deems as truly necessary. In terms of governance initiatives, the Group will need to facilitate the management decisions and supervisory functions necessary to improve corporate value from a longer-term, more social value-oriented perspective.

In other words, the Mitsubishi Estate Group must continue evolving to realize governance systems conducive to achieving growth from this long-term perspective.

Construction of Foundations for Ensuring Survival over the Next Century

The Long-Term Management Plan identifies the expansion of overseas businesses centered on Asia as one of its pillars of growth. This policy indicates the Group’s desire to contribute to urban development across the globe by leveraging the expertise it has accumulated through its various office building, residential housing, and commercial facility operations in the Marunouchi area and other parts of Japan. Advancing real estate development businesses overseas, however, will require the Group to find promising partners, achieve a deeper understanding of the countries and areas it seeks to explore, and create business models suited thereto. The Group already has experience engaging in joint business activities with local overseas partners. Accordingly, the Group will be looking to lead overseas projects while fully capitalizing on its accumulated expertise going forward.

In terms of governance, I think it can be said that the Group has made progress in developing a leading-edge system in Japan. However, as its business domains further globalize going forward, it will become increasingly important for the Group to evolve its corporate governance system to comply with global standards.

As a diplomat, I have wrestled with international issues for some 40 years, during which I have found myself living in the United States, Europe, and Asia. I hope to fully capitalize on the experience and insight I have gained abroad to contribute to the sustainable growth of the Mitsubishi Estate Group, so as to ensure that it can continue to survive over the next decade, nay, the next century.

My five years as an outside director at Mitsubishi Estate have shown me how spectacular a company it is. If I were to change anything, however, it would be to have the Company’s employees exercise the sense of ambition expressed in the saying “not enough is the beginning” as they aspire to grow the Company’s businesses.

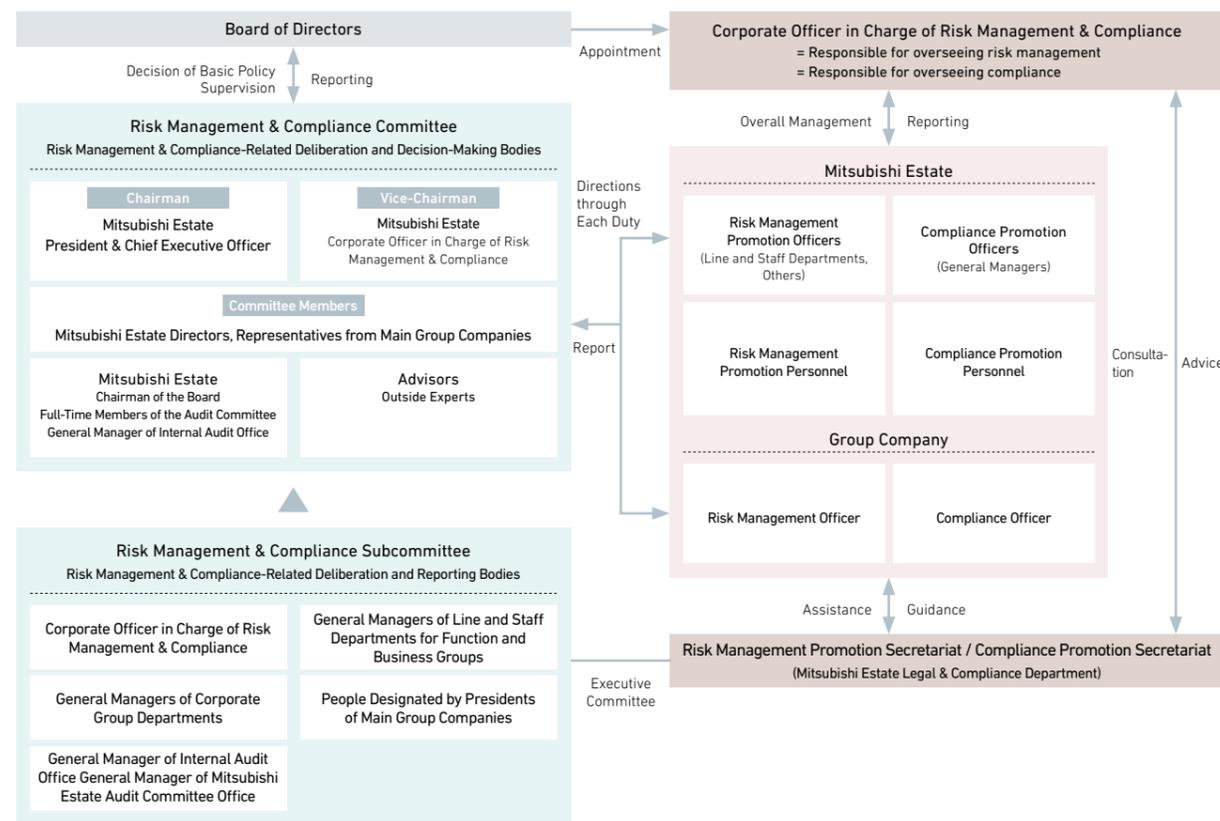
Risk Management

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Risk Management rules and has set up a risk management system to manage risks in all of its business activities. Mitsubishi Estate has also established the Risk Management & Compliance Committee to oversee the Group's risk management and formed the Risk Management & Compliance Subcommittee as a working-level consulting body responsible for such matters as the collection of risk management-related information. The corporate officer in charge of risk management is appointed by resolution of the Board of Directors to take responsibility for overseeing risk management, and general managers of each business group and general managers from Group departments have been designated as risk management officers. We promote risk management activities through the Mitsubishi Estate Legal & Compliance Department, which serves as the secretariat.

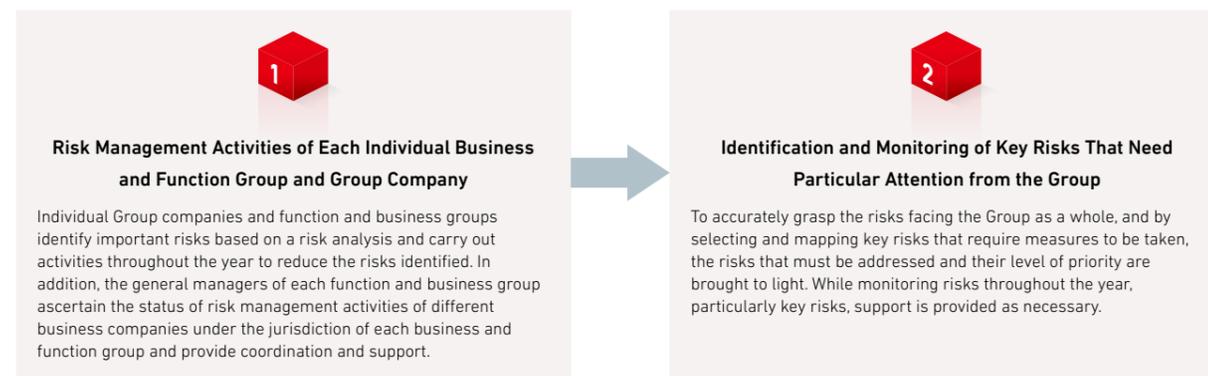
We have also established and implemented action guidelines, contact and initial response systems, and business continuity planning for use in times of crisis.

Risk Management and Compliance System

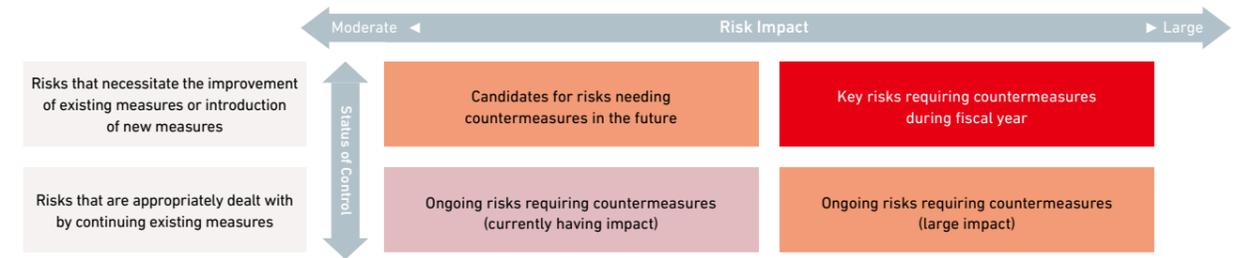
(As of April 2020)



Risk Management Activities



Risk Map



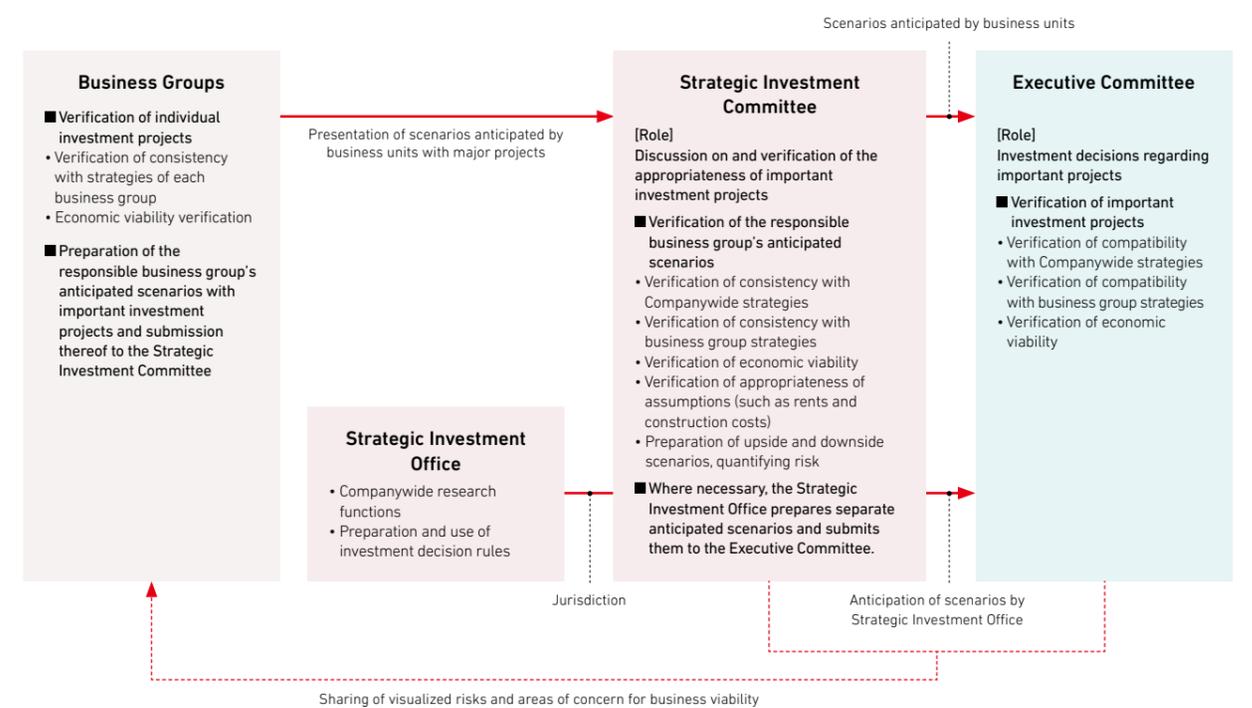
Risk Management Related to Investment Projects

Among the various risks recognized by the Mitsubishi Estate Group, risks related to investment projects are based on the assessment of business viability by Companywide research functions and under investment decision rules of the Strategic Investment Office. Prior to the deliberation of important investment projects by the Executive Committee, which is chaired by the president & CEO and is responsible for strategic planning for the entire Group and monitors the progress of each business toward realizing this strategy, the Strategic Investment Committee deliberates and evaluates profitability, the nature of risks and related countermeasures, and other matters. At each phase, risk assessments are also conducted from legal and financial aspects in order to grasp an overall picture of the risks.

Strategic Investment Committee

In its deliberations, in addition to assessing the economic viability of a given project using multiple indicators, the Strategic Investment Committee verifies the appropriateness of various aspect of premises, such as rents, unit selling prices, and construction costs. For risks, in particular, simulations of upside and downside scenarios are incorporated into investment decision rules. The difference between the scenario set by the responsible business group in charge of the project and the downside scenario is recognized as risk. The Strategic Investment Committee holds discussions on the acceptable limits of that risk.

Risk Evaluation Process for Individual Projects



Dealing with Major Risks

Below are some examples of risks that have come to light in the Mitsubishi Estate Group through risk management activities and various business activities and countermeasures that have been taken.

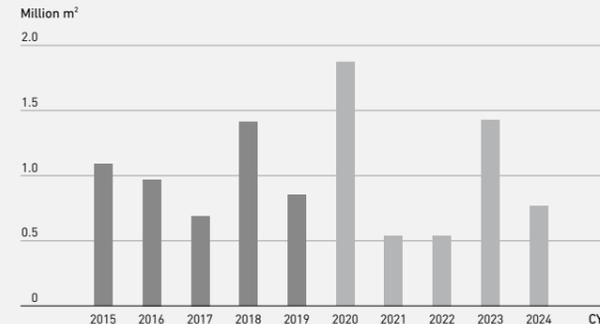
Risks of Information Security	<p>In light of society's growing concerns over the appropriate protection of personal information and information management, the Mitsubishi Estate Group comprehensively revised its rules related to information management in 2018 and updated its information management systems to ensure scrupulous management. We are aiming to further improve information management through continuous monitoring and supervision.</p> <p>Moreover, in order to raise the IT security level of the entire Group, we have positioned our DX (Digital Transformation) Promotion Department at the center of efforts to standardize the Group's IT systems and make it more secure. We are also enhancing collaboration among DX Promotion Department personnel and between the department and external security companies, thereby providing Groupwide support.</p>
Risks of Corruption	<p>The prevention of corruption is an important issue for our businesses both in Japan and overseas. To that end, we have established and announced the Mitsubishi Estate Group Anti-Corruption Guidelines and developed a system to prevent corruption across the organization. Under these guidelines, the Group has declared and put into practice several specific corruption prevention initiatives while thoroughly preventing any acts of bribery or acts that may be suspected as such. These initiatives include carrying out due diligence on counterparties deemed to meet certain conditions, incorporating corruption prohibition clauses into contracts, and establishing approval and reporting procedures for the provision of entertainment, gifts, and donations. In addition, we are seeking to gain a greater understanding of rules related to the prevention of corruption through training for directors and are also constantly monitoring this position.</p>
Risks of Natural and Man-Made Disasters, etc.	<p>The occurrence of such natural disasters as earthquakes, floods, or climate change or man-made disasters including accidents or fires may impact the performance, financial position, or other aspects of the Group's business. The Group is redeveloping its properties to install advanced disaster-management functions and has established disaster-response measures through area management.</p>
Risks of Fluctuations in Exchange Rates	<p>In addition to those held in Japan, the Group is developing and holding assets in the United States, Europe, and Asia, for which the book values and income are accounted for in local currencies. Consequently, any fluctuation in exchange rates would affect the yen conversion rate used for foreign currency-denominated assets and liabilities and business transactions. The Group minimizes these risks of fluctuations in interest rates using such methods as borrowing funds in local currencies when procuring assets overseas.</p>
Risks of Fluctuations in the Real Estate Market	<p>The real estate market is closely correlated with movement in the economy. Deterioration in the economy has a strong impact on declines in real estate prices and rental fees and the increase in vacancy rates. In view of this correlation, the basic policy of the Group is to conclude relatively long-term lease contracts with customers in its office building leasing business. The prospects of stable lease revenue mitigate to a certain degree the risk of sharp movements in the economy.</p>
Risks of Increases in Interest Rates	<p>The Group acquires funding for its operations by borrowing from financial institutions or issuing corporate bonds. The Bank of Japan (BOJ) has implemented a policy of quantitative and qualitative monetary easing in response to the credit crunch in financial markets and the slowdown in the global economy. Should interest rates rise, however, because of a change in the BOJ's policy or a deterioration in the demand-supply balance for Japanese government bonds (JGBs) caused by growth in the issuance of JGBs, it may negatively affect the performance, financial position, or other aspects of the Group's business.</p> <p>The Group hedges interest rate risk on a certain portion of its variable interest rate financing through interest rate swaps to convert its interest rate payments into fixed payments. In the future, the Group plans to manage its interest rate risk by procuring funds based on a consideration of its fixed and variable interest rate borrowings and its outstanding corporate bond balances.</p>

Risks Arising from the COVID-19 Pandemic

In FY2020, performance in the Mitsubishi Estate Group's hotel, commercial facility, and airport operations felt the impacts of the global COVID-19 pandemic during February and March 2020. Moreover, the pandemic threatens to adversely impact the Group's business activities and performance centered on these operations in FY2021. Based on the trends surrounding the pandemic, performance forecasts for FY2021 were set assuming that Japan's state of emergency declaration would be lifted by May 31, 2020, and that the operating environment of businesses would gradually recover by the end of September. In some businesses, the impact is expected to continue throughout the fiscal year. However, should it become clear that the anticipated recovery trend will not occur, due to factors such as the prolongation of the pandemic or intermittent waves of subsequent infections, and if it is judged that performance forecasts need to be revised, prompt notification will be issued.

Japan's Real Estate Market

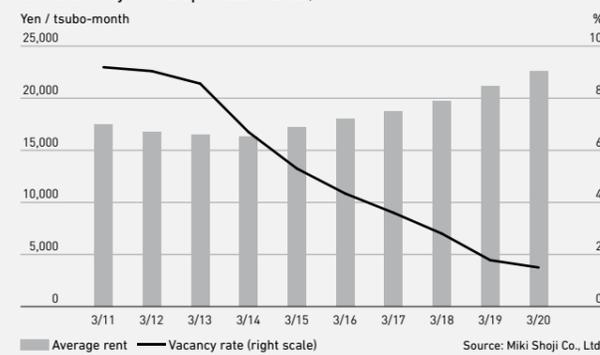
Supply of New Large-Scale Office Buildings* in the 23 Wards of Tokyo



In 2019, the supply of new large-scale office buildings in Tokyo's 23 wards by floor area decreased 40% year on year, to 850,000 m². Supply contracted briefly in 2019, but demand held firm as companies looked to expand office space and gather together functions handled by decentralized offices against a backdrop of strong corporate earnings. Supply volume in 2020 is expected to reach the second highest level since the start of surveys, but to be low in 2021 and 2022. The average for the next five years (2020 to 2024) is expected to be on a par with past performance levels.

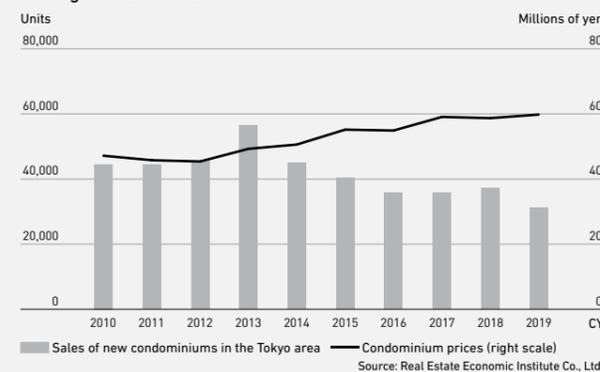
Note: The impacts of the global COVID-19 pandemic were estimated with consideration for certain assumptions based on performance forecasts, and the impact of the pandemic on estimates was judged to be minimal.

