

FY2021

(For the Year Ended on March 31, 2021)

# IR Presentation



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

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## Summary of Financial Statements

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### <FY2021 Financial Results>

- While rental profit from office buildings increased on a YoY basis, revenue from operations and operating income decreased compared with the previous FY due to the impact of COVID-19 on retail properties and hotels.
- Dividends per share for the entire fiscal year have increased by 1 yen (from 30 yen to 31 yen.) as a result of an increase in profits in comparison to recent estimates.

### <FY2022 Estimates>

- Overall increase is expected when compared to previous FY as a result of the completion of new buildings and increases in capital gains. Operating income is expected to reach its highest numbers.
- As a result of profit recoveries, FY2022 have recovered to FY2020 numbers from 31 yen to 33 yen.

### <Major Topics>

- Decided to switch to renewable energy sources for all electricity used in office buildings owned in the Marunouchi area by FY2023 (Jan. 2021).
- Decided share buyback of 30 billion yen (Apr. 2021).
- Launched (Tentative name) Uchikanda 1-chome Project (Apr. 2021).
- Entered the US data center development project (May 2021).

# Summary of FY2021 Results and FY2022 Estimates

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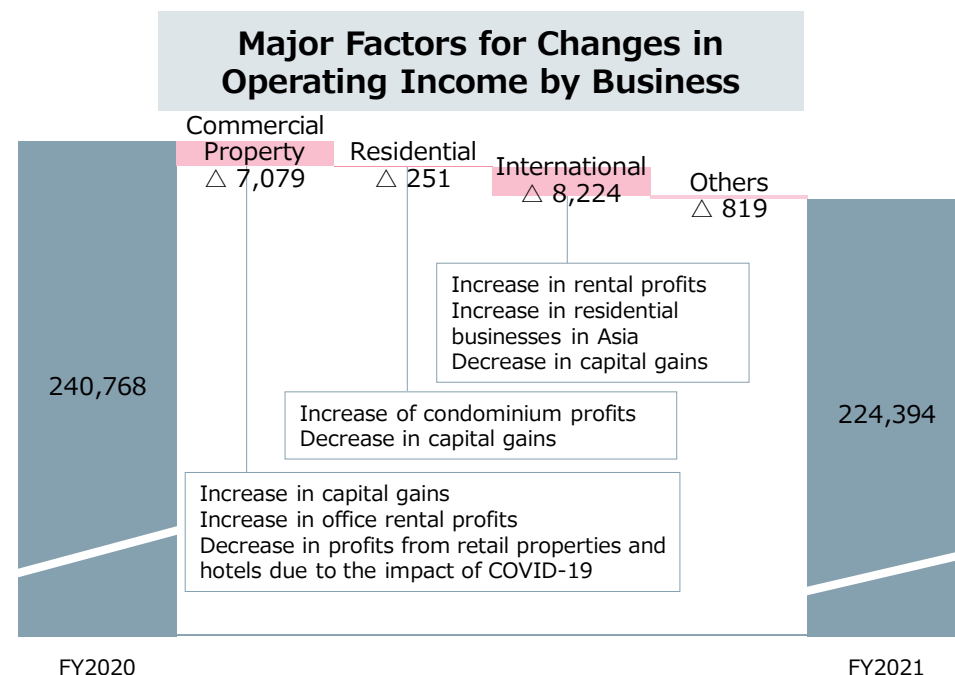
# 1. Income Statement Results for FY2021

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

Millions of yen (rounded down)			
<New Segment>	FY2021	FY2020	Change
<b>Revenue from Operations</b>	<b>1,207,594</b>	<b>1,302,196</b>	<b>△ 94,601</b>
Commercial Property Business	672,441	723,712	△ 51,270
Residential Business	362,755	385,538	△ 22,782
International Business	114,457	134,175	△ 19,718
Investment Management Business	22,199	21,316	882
Other*	65,119	65,871	△ 751
Elimination	△ 29,378	△ 28,418	△ 960
<b>Operating Income</b>	<b>224,394</b>	<b>240,768</b>	<b>△ 16,374</b>
Commercial Property Business	180,775	187,855	△ 7,079
Residential Business	24,068	24,320	△ 251
International Business	37,932	46,156	△ 8,224
Investment Management Business	5,966	4,467	1,499
Other*	△ 130	389	△ 520
Eliminations or corporate	△ 24,219	△ 22,420	△ 1,798
Non-Operating Revenue (of affiliates' equity in earnings)	26,292	12,377	13,914
	307	229	77
Non-Operating Expense	39,720	33,574	6,146
<b>Income before Taxes and Special Items</b>	<b>210,965</b>	<b>219,572</b>	<b>△ 8,606</b>
Extraordinary Income	16,603	26,251	△ 9,647
Extraordinary Loss	26,304	21,874	4,429
<b>Profit Attributable to Owners of Parent</b>	<b>135,655</b>	<b>148,451</b>	<b>△ 12,796</b>

Millions of yen (rounded down)			
	FY2021	FY2020	Change
<b>Business profits</b>	<b>224,701</b>	<b>240,998</b>	<b>△ 16,296</b>
<b>EBITDA</b>	<b>331,821</b>	<b>336,784</b>	<b>△ 4,963</b>
<b>Interest-bearing debt</b>	<b>2,526,142</b>	<b>2,429,883</b>	<b>96,259</b>

Millions of yen (rounded off to the nearest billion)			
Capital Gains included in Operating Income			
	FY2021	FY2020	Change
<b>Total</b>	<b>51,000</b>	<b>61,000</b>	<b>△ 10,000</b>
Commercial Property Business	32,000	23,000	9,000
Residential Business	7,000	10,000	△ 3,000
International Business	12,000	28,000	△ 16,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-



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

## 2. Impact of COVID-19 (Major Impacts on FY2021)

**No unexpected changes on businesses. No significant changes in the impact of COVID-19 on the retail properties and hotel businesses.**

Categories		Full-year impact on FY2021 (Previous Estimates)	Full-Year Impact on FY2021	Operating Profits	Major Situations and Impacts
				*2 Extraordinary Losses	
Capital Gains		-	-	-	• Reached the estimates for FY2021
Domestic Condominiums, etc. *1		-	-	-	• See p. 8 for details. In addition to urban properties, suburban properties also attracted higher demands • Steady decrease in inventory (-160 units YoY)
Income Gain	Retail Properties	▲JPY 18.0B	▲JPY 17.0B	▲JPY 13.7B	• See p. 7 for details • While the fourth quarter was impacted by the second declaration of the state of emergency, the impact was limited compared with that of the first declaration
				▲JPY 3.3B	
	Hotels	▲JPY 18.0B	▲JPY 17.0B	▲JPY 14.6B	• See p. 7 for details • While the fourth quarter was impacted by the second declaration of the state of emergency, the impact was limited compared with that of the first declaration
				▲JPY 2.4B	
	Offices	▲JPY 0.5B	▲JPY 0.5B	▲JPY 0.5B	• See p. 8 for details • As expected at the beginning of the FY, the leasing activities of vacancies is taking longer than usual
				-	
	Others	▲JPY 8.5B	▲JPY 5.5B	▲JPY 5.5B	• Real estate brokerage, parking lot, and international residential businesses were impacted • While the international investment management business was expected to be impacted at the beginning of the FY, there were no impacts
				-	
Subtotal	▲JPY 45.0B	▲JPY 40.0B	▲JPY 34.3B		
			▲JPY 5.7B		
Total		▲JPY 45.0B	▲JPY 40.0B	▲JPY 34.3B	*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 as an extraordinary loss due to COVID-19 (e.g. depreciation cost or rent)
				▲JPY 5.7B	

### 3. State of Businesses ①: Retail Properties and Hotels

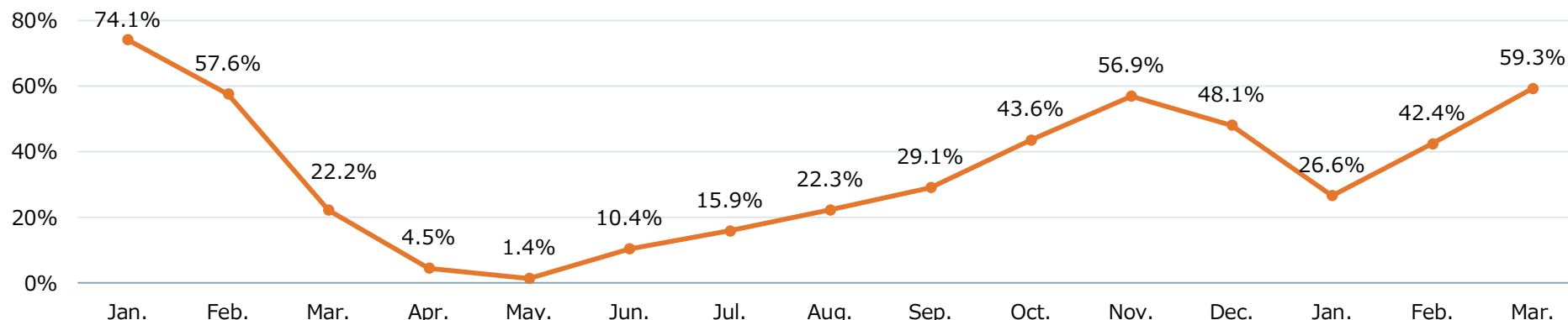
Although the fourth quarter financial performances for retail properties and hotels were impacted by the second declaration of the state of emergency, the impact was limited compared with that caused by the previous declaration lasting April-May 2020 (during the previous declaration, aside from a few exceptions, all properties were required to close.)

**\*Sales Trends in Retail Properties and Outlet Malls Compared to Previous Year**

Type of facility	Jun.	Jul.-Sep.	Oct.-Dec.	*Jan.-Mar.
Outlet malls	Approx. 80%	Approx. 80-90%	Approx. 80-100%	Approx. 70-80%
Stand-alone shopping centers	Approx. 90%	Approx. 80-90%	Approx. 90-100%	Approx. 90%
Urban, mixed-use buildings Commercial zone	Approx. 50%	Approx. 50-60%	Approx. 60-70%	Approx. 50%

\* The numbers listed are compared with net sales of Feb.-Mar. 2019 due to the impact of COVID-19 on net sales of retail properties and outlet malls during Feb.-Mar. 2020

**Royal Park Hotels/Trend in Occupancy Rate (Jan. 2020-Mar. 2021)**



## 4. State of Businesses ②: Offices and Domestic Condominiums

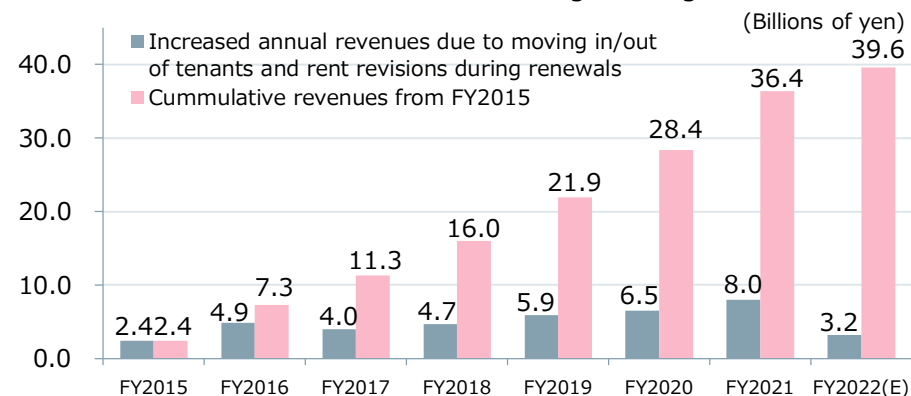
### Trends in Offices

- While the office vacancy rate is increasing, levels remain low.
- Because many companies are reluctant to extend floor space, and expand or relocate offices, occupying vacancies is expected to take longer than usual.
- The average rents are continuing to increase.

#### ■ Trends in Vacancy Rates and Average Rents

	FY2020	FY2021	FY2022(E)
Vacancy rates (All Uses in Japan)	1.07%	2.35%	3.0%
Vacancy rates (Marunouchi Offices)	0.69%	2.50%	-
Average rents (All Uses in Japan)	¥ 27,177	¥ 27,793	¥ 28,500

#### ■ Trends in Increased Revenues for Existing Buildings



### Trends in Domestic Condominiums

- Gross margins are on the improving trend, as a result of the sale of highly-profitable properties.
- Properties in high-convenience urban areas remain in high demand. Properties in the suburban areas are also attracting more interest.
- Steady decrease of finished inventory (-160 units YoY).

#### ■ Data for Domestic Condominiums

	FY2020	FY2021	FY2022(E)
Condominium (bn of yen)	202.8	203.5	203.0
Condominiums sold (units)	3,214	3,476	2,900
Gross margin	17.8%	18.7%	20.0%
Inventory (units)	373	213	-



Tsudanuma The Tower (Start of delivery: FY2021)



The Parkhouse Takanawa Tower (Scheduled delivery: FY2022-)



## 5. Overview of the Declarations of the State of Emergencies, and the Operational Status of Company-owned Facilities (as of May 13, 2021)

Overview of the Declarations of the State of Emergencies (Comparison)			
Item	First	Second	Third
Period	April-May 2020 (Approx. 1.5 months)	January-March 2021 (Approx. 2 months)	April-May 2021 (Approx. 1 month)
Subject area	Nationwide	Max. of 11 prefectures (Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, Kyoto, Aichi, Gifu, Fukuoka, Tochigi)	4 prefectures (Tokyo, Osaka, Hyogo, Kyoto) *Aichi and Fukuoka added from May 12, 2021
Requests to large retail properties	Request to close	Request to shorten business hours	Request to close *Relaxed regulations in certain prefectures from May 12, 2021
Summary of Actions Taken by the Company's Facilities Under Each Declaration			
Type of facilities	First	Second	Third
Offices	Standard business operations (In principle, work at MEC offices was conducted remotely)	Standard business operations (Aim to decrease MEC office attendance rate to 30% or less)	Standard business operations (Aim to maintain MEC office rate at less than 30%)
Retail properties/ Outlet malls	Temporarily close with few exceptions	Close by 8pm with few exceptions	Temporarily close with few exceptions
Hotels	Temporarily close some hotels	Restaurants and eating establishments to close at 8pm	Restaurants and eating establishments to close at 8pm
Condominiums (model units)	Temporarily close sales outlets	Operation continued by a 100% appointment-only basis	Operations continued by a 100% appointment-only basis

## 6. Income Statement Estimates for FY2022 (vs FY2021 Results)

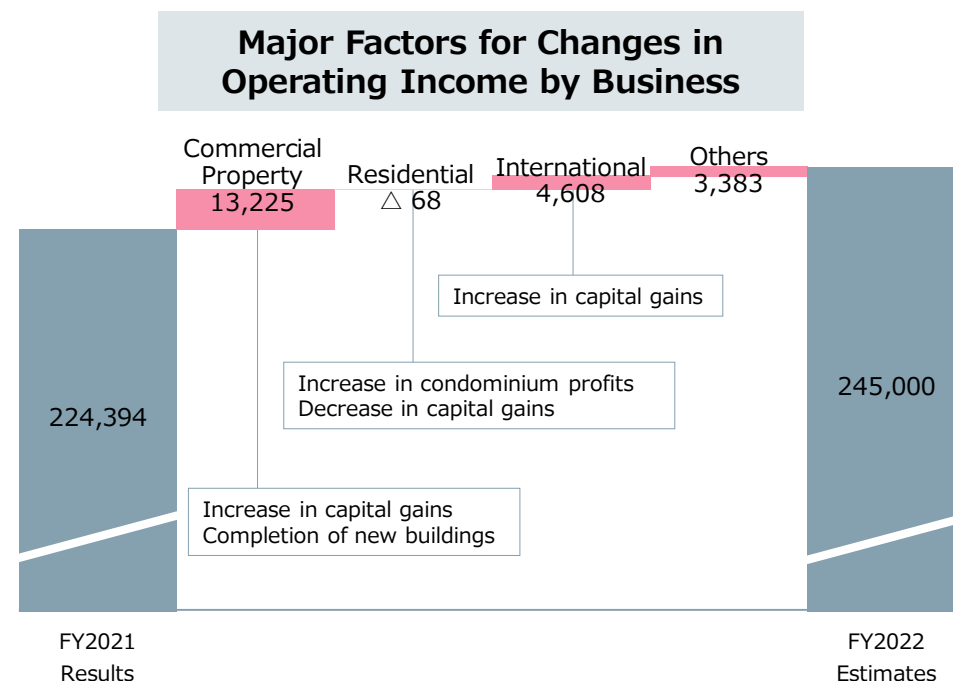
Due to the completion of new buildings and increases in capital gains, operating income is expected to reach its highest numbers.

Millions of yen (rounded down)			
<New Segment>	FY2022 Estimates	FY2021 Results	Change
<b>Revenue from Operations</b>	<b>1,326,000</b>	<b>1,207,594</b>	<b>118,406</b>
Commercial Property Business	787,000	672,441	114,559
Residential Business	373,000	362,755	10,245
International Business	96,000	114,457	△ 18,457
Investment Management Business	23,000	22,199	801
*Other	72,000	65,119	6,881
Elimination	△ 25,000	△ 29,378	4,378
<b>Operating Income</b>	<b>245,000</b>	<b>224,394</b>	<b>20,606</b>
Commercial Property Business	194,000	180,775	13,225
Residential Business	24,000	24,068	△ 68
International Business	42,000	37,932	4,068
Investment Management Business	7,000	5,966	1,034
*Other	2,000	△ 130	2,130
Eliminations or corporate	△ 24,000	△ 24,219	219
Non-Operating Revenue (of affiliates' equity in earnings)	11,000	26,292	△ 15,292
Non-Operating Expense	300	307	△ 7
Non-Operating Expense	36,000	39,720	△ 3,720
<b>Income before Taxes and Special Items</b>	<b>220,000</b>	<b>210,965</b>	<b>9,035</b>
Extraordinary Income	15,000	16,603	△ 1,603
Extraordinary Loss	17,000	26,304	△ 9,304
<b>Profit Attributable to Owners of Parent</b>	<b>142,000</b>	<b>135,655</b>	<b>6,345</b>

Millions of yen (rounded down)			
	FY2022 Estimates	FY2021 Results	Change
<b>Business profits</b>	<b>245,300</b>	<b>224,701</b>	<b>20,599</b>
<b>EBITDA</b>	<b>344,000</b>	<b>331,821</b>	<b>12,179</b>
<b>Interest-bearing debt</b>	<b>2,680,000</b>	<b>2,526,142</b>	<b>153,858</b>

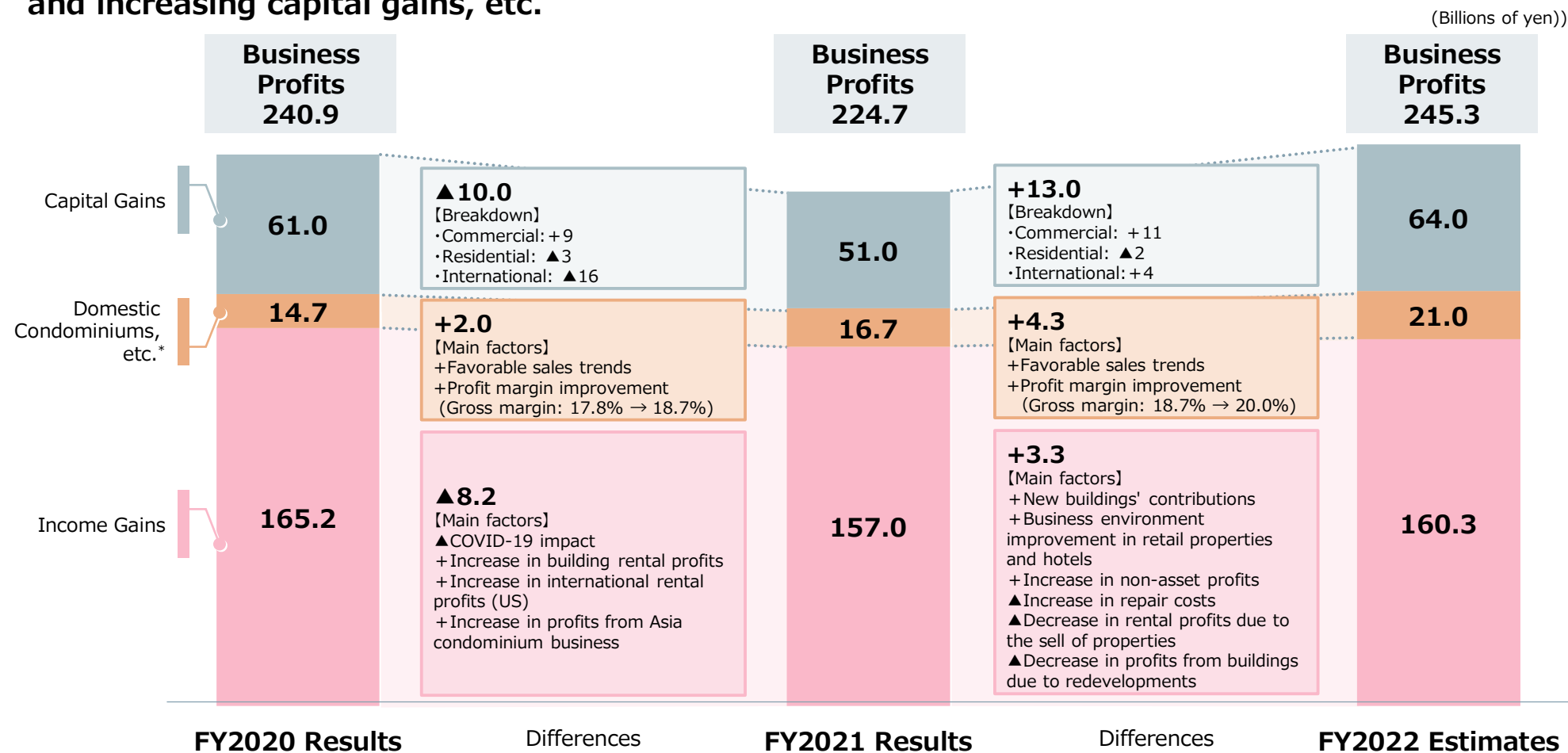
\*Architectural Design & Engineering / Real Estate Service Business and Other businesses

Millions of yen (rounded off to the nearest billion)			
Capital Gains included in Operating Income			
	FY2022 Estimates	FY2021 Results	Change
<b>Total</b>	<b>64,000</b>	<b>51,000</b>	<b>13,000</b>
Commercial Property Business	43,000	32,000	11,000
Residential Business	5,000	7,000	△ 2,000
International Business	16,000	12,000	4,000
Investment Management Business	-	-	-
Other	-	-	-
Eliminations or corporate	-	-	-



## 7. Breakdown of Business Profits for the FY2022 (Changes from FY2020)

Expecting improved profit levels than FY2020 due to improving business environment and increasing capital gains, etc.



