

FY 2021 – 3Q  
(For the Year Ending March 31, 2021)

# IR Presentation



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

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## Summary of Financial Statements

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### <FY 2021-3Q Financial Results>

- Revenues and operating incomes both decreased from on a YoY basis, while profits attributable to owners of parent increased.
- While rental profits from office buildings increased on a YoY basis, operating income decreased on a YoY basis as retail properties and hotels were impacted as a result of COVID-19.

### <Revision of FY 2021 Estimates>

- Reviewing the outlook for asset sales etc., earning estimates are upgraded. Operating income increased by ¥ 26 billion. Profit attributable to owners of parent increased by ¥ 20 billion.
- Dividend forecasts for FY 2021 have increased from ¥ 25 to ¥ 30.

### <Major Topics>

- Awarded "Five Star" in GRESB Real Estate Assessment (November 2020).
- Selected as A-list, the highest rating, in the CDP Climate Change 2020 Assessment (December 2020).
- Began construction of the "Umekita Second Zone (Tentative Name) Development Project" (December 2020).
- Decided to switch to renewable energy sources for all electricity used in office buildings owned in the Marunouchi area by FY 2023 (January 2021).

# Summary of FY 2021-3Q Results

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# 1. Income Statement Results for FY 2021-3Q

YoY profits have decreased due to COVID-19 and a decrease in capital gains, although office rental profits increased.

Millions of yen (rounded down)

<New Segment>	FY2021 -3Q	FY2020 -3Q	Change
<b>Revenue from Operations</b>	<b>777,883</b>	<b>827,231</b>	<b>△ 49,347</b>
Commercial Property Business	481,831	488,950	△ 7,119
Residential Business	206,086	215,593	△ 9,507
International Business	53,281	84,556	△ 31,274
Investment Management Business	14,537	14,070	466
Other*	41,484	43,255	△ 1,771
Elimination	△ 19,338	△ 19,196	△ 141
<b>Operating Income</b>	<b>139,477</b>	<b>149,515</b>	<b>△ 10,037</b>
Commercial Property Business	131,355	131,848	△ 493
Residential Business	6,972	3,120	3,851
International Business	20,214	32,342	△ 12,127
Investment Management Business	2,642	2,349	292
Other*	△ 4,318	△ 3,285	△ 1,032
Eliminations or corporate	△ 17,388	△ 16,860	△ 528
Non-Operating Revenue (of affiliates' equity in earnings)	23,782	11,506	12,275
Non-Operating Expense	274	231	43
Non-Operating Expense	23,794	26,794	△ 3,000
<b>Income before Taxes and Special Items</b>	<b>139,465</b>	<b>134,227</b>	<b>5,238</b>
Extraordinary Income	15,610	-	15,610
Extraordinary Loss	24,485	-	24,485
<b>Profit Attributable to Owners of Parent</b>	<b>88,782</b>	<b>86,646</b>	<b>2,135</b>

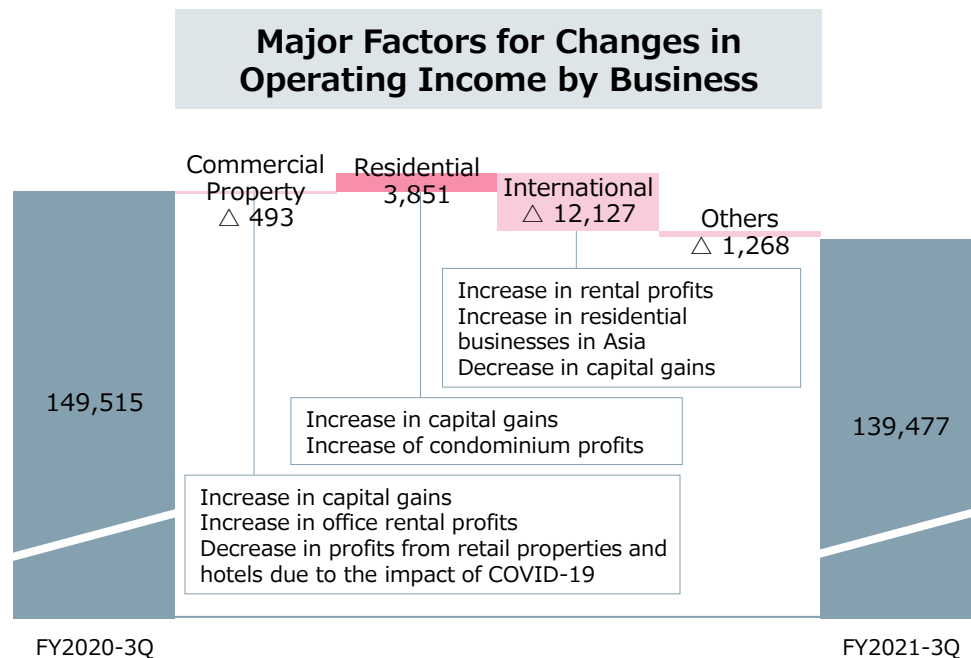
Millions of yen (rounded down)

	FY2021 -3Q	FY2020 -3Q	Change
<b>Business profits</b>	<b>139,752</b>	<b>149,746</b>	<b>△ 9,994</b>
<b>EBITDA</b>	<b>222,604</b>	<b>222,042</b>	<b>562</b>
<b>Interest-bearing debt</b>	<b>2,739,639</b>	<b>2,600,005</b>	<b>139,634</b>

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

Millions of yen (rounded off to the nearest billion)

Capital Gains included in Operating Income			
	FY2021 -3Q	FY2020 -3Q	Change
<b>Total</b>	<b>25,000</b>	<b>31,000</b>	<b>△ 6,000</b>
Commercial Property Business	17,000	6,000	11,000
Residential Business	6,000	4,000	2,000
International Business	2,000	21,000	△ 19,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-



## 2. Impact of COVID-19 (Major impacts on 3Q results)

**No significant changes in the impact of COVID-19 on the retail properties and hotels businesses. Sales of domestic condominiums remain steady.**

Categories		Full-year impact after revision	Impact on 3Q (Total)	Operating profits	Major situation and impact
				Extraordinary losses*2	
Capital Gains		-	-	-	• 52% of the revised full-year forecast (previous estimate + ¥17 billion) has been recorded by 3Q
Domestic Condominiums, etc. *1		- (Previous: ▲JPY 5.0B)	-	-	• Model units visitors in 3Q surpassed numbers in FY 2020-3Q • Steady decrease in inventory due to the continued high demands of residences with high convenience in urban areas, and the increasing demand for large unit in suburb (373 units at the beginning of FY 2021 ⇒ 240 units at the end of the 3Q)
Income Gain	Retail property	▲JPY 18.0B (Previous: ▲JPY 16.0B)	▲JPY 14.3B	▲JPY 11.0B ▲JPY 3.3B	• See P7 for details • While sales recovered from October to mid-November, sales declined from the end of November due to the re-spread of COVID-19.
	Hotels	▲JPY 18.0B (Previous: ▲JPY 15.0B)	▲JPY 13.4B	▲JPY 11.0B ▲JPY 2.4B	• See P8 for details • Occupancy rate recovered until November due to government measures to stimulate demand, but has been declining since late December due to the re-spread of COVID-19 and the suspension of government measures.
	Offices	▲JPY 0.5B (Previous: ▲JPY 0.5B)	-	-	• No impact
	Others	▲JPY 8.5B (Previous: ▲JPY 8.5B)	▲JPY 5.0B	▲JPY 5.0B -	• Transaction volume and number of brokerage decreased in the real estate service business. • Impact on certain businesses of consolidated subsidiaries (exhibition, parking lot, golf course, etc.) • Some international residential businesses are stronger than expected
	Subtotal	▲JPY 45.0B (Previous: ▲JPY 40.0B)	▲JPY 32.7B	▲JPY 27.0B ▲JPY 5.7B	
Total		▲JPY 45.0B (Previous: ▲JPY 45.0B)	▲JPY 32.7B	▲JPY 27.0B ▲JPY 5.7B	

\*1 Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income

\*2 Some costs incurred by retail properties and hotels that were closed during this period are recorded in extraordinary loss for COVID-19 (e.g. depreciation cost or rent)

### 3. State of businesses: Retail properties and outlet malls

#### Status of retail properties and outlet malls operations (from Oct-Dec 2020)

- Sales recovered during October to mid-November 2020 when the number of new cases of COVID-19 stabilized, but have declined since late November 2020.
- "Outlet malls" and "Stand-alone shopping center" remain steadily recovering. Sales in October 2020, in particular, recovered to the same levels of the prior year when the increase in consumption tax affected sales.
- While sales of "Urban, mixed-use buildings Commercial zone" continue to be negatively impacted due to the lower numbers of office workers commuting compared to pre-COVID-19 numbers, dining and retail sales gradually recovered until October to mid-November 2020.



Outlet malls (GOTEMBA PREMIUM OUTLETS)



Stand-alone shopping center  
(MARK IS Minatomirai)



Urban, mixed-use buildings Commercial zone  
(Marunouchi Bldg.)

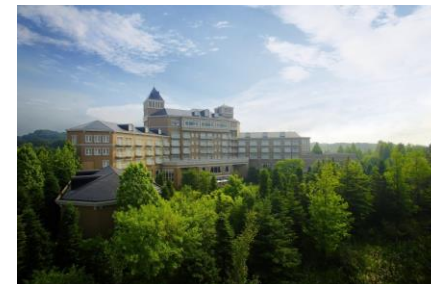
#### Sales trends in retail properties and outlet malls

Type of facility	Sales levels from July to September (YoY comparison)	Sales level from October to December (YoY comparison)
Outlet malls	Approx. 80-90%	Approx. 80-100%
Stand-alone shopping center	Approx. 80-90%	Approx. 90-100%
Urban, mixed-use buildings Commercial zone	Approx. 50-60%	Approx. 60-70%

## 4. State of businesses: Hotels

### Status of hotel operations (from Oct-Dec 2020)

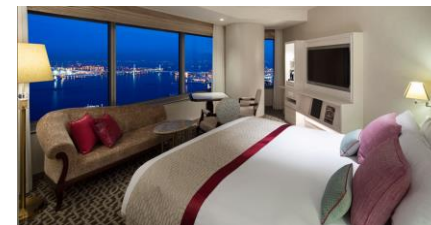
- Occupancy rates are on a recovering trend until November 2020 as a result of government measures initiated on July 22, 2020 in order to stimulate demand.
- Hotels popular among Japanese consumers and resort-type hotels are relatively steadily recovering.  
(Occupancy rates of Sendai RPH and Yokohama RPH for November 2020: Approx. 80%)
- Due to the re-spread of COVID-19 and the suspension of government measures at the end of December 2020, demand is on a weakening trend.



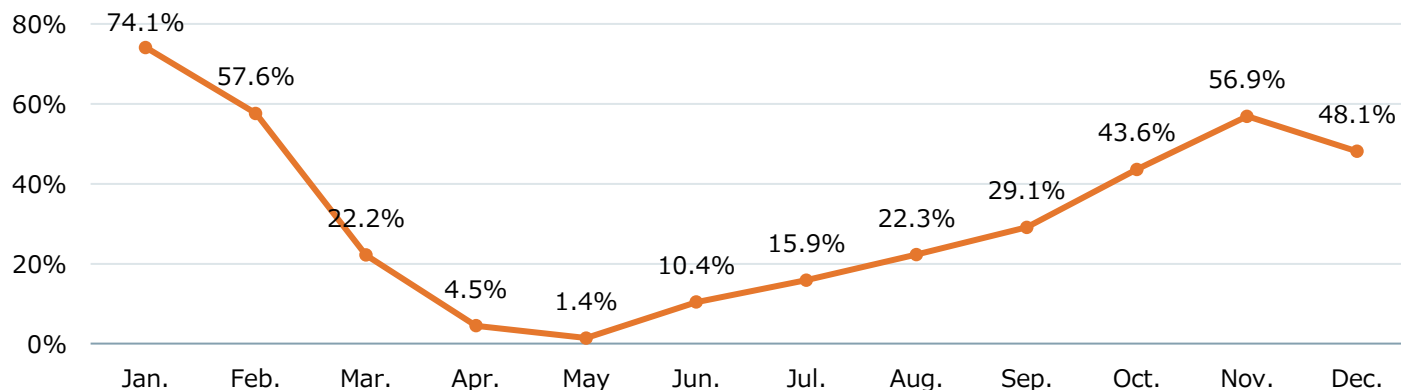
Sendai Royal Park Hotel



Yokohama Royal Park Hotel  
(Yokohama Landmark Tower)



### Royal Park Hotels/Trend in occupancy rate (Jan-Dec 2020)





## 5. The Second State of Emergency and the Operation Status of our Facilities (as of February 10, 2021)

### Timeline surrounding the second state of emergency

- January 7, 2021: The second declaration of a state of emergency to the Greater Tokyo Area (Tokyo, Kanagawa, Saitama, Chiba)  
(Jan. 8, 2021 to Feb. 7, 2021)
- January 14, 2021: The targeted areas were expanded to include a total of 11 prefectures (Osaka, Hyogo, Kyoto, Aichi, Gifu, Fukuoka, Tochigi)
- February 8, 2021: The extension of a state of emergency applied to ten prefectures except Tochigi (until March 7)

### Key elements of the second state of emergency

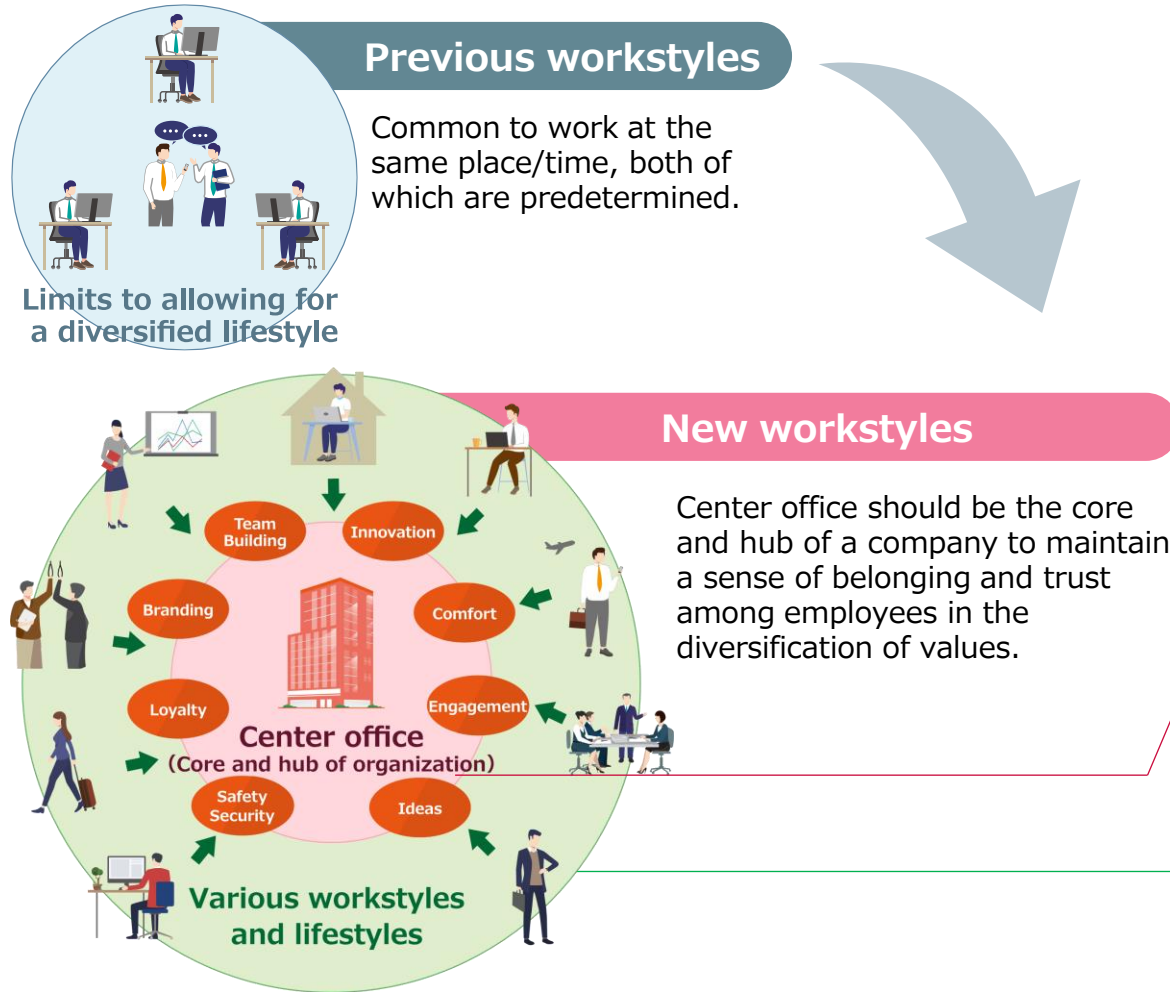
- Shortened business hours for retail properties with more than a 1,000m<sup>2</sup> floor space
- Voluntary shortened business hours for dining facilities (closing at 8pm)
- 70% reduction of commute by WFH
- Voluntary self-quarantine after 8pm
- Restriction of the number of attendees at events

### Operation status of our facilities during the second state of emergency (Reference: during the first state of emergency)

Type of facility	Operation status of our facilities during the second state of emergency	Operation status of our facilities during the first state of emergency (Apr. to May. 2020)
Offices	Standard business operations (MEC aims to decrease the office attendance rate to 30% or less)	Standard business operations (In principle, MEC adopted a WFH policy)
Retail Properties	Close by 8pm (for wholly owned facilities) with some exceptions	Temporarily closed with some exceptions
Hotels	Dining facilities, such as restaurants, close at 8pm	Temporarily closed a portion of hotels
Condominiums (Model Units)	Operating on a 100% appointment-only basis. Close at 8pm	Temporarily closed

## 6. State of businesses: Offices (initiatives looking ahead to post-COVID-19)

Enhancing offices' ability to create value by sophisticating the core function of the center office and keeping pace with diversified workstyles.



### Sophistication of the center office



#### TOKYO TORCH (Tokiwabashi PJ)

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



#### FINOLAB (renewal)

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

### Approaches to diversified workstyle



#### WORK x ation Site (Workation)

- Establishment of a new hub (second hub)
- Reinforcing cooperation with local governments



#### Telecubes

- Increasing installment numbers
- Establishing a Web meeting center (Demonstration trial)

# Revision of FY 2021 Estimates

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# 1. Income Statement Estimates for FY 2021 (vs Previous Estimates)

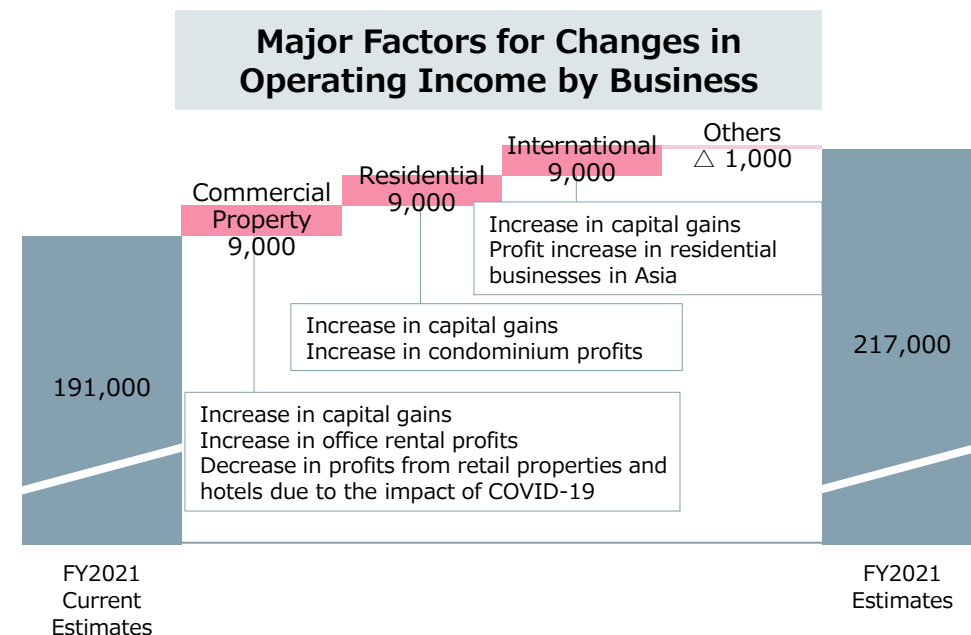
Upward revision of full-year estimates due to the accumulation of capital gains and the favorable sales trends of domestic condominiums.

	Millions of yen (rounded down)		
<New Segment>	FY 2021 Current Estimates	FY 2021 Previous Estimates	Change
<b>Revenue from Operations</b>	<b>1,200,000</b>	<b>1,142,000</b>	<b>58,000</b>
Commercial Property Business	678,000	674,000	4,000
Residential Business	362,000	320,000	42,000
International Business	100,000	88,000	12,000
Investment Management Business	20,000	20,000	0
Other*	66,000	66,000	0
Elimination	△ 26,000	△ 26,000	0
<b>Operating Income</b>	<b>217,000</b>	<b>191,000</b>	<b>26,000</b>
Commercial Property Business	178,000	169,000	9,000
Residential Business	21,000	12,000	9,000
International Business	38,000	29,000	9,000
Investment Management Business	4,000	4,000	0
Other*	0	1,000	△ 1,000
Eliminations or corporate	△ 24,000	△ 24,000	0
Non-Operating Revenue (of affiliates' equity in earnings)	22,000	18,000	4,000
Non-Operating Expense	34,000	34,000	0
<b>Income before Taxes and Special Items</b>	<b>205,000</b>	<b>175,000</b>	<b>30,000</b>
Extraordinary Income	16,000	15,000	1,000
Extraordinary Loss	26,000	31,000	△ 5,000
<b>Profit Attributable to Owners of Parent</b>	<b>130,000</b>	<b>110,000</b>	<b>20,000</b>

	Millions of yen (rounded down)		
	FY 2021 Current Estimates	FY 2021 Previous Estimate	Change
<b>Business profits</b>	<b>217,300</b>	<b>191,300</b>	<b>26,000</b>
<b>EBITDA</b>	<b>323,900</b>	<b>293,800</b>	<b>30,100</b>
<b>Interest-bearing debt</b>	<b>2,620,000</b>	<b>2,610,000</b>	<b>10,000</b>

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

	Millions of yen (rounded off to the nearest billion)		
	FY 2021 Current Estimates	FY 2021 Previous Estimates	Change
<b>Capital Gains included in Operating Income</b>	<b>48,000</b>	<b>31,000</b>	<b>17,000</b>
Total	48,000	31,000	17,000
Commercial Property Business	31,000	22,000	9,000
Residential Business	7,000	6,000	1,000
International Business	10,000	3,000	7,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-



## 2. Income Statement Estimates for FY 2021 (vs Previous FY Results)

Estimated decrease in revenue and profits on a YoY basis considering the impact of COVID-19 while rental profits of domestic and overseas offices will increase on a YoY basis.