Office Building Market (Average Rents / Vacancy Rates in Five Central Tokyo Metropolitan Wards)



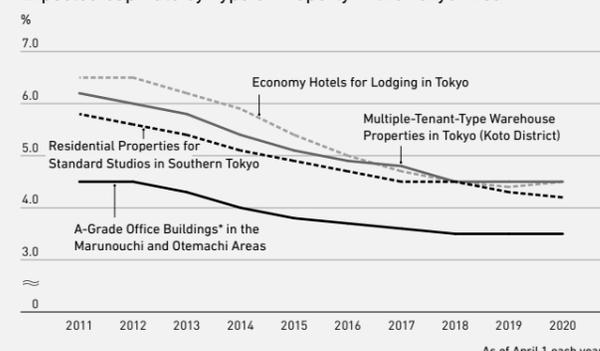
In the office building market, growth in demand for offices led to vacancy rates in the five central Tokyo metropolitan wards (Minato-ku, Chiyoda-ku, Chuo-ku, Shinjuku-ku, and Shibuya-ku) declining to 1.5%, the lowest level since December 1991. Average rents have also followed a steady positive trend as demand ran ahead of supply amid a growing sense of a shortage of vacancies.

Supply of New Condominiums in the Tokyo Metropolitan Area / Average Condominium Prices



In the housing market, the supply of condominiums in the Tokyo metropolitan area declined 16% year on year, to 31,238 units. Meanwhile, the average price of condominiums in the Tokyo metropolitan area rose 1.9% year on year, to ¥59.8 million, owing to an increase in the supply of high-end condominiums.

Expected Cap Rate by Type of Property in the Tokyo Area



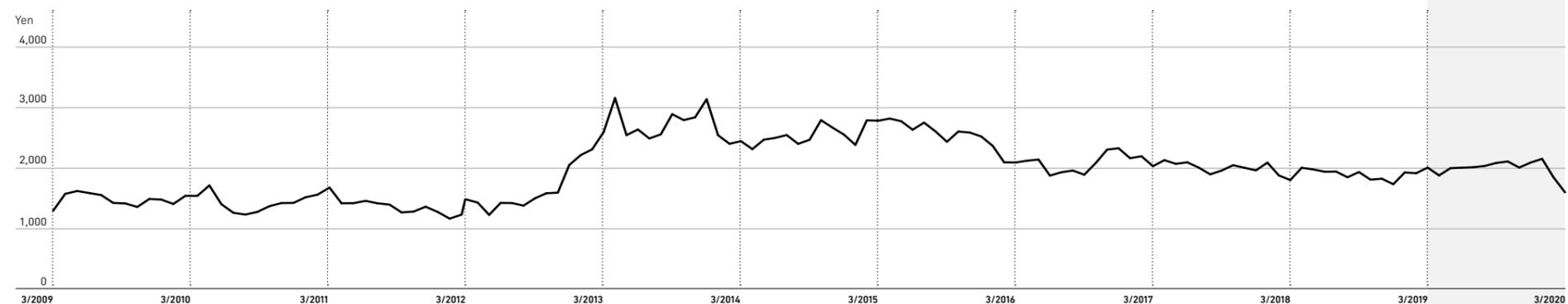
* Covers properties within five minutes' walk from the nearest station and with floor areas of at least 50,000 m². Source: Japan Real Estate Institute

Although the real estate market remained brisk due to such factors as the Bank of Japan's ongoing policy of monetary easing, an excessive decline in investment returns has led to concerns in some quarters that the real estate market may be overheating. The expected return (cap rate) was unchanged from the previous year for many classes of real estate and in many areas, with the cap rate for A-grade office buildings in the Marunouchi and Otemachi areas standing at 3.5% as of April 2020.

Eleven-Year Summary of Selected Financial Data (Consolidated)

	3/2010	3/2011	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019	3/2020
Financial Results (Millions of yen)											
Revenue from operations	¥1,013,415	¥ 988,447	¥1,013,069	¥ 927,157	¥1,075,285	¥1,110,259	¥1,009,408	¥1,125,405	¥1,194,049	¥1,263,283	¥1,302,196
Operating income	148,972	158,258	146,299	118,349	161,271	156,332	166,199	192,495	213,047	229,178	240,768
Ordinary income	117,381	130,830	120,665	92,381	139,638	133,113	144,851	169,851	190,506	206,587	219,572
Profit attributable to owners of parent	11,900	64,219	56,512	45,507	64,297	73,338	83,426	102,681	120,443	134,608	148,451
Financial Position (Millions of yen)											
Total assets	4,355,065	4,245,209	4,387,015	4,711,521	4,765,368	4,901,526	5,311,840	5,484,115	5,801,450	5,774,193	5,858,236
Total equity* ¹	1,183,156	1,202,270	1,256,791	1,239,547	1,329,057	1,495,838	1,509,680	1,592,777	1,698,348	1,770,643	1,734,462
Interest-bearing debt	1,762,111	1,639,050	1,716,890	2,085,417	1,973,042	1,929,355	2,291,038	2,396,994	2,481,675	2,319,597	2,429,883
Capital expenditures	114,085	76,332	282,171	208,135	159,677	177,331	275,316	275,372	289,570	285,089	331,857
Depreciation and amortization	73,926	70,628	67,465	73,364	74,805	72,696	74,245	75,974	77,545	80,336	84,941
Cash Flows (Millions of yen)											
Cash flows from operating activities	212,668	259,263	203,243	122,286	336,489	200,078	135,821	168,527	293,338	345,954	341,766
Cash flows from investing activities	(112,639)	(67,223)	(272,009)	(217,992)	(133,537)	(46,568)	(231,003)	(327,292)	(286,841)	(271,083)	(277,440)
Cash flows from financing activities	(106,852)	(140,269)	57,189	27,150	(177,514)	(189,109)	309,237	(4,921)	37,203	(192,473)	(28,886)
Cash and cash equivalents at the end of year	177,825	229,062	215,771	191,837	224,739	198,489	412,392	243,341	286,859	179,308	213,008
Per Share Amounts (Yen)											
Earnings	¥ 8.58	¥46.27	¥40.72	¥32.79	¥46.34	¥52.85	¥60.13	¥74.00	¥86.78	¥96.97	¥108.64
Cash dividends	12.00	12.00	12.00	12.00	12.00	14.00	16.00	20.00	26.00	30.00	33.00
Principal Financial Indicators											
Business profit* ² (Millions of yen)											¥240,998
EBITDA* ³ (Millions of yen)	¥230,730	¥237,109	¥222,885	¥200,587	¥246,332	¥239,934	¥252,034	¥279,718	¥302,424	¥320,641	¥336,784
ROA* ⁴	3.4%	3.7%	3.4%	2.6%	3.4%	3.2%	3.3%	3.6%	3.8%	4.0%	4.1%
Interest coverage ratio* ⁵ (Times)	5.2	6.6	6.5	5.0	7.5	7.7	8.5	8.7	9.5	10.1	11.3
ROE	1.0%	5.4%	4.6%	3.6%	5.0%	5.2%	5.6%	6.6%	7.3%	7.8%	8.5%
Payout ratio	139.9%	25.9%	29.5%	36.6%	25.9%	26.5%	26.6%	27.0%	30.0%	30.9%	30.4%
Stock Information											
Stock price* ⁶ (Yen)	¥1,530	¥1,407	¥1,476	¥2,596	¥2,446	¥2,787	¥2,090.5	¥2,030	¥1,798.5	¥2,005.5	¥1,595
Number of shares issued and outstanding (Thousands of shares)	1,390,397	1,390,397	1,390,397	1,390,397	1,390,397	1,390,397	1,390,397	1,390,685	1,390,908	1,391,038	1,391,174

Mitsubishi Estate's Stock Price Changes on the Tokyo Stock Exchange



Notes:

*¹ Total equity is calculated by deducting non-controlling interests and stock acquisition rights from total net assets.*² Business profit is calculated as operating income + equity in earnings of unconsolidated subsidiaries and affiliates.*³ EBITDA is calculated as the sum total of operating income, interest and dividend income, equity in earnings of unconsolidated subsidiaries and affiliates, depreciation and amortization, and goodwill.*⁴ Calculated as Operating Income ÷ Total Assets (Average of the amount at the beginning and end of the fiscal period) until FY2019, and Business Profit ÷ Total Assets (Average of the amount at the beginning and end of the fiscal period) in FY2020.*⁵ The interest coverage ratio (ICR) is calculated by dividing the sum total of operating income, interest and dividend income, and equity in earnings of unconsolidated subsidiaries and affiliates by the sum total of interest expenses and commercial paper interest.*⁶ As of the last trading day in March.

Financial Review

Matters Related to Rental Properties

Mitsubishi Estate and some of its consolidated subsidiaries own office buildings and retail facilities in Tokyo and other major cities in Japan as well as overseas, with the aim of obtaining rental revenue from these buildings and facilities. Because certain leased office buildings among these are used by the Company or some of its consolidated subsidiaries, the Company has classified such buildings as rental properties containing self-use space.

The following table shows the year-end amounts, changes in these amounts during the period under review, and the fair values of investment and rental properties and other real estate that includes portions used as investment and rental properties.

	Millions of yen	
	Fiscal year ended March 31, 2020 (April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2019 (April 1, 2018, to March 31, 2019)
Rental Properties		
Amounts recorded on the consolidated balance sheets		
Balance as of the beginning of the period	3,408,738	3,480,147
Increase (decrease) during the period	94,021	(71,408)
Balance as of the end of the period	3,502,759	3,408,738
Market value as of the end of the period	7,356,741	6,953,534
Unrealized gain	3,853,982	3,544,796

Rental Properties Containing Self-Use Space

	Millions of yen	
	Fiscal year ended March 31, 2020 (April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2019 (April 1, 2018, to March 31, 2019)
Rental Properties Containing Self-Use Space		
Amounts recorded on the consolidated balance sheets		
Balance as of the beginning of the period	633,983	480,436
Increase (decrease) during the period	(88,403)	153,547
Balance as of the end of the period	545,580	633,983
Market value as of the end of the period	914,103	987,600
Unrealized gain	368,523	353,616

Notes:
 1. The amounts included on the consolidated balance sheets presented in the table above are equal to the total acquisition prices for applicable properties or real estate less the aggregate amounts of depreciation and impairment loss for these properties or real estate.
 2. Fair values as of the end of each consolidated fiscal year are as follows:
 (1) The fair values of domestic properties and real estate have been calculated by Mitsubishi Estate, based mainly on the Japanese Real Estate Appraisal Standards.
 (2) The fair values of overseas properties and real estate have been calculated mostly by local appraisers.
 (3) The impacts of the COVID-19 pandemic were estimated with consideration for certain assumptions based on performance forecasts, and the impact of the COVID-19 pandemic on estimates was judged to be minimal.

The following table shows the profit and loss from rental properties and other real estate that includes portions used as investment and rental properties.

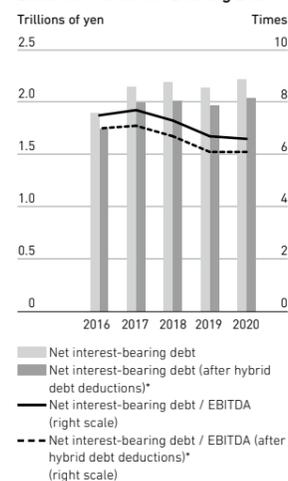
	Millions of yen	
	Fiscal year ended March 31, 2020 (April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2019 (April 1, 2018, to March 31, 2019)
Rental Properties		
Rental revenue	472,275	448,676
Rental costs	303,281	283,816
Difference	168,994	164,860
Other income (loss)	(21,246)	(7,917)

Rental Properties Containing Self-Use Space

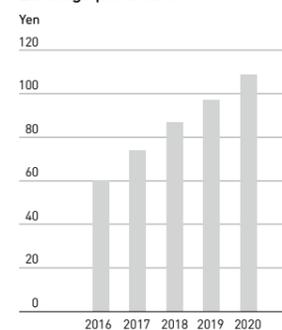
	Millions of yen	
	Fiscal year ended March 31, 2020 (April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2019 (April 1, 2018, to March 31, 2019)
Rental Properties Containing Self-Use Space		
Rental revenue	43,903	40,830
Rental costs	32,369	30,825
Difference	11,534	10,005
Other income (loss)	4,012	(406)

Note: Real estate that includes portions used as investment and rental properties has portions that are used by Mitsubishi Estate and some of its consolidated subsidiaries for the purpose of providing related services and conducting management of operations. Accordingly, rental revenue associated with these portions has been excluded. Costs associated with applicable properties and real estate, such as depreciation costs, building management costs, and taxes, have been included in rental costs.

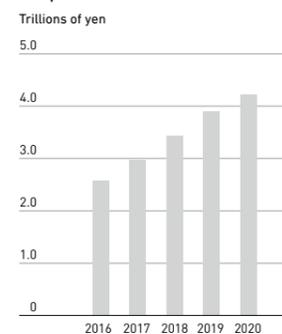
Balance of Interest-Bearing Debt



Earnings per Share



Unrealized Gain on Rental Properties



Years ended March 31

Status of Shareholdings

Stocks held for purposes other than pure investment, the number of shares, and their total value as of March 31, 2020, recorded on the balance sheet are as follows.

	Number of stocks	Total amount booked on balance sheet (¥ million)
Unlisted shares	92	9,099
Shares other than unlisted shares	64	175,510

Information on the number of shares for each company and amounts shown on the balance sheet for specific investment shares and deemed holdings of equity shares are as follows.

Specific Investment Shares

Company	Number of shares	Amount booked on balance sheet (¥ million)	Purpose of holding shares
Mitsubishi Corporation	13,088,457	29,992	1*
Japan Airport Terminal Co., Ltd	3,111,400	12,990	1*
AGC Inc.	4,540,606	12,073	1*
HEIWA REAL ESTATE CO., LTD.	4,274,100	11,963	5*
Mitsubishi UFJ Financial Group, Inc.	27,921,042	11,252	2*
Kirin Holdings Company, Limited	4,035,538	8,625	1*
Taisei Corporation	2,426,690	8,020	3*
Mitsubishi Logistics Corporation	3,665,554	7,998	4*
Mitsubishi Electric Corporation	5,577,294	7,445	1*
East Japan Railway Company	857,300	7,009	3*
Mitsubishi Heavy Industries, Ltd.	2,346,997	6,413	1*
Central Japan Railway Company	367,900	6,372	3*
TOYOTA MOTOR CORPORATION	598,462	3,890	1*
Mitsubishi Materials Corporation	1,739,700	3,853	1*
NIKON CORPORATION	3,510,000	3,502	4*
Shin-Etsu Chemical Co., Ltd.	308,212	3,307	1*
TOHO CO., LTD.	794,100	2,620	3*
SHIMIZU CORPORATION	2,738,650	2,314	3*
Obayashi Corporation	2,404,961	2,226	3*
Odakyu Electric Railway Co., Ltd.	901,000	2,137	3*
Mitsubishi UFJ Lease & Finance Company Limited	3,760,000	2,000	1*
Mitsubishi Research Institute, Inc.	598,500	1,969	4*
Mitsubishi Chemical Holdings Corporation	2,897,000	1,862	1*
Seino Holdings Co., Ltd.	1,275,900	1,496	5*
THE HACHIJUNI BANK, LTD.	3,441,500	1,345	7*
Nippon Suisan Kaisha, Ltd.	2,789,900	1,333	1*
Fukuoka Financial Group, Inc.	621,600	889	7*
Chiba Bank, Ltd.	1,852,000	875	7*

NOHMI BOSAI LTD.	345,000	690	3*
SHIMADZU CORPORATION	233,476	664	1*
T&D Holdings, Inc.	746,900	660	7*
RENAISSANCE INCORPORATED	637,500	641	6*
THE SHIZUOKA BANK, LTD.	886,750	582	7*
TOKAI CARBON CO., LTD.	588,250	524	1*
Mebuki Financial Group, Inc.	2,340,000	514	7*
MITSUBISHI GAS CHEMICAL COMPANY, INC.	431,405	507	1*
KUBOTA Corporation	359,000	495	4*
NIPPON EXPRESS CO., LTD.	89,483	473	4*
THE HYAKUGO BANK, LTD.	1,509,000	455	7*
Concordia Financial Group, Ltd.	1,186,500	373	7*
Tokyo Kaikan Co., Ltd.	131,140	370	3*
Matsuya Co., Ltd.	545,300	334	3*
The Chugoku Bank, Limited	343,000	330	7*
SHINAGAWA REFRACTORIES CO., LTD.	138,150	306	1*
JFE Holdings, Inc.	399,800	281	1*
P.S. Mitsubishi Construction Co., Ltd.	496,000	254	1*
Kodensha Co., Ltd.	58,500	239	3*
NANTO BANK, LTD.	50,440	112	7*
Nippon Yusen Kabushiki Kaisha	86,121	110	1*
GS Yuasa Corporation	73,670	107	1*
Mitsubishi Kakoki Kaisha, Ltd.	66,586	106	4*
Kyushu Financial Group, Inc.	256,410	105	7*
The 77 Bank, Ltd.	70,687	98	7*
Mitsubishi Steel Mfg. Co., Ltd.	112,472	89	4*
The Hokkoku Bank, Ltd.	26,500	89	7*
HOTEL NEW GRAND CO., LTD.	24,200	52	4*

1* To contribute to raising corporate value by maintaining and strengthening good relationships with tenants, principally in the Office Building Business
 2* To contribute to fund procurement and raising corporate value by maintaining and strengthening good relationships, principally in the Office Building Business
 3* To contribute to raising corporate value by maintaining and strengthening collaborative relationships, principally in the Office Building Business
 4* To contribute to raising corporate value by maintaining and strengthening good relationships in businesses across the entire Group
 5* To contribute to raising corporate value through business partnerships and joint businesses
 6* To contribute to raising corporate value by maintaining and strengthening collaborative relationships, principally in the Residential Business
 7* Principally to contribute to stable fund procurement

Deemed Holdings of Equity Securities

Company	Number of shares	Amount booked on balance sheet (¥ million)	Purpose of holding shares
Tokio Marine Holdings, Inc.	6,929,500	34,301	8*
Mitsubishi Electric Corporation	10,656,000	14,225	8*
Mitsubishi UFJ Financial Group, Inc.	4,306,400	1,735	8*
MITSUBISHI MOTORS CORPORATION	700,000	214	8*

8* To maintain authority to exercise voting rights
 Note: With regard to the largest stocks in terms of the amounts recorded on the balance sheet, specific investment shares and deemed holdings of equity securities for investment purposes are not included in aggregate totals.