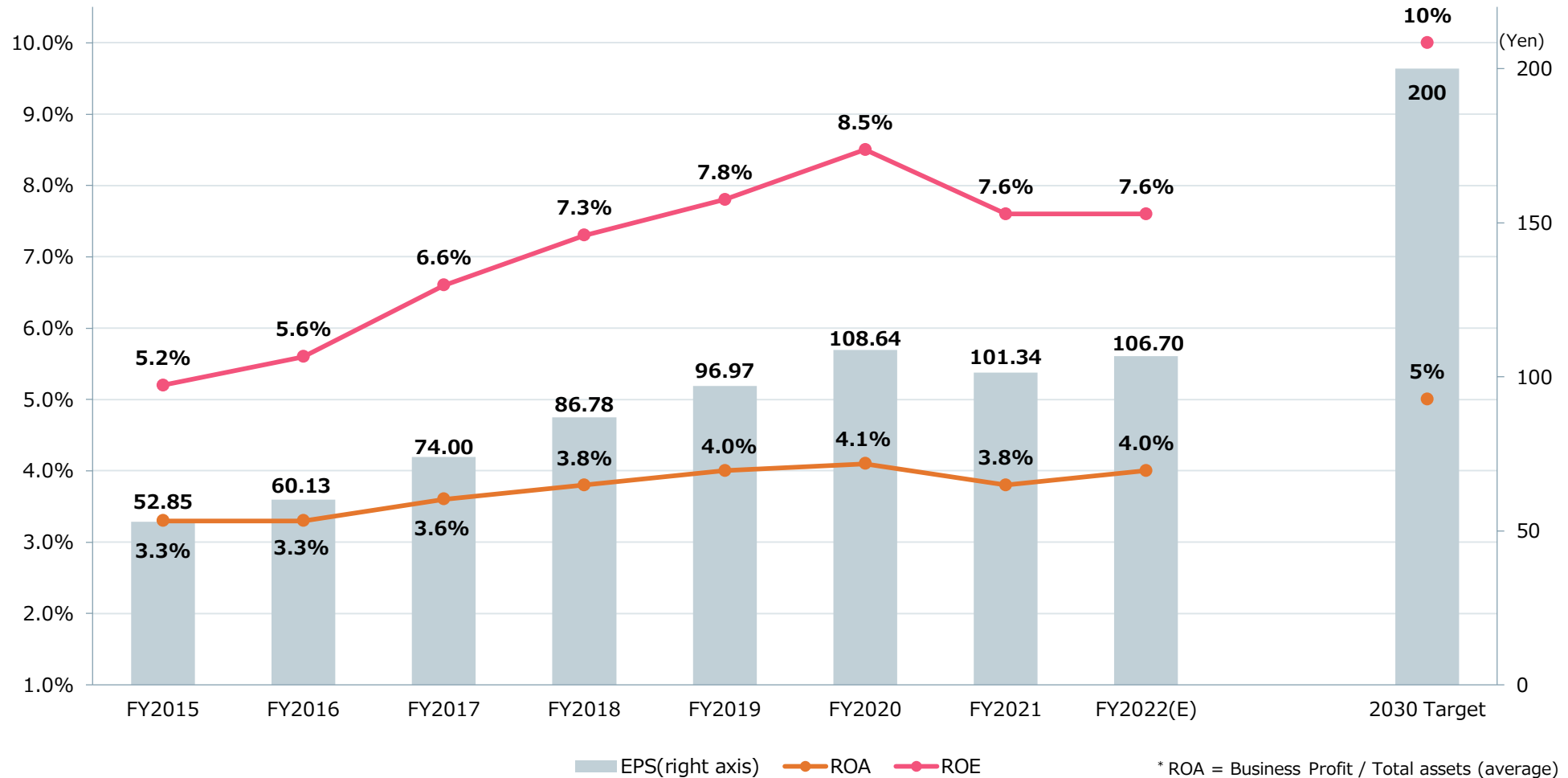
\* Excluding capital gains, etc. from the Mitsubishi Estate Residence's operating income

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

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## 1. Changes in ROA/ROE/EPS

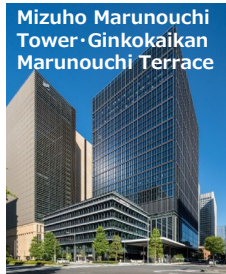
Although the first fiscal year (FY2021) of the Long-Term Management Plan was impacted by COVID-19, strategies for the 2030 goal have been steadily executed.



## 2. Domestic Asset Business

### Increase NOI with Development Projects: Steady Progress of Large Projects

#### ■ Completion in FY2021



<Expand Outlet malls>

- ①Gotemba (Phase 4): +16,400㎡
- ②Rinku (Phase 5): +10,700㎡

#### ■ Expected completion in FY2022

##### Tokiwabashi Tower (Bldg. A)



#### ■ Progress of Long-Term Development Properties

##### Uchikanda 1-chome Project (tentative name)



Sep. 2020: Finalized urban planning  
May 2022: Expected start of construction  
2025: Expected completion

##### Toyosu 4-2 Project (tentative name)



Mar. 2021: Project announcement  
Spring 2022: Expected start of construction  
Spring 2025: Expected completion

##### Torch Tower (Bldg. B)



Sep. 2020:  
Announcement of the zone name  
Process to change plans (increase floor area ratio by 100%)

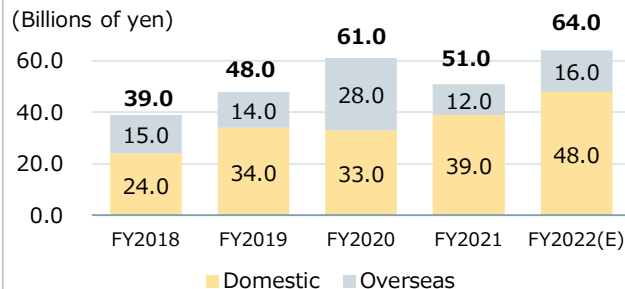
FY2024:  
Expected started date of construction

FY2028:  
Expected completion

### Promoting a rotating business model according to the real estate market Gaining more investment opportunities than previously assumed

#### ■ Transition of Capital Gains (incl. overseas)

Recording steady capital gains every FY



#### ■ Investments in FY2021

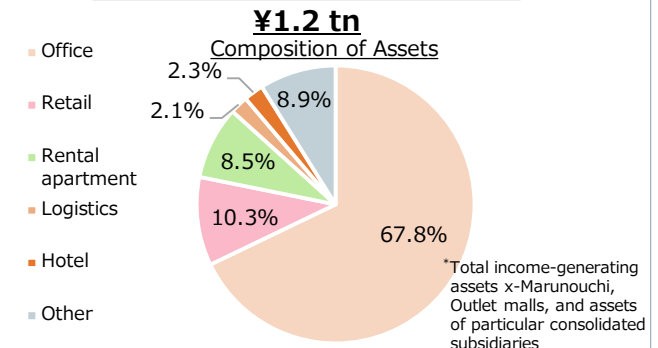
Obtained investment opportunities mainly for offices, logistics facilities, and rental apartments (Performance: +40% than expected)



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

#### ■ \*Domestic Assets

##### Book value at end of FY2021





## 3. International Asset Business

### US

- First to enter the US data center development project.
- Mitsubishi Estate Group's TA Realty promoted business development.
- MEC participated in the development of two buildings (joint investment with Tokyo Century).

#### ■ Overview of Entire Business (Participated in 2 bldgs.):

Location: Loudoun County, Virginia

Total Area: 587,000m<sup>2</sup>

Building Area: 140,000m<sup>2</sup> (total of 7 bldgs.)

Total cost: Approx. 198 bn yen

Start of construction: By end of <sup>\*1</sup>2021, <sup>\*2</sup>2022

Completion: <sup>\*1</sup>May 2023, <sup>\*2</sup>Feb. 2024



 **TA REALTY**

Completed image of property

<sup>\*1</sup> Development schedule for Building 1, which MEC has participated in

### Europe

- Obtained development opportunities in several European countries by cooperating with Europa Capital Group, one of our Group companies.



Morello  
(London, Rental apartment)



(Tentative name) Fyrkanten11  
(Stockholm, Office renovation)



(Tentative name)  
Cristóbal de Moura 121-125  
(Barcelona, Office)

- Started the large renovation project of the Warwick Court, an office building in London.



Appearance (Current)



Rooftop Terrace  
(Image after the renovation)

<sup>\*2</sup> Development schedule for Building 2, which MEC has participated in

### Asia

- Starting FY2021, accelerate the completion progress of properties currently under development.



Trinity Tower\*  
(Jakarta, FY2021)

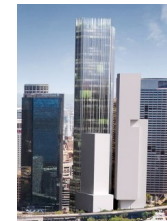
\*Previous project name: Daswin Project



CapitaSpring  
(Singapore, FY2022)



Savya Financial Center  
North Tower (Manila, FY2022)



180 George St.  
(Sydney, FY2023)

- Participation in a condominium development project in Australia.

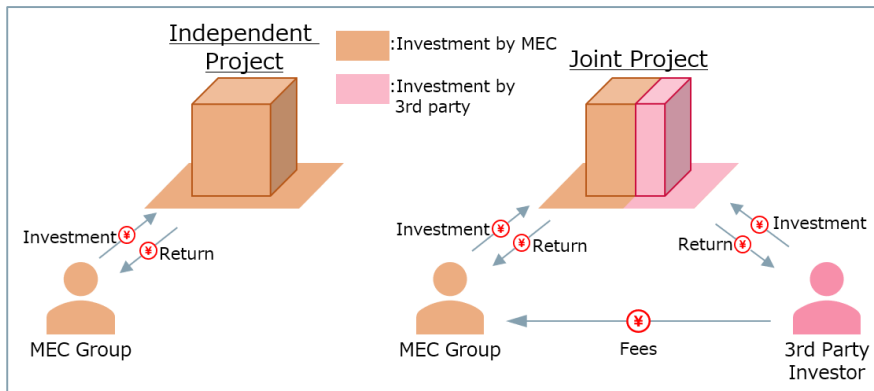


One Sydney Harbour Residences One (Sydney, Condominium)

## 4. Non-asset Business

### Materialize Steady Growth in Existing Businesses

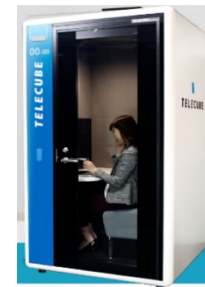
- Expand \*AuM in the investment management business
    - Promote managerial efforts to reach a 5 trillion yen of asset value by mid-2020s.  
(As of FY2021: Approx. 3.7 trillion yen, increased by 0.1 trillion yen vs the previous fiscal year).
    - Started managing an open-end fund in Europe.  
(November 2020)
- \*AuM = Assets Under Management
- Acquire fee income business through the promotion of joint ventures
    - Acquire fee income business and improve investment efficiency by operating as a joint venture from the development stage.
    - Release several joint venture projects in FY2021.



Concept image of joint ventures

### New Areas (Utilize technologies/BtoC/BtoBtoC)

#### ■ Efforts to support various workstyles



#### TELECUBE

(Private smart workspaces)

Expand installation spots to apartment complexes, convenience stores, offices, and train stations

#### NINJA SPACE

Helping workers find workspaces at restaurants, conference rooms, hotels, etc.



#### ■ Proactive promotion of pilot programs of new technologies and services

Self-standing/driving delivery robot



Fitting/shopping of D2C brand products



Pilot program of electric scooters on public roads (First in Japan)

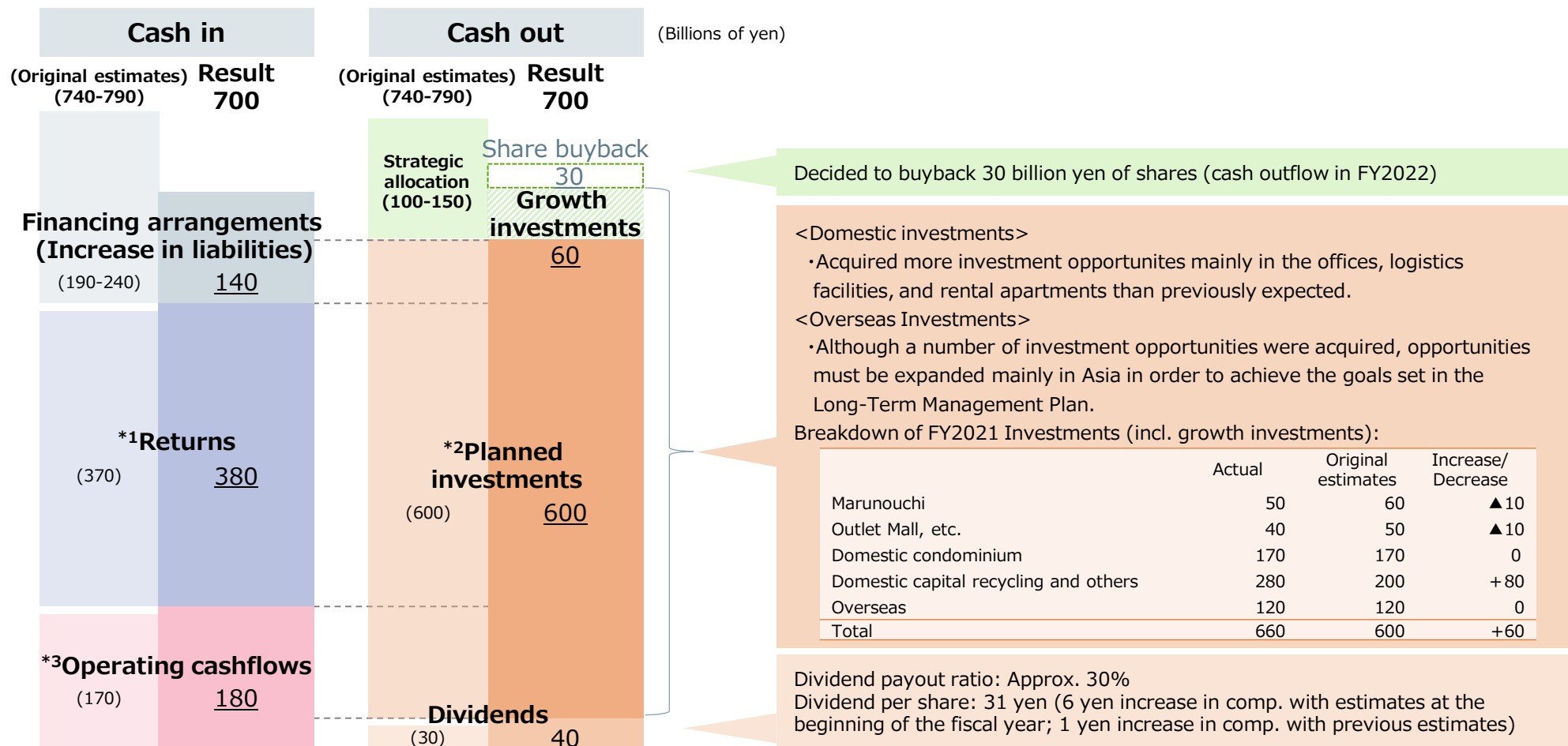


Finding the most optimal garbage collection route by utilizing AI and quantum computers  
(Room for approx. 57% of CO2 reduction was confirmed)



## 5. Capital Policy #1: Cashflow for FY2021 (Results)

Operating cashflows and cash collections increase. Investment opportunities are on the rising trend. Decided to buyback 30 billion yen of shares based on the capital policy of the Long-Term Management Plan while preparing for investment expansions for the next fiscal year.

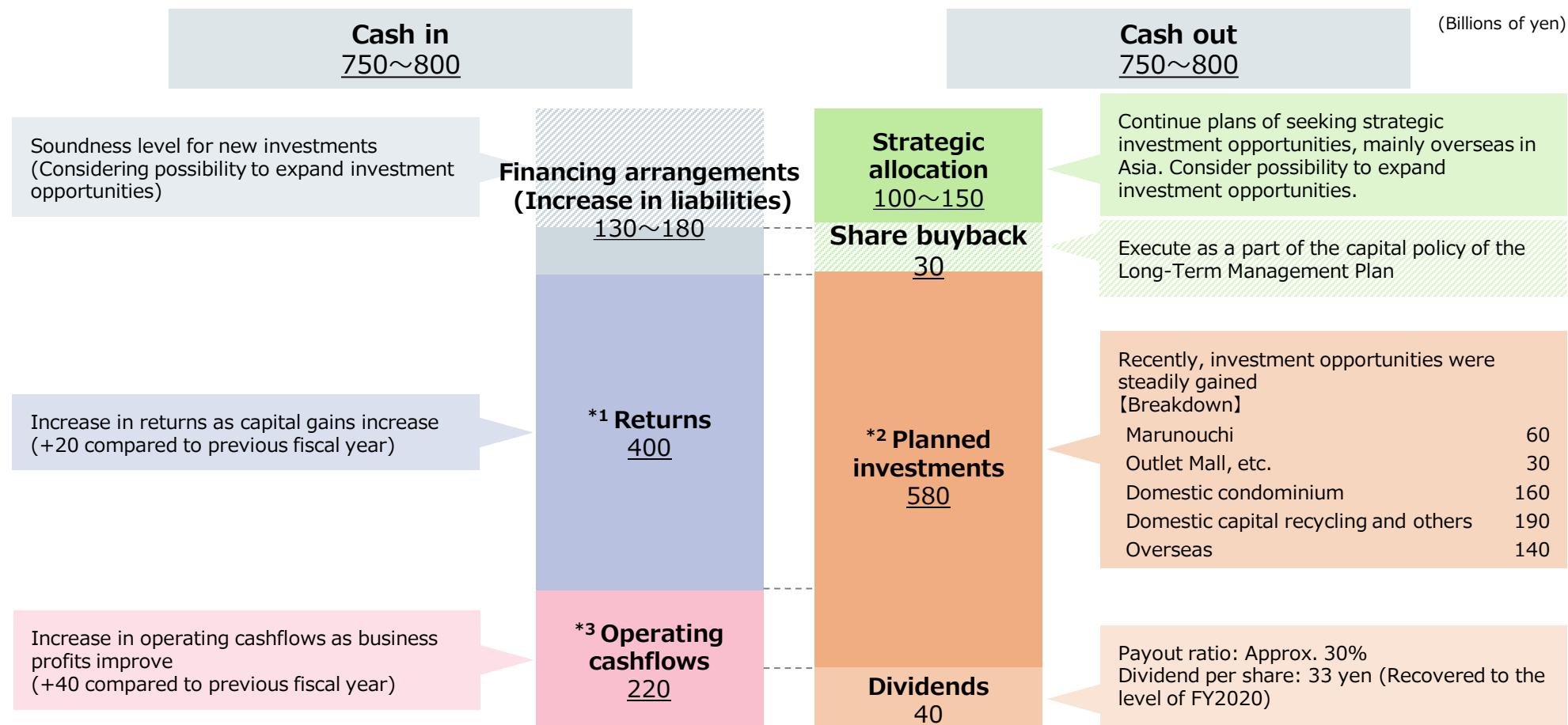


\*<sup>1</sup> Collection amount of book values from sale proceeds of properties \*<sup>2</sup> Investment amount for approved investment projects (partly incl. expected approvals)

\*<sup>3</sup> Operating cashflows, excl. change in inventories and change in equity investments

## 6. Capital Policy #2: Cashflow of FY2022 (Estimates)

Increase cash inflow due to recovered profits and increased collections. Expand investment opportunities in order to achieve goals set in the Long-Term Management Plan.

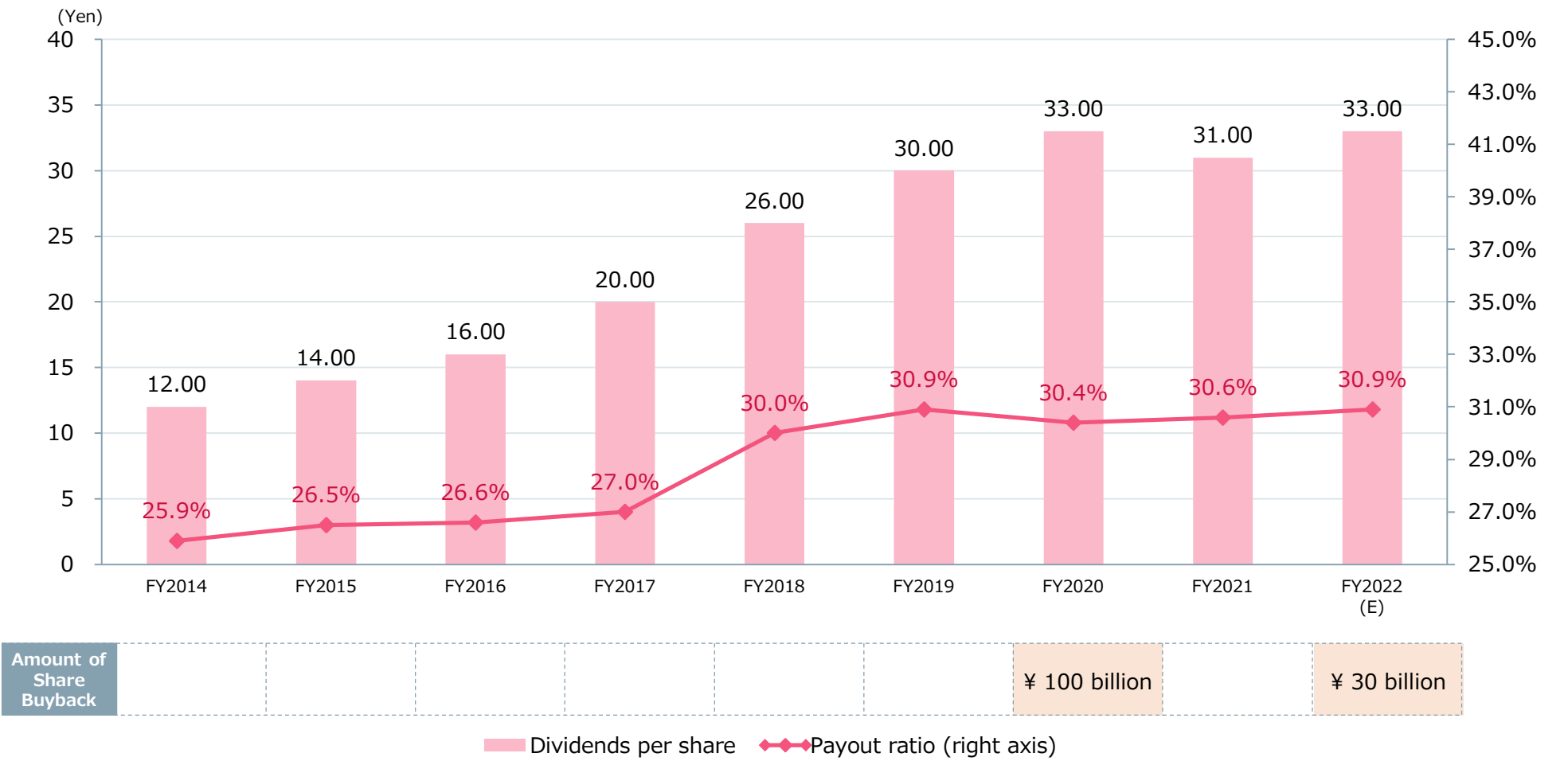


\*1 Collection amount of book values from sale proceeds of properties \*2 Investment amount for approved investment projects (partly incl. expected approvals)

\*3 Operating cashflows, excl. change in inventories and change in equity investments

# 7. Capital Policy #3: Shareholders Returns

Decided share buyback of 30 billion yen as a part of the capital policy in the Long-Term Management Plan.  
As financial performance recovers, expected dividend payouts during FY2022 will rise to the level of FY2020.



## 8. Efforts to Improve Social Values

Accelerate the utilization of renewable energy for the development of a more sustainable community. Improve external opinions through ESG efforts and increase information disclosure.

### Switch to Renewable Energy

#### • 19 buildings in Marunouchi and other areas to switch to renewable energy

- Timing FY2022-
- Target properties Marunouchi Area: 18 buildings  
Other areas: 1 building (Yokohama Landmark Tower)  
Total: 19 buildings
- CO2 reduction volume 180,000 tons/year



Marunouchi Area



Yokohama Landmark Tower

- Expecting to achieve the \*mid-term target renewable energy ratio earlier than originally set
- **Going forward, all power used in Company-owned buildings in Marunouchi area will be converted to renewable energy (expected FY2023)**

\*Mid-term target is to reach 25% by 2030. (The ultimate target is 100% by 2050.)

### External Reviews (Obtained in FY2021)

#### • Acquired high scores in various benchmarks



#### Review by GRESB Real Estate

**<5 stars (the highest rank, awarded for the first time)>**

Ranked within top 20% globally

#### Review by CDP Climate Change 2020

**<A list (the best evaluation, awarded for the first time)>**

270 companies were chosen among 5,800 companies reviewed  
(53 of which are Japanese companies)  
The first among domestic comprehensive real estate developers to receive the award.



