

# Creating the World's Most Beautiful City Center — The

Making Marunouchi the world's most interaction-inspiring neighborhood, while ensuring that the new value created here contributes to Japan's sustainable development—this is the hope and vision we have for Marunouchi. Naoto Aiba, the director in charge of the Marunouchi Redevelopment Project, discusses Mitsubishi Estate's aspirations for the redevelopment of Marunouchi and its vision for the future of the area.

## Building a community that gives back to society

Of the five values laid out in our medium-to-long-term business plan BREAKTHROUGH 2020, "innovative" is the most fundamental. Our actions are guided by the statement, "Continue to take on challenges as an innovative urban developer." The Marunouchi redevelopment project epitomizes this approach.

Mitsubishi Estate's history goes back to 1890, the middle of the Meiji era, when Mitsubishi purchased land stretching across the Marunouchi area from the government. The bold dreams of the company's managers to transform the area into a business community befitting a modern nation inspired the decision to make such a massive investment in Marunouchi, which was just an

empty field at the time, and launch a new urban development business.

In the successive eras since then, Mitsubishi Estate lined the street with brick buildings, built the Marunouchi Building—the pioneer of the modern office building—and then constructed buildings in the period of rapid economic growth following World War II—projects always tailored to the needs of the time. Former president Yanosuke Iwasaki's dictum that Mitsubishi Estate would never construct a cheaply-made building in Marunouchi has been passed down without wavering ever since then. This is Mitsubishi Estate's heritage, and it still compels us today to strive to give back to society through urban development.

## Creating a place that gives rise to new knowledge

The goal of urban development is not just to complete a building and then walk off. Instead, we add, replace or create whatever is necessary to adapt to the changing times. We create new value by fostering the interaction of a diverse range of people, and this further enhances the community's strength. Thus, our urban development work is unceasing and iterative, as we keep adding value to what we did before.

I'm not only referring to the physical infrastructure. Communities made by people should foster human development, too, so the people who benefit from this growth can go on to create new communities. This is what we mean when we say Mitsubishi Estates aspires to create the "world's most beautiful city center." As we work, we are always asking ourselves why we do what we do in our business. Thus, I believe that our role as developer is similar to that of a creative producer, in that we provide the framework for this kind of cycle of human development and community development.

Particularly in urban development, the key is to create as much value-generating potential as possible as we strive to enhance the international competitiveness of an urban area. Currently, the key phrase guiding our community development in Marunouchi is "the

world's most interaction-inspiring neighborhood." We are carrying out a wide range of initiatives to make Marunouchi an attractive urban center that can compete with any other in the world.

One of the projects we are focusing on is the Strategic Growth Center Project, which supports overseas companies that have not entered Japan as well as venture companies in Japan. EGG JAPAN (Entrepreneur Group for Growing Japan), which is housed in the Shin-Marunouchi Building, works to attract companies to Japan and to foster beneficial horizontal ties among companies. It aims to serve as a venue for bringing about new knowledge and then sharing that knowledge across Japan and throughout the world.

Moreover, based on our belief that urban development and environmental symbiosis cannot be separated, we have used renewable energy sources for the Shin-Marunouchi Building and are working with tenants on experiments to demonstrate the feasibility of smart energy. This initiative is based on a new approach that aims to reduce energy consumption while prioritizing the comfort and intellectual productivity of the people who work here—who are the most important assets of the community.

# Marunouchi Redevelopment Project



## Creating a fast-moving community through public-private partnerships

In April 2014, we started the third stage of the Otemachi Chain Redevelopment Project, which reconstructs the area without interrupting business activities by rebuilding aging buildings one after another in a “chain.” This project is essentially the premier example of public-private partnership (PPP) in Japan.

Urban development is roughly divided into three types of projects: projects that private companies such as Mitsubishi Estate can carry out independently,

projects that the government undertakes, and projects in which a private company approaches the government to achieve a vision. PPP is one approach that facilitates this last type. Recently, initiatives to make better use of public spaces, as with the plans to build open cafés along Marunouchi Naka Dori Avenue, have been in the spotlight. I believe this kind of public-private partnership must be given greater emphasis so that “joint creation” with the public sector can help to energize Japan overall.