Consolidated Balance Sheets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
March 31, 2020 and 2019

	Millions of yen		Thousands of
	2020	2019	U.S. dollars (Note 3)
Assets			
Current assets:			
Cash on hand and in banks (Notes 14 and 16)	¥ 207,896	¥ 176,814	\$ 1,910,288
Notes and accounts receivable—trade (Note 14)	50,340	62,603	462,561
Marketable securities (Notes 14 and 15)	7,657	6,767	70,360
Allowance for doubtful receivables	(294)	(218)	(2,706)
Inventories (Note 4)	329,305	361,455	3,025,867
Equity investments (Notes 14 and 15)	450,520	387,385	4,139,673
Other current assets	70,208	78,061	645,123
Total current assets	1,115,634	1,072,869	10,251,168
Investments and other assets:			
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 14)	50,024	18,351	459,655
Investment securities (Notes 14 and 15)	187,596	240,826	1,723,753
Asset for retirement benefits (Note 7)	21,336	23,935	196,055
Deferred income taxes (Note 8)	16,266	20,766	149,471
Other investments (Notes 5 and 14)	263,358	214,230	2,419,905
Total investments and other assets	538,582	518,110	4,948,841
Property and equipment (Note 6):			
Land	2,152,812	2,105,797	19,781,422
Land in trust	608,331	676,572	5,589,743
Buildings and structures	2,763,937	2,711,109	25,396,838
Machinery and equipment and other	152,076	143,884	1,397,377
Construction in progress	126,311	80,674	1,160,633
	5,803,470	5,718,038	53,326,015
Less accumulated depreciation	(1,696,217)	(1,629,953)	(15,585,937)
Property and equipment, net	4,107,252	4,088,084	37,740,078
Intangible	96,767	95,128	889,157
Total assets	¥ 5,858,236	¥ 5,774,193	\$ 53,829,245

	Millions of yen		Thousands of
	2020	2019	U.S. dollars (Note 3)
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Notes 6 and 14)	¥ 373,635	¥ 392,221	\$ 3,433,198
Notes and accounts payable—trade (Note 14)	66,368	57,967	609,836
Accrued income taxes (Note 8)	29,773	19,620	273,574
Advances and deposits	112,727	139,293	1,035,815
Accrued expenses and other current liabilities	81,497	79,840	748,848
Total current liabilities	664,001	688,942	6,101,274
Long-term liabilities:			
Long-term debt (Notes 6 and 14)	2,054,263	1,922,783	18,875,892
Lease deposits received (Note 14)	459,177	440,058	4,219,216
Liability for retirement benefits (Note 7)	26,919	26,573	247,352
Deferred income taxes (Note 8)	479,915	497,699	4,409,775
Negative goodwill	80,251	92,423	737,404
Other non-current liabilities	152,501	148,607	1,401,280
Total long-term liabilities	3,253,028	3,128,145	29,890,921
Total liabilities	3,917,030	3,817,088	35,992,195
Net assets:			
Shareholders' equity (Note 9):			
Common stock, without par value:			
Authorized – 1,980,000,000 shares;			
Issued – 1,391,174,263 shares in 2020 and 1,391,038,170 shares in 2019	142,147	142,023	1,306,146
Capital surplus	164,041	162,498	1,507,317
Retained earnings	962,840	858,581	8,847,194
Less treasury stock, at cost	(105,282)	(5,278)	(967,407)
Total shareholders' equity	1,163,746	1,157,824	10,693,251
Accumulated other comprehensive income:			
Unrealized holding gain on securities	79,527	115,452	730,750
Deferred gain (loss) on hedging instruments	(1,948)	(64)	(17,907)
Land revaluation reserve	526,623	526,623	4,838,954
Foreign currency translation adjustments	(29,321)	(30,144)	(269,428)
Retirement benefits liability adjustments (Note 7)	(4,163)	952	(38,260)
Total accumulated other comprehensive income	570,716	612,819	5,244,109
Stock acquisition rights	288	302	2,652
Non-controlling interests	206,454	186,159	1,897,037
Contingent liabilities (Note 12)			
Total net assets	1,941,206	1,957,105	17,837,050
Total liabilities and net assets	¥5,858,236	¥5,774,193	\$53,829,245

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Revenue from operations	¥1,302,196	¥1,263,283	\$11,965,415
Cost of revenue from operations (Note 4)	(967,036)	(940,976)	(8,885,750)
Selling, general and administrative expenses	(94,391)	(93,128)	(867,327)
Operating income	240,768	229,178	2,212,338
Other income (expenses):			
Interest and dividend income	8,178	7,581	75,147
Interest expenses	(22,100)	(23,503)	(203,073)
Equity in earnings of affiliates	229	263	2,109
Other, net (Note 13)	(3,127)	(2,580)	(28,733)
	(16,819)	(18,238)	(154,550)
Profit before income taxes	223,949	210,939	2,057,787
Income taxes (Note 8):			
Current	(54,626)	(46,441)	(501,944)
Deferred	(3,907)	(12,517)	(35,901)
	(58,533)	(58,958)	(537,846)
Profit	165,415	151,981	1,519,940
Profit attributable to:			
Non-controlling interests	(16,963)	(17,372)	(155,869)
Shareholders of Mitsubishi Estate Co., Ltd.	¥ 148,451	¥ 134,608	\$ 1,364,071

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Profit	¥165,415	¥151,981	\$1,519,940
Other comprehensive income (Note 22):			
Unrealized holding gain (loss) on securities	(35,924)	(6,337)	(330,147)
Deferred gain (loss) on hedging instruments	(2,039)	(384)	(18,737)
Foreign currency translation adjustments	1,054	(17,407)	9,686
Retirement benefits liability adjustments	(5,103)	839	(46,983)
Share of other comprehensive income of affiliates accounted for by the equity method	(382)	(913)	(3,513)
Total other comprehensive income (loss)	(42,400)	(24,202)	(389,606)
Comprehensive income (Note 22)	¥123,014	¥127,778	\$1,130,334
Total comprehensive income attributable to:			
Shareholders of Mitsubishi Estate Co., Ltd.	¥106,349	¥110,779	\$ 977,205
Non-controlling interests	¥ 16,665	¥ 16,998	\$ 153,129

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 and 2019

	Shareholders' equity				Accumulated other comprehensive income		
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedging instruments
Balance at April 1, 2018	¥141,898	¥161,819	¥763,277	¥ (5,294)	¥1,061,700	¥121,787	¥ 369
Changes in the year:							
Issuance of new shares	124	124			249		
Cash dividends paid			(37,477)		(37,477)		
Profit attributable to owners of parent			134,608		134,608		
Purchase of treasury stock				(18)	(18)		
Disposal of treasury stock			(8)	34	25		
Changes in the scope of consolidation			(1,818)		(1,818)		
Changes in equity related to transactions with non-controlling shareholders		553			553		
Net change in items other than those in shareholders' equity						(6,334)	(434)
Total of changes in the year	124	678	95,304	16	96,123	(6,334)	(434)
Balance at April 1, 2019	142,023	162,498	858,581	(5,278)	1,157,824	115,452	(64)
Changes in the year:							
Issuance of new shares	124	124			249		
Cash dividends paid			(44,112)		(44,112)		
Profit attributable to owners of parent			148,451		148,451		
Purchase of treasury stock				(100,020)	(100,020)		
Disposal of treasury stock			(2)	16	13		
Changes in the scope of consolidation			(78)		(78)		
Changes in equity related to transactions with non-controlling shareholders		1,418			1,418		
Net change in items other than those in shareholders' equity						(35,925)	(1,883)
Total of changes in the year	124	1,543	104,258	(100,004)	5,922	(35,925)	(1,883)
Balance at March 31, 2020	¥142,147	¥164,041	¥962,840	¥(105,282)	¥1,163,746	¥ 79,527	¥(1,948)

	Millions of yen						
	Land revaluation reserve	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 7)	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2018	¥526,623	¥(12,227)	¥ 95	¥636,648	¥326	¥180,412	¥1,879,088
Changes in the year:							
Issuance of new shares							249
Cash dividends paid							(37,477)
Profit attributable to owners of parent							134,608
Purchase of treasury stock							(18)
Disposal of treasury stock							25
Changes in the scope of consolidation							(1,818)
Changes in equity related to transactions with non-controlling shareholders							553
Net change in items other than those in shareholders' equity		(17,916)	856	(23,829)	(24)	5,746	(18,106)
Total of changes in the year		(17,916)	856	(23,829)	(24)	5,746	78,017
Balance at April 1, 2019	526,623	(30,144)	952	612,819	302	186,159	1,957,105
Changes in the year:							
Issuance of new shares							249
Cash dividends paid							(44,112)
Profit attributable to owners of parent							148,451
Purchase of treasury stock							(100,020)
Disposal of treasury stock							13
Changes in the scope of consolidation							(78)
Changes in equity related to transactions with non-controlling shareholders							1,418
Net change in items other than those in shareholders' equity		822	(5,116)	(42,102)	(13)	20,294	(21,821)
Total of changes in the year		822	(5,116)	(42,102)	(13)	20,294	(15,898)
Balance at March 31, 2020	¥526,623	¥(29,321)	¥(4,163)	¥570,716	¥288	¥206,454	¥1,941,206

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets (continued)

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 and 2019

	Thousands of U.S.dollars (Note 3)						
	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedging instruments
Balance at April 1, 2018	\$1,303,854	\$1,486,904	\$7,013,482	\$(48,652)	\$9,755,587	\$1,119,058	\$3,399
Changes in the year:							
Issuance of new shares	1,146	1,146			2,292		
Cash dividends paid			(344,371)		(344,371)		
Profit attributable to owners of parent			1,236,873		1,236,873		
Purchase of treasury stock				(165)	(165)		
Disposal of treasury stock			(80)	317	237		
Changes in the scope of consolidation			(16,706)		(16,706)		
Changes in equity related to transactions with non-controlling shareholders		5,086			5,086		
Net change in items other than those in shareholders' equity						(58,204)	(3,995)
Total of changes in the year	1,146	6,232	875,715	152	883,246	(58,204)	(3,995)
Balance at April 1, 2019	1,305,000	1,493,137	7,889,197	(48,500)	10,638,834	1,060,853	(595)
Changes in the year:							
Issuance of new shares	1,146	1,145			2,292		
Cash dividends paid			(405,335)		(405,335)		
Profit attributable to owners of parent			1,364,071		1,364,071		
Purchase of treasury stock				(919,054)	(919,054)		
Disposal of treasury stock			(20)	147	127		
Changes in the scope of consolidation			(718)		(718)		
Changes in equity related to transactions with non-controlling shareholders		13,034			13,034		
Net change in items other than those in shareholders' equity						(330,102)	(17,311)
Total of changes in the year	1,146	14,180	957,997	(918,907)	54,417	(330,102)	(17,311)
Balance at March 31, 2020	\$1,306,146	\$1,507,317	\$8,847,194	\$(967,407)	\$10,693,251	\$730,750	\$(17,907)

	Thousands of U.S.dollars (Note 3)							
	Land revaluation reserve	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
		Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 7)	Total accumulated other comprehensive income				
Balance at April 1, 2018	\$4,838,954	\$(112,356)	\$ 878	\$5,849,933	\$2,997	\$1,657,749	\$17,266,268	
Changes in the year:								
Issuance of new shares							2,292	
Cash dividends paid							(344,371)	
Profit attributable to owners of parent							1,236,873	
Purchase of treasury stock							(165)	
Disposal of treasury stock							237	
Changes in the scope of consolidation							(16,706)	
Changes in equity related to transactions with non-controlling shareholders							5,086	
Net change in items other than those in shareholders' equity		(164,630)	7,872	(218,957)	(222)	52,804	(166,375)	
Total of changes in the year	—	(164,630)	7,872	(218,957)	(222)	52,804	716,871	
Balance at April 1, 2019	4,838,954	(276,986)	8,750	5,630,975	2,775	1,710,554	17,983,139	
Changes in the year:								
Issuance of new shares							2,292	
Cash dividends paid							(405,335)	
Profit attributable to owners of parent							1,364,071	
Purchase of treasury stock							(919,054)	
Disposal of treasury stock							127	
Changes in the scope of consolidation							(718)	
Changes in equity related to transactions with non-controlling shareholders							13,034	
Net change in items other than those in shareholders' equity		7,558	(47,010)	(386,866)	(123)	186,482	(200,506)	
Total of changes in the year	—	7,558	(47,010)	(386,866)	(123)	186,482	(146,089)	
Balance at March 31, 2020	\$4,838,954	\$(269,428)	\$(38,260)	\$5,244,109	\$2,652	\$1,897,037	\$17,837,050	

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Cash flows from operating activities			
Profit before income taxes	¥ 223,949	¥ 210,939	\$ 2,057,787
Depreciation and amortization	84,941	80,336	780,496
(Gain) loss on sales or disposal of property and equipment	4,064	5,551	37,345
(Gain) loss on sales of securities	(1,690)	(6,072)	(15,534)
Valuation loss on equity investments	2,344	561	21,545
Impairment loss	10,844	—	99,645
Equity in earnings of affiliates	(229)	(263)	(2,109)
Increase (decrease) in allowances	12	(1,170)	110
Increase (decrease) in liability for retirement benefits	(4,334)	(3,227)	(39,826)
Interest and dividend income	(8,178)	(7,581)	(75,147)
Interest expense	22,100	23,503	203,073
(Increase) decrease in notes and accounts receivable	15,166	(16,174)	139,359
(Increase) decrease in inventories	148,161	132,337	1,361,403
(Increase) decrease in equity investments	(43,217)	(9,124)	(397,107)
Increase (decrease) in notes and accounts payable	11,006	(7,379)	101,134
Increase (decrease) in lease deposits received	19,200	25,599	176,422
Other	(82,687)	(12,144)	(759,790)
Subtotal	401,453	415,690	3,688,809
Interest and dividends received	8,189	7,688	75,253
Interest paid	(22,239)	(23,606)	(204,348)
Income taxes paid	(45,636)	(53,817)	(419,339)
Net cash provided by operating activities	341,766	345,954	3,140,374
Cash flows from investing activities			
Proceeds from sales of marketable securities	5,749	10,258	52,826
Purchases of marketable securities	(4,076)	(3,236)	(37,461)
Proceeds from sales of property and equipment	105,810	4,732	972,253
Purchases of property and equipment	(331,722)	(283,307)	(3,048,078)
Proceeds from sales of investment securities	5,275	13,871	48,471
Purchases of investment securities	(36,565)	(8,258)	(335,984)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	16,738	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 16)	—	(9,319)	—
Payments for merger	—	(1,580)	—
Other	(21,910)	(10,980)	(201,326)
Net cash used in investing activities	(277,440)	(271,083)	(2,549,299)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	29,196	(73,021)	268,272
Net increase (decrease) in commercial paper	50,000	—	459,432
Increase in long-term borrowings	249,967	139,325	2,296,860
Repayment of long-term borrowings	(230,736)	(163,776)	(2,120,151)
Proceeds from issuance of corporate bonds	92,815	21,185	852,848
Repayment of corporate bonds	(75,000)	(66,162)	(689,148)
Purchase of investments in subsidiaries that do not result in change in scope of consolidation	(350)	(502)	(3,216)
Net (increase) decrease in treasury stock	(100,024)	(16)	(919,093)
Cash dividends paid	(44,103)	(37,761)	(405,250)
Other	(651)	(11,743)	(5,984)
Net cash used in financing activities	(28,886)	(192,473)	(265,430)
Effect of exchange rate changes on cash and cash equivalents	(1,626)	(1,796)	(14,949)
Net increase (decrease) in cash and cash equivalents	33,813	(119,398)	310,695
Cash and cash equivalents at beginning of year	179,308	286,859	1,647,602
Increase in cash and cash equivalents arising from newly consolidated subsidiaries	—	13,903	—
Cash and cash equivalents of subsidiaries excluded from consolidation	(113)	(2,055)	(1,042)
Cash and cash equivalents at end of year (Note 16)	¥ 213,008	¥ 179,308	\$ 1,957,256

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 and 20119

1 Significant Accounting Policies

a. Basis of preparation

The accompanying consolidated financial statements of Mitsubishi Estate Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The notes to the consolidated financial statements include information which may not be required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been rounded off.

As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

b. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries that it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation.

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The actual results could differ from those estimates.

d. Foreign currency translation

Current and non-current monetary accounts denominated in foreign currencies are translated into yen at the current rates.

The revenue and expense accounts of the foreign consolidated subsidiaries are translated using the average rate during the year. Except for shareholders' equity, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

e. Cash equivalents

The Company and its consolidated subsidiaries consider all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less to be cash equivalents. Reconciliation between cash in the balance sheets and cash equivalents at March 31, 2020 and 2019 is presented in Note 16.

f. Marketable securities and investment securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

g. Inventories

Inventories are mainly stated at cost, determined by the identified cost method. Net book value of inventories in the consolidated balance sheets is written down when their net realizable values decline.

h. Property and equipment, depreciation and impairment

Property and equipment, except for land as discussed below, is stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is calculated principally by the declining-balance method based on the estimated useful lives and the residual value determined by the Company, except for certain buildings of the Company and domestic consolidated subsidiaries acquired on or after April 1, 1998 and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016, which are depreciated by the straight-line method. Property and equipment of foreign subsidiaries on which depreciation is calculated by the straight-line method at rates determined based on the estimated useful lives of the respective assets. The Company and its consolidated subsidiaries have capitalized the costs incurred for significant renewals and additions; however, costs for maintenance and repairs are charged to income.

As of March 31, 2002, the Company revalued its land at fair value, pursuant to Article 2 of the "Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land" and its amendments. The related unrealized gain, net of applicable income taxes, has been recorded as "Land revaluation reserve" in net assets.

The Company and its consolidated subsidiaries review their property and equipment (including land) for impairment whenever events or changes in its business circumstances indicate that the carrying amount of the assets may not be fully recoverable. They perform cash flow analyses to determine if impairment exists. If impairment is determined to exist, any related loss on impairment is calculated based on the cash flow analyses.

The useful lives of property and equipment are summarized as follows:

Buildings and structures	2 to 75 years
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i. Intangible

Intangible primarily consist of goodwill and land use rights. Goodwill is stated on the basis of cost and is being amortized over a period of 5 years or an estimated economical period on a straight-line basis. A loss is recognized if the fair value falls below the carrying amount. Land use rights are stated on a cost basis.

j. Retirement benefits

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date.

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (mainly 1 year through 15 years), which are shorter than the average remaining years of service of employees.

Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.

Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 1 year through 10 years), which are shorter than the average remaining years of service of the employees.

k. Income taxes

Deferred tax assets and liabilities are determined based on the financial statements and the tax bases of assets and liabilities, using the enacted tax rates in effect for the year in which the temporary differences are expected to reverse. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carry forwards. Valuation allowances are established to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

l. Derivative financial instruments

The Company and certain of its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps) and foreign exchange rates (currency swaps), but do not enter into such transactions for speculative or trading purposes.