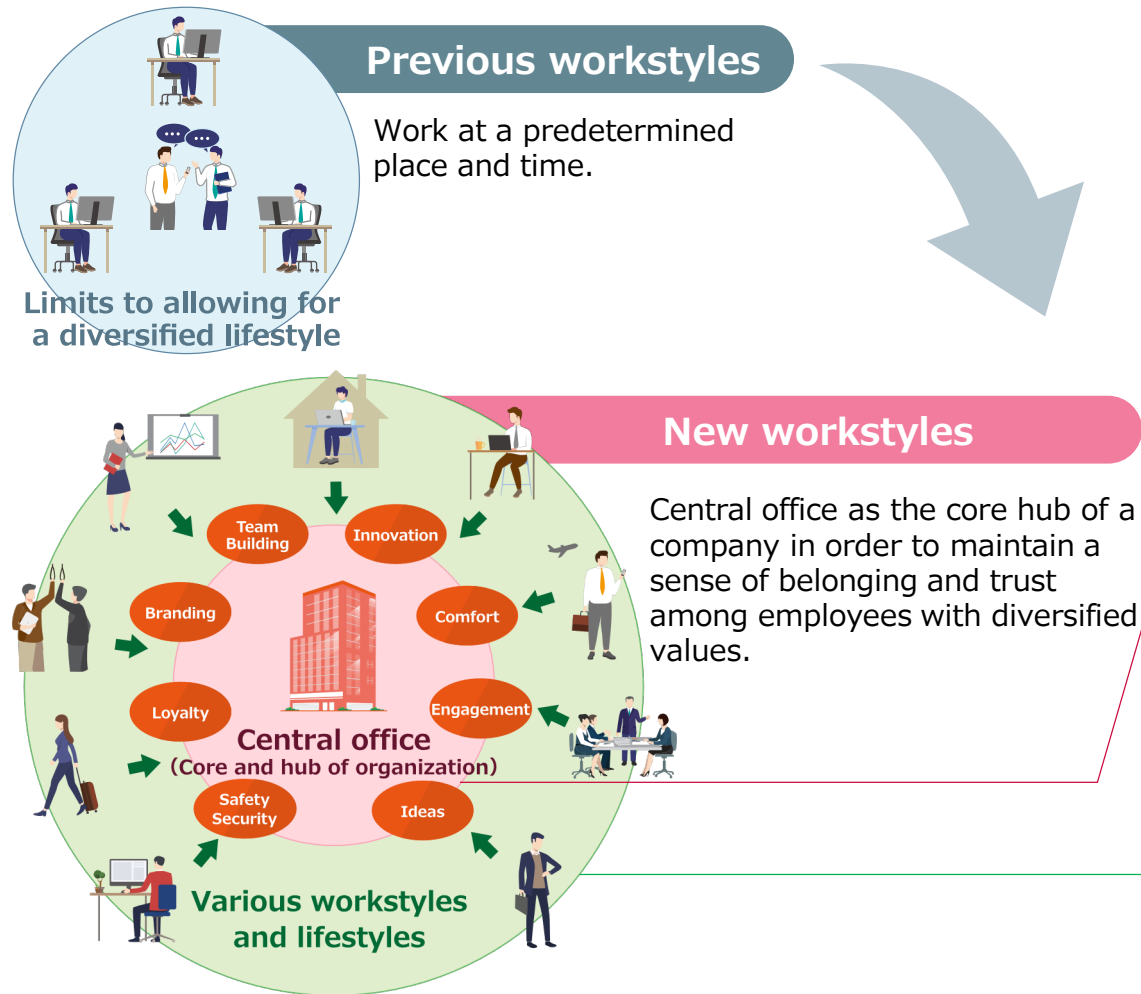
#### Review by CDP Supplier Engagement

**<Leader (the best evaluation, awarded for the first time)>**

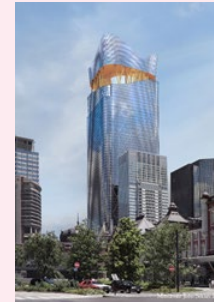
Top 7% were selected among 5,640 companies globally. (Approx. 80 are Japanese companies)

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

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



### Sophistication of the Central Office



#### TOKYO TORCH (Tokiwabashi PJ)

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

#### FINOLAB (renewal)

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



### Approaches to diversified workstyles



#### WORK x ation Site (Workation)

- Establishment of a new hub (fourth hub)



#### Telecubes

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



#### NINJA SPACE

- To locate workspaces



#### CIRCLES (Compact office)

- Completed in 3 buildings
- Currently planning to develop at least 10 buildings
- Aim is to develop 30 buildings by 2024

# Financial Supplemental Data

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## 1. Management Indicators

	Previous Management Plan Period			Current Management Plan Period		
	FY2018	FY2019	FY2020	FY2021	FY2022 (Estimate)	2030 Target
* <sup>1</sup> Business Profits	¥ 213.4 bn	¥ 229.4 bn	¥ 240.9 bn	¥ 224.7 bn	¥ 245.3 bn	¥ 350-400 bn
* <sup>2</sup> ROA	3.8%	4.0%	4.1%	3.8%	4.0%	5%
ROE	7.3%	7.8%	8.5%	7.6%	7.6%	10%
EPS	¥ 86.78	¥ 96.97	¥ 108.64	¥ 101.34	¥ 106.70	¥ 200

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

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

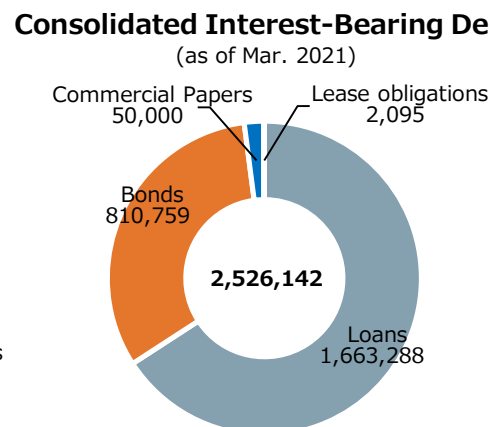
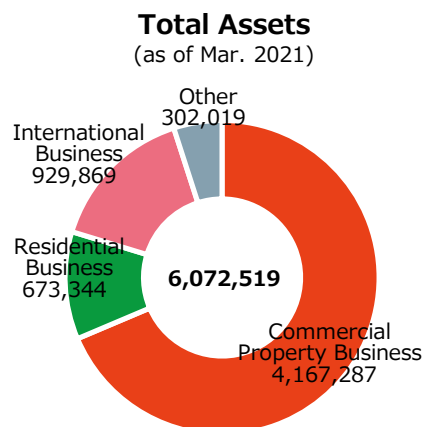
## 2. Balance Sheet

Millions of yen (rounded down)

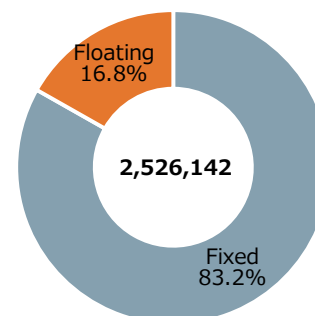
	At March 31, 2021	At March 31, 2020	Change
<b>Current assets</b>	<b>1,164,037</b>	<b>1,115,634</b>	<b>48,402</b>
Cash	170,040	207,896	△ 37,856
Notes and accounts receivable-trade	52,031	50,340	1,691
Property for sale	88,116	72,256	15,859
Property for sale in progress	267,563	247,677	19,886
Property for development	975	975	△ 0
Equity investments	496,182	450,520	45,661
Other	89,126	85,966	3,161
<b>Fixed assets</b>	<b>4,908,481</b>	<b>4,742,602</b>	<b>165,879</b>
Tangible assets	4,179,893	4,107,252	72,640
Intangible assets	101,095	96,767	4,328
Investment securities	281,996	236,969	45,027
Other	345,494	301,611	43,880
<b>Total assets</b>	<b>6,072,519</b>	<b>5,858,236</b>	<b>214,282</b>

Millions of yen (rounded down)

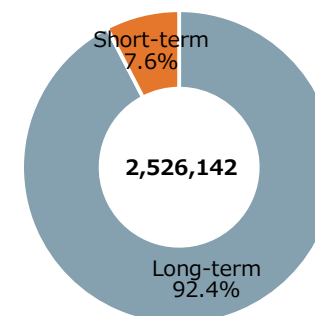
	At March 31, 2021	At March 31, 2020	Change
<b>Liabilities</b>	<b>4,011,071</b>	<b>3,917,030</b>	<b>94,041</b>
<b>Current liabilities</b>	<b>662,437</b>	<b>664,001</b>	<b>△ 1,564</b>
Notes and accounts payable-trade	60,507	66,368	△ 5,861
Short-term borrowings	141,785	115,306	26,478
Current portion of long-term debt	127,643	156,778	△ 29,135
Commercial Papers	50,000	50,000	-
Bonds due within one year	65,000	51,550	13,450
Other	217,500	223,998	△ 6,496
<b>Long-term liabilities</b>	<b>3,348,634</b>	<b>3,253,028</b>	<b>95,605</b>
Bonds	745,759	775,584	△ 29,825
Long-term debt	1,393,858	1,278,678	115,179
Other	1,209,011	1,198,762	10,249
<b>Net assets</b>	<b>2,061,447</b>	<b>1,941,206</b>	<b>120,241</b>
Shareholders' equity	1,259,887	1,163,746	96,141
Other accumulated comprehensive income	592,011	570,716	21,294
Stock acquisition rights	231	288	△ 56
Non-controlling interests	209,316	206,454	2,861
<b>Total liabilities and net assets</b>	<b>6,072,519</b>	<b>5,858,236</b>	<b>214,282</b>



**Consolidated Interest-Bearing Debt Fixed/Floating Rate Ratio**  
(as of Mar. 2021)



**Consolidated Interest-Bearing Debt Long-term/Short-term Ratio**  
(as of Mar. 2021)

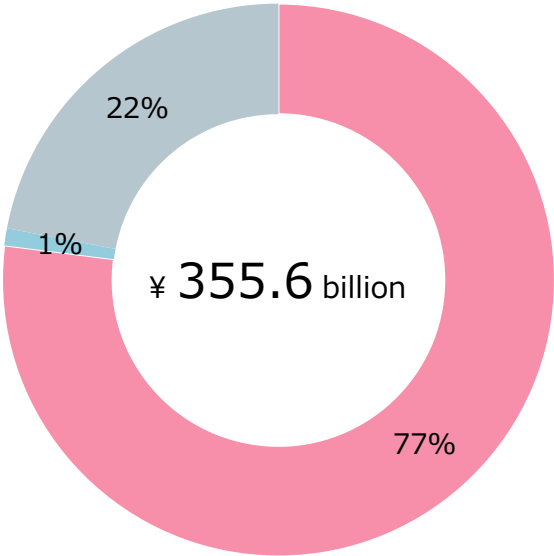




3. Asset Compositions

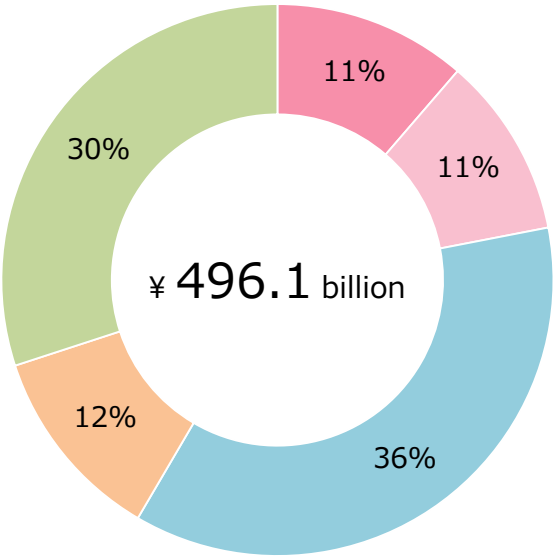
(End of March 2021)

Inventories



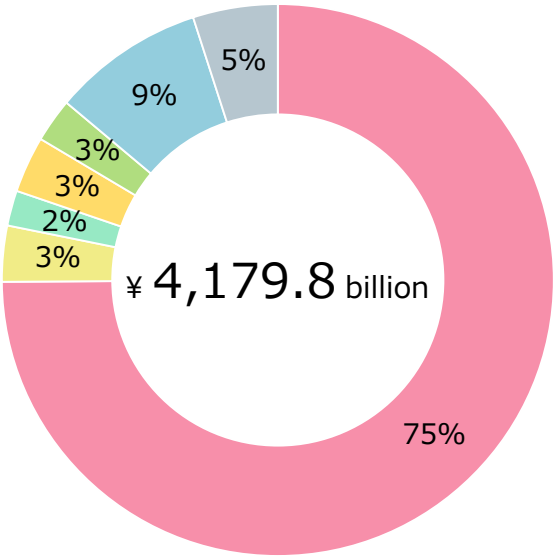
- Domestic Condominiums
- US
- Others

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

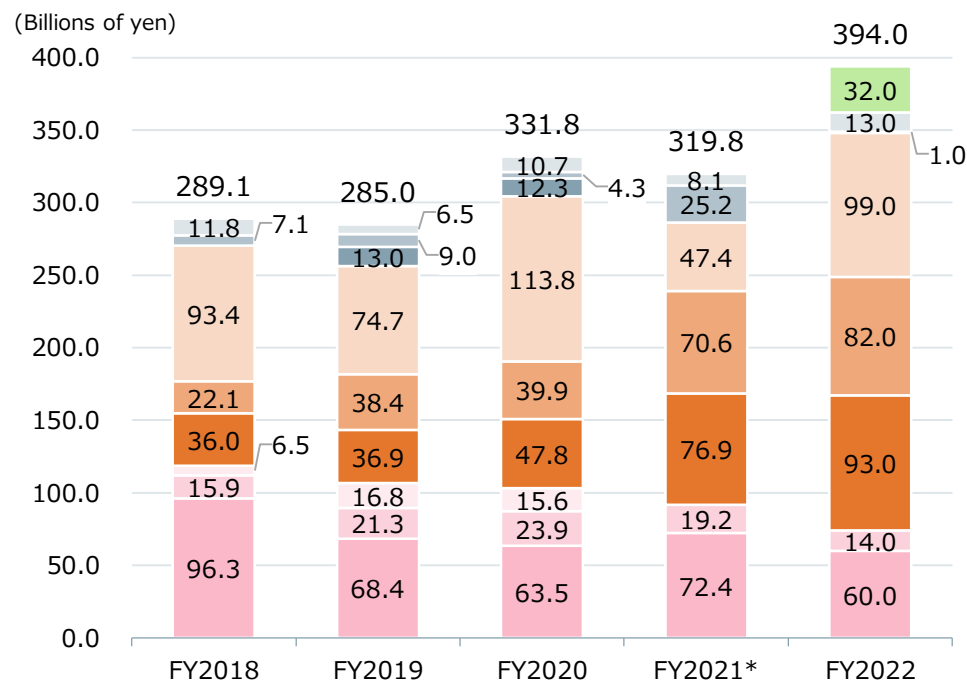
## 4. Consolidated Cash Flow

Millions of yen (rounded down)

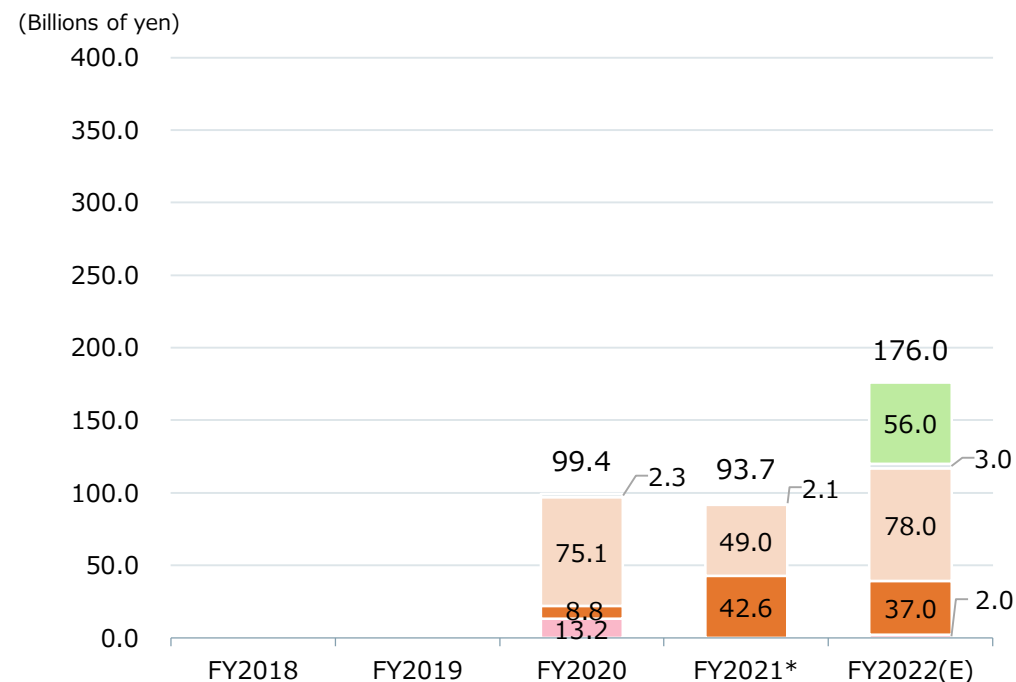
	①FY2020 Results	②FY2021 Results	Change (② – ①)	③FY2022 Estimates	Change (③ – ②)
<b>Cash Flows From Operating Activities</b>	<b>341,766</b>	<b>207,414</b>	<b>△ 134,352</b>	<b>187,000</b>	<b>△ 20,414</b>
Depreciation and amortization	84,941	89,107	4,165	90,000	893
Change in Inventories	148,161	56,443	△ 91,718	96,000	39,557
Change in Equity Investment	△ 43,217	△ 21,048	22,169	△ 131,000	△ 109,952
<b>Cash Flows From Investing Activities</b>	<b>△ 277,440</b>	<b>△ 297,303</b>	<b>△ 19,863</b>	<b>△ 352,000</b>	<b>△ 54,697</b>
Proceeds from sales of investment securities	5,275	14,186	8,911	17,000	2,814
Capital Investment	△ 331,857	△ 319,841	12,016	△ 394,000	△ 74,159
<b>Cash Flow From Financing Activities</b>	<b>△ 28,886</b>	<b>50,425</b>	<b>79,312</b>	<b>145,000</b>	<b>94,575</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>213,008</b>	<b>172,307</b>	<b>△ 40,701</b>	<b>152,000</b>	<b>△ 20,307</b>
<b>Free Cash Flow</b>	<b>64,326</b>	<b>△ 89,889</b>	<b>△ 154,215</b>	<b>△ 165,000</b>	<b>△ 75,111</b>

## 5. Investment Data

### Major Breakdown of Capital Investments



### Major Breakdown of Equity Investments



\*Classifications have been changed below from FY2021

#### <Legend for FY2018 - FY2020>

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

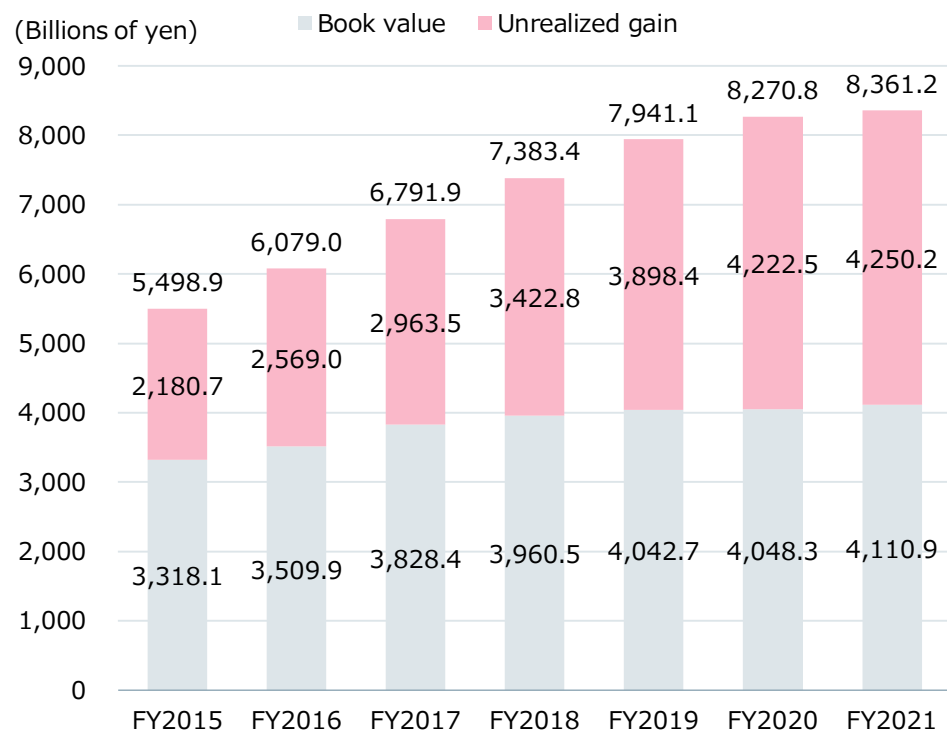
#### <Legend for FY2021 - >

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

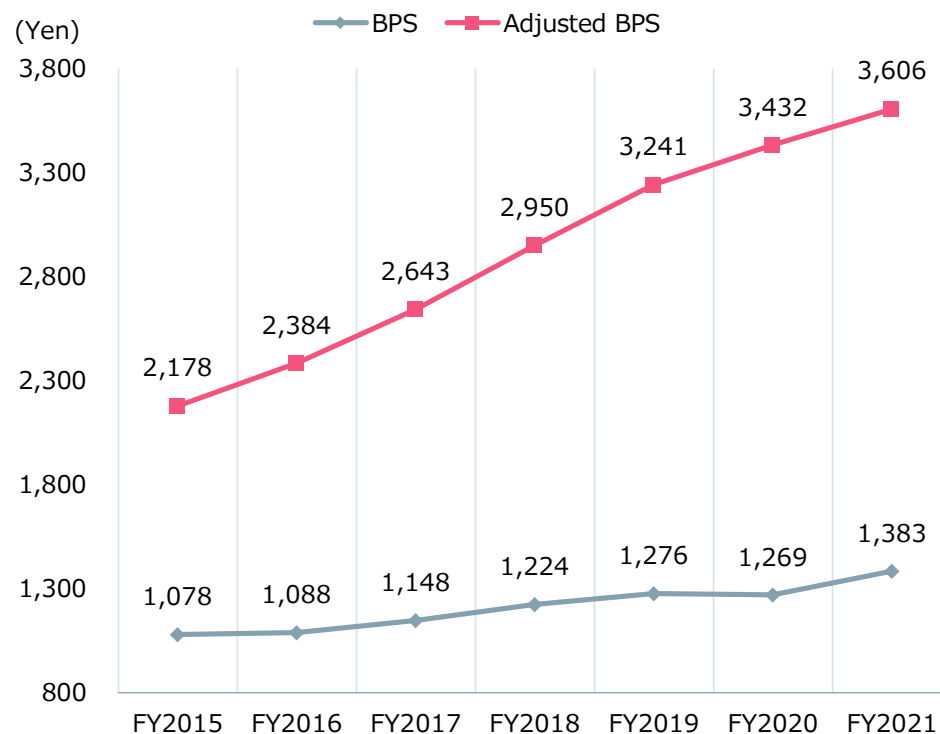
## 6. Income Generating Assets Unrealized Gains: Current Status #1

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

### Income Generating Assets Unrealized Gain



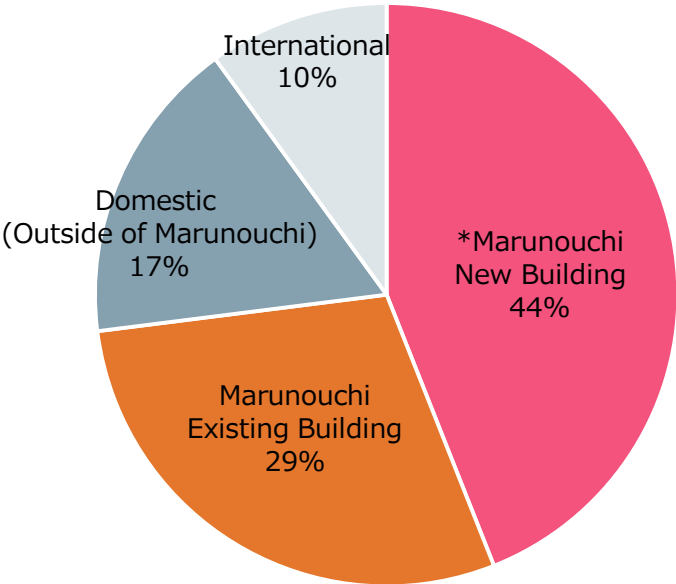
### \*BPS and Adjusted BPS



\* BPS including unrealized gains (after tax)

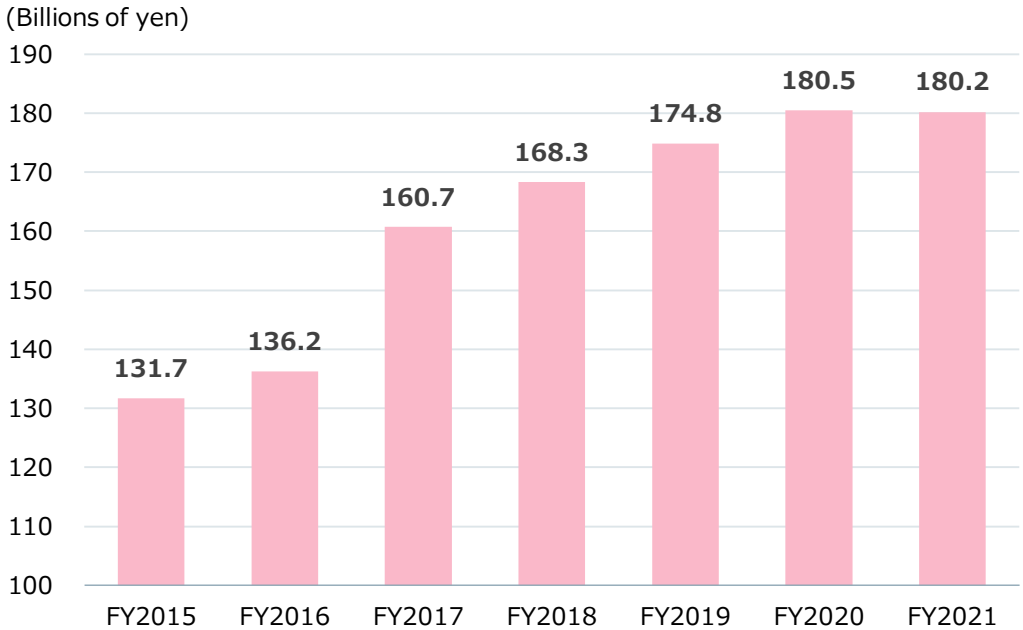
## 7. Income Generating Assets Unrealized Gains: Current Status #2