Millions of yen (rounded down)

<New Segment>	FY 2021 Current Estimates	FY 2020 Results	Change
<b>Revenue from Operations</b>	<b>1,200,000</b>	<b>1,302,196</b>	<b>△ 102,196</b>
Commercial Property Business	678,000	723,712	△ 45,712
Residential Business	362,000	385,538	△ 23,538
International Business	100,000	134,175	△ 34,175
Investment Management Business	20,000	21,316	△ 1,316
Other*	66,000	65,871	129
Elimination	△ 26,000	△ 28,418	2,418
<b>Operating Income</b>	<b>217,000</b>	<b>240,768</b>	<b>△ 23,768</b>
Commercial Property Business	178,000	187,855	△ 9,855
Residential Business	21,000	24,320	△ 3,320
International Business	38,000	46,156	△ 8,156
Investment Management Business	4,000	4,467	△ 467
Other*	0	389	△ 389
Eliminations or corporate	△ 24,000	△ 22,420	△ 1,580
Non-Operating Revenue (of affiliates' equity in earnings)	22,000 300	12,377 229	9,623 71
Non-Operating Expense	34,000	33,574	426
<b>Income before Taxes and Special Items</b>	<b>205,000</b>	<b>219,572</b>	<b>△ 14,572</b>
Extraordinary Income	16,000	26,251	△ 10,251
Extraordinary Loss	26,000	21,874	4,126
<b>Profit Attributable to Owners of Parent</b>	<b>130,000</b>	<b>148,451</b>	<b>△ 18,451</b>

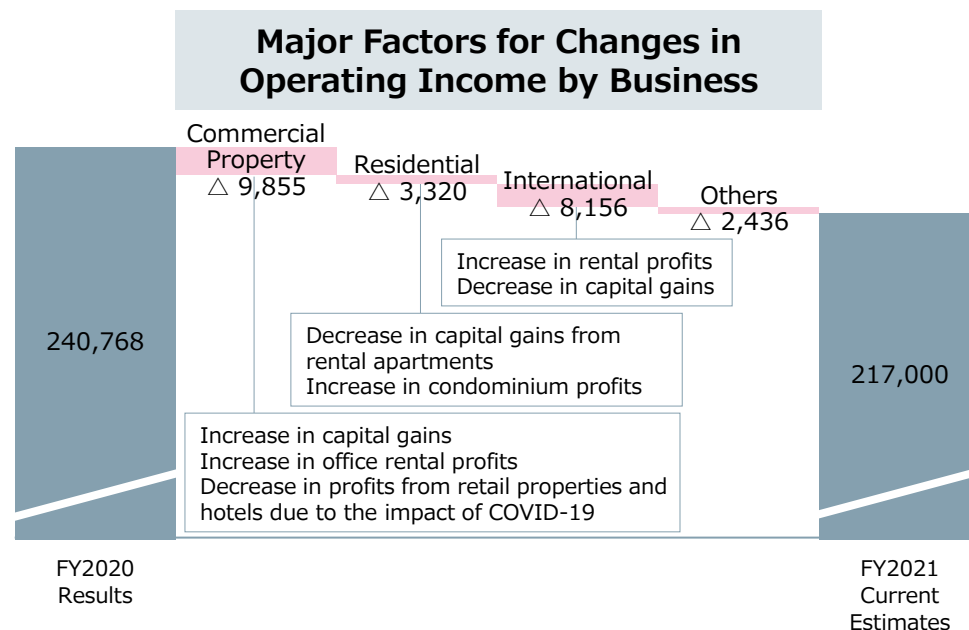
Millions of yen (rounded down)

	FY 2021 Current Estimates	FY 2020 Results	Change
<b>Business profits</b>	<b>217,300</b>	<b>240,998</b>	<b>△ 23,698</b>
<b>EBITDA</b>	<b>323,900</b>	<b>336,784</b>	<b>△ 12,884</b>
<b>Interest-bearing debt</b>	<b>2,620,000</b>	<b>2,429,883</b>	<b>190,117</b>

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

Millions of yen (rounded off to the nearest billion)

	FY 2021 Current Estimates	FY 2020 Results	Change
<b>Capital Gains included in Operating Income</b>	<b>48,000</b>	<b>61,000</b>	<b>△ 13,000</b>
Total	48,000	61,000	△ 13,000
Commercial Property Business	31,000	23,000	8,000
Residential Business	7,000	10,000	△ 3,000
International Business	10,000	28,000	△ 18,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-



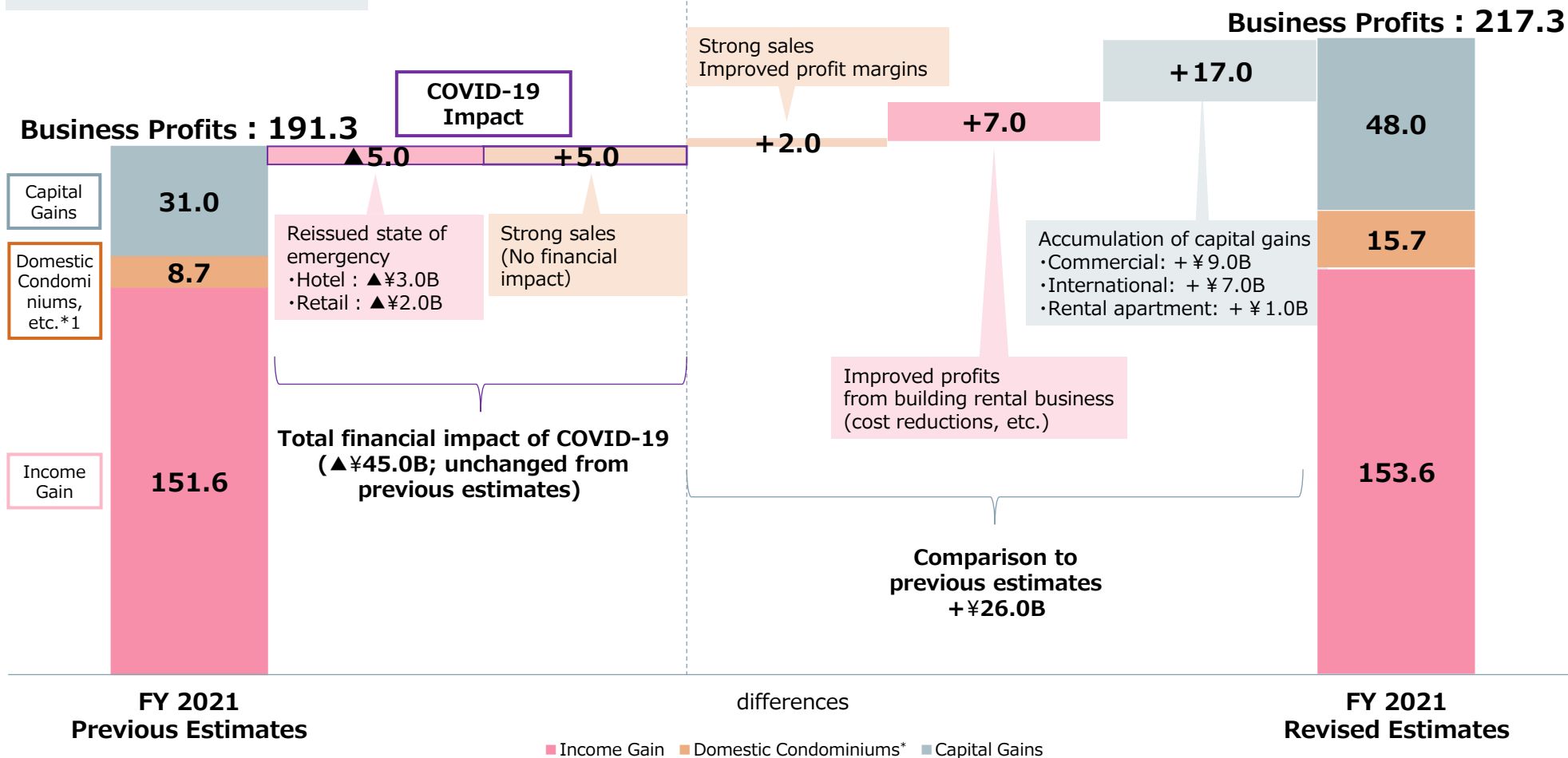
### 3. Breakdown of FY 2021 Estimates Revisions

Upward revision of full-year estimates due to the accumulation of capital gains and strong domestic condominium sales

(Billions of Yen)

FY 2021 Previous Estimates

FY 2021 Revised Estimates



\*1 Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income

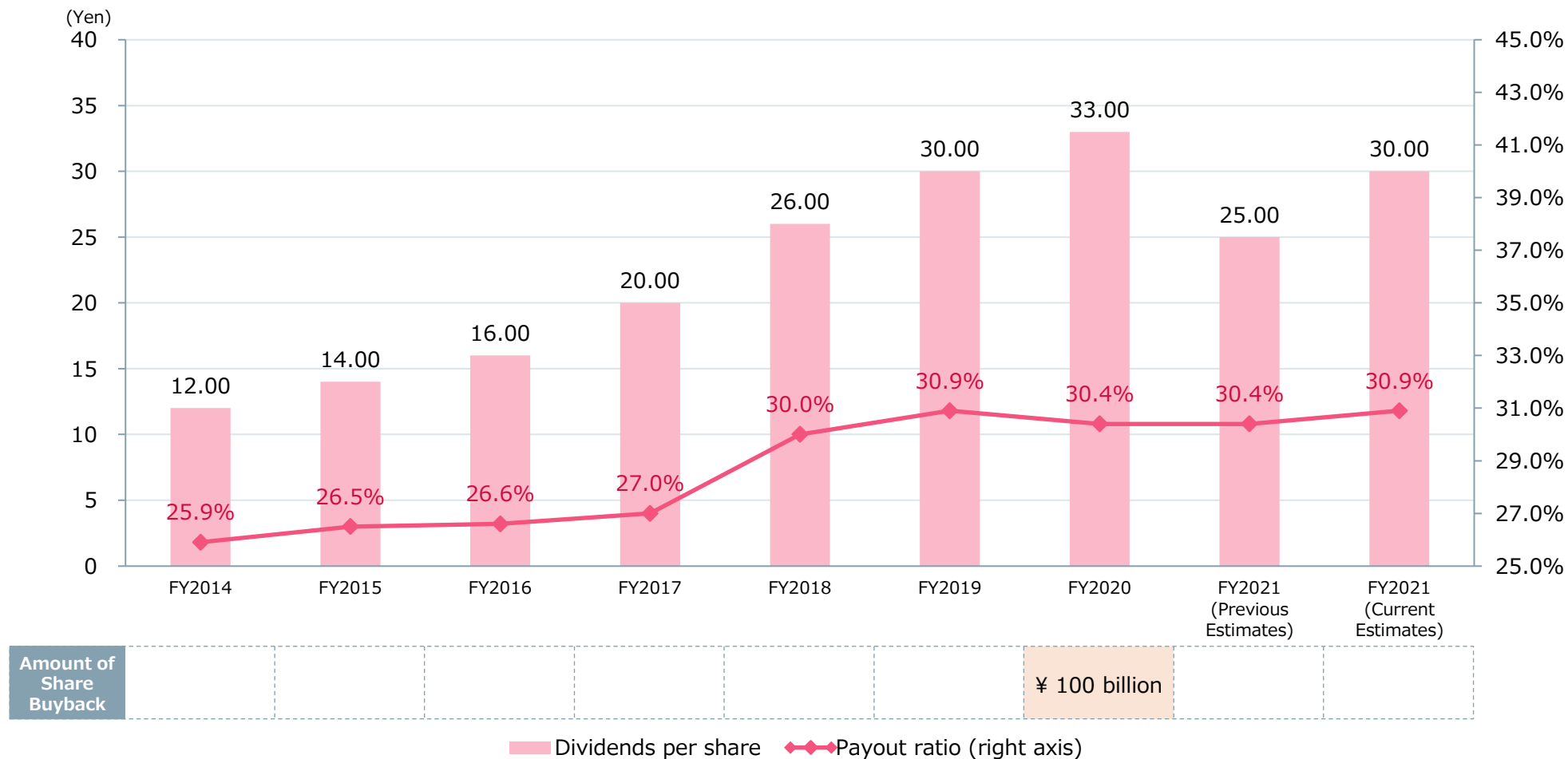
## 4. Impact of COVID-19 (revision of financial impact for FY 2021 estimates)

The full-year impact of COVID-19 remains at ¥45 billion, while there may be changes in the breakdown. While there has been further impacts on retail properties and hotels, there is no impact on the domestic condominiums businesses.

Categories		Current Estimated Impact (amount of extraordinary loss*2)	Previous Estimated Impact (amount of extraordinary loss*2)	Change	Major causes of differences
Capital Gains		-	-	-	<ul style="list-style-type: none"> <li>Increased accumulation of capital gains than initially estimated from JPY 31B to JPY 48B</li> </ul>
Domestic Condominiums, etc.*1		-	▲JPY 5B	+JPY 5B	<ul style="list-style-type: none"> <li>Sales recovered swiftly, and demand continues to exceed initial estimates</li> <li>Sales volume is expected to be approximately the same as the previous FY</li> <li>Gross margin is expected to increase by 1.1 points compared to previously announced numbers from 17.5% to 18.6%</li> </ul>
Income Gain	Retail Property	▲JPY 18B (▲JPY 3.3B)	▲JPY 16B (▲JPY 3.3B)	▲JPY 2B	<ul style="list-style-type: none"> <li>Factor in the impact of the re-spread of COVID-19 and the second declaration of a state of emergency</li> <li>Details of our response to the state of emergency is listed on P9</li> </ul>
	Hotels	▲JPY 18B (▲JPY 2.4B)	▲JPY 15B (▲JPY 2.4B)	▲JPY 3B	<ul style="list-style-type: none"> <li>Factor in the impact of the re-spread of COVID-19 and the second declaration of a state of emergency</li> <li>Details of our response to the state of emergency is listed on P9</li> </ul>
	Offices	▲JPY 0.5B	▲JPY 0.5B	-	<ul style="list-style-type: none"> <li>As expected at the beginning of the FY, the leasing activities of vacancies is taking longer than usual</li> </ul>
	Others	▲JPY 8.5B	▲JPY 8.5B	-	<ul style="list-style-type: none"> <li>A portion of overseas residential businesses is more stable than expected</li> <li>Financial impact on brokerages and parking lot businesses is larger than initial estimates</li> <li>Other financial impacts remain unchanged from initial estimates</li> </ul>
	Subtotal	▲JPY 45B (▲JPY 5.7B)	▲JPY 40B (▲JPY 5.7B)	▲JPY 5B	
Total		▲JPY 45B (▲JPY 5.7B)	▲JPY 45B (▲JPY 5.7B)	-	<p>*1 Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income</p> <p>*2 Some costs incurred by retail properties and hotels that were closed during this period are recorded in extraordinary loss for COVID-19 (e.g. depreciation cost or rent)</p>

## 5. Shareholder returns

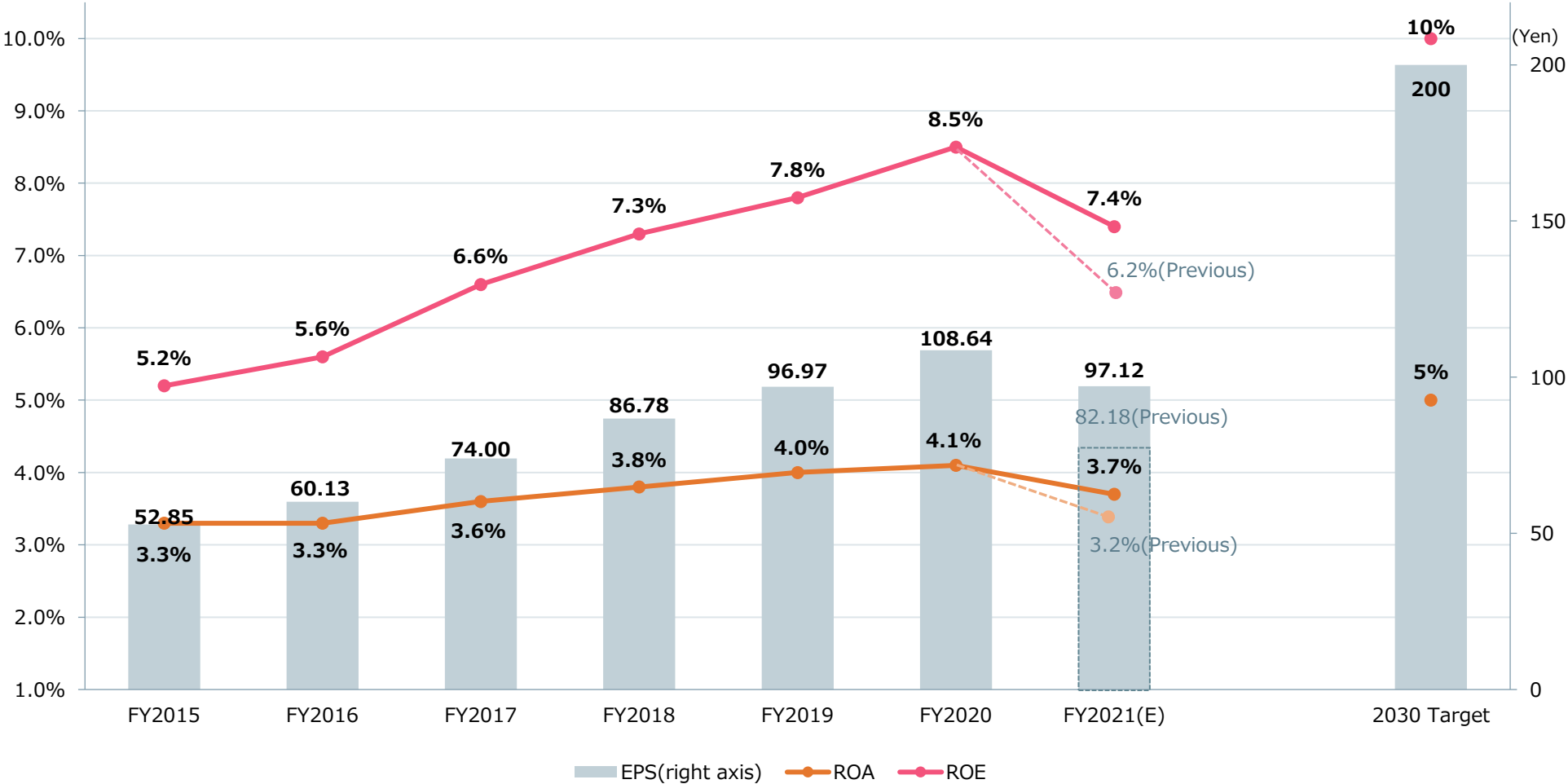
Due to revisions in FY 2021 estimates, dividends for FY 2021 are estimated to increase by ¥5, from ¥25 to ¥30.





## 6. Changes in ROA / ROE / EPS

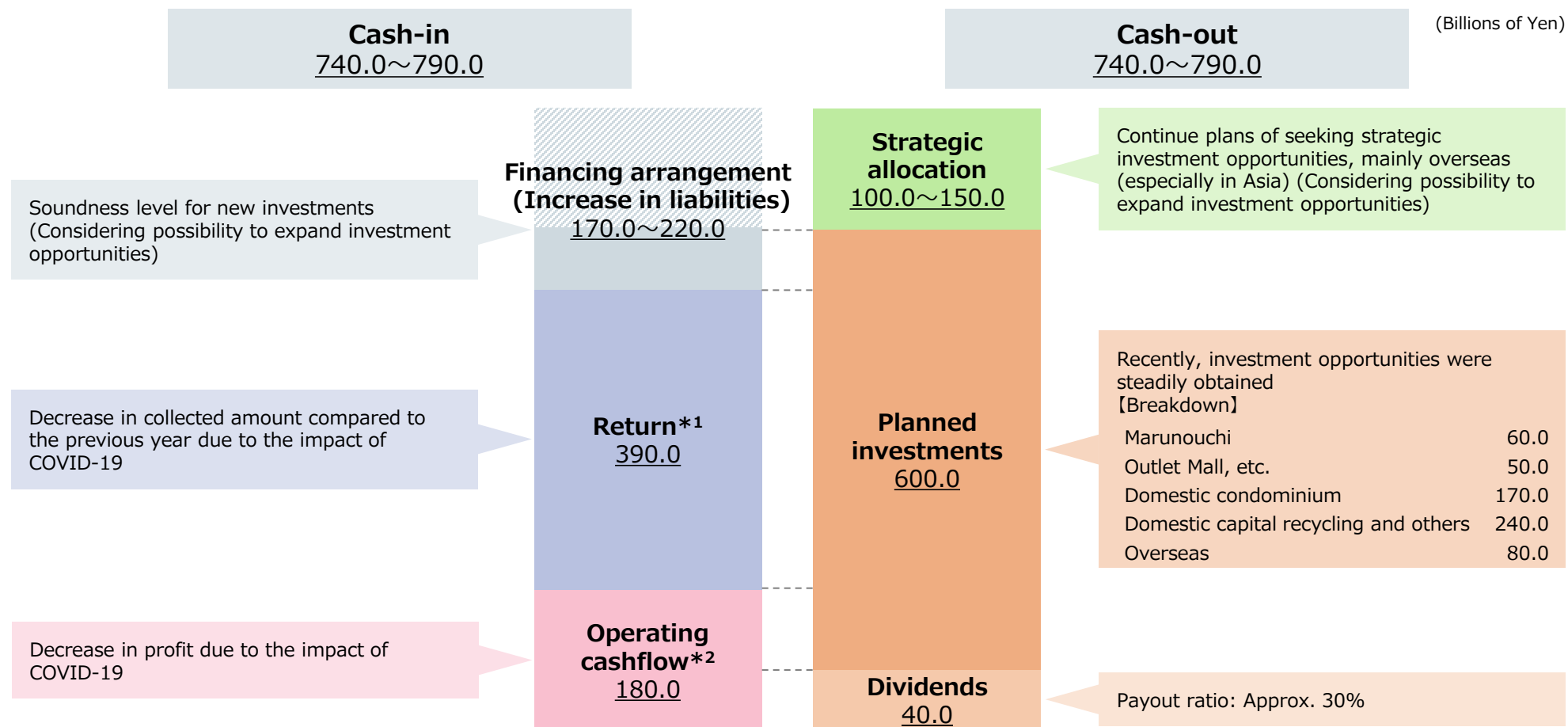
Due to upward revisions in FY 2021 estimates, all indicators are estimated to largely improve compared to previous estimates.



\* ROA=Business Profit / Total assets (average)

## 7. Cashflow forecast for FY 2021

Decrease in profits due to COVID-19 and decrease in cash-in due to the selection of timing of asset sales.  
Cash-out will tend to increase due to steady acquisition of new investment opportunities.



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

# Financial Supplemental Data

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## 1. Management Indicator

	Previous management plan period			Current management plan period	
	FY2018	FY2019	FY2020	FY2021 (Estimate)	2030 Target
<b>Business Profit*<sup>1</sup></b>	¥ 213.4 billion	¥ 229.4 billion	¥ 240.9 billion	¥ 217.3 billion	¥ 350-400 billion
<b>ROA*<sup>2</sup></b>	3.8%	4.0%	4.1%	3.7%	5%
<b>ROE</b>	7.3%	7.8%	8.5%	7.4%	10%
<b>EPS</b>	¥ 86.78	¥ 96.97	¥ 108.64	¥ 97.12	¥ 200

\*<sup>1</sup> Business Profit = Operating Income + Equity in earnings (loss), unconsolidated subsidiaries and affiliates

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

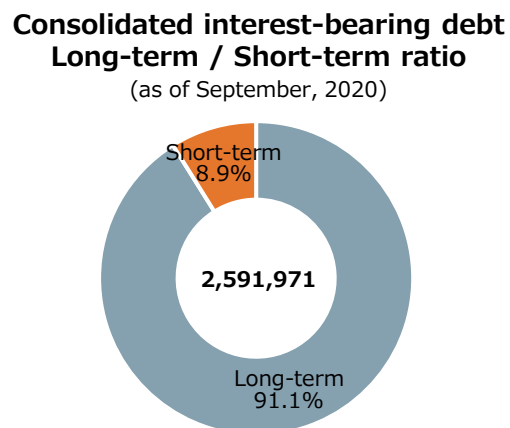
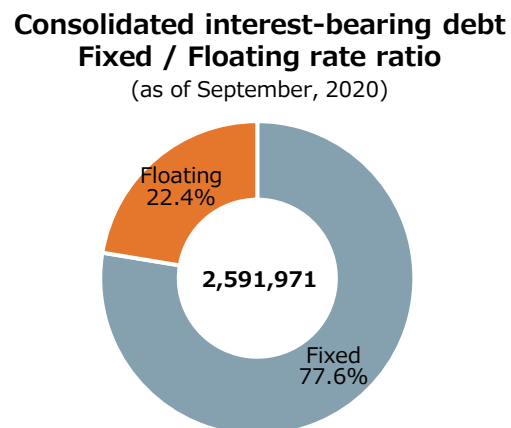
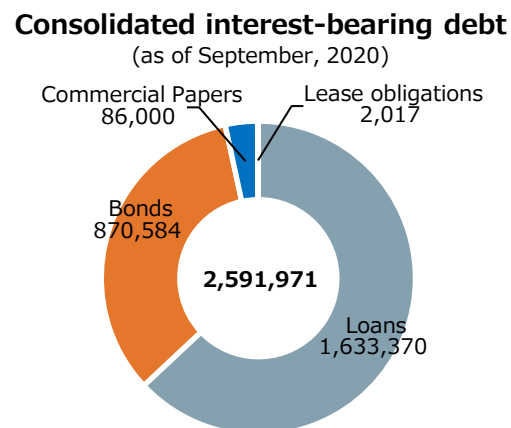
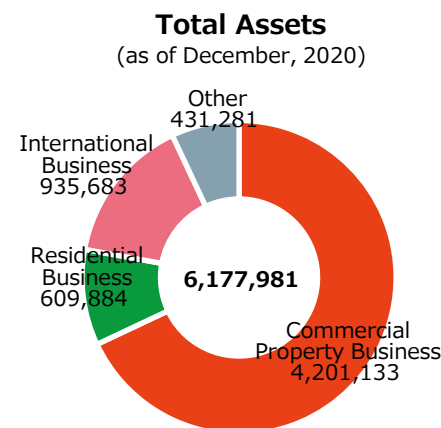
## 2. Balance Sheet

Millions of yen (rounded down)