Derivative financial instruments are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or liability.

m. Revenue recognition

The consolidated statements of income reflect revenue from operations in the following manner:

- Revenue from the leasing of office space is recognized as rent accrued over the leasing period.
- Revenue from sales of condominiums, residential houses and land is recognized when the units are delivered and accepted by the customers. Revenue from consignment commissions for residential sales earned by the real estate service business segment is recognized at the time of contract conclusion for services provided up to the conclusion and at the time of ownership transfer for services provided up to the transfer.
- Revenue from real estate brokerage is recognized when an underlying lease agreement goes into force or the underlying units are delivered.
- Revenue of construction contracts, of which the percentage of completion can be reliably estimated, is recognized by the percentage-of-completion method. The percentage-of-completion method is calculated at the cost incurred by the end of the consolidated fiscal year as a percentage of estimated total cost. The completed-contract method continues to be applied for other contracts for which the percentage of completion cannot be reliably estimated.
- Revenue from finance lease transactions and related costs are recognized upon receipt of lease payments.
- Other operating revenue is recognized on an accrual basis.

n. Appropriation of retained earnings

Under the Companies Act of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial year. The accounts for that year do not, therefore, reflect such appropriations. See Note 9 for more information.

o. Accounting standards issued but not yet effective

Accounting Standard and Implementation Guidance on Revenue Recognition

- On March 31, 2020, the Accounting Standards Board of Japan ("ASBJ") issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29)
- On March 31, 2020, the ASBJ issued "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30)
- On March 31, 2020, the ASBJ issued "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ guidance No.19)

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

- Identify the contract(s) with a customer
 - Identify the performance obligations in the contract
 - Determine the transaction price
 - Allocate the transaction price to the performance obligations in the contract
 - Recognize revenue when (or as) the entity satisfies a performance obligation
- (2) Scheduled date of adoption
The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.
- (3) Impact of the adoption of accounting standard and implementation guidance
The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

Accounting Standard and Implementation Guidance on Fair Value Measurement

- On July 4, 2019, the ASBJ issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30)
- On July 4, 2019, the ASBJ issued "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9)
- On July 4, 2019, the ASBJ issued "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)
- On July 4, 2019, the ASBJ issued "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31)
- On March 31, 2020, the ASBJ issued "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) each provides detailed guidance on fair value measurement, "IFRS13 Fair Value Measurement" and "Accounting Standards Codification Fair Value Measurement (Topic 820)", with approximately identical content. Under the circumstances, the ASBJ has issued "Accounting Standard and Implementation Guidance on Fair Value Measurement" so that Japanese Accounting Standards ensure international consistency mainly in guidance and disclosure of fair value of financial instruments.

It has fundamentally incorporated every prescription of IFRS13 to enhance the international comparability of financial statements by adopting globally accepted standards of the measurement, but for domestically agreed practice it has also set exceptions for certain items without impairing the comparability.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

Impact of the adoption of the accounting standard and implementation guidance on fair value measurement to consolidated financial statements is to be determined.

Accounting Standard for Disclosure of Accounting Estimates

On March 31, 2020, the ASBJ issued "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31)

(1) Overview

With regard to the disclosure of "Sources of estimation uncertainty" required to be disclosed under paragraph 125 of International Accounting Standard (IAS)1 "Presentation of Financial Statements" (hereinafter "IAS 1") issued in 2003 by the IASB there were requests to consider disclosing under Japanese standards because they are highly useful to users of financial statements, the ASBJ developed and issued Accounting Standard for Disclosure of Accounting Estimates.

2 Additional Information

Changes in segments

The Board of Directors, on January 23, 2020, has determined to make the following organizational changes with a view to implementing the new Management Plan which begins effective the fiscal year ending of March 31, 2021, as the Group seeks to enhance its competitiveness in existing business domains by integrating and improving know-how and networks developed for each asset type (by application of use) as total capabilities, and link this on to securing high added-value business opportunities that combine non-asset businesses and new business developments with a focus on BtoC / BtoBtoC services.

Effective the fiscal year ending of March 31, 2021, the Company will make the following changes to its disclosure segments.

- (1) The Company will integrate the Office Building Business, Lifestyle Property Business, and Hotel & Airport Business segments to establish the new Commercial Property Business segment.
- (2) The Company will centralize the International Residential Business (currently under the control of the Residential Business segment) under the International Business segment, as a consequence of creating an organizational framework that will drive businesses for

The basic approach taken by the ASBJ in the development of the Standard was, rather than to expand individual notes, to state the general principle (disclosure objective) and entities determine the specific content of the disclosure with reference to this disclosure objective. In the development, the ASBJ also made it its policy to make reference to the provisions of paragraph 125 of IAS 1.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

On March 31, 2020, the ASBJ issued "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24)

(1) Overview

In considering of the improvement of information given in the note of "accounting principles and procedures in cases where directly relevant accounting standards are not available", the ASBJ implemented necessary amendments and issued as the "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections".

In the improvement of information given in the note of "accounting principles and procedures in cases where directly relevant accounting standards are not available", the prescriptions of 1-2 of Annotations on the Corporate Accounting Principles are to be maintained so that the previous practices where the prescriptions of relevant Accounting Standards and Implementation Guidance were specified would not be affected.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

each asset type in a unified manner by formulating optimal portfolio strategies for each area, with a view to expanding and enhancing the earning power of international business operations.

- (3) The Company will integrate the Architectural Design & Engineering Business and Real Estate Services Business segments to establish the new Architectural Design & Engineering and Real Estate Services Business segment.

As a result, "Office Building Business", "Lifestyle Property Business", "Residential Business", "International Business", "Investment Management Business", "Hotel and Airport Business", "Architectural Design and Engineering Business", "Real Estate Services Business" are to be reorganized into new reportable segments consisting of "Commercial Property Business", "Residential Business", "International Business", "Investment Management Business", "Architectural Design & Engineering Business and Real Estate Services Business".

Financial Information for the fiscal year ended March 31, 2020, which is prepared using the new segmentation, is as follows:

Millions of yen

2020										
Reportable Segments										
	Commercial Property Business	Residential Business	International Business	Investment Management Business	Architectural Design & Engineering Business and Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Revenue and operating income by reportable segment										
Revenue from:										
External customers	¥715,213	¥384,506	¥134,495	¥19,106	¥47,913	¥1,301,235	¥ 960	¥1,302,196	—	¥1,302,196
Intersegment or transfers	8,498	1,031	(320)	2,210	9,214	20,635	7,782	28,418	¥(28,418)	—
Total revenue	723,712	385,538	134,175	21,316	57,128	1,321,871	8,743	1,330,614	(28,418)	1,302,196
Segment income (loss)	¥187,855	¥ 24,320	¥ 46,156	¥ 4,467	¥ 2,407	¥ 265,207	¥(2,018)	¥ 263,188	¥(22,420)	¥ 240,768

Thousands of U.S. dollars

2020										
Reportable Segments										
	Commercial Property Business	Residential Business	International Business	Investment Management Business	Architectural Design & Engineering Business and Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Revenue and operating income by reportable segment										
Revenue from:										
External customers	\$6,571,844	\$3,533,090	\$1,235,830	\$175,558	\$440,264	\$11,956,588	\$ 8,826	\$11,965,415	—	\$11,965,415
Intersegment or transfers	78,092	9,480	(2,940)	20,314	84,667	189,614	71,511	261,126	\$(261,126)	—
Total revenue	6,649,936	3,542,571	1,232,890	195,873	524,932	12,146,203	80,338	12,226,542	(261,126)	11,965,415
Segment income (loss)	\$1,726,137	\$ 223,470	\$ 424,116	\$ 41,048	\$ 22,120	\$2,436,893	\$(18,544)	\$ 2,418,348	\$(206,010)	\$ 2,212,338

Accounting estimates in light of COVID-19

For the fiscal year ended March 31, 2020, the spread of COVID-19 impacted the Group's businesses involving hotel and commercial property, and it may continue influencing the Group's business promotion and performance mainly in those fields in the next fiscal year. Under the circumstances, the Company has set accounting estimates, on the assumption that the state of emergency continues until the end of May and thus overall business environment may show gradual recovery

toward the end of September, but partially toward the end of this fiscal year for some business.

The Company made accounting estimates for the valuation of fixed assets, inventories, and equity investments based on the assumption.

Due to the difficulties of accurately forecast when the virus will end and the impact of the spread of COVID-19, delay in the recovery longer than estimated above may influence the Group's financial position and operating results in the fiscal year ending March 31, 2021.

3 U.S. Dollar Amounts

Translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥108.83 = U.S.\$1.00, the approximate rate of exchange prevailing on

March 31, 2020. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

4 Inventories

Inventories at March 31, 2020 and 2019 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Real estate for sale	¥ 72,256	¥ 84,104	\$ 663,938
Land and housing projects in progress	247,677	268,152	2,275,818
Land held for development	975	996	8,966
Other	8,395	8,201	77,144
Total	¥329,305	¥361,455	\$3,025,867

Write-downs of inventories as a result of a decrease in profitability for the years ended March 31, 2020 and 2019 were ¥1,765 million (\$16,220 thousand) and ¥3,223 million, respectively, and recognized in cost of revenue from operations.

5 Other Investments

Other investments at March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Lease deposits	¥126,092	¥114,713	\$1,158,616
Long-term prepaid expenses	104,482	77,950	960,051
Other	32,783	21,566	301,237
Total	¥263,358	¥214,230	\$2,419,905

6 Short-Term Borrowings and Long-Term Debt

At March 31, 2020 and 2019, short-term borrowings and the current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Loans, principally from banks	¥115,306	¥ 86,156	\$1,059,512
Commercial paper	50,000	—	459,432
Current portion of long-term debt	208,328	306,065	1,914,254
Total	¥373,635	¥392,221	\$3,433,198

The weighted-average interest rates per annum on short-term borrowings outstanding at March 31, 2020 and 2019 were 0.44% and 0.63%, respectively. Short-term borrowings are principally unsecured.

At March 31, 2020 and 2019, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
0.631% unsecured bonds due 2019	—	¥10,000	—
1.87% unsecured bonds due 2019	—	15,000	—
1.62% unsecured bonds due 2019	—	10,000	—
0.571% unsecured bonds due 2019	—	10,000	—
1.53% unsecured bonds due 2019	—	10,000	—
1.975% unsecured bonds due 2019	—	10,000	—
1.805% unsecured bonds due 2019	—	10,000	—
2.5% unsecured bonds due 2020	¥10,000	10,000	\$91,886
1.165% unsecured bonds due 2020	10,000	10,000	91,886
0.577% unsecured bonds due 2020	15,000	15,000	137,829
0.54% unsecured bonds due 2021	15,000	15,000	137,829
1.262% unsecured bonds due 2021	15,000	15,000	137,829
1.103% unsecured bonds due 2021	20,000	20,000	183,772
1.095% unsecured bonds due 2021	10,000	10,000	91,886
1.178% unsecured bonds due 2022	20,000	20,000	183,772

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
1.087% unsecured bonds due 2022	¥ 20,000	¥ 20,000	\$ 183,772
1.026% unsecured bonds due 2022	30,000	30,000	275,659
2.42% unsecured bonds due 2022	10,000	10,000	91,886
0.929% unsecured bonds due 2022	10,000	10,000	91,886
1.5% unsecured bonds due 2022	10,000	10,000	91,886
2.075% unsecured bonds due 2023	10,000	10,000	91,886
0.09% unsecured bonds due 2023	20,000	20,000	183,772
0.643% unsecured bonds due 2024	20,000	20,000	183,772
2.28% unsecured bonds due 2024	10,000	10,000	91,886
1.067% unsecured bonds due 2024	10,000	10,000	91,886
0.19% unsecured bonds due 2025	10,000	10,000	91,886
0.175% unsecured bonds due 2025	10,000	10,000	91,886
0.17% unsecured bonds due 2026	10,000	—	91,886
0.27% unsecured bonds due 2026	10,000	10,000	91,886
2.305% unsecured bonds due 2027	10,000	10,000	91,886
0.24% unsecured bonds due 2027	10,000	10,000	91,886
2.385% unsecured bonds due 2027	10,000	10,000	91,886
2.52% unsecured bonds due 2027	15,000	15,000	137,829
2.425% unsecured bonds due 2027	10,000	10,000	91,886
2.555% unsecured bonds due 2028	10,000	10,000	91,886
0.27% unsecured bonds due 2029	40,000	—	367,545
2.9% unsecured bonds due 2032	10,000	10,000	91,886
2.615% unsecured bonds due 2032	10,000	10,000	91,886
2.04% unsecured bonds due 2032	20,000	20,000	183,772
1.72% unsecured bonds due 2033	10,000	10,000	91,886
0.859% unsecured bonds due 2036	10,000	10,000	91,886
0.736% unsecured bonds due 2037	10,000	10,000	91,886
0.703% unsecured bonds due 2037	10,000	10,000	91,886
0.59% unsecured bonds due 2039	20,000	—	183,772
0.789% unsecured bonds due 2056	15,000	15,000	137,829
1.402% unsecured bonds due 2057	15,000	15,000	137,829
1.313% unsecured bonds due 2058	10,000	10,000	91,886
1.132% unsecured bonds due 2069	15,000	—	137,829
0.39% unsecured bonds inherited from DAINIPPON ENTERPRISE INC. due 2020	1,550	1,550	14,242
0.102% unsecured bonds under Euro MTN program due 2025	1,111	1,111	10,212
0.135% unsecured bonds under Euro MTN program due 2026	3,784	—	34,778
0.115% unsecured bonds under Euro MTN program due 2026	2,924	—	26,870
0.16% unsecured bonds under Euro MTN program due 2029	1,255	1,255	11,536
0.25% unsecured bonds under Euro MTN program due 2029	1,508	—	13,858
1.02% interest deferrable and early redeemable subordinated unsecured bonds due 2076	75,000	75,000	689,148
3ML+88bp interest deferrable and early redeemable subordinated unsecured bonds due 2076	75,000	75,000	689,148
1.33% interest deferrable and early redeemable subordinated unsecured bonds due 2076	70,000	70,000	643,204
1.48% interest deferrable and early redeemable subordinated unsecured bonds due 2076	30,000	30,000	275,659
Loans from banks and insurance companies:			
Secured	96,687	136,770	888,430
Unsecured	1,338,769	1,283,161	12,301,473
	2,262,591	2,228,849	20,790,146
Less current portion	(208,328)	(306,065)	(1,914,254)
	¥2,054,263	¥1,922,783	\$18,875,892

The aggregate annual maturities of long-term debt subsequent to March 31, 2020 are summarized as follows:

Year ending March 31,	Millions of yen		Thousands of U.S. dollars	
2021	¥	208,328	\$	1,914,254
2022		193,773		1,780,517
2023		153,507		1,410,526
2024		227,283		2,088,425
2025		138,871		1,276,040
2026 and thereafter		1,340,827		12,320,382
Total		¥2,262,591		\$20,790,146

The assets pledged as collateral for short-term borrowings of ¥100 million (\$918 thousand) and long-term debt of ¥96,687 million (\$888,430 thousand) at March 31, 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars	
Buildings and structures	¥	197,659	\$	1,816,222
Machinery and equipment		1,601		14,714
Land		235,297		2,162,066
Other property and equipment		2		26
Total		¥434,561		\$3,993,030

The following borrowings are non-recourse loans at March 31, 2020 and 2019, which are secured by collaterals as the sole source of recovery.

	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2020
Current portion of long-term borrowings	¥13,637	—		\$125,305
Long-term borrowings	32,627	¥24,529		299,806
Total	¥46,264	¥24,529		\$425,112

The assets pledged as collateral for the above non-recourse loans at March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2020
Buildings and structures	¥32,344	¥25,900		\$297,205
Land	55,559	17,561		510,515
Construction in progress	3,683	—		33,850
Total	¥91,588	¥43,462		\$841,571

7 Retirement Benefit Plans

The Company and most of its domestic consolidated subsidiaries have either funded or unfunded defined benefit plans, defined contribution plans and lump-sum payment plans in the form of a defined benefit plan. The Company has adopted a retirement benefit trust for the lump-sum payment plan and defined benefit plan. MEC Group International Inc., a foreign consolidated subsidiary of the Company, has adopted defined benefit plans.

The simplified method, which assumes the retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at the fiscal year end, has been adopted in accounting for defined benefit plans for some consolidated subsidiaries and the Company's executive officers.

The changes in the retirement benefit obligation during the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2020
Retirement benefit obligation at the beginning of the year	¥138,562	¥139,360		\$1,273,201
Service cost	5,389	5,361		49,520
Interest cost	883	849		8,121
Actuarial gain and loss	2,537	(802)		23,314
Retirement benefits paid	(6,145)	(6,570)		(56,469)
Prior service cost	—	221		—
Translation adjustments	(224)	(380)		(2,061)
Other	(117)	522		(1,080)
Retirement benefit obligation at the end of the year	¥140,885	¥138,562		\$1,294,547

The changes in plan assets during the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2020
Plan assets at the beginning of the year	¥135,633	¥132,508		\$1,246,292
Expected return on plan assets	3,086	3,085		28,363
Actuarial gain and loss	(4,054)	(677)		(37,259)
Contributions by the Company	4,428	5,953		40,687
Retirement benefits paid	(3,840)	(5,000)		(35,293)
Translation adjustments	(153)	(260)		(1,410)
Other	(124)	25		(1,141)
Plan assets at the end of the year	¥134,975	¥135,633		\$1,240,238

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2020 and 2019 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	2020
Funded retirement benefit obligation	¥ 121,079	¥ 119,159		\$ 1,112,552
Plan assets at fair value	(134,975)	(135,633)		(1,240,238)
	(13,896)	(16,474)		(127,686)
Unfunded retirement benefit obligation	19,806	19,403		181,994
Net liability for retirement benefits in the balance sheet	5,910	2,928		54,308
Liability for retirement benefits	26,919	26,573		247,352
Asset for retirement benefits	(21,336)	(23,935)		(196,055)
Other current liabilities	327	291		3,011
Net liability for retirement benefits in the balance sheet	¥ 5,910	¥ 2,928		\$ 54,308

(*) The accrued employees' retirement benefits recognized by MEC Group International Inc., a consolidated subsidiary, were included in "Other current liabilities."

Financial Section

The components of retirement benefit expense for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost	¥ 5,389	¥ 5,361	\$49,520
Interest cost	883	849	8,121
Expected return on plan assets	(3,086)	(3,085)	(28,363)
Amortization of actuarial loss	(805)	1,312	(7,397)
Amortization of prior service cost	(65)	(106)	(600)
Other	204	149	1,875
Retirement benefit expenses	¥ 2,520	¥ 4,482	\$23,155

(*) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method, which assumes the retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at the fiscal year end, are included in "Service cost."

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service cost	¥ (69)	¥ (336)	\$ (636)
Actuarial gain and loss	(7,318)	1,554	(67,250)
Total	¥(7,388)	¥1,218	\$(67,886)

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized prior service cost	¥ (88)	¥ (54)	\$ (815)
Unrecognized actuarial gain and loss	(7,073)	280	(64,999)
Total	¥(7,162)	¥225	\$(65,814)

The fair values of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2019 are as follows:

	2020		2019	
Bonds		15%		14%
Stocks		51%		54%
General accounts		10%		10%
Other		24%		22%
Total		100%		100%

(*) Approximately 42% and 44% of total plan assets were held in the retirement benefit trust as of March 31, 2020 and 2019, respectively.

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2020	2019
Discount rates	0.0%–4.20%	0.0%–4.04%
Expected rates of return on plan assets	1.0%–6.50%	1.0%–6.50%
Rates of salary increase	0.4%–4.0%	0.4%–4.0%

The required contribution to defined contribution plans by the Company and its consolidated subsidiaries for the years ended March 31, 2020 and 2019 are ¥533 million (\$4,906 thousand) and ¥500 million, respectively.