Unrealized Gain Breakdown



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

Rental Profits



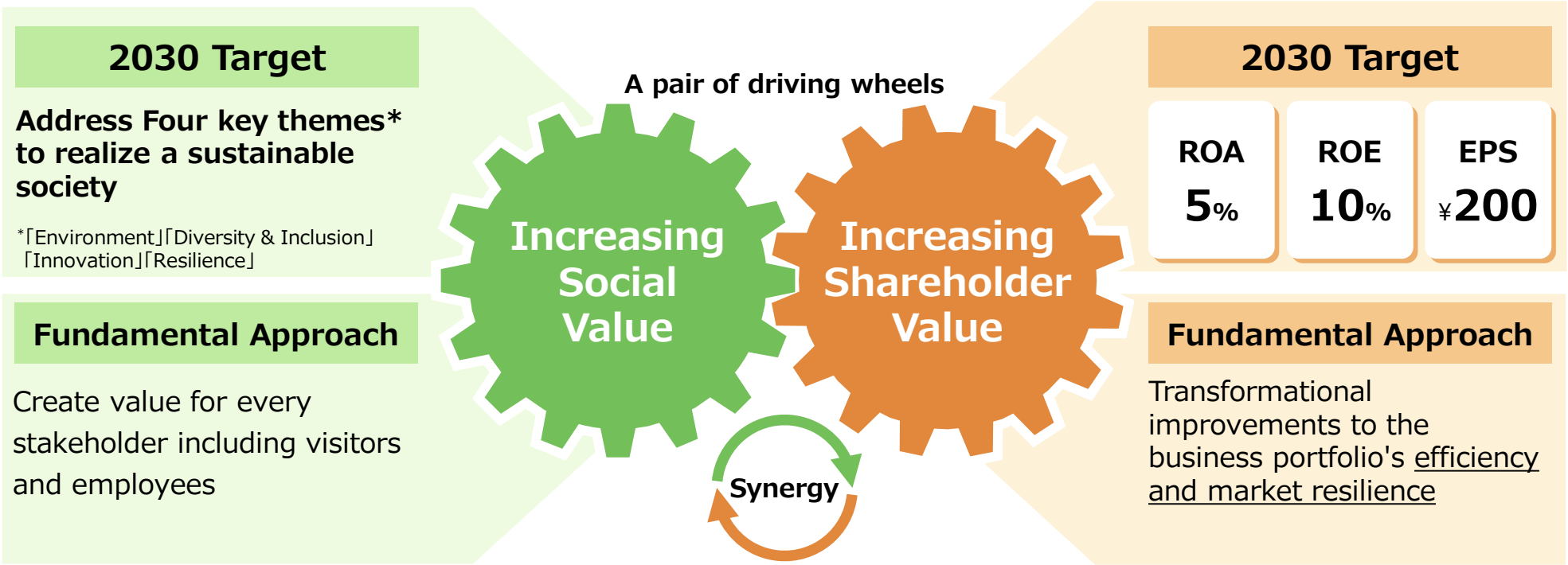
# Overview of the "Long-Term Management Plan 2030"

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# 1. New Management Plan: Objectives

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

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



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

## 2. Quantitative Target - 2030 Target

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

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

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

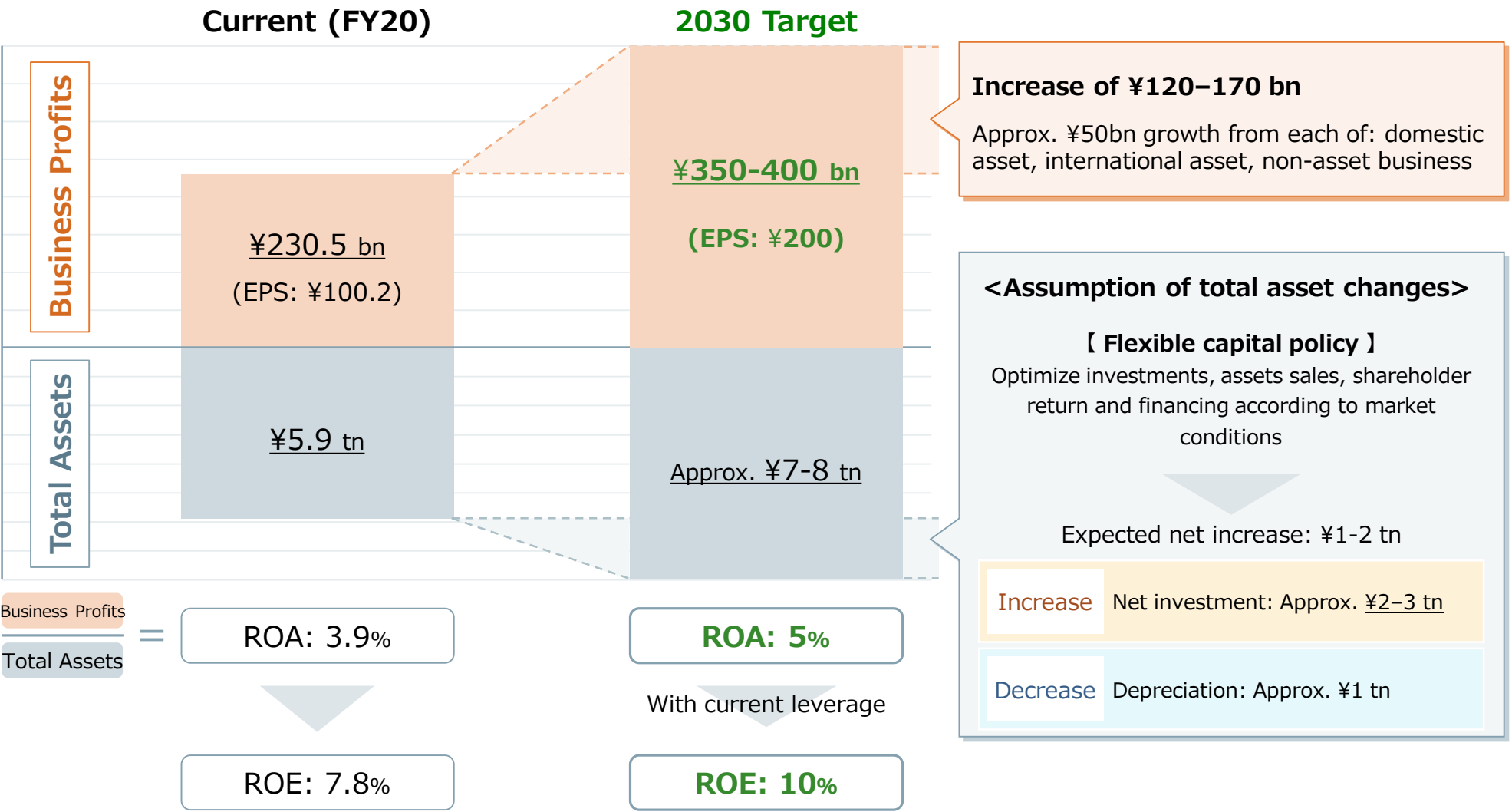
Key Assumptions		
Profit Growth	Shareholders Returns	Financial Stability
Business Profit* <sup>2</sup>  <u>¥350–400 bn</u>	Current framework* • Payout ratio: Approx. 30% + • Share buybacks (when determined to be an optimal use of funds)  ** Will adjust to business conditions	Maintain current level of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

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



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

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

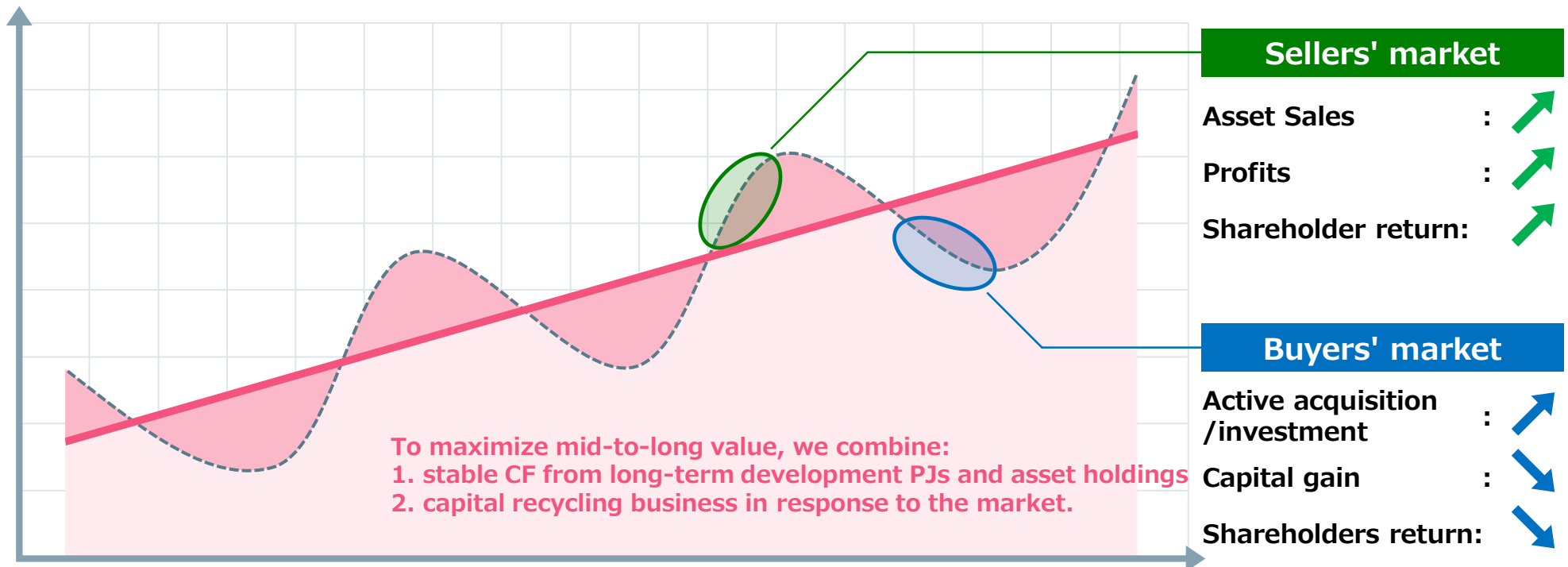


## 4. Capital Policy - Responsive to Market Conditions

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

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

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



## 5. Value creation through BS management

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

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

#### Asset

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

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

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

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

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

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

##### Expansion of Non-asset Business

#### Shareholders' Equity and Liability

##### Maintaining Financial Stability

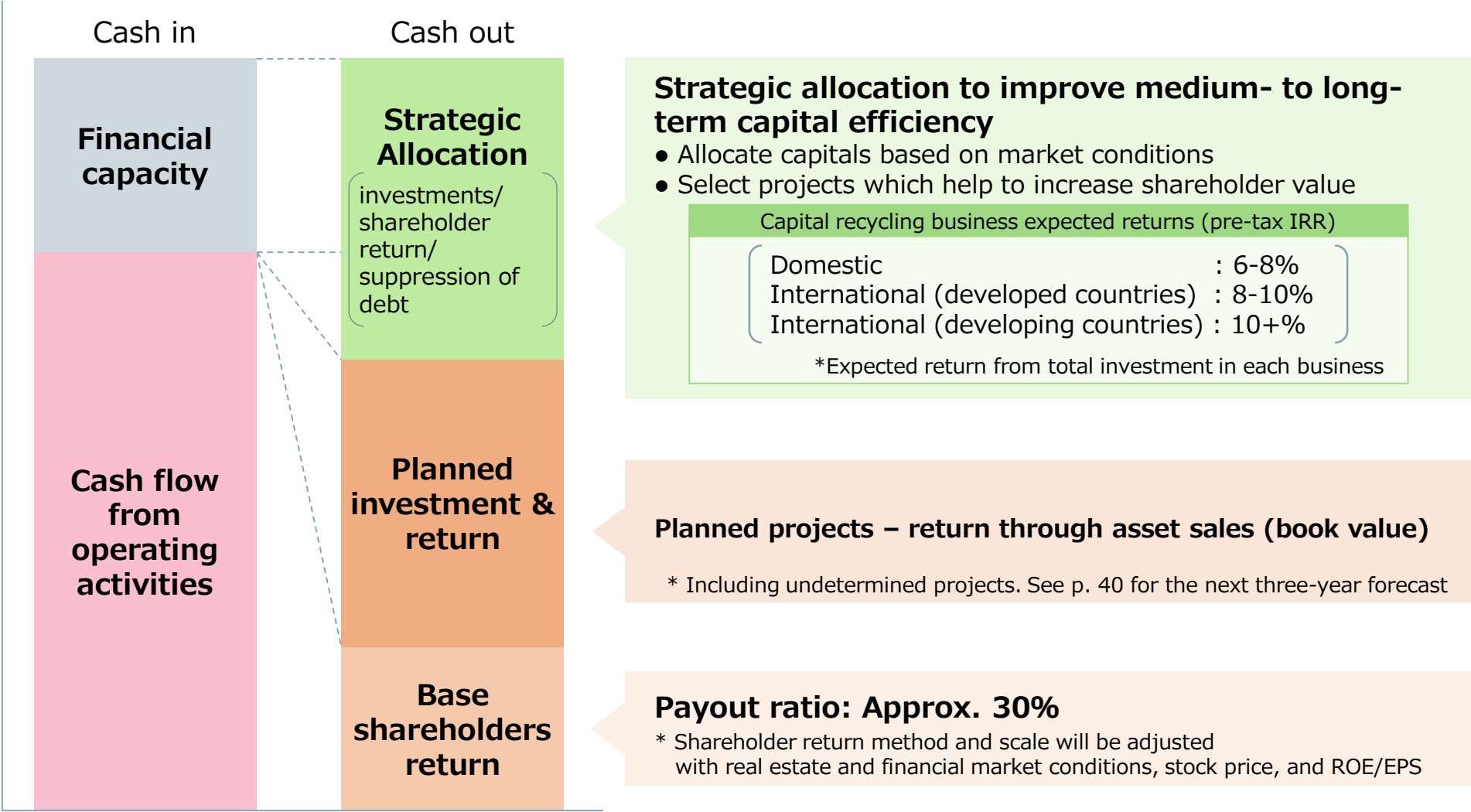
- ◆ Financial reserves for seizing buyer's market opportunities
- ◆ High credit rating enables long-term and low-cost financing
- ◆ In sellers' market, use asset sale proceeds for shareholder returns and to maintain financial stability

##### Capital Efficiency Improvement

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

6. Capital Allocation Policy

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



## 7. Profit Growth Strategy - 2030 Vision

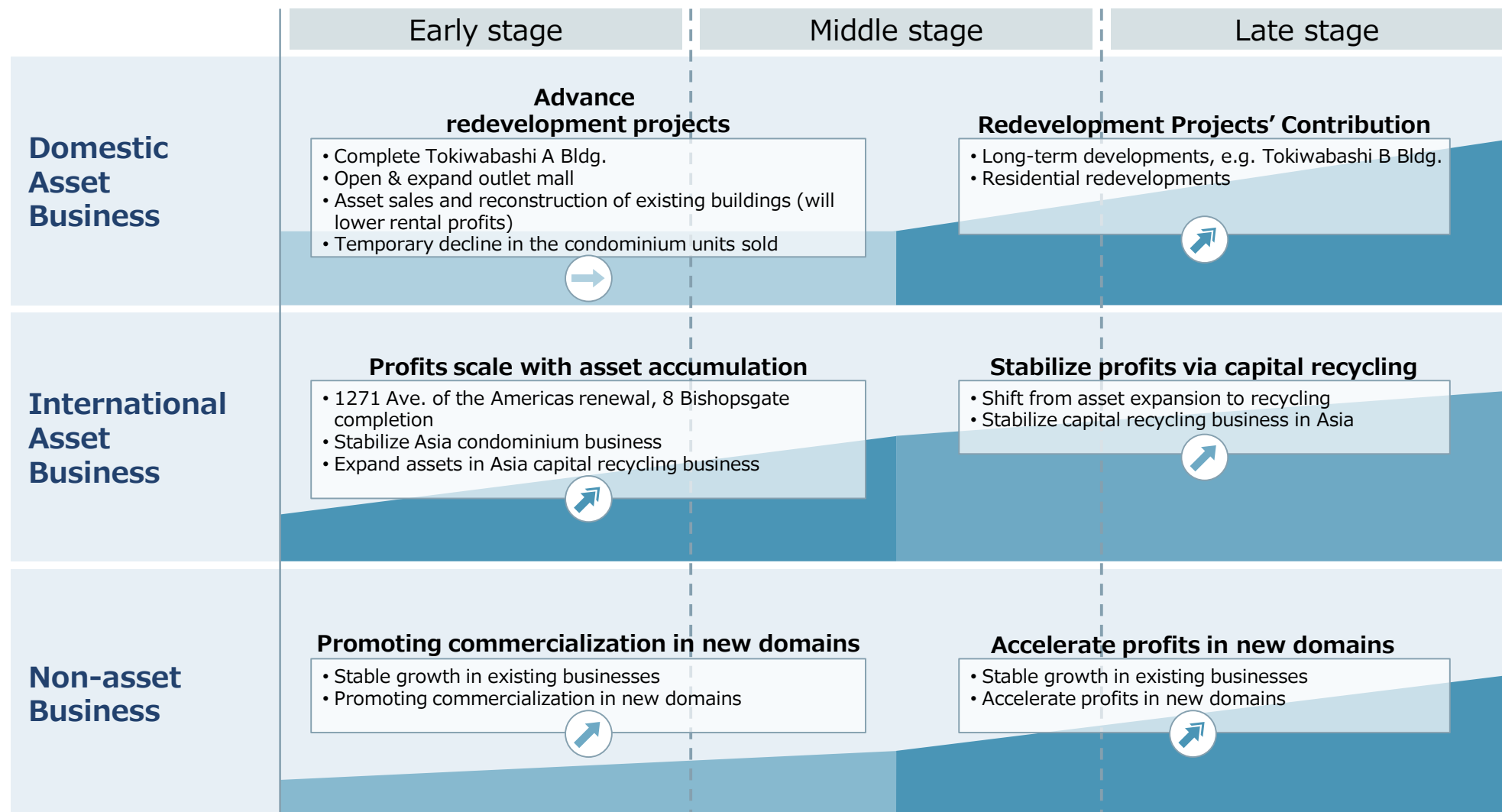
\*Repost from the "Long-Term Management Plan 2030"

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

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

## 8. Roadmap for Profit Growth

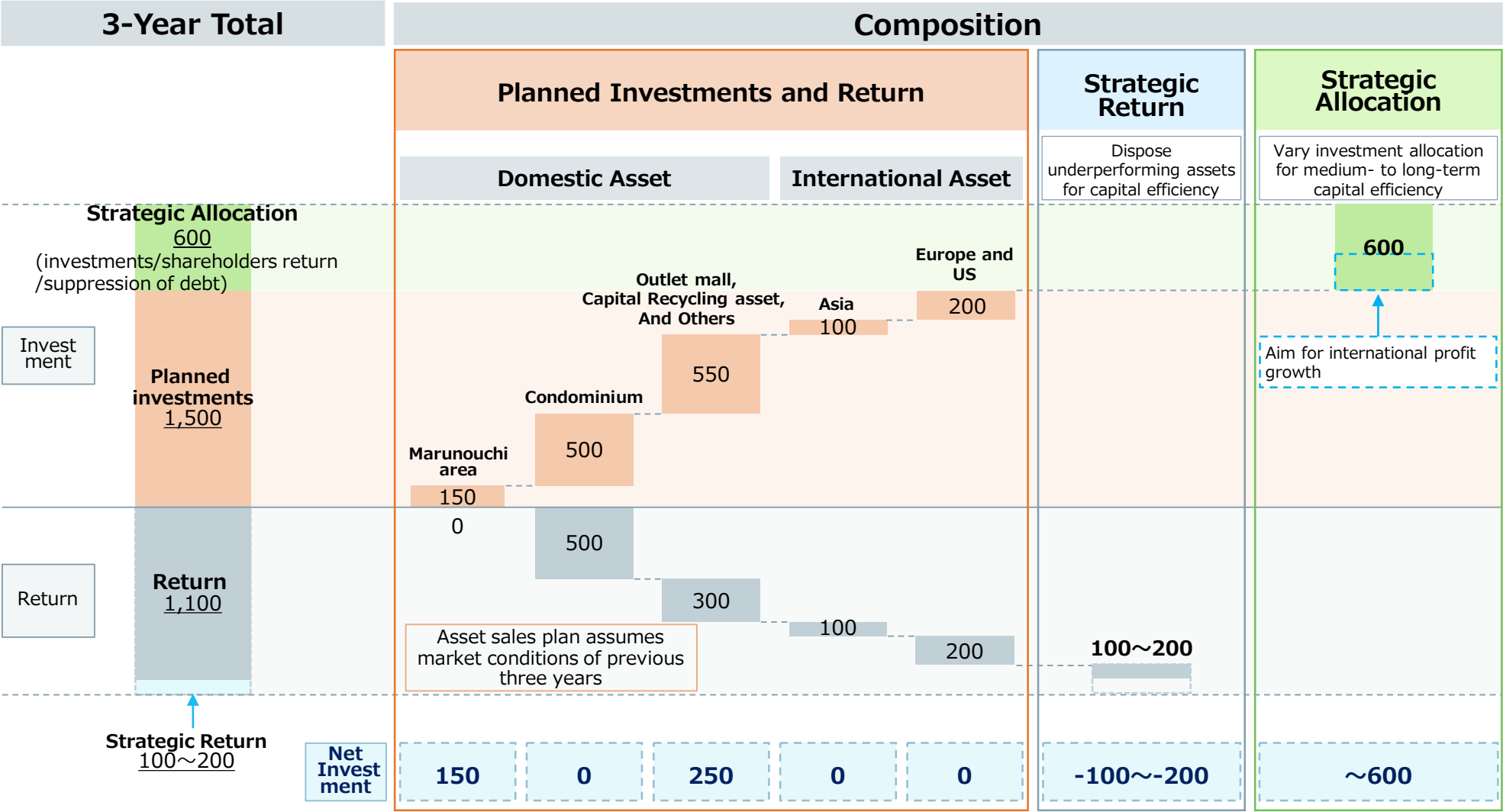
\*Repost from the "Long-Term Management Plan 2030"



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

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

(Billions of yen)



# Business Overview

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# 1. Mitsubishi Estate Group's Business Segments

## Commercial Property Business

### <Office Buildings>

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



### <Retail Properties>

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



### <Logistics Facilities>

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



### <Hotels/Airports>

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



## Residential Business

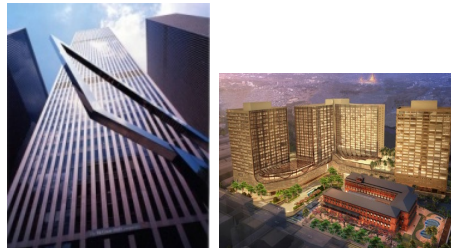
### <Domestic Residential>

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



## International Business

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



## Investment Management Business

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



Europa Capital



## Architectural Design & Engineering and Real Estate Service Business

### <Architectural Design & Engineering Business>

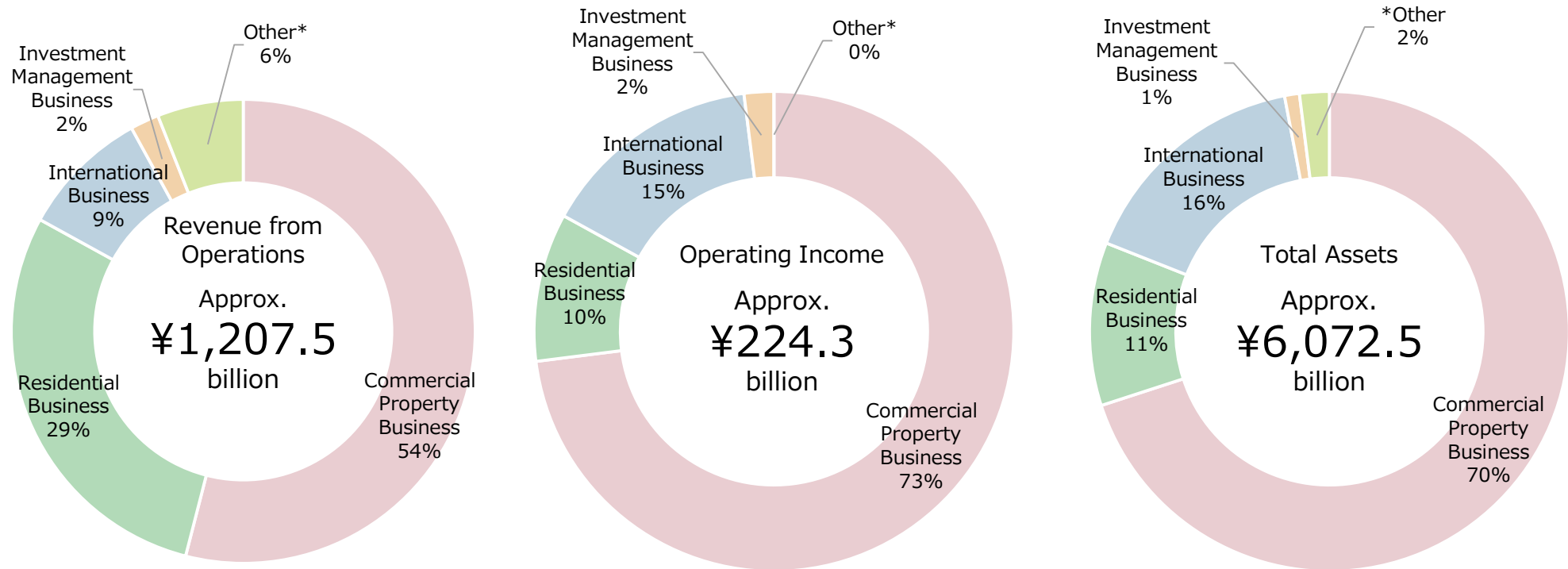
Mitsubishi Jisho Sekkei Inc. provides architectural design and engineering services of construction and civil engineering.