	At December 31, 2020	At March 31, 2020	Change
<b>Current assets</b>	<b>1,292,478</b>	<b>1,115,634</b>	<b>176,843</b>
Cash	370,470	207,896	162,573
Notes and accounts receivable-trade	42,206	50,340	△ 8,134
Property for sale	79,386	72,256	7,129
Property for sale in progress	257,916	247,677	10,239
Property for development	975	975	△ 0
Equity investments	436,490	450,520	△ 14,029
Other	105,030	85,966	19,064
<b>Fixed assets</b>	<b>4,885,503</b>	<b>4,742,602</b>	<b>142,901</b>
Tangible assets	4,190,621	4,107,252	83,369
Intangible assets	101,062	96,767	4,295
Investment securities	260,737	236,969	23,767
Other	333,080	301,611	31,468
<b>Total assets</b>	<b>6,177,981</b>	<b>5,858,236</b>	<b>319,744</b>

Millions of yen (rounded down)

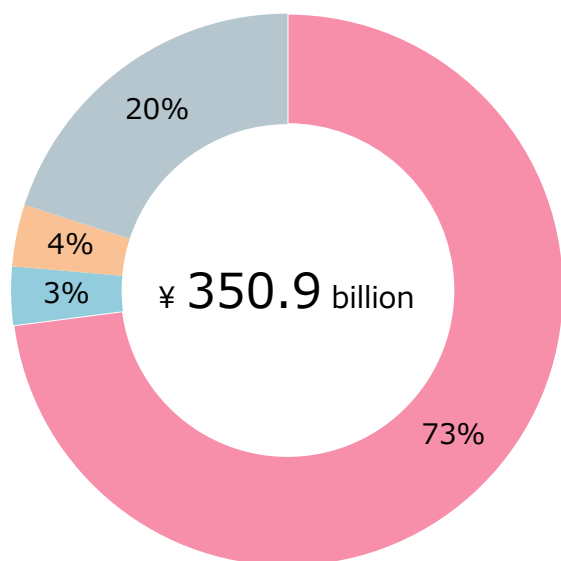
	At December 31, 2020	At March 31, 2020	Change
<b>Liabilities</b>	<b>4,185,171</b>	<b>3,917,030</b>	<b>268,140</b>
<b>Current liabilities</b>	<b>946,184</b>	<b>664,001</b>	<b>282,182</b>
Notes and accounts payable-trade	36,302	66,368	△ 30,066
Short-term borrowings	151,797	115,306	36,491
Current portion of long-term debt	145,852	156,778	△ 10,925
Commercial Papers	200,000	50,000	150,000
Bonds due within one year	210,000	51,550	158,450
Other	202,231	223,998	△ 21,766
<b>Long-term liabilities</b>	<b>3,238,986</b>	<b>3,253,028</b>	<b>△ 14,042</b>
Bonds	645,584	775,584	△ 130,000
Long-term debt	1,384,410	1,278,678	105,731
Other	1,208,989	1,198,762	10,226
<b>Net assets</b>	<b>1,992,810</b>	<b>1,941,206</b>	<b>51,604</b>
Shareholders' equity	1,212,919	1,163,746	49,173
Other accumulated comprehensive income	573,792	570,716	3,075
Stock acquisition rights	269	288	△ 19
Non-controlling interests	205,829	206,454	△ 625
<b>Total liabilities and net assets</b>	<b>6,177,981</b>	<b>5,858,236</b>	<b>319,744</b>



### 3. Asset composition

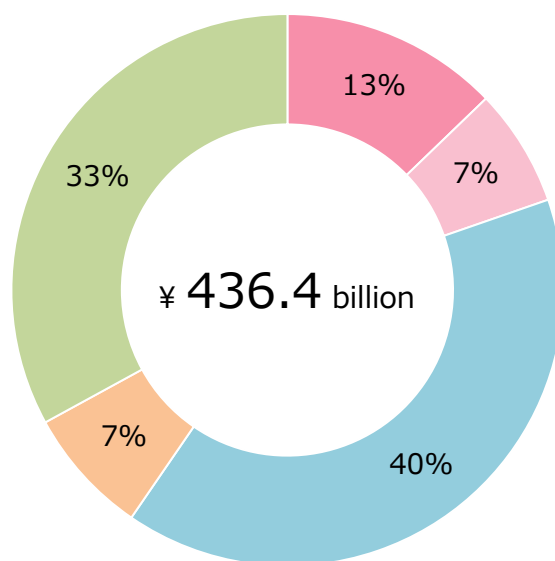
(End of December 2020)

#### Inventories



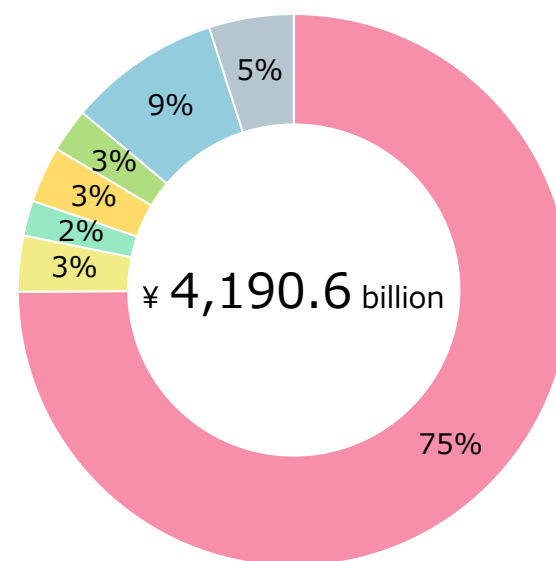
- Domestic Condominiums
- US
- Europe
- Others

#### Equity investments



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

#### Tangible fixed assets



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

\* Excluding outlet malls

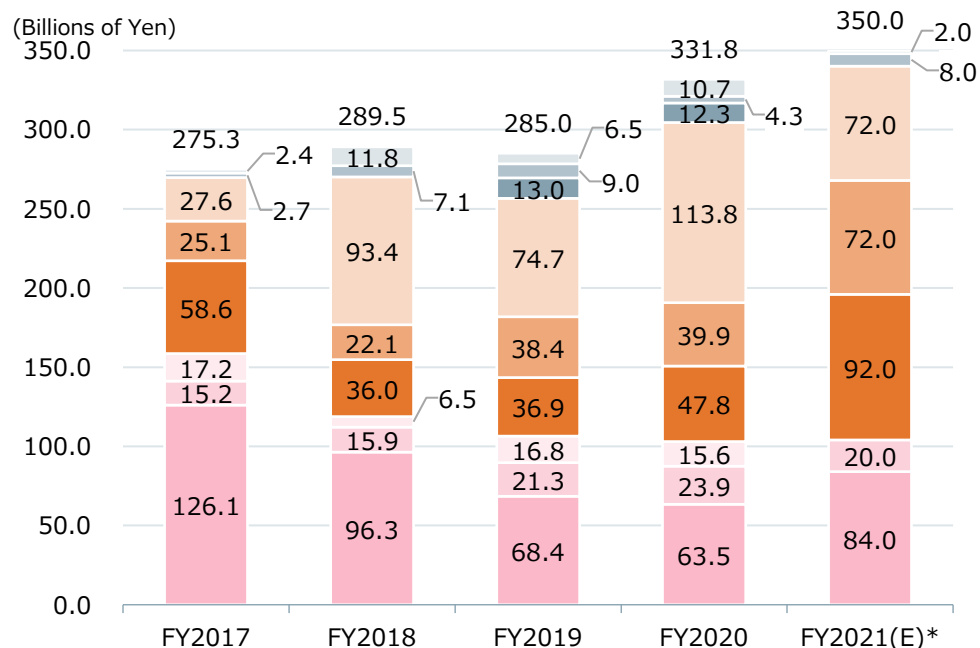
## 4. Consolidated Cash Flow

Millions of yen (rounded down)

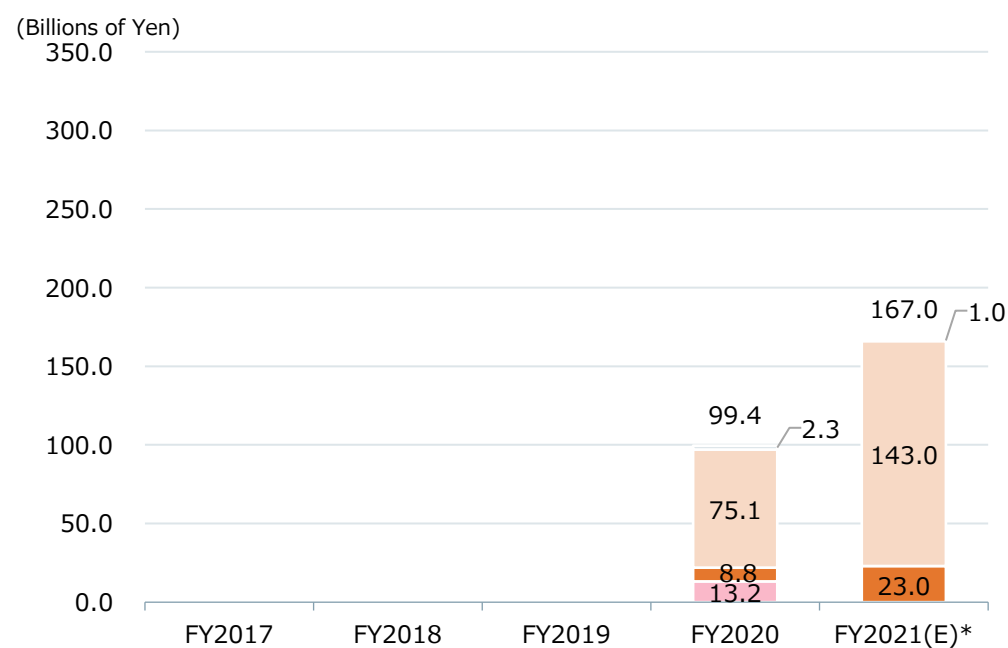
	①FY2020-3Q Results	②FY2021-3Q Results	Change (② - ①)	③FY2020 Results	④FY2021 Estimates	Change (④ - ③)
<b>Cash flows from operating activities</b>	<b>97,006</b>	<b>98,049</b>	<b>1,043</b>	<b>341,766</b>	<b>97,000</b>	<b>△ 244,766</b>
Depreciation and amortization	62,737	66,372	3,634	84,941	89,000	4,059
Change in Inventories	31,402	23,630	△ 7,772	148,161	61,000	△ 87,161
Change in Equity Investment	△ 44,128	13,574	57,702	△ 43,217	△ 143,000	△ 99,783
<b>Cash flows from investing activities</b>	<b>△ 241,345</b>	<b>△ 207,570</b>	<b>33,775</b>	<b>△ 277,440</b>	<b>△ 317,000</b>	<b>△ 39,560</b>
Proceeds from sales of investment securities	3,257	12,813	9,555	5,275	14,000	8,725
Capital Investment	△ 221,279	△ 231,284	△ 10,004	△ 331,857	△ 350,000	△ 18,143
<b>Cash flow from financing activities</b>	<b>177,862</b>	<b>273,629</b>	<b>95,766</b>	<b>△ 28,886</b>	<b>143,000</b>	<b>171,886</b>
<b>Cash and cash equivalents at end of year</b>	<b>210,368</b>	<b>373,948</b>	<b>163,579</b>	<b>213,008</b>	<b>135,000</b>	<b>△ 78,008</b>
<b>Free cash flow</b>	<b>△ 144,339</b>	<b>△ 109,520</b>	<b>34,818</b>	<b>64,326</b>	<b>△ 220,000</b>	<b>△ 284,326</b>

## 5. Investment Data

### Major Breakdown of Capital Investment



### Major Breakdown of Equity Investments



\*Classifications have been changed below from FY2021

<Legend for FY2017 - FY2020>

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

<Legend for FY2021>

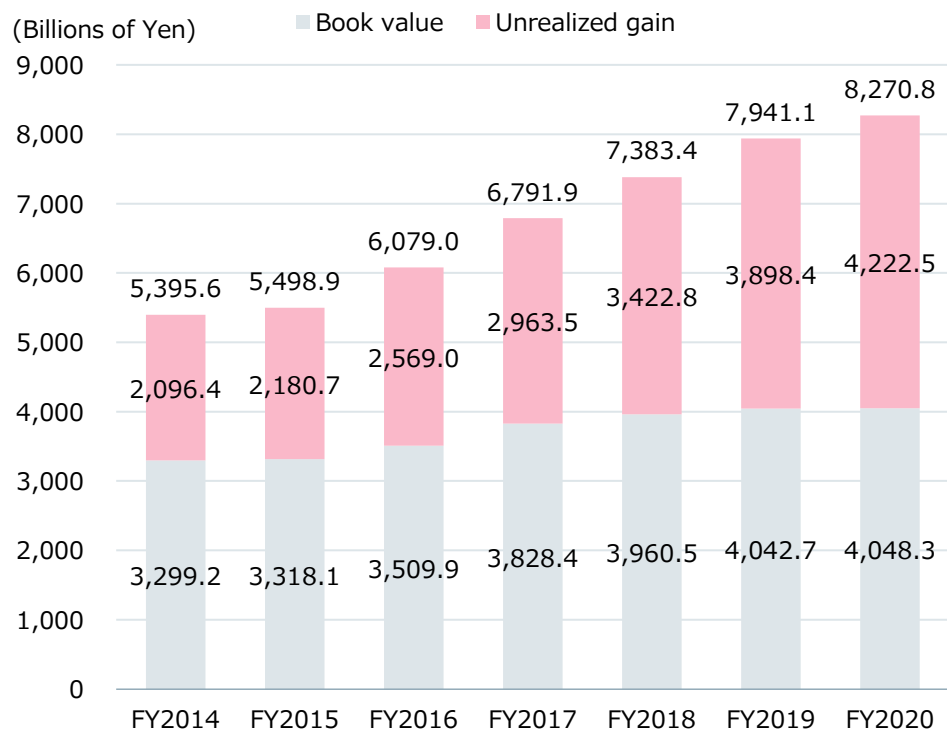
- Office (MEC: New / Redevelopment)
- Office (MEC: Refurbishment)
- Commercial Property (excluding MEC office)
- Residential
- International
- Special Purpose Vehicle
- Others (including consolidated eliminations)



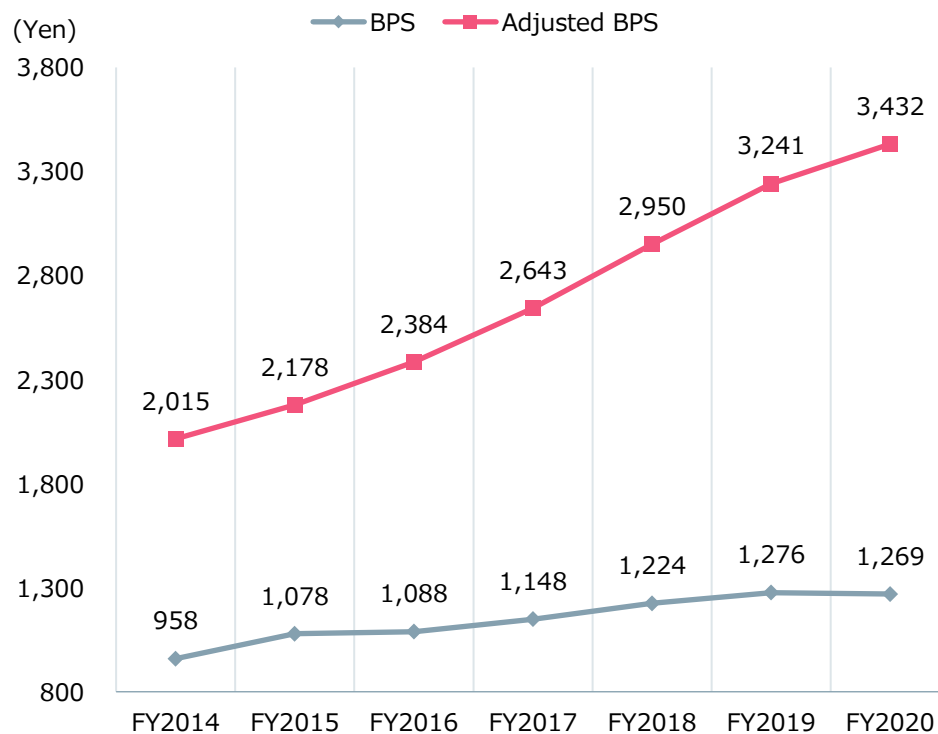
## 6. Income Generating Assets Unrealized Gain : Current Status ①

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

Income Generating Assets Unrealized Gain



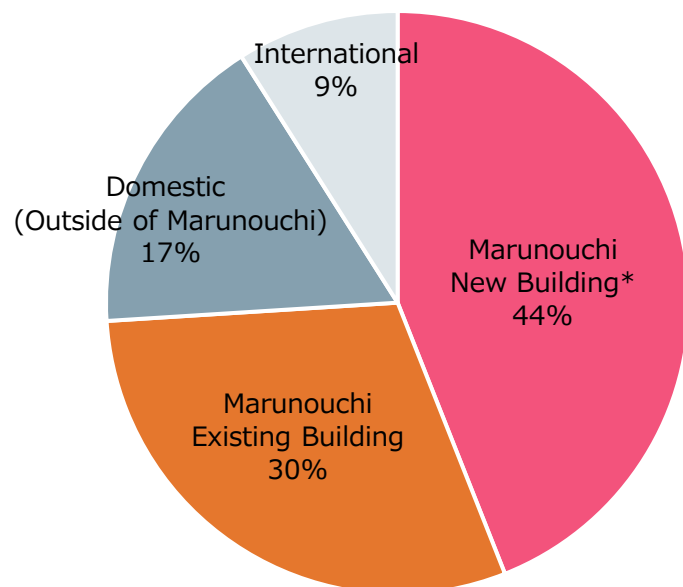
BPS and Adjusted BPS\*



\* BPS including unrealized gain (after tax)

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

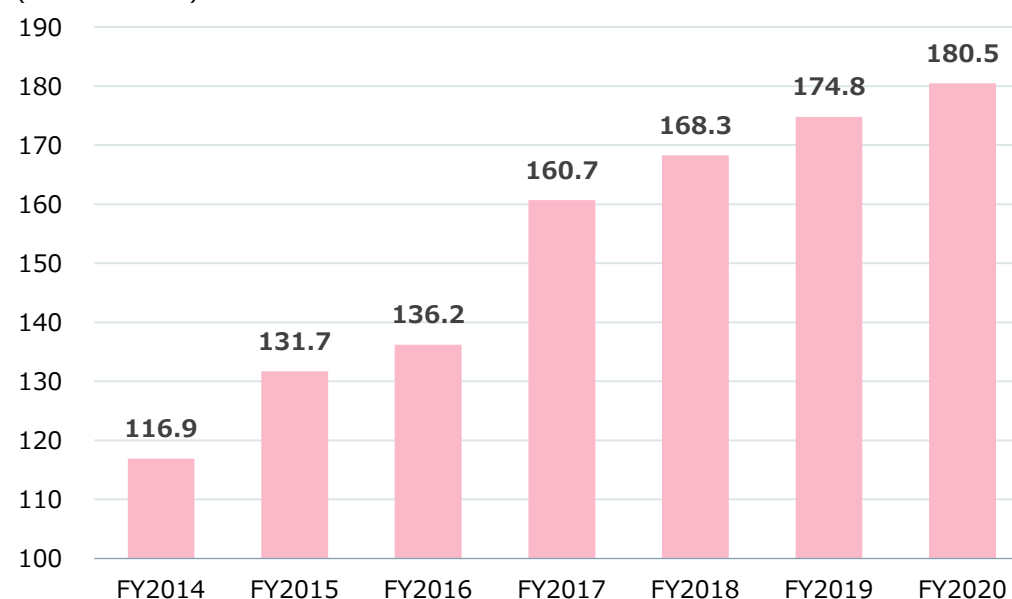
### Unrealized Gain Breakdown



\*Redeveloped properties after the completion of Marunouchi Building  
FY2020 Results

### Rental Profits

(Billions of Yen)



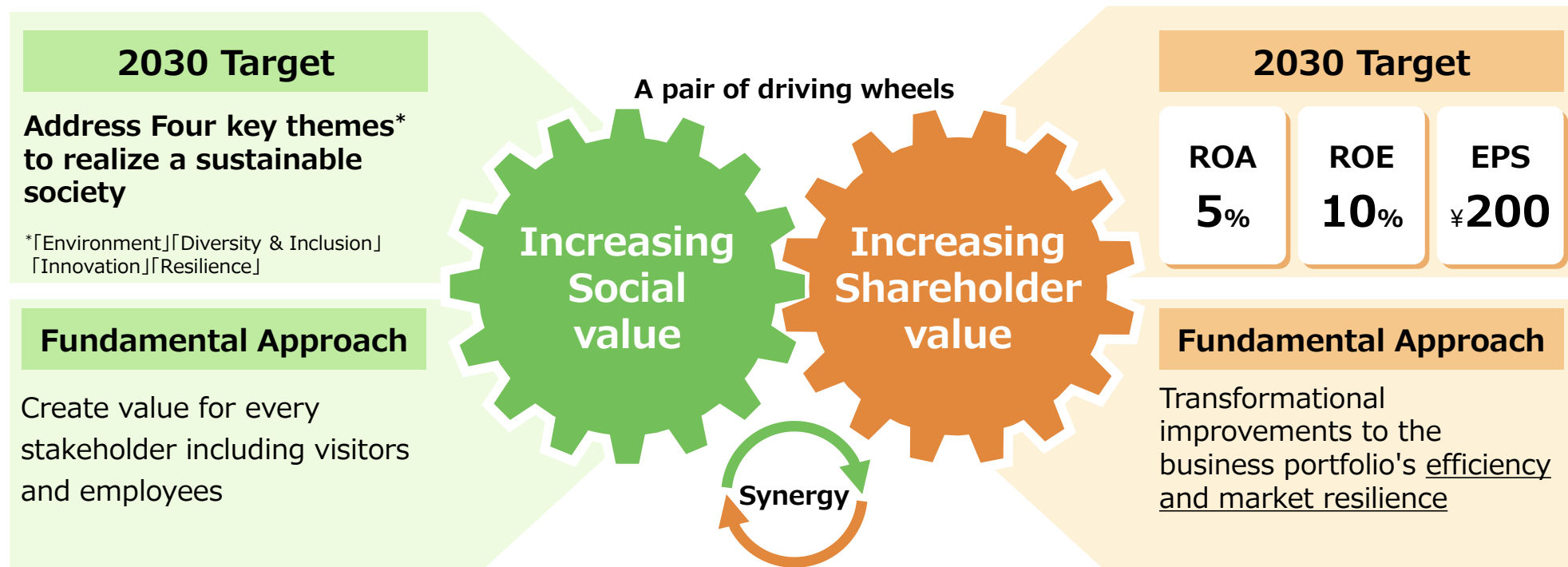
# Overview of “Long-Term Management Plan 2030”

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# 1. New Management Plan: Objective

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

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



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

## 2. Quantitative Target – 2030 Target

\*Repost from “Long-Term Management Plan 2030”