8 Income Taxes

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2020 and 2019 differ from the effective statutory tax rates for the following reasons:

	2020	2019
Statutory tax rate	30.62%	30.62%
Increase (decrease) in income taxes resulting from:		
Different tax rates applied	(1.37)	(0.35)
Expenses not deductible for income tax purposes	0.23	0.21
Revenues deductible for income tax purposes	(0.22)	(0.11)
Change in valuation allowance	(0.33)	(0.59)
Undistributed earnings of affiliates	0.14	0.28
Equity income	(0.28)	(0.28)
Gain on negative goodwill	—	(0.31)
Gain on amortization of negative goodwill	(2.04)	—
Effect of enacted changes in tax laws and rates on Japanese tax	0.06	(0.04)
Other	(0.68)	(1.48)
Effective tax rate	26.14%	27.95%

The significant components of deferred tax assets and liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax assets:			
Net operating loss carry forwards	¥ 2,621	¥ 1,974	\$ 24,088
Liability for retirement benefits	12,018	11,521	110,434
Valuation loss on inventories	1,259	4,075	11,572
Unrealized loss on property and equipment	60,969	66,685	560,230
Unrealized loss on property and equipment by consolidation	10,576	10,644	97,181
Loss on valuation of investment securities	3,050	2,626	28,032
Loss on valuation of equity investments	1,414	548	12,998
Land revaluation reserve	23,903	23,903	219,644
Accrued bonuses	3,245	3,324	29,826
Other	69,507	63,993	638,680
Total gross deferred tax assets	188,568	189,299	1,732,689
Valuation allowance	(77,891)	(79,125)	(715,717)
Total deferred tax assets	110,677	110,173	1,016,972
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	(69,400)	(60,693)	(637,698)
Land revaluation reserve	(266,314)	(266,314)	(2,447,069)
Unrealized gain on property and equipment by consolidation	(111,366)	(110,019)	(1,023,304)
Unrealized gain on property and equipment	(53,242)	(64,134)	(489,230)
Unrealized gain on securities	(35,208)	(49,113)	(323,518)
Other	(38,793)	(36,831)	(356,455)
Total deferred tax liabilities	(574,326)	(587,107)	(5,277,276)
Net deferred tax liabilities	¥(463,648)	¥(476,933)	\$(4,260,304)

9 Shareholders' Equity

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. The capital reserve amounted to ¥164,041 million

(\$1,507,317 thousand), and the legal reserve amounted to ¥21,663 million (\$199,060 thousand) at March 31, 2020. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

10 Amounts per Share

Year ended March 31	Yen		U.S. dollars
	2020	2019	2020
Net income:			
Basic	¥108.64	¥96.97	\$0.99
Diluted	108.63	96.96	0.99
Cash dividends applicable to the year	33.00	30.00	0.30

As of March 31,	Yen		U.S. dollars
	2020	2019	2020
Net assets	¥1,295.83	¥1,275.54	\$11.90

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

Amounts per share of net assets are computed based on net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

11 Leases

Lessor

Investments in leases included in other current assets on the consolidated balance sheets as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Gross lease receivables	—	¥ 8,068	—
Unearned interest income	—	(3,476)	—
Investments in leases	—	¥ 4,592	—

Maturities of lease investment assets for finance leases that are not deemed to transfer ownership of the leased property to the lessee as of March 31, 2020 are as follows:

There was no information on lease investment assets for finance leases for the year ended March 31, 2020.

Future minimum lease payments subsequent to March 31, 2020 on noncancelable operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2021	¥ 8,254	\$ 75,847
2022 and thereafter	257,179	2,363,130
Total	¥265,434	\$2,438,978

The Company and its consolidated subsidiaries lease office buildings and commercial properties and earn income on these leases. Future minimum lease income subsequent to March 31, 2020 from noncancelable operating leases is summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2021	¥ 343,757	\$ 3,158,663
2022 and thereafter	1,350,393	12,408,282
Total	¥1,694,150	\$15,566,946

12 Contingent Liabilities

At March 31, 2020, the Company and its consolidated subsidiaries had the following contingent liabilities:

(1) Guarantee of loans

	Millions of yen	Thousands of U.S. dollars
Guarantees of house purchasers' loans from banks	¥49,313	\$453,124
Other	8	76
Total	¥49,321	\$453,200

(2) Guarantee for business undertakings

	Millions of yen	Thousands of U.S. dollars
Business undertaking guarantees	¥26,302	\$241,687

The Company, MEC Group International Inc., Mitsubishi Estate Asia Pte. Ltd. and Mitsubishi Estate Residence Co., Ltd. provide business undertaking guarantees for property development projects in proportion to their share.

Mitsubishi Estate Asia Pte. Ltd. and MEA Commercial Holdings Pte. Ltd. provide business undertaking guarantees for property development projects. The amount exceeding the proportion of their share is collateralized or guaranteed by the joint venture.

13 Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Gain on sales of fixed assets	¥ 5,144	—	\$47,270
Gain on sales of investment securities	1,711	¥ 6,072	15,726
Gain on negative goodwill	—	2,097	—
Gain on amortization of negative goodwill	14,915	—	137,052
Gain on contribution for construction	4,480	—	41,165
Loss on disposal of fixed assets	(7,682)	(5,761)	(70,592)
Loss related to retirement of fixed assets	(5,445)	(3,818)	(50,032)
Loss on valuation of investment securities	(2,344)	—	(21,545)
Loss on transfer of business	(3,240)	—	(29,777)
Impairment loss ⁽¹⁾	(10,844)	—	(99,645)
Other, net	178	(1,171)	1,644
	¥ (3,127)	¥(2,580)	\$(28,733)

⁽¹⁾ Impairment loss
The Company recorded consolidated impairment losses for the following asset groups for the fiscal year ended March 31, 2020:

Major Application	Category	Location
Leased assets, etc. (total 17 groups)	Land, Buildings, etc.	Nishinomiya, Hyogo Prefecture, etc.

Asset grouping for the Company and its consolidated subsidiaries (collectively, the "Group") was made based on a minimum unit that generates cash flows, which is substantially independent from cash flows of other assets or asset groups. Company condominiums are regarded as shared assets. As a result, for the fiscal year ended March 31, 2020, the book values of 17 asset groups, consisting of those for which the market prices fell considerably compared with the book values due to the decline of land prices and those for which profitability decreased considerably due to fallen rent levels or deteriorated market conditions, etc., were reduced to the respective collectible amounts and such reductions were recorded as impairment losses in the amount of ¥10,844 million (\$99,645 thousand).

The breakdown of such impairment losses was ¥3,128 million (\$28,747 thousand) in land and ¥7,715 million (\$70,897 thousand) in buildings and structures.

The collectible amounts of asset groups are measured using net sale value or use value, and the net sale value is principally expressed as an appraised value by a real estate appraiser. Future cash flows mainly discounted at a rate of 5% are used to compute the use value.

The Company recorded consolidated impairment losses for the following asset groups for the fiscal year ended March 31, 2019. Disclosure for the year ended March 31, 2019 is omitted due to immateriality.

14 Financial Instruments

Overview

(1) Policy for financial instruments

In consideration of plans for capital investment, the Group raises funds mainly through bank borrowings and bond issues. In terms of fund management, the Group makes every effort to avoid market risks by emphasizing liquidity and shortening the fund management period. The Group uses derivatives for the purpose of hedging exposure to interest rates, reducing interest expenses, and hedging the risk of fluctuations in foreign exchange rates and does not enter into derivatives for speculative purposes.

(2) Types of financial instruments and related risk

Trade receivables – notes and accounts receivable – are exposed to credit risk in relation to customers. Trade receivables denominated in foreign currencies, which arise from overseas operation, are exposed to foreign currency exchange risk.

Marketable securities and investment securities are exposed to market risk. Those securities are composed of mainly held-to-maturity debt securities and the shares of common stock of other companies with which the Group has business relationships.

Equity investments are composed of mainly preferred equity investments in special purpose companies under the Law concerning Liquidation of Assets, investments in real estate investment trusts and investments in silent partnerships for special purpose companies. They are exposed to credit risks of issuers, risks of fluctuations in interest rates and market prices, respectively.

Lease and guarantee deposits for leased assets are exposed to credit risks of customers.

Substantially all trade payables – accounts and notes payable – have payment due dates within one year. Some of them denominated in foreign currencies are exposed to foreign currency exchange risk.

Borrowings and bonds are taken out principally for the purpose of making capital investments and the repayment dates of the long-term debt extend up to 56 years from the balance sheet date. Certain long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk for long-term debt bearing interest at variable rates, the Group utilizes derivative transactions (interest rate swaps) as hedging instruments.

Derivative transactions include interest rate swaps, currency swaps and forward foreign exchange contracts. The Group also enters into interest rate swap transactions to fix interest expense for long-term debt bearing interest at variable rates and to reduce interest rate fluctuation risk. Some of the consolidated subsidiaries enter into interest swap and currency swap transactions in accordance with the same policies and purposes adopted by the Company.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)
In accordance with the internal policies for managing credit risk of the Group arising from receivables and lease and guarantee deposits, each related division in each business segment monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)
In order to mitigate the interest rate risk for loans payable and bonds bearing interest at variable rates, the Group may also enter into interest rate swap and currency swap transactions.

For marketable securities and investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers (business partners).
In addition, the Group continuously evaluates whether securities other than those classified as held-to-maturity should be maintained taking into account their fair values and relationships with the issuers (business partners).

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)
Based on the report from each division, the Group prepares and updates its cash flow plans on a timely basis and stabilizes liquidity to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

Estimated fair Value of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2020 and unrealized gains (losses) are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note B below).

	Millions of yen			Thousands of U.S. dollars		
	Carrying Value	Estimated Fair Value	Difference	Carrying Value	Estimated Fair Value	Difference
						2020
1) Cash on hand and in banks	¥ 207,896	¥ 207,896	—	\$ 1,910,288	\$ 1,910,288	—
2) Notes and accounts receivable–trade	50,340			462,561		
Allowance for doubtful receivables ^(*)	(294)			(2,706)		
	50,046	50,046	—	459,855	459,855	—
3) Securities and investment securities						
(i) Held-to-maturity debt securities	5,916	6,058	¥ 141	54,367	55,666	\$ 1,298
(ii) Other securities	177,971	177,971	—	1,635,318	1,635,318	—
(iii) Investments in subsidiaries and affiliates	60	346	285	560	3,180	2,619
4) Equity investments	15,264	15,264	—	140,258	140,258	—
Total assets	¥ 457,156	¥ 457,583	¥ 426	\$ 4,200,647	\$ 4,204,566	\$ 3,918
1) Notes and accounts payable–trade	¥ 66,368	¥ 66,368	—	\$609,836	\$609,836	—
2) Short-term borrowings	115,306	115,306	—	1,059,512	1,059,512	—
3) Current portion of long-term borrowings	156,778	156,778	—	1,440,579	1,440,579	—
4) Commercial paper	50,000	50,000	—	459,432	459,432	—
5) Current portion of long-term bonds	51,550	51,550	—	473,674	473,674	—
6) Long-term bonds	775,584	806,628	¥31,044	7,126,567	7,411,824	\$285,256
7) Long-term borrowings	1,278,678	1,312,176	33,497	11,749,324	12,057,124	307,800
Total liabilities	¥2,494,266	¥2,558,809	¥64,542	\$22,918,927	\$23,511,983	\$593,056
						2019
1) Cash on hand and in banks	¥ 176,814	¥ 176,814	—			
2) Notes and accounts receivable–trade	62,603					
Allowance for doubtful receivables ^(*)	(218)					
	62,384	62,384	—			
3) Securities and investment securities						
(i) Held-to-maturity debt securities	5,700	5,718	¥ 17			
(ii) Other securities	230,844	230,844	—			
(iii) Investments in subsidiaries and affiliates	60	974	913			
4) Equity investments	13,801	13,801	—			
Total assets	¥ 489,607	¥ 490,539	¥ 931			
1) Notes and accounts payable–trade	¥ 57,967	¥ 57,967	—			
2) Short-term borrowings	86,156	86,156	—			
3) Current portion of long-term borrowings	231,065	231,065	—			
4) Commercial paper	—	—	—			
5) Current portion of long-term bonds	75,000	75,000	—			
6) Long-term bonds	733,916	772,387	¥38,470			
7) Long-term borrowings	1,188,866	1,217,104	28,237			
Total liabilities	¥2,372,972	¥2,439,681	¥66,708			

(*) The value of notes and account receivable–trade is shown at net value, after deducting allowance for doubtful accounts.

Financial Section

Note A: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

Cash on hand and in banks	Since these items are settled in a short period of time, their carrying value approximates fair value.
Notes and accounts receivable – trade	Since these items are settled in a short period of time, their carrying value approximates fair value.
Marketable securities and investment securities	The fair value of stocks is based on quoted market prices. The fair value of debt securities is mainly based on prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, please refer to Note 15. "Marketable Securities and Investment Securities."
Equity investments	The fair value of equity investments is based on quoted market prices.

Liabilities

Notes and accounts payable – trade	Since these items are settled in a short period of time, their carrying value approximates fair value.
Short-term borrowings	Since these items are settled in a short period of time, their carrying value approximates fair value.
Current portion of long-term borrowings	Since these items are settled in a short period of time, their carrying value approximates fair value.
Commercial paper	Since these items are settled in a short period of time, their carrying value approximates fair value.
Current portion of bonds	Since these items are settled in a short period of time, their carrying value approximates fair value.
Bonds	The fair value of bonds is based on the quoted market price.
Long-term borrowings	Since variable interest rates of certain long-term borrowings are determined based on current interest rates in a short period of time, their carrying value approximates fair value. The fair value of long-term borrowings with fixed interest rates is based on the present value of the total of principal and interest discounted by the interest rates to be applied if similar new borrowings were entered into.
Derivatives transactions	Please refer to Note 17. "Derivatives and Hedging Activities."

Note B: Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen	Thousands of U.S. dollars
2020		
(i) Unlisted stocks ^(*)	¥ 60,677	\$ 557,544
(ii) Equity investments ^(*)	435,256	3,999,414
(iii) Lease and guarantee deposit receivables ^(*)	126,092	1,158,616
(iv) Lease and guarantee deposit payables ^(*)	459,177	4,219,216
2019		
(i) Unlisted stocks ^(*)	¥ 28,689	
(ii) Equity investments ^(*)	373,583	
(iii) Lease and guarantee deposit receivables ^(*)	114,713	
(iv) Lease and guarantee deposit payables ^(*)	440,058	

- (*) Because no quoted market price is available and it is extremely difficult to determine the fair value, unlisted stocks are not included in the above table.
 (*) Because it is extremely difficult to determine the fair value for equity investments which are not listed and have no quoted market price, they are not included in the above table.
 (*) Because no quoted market price for lease and guarantee deposit receivables for rental properties is available and calculation of the actual period of duration from lease initiation to evacuation is difficult, it is extremely difficult to estimate a reasonable amount of cash flow and therefore they are not included in the above table.
 (*) Because no quoted market price for lease and guarantee deposit payables for rental properties is available and calculation of the actual period of duration from lease initiation to evacuation is difficult, it is extremely difficult to estimate a reasonable amount of cash flow, and therefore they are not included in the above table.

Note C: Redemption schedule for receivables and marketable securities with maturities

	Millions of yen				Thousands of U.S. dollars			
As of March 31, 2020	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash on hand and in banks	¥207,896	—	—	—	\$1,910,288	—	—	—
Notes and accounts receivable—trade	50,340	—	—	—	462,561	—	—	—
Marketable securities and investment securities:								
Held-to-maturity debt securities								
National and local government bonds	50	¥232	¥70	¥25	459	\$2,140	\$ 643	\$229
Corporate bonds	—	—	—	—	—	—	—	—
Other	5,528	—	—	—	50,797	—	—	—
Other marketable securities with maturities:								
National and local government bonds	25	—	—	—	229	—	—	—
Other	1,604	214	414	—	14,745	1,973	3,805	—
Total	¥265,445	¥447	¥484	¥25	\$2,439,081	\$4,113	\$4,449	\$229

	Millions of yen			
As of March 31, 2019	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash on hand and in banks	¥176,814	—	—	—
Notes and accounts receivable—trade	62,603	—	—	—
Marketable securities and investment securities:				
Held-to-maturity debt securities				
National and local government bonds	215	¥247	¥105	¥25
Corporate bonds	2,200	—	—	—
Other	2,896	—	—	—
Other marketable securities with maturities:				
National and local government bonds	—	25	—	—
Other	1,013	91	301	—
Total	¥245,742	¥364	¥406	¥25

Note D: The redemption schedule for bonds and long-term borrowings

	Millions of yen											Thousands of U.S. dollars			
As of March 31, 2020	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Corporate bonds	¥ 51,550	¥ 65,000	¥ 90,000	¥ 20,000	¥ 51,111	¥ 549,472	\$ 473,674	\$ 597,261	\$ 826,977	\$ 183,772	\$ 469,644	\$ 5,048,910			
Long-term borrowings	156,778	128,773	63,507	207,283	87,760	791,354	1,440,579	1,183,255	583,549	1,904,652	806,395	7,271,471			
Total	¥208,328	¥193,773	¥153,507	¥227,283	¥138,871	¥1,340,827	\$1,914,254	\$1,780,517	\$1,410,526	\$2,088,425	\$1,276,040	\$12,320,382			

	Millions of yen					
As of March 31, 2019	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Corporate bonds	¥ 75,000	¥ 51,550	¥ 65,000	¥ 90,000	¥ 20,000	¥ 507,366
Long-term borrowings	231,065	156,905	120,469	63,507	197,164	650,820
Total	¥306,065	¥208,455	¥185,469	¥153,507	¥217,164	¥1,158,186

15 Marketable Securities and Investment Securities

Marketable and investment securities classified as other securities at March 31, 2020 and 2019 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
2020						
Securities whose fair value exceeds their cost:						
Equity securities	¥43,378	¥153,204	¥109,826	\$398,585	\$1,407,739	\$1,009,154
Government bonds	24	25	0	229	230	1
Other	7,785	15,265	7,480	71,540	140,272	68,731
Subtotal	51,188	168,495	117,306	470,355	1,548,242	1,077,887

Securities whose cost exceeds their fair value:

Equity securities	27,668	23,127	(4,541)	254,238	212,511	(41,727)
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other	1,747	1,613	(134)	16,056	14,823	(1,233)
Subtotal	29,416	24,740	(4,675)	270,295	227,334	(42,961)
Total	¥80,604	¥193,236	¥112,631	\$740,650	\$1,775,577	\$1,034,926

	Millions of yen		
	Cost	Fair Value	Unrealized Gain (Loss)
2019			
Securities whose fair value exceeds their cost:			
Equity securities	¥63,722	¥221,237	¥157,514
Government bonds	—	—	—
Other	6,976	13,803	6,827
Subtotal	70,698	235,040	164,342

Securities whose cost exceeds their fair value:

Equity securities	9,417	8,559	(857)
Government bonds	25	25	—
Corporate bonds	—	—	—
Other	1,154	1,020	(133)
Subtotal	10,597	9,605	(991)
Total	¥81,295	¥244,646	¥163,350

Proceeds from sales of securities classified as other securities totaled ¥4,272 million (\$39,255 thousand) and ¥12,364 million for the years ended March 31, 2020 and 2019, respectively. Gross realized gains were ¥1,711 million (\$15,726 thousand) and ¥6,072 million for the years ended March 31, 2020 and 2019, respectively.