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



## 2. Business Scale



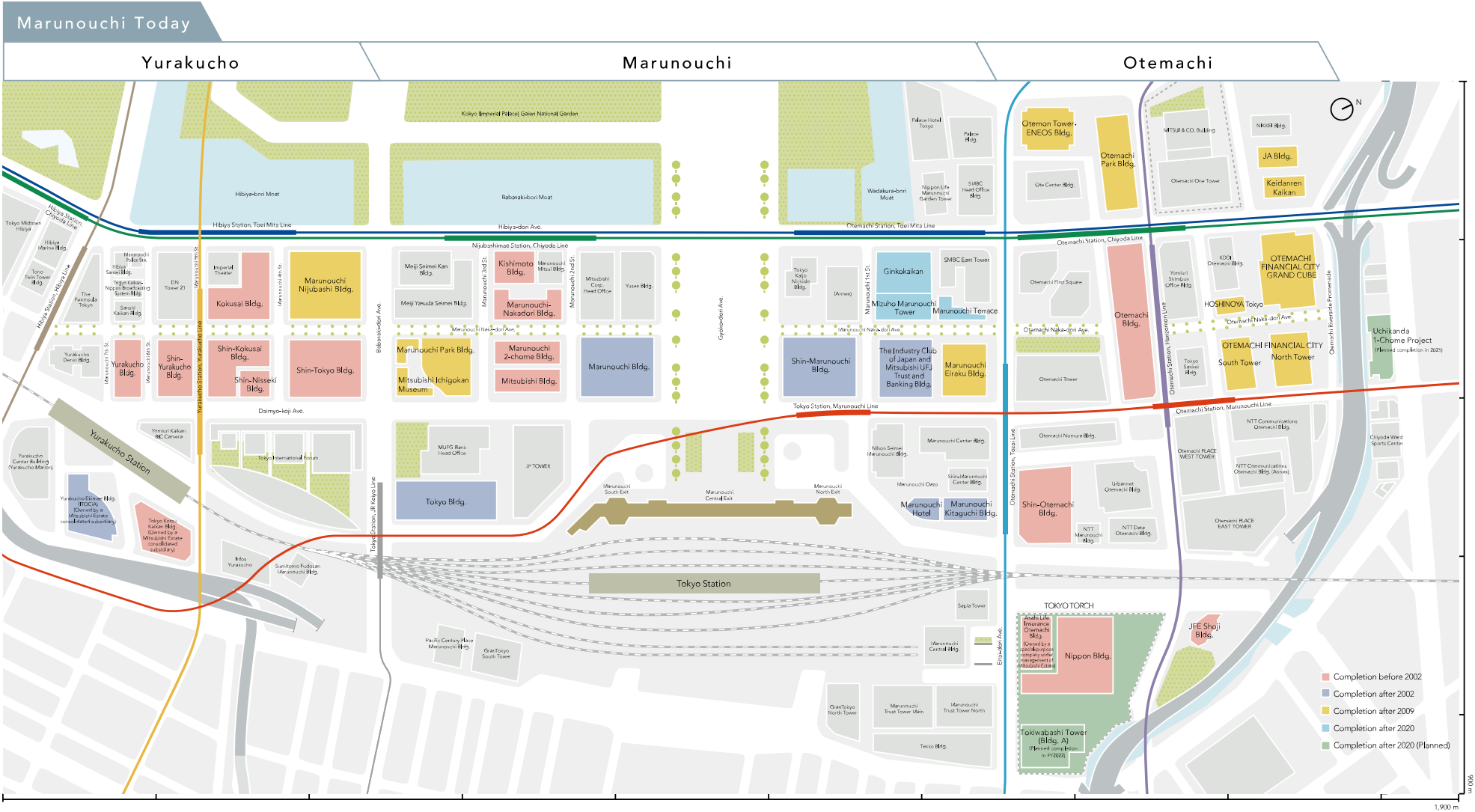
\*Architectural Design & Engineering Business and Real Estate Services Business, Other Business (FY2021 Results)

# Commercial Property Business

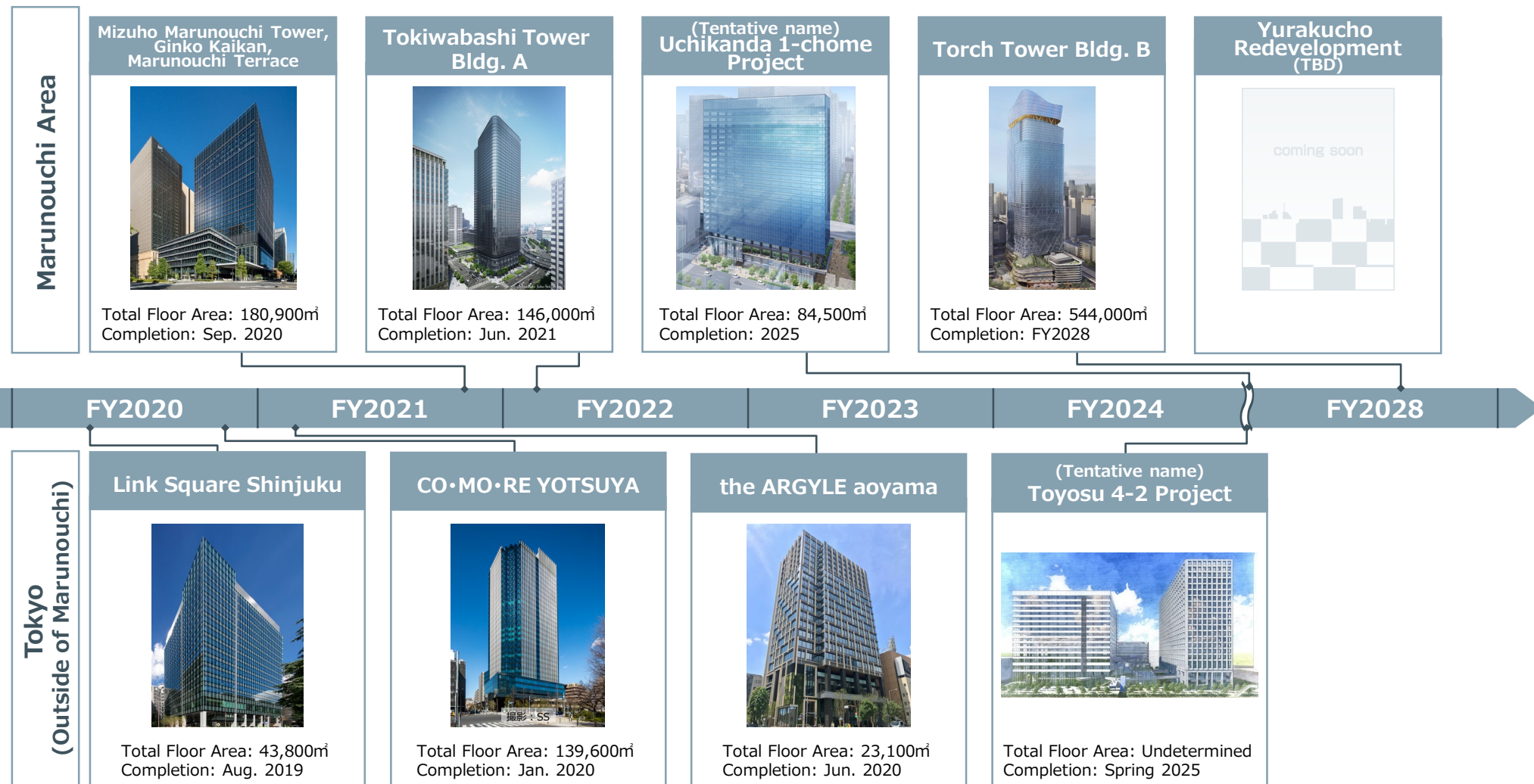
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## Office Buildings

1. Marunouchi Area Map

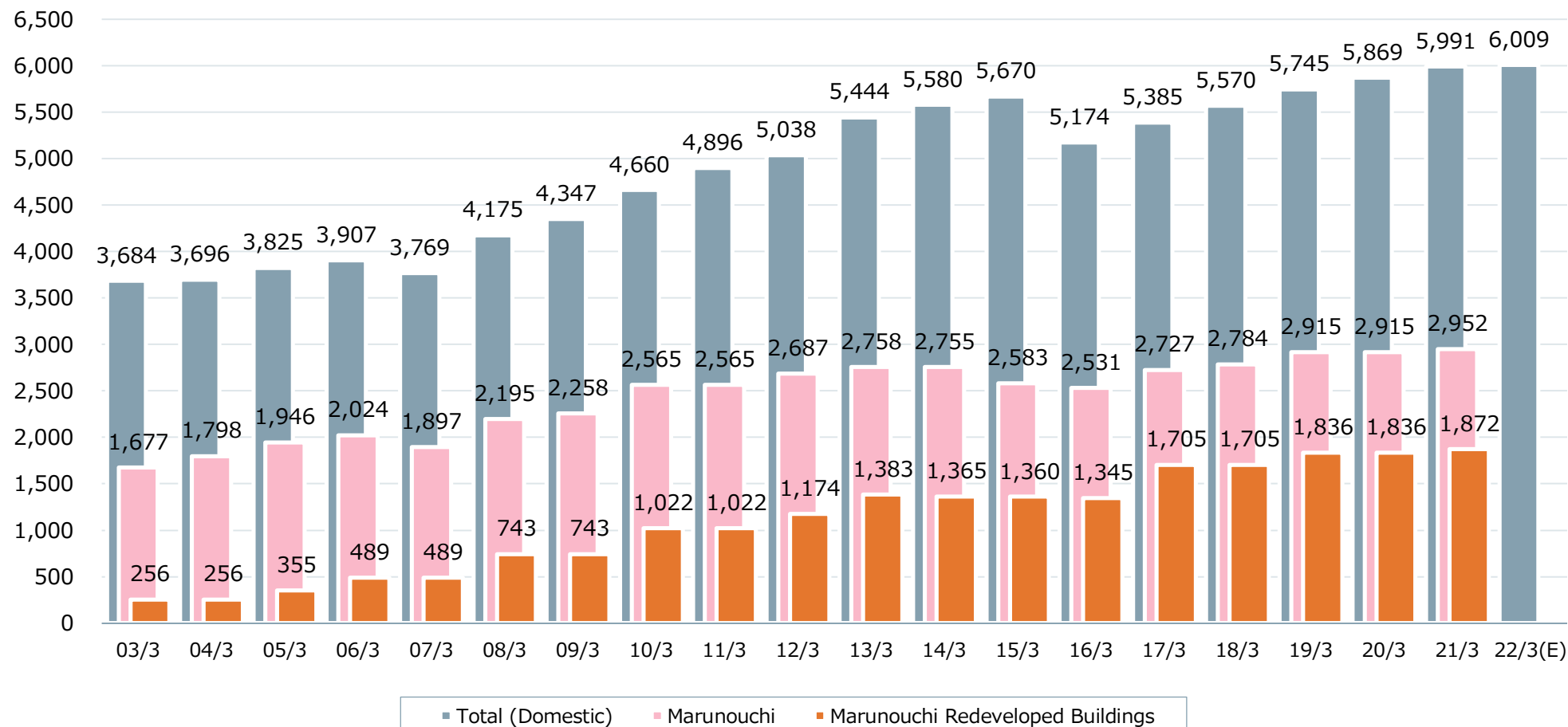


## 2. Pipeline



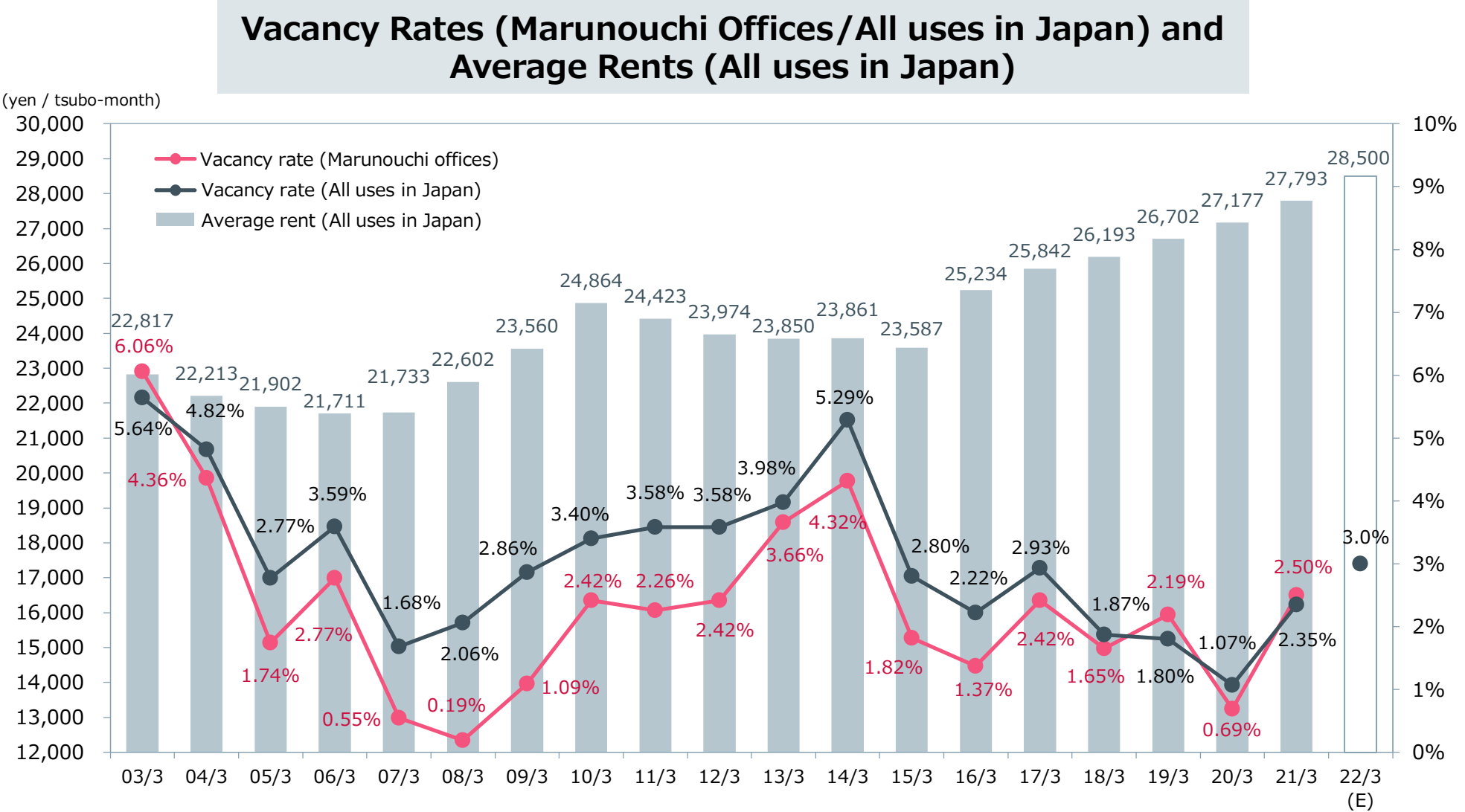
### 3. Earnings Related Data: Total Operating Floor Space (Unconsolidated)

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

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

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

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





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

(Billions of yen)

	FY2020 (Results)	FY2021 (Previous Estimates)	FY2021 (Results)	FY2022 (Estimates)
Rent revenue from * <sup>1</sup> office buildings	<b>406.6</b>	<b>418.6</b>	<b>418.0</b>	<b>428.3</b>
Changes from the previous period	<b>+ 17.9</b>	<b>+ 11.9</b>	<b>+ 11.3</b>	<b>+ 10.2</b>
Rent revenue from new buildings	+ 10.8	+ 11.9	+ 12.2	+ 15.8
Rent revenue from existing buildings	+ 6.8	+ 6.1	+ 7.2	△ 3.3
Termination of master lease, closure of building for redevelopment	+ 0.3	△ 1.3	△ 0.7	△ 6.5
Moving in/out of tenants, Rent revisions at lease renewal	+ 6.5	+ 7.5	+ 8.0	+ 3.2
<b>Impact of COVID-19</b>	<b>Offices</b>	△ 0.5	△ 0.5	
	<b>*<sup>2</sup>Mixed-use retail</b>	△ 5.0	△ 5.0	
Supplementary revenue, incl. common area charge	+ 0	△ 0.6	△ 2.4	△ 2.2

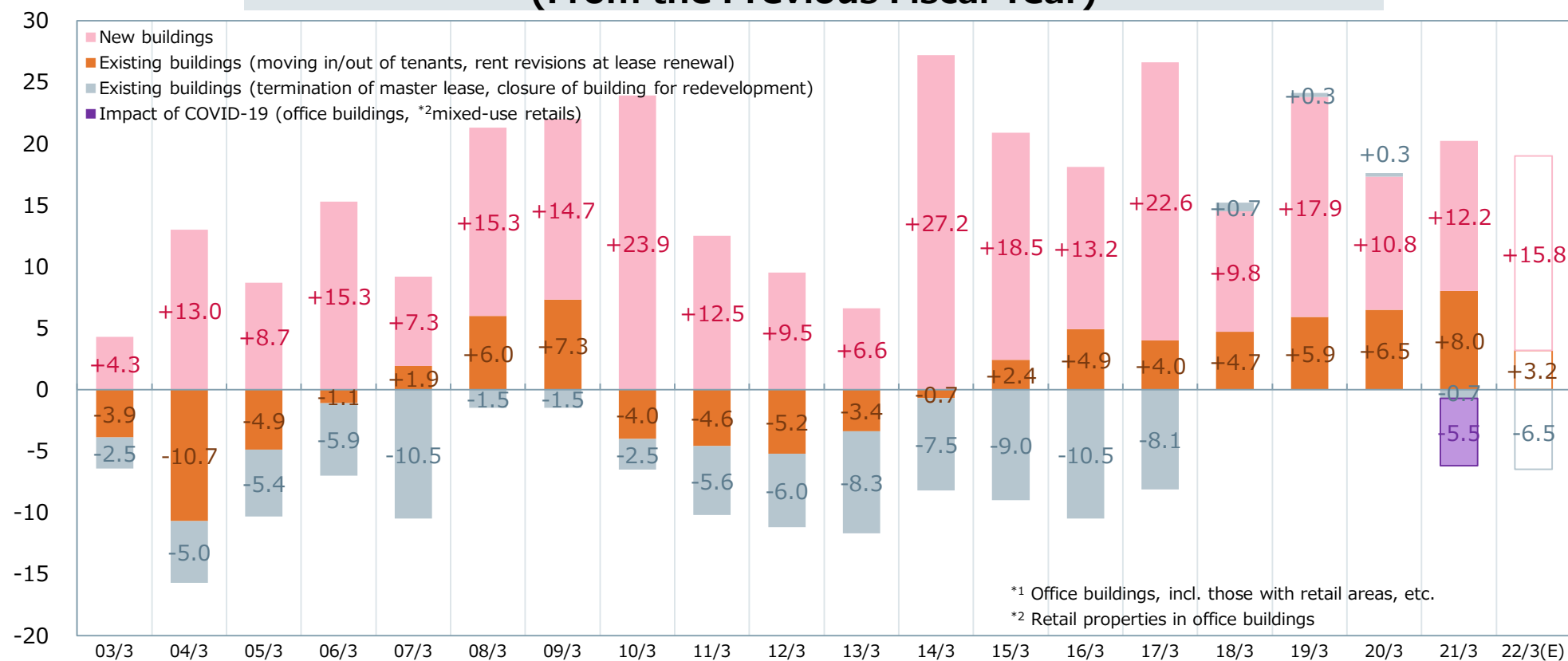
\*<sup>1</sup> Office buildings, incl. those with retail areas, etc.\*<sup>2</sup> Retail properties in office buildings



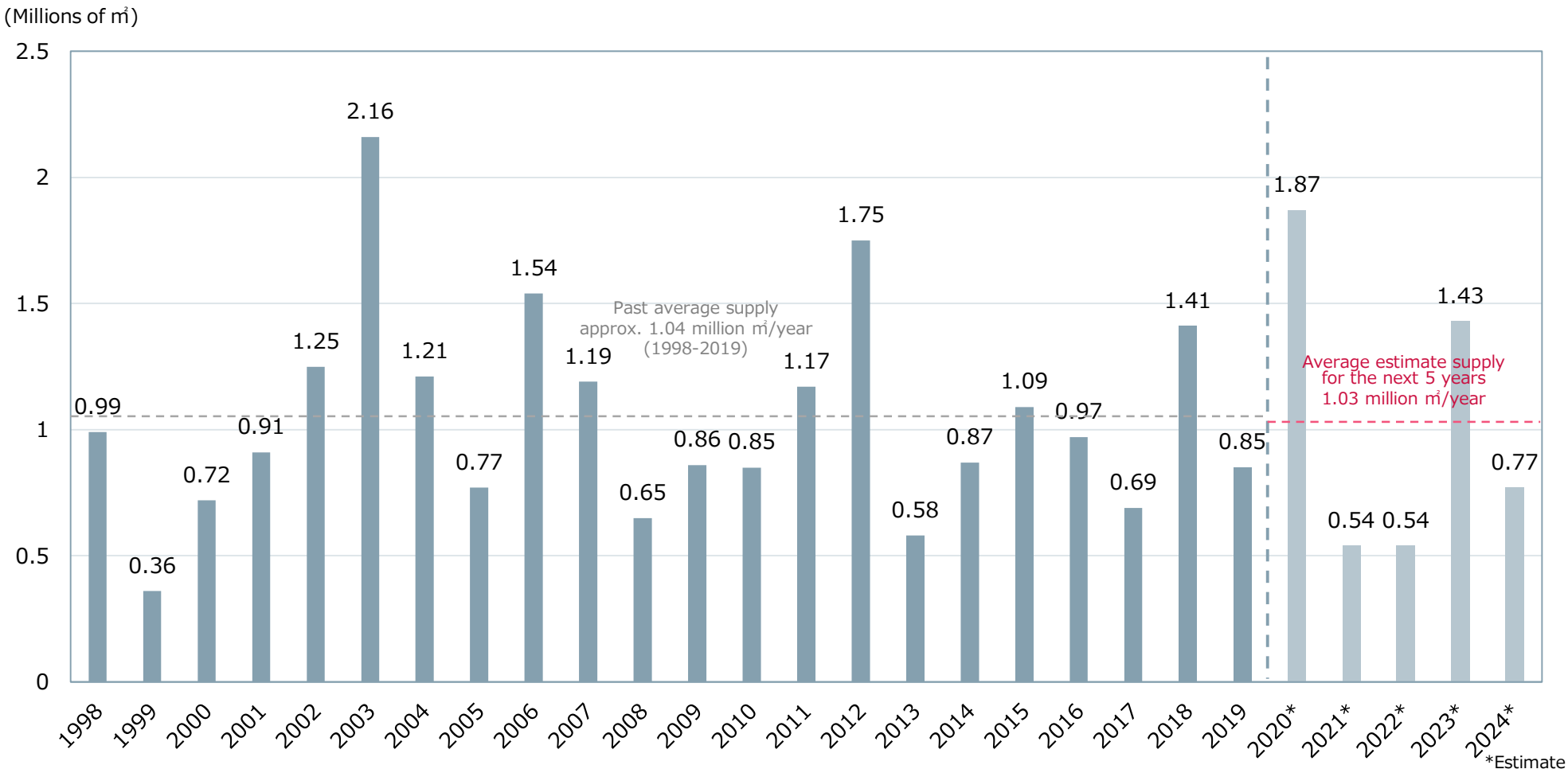
## 6. Earnings Related Data: Trends in Rent Revenue From Office Buildings\*<sup>1</sup> (Unconsolidated)