## Changing the very concept of “the office”

I believe that the role of office buildings will change significantly as people’s work styles continue to change. In the future, offices will not so much be places employees go to work every day, but rather focus more on facilitating human interaction that generates new knowledge. As a result, our role is changing from merely providing offices for companies to providing frameworks in which valuable knowledge can be created.

Given this, Marunouchi, which attracts more people than any other area in Japan, must become a place which is highly efficient in creating knowledge. As things move in this direction, the value of office buildings in the area will no longer be based primarily on their location or floor space, but instead on their capacity to generate valuable knowledge. Once this shift takes place, the area’s potential will be even

greater. In this sense, we see this trend as a major business opportunity.

Tokyo will find itself more and more in the spotlight as the 2020 Olympic and Paralympic Games approach. This represents a great chance for Mitsubishi Estate to introduce the results of its community development approach to the rest of the world. Our task is to constantly take up the challenge of realizing the new possibilities presented by innovative thinking, while closely watching the changing needs of the times and solidifying Marunouchi’s position as a global business center. Mitsubishi Estate’s mission of “contributing to society through urban development” is precisely the effort to give back to society by creating shared value (CSV). We are determined to continue to engage in this kind of innovative urban development.



Naoto Aiba  
Representative Director and  
Executive Vice President  
Mitsubishi Estate Co., Ltd.

### Marunouchi by the numbers

Number of business establishments

About **4,000** offices\*

Total sales of corporations listed on the first section of the Tokyo Stock Exchange with headquarters in the Otemachi, Marunouchi and Yurakucho area

About **135** trillion yen\*  
About 10% of Japan’s GDP

Working population

About **230,000**\*

Railway network

Total of **20** JR and subway lines\*

\* Data taken from 2014 brochure by The Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho





## Special Feature

# Building Sustainable Communities to Pass on to Future Generations

At Mitsubishi Estate, we value the traditions and cultures that have been passed down over the centuries. We respect the aspirations of the people who want to gather and live in our communities so that these forms of heritage can be handed down to future generations. We do much more than merely construct buildings to provide the physical infrastructure; we strive to give shape to people's hopes and dreams and build vibrant human communities. This approach requires us to constantly innovate.

In this section, we invite you to explore some initiatives which illustrate the Group's unique approach to creating a sustainable society and ensuring that people's values can be transmitted to future generations.



○ Condominium stock nationwide  
Approximately 5,900,000 units<sup>\*1</sup>

○ Office building stock nationwide  
5,918 buildings<sup>\*2</sup>

<sup>\*1</sup> Ministry of Land, Infrastructure and Transportation's "Nationwide condominium stock (as of end-fiscal 2012)"

<sup>\*2</sup> Japan Real Estate Institute's "National Survey on Office Buildings (January 2013)"

## Adding peace of mind and value to buildings through the Re-building and Condominium Renovation businesses

The kind of residences and buildings that people are looking for has changed dramatically in recent years, following shifts in the social structure such as the declining birth rate and aging population, and heightened awareness. Responding to a diverse set of modern values while efficiently using the resources we have now is an important challenge for society, going forward.

Renovation refers to remodeling an existing building to give it new value. Mitsubishi Jisho Residence, a group company that has been supplying newly-built buildings for more than 50 years, has now entered the renovation business, building upon its achievements, expertise and Group resources.

"Re-building" refers to a business in which Mitsubishi Jisho Residence obtains master leases on old buildings, primarily nearby the Otemachi, Marunouchi and Yurakucho area, carries out anti-seismic work and renovations on the building, and then subleases the buildings

to new tenants. After a set period of time, the buildings are returned to their owners. Society's existing stock of small- and medium-sized aged buildings is rejuvenated to complement newly-built large buildings, enabling Mitsubishi Estate to deliver a multifaceted approach to urban development.