The Company and its consolidated subsidiaries recognized ¥2,314 million (\$21,269 thousand) and ¥29 million (\$275 thousand) impairment losses on investment securities and investments in affiliates, respectively, for the year ended March 31, 2020, and ¥195 million impairment loss on investment securities, for the year ended March 31, 2019.

Marketable debt securities classified as held-to-maturity securities at March 31, 2020 and 2019 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Amortized Cost	Fair Value	Unrealized Gain (Loss)
2020						
Debt securities whose fair value exceeds their cost:						
Government bonds	¥ 388	¥ 529	¥141	\$ 3,569	\$ 4,868	\$1,298
Corporate bonds	—	—	—	—	—	—
Subtotal	388	529	141	3,569	4,868	1,298
Debt securities whose cost exceeds their fair value:						
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other	5,528	5,528	—	50,797	50,797	—
Subtotal	5,528	5,528	—	50,797	50,797	—
Total	¥5,916	¥6,058	¥141	\$54,367	\$55,666	\$1,298

Financial Section

	Millions of yen		
	Amortized Cost	Fair Value	Unrealized Gain (Loss)
2019			
Debt securities whose fair value exceeds their cost:			
Government bonds	¥ 603	¥ 621	¥18
Corporate bonds	—	—	—
Subtotal	603	621	18
Debt securities whose cost exceeds their fair value:			
Government bonds	—	—	—
Corporate bonds	2,200	2,199	(0)
Other	2,896	2,896	—
Subtotal	5,096	5,096	(0)
Total	¥5,700	¥5,718	¥17

14 Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2020 and 2019:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash on hand and in banks	¥207,896	¥176,814	\$1,910,288
Time deposits with maturities of more than three months	(916)	(1,002)	(8,423)
Marketable securities with maturities of three months or less	6,028	3,496	55,391
Cash and cash equivalents	¥213,008	¥179,308	\$1,957,256

A breakdown of assets and liabilities at the start of consolidation of Marunouchi Hotel, CO., LTD., a new subsidiary resulting from the acquisition of shares, along with details regarding the share acquisition cost and related payments are presented below.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Current assets	—	¥ 1,049	—
Fixed assets	—	8,995	—
Current liabilities	—	(551)	—
Fixed liabilities	—	(3,920)	—
Non-controlling interests	—	(1,285)	—
Gain on negative goodwill	—	(2,097)	—
Acquisition cost	—	2,189	—
Acquisition cost before obtaining control	—	(1,380)	—
Loss on step acquisition	—	487	—
Cash and cash equivalents of subsidiary	—	(881)	—
Payments for acquisition	—	¥ 414	—

A breakdown of assets and liabilities at the start of consolidation of Urban Life Co., Ltd., a new subsidiary resulting from the acquisition of shares, along with details regarding the share acquisition cost and related payments are presented below.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Current assets	—	¥ 3,473	—
Fixed assets	—	10,945	—
Goodwill	—	1,104	—
Current liabilities	—	(7,084)	—
Fixed liabilities	—	(873)	—
Non-controlling interests	—	(202)	—
Acquisition cost	—	7,363	—
Cash and cash equivalents of subsidiary	—	(2,372)	—
Payments for acquisition	—	¥ 4,990	—

The value of assets and liabilities for other companies that were newly consolidated as result of the acquisition of shares is immaterial, and has therefore been omitted.

Disclosure for the year ended March 31, 2020 is omitted due to immateriality.

17 Derivatives and Hedging Activities

(1) Currency-related transactions

Class of transactions	Subject to hedge accounting	Millions of yen			Thousands of U.S. dollars		
		Notional Amount	Due after One Year	Fair Value	Notional Amount	Due after One Year	Fair Value
2020							
Currency swap contracts by allocation method							
Payment in JPY and receipt in USD	Corporate bonds and Long-term borrowings						
Payment in JPY and receipt in EUR							
Payment in JPY and receipt in AUD							
Total		¥23,936	¥19,388	¥(59)	\$219,942	\$178,156	\$(542)

Class of transactions	Subject to hedge accounting	Millions of yen		
		Notional Amount	Due after One Year	Fair Value
2019				
Currency swap contracts by allocation method				
Payment in JPY and receipt in USD	Corporate bonds and Long-term borrowings			
Payment in JPY and receipt in EUR				
Total		¥15,718	¥15,718	¥(15)

Calculation method of fair value is based on the data obtained from financial institutions.

(2) Interest-related transactions

Class of transactions	Subject to hedge accounting	Millions of yen			Thousands of U.S. dollars		
		Notional Amount	Due after One Year	Fair Value	Notional Amount	Due after One Year	Fair Value
2020							
Interest rate swap contracts							
Fixed rate payment and floating rate receipt	Long-term borrowings	¥ 73,430	¥ 68,731	¥(2,759)	\$ 674,727	\$ 631,544	\$(25,357)
Interest rate swap contracts by short-cut method							
Fixed rate payment and floating rate receipt	Long-term borrowings	171,801	149,055	(*)	1,578,625	1,369,621	(*)
Total		¥245,232	¥217,786	¥(2,759)	\$2,253,353	\$2,001,166	\$(25,357)

Class of transactions	Subject to hedge accounting	Millions of yen		
		Notional Amount	Due after One Year	Fair Value
2019				
Interest rate swap contracts				
Fixed rate payment and floating rate receipt	Long-term borrowings	¥ 70,703	¥ 70,551	¥86
Interest rate swap contracts by short-cut method				
Fixed rate payment and floating rate receipt	Long-term borrowings	249,366	171,785	(*)
Total		¥320,069	¥242,336	¥86

Calculation method of fair value is based on the data obtained from financial institutions.

(*) The estimated fair value of interest rate swap contracts is included in the estimated fair value of long-term borrowings since amounts in such derivative contracts accounted for by the short-cut method are handled together with long-term borrowings (including current portion of long-term borrowings) that are subject to hedge accounting.

(3) Interest- and currency-related transactions

Class of transactions	Subject to hedge accounting	Millions of yen			Thousands of U.S. dollars		
		Notional Amount	Due after One Year	Fair Value	Notional Amount	Due after One Year	Fair Value
2020							
Interest rate and currency swap contracts by short-cut method and allocation method							
Payment in JPY and receipt in USD	Long-term borrowings						
Fixed rate payment and floating rate receipt							
Total		¥49,400	¥49,400	¥(6,215)	\$453,922	\$453,922	\$(57,108)

Class of transactions	Subject to hedge accounting	Millions of yen		
		Notional Amount	Due after One Year	Fair Value
2019				
Interest rate and currency swap contracts by short-cut method and allocation method				
Payment in JPY and receipt in USD	Long-term borrowings			
Fixed rate payment and floating rate receipt				
Total		¥49,400	¥49,400	¥(4,893)

Calculation method of fair value is based on the data obtained from financial institutions.

16 Segment Information

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors and other committees to make decisions about resource allocation and to assess performance. Business performances are aggregated according to business areas that consist of multiple business groups and defined as organizational units having common business objectives and management responsibilities within the Group, and such aggregated business areas are disclosed as reportable segments.

The Company and its consolidated subsidiaries are primarily engaged in the real estate business. Their business segments are classified in terms of the nature of each operation or service and consist of following segments: (1) Office Building Business; (2) Lifestyle Property Business; (3) Residential Business; (4) International Business; (5) Investment Management Business; (6) Hotel and Airport Business; (7) Architectural Design and Engineering Business; (8) Real Estate Services Business; and (9) Other businesses.

The reportable segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2020 and 2019 are summarized as follows:

Millions of yen													
2020													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Revenue, operating income and assets by reportable segment													
Revenue from:													
External customers	¥ 556,240	¥ 125,108	¥ 387,962	¥ 131,038	¥ 19,106	¥ 33,985	¥ 14,064	¥ 33,849	¥ 1,301,356	¥ 840	¥ 1,302,196	—	¥ 1,302,196
Intersegment or transfers	9,261	2,097	1,045	(320)	2,210	2,452	7,524	1,691	25,963	7,782	33,745	¥ (33,745)	—
Total revenue	565,501	127,205	389,008	130,718	21,316	36,438	21,589	35,540	1,327,319	8,622	1,335,941	(33,745)	1,302,196
Segment income (loss)	152,886	35,741	25,946	44,544	4,467	(2,998)	1,268	1,139	262,995	199	263,195	(22,426)	240,768
Segment assets	¥ 3,503,750	¥ 545,348	¥ 652,314	¥ 813,103	¥ 71,829	¥ 86,565	¥ 28,299	¥ 27,441	¥ 5,728,653	¥ 13,149	¥ 5,741,803	¥ 116,433	¥ 5,858,236
Other items													
Depreciation and amortization	52,868	15,272	3,948	6,646	1,333	2,786	329	539	83,724	98	83,822	1,118	84,941
Capital expenditures	¥ 108,979	¥ 48,955	¥ 56,675	¥ 135,127	¥ 673	¥ 113,317	¥ 636	¥ 955	¥ 365,321	¥ 454	¥ 365,775	¥ 8,857	¥ 374,633
Thousands of U.S. dollars													
2020													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Revenue, operating income and assets by reportable segment													
Revenue from:													
External customers	\$ 5,111,095	\$ 1,149,574	\$ 3,564,852	\$ 1,204,068	\$ 175,558	\$ 312,280	\$ 129,235	\$ 311,028	\$ 11,957,696	\$ 7,719	\$ 11,965,415	—	\$ 11,965,415
Intersegment or transfers	85,096	19,270	9,609	(2,940)	20,314	22,537	69,139	15,539	238,566	71,511	310,077	¥ (310,077)	—
Total revenue	5,196,192	1,168,844	3,574,462	1,201,127	195,873	334,818	198,375	326,568	12,196,262	79,231	12,275,493	(310,077)	11,965,415
Segment income (loss)	1,404,817	328,417	238,412	409,303	41,048	(27,547)	11,651	10,469	2,416,572	1,836	2,418,409	(206,071)	2,212,338
Segment assets	\$ 32,194,711	\$ 5,011,008	\$ 5,993,887	\$ 7,471,319	\$ 660,014	\$ 795,421	\$ 260,037	\$ 252,150	\$ 52,638,550	\$ 120,828	\$ 52,759,378	\$ 1,069,867	\$ 53,829,245
Other items													
Depreciation and amortization	485,794	140,333	36,277	61,069	12,253	25,602	3,026	4,956	769,312	905	770,218	10,278	780,496
Capital expenditures	\$ 1,001,377	\$ 449,830	\$ 520,773	\$ 1,241,637	\$ 6,186	\$ 122,373	\$ 5,845	\$ 8,781	\$ 3,356,806	\$ 4,171	\$ 3,360,977	\$ 81,391	\$ 3,442,369
Millions of yen													
2019													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Revenue, operating income and assets by reportable segment													
Revenue from:													
External customers	¥ 519,141	¥ 104,209	¥ 418,967	¥ 80,874	¥ 47,701	¥ 41,763	¥ 16,969	¥ 32,428	¥ 1,262,055	¥ 1,228	¥ 1,263,283	—	¥ 1,263,283
Intersegment or transfers	10,553	1,973	1,438	969	1,886	2,408	7,702	1,158	28,091	6,878	34,969	¥ (34,969)	—
Total revenue	529,695	106,182	420,405	81,844	49,588	44,171	24,671	33,586	1,290,146	8,106	1,298,252	(34,969)	1,263,283
Segment income (loss)	147,691	32,560	30,428	26,927	9,231	2,371	2,021	2,603	253,835	(196)	253,638	(24,459)	229,178
Segment assets	¥ 3,551,450	¥ 520,707	¥ 665,788	¥ 692,325	¥ 68,977	¥ 71,175	¥ 27,992	¥ 28,739	¥ 5,627,156	¥ 13,408	¥ 5,640,565	¥ 133,628	¥ 5,774,193
Other items													
Depreciation and amortization	50,283	14,303	3,432	5,587	2,987	2,054	253	499	79,401	53	79,455	880	80,336
Capital expenditures	¥ 117,167	¥ 37,480	¥ 41,568	¥ 76,412	¥ 11,346	¥ 14,464	¥ 573	¥ 1,051	¥ 300,065	¥ 762	¥ 300,827	¥ 11,497	¥ 312,324

Impairment losses of the Company and its consolidated subsidiaries on fixed assets by reportable segments for the years ended March 31, 2020 and 2019 are summarized as follows:

Millions of yen													
2020													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Impairment loss	—	¥ 9,006	¥ 1,731	—	—	¥ 153	—	¥ 9	¥ 10,902	—	¥ 10,902	¥ (57)	¥ 10,844
Thousands of U.S. dollars													
2020													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Impairment loss	—	\$ 82,759	\$ 15,913	—	—	\$ 1,410	—	\$ 91	\$ 100,174	—	\$ 100,174	\$(529)	\$ 99,645

Disclosure for the year ended March 31, 2019 is omitted due to immateriality.

The following tables present the amortization and balance of goodwill as of and for the years ended March 31, 2020 and 2019 by reportable segment:

Millions of yen													
2020													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Amortization of goodwill	—	—	¥ 386	¥ 66	¥ 1,929	—	—	¥ 208	¥ 2,591	—	¥ 2,591	—	¥ 2,591
Balance of goodwill	—	—	¥ 4,476	¥ 138	¥ 7,149	—	—	¥ 5,361	¥ 17,126	—	¥ 17,126	—	¥ 17,126
Amortization of negative goodwill	¥ 14,505	¥ 333	—	—	—	—	—	—	¥ 14,839	—	¥ 14,839	—	¥ 14,839
Balance of negative goodwill	¥ 84,960	¥ 12,417	—	—	—	—	—	—	¥ 97,377	—	¥ 97,377	—	¥ 97,377
Thousands of U.S. dollars													
2020													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Amortization of goodwill	—	—	\$ 3,554	\$ 608	\$ 17,730	—	—	\$ 1,918	\$ 23,811	—	\$ 23,811	—	\$ 23,811
Balance of goodwill	—	—	\$ 41,130	\$ 1,276	\$ 65,695	—	—	\$ 49,264	\$ 157,365	—	\$ 157,365	—	\$ 157,365
Amortization of negative goodwill	\$ 133,289	\$ 3,068	—	—	—	—	—	—	\$ 136,358	—	\$ 136,358	—	\$ 136,358
Balance of negative goodwill	\$ 780,671	\$ 114,098	—	—	—	—	—	—	\$ 894,770	—	\$ 894,770	—	\$ 894,770
Millions of yen													
2019													
Reportable segments													
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate Consolidated	
Amortization of goodwill	¥ 409	¥ 69	¥ 303	¥ 64	¥ 1,983	—	—	¥ 451	¥ 3,282	—	¥ 3,282	—	¥ 3,282
Balance of goodwill	—	—	¥ 4,834	¥ 208	¥ 9,180	—	—	¥ 5,570	¥ 19,794	—	¥ 19,794	—	¥ 19,794
Amortization of negative goodwill	—	—	—	—	—	—	—	—	—	—	—	—	—
Balance of negative goodwill	¥ 99,466	¥ 12,751	—	—	—	—	—	—	¥ 112,217	—	¥ 112,217	—	¥ 112,217

Gain on negative goodwill

There was no information for the year ended March 31, 2020. Disclosure for the year ended March 31, 2019 is omitted due to immateriality.

Products and service information

Refer to reportable segment information.

Geographic area information

Geographical area information on net sales for the year ended March 31, 2020 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2020	2020
Japan	¥ 1,157,340	\$ 10,634,392
United States	90,492	831,499
Europe	43,672	401,288
Asia	10,690	98,234
Total	¥ 1,302,196	\$ 11,965,415

(*) Net sales is classified into countries or regions based on the location of the Group companies.

Geographical area information on property, plant, and equipment for the year ended March 31, 2020 was omitted since property and equipment located in Japan accounted for more than 90% of equipment on the consolidated balance sheet.

Geographical area information for the year ended March 31, 2019 has been omitted since revenue from external customers in Japan and property and equipment located in Japan accounted for more than 90% of revenue from operations on the consolidated income statement and property and equipment on the consolidated balance sheet, respectively.

Major customer information

The Company does not have any major customers whose share of revenue from operations accounted for more than 10% of revenue from operations shown on the consolidated income statement. Accordingly, major customer information has been omitted.

19 Rental Properties

The Company and some of its consolidated subsidiaries own office buildings for lease, commercial facilities for lease and others in Tokyo and other areas including overseas countries (the United States and the United Kingdom, etc.) for the purpose of obtaining revenue from leases.

Some office buildings for lease in Japan are regarded as real estate including space used as rental properties since they are used by the Company and some of its consolidated subsidiaries.

The carrying value on the consolidated balance sheet as of March 31, 2020 and the fair value of these rental properties and real estate including space used as rental properties are as follows:

	Millions of yen						Thousands of U.S. dollars			
			2020				2020			
	Carrying value		Fair value		Carrying value		Fair value			
	As of April 1, 2019	Net Change	As of March 31, 2020	As of March 31, 2020	As of April 1, 2019	Net Change	As of March 31, 2020	As of March 31, 2020		
Rental properties	¥3,408,738	¥94,021	¥3,502,759	¥7,356,741	\$31,321,684	\$863,925	\$32,185,609	\$67,598,469		
Real estate including space used as rental properties	633,983	(88,403)	545,580	914,103	5,825,451	(812,307)	5,013,144	8,399,367		

- The carrying value represents the acquisition cost less accumulated depreciation and accumulated impairment loss.
- The fair value is based on the following:
 - The fair value of real estate in Japan is calculated by the Company based mainly on the Real Estate Appraisal Standards.
 - The fair value of real estate in overseas countries is appraised principally by local real estate appraisers.
 - The impact of the novel coronavirus disease (COVID-19) on the estimate was calculated on certain assumptions based on earnings forecasts, but the impact on the estimate is immaterial.

The carrying value on the consolidated balance sheet as of March 31, 2019 and the fair value of these rental properties and real estate including space used as rental properties are as follows:

	Millions of yen			
			2019	
	Carrying value		Fair value	
	As of April 1, 2018	Net Change	As of March 31, 2019	As of March 31, 2019
Rental properties	¥3,480,147	¥ (71,408)	¥3,408,738	¥6,953,534
Real estate including space used as rental properties	480,436	153,547	633,983	987,600

- The carrying value represents the acquisition cost less accumulated depreciation and accumulated impairment loss.
- The fair value is based on the following:
 - The fair value of real estate in Japan is calculated by the Company based mainly on the Real Estate Appraisal Standards.
 - The fair value of real estate in overseas countries is appraised principally by local real estate appraisers.

The income or loss from rental properties and real estate including space used as rental properties for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen								Thousands of U.S. dollars			
	2020				2019				2020			
	Lease income ^(*)	Lease cost	Lease income (loss), net	Other, net	Lease income ^(*)	Lease cost	Lease income (loss), net	Other, net	Lease income ^(*)	Lease cost	Lease income (loss), net	Other, net
Rental properties	¥472,275	¥303,281	¥168,994	¥(21,246)	¥448,676	¥283,816	¥164,860	¥(7,917)	\$4,339,574	\$2,786,742	\$1,552,832	\$(195,228)
Real estate including space used as rental properties	43,903	32,369	11,534	4,012	40,830	30,825	10,005	(406)	403,414	297,429	105,985	36,872

(*) Lease income excludes that from real estate including space used as rental properties that was used by the Company and some of its consolidated subsidiaries for leasing service and operating management.