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

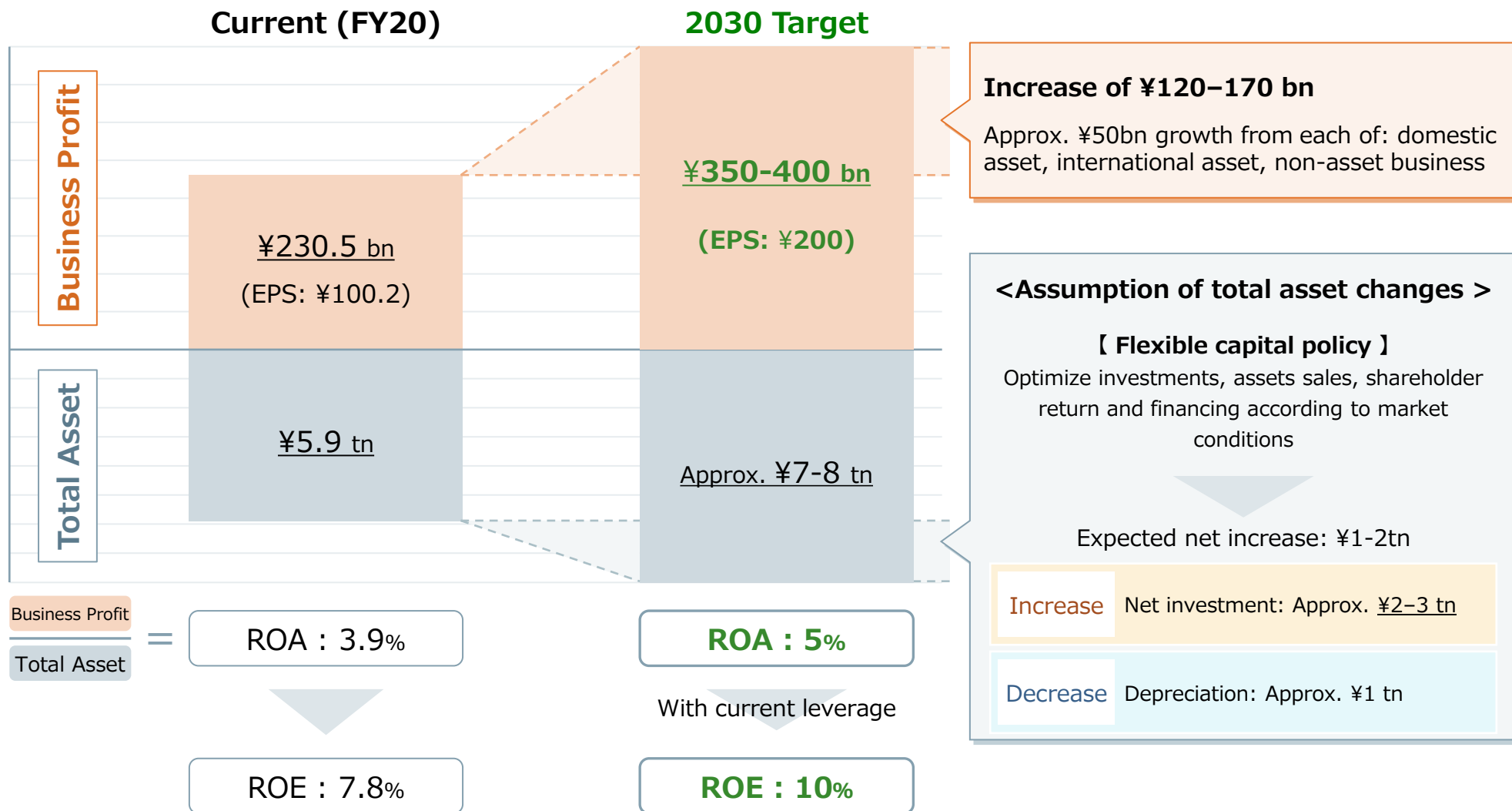
\*1 ROA = Business Profit<sup>\*2</sup> / Total Asset (average of opening/closing balances)

Key Assumptions		
Profit Growth	Shareholders Return	Financial Stability
<p>Business Profit<sup>*2</sup></p> <p><u>¥350–400 bn</u></p>	<p>Current framework<sup>*</sup></p> <ul style="list-style-type: none"> <li>• Payout ratio: Approx. 30%</li> </ul> <p>+</p> <ul style="list-style-type: none"> <li>• Share buybacks (when determined to be optimal use of funds)</li> </ul> <p><small>* Will adjust to business conditions</small></p>	<p>Maintain current level of credit ratings</p> <p>[Reference]</p> <p>R&amp;I : AA- S&amp;P : A+ Moody's : A2</p>

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

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

\*Repost from “Long-Term Management Plan 2030”

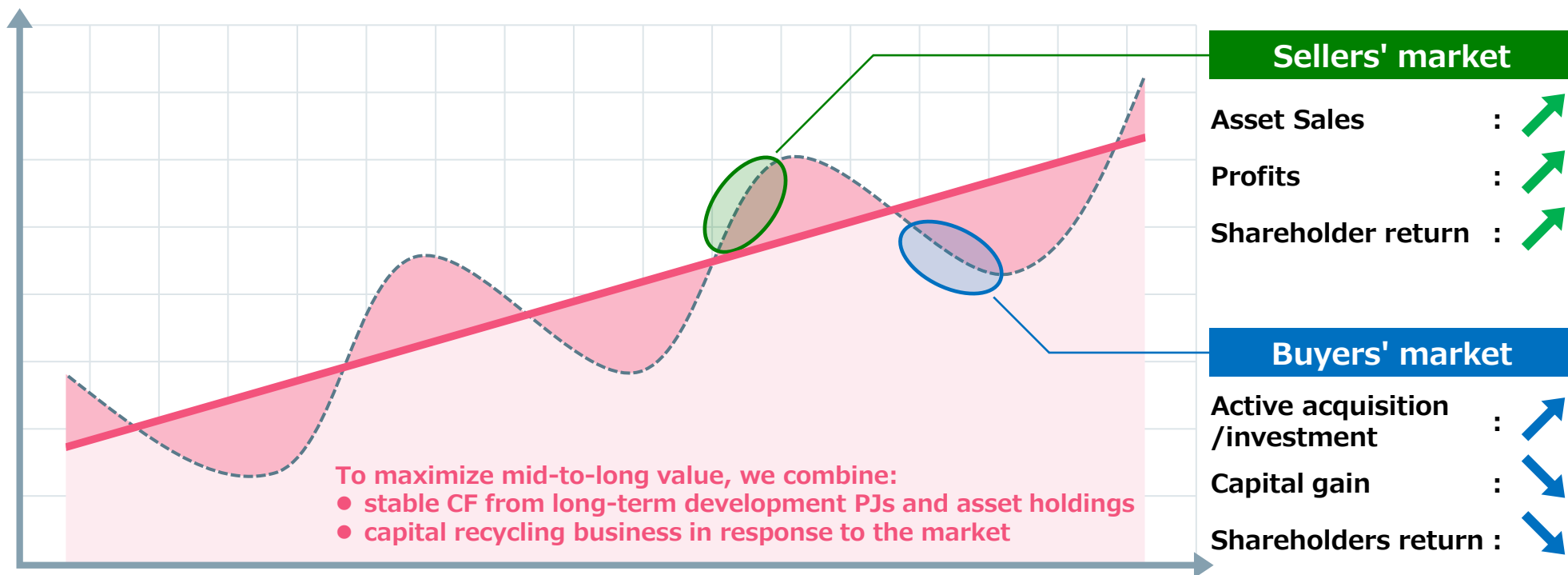


## 4. Capital Policy – Responsive to market conditions

\*Repost from “Long-Term Management Plan 2030”

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

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



## 5. Value creation through BS management

\*Repost from “Long-Term Management Plan 2030”

Flexible Capital Policy – Responsive to market conditions  
**(Value creation through BS management)**

### Asset

#### Capital recycling business optimized for market conditions

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

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

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

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

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

#### Expansion of Non-asset Business

### Shareholders' Equity and Liability

#### Maintaining Financial Stability

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

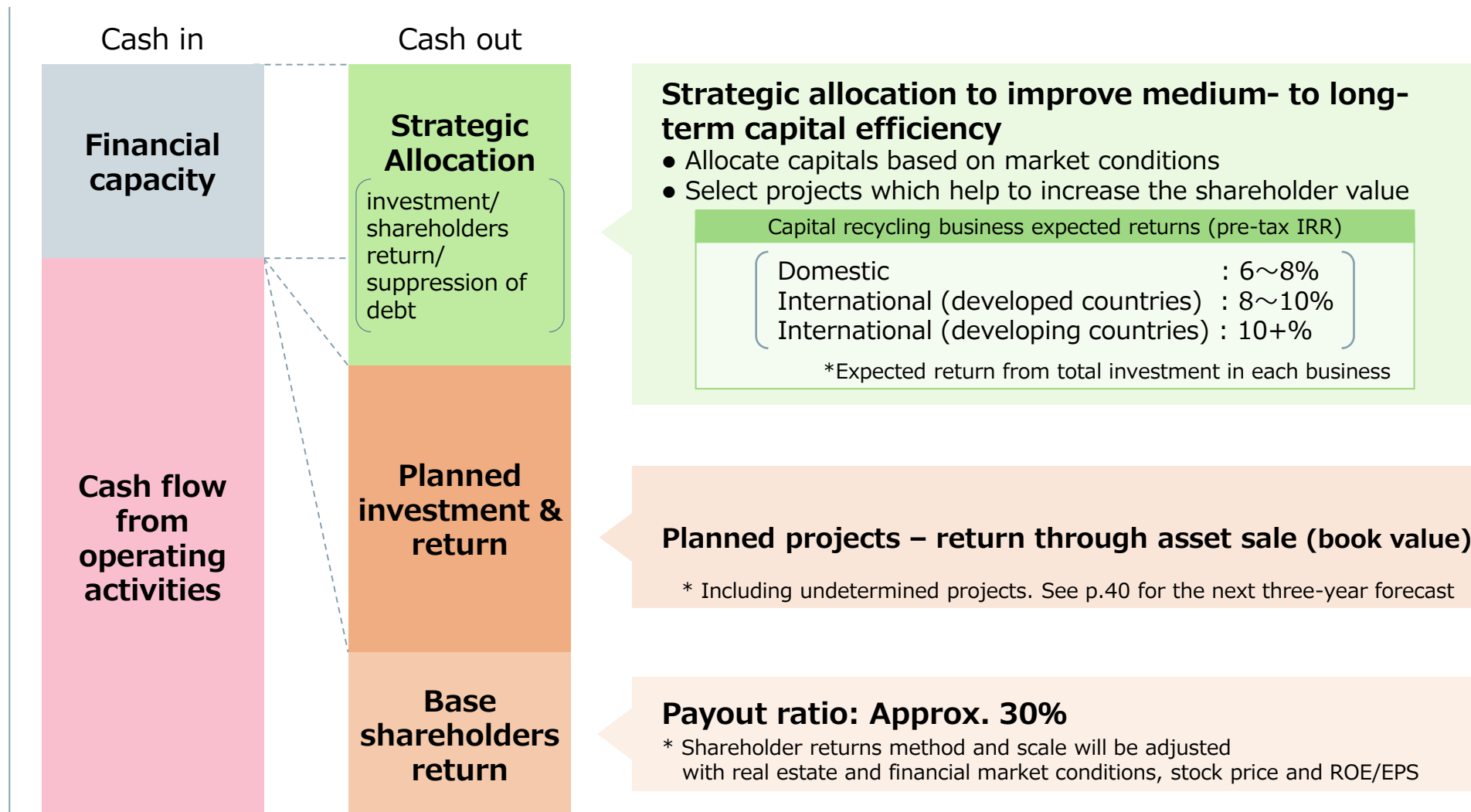
#### Capital Efficiency Improvement

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



## 6. Capital Allocation Policy

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



## 7. Profit Growth Strategy - 2030 Vision

\*Repost from “Long-Term Management Plan 2030”

### Profit changes vs FY2020\*

#### ① Domestic Asset Business

**Approx. +¥50 bn**

(FY20E\* : Approx. ¥ 201.0 bn)

#### ② International Asset Business

**Approx. +¥50 bn**

(FY20E\* : Approx. ¥ 36 bn)

#### ③ Non-asset Business

**Approx. +¥50 bn**

(FY20E\* : Approx. ¥ 16 bn)

#### ④ Fluctuation Factors

**Approx. ±¥20–30 bn**

### Growth Strategy

① Advance “Marunouchi NEXT Stage” project

② Increase NOI with development projects

③ Optimize capital recycling business to market conditions

④ Optimize residential business profit structure

① Expand development business in Asia

② Enhance development business and revenue base in Europe

③ Enhance and diversify US capital recycling business

① Steady profit growth in existing businesses

② Utilization of technology

③ Provision of service contents focusing on B2C/B2B2C

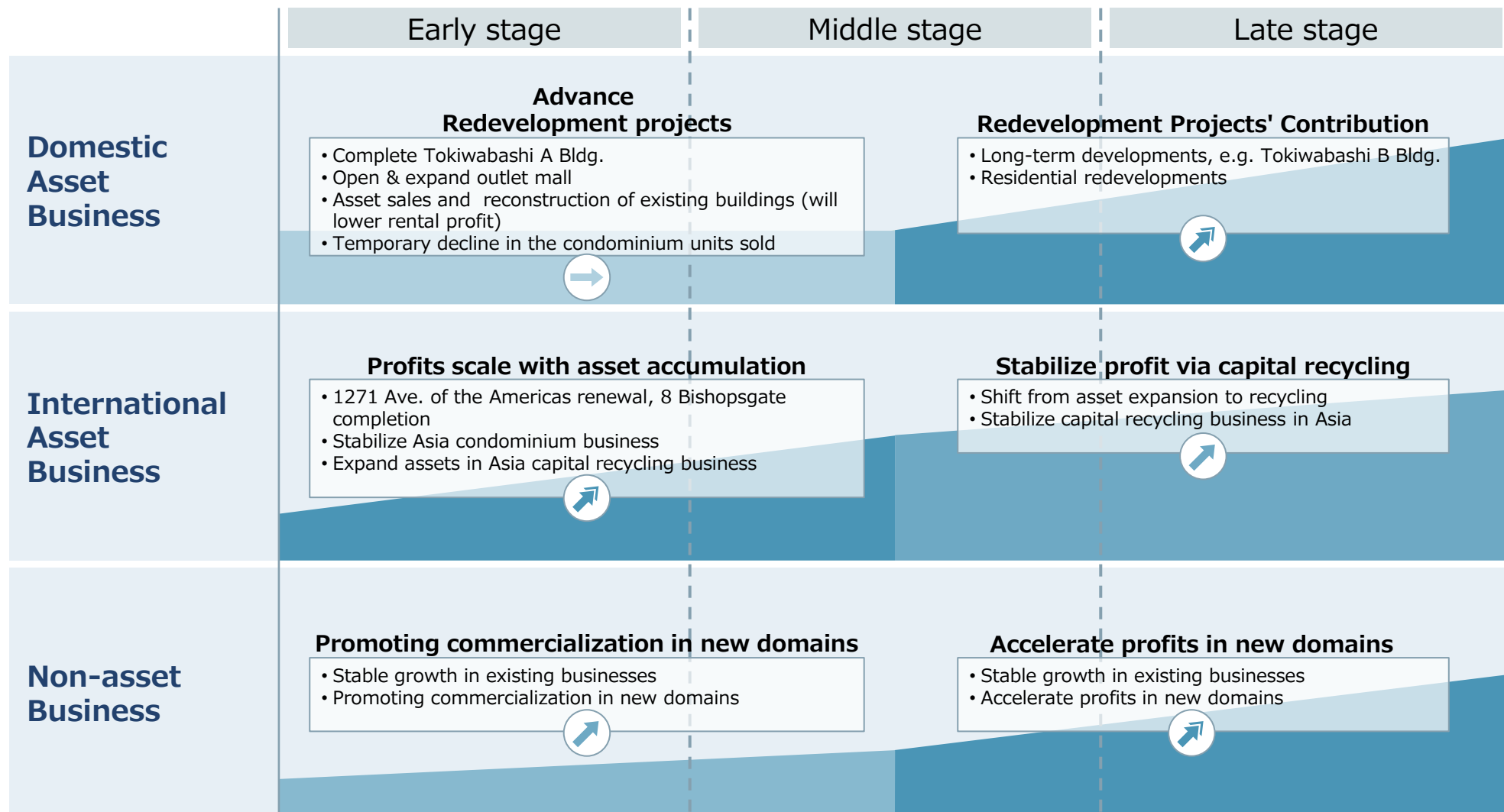
• Asset sales control in response to market conditions

• Capital gain and rental profit fluctuation due to investment opportunities

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

## 8. Roadmap for Profit Growth

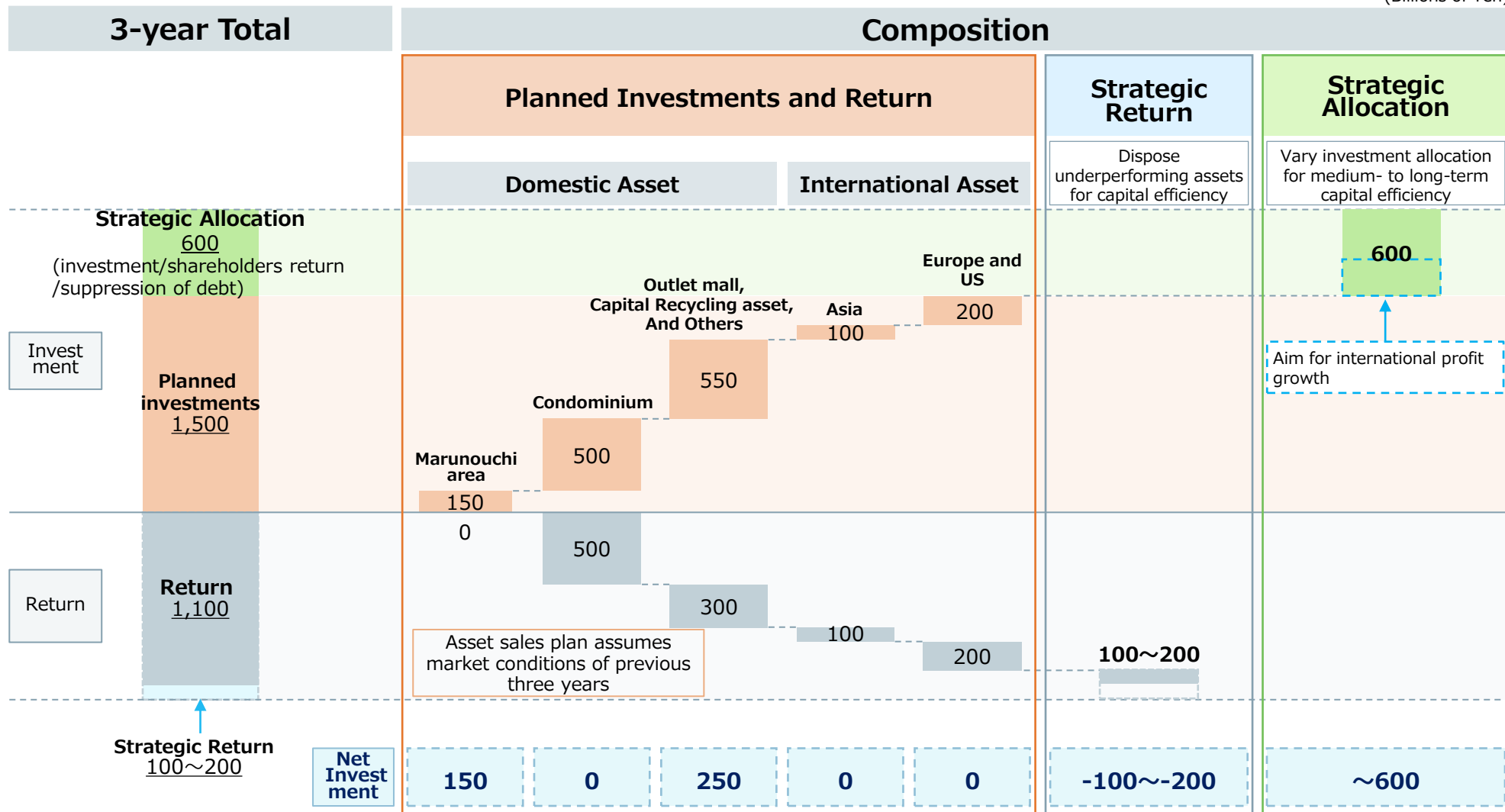
\*Repost from "Long-Term Management Plan 2030"



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

\*Repost from “Long-Term Management Plan 2030”

(Billions of Yen)



# Business Overview

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# 1. Mitsubishi Estate Group's Business Segment

## Commercial Property Business

### <Office Buildings>

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



### <Retail Properties>

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



### <Logistics Facilities>

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



### <Hotels / Airports>

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



## Residential Business

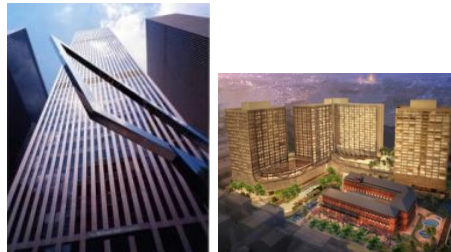
### <Domestic Residential>

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



## International Business

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



## Investment Management Business

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



Europa Capital



PA Realty

## Architectural Design & Engineering and Real Estate Service Business

### <Architectural Design & Engineering Business>

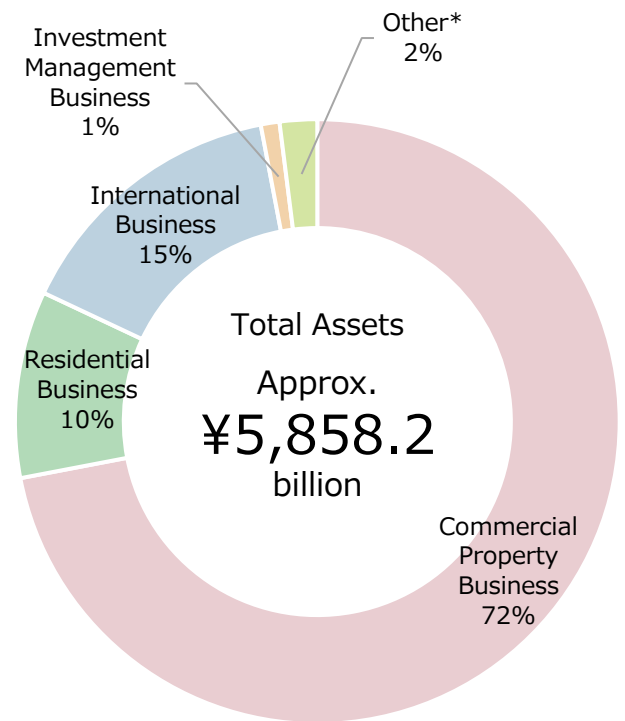
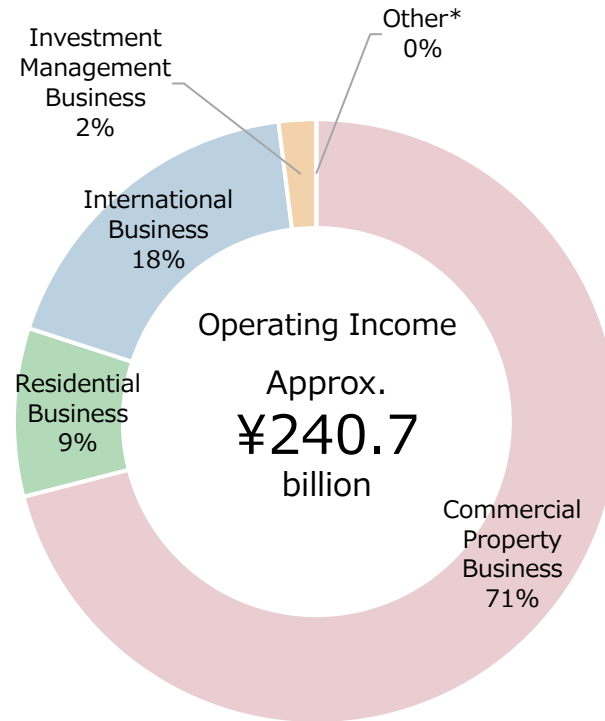
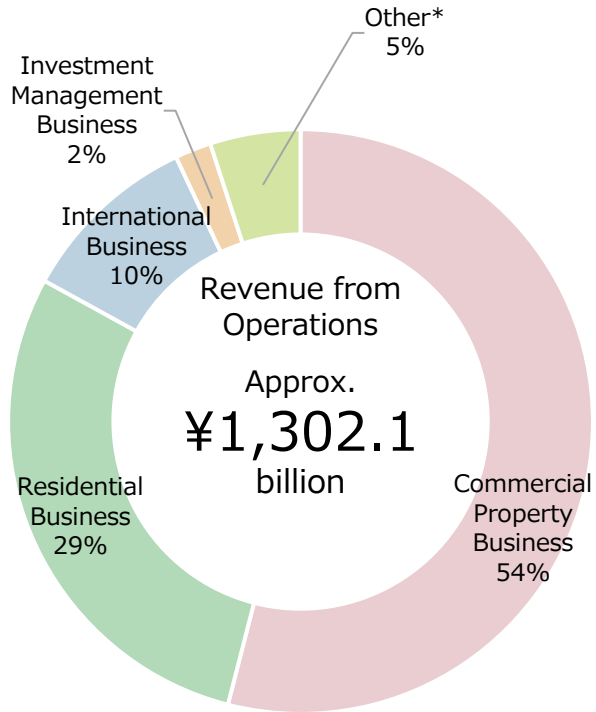
Mitsubishi Jisho Sekkei Inc. provides architectural design and engineering services of construction and civil engineering.

 Mitsubishi Jisho Sekkei Inc.