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

(Billions of yen)

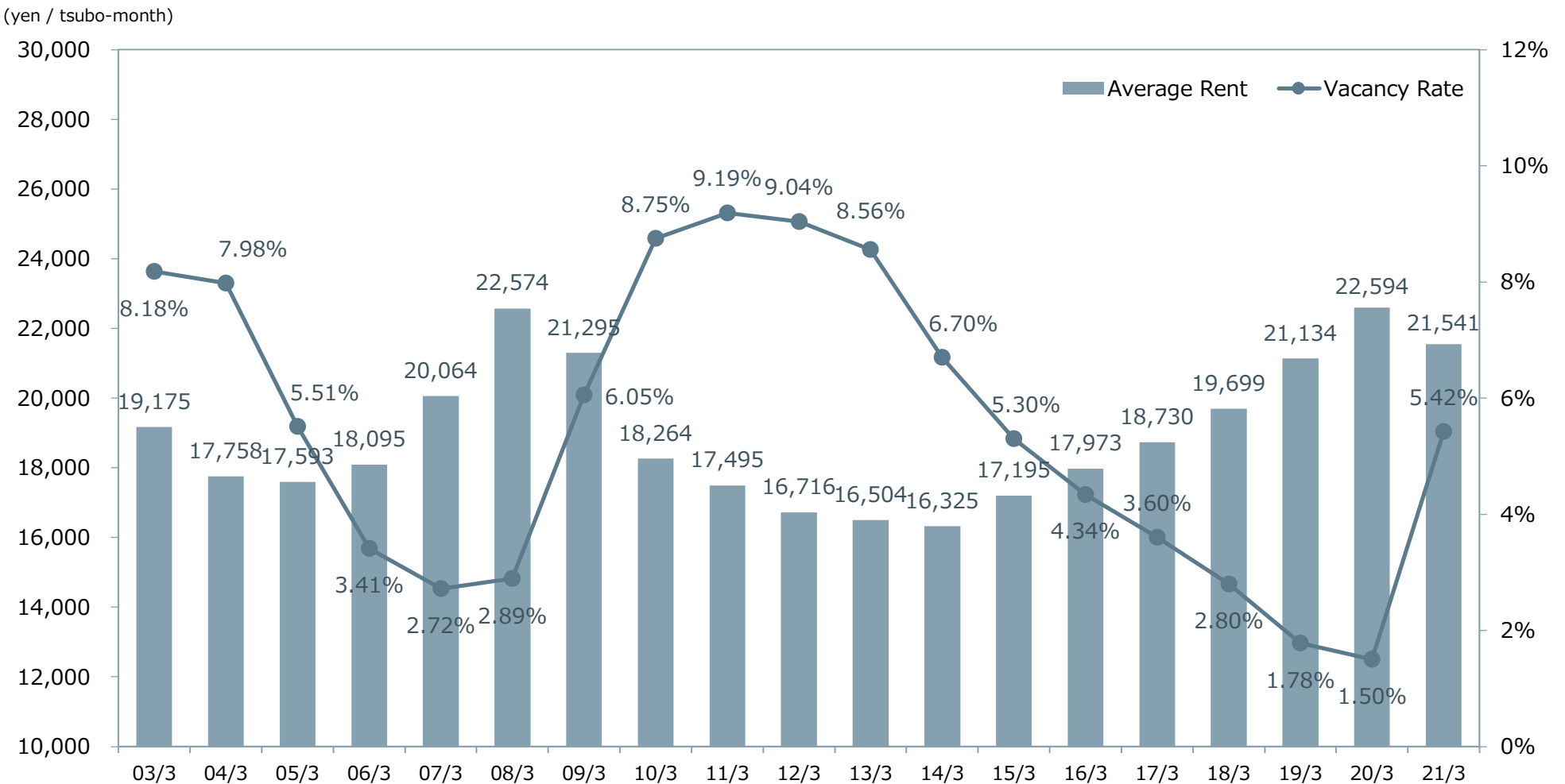
\*<sup>1</sup> Office buildings, incl. those with retail areas, etc.\*<sup>2</sup> Retail properties in office buildings

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



\*Research subject buildings: Buildings with a total office floor area exceeding 10,000m<sup>2</sup>  
Source: Mori Building (as of May 2020)

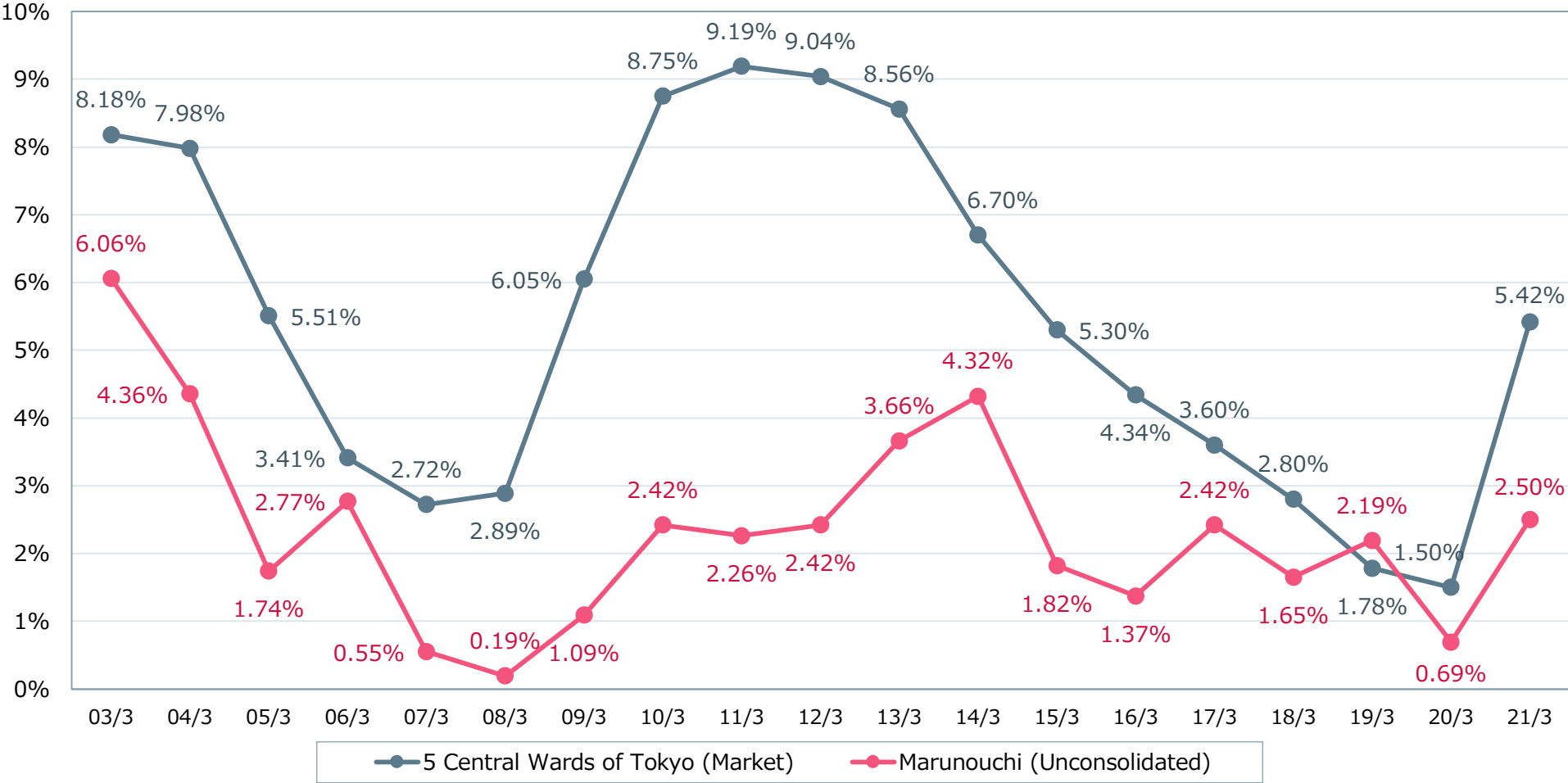
# 8. Office Building Market Data: Average Rents/Vacancy Rates (5 Central Wards of Tokyo)



Source: Miki Shoji Co., Ltd.



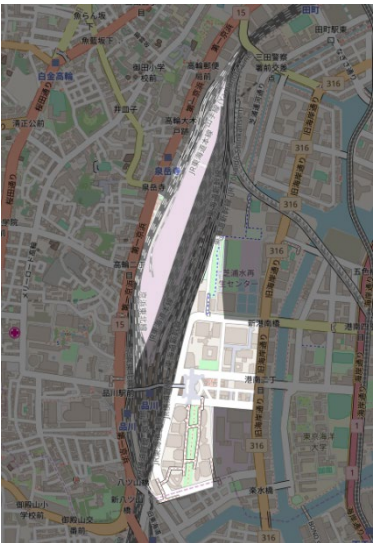
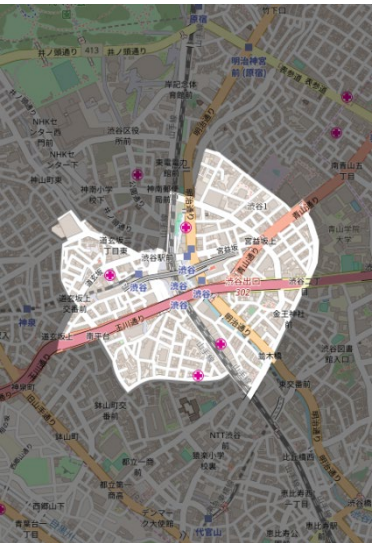
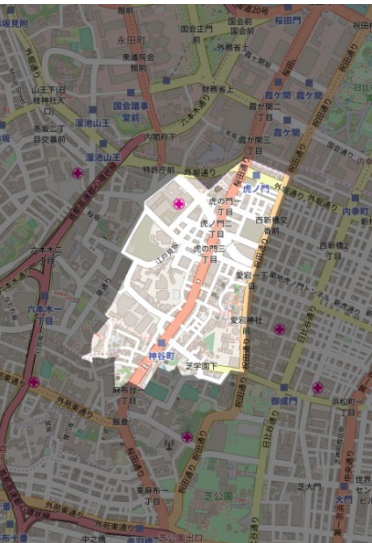
# 9. Competitive Edge of Marunouchi: Vacancy Rates

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



Source: Miki Shoji Co., Ltd.

# 10. Competitive Edge of Marunouchi: Area/Number of Railway Lines

Marunouchi	Nihonbashi	Shinagawa	Shibuya	Toranomon
				
Area: <b>120ha</b>	Area: <b>76ha</b>	Area: <b>49ha</b>	Area: <b>86ha</b>	Area: <b>58ha</b>
Railway lines: 28 lines	Railway lines: 5 lines	Railway lines: 9 lines	Railway lines: 8 lines	Railway lines: 2 lines

©Open Street Map

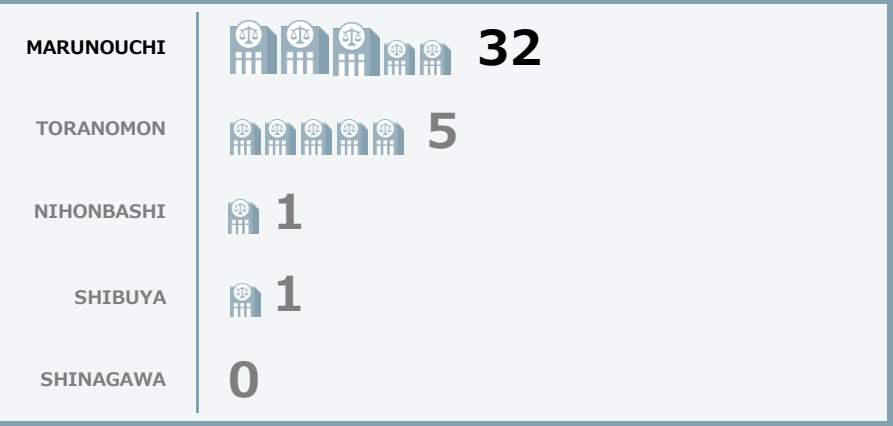
# 11. Competitive Edge of Marunouchi: Number of Headquarters and Offices

(as of March 2020)

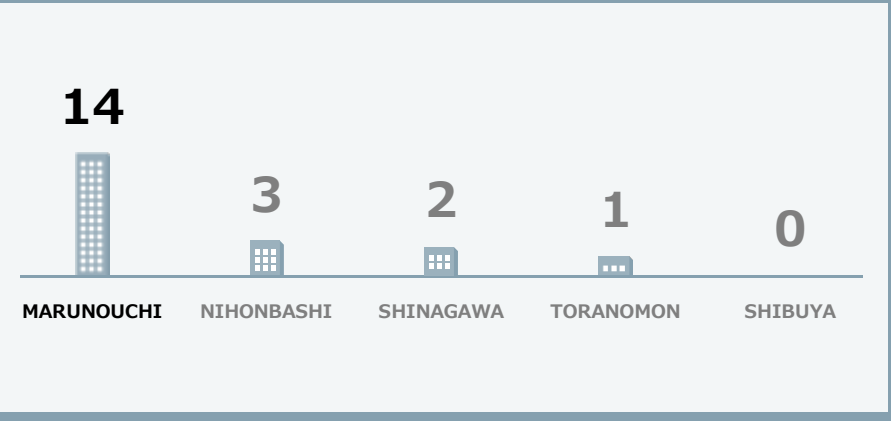
① Fortune Global 500 company headquarters



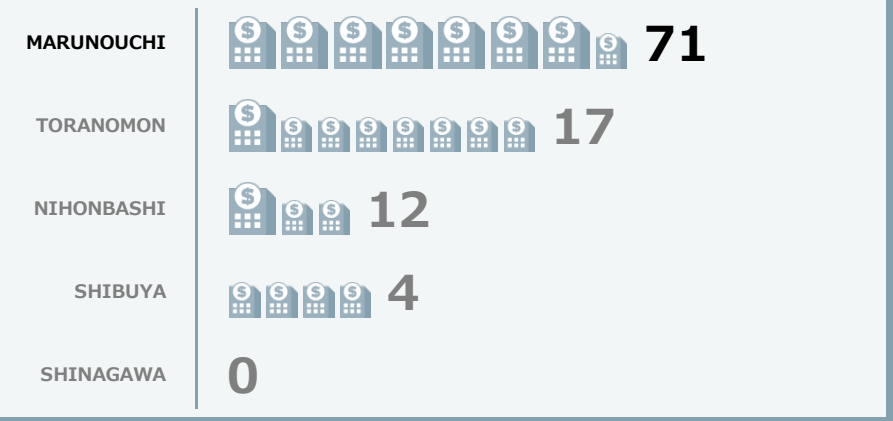
③ Top 100 law firm headquarters and offices



② Top 50 company headquarters in terms of market capitalization



④ Foreign financial company offices

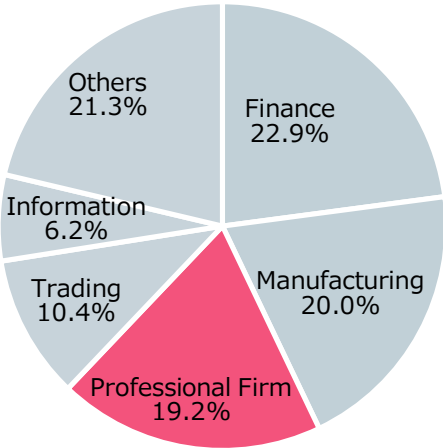
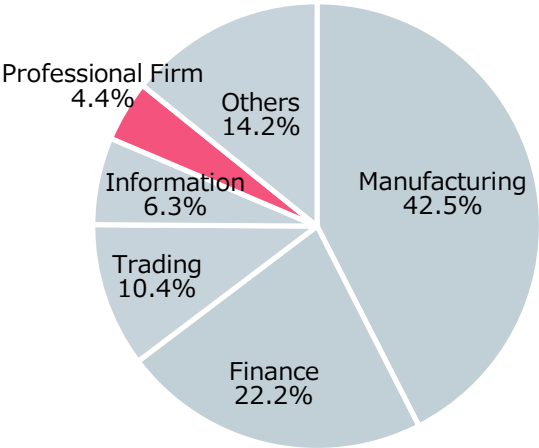


## 12. Marunouchi Data: Marunouchi Tenant Mix (Unconsolidated)

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



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





## 13. Marunouchi Data: Approaches for Marunouchi Area Development

### Improvement of floor-area-ratio

Improving plot ratio in Marunouchi area by reviewing the use area

1,000% → 1,300% (June 2004)

\*1,200% for limited areas

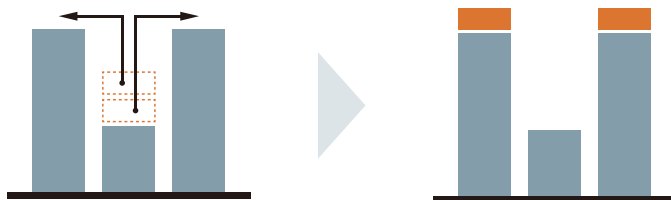
### Transfer of plot ratio: Exceptional plot ratio district system

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

"Exceptional floor-area ratio district" area



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



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

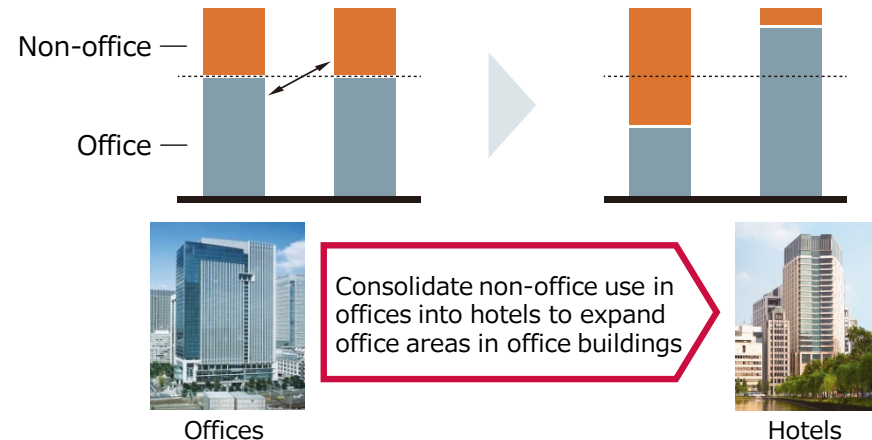
Possible to be permitted for relaxation of floor-area ratio regulation depending on levels of contribution to city regeneration as an exemption of urban planning

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

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

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

◆Example: Consolidate office and hotel usages





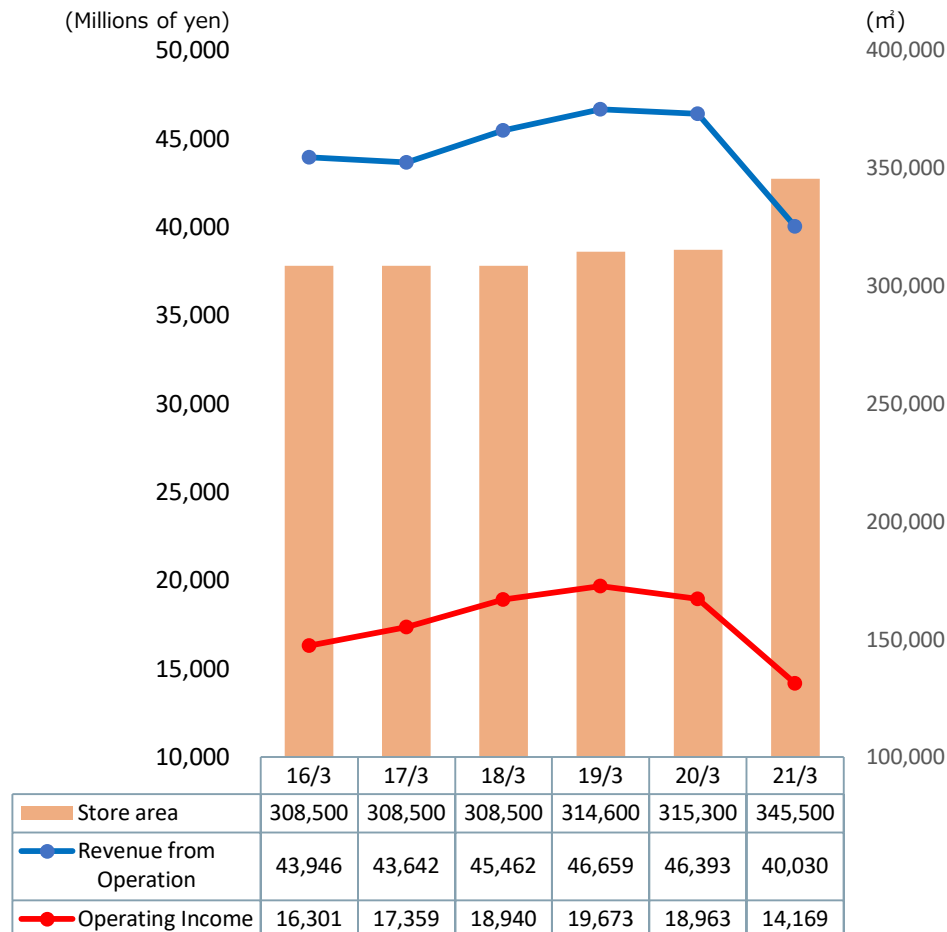
# **Commercial Property Business**

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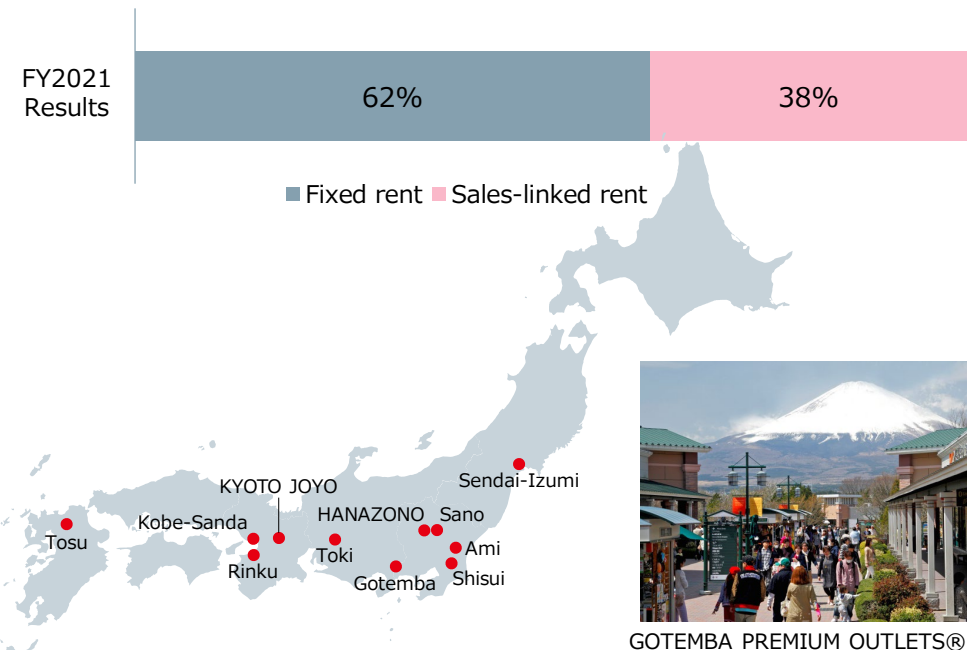
**Outlet Malls, Retail Properties, Logistics  
Facilities, Hotels, and Airports**