20 Asset Retirement Obligations

(1) Asset retirement obligations presented in the consolidated balance sheet

1. Outline of asset retirement obligations
Asset retirement obligations include obligations of restoration related to leasehold and rental contracts.

2. Calculation method for asset retirement obligations
Asset retirement obligations are calculated based on the remaining contract years as an expected use period with a discount rate between 0.0% and 2.3%.

3. Changes in asset retirement obligations during the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at the beginning of the year	¥5,859	¥3,355	\$53,837
Increase due to the acquisition of property and equipment	1,854	2,814	17,036
Adjustments due to the elapse of time	74	66	689
Decrease due to the fulfillment of asset retirement obligations	(13)	(48)	(121)
Other	(1,538)	(328)	(14,136)
Balance at the end of the year	¥6,236	¥5,859	\$57,304

(2) Asset retirement obligations not recognized in the consolidated balance sheet

As stated below, certain obligations are excluded from recognition of asset retirement obligations.

- Obligation to remove asbestos that is used for some properties and equipments in a particular way required by the Ordinance on Preventing Asbestos Hazards
For such properties, the Company has an obligation to remove asbestos at demolition of buildings. However, no demolition has taken place in the past other than those related to redevelopment or other projects involving many other business associates. It is therefore difficult to reasonably estimate the timing to fulfill such obligation based on the physical useful life of the assets caused by aging and it is impossible to estimate the timing without specific business plans. Although the Company has been voluntarily conducting asbestos removal work when that is feasible due to such as termination of tenancy, it is impractical to make a reasonable estimation of progress of such voluntary removal work based on the actual record of the tenancy termination and of the remaining amount of asbestos at demolition. Moreover, it is difficult to distinguish costs of asbestos removal from total costs of demolition. Although the Company made the best estimation taking into account all the evidence available as of March 31, 2020, these obligations are excluded from recognition of asset retirement obligations since the probability of obligations in terms of scope and amount was not reasonably estimated.
- Obligation of restoration based on some real estate rental agreements
For some commercial facilities, the Company has an obligation of restoration at the termination of leasehold rental agreements. However, the timing to fulfill the obligation is uncertain since it is practically possible to continue to use those facilities by re-signing contracts and some contracts set forth a special provision to reduce the possibility to fulfill the obligation. Furthermore, given its business strategies and the current business environment, the Company intends to continue its operation and not to fulfill the obligation. Although the Company made the best estimation taking into account all the evidence available as of March 31, 2020, these obligations are excluded from recognition of asset retirement obligations since the probability of the obligations in terms of scope and amount could not be reasonably estimated.

21 Related Party Transactions

The Company has related party transactions with key management personnel of the Company and major individual shareholders.

The corresponding balances as of March 31, 2020 and 2019 and the amounts of these transactions for the years then ended are summarized as follows:

Type	Name	Occupation	Ownership ratio of voting shares	Relationship with the related party	Nature of transaction	Millions of yen		Thousands of U.S. dollars			
						Transaction amount	Account	Balance outstanding at year end	Transaction amount	Account	Balance outstanding at year end
Director	Junichi Tanisawa	Representative Executive Officer of the Company	0.00%	Contract for construction of housing and other	Construction of housing	¥89	—	—	\$824	—	—

- Transaction amounts do not include consumption tax.
- Transaction terms are determined in consideration with market prices, the same as general transactions.

Type	Name	Occupation	Ownership ratio of voting shares	Relationship with the related party	Nature of transaction	Millions of yen		Balance outstanding at year end
						Transaction amount	Account	
						2019		
Director	Junichi Tanisawa	Representative Executive Officer of the Company	0.00%	Contract for construction of housing and other	Construction of housing	—	Advances and deposits	¥23

- Balance outstanding at year end includes consumption tax.
- Transaction terms are determined in consideration with market prices, the same as general transactions.

22 Other Comprehensive Income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2020 and 2019:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrealized holding gain (loss) on securities:			
Amount arising during the year	¥(49,089)	¥ (2,748)	\$(451,065)
Reclassification adjustments for gains and losses included in net income	(1,627)	(6,001)	(14,958)
Amount before tax effects	(50,717)	(8,749)	(466,023)
Tax effects	14,787	2,412	135,875
Unrealized holding gain (loss) on securities	(35,929)	(6,337)	(330,147)
Deferred gain (loss) on hedging instruments:			
Amount arising during the year	(2,307)	(181)	(21,206)
Reclassification adjustments for gains and losses included in net income	(548)	(398)	(5,037)
Amount before tax effects	(2,856)	(579)	(26,244)
Tax effects	816	195	7,506
Deferred gain (loss) on hedging instruments	(2,039)	(384)	(18,737)
Foreign currency translation adjustments:			
Amount arising during the year	1,208	(17,484)	11,100
Amount before tax effects	1,208	(17,484)	11,100
Tax effects	(153)	77	(1,413)
Foreign currency translation adjustments	1,054	(17,407)	9,686
Retirement benefits liability adjustments:			
Amount arising during the year	(6,517)	11	(59,888)
Reclassification adjustments for gains and losses included in net income	(870)	1,206	(7,998)
Amount before tax effects	(7,388)	1,218	(67,886)
Tax effects	2,284	(378)	20,992
Retirement benefits liability adjustments	(5,103)	839	(46,893)
Share of other comprehensive income of companies accounted for by the equity method:			
Amount arising during the year	(382)	(913)	(3,513)
Total other comprehensive income (loss)	¥(42,400)	¥(24,202)	\$(389,606)

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Mitsubishi Estate Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Mitsubishi Estate Co., Ltd.(the Company) and its subsidiaries(the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.



Revenue recognition for sales of real property to real estate funds	
Description of Key Audit Matter	Auditor's Response
<p>The Company and its consolidated subsidiaries sell real property to real estate funds.</p> <p>Sales transactions of real property generally have unique terms and conditions and involve relatively large transaction prices. In order to take into consideration individual needs of the parties involved, transaction schemes for sales of real property made to real estate funds may be more complex or there may be continuing involvement such as undertaking an asset management role, having a repurchase option or retaining some equity interest in the sold property. Therefore, the determination of whether substantially all of the risks and rewards of real property have been transferred may be complex.</p> <p>In case the determination is erroneously made, a significant amount of revenue would be recognized for the sales transactions where substantially all of the risks and rewards of real property have not been transferred.</p> <p>Accordingly, we identified as a key audit matter the determination of whether substantially all of the risks and rewards of real property have been transferred in sales transactions to real estate funds made for the purpose of revenue recognition.</p>	<p>We performed the following procedures to assess the determination of whether substantially all of the risks and rewards of real property have been transferred in all the sales transactions to real estate funds which had sales amount exceeding the testing threshold we established based on risk assessment.</p> <p>We inspected the management approval documents and inquired of the in-charge divisions to understand the nature and scheme of the transaction as well as the nature of the buyer and assessed the determination of whether there was any continuing involvement in the sold property. We read the purchase and sales agreement and inquired of the in-charge division to understand the transaction terms and conditions and evaluated the business rationale. We inspected the cash receipt evidence and a copy of the registration certificates to corroborate the fact of delivery.</p>



Valuation of redevelopment-related property and equipment	
Description of Key Audit Matter	Auditor's Response
<p>The Company and its consolidated subsidiaries are engaged in multiple redevelopment projects and have recorded the property and equipment acquired for these projects as land and construction in progress on the consolidated balance sheet.</p> <p>Redevelopment business is exposed to potential risk of having lower profitability than originally expected because of delay in redevelopment or subsequent modification of a redevelopment plan.</p> <p>Specifically, there are risks such as having disagreeing landlords in areas planned for redevelopment, being unable to obtain a necessary governmental permission for redevelopment, increase in construction costs and slower pace of a property lease-up.</p>	<p>We performed the following procedures to assess the determination of whether impairment indicators are present and the determination of whether an impairment loss should be recognized on the redevelopment-related property and equipment which had carrying value at each project level exceeding the testing threshold we established based on risk assessment.</p> <ul style="list-style-type: none"> • For the determination of whether impairment indicators are present, in order to assess the determination of whether there have been any material changes in the redevelopment projects that would significantly lower the recoverable amount, we updated our understanding of the status of redevelopment projects including the status of negotiation with landlords in areas planned for redevelopment, the status of obtaining necessary governmental permission for redevelopment, market conditions for construction costs, the progress of the construction and the status of property lease-up by inspecting supporting documents including the management approval documents and the board of directors meeting minutes and inquiring of in-charge divisions. In addition, we compared the costs actually incurred for redevelopment with the investment budget and the business plan.



Valuation of redevelopment-related property and equipment continued	
Description of Key Audit Matter	Auditor's Response
<p>In order to determine whether impairment indicators are present and then, determine whether an impairment loss should be recognized on the redevelopment-related property and equipment, it is necessary to comprehensively evaluate those various risks and assess whether the redevelopment costs are expected to be ultimately recovered. In addition, the nature and reliability of the information to support the assessment of recoverability of the redevelopment costs such as expected future rent to be earned after completion of a redevelopment, capital expenditures necessary to maintain the existing service potential and terminal value varies widely and involves uncertainty.</p> <p>Accordingly, since the determination of whether impairment indicators are present is complex and the determination of whether an impairment loss should be recognized involves a high degree of uncertainty for the redevelopment-related property and equipment, we identified such determination as a key audit matter.</p>	<ul style="list-style-type: none"> For the redevelopment-related property and equipment where impairment indicators existed, we obtained the estimated future undiscounted cash flow and evaluated the underlying key assumptions such as expected future rent to be earned after completion of redevelopment, capital expenditures necessary to maintain the existing service potential and the terminal value by comparing certain of them with industry information obtained from external source.



Valuation of land held for future development of residential condominiums	
Description of Key Audit Matter	Auditor's Response
<p>Mitsubishi Estate Residence Co., Ltd., the Company's consolidated subsidiary is engaged in developments and sales of residential property mainly consisting of condominiums and have recorded the assets acquired for development as part of inventories on the consolidated balance sheet.</p> <p>Among those assets for development, the land held for future development of residential condominiums is associated with potential risk of having lower profitability than originally expected because of delay in development or subsequent modification of a development plan which may happen in a period before the sales starts.</p> <p>Valuation of the land held for future development is made based on a business plan, however, the business itself involves various risks such as a decline in sales price in the future, excessive supply of residential condominiums due to increases in supply by competitors in neighboring areas, being unable to obtain necessary governmental permission for development, delay in construction due to continuing negotiation with existing residents in neighboring areas and increases in construction costs.</p>	<p>We performed the following procedures to assess the determination of whether it is required to record valuation losses on the land held for future development of residential condominiums which had carrying value at each project level exceeding the testing threshold we established based on risk assessment.</p> <p>We agreed the planned commencement date of construction with the business plan and updated our understanding of the status of development and sales forecasts including market conditions for residential condominiums, competitors' development projects in neighboring areas, the status of obtaining necessary governmental permission for development, the status of negotiation with existing residents in neighboring areas and market conditions for construction costs by inspecting supporting documents including the management approval documents and the board of directors meeting minutes and inquiring of in-charge divisions and assess the determination of whether there have been any material changes in the land held for development that would make the net realizable value lower than the carrying value. Also, we tested the estimated net realizable value by comparing the key assumptions underlying the business plans with industry information obtained from external source.</p>



Valuation of land held for future development of residential condominiums continued	
Description of Key Audit Matter	Auditor's Response
<p>In order to determine whether a valuation loss should be recognized on the land held for future development of residential condominiums, it is necessary to comprehensively evaluate those risks and determine whether the development costs are expected to be ultimately recovered. However, the nature and reliability of the information available to support the determination varies widely.</p> <p>Accordingly, we identified as a key audit matter the determination of whether a valuation loss should be recognized on the land held for future development due to a high degree of uncertainty involved with such determination.</p>	



Responsibilities of Management, the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Conflicts of Interest

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.



Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan
June 26, 2020

千 葉 達 也 
Tatsuya Chiba
Designated Engagement Partner
Certified Public Accountant

寒 河 江 祐 一 郎 
Yuichiro Sagae
Designated Engagement Partner
Certified Public Accountant

大 久 保 照 代 
Teruyo Okubo
Designated Engagement Partner
Certified Public Accountant

Principal Mitsubishi Estate Group Companies

■ Consolidated subsidiary □ Affiliate accounted for by the equity method

Innovation and Business Transformation	Address	Phone	Business activities	Share of voting rights (%)
MEC Agri Co., Ltd.*	2270, Hirakawa-cho, Midori-ku, Chiba, Chiba Prefecture 266-0004	+81-43-312-6555	Production of agricultural products, sales	90.0
Medicha Co., Ltd.*	BLUE CINQ POINT Bld. C-B1, 5-3-18 Minami Aoyama, Minato-ku, Tokyo 107-0062	+81-3-3287-5519	Meditation and operation of studios	100.0
MEC Business System Solutions Co., Ltd.	13F, Marunouchi Kitaguchi Building, 6-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3214-9300	Development and management of information systems and software	100.0
* Outside the scope of consolidation				
Commercial Property Business				
Building Management Business				
Mitsubishi Jisho Property Management Co., Ltd.	Marunouchi Nakadori Building, 2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3287-4111	Comprehensive building operation and management	100.0
Hokuryo City Service Co., Ltd.	Hokkaido Building, 4-1, Kita 2-jou Nishi, Chuo-ku, Sapporo, Hokkaido 060-0002	+81-11-242-7411	Management and operation of buildings, commercial facilities, and sporting facilities	100.0
Yuden Building Kanri Co., Ltd.	Yurakucho Denki Building, 7-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006	+81-3-3211-7833	Operation and management of the Yurakucho Denki Building	62.5
Nan Shan Plaza Property Management Co., Ltd.*	100-7, Songren Road, Xinyi District, Taipei, 11073, Taiwan	+886-2-2723-8009	Property management of Nanshan Plaza	70.0
* Outside the scope of consolidation				
Building Leasing Business				
Sunshine City Corporation	World Import Mart Building, Sunshine City, 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-8630	+81-3-3989-3321	Management of Sunshine City and other buildings	63.2
Tokyo Kotsu Kaikan Co., Ltd.	Tokyo Kotsu Kaikan, 10-1, Yurakucho 2-chome, Chiyoda-ku, Tokyo 100-0006	+81-3-3212-2931	Management of Tokyo Kotsu Kaikan and other buildings	50.0
Parking Business				
Tokyo Garage Co., Ltd.	Sanno Grand Building, 14-2, Nagatacho 2-chome, Chiyoda-ku, Tokyo 100-0014	+81-3-3504-0610	Operation and management of building garages and sale of various gasoline products	54.9
District Heating and Cooling Business				
Marunouchi Heat Supply Co., Ltd.*	Marunouchi Kitaguchi Building, 6-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3287-2288	Cooling and heating supply business in the Marunouchi, Otemachi, Yurakucho, and other districts	65.6
Ikebukuro District Heating and Cooling Co., Ltd.*	World Import Mart Building, Sunshine City, 1 Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-8630	+81-3-3988-6771	Cooling and heating supply business in the Higashi-Ikebukuro district	68.0
O.A.P. D.H.C. Supply Co., Ltd.	OAP Tower, 8-30, Tenmabashi 1-chome, Kita-ku, Osaka, Osaka Prefecture 530-6004	+81-6-6881-5170	Cooling and heating supply business in the Osaka OAP district	35.0
Minato Mirai 21 D.H.C. Co., Ltd.	1-45, Sakuragicho 1-chome, Naka-ku, Yokohama, Kanagawa Prefecture 231-0062	+81-45-221-0321	Cooling and heating supply business in the Yokohama Minato Mirai district	29.8
Logistics Facility Management Business				
Tokyo Ryutsu Center Inc.	1-1, Heiwajima 6-chome, Ota-ku, Tokyo 143-0006	+81-3-3767-2111	Leasing, operation, and management of logistics and office buildings	60.0
Hotel Business				
Royal Park Hotels and Resorts Co., Ltd.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3211-6180	Comprehensive supervision and management of hotel business	100.0
Tohoku Royal Park Hotel Co., Ltd.	2-1, Teraoka 6-chome, Izumi-ku, Sendai, Miyagi Prefecture 981-3204	+81-22-377-1111	Operation of Sendai Royal Park Hotel	100.0
Royal Park Hotel Co., Ltd.	1-1, Kakigaracho 2-chome, Nihonbashi, Chuo-ku, Tokyo 103-8520	+81-3-3667-1111	Management and operation of Royal Park Hotel	55.7
Marunouchi Hotel Co., Ltd.	6-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3217-1111	Management and operation of the Marunouchi Hotel	76.9
Retail Properties Management Business				
Mitsubishi Jisho Retail Management Co., Ltd.	7-1, Daiba 1-chome, Minato-ku, Tokyo 135-8707	+81-3-5579-6671	Operation and management of commercial facilities	100.0
Mitsubishi Estate • Simon Co., Ltd.	Otemachi Financial City South Tower, 9-7, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3275-5252	Management of outlet malls	60.0
Yokohama Sky Building Co., Ltd.	19-12, Takashima 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture 220-0011	+81-45-441-1221	Management of the Sky Building and the Yokohama Shintoshin Building	54.4
Airport Operation Business				
Takamatsu Airport Co., Ltd.*	1312-7, Oka, Konan-cho, Takamatsu, Kagawa Prefecture 761-1401	+81-87-814-3657	Operation of Takamatsu Airport and related businesses	73.1
Shimajima Airport Management Co., Ltd.*	1727, Irabusawada, Miyakojima, Okinawa Prefecture 906-0507	+81-980-78-6365	Operation of the Miyako Shimajima Airport Passenger Terminal and related businesses	69.0
Mt. Fuji Shizuoka Airport Co., Ltd.*	3336-4, Sakaguchi, Makinohara, Shizuoka Prefecture 421-0411	+81-548-29-2000	Leasing of the Mt. Fuji Shizuoka Airport Terminal and commissioned management and operation of the airport's basic facilities and airport parking lots maintained by the prefecture	50.0
* Outside the scope of consolidation				
Others				
Marunouchi Direct Access Limited	Shin Kokusai Building, 4-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3214-4881	Dark fiber leasing and data center housing businesses in the Marunouchi and Otemachi districts	51.0
Residential Business				
Real Estate Sales				
Mitsubishi Estate Residence Co., Ltd	Otemachi Financial City Grand Cube 9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8189	+81-3-6281-8000	Real estate development, sales, leasing, management, real estate ownership, and management	100.0
Custom-Built Housing				
Mitsubishi Estate Home Co., Ltd.	Kokusai-Shin-Akasaka Building Higashi-kan, 14-27, Akasaka 2-chome, Minato-ku, Tokyo 107-0052	+81-3-6887-8200	Design and construction of single-unit homes and housing complexes, renovation of homes and retail shops	100.0
Mitsubishi Estate Housing Components Co., Ltd.	228-4, Shinminato, Mihama-ku, Chiba, Chiba Prefecture 261-0002	+81-43-242-9031	Manufacture, processing, and sale of construction materials	91.7