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

 MITSUBISHI REAL ESTATE SERVICES

## 2. Business Scale



\*Architectural Design & Engineering Business and Real Estate Services Business, Other Business (FY2020 Results)

# Commercial Property Business

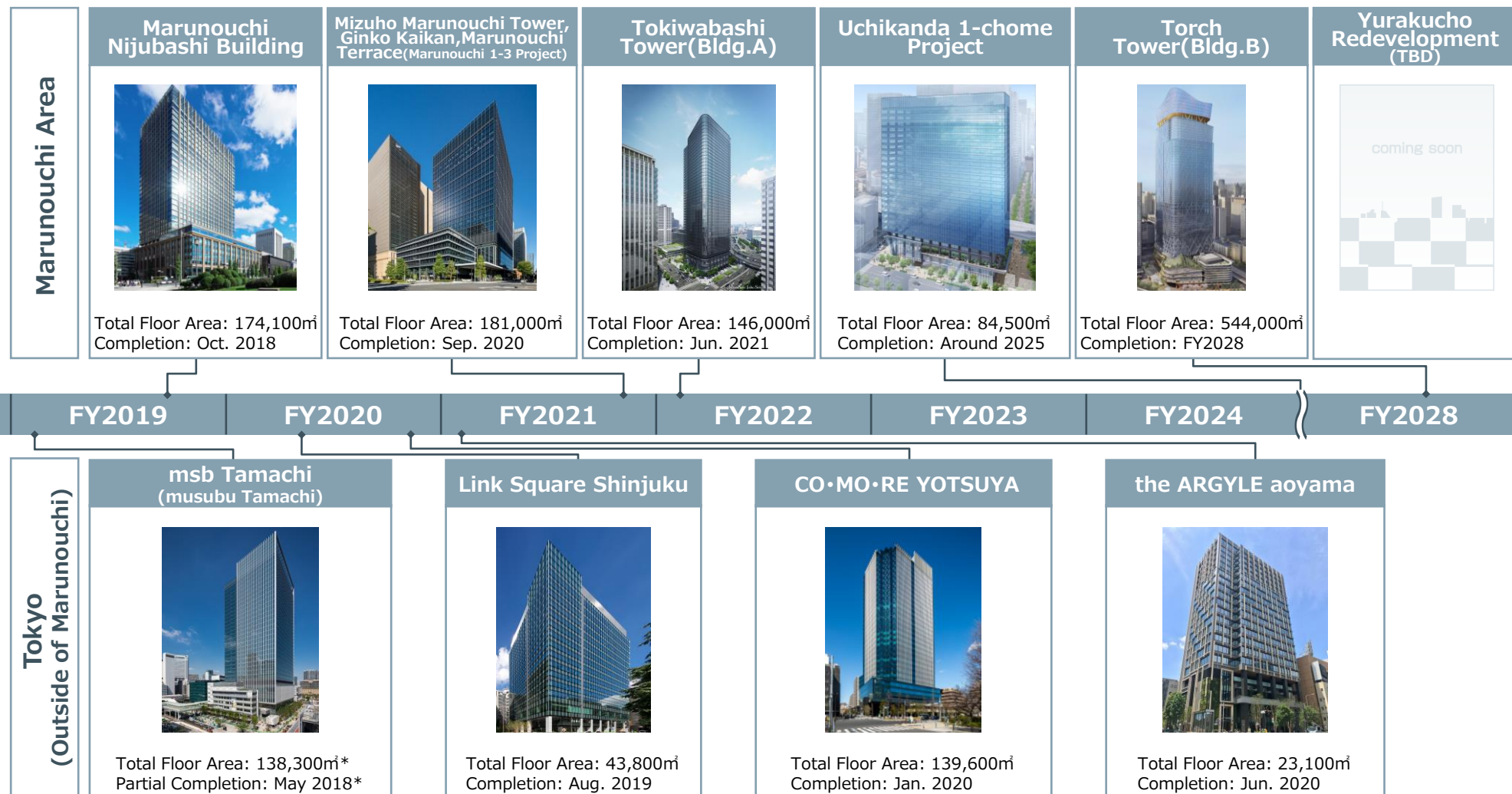
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## Office Buildings





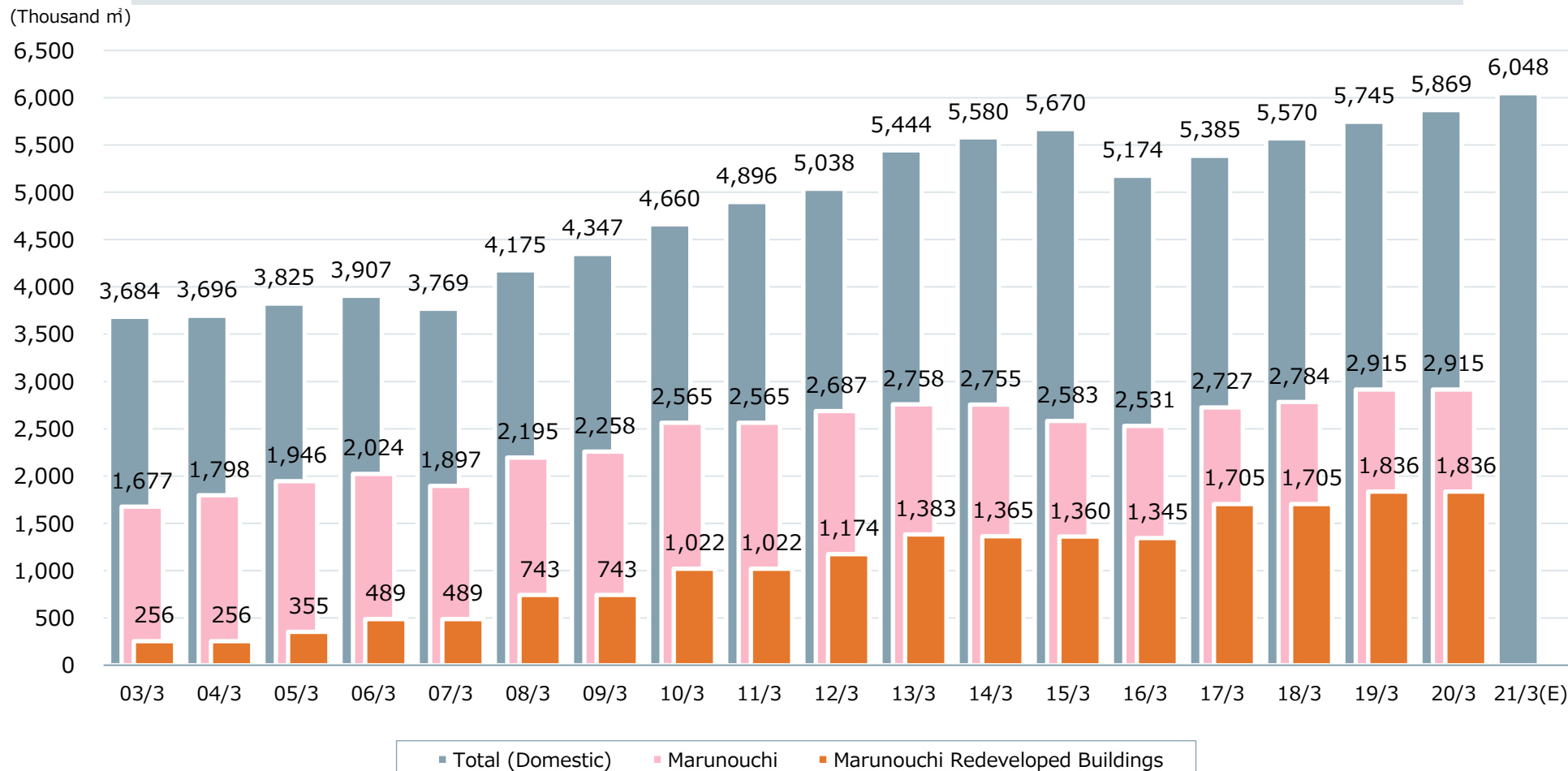
## 2. Pipeline



\*Tower S

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

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

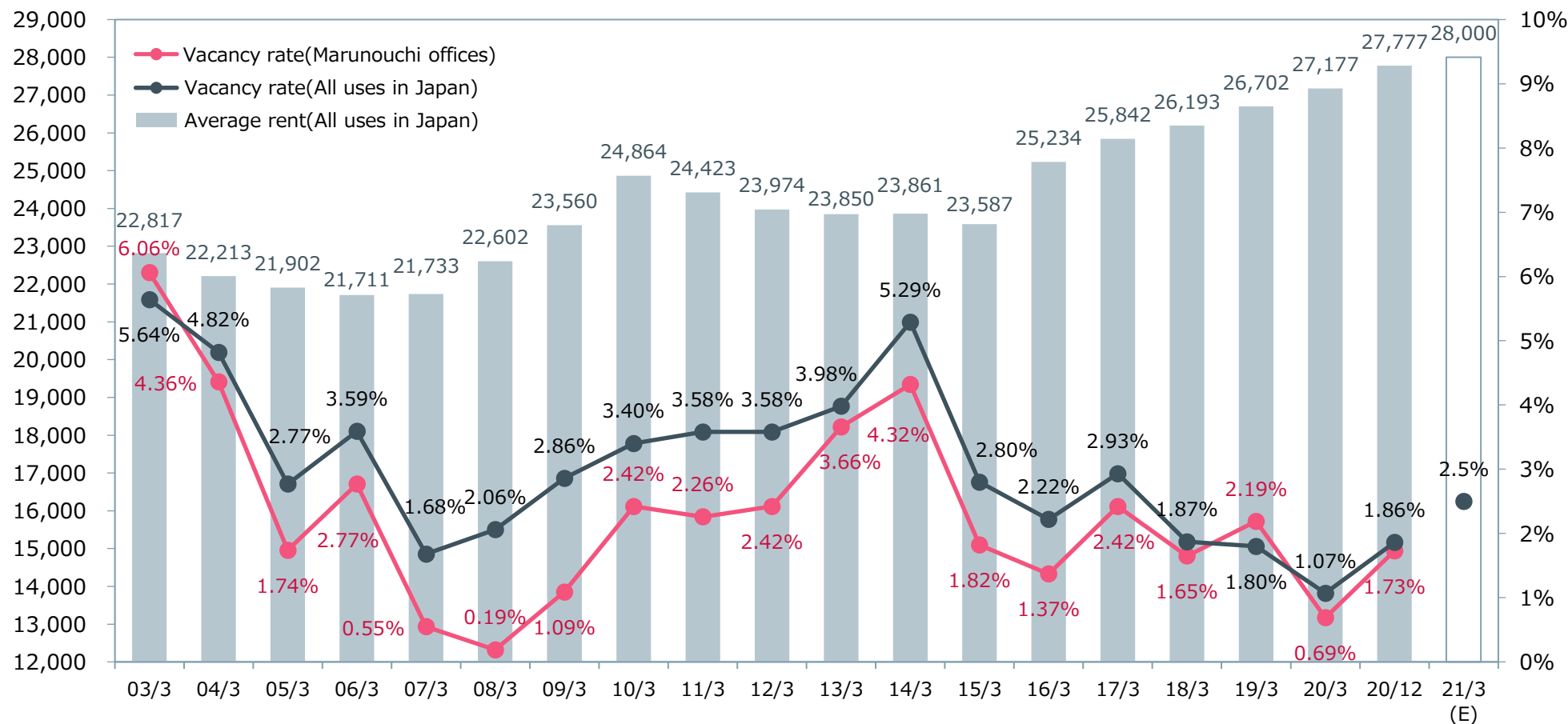


\*Excluding floor space in Lifestyle Property Business from 16/3

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

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

(yen / tsubo-month)



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

(Billions of Yen)

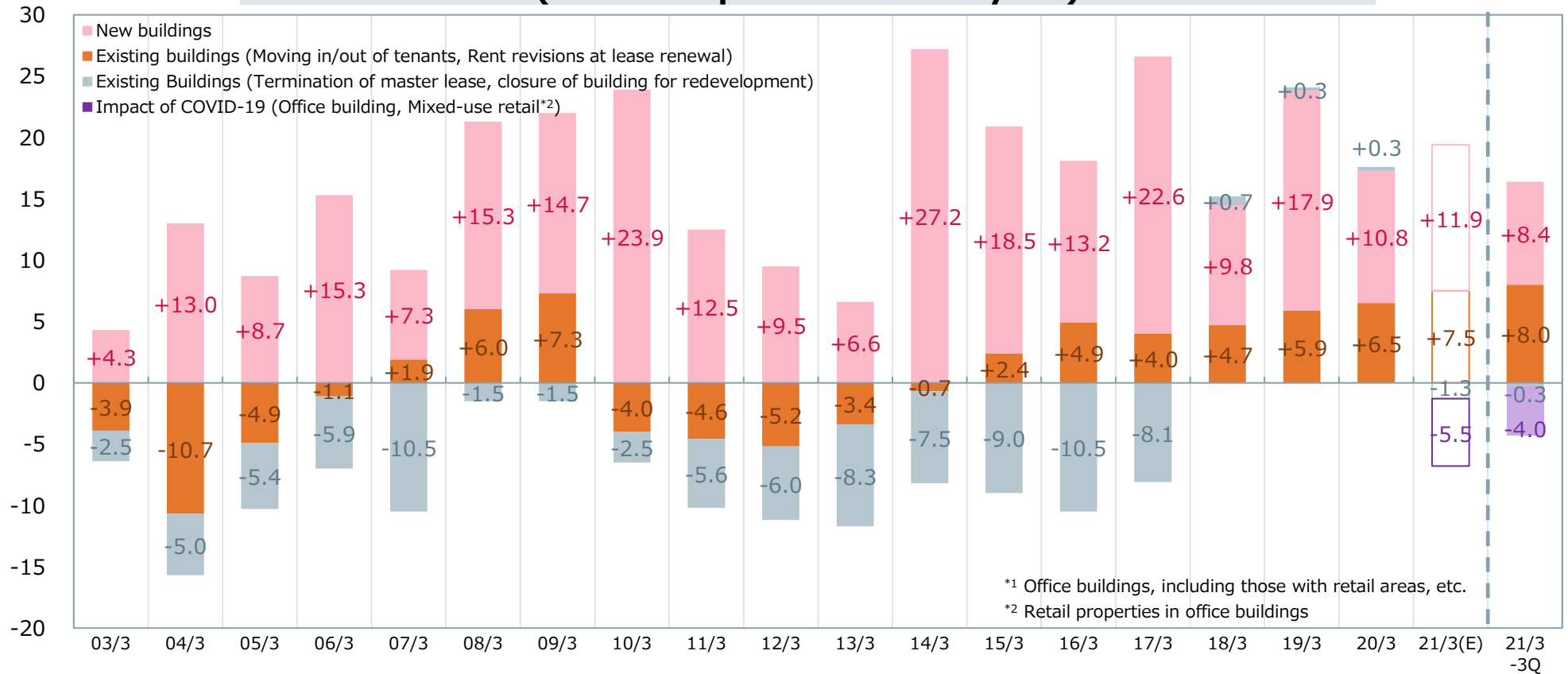
	FY2020-3Q (Results)	FY2020 (Results)	FY2021-3Q (Results)	FY2021 (Estimates)
Rent revenue from office building* <sup>1</sup>	<b>301.7</b>	<b>406.6</b>	<b>313.8</b>	<b>418.6</b>
Changes from Previous Period	<b>+ 11.2</b>	<b>+ 17.9</b>	<b>+ 12.1</b>	<b>+ 11.9</b>
Rent revenue from new buildings	+ 9.0	+ 10.8	+ 8.4	+ 11.9
Rent revenue from existing buildings	+ 4.2	+ 6.8	+ 7.6	+ 6.1
Termination of master lease, closure of building for redevelopment	+ 0.2	+ 0.3	△ 0.3	△ 1.3
Moving in/out of tenants, Rent revisions at lease renewal	+ 4.0	+ 6.5	+ 8.0	+ 7.5
	<b>Impact of COVID-19</b>	<b>Offices</b>	-	△ 0.5
		<b>Mixed-use retail*<sup>2</sup></b>	△ 4.0	△ 5.0
Supplementary Revenue, including common area charge	△ 2.0	+ 0.0	+ 0.1	△ 0.6

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

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

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

(Billions of Yen)

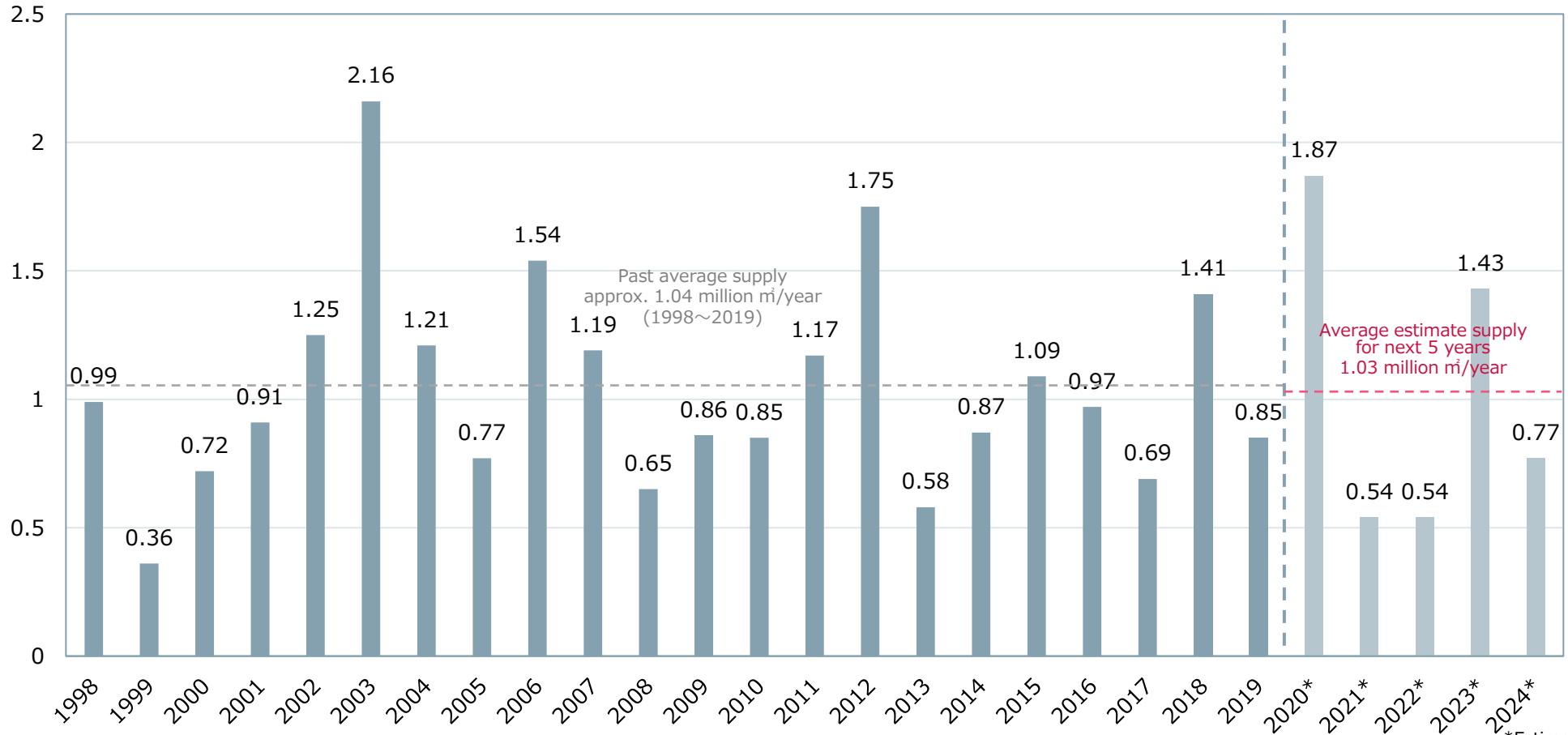


\*1 Office buildings, including those with retail areas, etc.

\*2 Retail properties in office buildings

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

(Millions of m<sup>2</sup>)

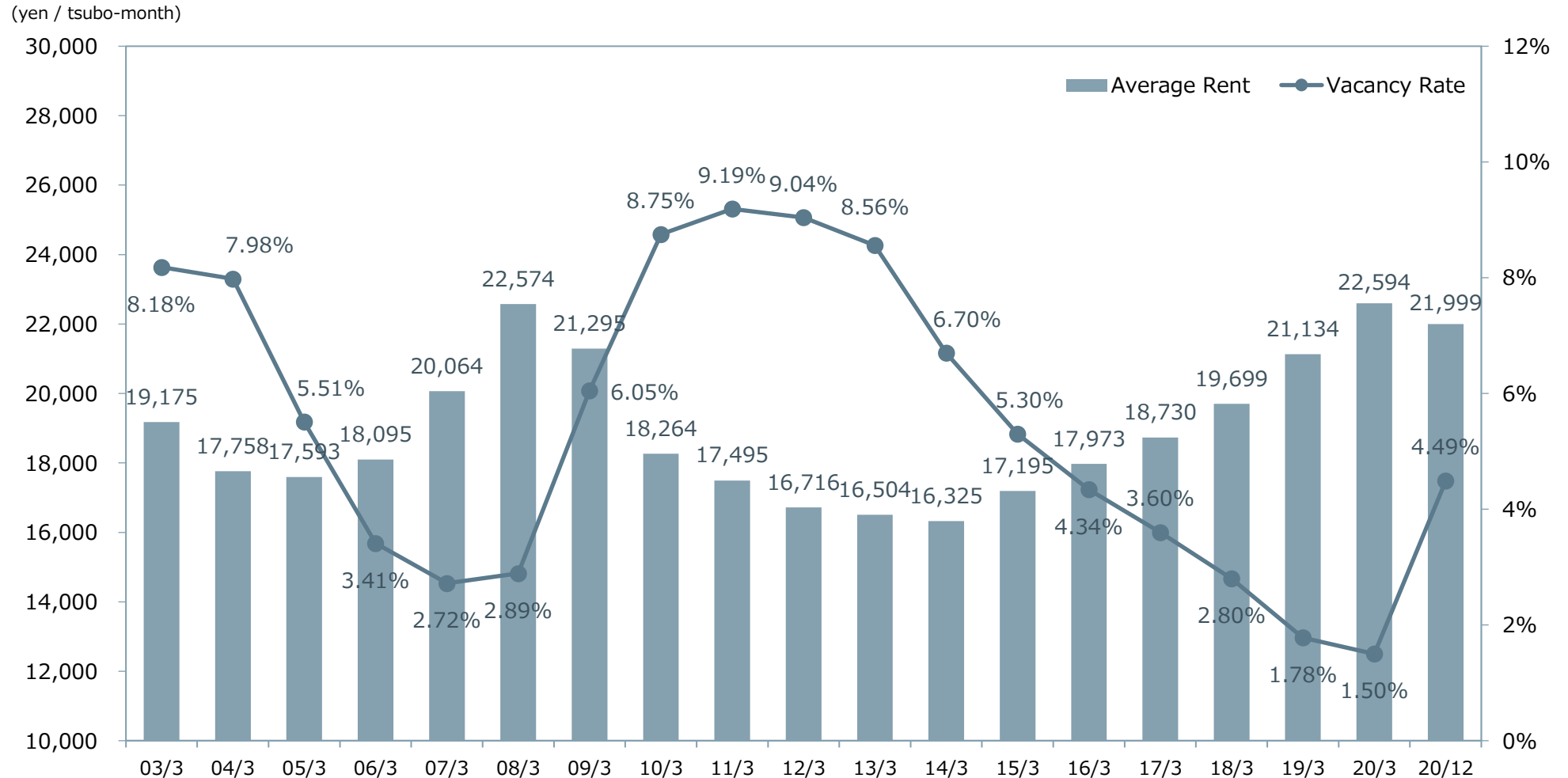


\*Estimate

※Research subject buildings: Buildings with total office floor area exceeding 10,000m<sup>2</sup>

Source: Mori Building

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

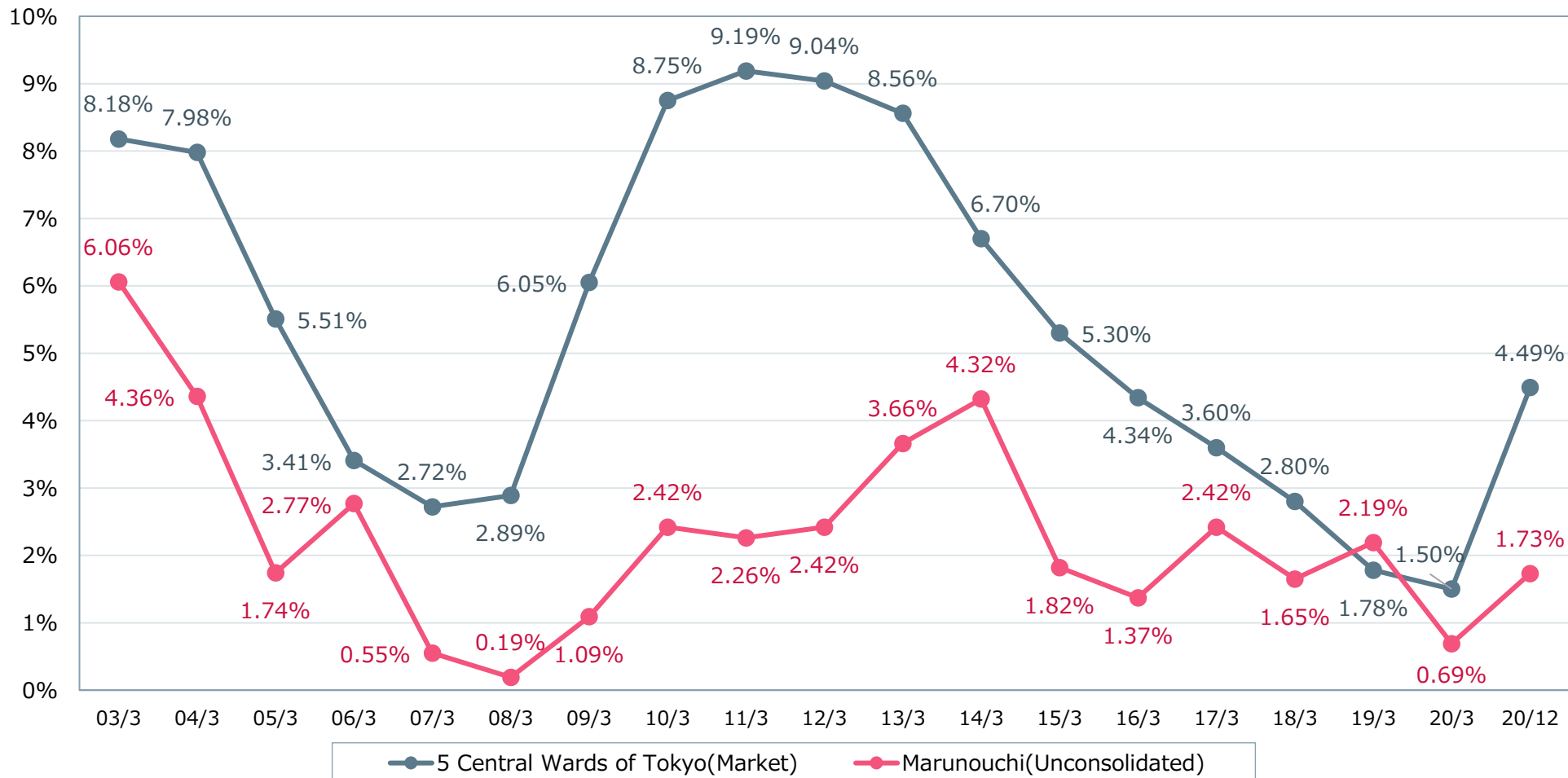


Source: Miki Shoji Co., Ltd.