# 1. Outlet Mall Business

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



## Average of all Facilities Sales-Linked & Fixed Ratio (Rent Revenue Basis)

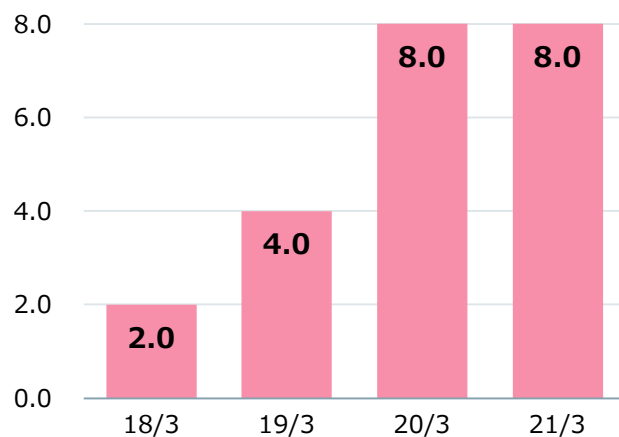


Name	Open	Store Floor Area
Gotemba (Phase 4)	Jun. 2020	Before expansion: Approx. 44,600m <sup>2</sup> Currently: Approx. 61,000m <sup>2</sup> (+37%)
Rinku (Phase 5)	Aug. 2020	Before expansion: Approx. 39,400m <sup>2</sup> Currently: Approx. 50,100m <sup>2</sup> (+27%)
Fukaya Hanazono (New)	Fall, 2022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

## 2. Logistics Facility Business

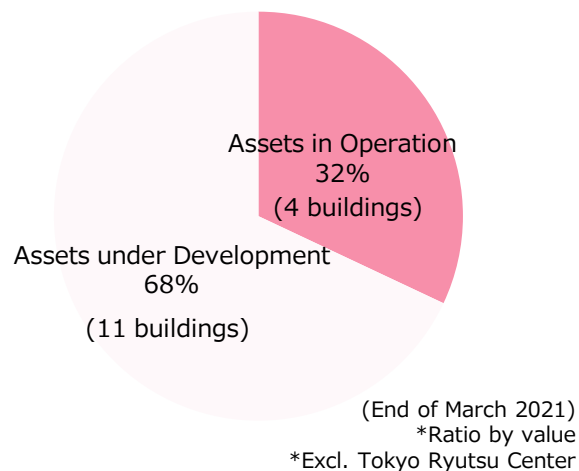
### Trends in Gain on Sales

(Billions of yen)



### Total Assets

Approx. ¥ **61.0** billion



### Operational Logistics Facilities

Total number of developed facilities: **15**

Number of facilities in operation: **4**

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

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



Tokyo Ryutsu Center Distribution Building B

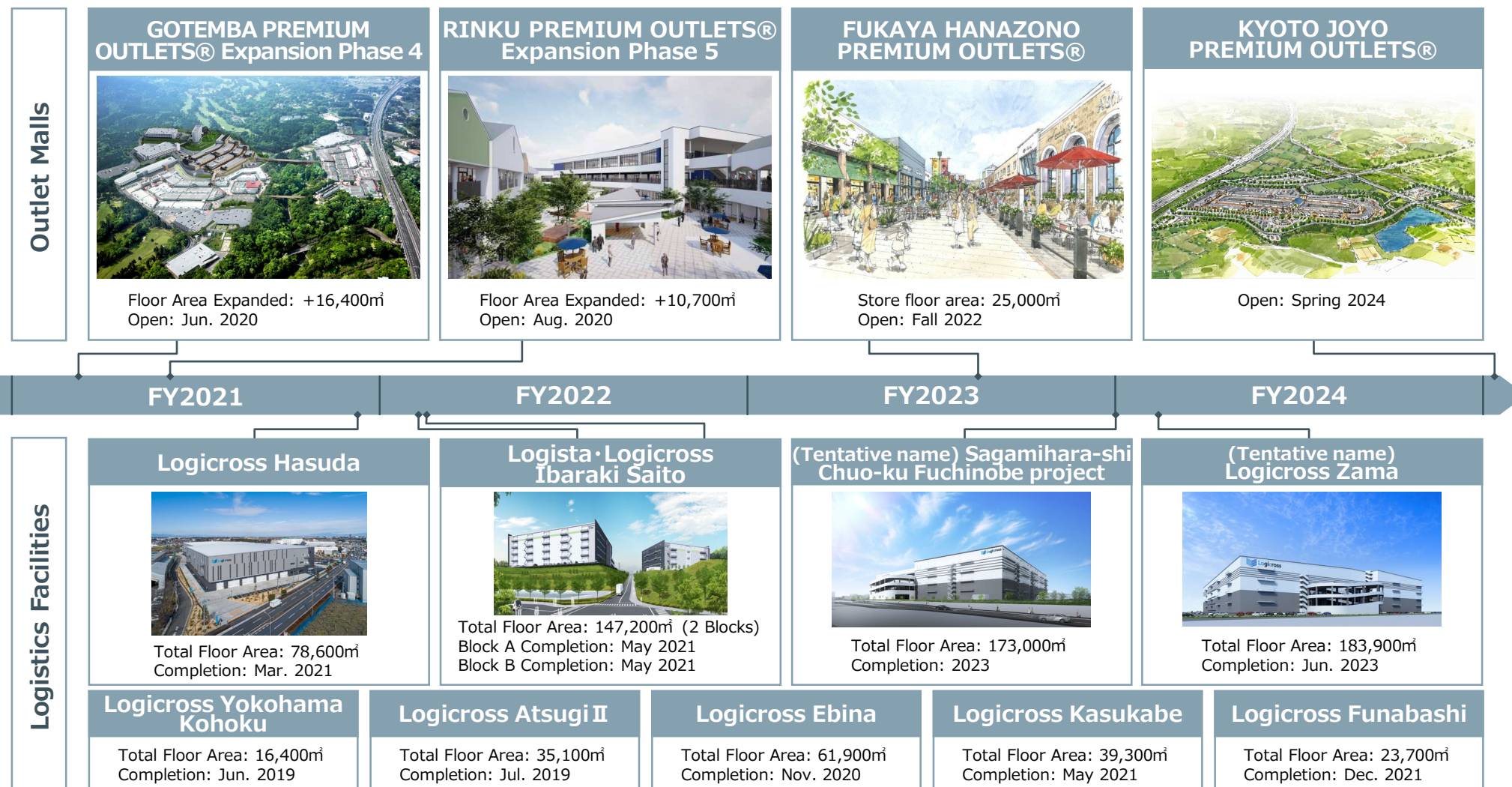


Logicross Hasuda



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

### 3. Outlet Malls and Logistics Facility Pipelines





## 4. Hotel (Development/Operations) Business



The Royal Park Canvas Sapporo Odori Park

### Hotel Management Business

Name	Location	Number of Rooms	Open
Royal Park Hotel	Chuo, Tokyo	419	Jun. 1989
Yokohama Royal Park Hotel	Yokohama, Kanagawa	603	Sep. 1993
Sendai Royal Park Hotel	Sendai, Miyagi	110	Apr. 1995
The Royal Park Hotel 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	Jun. 2021
The Royal Park Canvas Sapporo Odori Park	Sapporo, Hokkaido	134	Oct. 2021
The Royal Park Hotel Iconic Kyoto	Kyoto, Kyoto	130	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
MJ Hotel Asakusa Kaminarimon	Taito, Tokyo	51	Dec. 2019	Apr. 2021
The Royal Park Campus Sapporo Oodori Kouen	Sapporo, Hokkaido	134	Mar. 2020	Oct. 2021
(Tentative name) Kyoto Okazaki Hotel Project	Kyoto, Kyoto	60	Feb. 2020	Spring 2022
(Tentative name) Naha-shi Nishi 1-chome project	Naha, Okinawa	143	Sep. 2020	Spring 2022
(Tentative name) Sendai-shi Aoba-ku Chuo 4-chome Hotel project	Sendai, Miyagi	224	Oct. 2020	Summer 2022
Hilton Okinawa Miyakojima Resort	Miyakojima, Okinawa	329	-	FY2024



Hilton Okinawa Miyakojima Resort

# Residential Business

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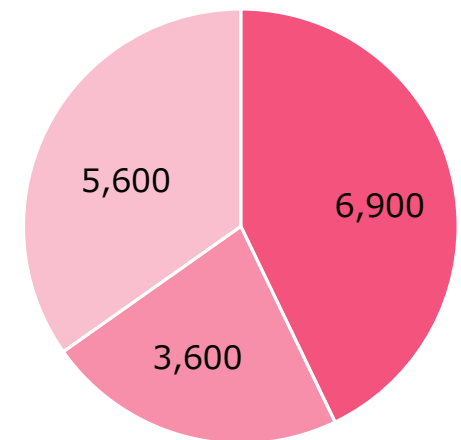
## 1. Condominium Business Data #1

Gross margins have improved and finished inventories are on the declining trend. While net sales for FY2022 will be at the same level as the previous FY, deliveries will be primarily scheduled for the second half.

	FY2020 (Results)	FY2021 (Results)	FY2022 (Estimates)
Condominiums Sold (millions of yen)	202,876	203,513	203,000
Condominiums Sold (units)	3,214	3,476	2,900
Gross Margin	17.8%	18.7%	20.0%
Inventory (units)	373	213	-
New Supply of Condominiums (units)	2,924	2,350	1,700

### Land Bank Breakdown in Reporting Term

(As of March 31, 2021)

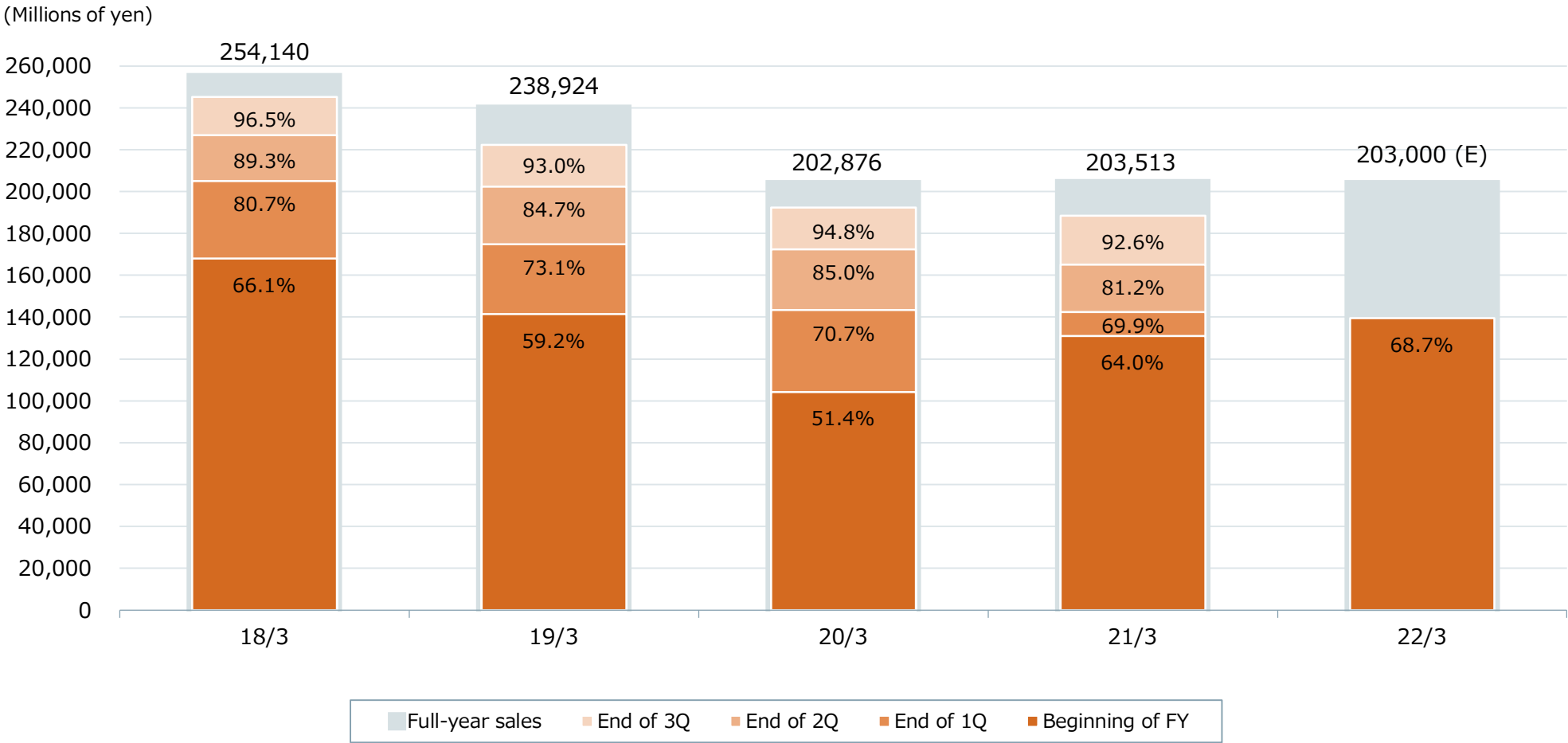


Total: 16,100 units

- FY2022 - FY2024
- FY2025 - FY2027
- FY2028 -

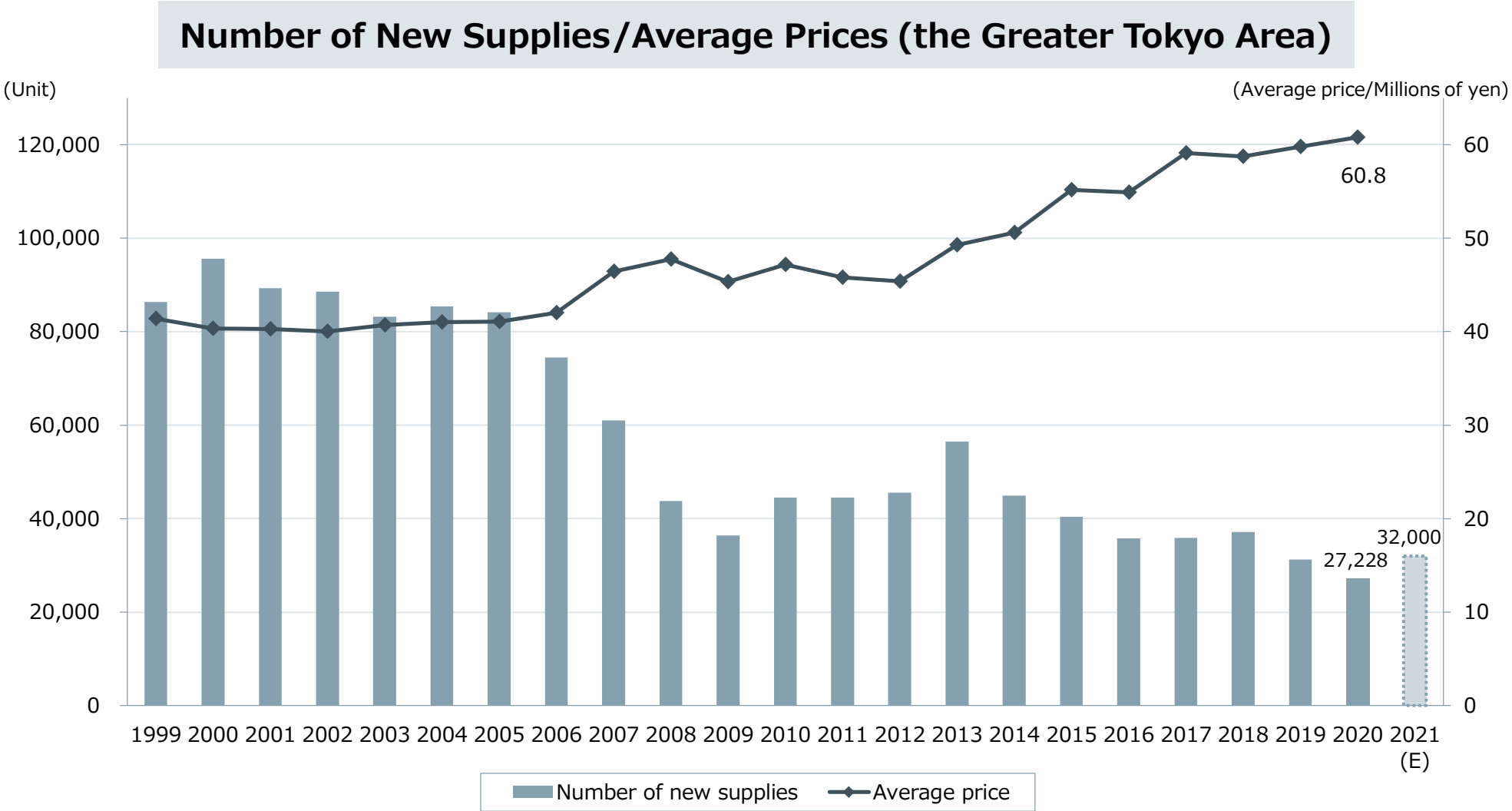
2. Condominium Business Data #2

Quarterly Distribution of Sales by Agreement Date





### 3. Condominium Market Data



Source: Real Estate Economic Institute Co., Ltd.

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

### Redevelopment Projects and Large-scale Development Projects

\*Only major projects are listed

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

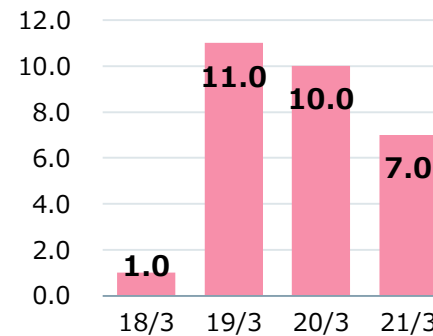


The Parkhouse Hon-Atsugi Tower

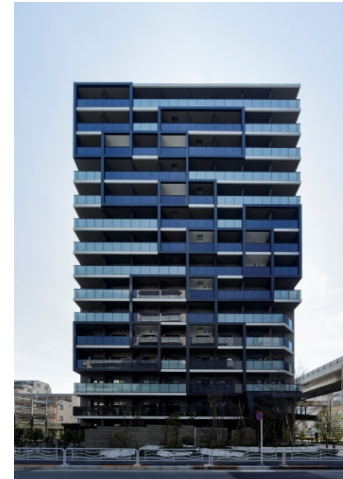
## 5. Rental Apartment Business

### Trends in Gain on Sale

(Billions of yen)



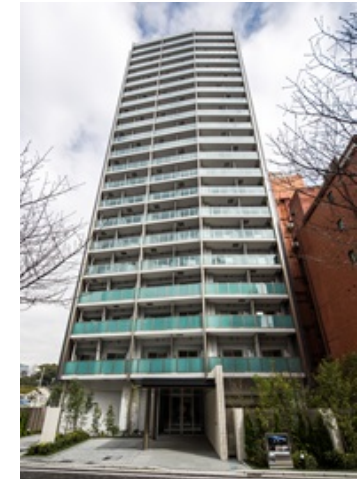
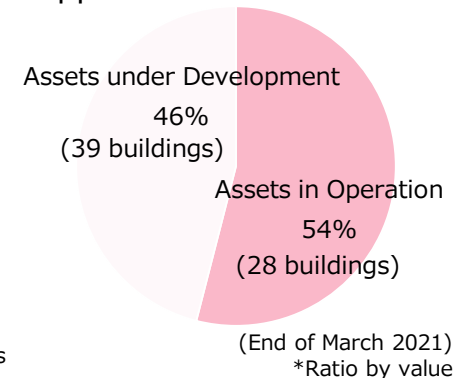
\*Trends in capital gains for Residential Business



The Parkhabio Kiba

### Total Assets

Approx. ¥ **117** billion



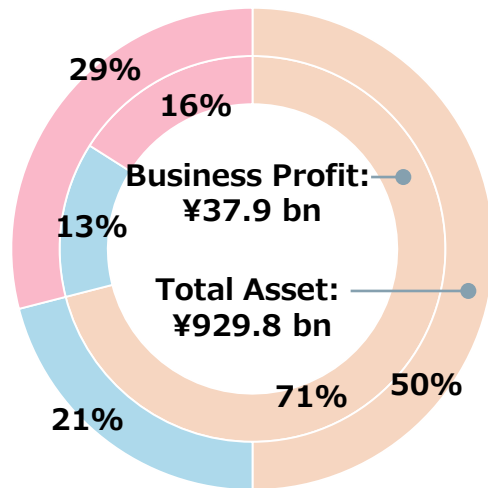
Parkhabio Akasaka Tower

# International Business

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# 1. International Business Strategy

FY2021



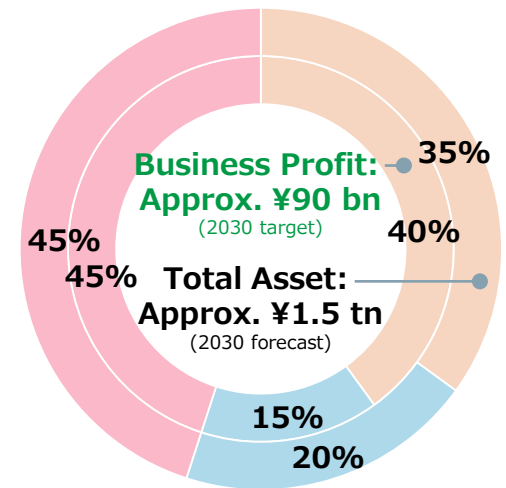
ROA : Approx. 4.2%

Asia Europe US

Towards 2030 Target

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

2030 Target



ROA : Approx. 6%

Strategies

## ①Asia

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

&lt;Expected Return from Investment&gt;

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

## ②Europe

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

\*8 Bishopsgate, 60-72 Upper Ground

&lt;Expected Return from Investment&gt;

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

## ③US

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

\*Rockefeller Group International, Inc.