Residence Management Business	Address	Phone	Business activities	Share of voting rights (%)
Mitsubishi Jisho Community Holdings Co., Ltd.	6-1, Sanban-cho, Chiyoda-ku, Tokyo 102-0075	+81-3-3556-3888	Business management and operations related to the condominium management business	71.5
Mitsubishi Jisho Community Co., Ltd.	6-1, Sanban-cho, Chiyoda-ku, Tokyo 102-0075	+81-3-5213-6100	Overall condominium and building management, renovations, and related businesses	100.0
Izumi Park Town Service Co., Ltd.	7-2, Takamori, Izumi-ku, Sendai, Miyagi Prefecture 981-3203	+81-22-378-0022	Comprehensive management of Izumi Park Town	100.0
Recreational Facilities				
Higashinohon Kaihatsu Co., Ltd.	1442-23, Yosawa Oyamacho, Sunto-gun, Shizuoka Prefecture 410-1326	+81-550-78-3211	Management of the Higashi Fuji Country Club, Fuji International Golf Club, and other properties	100.0
Sakura Golf Development Co., Ltd.	670 Soshiyama, Uchida, Sakura, Chiba Prefecture 285-0077	+81-43-498-6630	Management of Asakura Golf Club	49.0
Others				
MEC Eco LIFE Co., Ltd.	5F Shinko Building, 6-8, Kanda-Ogawamachi 3-chome, Chiyoda-ku, Tokyo 101-0052	+81-3-3518-8461	Research and proposals on the environment and design	100.0
Mitsubishi Jisho House Net Co., Ltd.	Shinjuku Front Tower, 21-1, Kita-Shinjuku 2-chome, Shinjuku-ku, Tokyo 169-0074	+81-3-6908-5560	Purchase, sales, and leasing brokerage of homes for individuals, leasing management	100.0
URBAN LIFE Co., Ltd.	6-26, Motoyaminamimachi, 8-chome, Higashinada-ku, Kobe, Hyogo Prefecture 658-0015	+81-78-452-0668	Leasing business in the Kansai area, real estate sales (sales of renovated condominiums)	100.0
URBAN LIFE JUUTAKUHANBAI Co., Ltd.	6-26, Motoyaminamimachi, 8-chome, Higashinada-ku, Kobe, Hyogo Prefecture 658-0015	+81-78-414-6211	Purchase, sales, leasing brokerage, and leasing management of homes for individuals in the Kansai area	100.0
Ryoei Life Service Co., Ltd.	Royal Life Okusawa, 33-13, Okusawa 3-chome, Setagaya-ku, Tokyo 158-0083	+81-3-3748-2650	Operation of commercial nursing homes	100.0
International Business				
Rockefeller Group International, Inc.	1271 Avenue of the Americas, 24th Fl. New York, NY 10020 U.S.A.	+1-212-282-2000	Real estate operations	100.0
Mitsubishi Estate New York Inc.	1271 Avenue of the Americas, 24th Fl. New York, NY 10020 U.S.A.	+1-212-698-2200	Real estate operations in the United States	100.0
Mitsubishi Estate London Limited	5 Golden Square London, W1F 9HT, U.K.	+44-20-7292-3180	Real estate operations in Europe	100.0
Mitsubishi Estate Asia Pte. Ltd.	138 Market Street #27-03 CapitaGreen, Singapore 048946	+65-6576-5790	Real estate operations in Asia	100.0
PT. Mitsubishi Estate Indonesia	Jl. Jendral Sudirman, Kav 5-6, Menara Astra 56th Floor, Jakarta Pusat, 10220 Indonesia	+62-21-8060-0071	Real estate operations in Indonesia	100.0
Mitsubishi Estate Vietnam Company Limited	Level 15, Saigon Centre Tower 2, 67 Le Loi Street, District 1, Ho Chi Minh City, Vietnam 700000	+84-24-3267-3885	Real estate operations in Vietnam	100.0
Mitsubishi Estate (Shanghai) Ltd.*	1805 Room Raffles City, 268 Xizang Middle Road, Shanghai 200001, P.R.C.	+86-21-6340-4000	Real estate business in China	100.0
Mitsubishi Estate Taiwan Ltd.*	100-6, Songren Road, Xinyi District, Taipei, 11073, Taiwan	+886-2-8780-3003	Real estate business in Taiwan	100.0
Mitsubishi Estate Residence Co., Ltd.	Otemachi Financial City Grand Cube 9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8189	+81-3-6281-8000	Real estate business overseas, Real estate development, sales, leasing, management, real estate ownership, and management	100.0
* Outside the scope of consolidation				
Investment Management Business				
Mitsubishi Jisho Investment Advisors, Inc.	Marunouchi North Exit Building, 6-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3218-0031	Specialist real estate investment management services (real estate investment advisory and other services)	100.0
Japan Real Estate Asset Management Co., Ltd.	Otemachi Park Building, 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3211-7921	Investment corporation asset management	90.0
TA Realty LLC	28 State Street, Boston, MA 02109, U.S.A.	+1-617-476-2700	Investment management business in the United States	70.0
Europa Capital LLP	15 Sloane Square, London SW1W 8ER, U.K.	+44-20-7881-6800	Investment management business in Europe	87.0
Pan Asia Realty Advisors (Singapore) Pte. Ltd.	80 Raffles Place, No. 18-01, UOB Plaza 1, Singapore 048624	+65-6416-7888	Investment management business in Asia and Oceania	73.75
Architectural Design & Engineering Business				
Mitsubishi Jisho Sekkei Inc.	Marunouchi 2-chome Building, 5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3287-5555	Construction and civil engineering design administration	100.0
MEC Design International Corporation	Inui Building Kachidoki, 13-1, Kachidoki 1-chome, Chuo-ku, Tokyo 104-0054	+81-3-6704-0100	Interior design administration and construction, manufacture, and sale of furniture and household items	100.0
Real Estate Services Business				
Mitsubishi Real Estate Services Co., Ltd.	Otemachi Financial City Grand Cube, 1-9-2, Chiyoda-ku, Tokyo 100-0004	+81-3-3510-8011	Purchase, sales, and leasing brokerage of corporate real estate, leasing management, real estate appraisal, and parking business	100.0
Mitsubishi Estate Parks Co., Ltd.	3F, Seitoh Kaikan, 5-7, Sanbancho, Chiyoda-ku, Tokyo 102-0075	+81-3-5215-1720	Operation and management of parking lots, parking-lot consulting	100.0
Others				
MEC Human Resources, Inc.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3212-8674	Human resource-related services	100.0
Keiyo Tochi Kaihatsu Co., Ltd.	Shin-Tokyo Building, 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3212-0555	Management of the Minoria Inage Kaigan retail facility	66.7

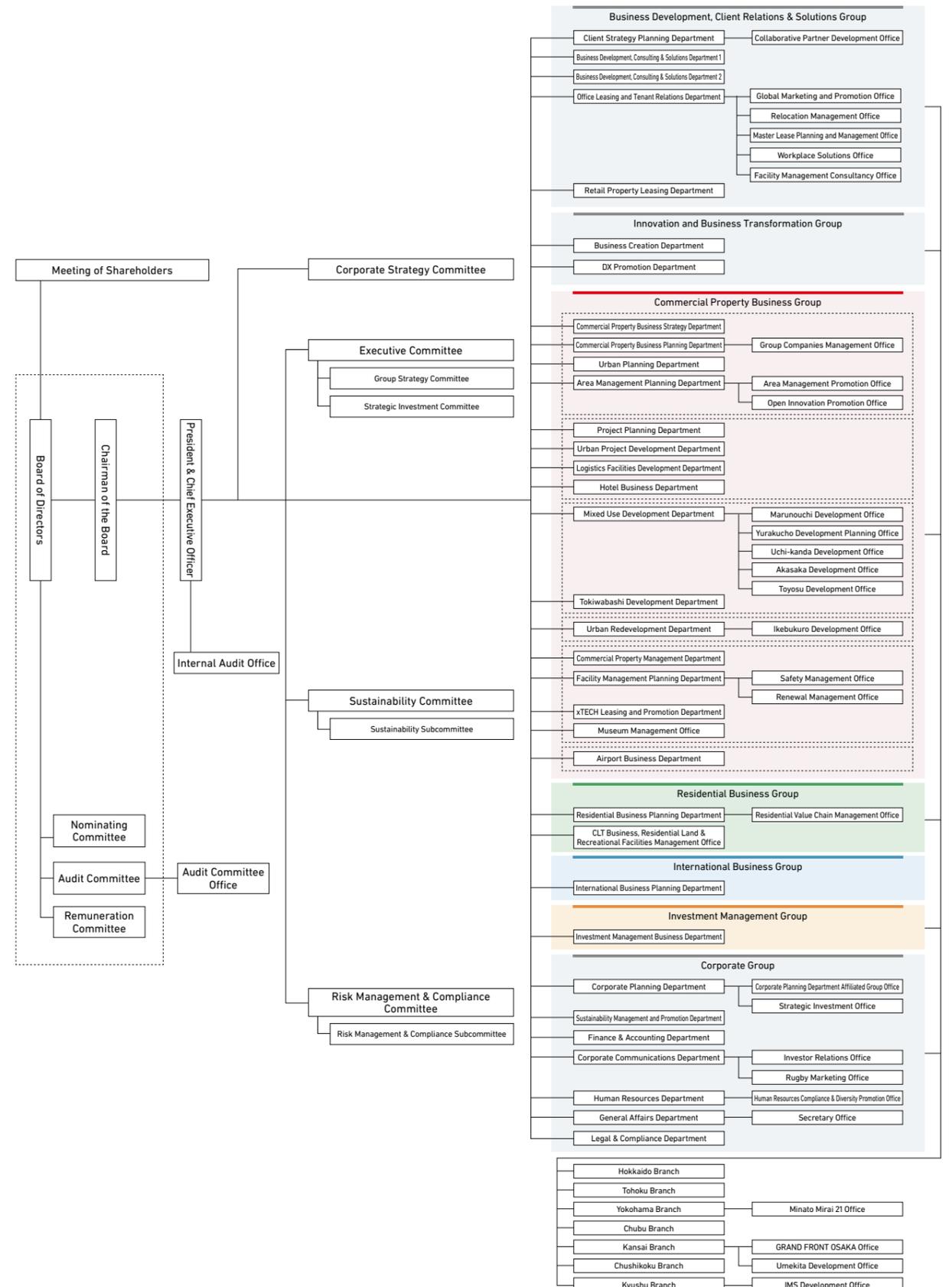
Note: Percentage of voting rights held is as of March 31, 2020.

Corporate History

History	Major properties
The Marunouchi site purchased by Mitsubishi Company from the Japanese government.	1890
Mitsubishi Goshi Kaisha (limited partnership) established. Achieved further expansion of business.	1893
	1894
	1894
Completed Mitsubishi Ichigokan, offering the first Western-style office architecture in Marunouchi.	1923
Marunouchi Building completed in front of Tokyo Station.	
Mitsubishi Estate Company, Limited, established with paid-in capital totaling ¥15 million, with the ownership of the Marunouchi Building and site, as well as business rights for buildings and land within the Marunouchi area, transferred from Mitsubishi Goshi Kaisha.	1937
	1952
Shin-Marunouchi Building completed.	
Mitsubishi Estate's shares listed on the Tokyo Stock Exchange and the Osaka Securities Exchange.	1953
Marunouchi Remodeling Plan formulated. Met demand for offices in the years of high economic growth.	1959
	1962
Hokkaido Building completed.	
Akasaka Park House offered for sale in lots, marking the launch of the Condominium Business.	1969
Mitsubishi Estate New York Inc. established. Began expansion of business overseas.	1972
The first phase of the Izumi Park Town Project launched.	
Mitsubishi Real Estate Services Co., Ltd., established.	
Branches established in Sapporo (renamed Hokkaido Branch in November 2017), Sendai (renamed Tohoku Branch in July 1989), Nagoya (renamed Chubu Branch in April 2018), and Osaka (renamed Kansai Branch in April 2016). Strengthened business in major Japanese cities.	1973
Nagoya Dai-ichi Hotel opened (Hotel Business launched).	1983
Mitsubishi Estate Home Co., Ltd., established.	1984
MEC UK Limited established.	1986
Yokohama Office established (reorganized as Yokohama Branch in April 2000).	
Hiroshima Branch (renamed Chushikoku Branch in November 2017) and Kyushu Branch established.	1989
Tenjin MM Building (IMS) opened in Fukuoka City. Royal Park Hotel in Hakozaeki, Tokyo, opened. Hiroshima Park Building completed.	
Participation in the City of London's Paternoster Square Project announced. Capital investment in Rockefeller Group, Inc., initiated.	1990
	1993
Yokohama Landmark Tower completed. Yokohama Royal Park Hotel opened.	
Reconstruction of Marunouchi Building announced.	1995
	1996
Osaka Amenity Park (OAP) completed.	
Began first stage of Marunouchi redevelopment.	1998
	2000
GOTEMBA PREMIUM OUTLETS* opened.	
Mitsubishi Jisho Investment Advisors, Inc., established.	2001
Properties and equipment revaluated in accordance with the Law Concerning Revaluation of Land and other relevant laws and regulations.	2002
Marunouchi Building opened.	
Mitsubishi Trust and Banking Building completed (renamed Mitsubishi UFJ Trust and Banking Building in October 2005).	2003
Paternoster Square completed in the City of London.	
Marunouchi Oazo opened.	2004
Tokyo Building opened.	2005
Shin-Marunouchi Building opened.	
The Peninsula Tokyo opened.	2007
	2008
Sunshine City Corporation became a Mitsubishi Estate consolidated subsidiary. Mitsubishi Estate Asia Pte. Ltd. commenced operations.	
Chelsea Japan Co., Ltd., became a Mitsubishi Estate consolidated subsidiary (renamed Mitsubishi Estate-Simon Co., Ltd., in February 2013).	2009
Marunouchi Park Building and Mitsubishi Ichigokan completed.	
Mitsubishi Ichigokan Museum opened.	2010
	2011
Mitsubishi Estate Residence Co., Ltd., established.	
Marunouchi Eiraku Building completed.	2012
OTEMACHI FINANCIAL CITY (North Tower, South Tower) opened. MARK IS shizuoka and MARK IS minatomirai opened. Grand Front Osaka opened.	
Mitsubishi Estate (Shanghai) Ltd. established.	2013
	2014
Singapore CapitaGreen completed.	
Mitsubishi Estate Building Management and Mitsubishi Estate Property Management integrated.	
Dai Nagoya Building completed. Otemon Tower · JX Building completed.	2015
	2016
OTEMACHI FINANCIAL CITY GRAND CUBE completed.	
Tokyo Ryutsu Center Inc. became a Mitsubishi Estate consolidated subsidiary. Hirotsuka Sugiyama and Junichi Yoshida appointed chairman of the Board and president & chief executive officer, respectively.	2017
Otemachi Park Building completed.	
Taiwan Representative Office established.	
Head Office relocated to Otemachi Park Building.	2018
Marunouchi Nijubashi Building completed.	
Establishment of PT. Mitsubishi Estate Indonesia and Mitsubishi Estate Vietnam Company Limited.	2019

Organization

As of April 1, 2020



Corporate Information

As of March 31, 2020

Stock Information

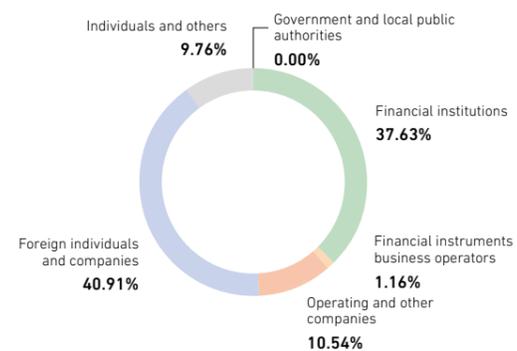
Stock Details

Number of authorized shares: 1,980,000,000 shares

Number of shares issued and outstanding: 1,391,174,263
(136,093 increase in number of shares from the previous fiscal year-end)

Number of shareholders: 63,456
(Increase of 1,158 shareholders compared with the end of the previous fiscal year)

Shareholder Composition (Percentage of shares held)



Major Shareholders	Number of shares held (Thousands of shares)	Shareholding percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	122,882	9.18
Japan Trustee Services Bank, Ltd. (Trust account)	69,470	5.19
Meiji Yasuda Life Insurance Company	46,882	3.50
JP MORGAN CHASE BANK 380055	46,512	3.47
SSBTC CLIENT OMNIBUS ACCOUNT	29,513	2.20
Japan Trustee Services Bank, Ltd. (Trust account 5)	28,149	2.10
Japan Trustee Services Bank, Ltd. (Trust account 7)	28,024	2.09
Tokio Marine & Nichido Fire Insurance Co., Ltd.	20,300	1.51
JP MORGAN CHASE BANK 385151	20,064	1.49
STATE STREET BANK WEST CLIENT-TREATY505234	19,395	1.44

Note: The investment ratio is calculated after deducting the shares of treasury stock from the issued shares of the Company.

Company Name

Mitsubishi Estate Co., Ltd.

Date of Establishment

May 7, 1937

Paid-in Capital

¥142,147 million

Business Activities

Development, leasing, and management of office buildings, retail, and other facilities

Development of real estate for investment purposes and asset management

Development and sale of land for housing, research, and other facility use

Management of leisure and other facilities

Sale and brokerage of real estate and related consulting services

Number of Employees (Excluding temporary staff)

Non-consolidated: 903

Consolidated: 9,619

URL

https://www.mec.co.jp/index_e.html

Head Office

Otemachi Park Building, 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8133
Phone: +81-3-3287-5100

Hokkaido Branch

Hokkaido Building, 4-1, Kita 2-jou Nishi, Chuo-ku, Sapporo, Hokkaido 060-0002
Phone: +81-11-221-6101

Tohoku Branch

Sendai Park Building, 6-1, Kokubun-cho 3-chome, Aoba-ku, Sendai, Miyagi Prefecture 980-0803
Phone: +81-22-261-1361

Yokohama Branch

Yokohama Landmark Tower, 2-1, Minato Mirai 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture 220-8115
Phone: +81-45-224-2211

Chubu Branch

Nagoya Hirokoji Building, 3-1, Sakae 2-chome, Naka-ku, Nagoya, Aichi Prefecture 460-0008
Phone: +81-52-218-7755

Kansai Branch

OAP Tower, 8-30, Tenmabashi 1-chome, Kita-ku, Osaka, Osaka Prefecture 530-6009
Phone: +81-6-6881-5160

Chushikoku Branch

Hiroshima Park Building, 7-5, Otemachi 3-chome, Naka-ku, Hiroshima, Hiroshima Prefecture 730-0051
Phone: +81-82-245-1241

Kyushu Branch

Tenjin Twin Building, 6-8, Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka Prefecture 810-0001
Phone: +81-92-731-2211

About Our Website

Mitsubishi Estate Group Corporate Website

https://www.mec.co.jp/index_e.html



Sustainability Information

<https://www.mec.co.jp/e/sustainability/index.html>

Our website contains sustainability reports and other information that summarize Groupwide sustainability-related data and initiatives based on important sustainability issues.

IR Information

<https://www.mec.co.jp/e/investor/index.html>

In addition to financial information, the site contains various IR explanatory materials and an Asset Book.



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