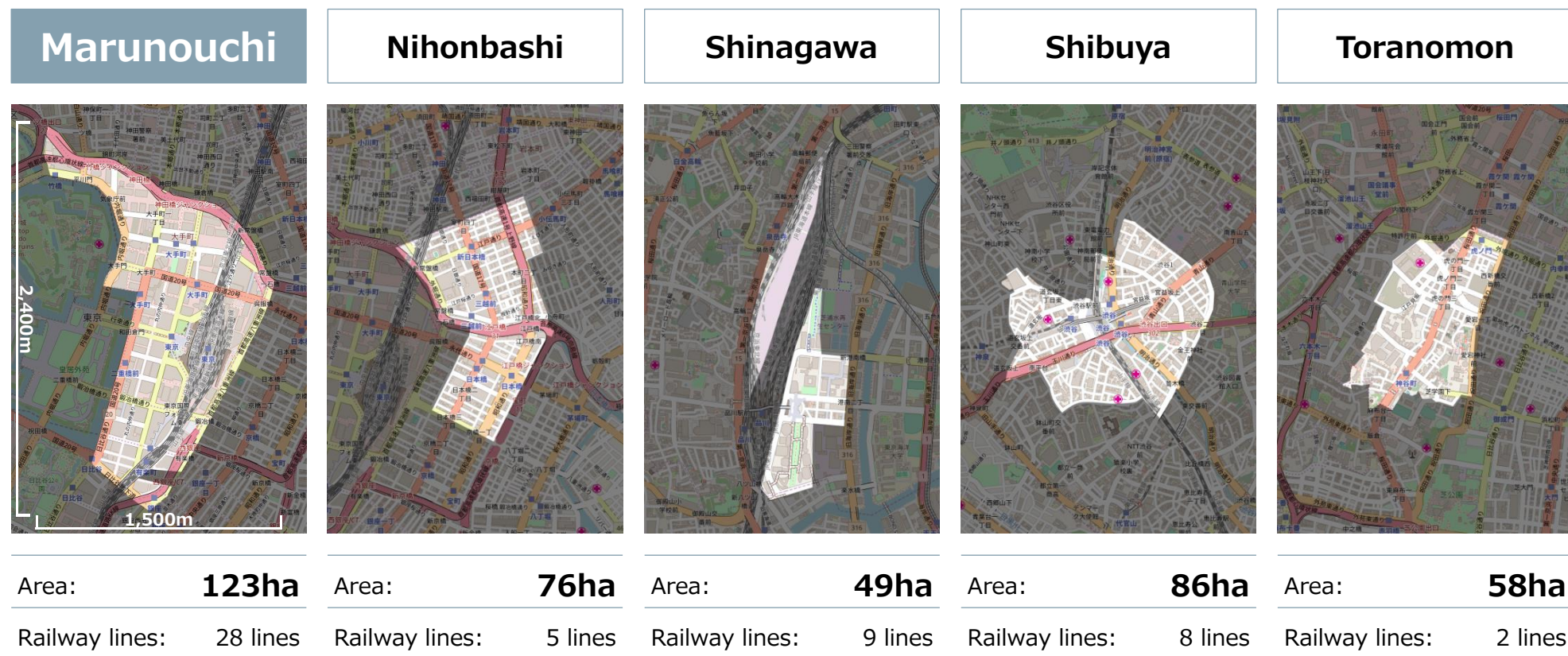
## 9. Competitive Edge of Marunouchi: Vacancy Rates

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



Source: Miki Shoji Co., Ltd.

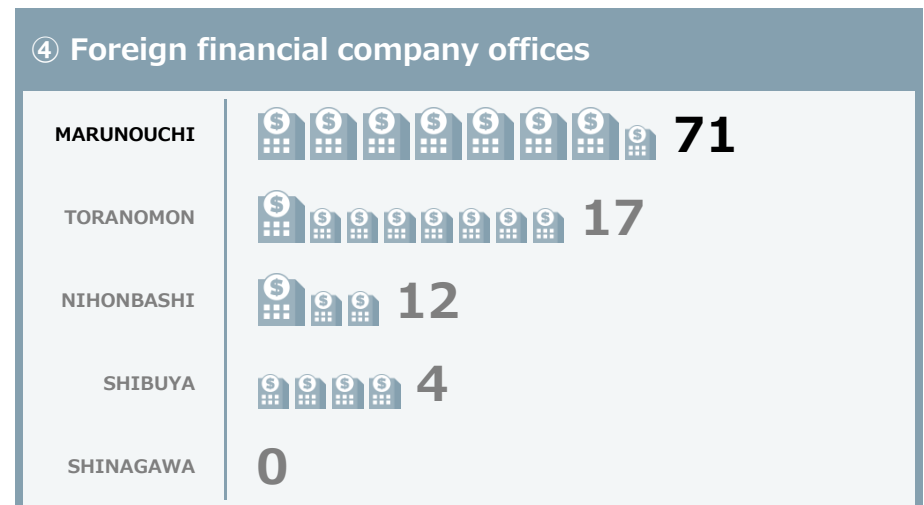
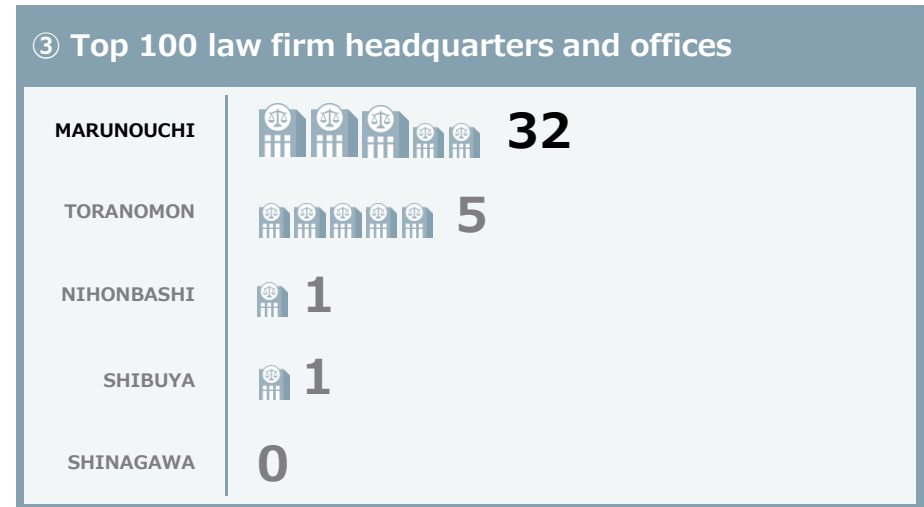
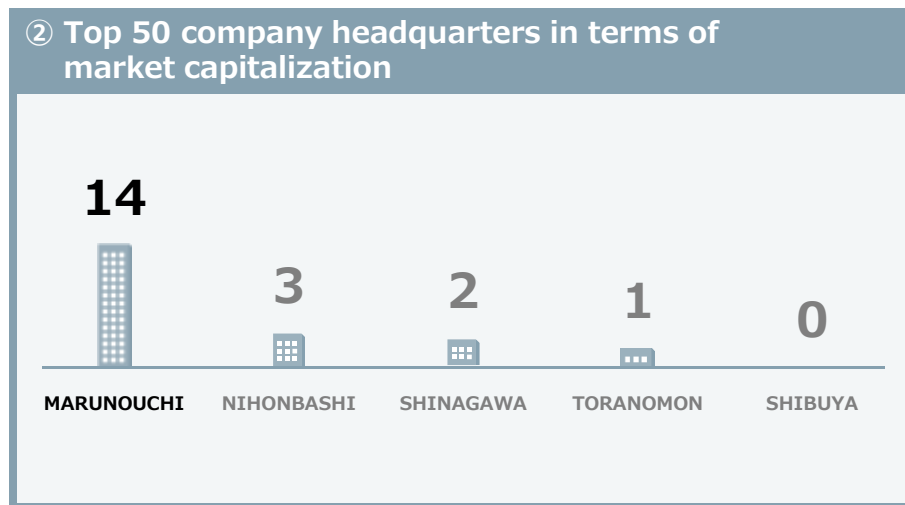
## 10. Competitive Edge of Marunouchi: Area / number of railway lines



©Open Street Map

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

(as of March, 2020)

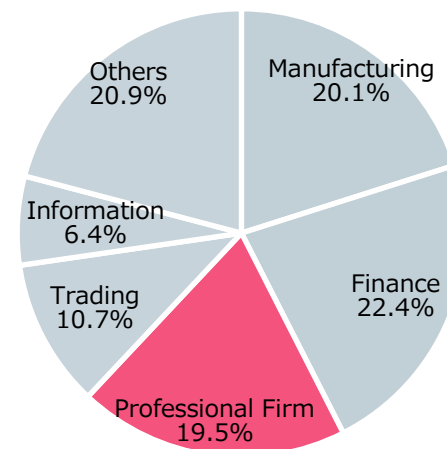
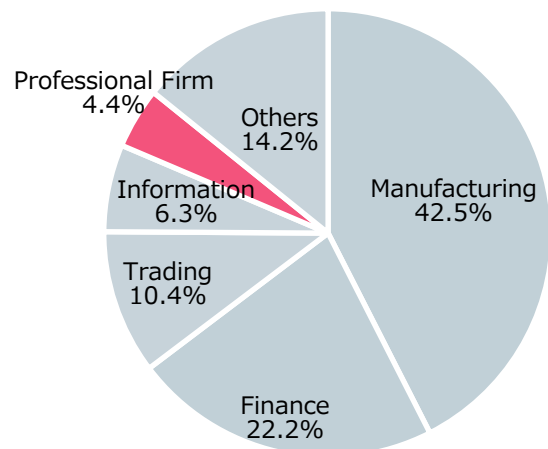


## 12. Marunouchi Data: Marunouchi Tenant Mix (Unconsolidated)

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



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



# 13. Marunouchi Data: Approaches for Marunouchi Area Development

## Improvement of floor-area-ratio

Improving plot ratio in Marunouchi area by reviewing the use area

1,000% → 1,300% (June, 2004)

\*1,200% for limited areas

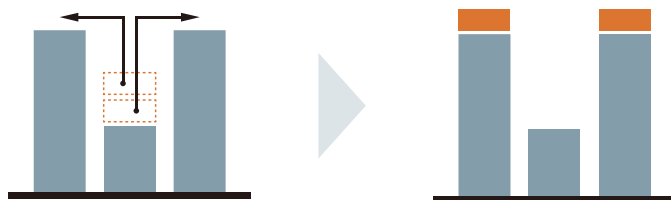
## Transfer of plot ratio: Exceptional plot ratio district system

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

“Exceptional floor-area ratio district” Area



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



## Relaxation of plot ratio regulation: Special Urban Renaissance Districts

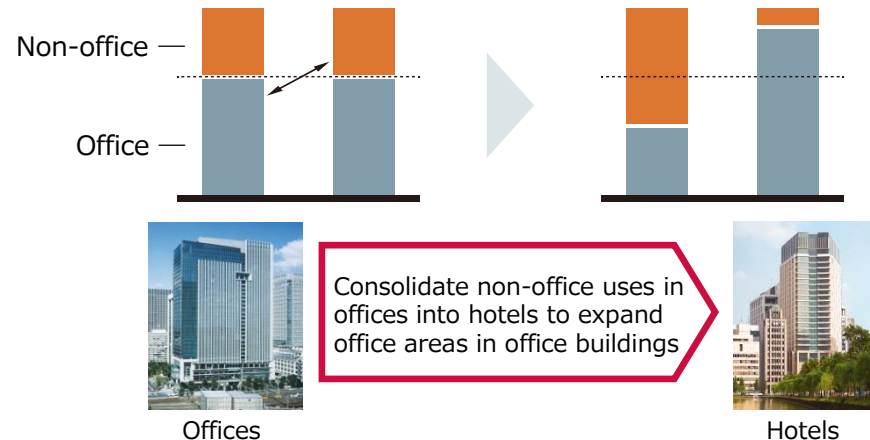
Possible to be permitted for relaxation of floor-area ratio regulation depending on levels of contribution to city regeneration as an exception of urban planning

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

## Change of building uses: Consolidation of non-office use

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

◆ Example: Consolidation between offices and hotels



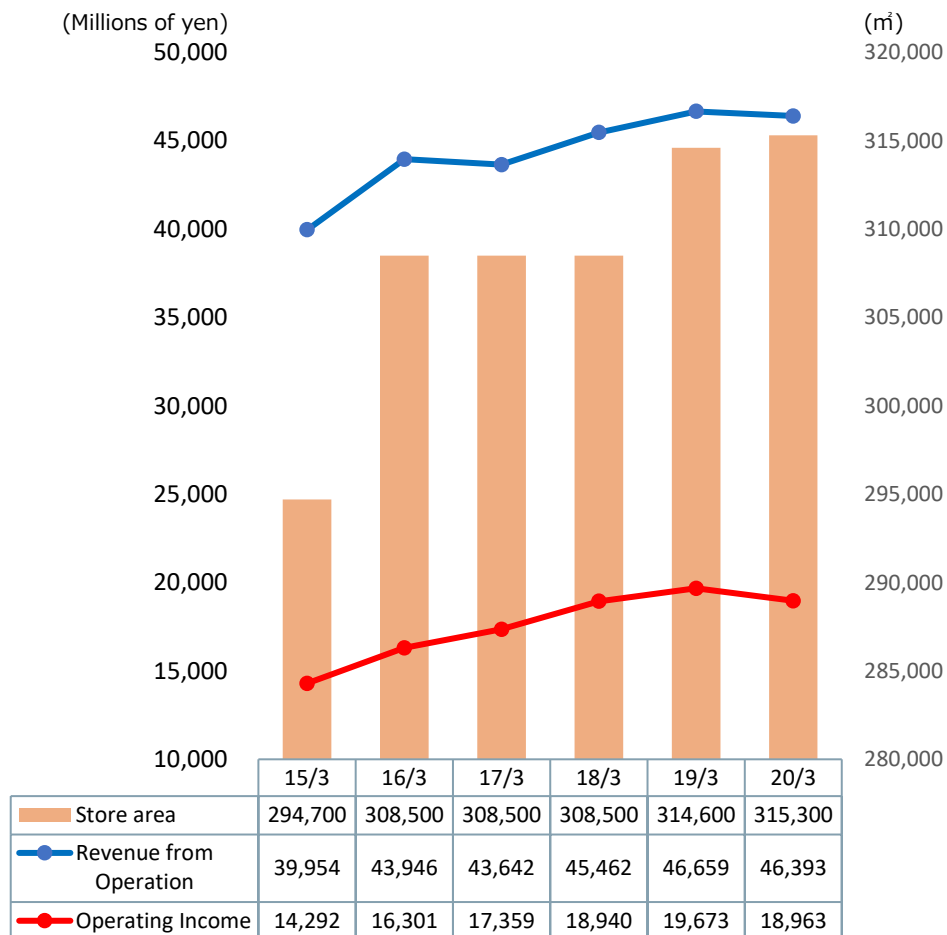
# **Commercial Property Business**

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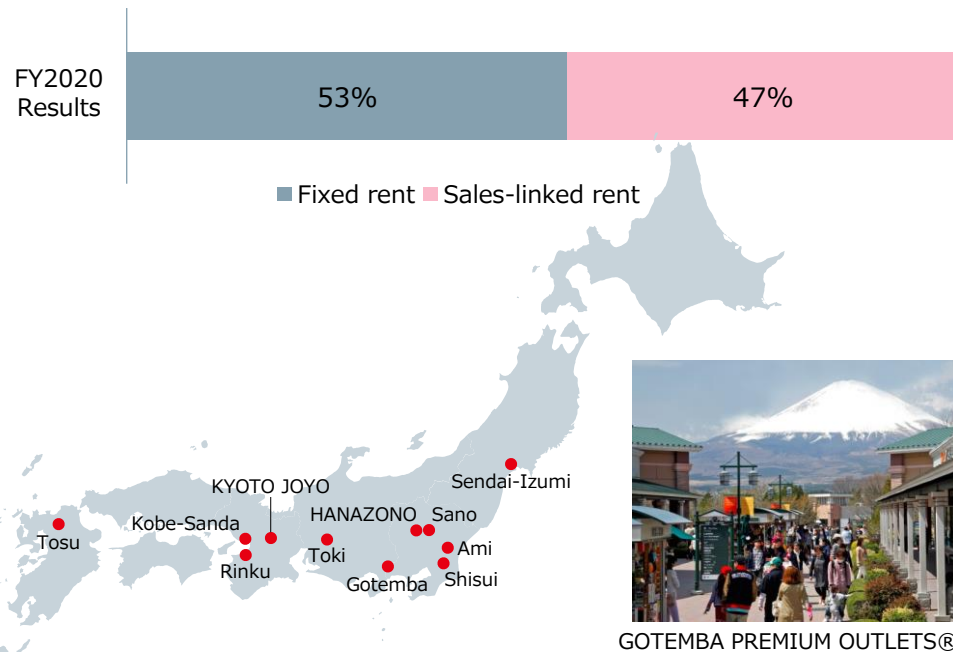
**Outlet Malls, Retail Properties, Logistics  
Facilities, Hotels, and Airports**

# 1. Outlet Mall Business

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



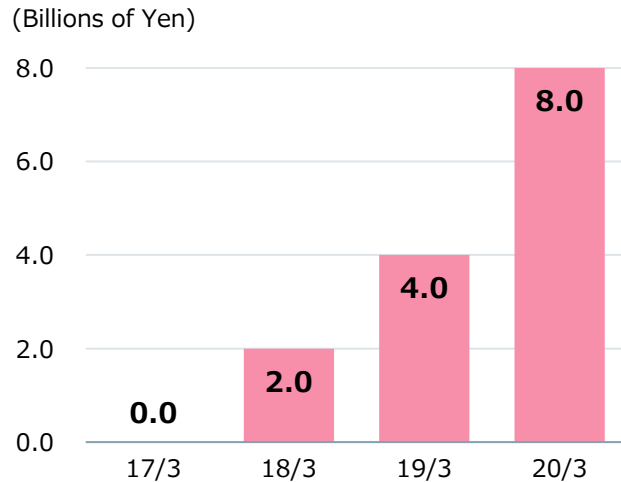
## Average of all facilities Sales-linked & fixed ratio (Rent revenue basis)



Name	Open	Store Floor Area
<b>Gotemba (Phase 4)</b>	Jun. 2020	Before expansion: Approx. 44,600m <sup>2</sup> Currently: Approx. 61,000m <sup>2</sup> (+37%)
<b>Rinku (Phase 5)</b>	Aug. 2020	Before expansion: Approx. 39,400m <sup>2</sup> Currently: Approx. 50,100m <sup>2</sup> (+27%)
<b>Fukaya Hanazono (New)</b>	Fall, 2022	Approx. 25,000m <sup>2</sup>
<b>Kyoto Joyo (New)</b>	Spring, 2024	