&lt;Expected Return from Investment&gt;

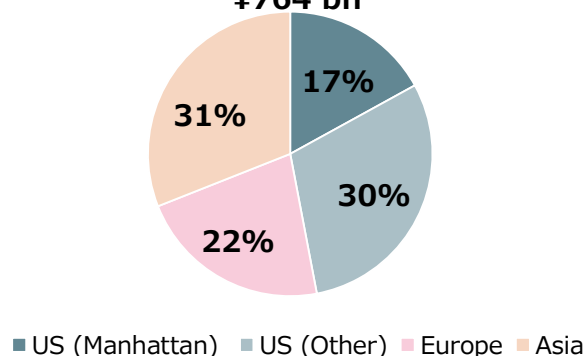
IRR	8-10%
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## 2. International Assets/Ongoing Projects

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

### International Assets (Mar. 2021)

\*Book Value:  
¥764 bn



\*Inventories + Equity Investments + Tangible Fixed Assets



1271 Avenue of the Americas



Trinity Tower



(Tentative name)  
8 Bishopsgate project



180 George Street

### Major Ongoing Projects

	Property Name	Location	Use	Completion	Area / Units <sup>*1</sup>
Asia	CapitaSpring	Singapore	Multi-use	2021	*293,400m <sup>2</sup>
	Phase 3 of Singapore-Hangzhou Science & Technology Park	China (Hangzhou)	Office	2021	172,300m <sup>2</sup>
	Trinity Tower (Previously: Daswin Project)	Indonesia (Jakarta)	Multi-use	2021	75,000m <sup>2</sup>
	Savya Financial Center North Tower	The Philippines (Manila)	Office	2021	*324,600m <sup>2</sup>
	Yoma Central (4 buildings total)	Myanmar (Yangon)	Multi-use	After 2021	*2212,700m <sup>2</sup>
	180 George Street	Australia (Sydney)	Office	2022	Approx. 60,000m <sup>2</sup>
	One City Centre	Thailand (Bangkok)	Office	2022	61,000m <sup>2</sup>
Europe	(Tentative name) 8 Bishopsgate	UK (London)	Office	2022	53,000m <sup>2</sup>
	Park Central (Previously: Nine Elms Parks)	UK (London)	Rental apartment	2022	196 units
	60-72 Upper Ground (ITV The London Television Centre)	UK (London)	Multi-use	2020s 2nd half	TBD
US	1271 Avenue of the Americas	US (Manhattan)	Office	Dec. 2019	195,000m <sup>2</sup>
	Middlesex	US (New Jersey)	Logistics facilities	2021	121,500m <sup>2</sup>
	Liv Crossroads	US (Arizona)	Rental apartment	2022	356 units

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

### Land Bank in Asia (Condominiums)

Total: 10,700 units



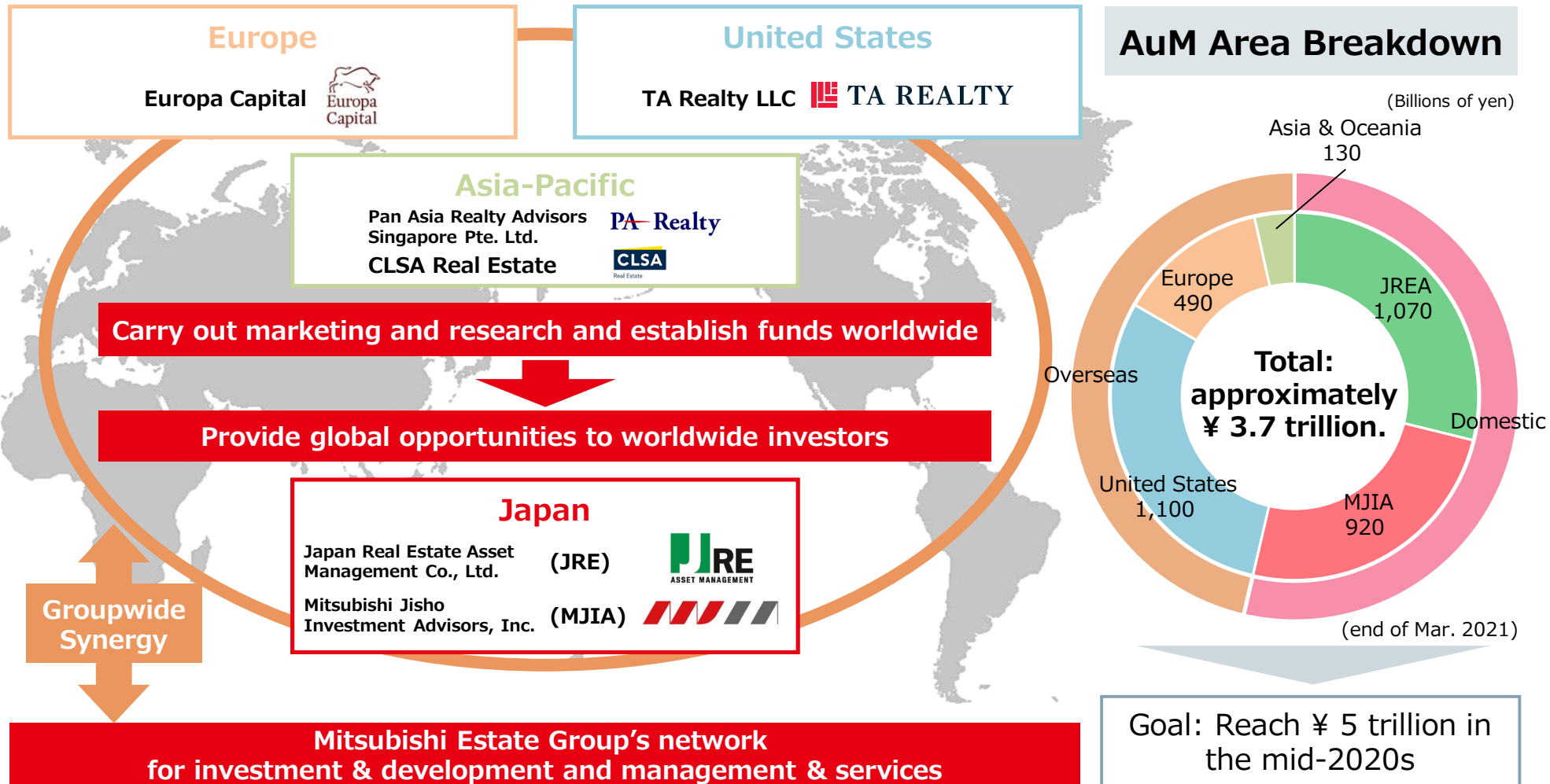
\* # of units MEC owns

# Other Businesses

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# 1. Investment Management Business: Global Platform

Globally, we have a combined asset value under management of approx. ¥3.7 trillion.

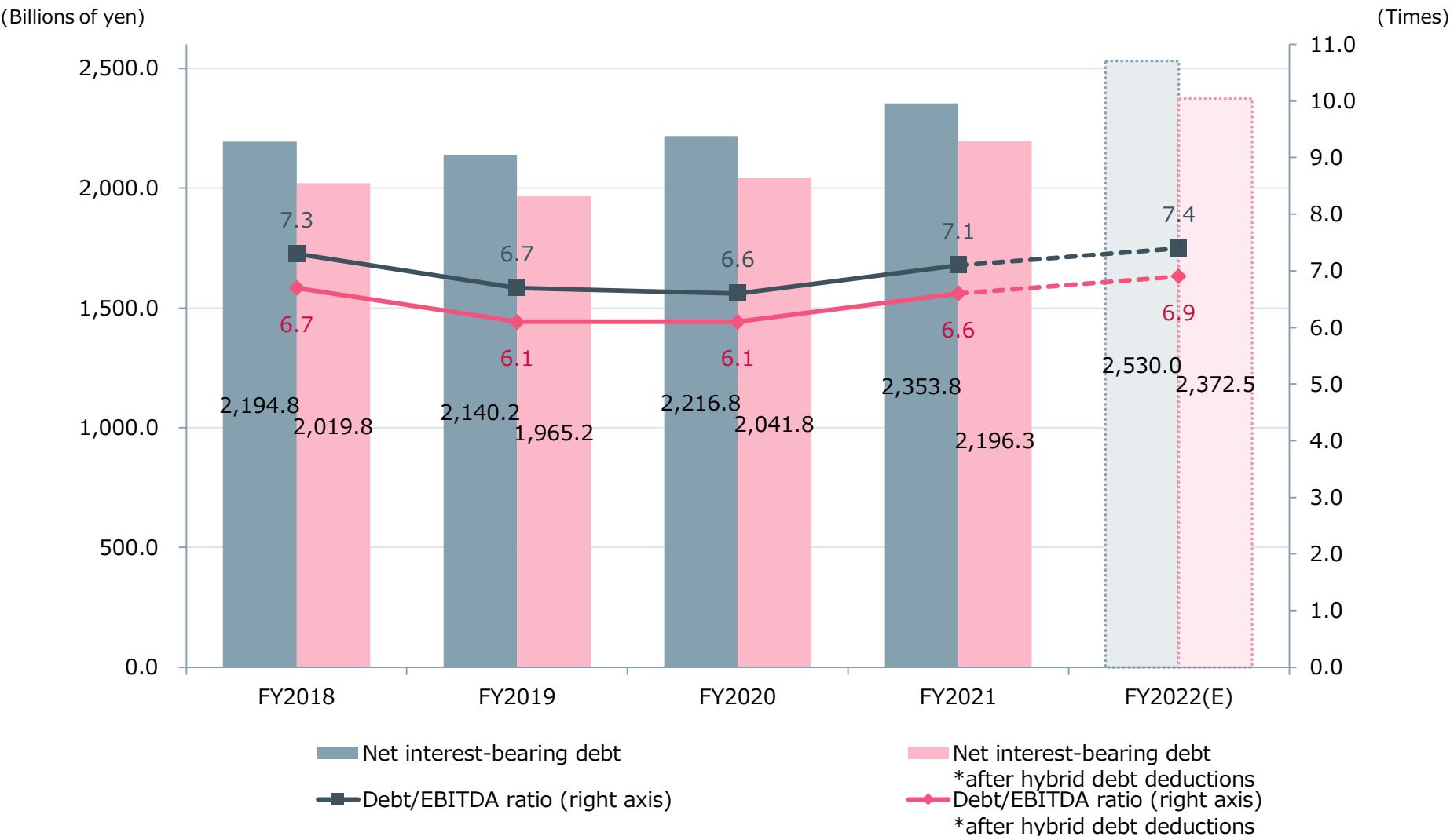


# **Investment/Financial Data, etc.**

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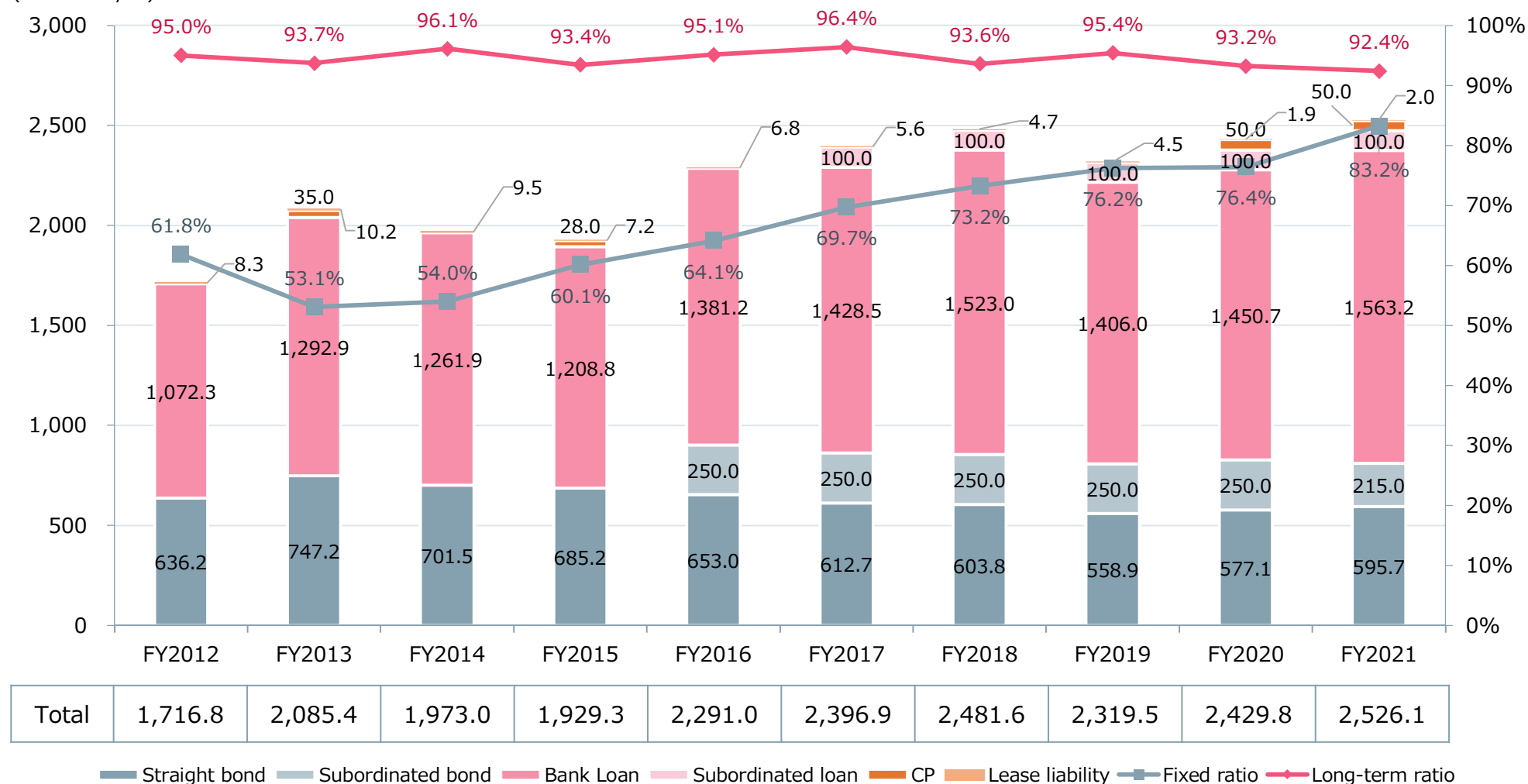


# 1. Net Interest-Bearing Debt/EBITDA Ratio

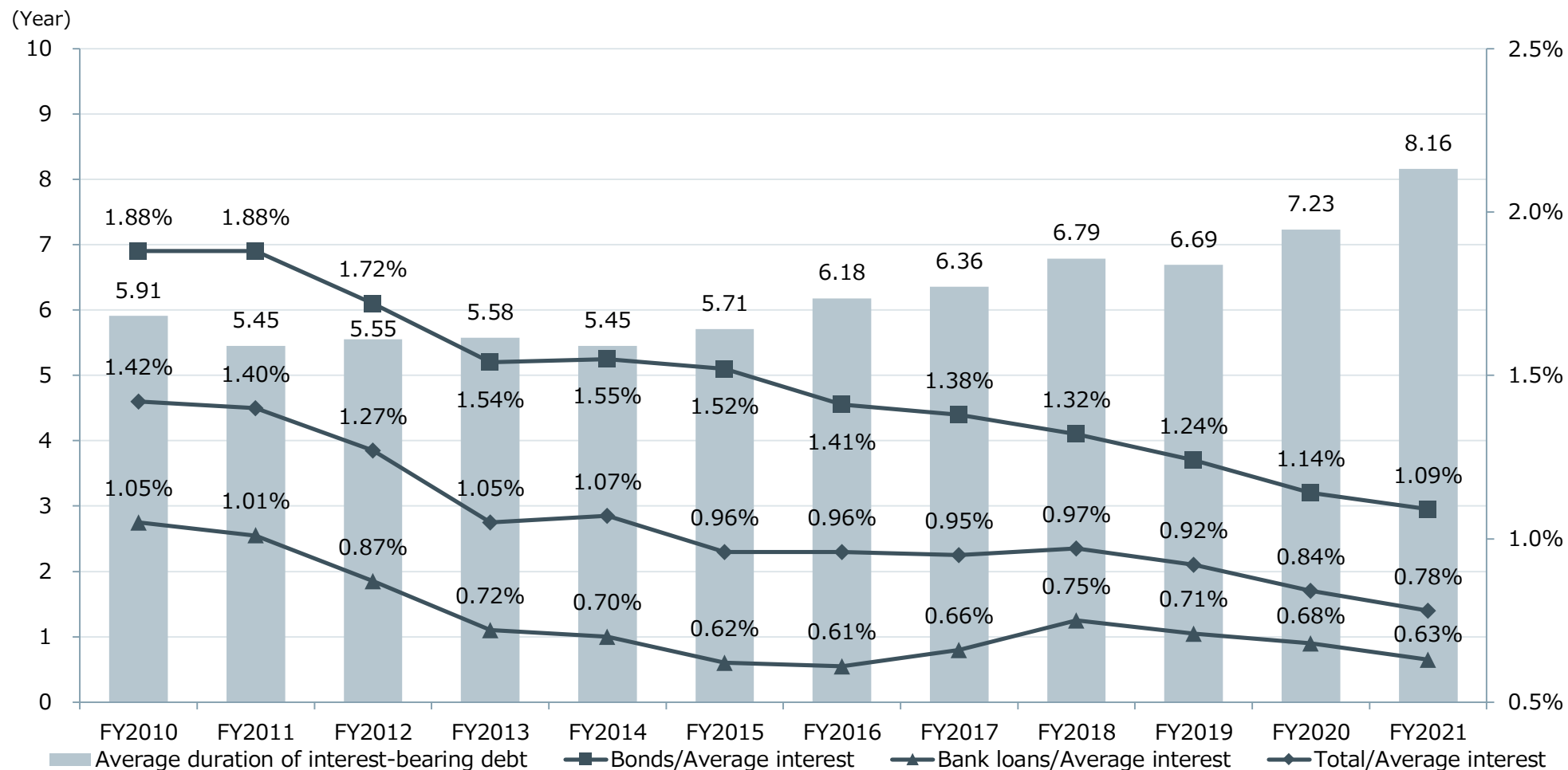


## 2. Breakdown of Interest-Bearing Debt

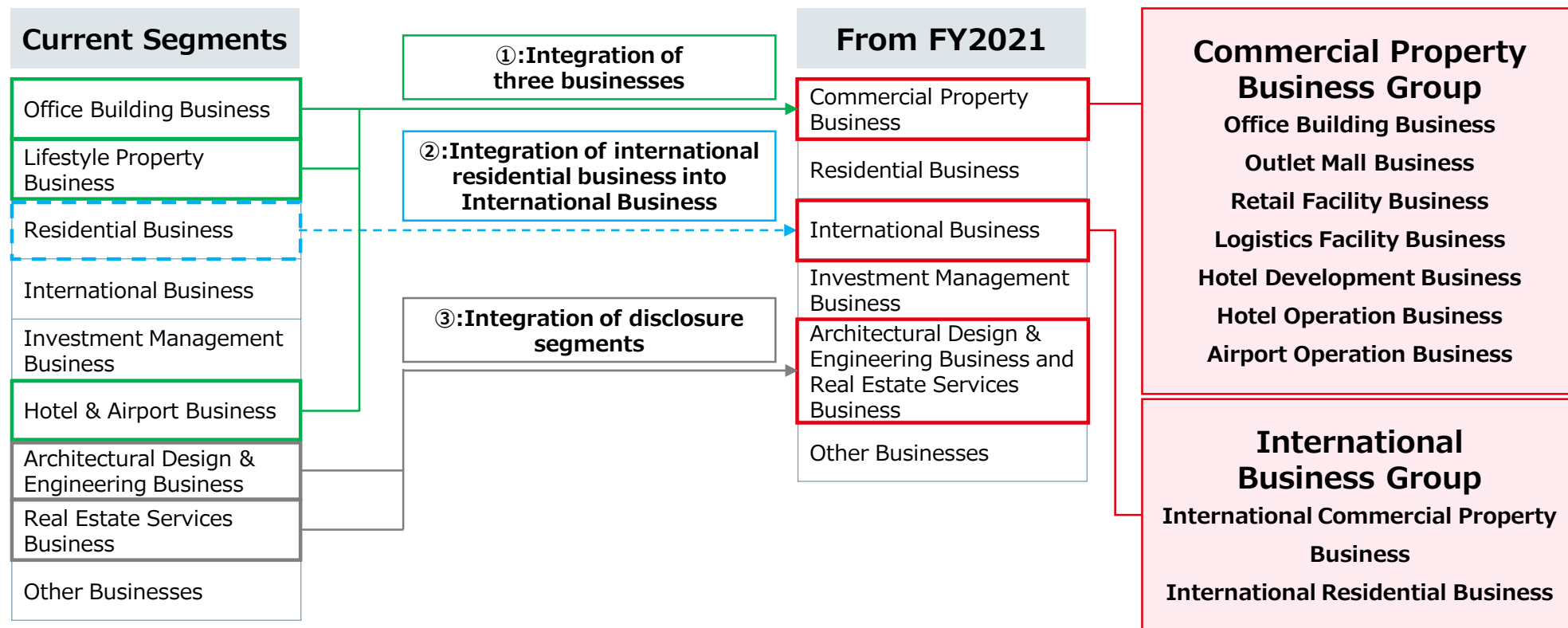
(Billions of yen)



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



## 4. Segmentation Changes from April 1, 2020



### <Purpose of Changes>

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

# ESG Initiatives

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

# 1. Materialities (Important Issues for Sustainable Management)

## Identifying Opportunities and Risks for 7 Materialities

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

## 2. Initiatives to Protect the Environment (The "E" in ESG)

### Key KPIs and Targets:

- CO<sub>2</sub> emissions ■ Waste generated per unit of floor space ■ Renewable energy rate ■ Recycling rate
- Recycled water usage rate ■ Japan-grown timber 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)

\*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)**

#### Recycling Rate

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

##### 2030 Target

**90%**

**Actual: 55.2% (FY2020)**

#### Waste generated per unit of floor space

##### 2030 Target

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

**Actual value : 7.1kg/m<sup>2</sup>. (FY2020)**

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

From the fiscal year 2022 ending on 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 for Human Resources and Resilience (The "S" in ESG)

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

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

##### PTO Utilization

FY2021 Goal

**5%** increase

Reference value: 66.0% (FY2018)

\*<sup>1</sup>Actual: 68.0% (FY2020)

##### Paternity Leave Utilization

FY2030 Goal

**100%**

\*<sup>2</sup>Actual: 17.1% (FY2020)

##### Retention Post-Parental-Leave

FY2030 Goal

**100%**

\*<sup>2</sup>Actual: 93.8% (FY2020)

\*<sup>1</sup> Mitsubishi Estate only

\*<sup>2</sup> 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 take in stranded commuters
- Rate of people with first aid training course qualifications

##### Rate of Buildings Taking in Stranded Commuters

Actual (FY2020)

\*<sup>3</sup>Rate of such facilities **92.3%**

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

FY2030 Goal

**100%**

\*<sup>4</sup>Actual: 61.0% (FY2020)



\*<sup>3</sup> Covering large-scale properties completed in or after 2002

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

\*<sup>5</sup> Certain exceptions withstand

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

**1.5×**

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

##### \*<sup>5</sup>Emergency Generator for BCP in New Buildings (Marunouchi Area)

**72 hr**



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

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

(as of Mar. 2021)

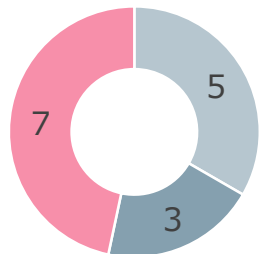
### Corporate Structure

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

### Structure of the Board of Directors

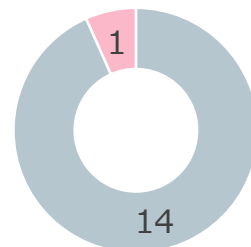
- 15 directors: 8 company directors and 7 independent outside directors (10 of which are non-executive directors)
- 6 of 7 independent outside directors are male and 1 is female

Board Structure



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

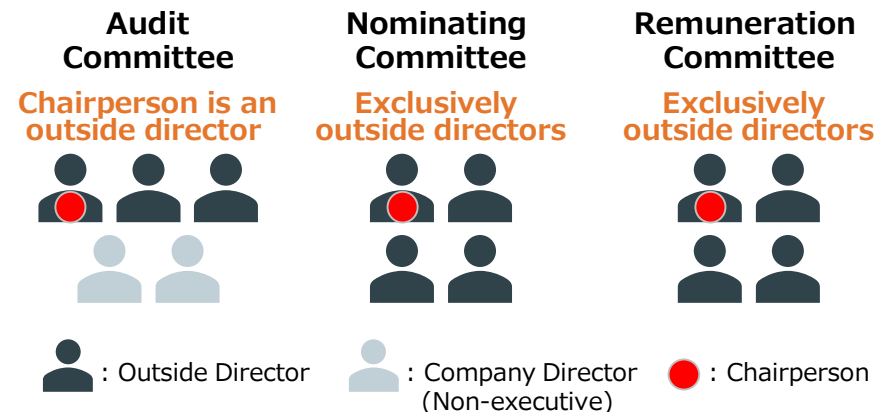
Composition of Male/Female



- Male
- Female

### Committee Members

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

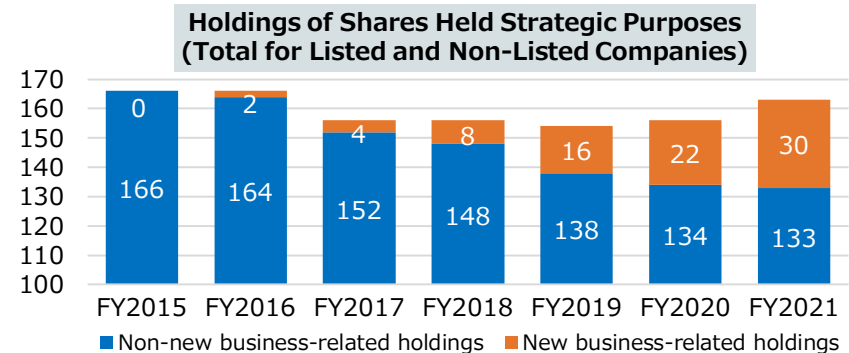


## 5. Corporate Governance (The “G” in ESG) #2

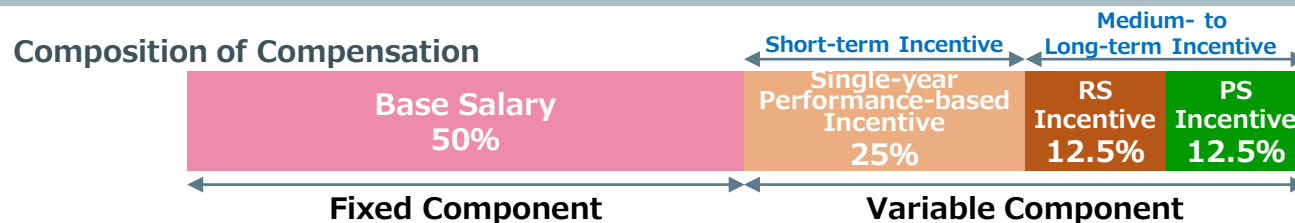
### Strategic-Holding Stock Policies

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

\* Stocks of listed companies only. Including partial sale



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



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

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

#### <New Long-Term Performance-Based Incentive Plan (PS Incentive)>

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

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

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

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

## 6. External Evaluations

As of May 2021, the following reputations or ratings 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)
- Dow Jones Sustainability Asia Pacific Index
- Member of the "S&P Global Sustainability Yearbook 2021"
- 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
- CDP Supplier Engagement: Leaderboard



# **Contact Information**

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Mitsubishi Estate Co., LTD.**

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**<https://www.mec.co.jp/>**

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