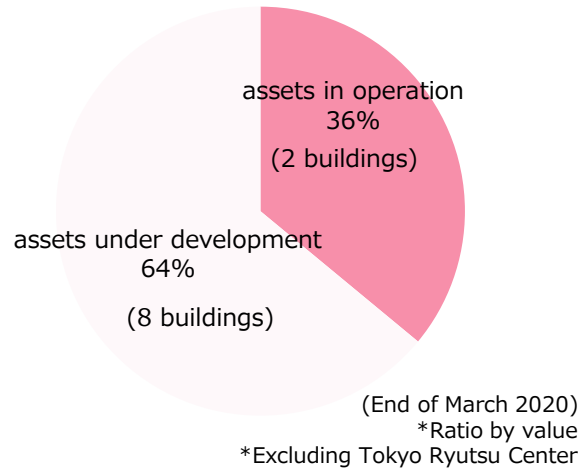
## 2. Logistics Facility Business

### Trends in gain on sale



### Total assets

Approx. ¥ **27 billion**



### Operational logistics facilities

Total number of developed facilities **13**

Number of facilities in operation **2**

Total floor area of facilities in operation **51,000m<sup>2</sup>**

(End of March 2020)  
\*Excluding Tokyo Ryutsu Center



Tokyo Ryutsu Center Distribution Building B



Logicross Yokohama Kohoku



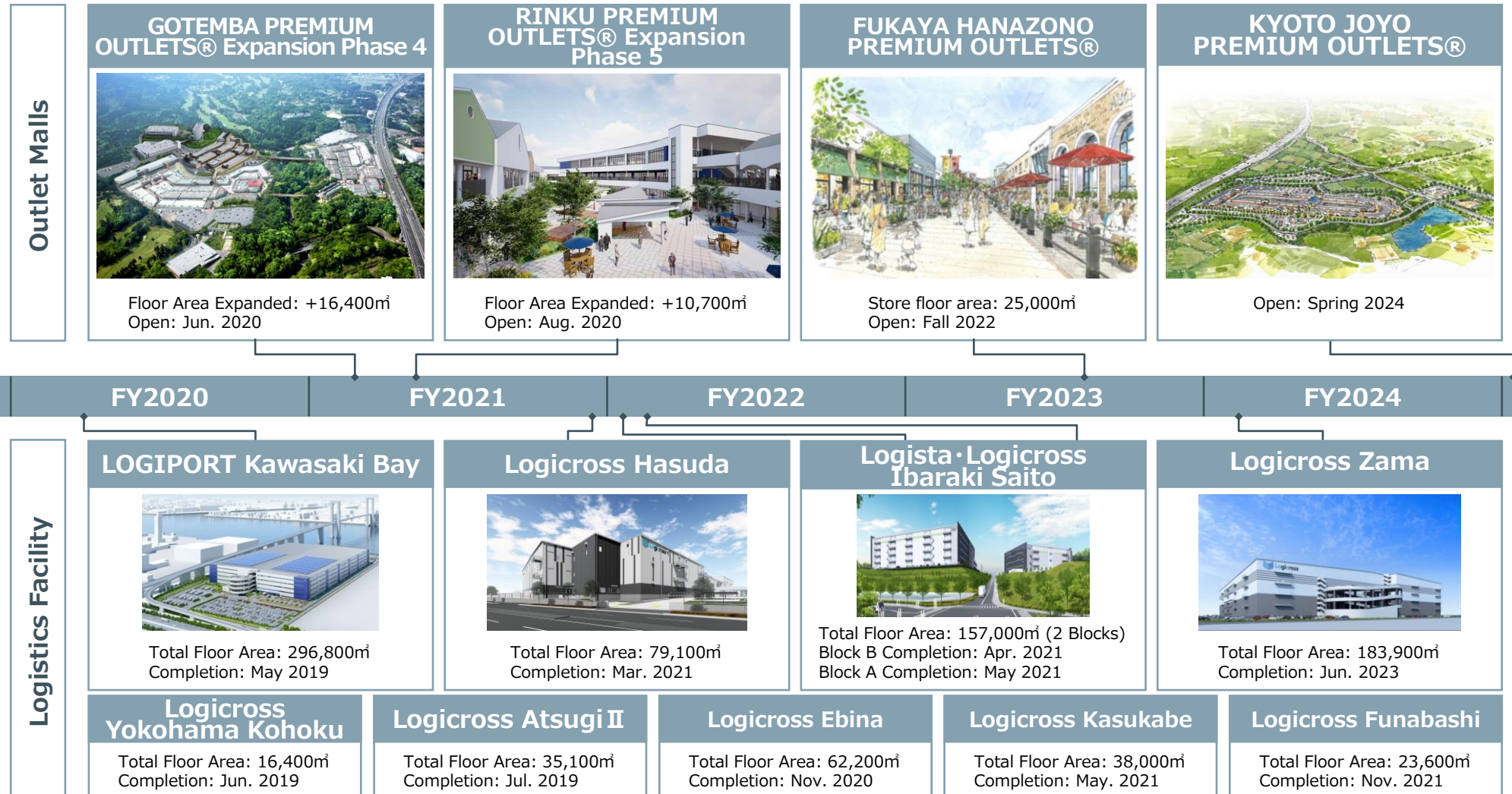
Logicross Atsugi II



Logista·Logicross Ibaraki Saito



### 3. Outlet Malls and Logistics Facility Pipelines



## 4. Hotel (Development / Operation) Business



The Royal Park Hotel Iconic Osaka Midosuji

### Hotel Management Business

Name	Location	Number of Rooms	Open
Royal Park Hotel	Chuo, Tokyo	419	Jun. 1989
Yokohama Royal Park Hotel	Yokohama, Kanagawa	603	Sep. 1993
Sendai Royal Park Hotel	Sendai, Miyagi	110	Apr. 1995
The Royal Park Hotel Tokyo Shiodome	Minato, Tokyo	490	Jul. 2003
Marunouchi Hotel	Chiyoda, Tokyo	205	Oct.2004
The Royal Park Hotel Kyoto Sanjo	Kyoto, Kyoto	172	Jul. 2011
The Royal Park Hotel Fukuoka	Fukuoka, Fukuoka	174	Oct. 2011
The Royal Park Canvas Nagoya	Nagoya, Aichi	153	Nov. 2013
The Royal Park Hotel Tokyo Haneda	Ota, Tokyo	313	Sep. 2014
The Royal Park Hotel Kyoto Shijo	Kyoto, Kyoto	127	Apr. 2018
The Royal Park Hotel Hiroshima Riverside	Hiroshima, Hiroshima	127	Oct. 2018
The Royal Park Canvas Ginza 8	Chuo, Tokyo	121	Mar. 2019
The Royal Park Canvas Osaka Kitahama	Osaka, Osaka	238	Jun. 2019
The Royal Park Hotel Iconic Osaka Midosuji	Osaka, Osaka	352	Mar. 2020
The Royal Park Canvas Kobe Sannomiya	Kobe, Hyogo	170	Jan. 2021
The Royal Park Hotel Kyoto Umekoji	Kyoto, Kyoto	246	Mar. 2021
The Royal Park Canvas Kyoto Nijo	Kyoto, Kyoto	180	Spring 2021
Odori Nishi 1-chome Project	Sapporo, Hokkaido	130	Fall 2021
The Royal Park Hotel Kyoto Karasumaoike	Kyoto, Kyoto	200	Spring 2022
Ginza 6-chome Hotel Project	Chuo, Tokyo	160	Fall 2022
Nagoya Sakae Hotel Project	Nagoya, Aichi	250	FY2024

### Hotel Development Business

Name	Location	Number of Rooms	Construction Begins	Open
The Royal Park Hotel Kyoto Shijo	Kyoto, Kyoto	127	-	Apr. 2018
MJ HOTEL Asakusa	Taito, Tokyo	166	Mar. 2017	To be determined
The Royal Park Canvas Kobe Sannomiya	Kobe, Hyogo	170	Sep. 2019	Jan. 2021
The Royal Park Hotel Kyoto Umekoji	Kyoto, Kyoto	246	Jun. 2019	Mar. 2021
Asakusa Kaminarimon 2-chome Hotel Project	Taito, Tokyo	51	Dec. 2019	Spring 2021
Kyoto Okazaki Hotel Project	Kyoto, Kyoto	60	Feb. 2020	Spring 2022
Odori Nishi 1-chome Project	Sapporo, Hokkaido	130	Mar. 2020	Fall 2021
Hilton Okinawa Miyakojima Resort	Miyakojima, Okinawa	329	-	FY2024



Odori Nishi 1-chome Project

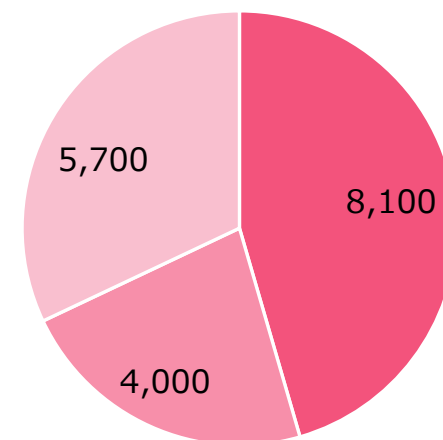
# Residential Business

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## 1. Condominium Business Data

	FY2020-3Q (Results)	FY2020 (Results)	FY2021-3Q (Results)	FY2021 (Estimates)
Condominiums Sold (millions of yen)	97,057	202,876	95,822	201,000
Condominiums Sold (units)	1,515	3,214	1,624	3,400
Gross margin	16.8%	17.8%	19.2%	18.6%
Inventory (units)	441	373	240	-
New Supply of Condominiums (units)	2,463	2,924	1,655	2,100

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



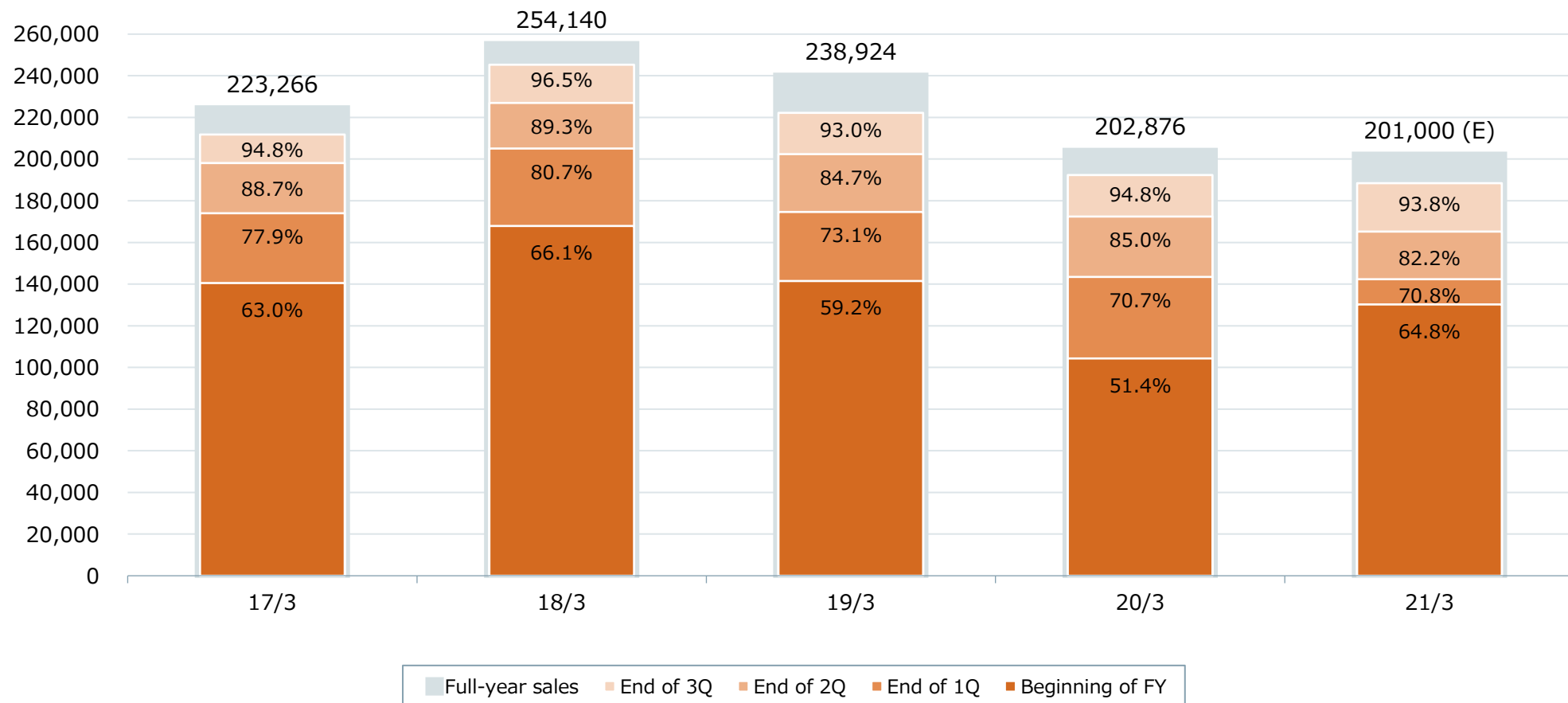
Total: 17,800 units

- FY2021 - FY2023
- FY2024 - FY2026
- FY2027 -

## 2. Condominium Business Data②

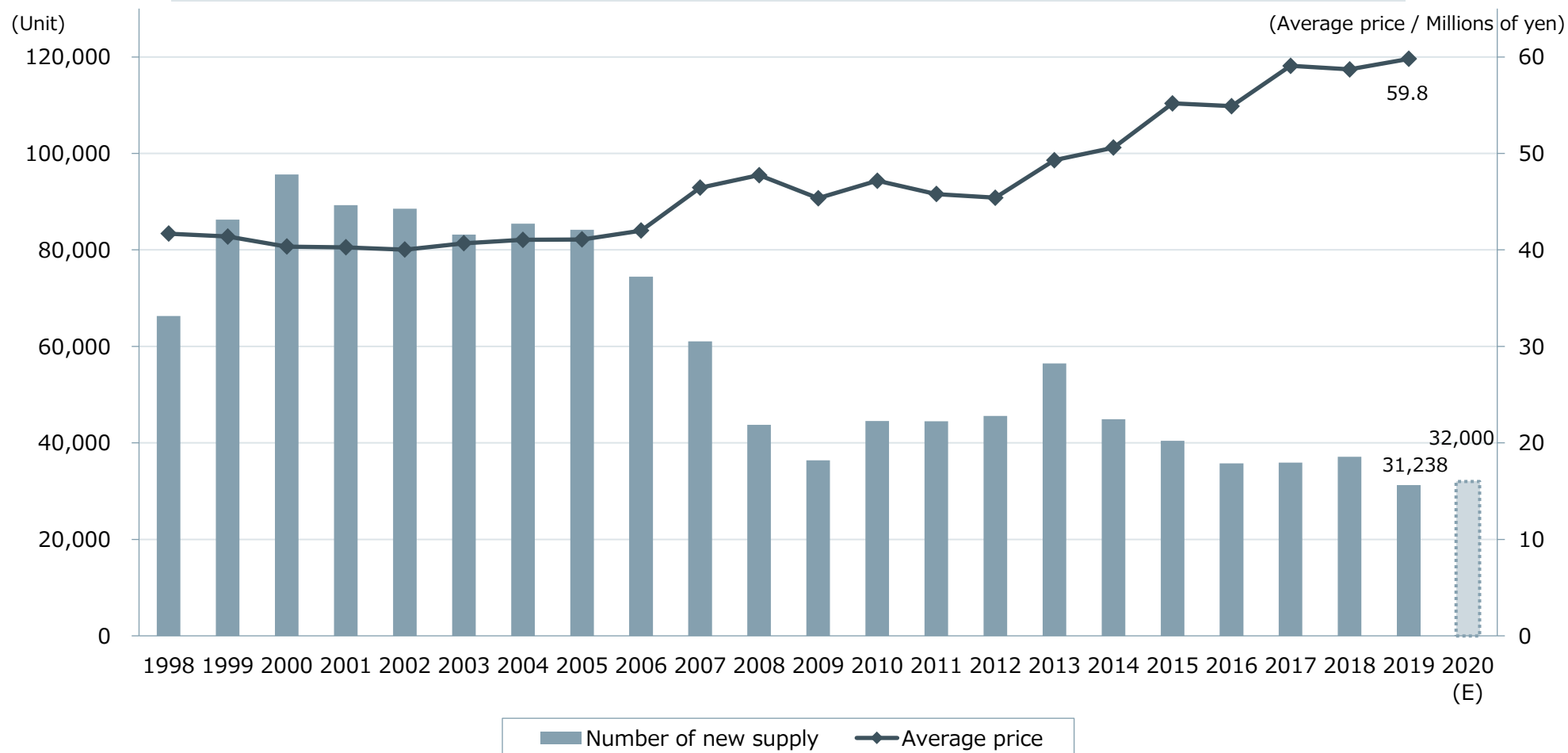
### Quarterly Distribution of Sales by Agreement Date

(Millions of yen)



### 3. Condominium Market Data

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



Source: Real Estate Economic Institute Co., Ltd.

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

### Redevelopment Projects and Large-scale Development Projects

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



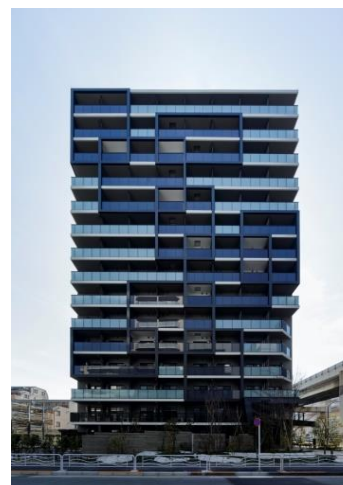
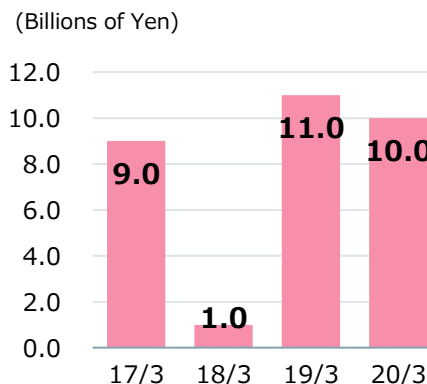
The Parkhouse Hon-Atsugi Tower

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

\*2 Total of several planned projects

## 5. Rental Apartment Business

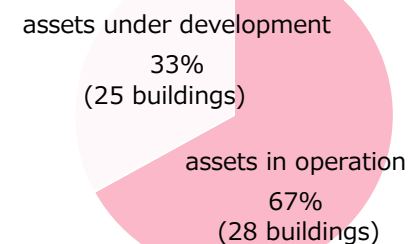
### Trends in gain on sale



The Parkhabio Kiba

### Total assets

Approx. ¥ **88** billion



(End of March 2020)  
\*Ratio by value



Parkhabio Akasaka Tower

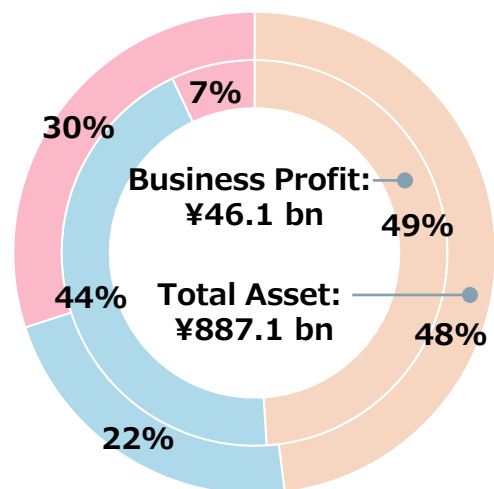
# International Business

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# 1. International Business Strategy

FY2020



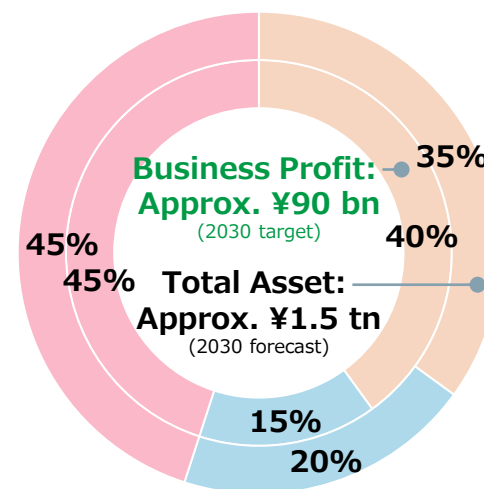
ROA : Approx. 5%

Asia Europe US

Towards 2030 Target

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

2030 Target



ROA : Approx. 6%

## Strategy

### ①Asia

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

#### <Expected Return from Investment>

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

### ②Europe

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

\* 8 Bishopsgate, 60-72 Upper Ground

#### <Expected Return from Investment>

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

### ③US

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

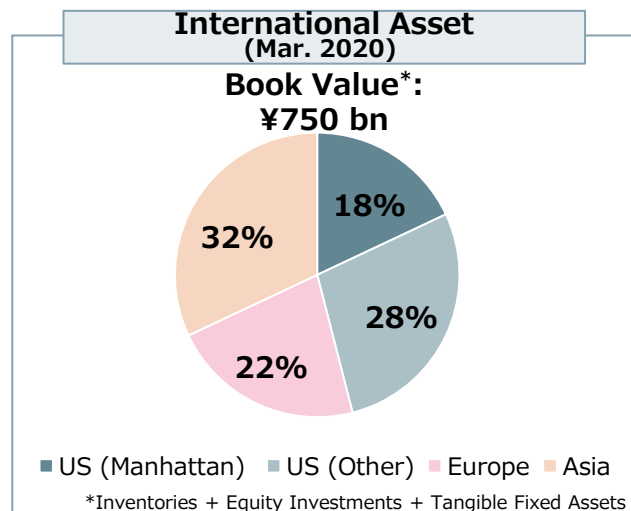
\* Rockefeller Group International, Inc.

#### <Expected Return from Investment>

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

## 2. International Asset/Ongoing Projects

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



**Major Ongoing Projects**

	Property Name	Location	Use	Completion	Area / Units* <sup>1</sup>
<b>Asia</b>	Mixed Use Development in Hangzhou	China (Hangzhou)	Office	2020	69,800m <sup>2</sup>
	CapitaSpring	Singapore	Multi-use	2021	93,400m <sup>2</sup> * <sup>2</sup>
	Phase 3 of Singapore-Hangzhou Science & Technology Park	China (Hangzhou)	Office	2021	172,300m <sup>2</sup>
	Daswin Project	Indonesia (Jakarta)	Office	2021	75,000m <sup>2</sup>
	Yoma Central (4 buildings total)	Myanmar (Yangon)	Multi-use	2021	212,700m <sup>2</sup> * <sup>2</sup>
	Savya Financial Center North Tower	The Philippines (Manila)	Office	2021	24,600m <sup>2</sup> * <sup>3</sup>
	180 George Street	Australia (Sydney)	Office	2022	55,000m <sup>2</sup>
	One City Centre	Thailand (Bangkok)	Office	2022	66,000m <sup>2</sup>
	<b>Europe</b>	8 Bishopsgate	UK (London)	Office	2022
Nine Elms Park		UK (London)	Rental apartment	2022	196 units
60-72 Upper Ground (ITV The London Television Centre)		UK (London)	TBD	2020s 2nd half	TBD
<b>US</b>	1271 Avenue of the Americas	US (Manhattan)	Office	Dec. 2019	195,000m <sup>2</sup>
	Edison	US (New Jersey)	Logistics facilities	2020	87,200m <sup>2</sup>
	Lehigh Valley (4 buildings total)	US (Pennsylvania)	Logistics facilities	2021	325,200m <sup>2</sup>

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



1271 Avenue of the Americas



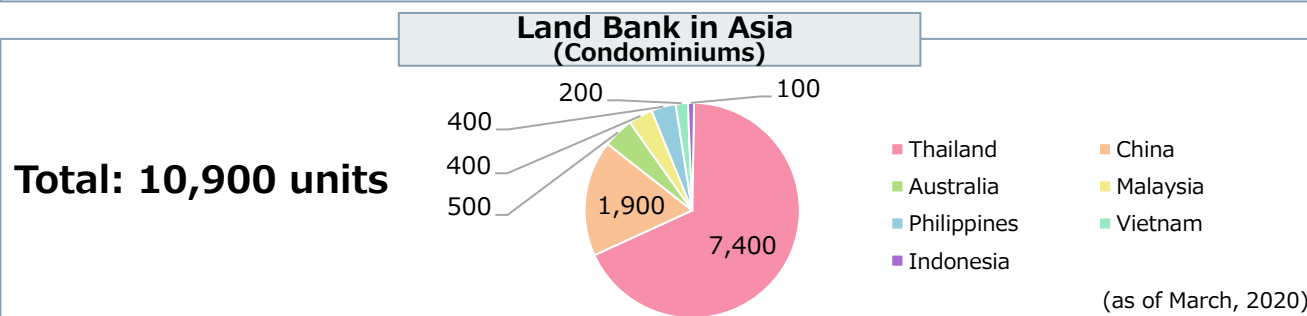
Daswin Project



8 Bishopsgate project



Yoma Central

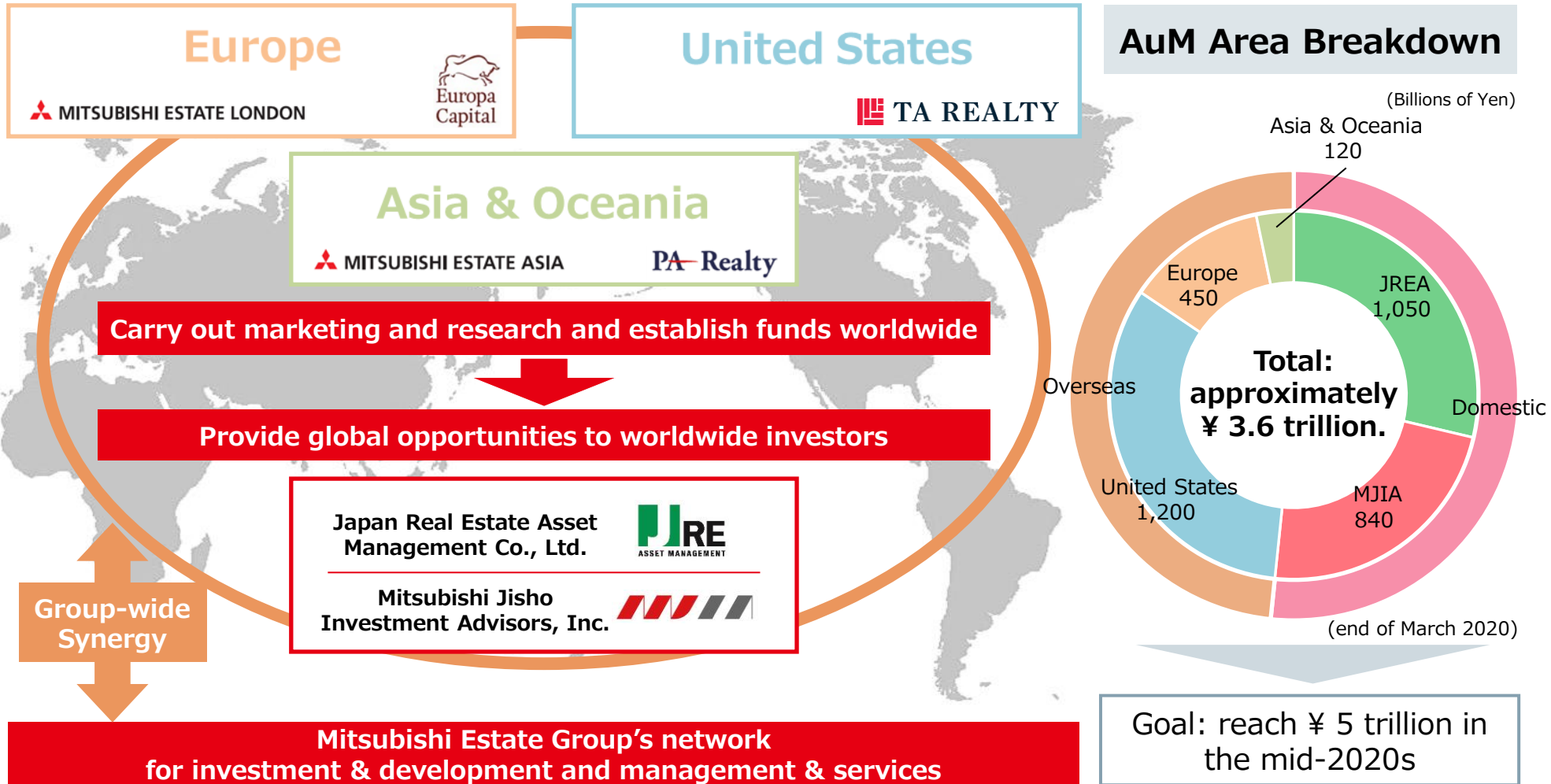


# Other business

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# 1. Investment Management Business: Global Platform

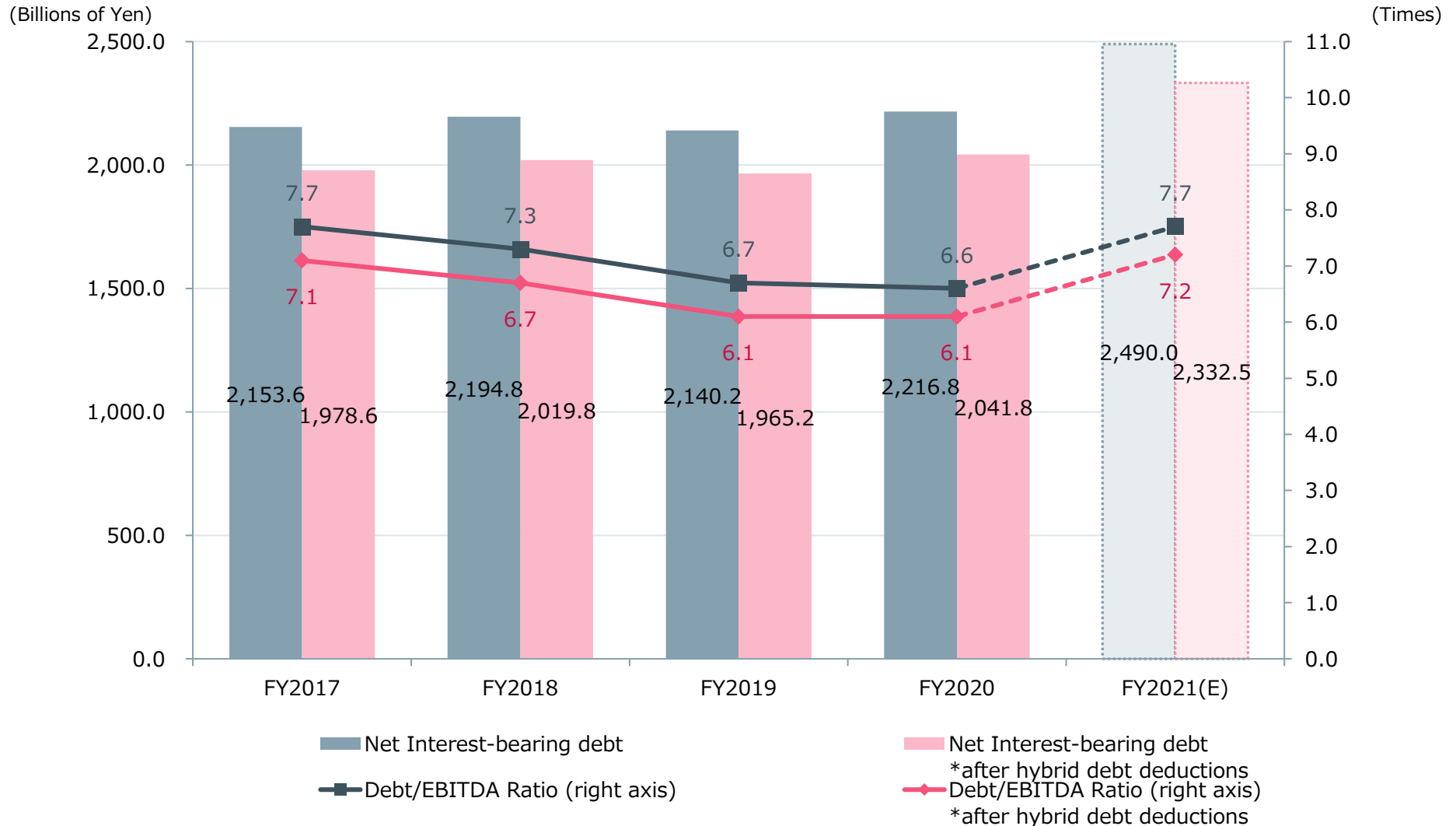
Globally, we have combined assets under management of approximately ¥ 3.6 trillion.



# Investment / Financial Data etc.

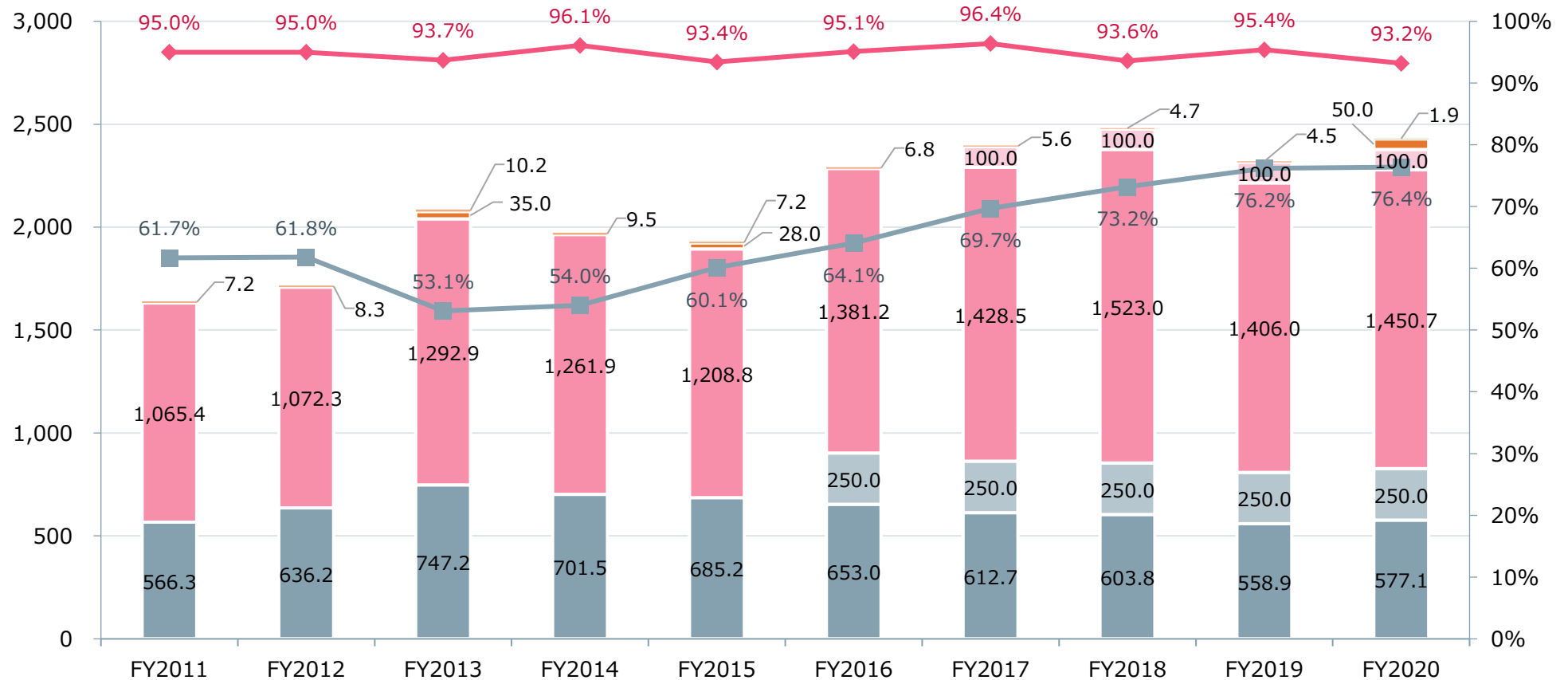
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# 1. Net Interest-bearing debt/EBITDA Ratio



## 2. Interest-Bearing Debt Breakdown

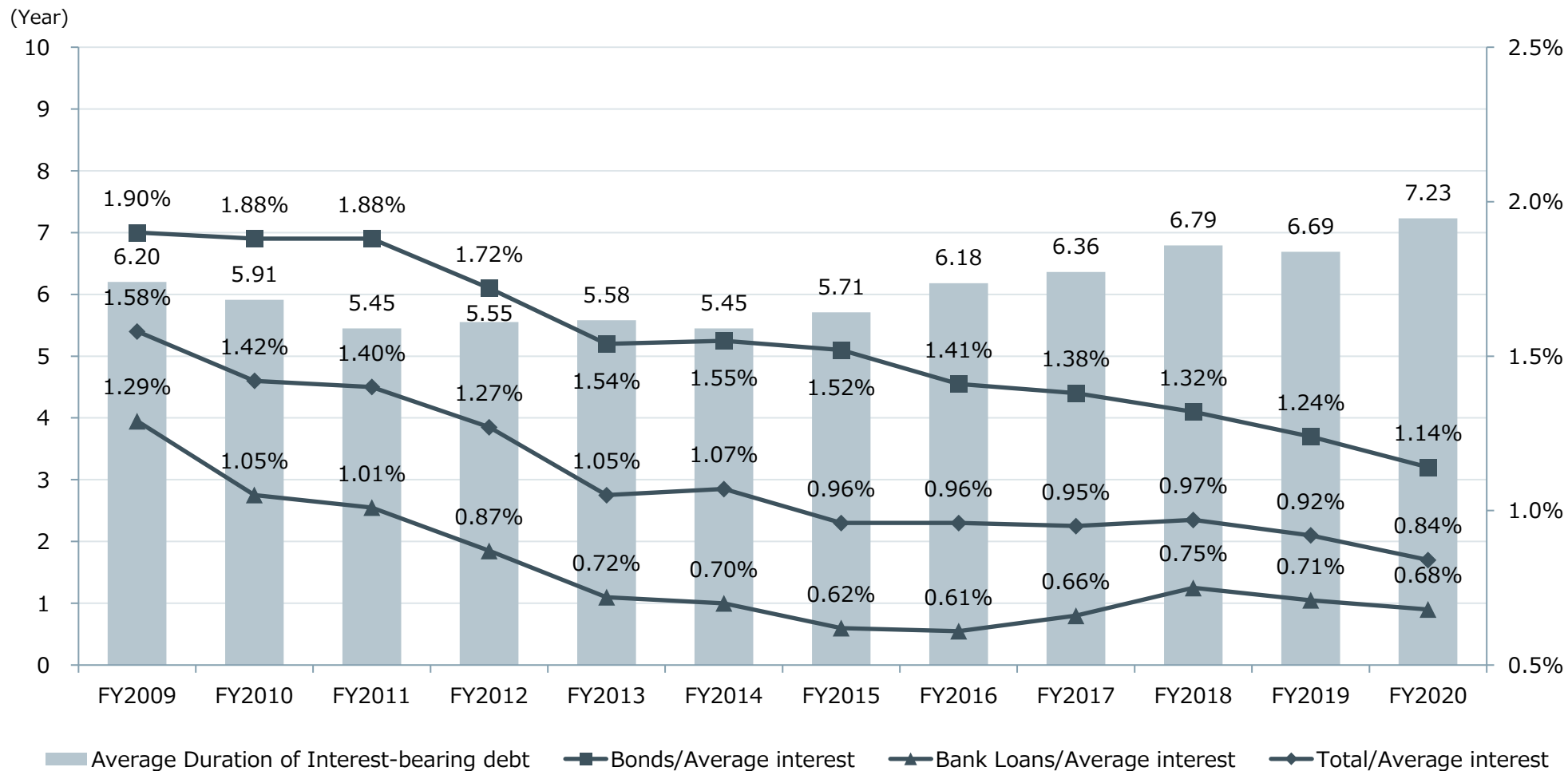
(Billions of Yen)



	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total	1,693.0	1,716.8	2,085.4	1,973.0	1,929.3	2,291.0	2,396.9	2,481.6	2,319.5	2,429.8

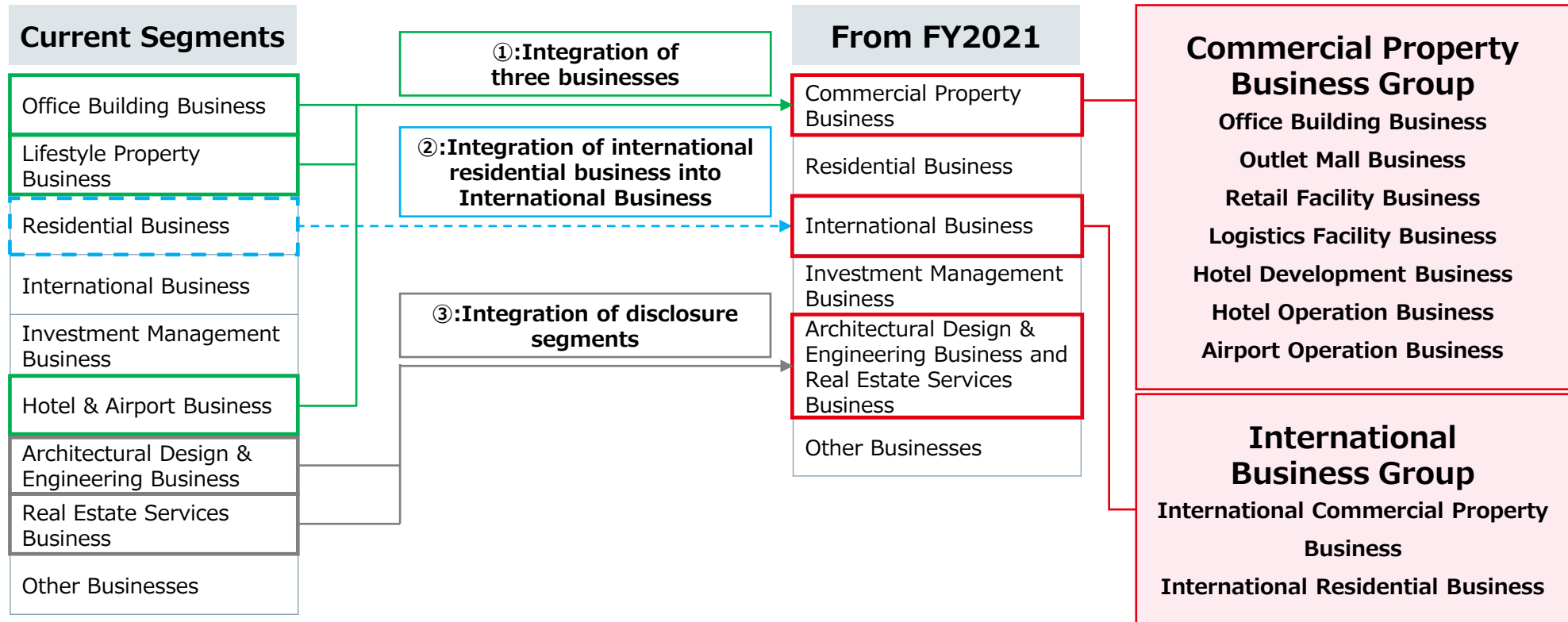
■ Straight Bond 
 ■ Subordinated bond 
 ■ Bank Loan 
 ■ Subordinated loan 
 ■ CP 
 ■ Lease liability 
 ■ Fixed ratio 
 ◆ Long-term ratio

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





## 4. Segmentation Change from April 1, 2020



### <Purpose of Change>

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



























# ESG Initiatives

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

# 1. Materialities (Important Issues for Sustainable Management)

## Identifying 7 Materialities' Opportunities and Risks

Materialities	Opportunities	Risks
 The environment	Increasing need for acquisition and leasing of real estate with low environmental impact  	Rising countermeasure expenses due to strengthening of environmental regulations and stricter renovation standards 
 Globality	Expanding demand for facilities and services that address the needs of international visitors  	Increased country, compliance, and supply chain risks  
 Community	Heightening need for acquisition and leasing of real estate highly resilient to disasters such as Earthquakes 	Falling asset value and rising expenses for Maintenance and countermeasures due to disasters such as earthquakes 
 Diversity	Rising demand for facilities and services tailored to diverse living and working styles  	Declining demand for facilities and services where the promotion of diversity is insufficient 
 Birthrate / Aging	Increasing demand for facilities and services tailored to new needs due to demographic Changes 	Contracting demand for facilities and services due to demographic changes (including decrease in working population) 
 Leveraging existing properties	Reduction in waste as a result of lengthening the time span of demolition and rebuilding work by making effective use of existing stock  	Decreasing need for expensive, newly built real estate in comparison with pre-owned and older properties 
 Digital innovation	Improvements in the efficiency and convenience of facility operations by leveraging IT and robots 	Declining demand for facilities and services due to late response to IT and digital innovation 

## 2. Initiatives to Protect Environment (ESG's "E")

### Key KPIs and Targets

- CO<sub>2</sub> emissions ■ Waste disposal ■ Renewable energy rate ■ Waste recycle rate
- Water recycle rate ■ # of renovated buildings and condos ■ Domestic lumber usage rate

#### CO<sub>2</sub> Emissions

- Increase electricity storage facilities
- Optimize thermal circulation
- Employ demand response system

2030 Target

**35% reduction** (vs. FY2018)

2050 Target

**87% reduction** (vs. FY2018)

\*These targets were approved by  
SBT Initiative in April 2019

**【Actual: 4,038, thousand t (FY2020)】**  
Reference value: 3,336 thousand t (FY2018)

#### Renewable Energy Rate

2030 Target

**25%**

2050 Target

**100%**

**【Actual : 1.1% (FY2020)】**

#### Waste Recycle Rate

- Raise awareness and distribute information for tenants, visitors, and guests
- System/measures to facilitate waste separation

2030 Target

**90%**

**【Actual : 55.2% (FY2020)】**

#### Waste Disposal

2030 Target

**20% reduction** (vs. FY2020)

**【Actual value (reference value):  
7.1kg/sq m. (FY2020)】**

#### Examples of initiatives taken towards CO<sub>2</sub> emission reduction and renewable energy rates

From the fiscal year 2022 ending in March, 19 buildings in the Marunouchi and Yokohama area will draw power from a renewable energy power source. From this initiative, an estimated 180,000 tons of CO<sub>2</sub> will be saved.



Marunouchi Bldg.



Yokohama Landmark Tower

### 3. Initiatives to Human Resources and Resilience (ESG's “S”)

#### <Human Resource> Key KPIs and Targets

- PTO utilization
- Paternity leave utilization
- Retention post-parental-leave

##### PTO Utilization

FY2021 Goal

**5%** increase

(Reference value: 66.0%(FY2018))  
 [Actual\*1 : 68.0% (FY2020)]

##### Paternity Leave Utilization

FY2030 Goal

**100%**

[ Actual\*2 : 17.1% (FY2020) ]

##### Retention Post-parental-Leave

FY2030 Goal

**100%**

[Actual\*2 : 93.8% (FY2020)]

\*1 Mitsubishi Estate only

\*2 Average of 5 companies (Mitsubishi Estate, Mitsubishi Estate Residence, Mitsubishi Jisho Property Management, Mitsubishi Jisho Sekkei, Mitsubishi Real Estate Services)

#### <Resilience> Key KPIs and Targets

- Rate of buildings that are to take in stranded commuters
- Rate of people with first aid training course qualifications

##### Rate of Buildings That are to Take in Stranded Commuters

Actual (FY2020)

Rate of such facilities\*3 **92.3%**

##### Rate of People with First Aid Training Course Qualifications

FY2030 Goal

**100%**

[Actual\*4 : 61.0% (FY2020)]



\*3 Covering large-scale properties completed in or after 2002

\*4 Average of 3 companies (Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Jisho Retail Property Management)

\*5 There are certain exceptions

##### Seismic Performance of New Building (Marunouchi Area)

**1.5x**

of a standard skyscraper  
 (=withstand a level 7 earthquake)

##### Emergency Generator for BCP in New Buildings (Marunouchi Area)

**72 hr**\*5

## 4. Corporate Governance (ESG's "G") -1

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

(as of Sep. 2020)

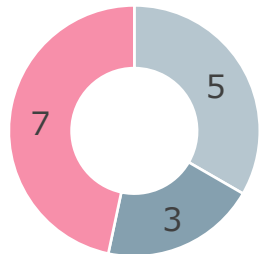
### Corporate Structure

- Transitioned to a "Company with Nominating Committee, etc." in June 2016

### Structure of the Board of Directors

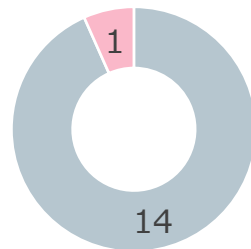
- 15 directors: 8 company directors and 7 independent outside directors (10 of which are non-executive directors)
- 6 of 7 independent outside directors are male and 1 is female.

Board Structure



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

Composition of male/female

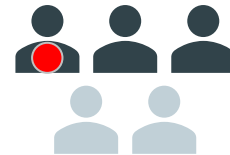


- Male
- Female

### Committee Members

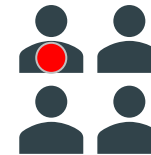
- Chairpersons of all committees are independent outside directors
- Remuneration and Nominating Committees comprised of independent outside directors only
- With regard to the Audit Committee, two non-executive internal directors, who are familiar with the company's business, were appointed to ensure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

**Audit Committee**  
Chairperson is outside director



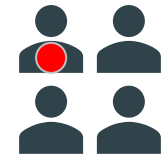
■ : Outside Director

**Nominating Committee**  
Exclusively outside directors



■ : Company Director (Non-executive)

**Remuneration Committee**  
Exclusively outside directors



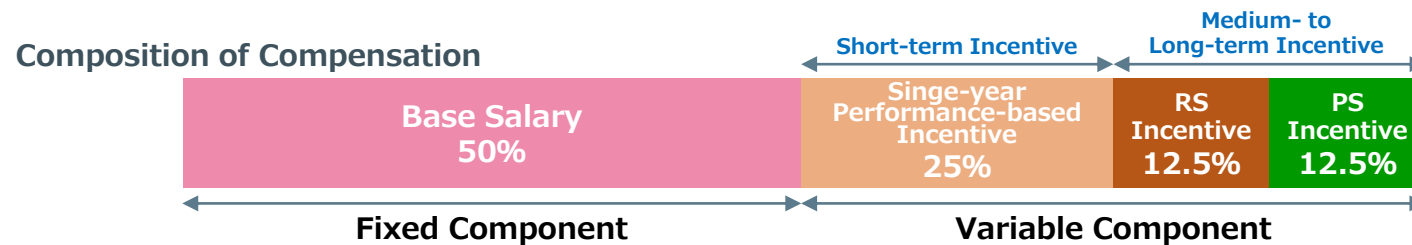
● : Chairperson

## 5. Corporate Governance (ESG's "G") -2

### Non-Renewal of Anti-takeover Measure

- In 2019, the Company did not renew its anti-takeover measure (the Board of Directors adopted a resolution not to renew the measure due to talks with its shareholders and investors, as well as other factors).

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



#### <Single-year Performance-based Incentive>

- Form : cash
- Calculation: "KPIs" : Operating Profit, ROE etc. of previous year (quantitative evaluation) as well as levels of contributions to medium- to long-term business results, efforts on ESG and other elements (qualitative evaluation)

#### <New Long-term Performance-based Incentive Plan (PS Incentive) >

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

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

#### <Restricted Stock Plan (RS Incentive) >

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

### Strategic-holding Stock Policies

- Sold 30 entities\* with total value of approx. ¥ 35.7 bn in the past five years (FY16–20).
- Current market value of the holdings is approx. ¥ 184.6 bn; routinely review strategic objectives and dispose of stocks as necessary as of March 2020.

\* Stocks of listed companies only. Including partial sale

## 6. External Evaluation

As of February 2021, reputations or ratings below have been given.

- FTSE4Good Global Index (19 years in a row)
- FTSE Blossom Japan Index (Adopted by GPIF)(4 years in a row)
- MSCI Japan ESG Select Leaders Index (Adopted by GPIF) (4 years in a row)
- MSCI Japan Empowering Women Select Index (Adopted by GPIF) (3 years in a row)
- S&P/JPX Carbon Efficient Index (Adopted by GPIF) (3 years in a row)
- SOMPO Sustainability Index (9 years in a row)
- GRESB Public Disclosure (4 years in a row)
- GRESB Real Estate 2020:
  - GRESB Standing Investment Benchmark (received 5 stars for existing property portfolios)
  - GRESB Development Benchmark (received 4 stars for innovation and large-scale renovation portfolios)
- CDP Climate Change 2020 Assessment: A- rating



2020 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX  
2020 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)





# Contact Information

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