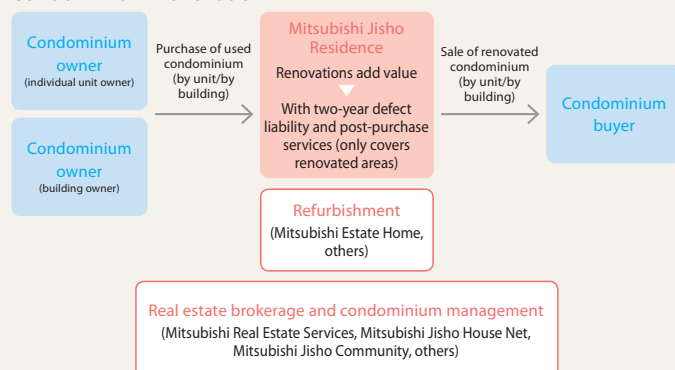
"Condominium Renovation" refers to upgrades done to add value to existing good-quality condominiums that are already built to standards set by Japan's revised seismic design code. Value is enhanced by making design changes and repairs that meet the needs of the customer and the times.

Both of these businesses draw on the potential value of existing buildings as important community assets and seek to offer greater peace of mind and comfort to the people who live and gather there, thus improving the overall appeal of the community.

### Re-building



### Condominium Renovation



Mitsubishi Estate Group

Tadaaki Obayashi  
Director of Renovation  
Business, Mitsubishi Jisho  
Residence Co., Ltd.

### Helping to build communities that pass value down to future generations

The concept of enhancing the value of existing buildings and rejuvenating useful stock, instead of the conventional scrap-and-build approach that has such a heavy environmental impact, is important to both our Re-building and Condominium Renovation businesses. We utilize the expertise we have gained in our newly-built condominium business in these businesses, and supply prime properties in which customers can live with greater peace of mind. In addition, high value-added refurbishments are made possible through cooperative relationships with construction companies and home appliance manufacturers. In property acquisition, exercising the Group's comprehensive strengths, such as the valuable information provided by Mitsubishi Jisho House Net and Mitsubishi Real Estate Services, gives customers a sense of security.

We hope to revitalize housing stock through renovations and further raise its value so that we can enhance the appeal of communities overall, not just the individual buildings. In this way, we will help to foster communities that ensure value is passed down to future generations.



#### Key characteristics of Izumi Park Town

- Landscape in which people and nature blend in harmoniously
  - 30% of the developed area remains green space
  - Landscape controlled by district plan
  - Streetscape design that prioritizes community formation
- Civil license: right to share the environment
 

Residents share the community as an asset, and residents themselves are the primary actors in community building
- Realization of complete balance in urban functions
 

Unique zoning in which homes, various facilities and green space are laid out in good balance
- Total developed area of 1,070ha

## Izumi Park Town, a compound-type community boasting diverse lifestyle functions which harmonize with nature

Izumi Park Town, located about 10 kilometers north-west of Sendai Station, is a large-scale new town with a planned population of about 50,000 people. It is made up of five residential areas and three zones for an industrial park, sports and recreation centers and commercial complex and cultural facilities. Based on the concept of “live, work, relax, learn, gather and enjoy,” zones are interlinked, aiming to harmonize all the different functions needed to help people keep living in the town with a good balance.

The main actor in urban development is actually the person who lives in the community. Based on this belief, we have consistently protected the philosophy of “civil license,” whereby residents participate in city planning and grow the community together. As we commemorate the 40th anniversary since sales of

subdivisions first began in 1974, about 86% of the subdivisions have been sold overall, and the Takamori, Teroka, Katsura and Murasakiyama districts are home about 9,700 households and about 26,000 people. These residential zones were built to protect the natural environment and include parks planned to integrate the waterfront and natural forest. This city planning with attention to natural harmony and community formation has received acclaim, and won the Achievement Award from the Japan Association for Real Estate Sciences in November 2013.

We will continue to develop communities that promote harmony between people and nature and value the residents’ aspirations to build a community of value that can be passed down to the next generation.

#### Stakeholder voice



Teruhisa and Hisako Kimura, among the first residents of Takamori District

#### Life in this community is an irreplaceable treasure

When we first moved in here, cuckoos sang in the season of new growth, and in the summer unicorn beetles and stag beetles could be caught everywhere. Being able to raise our three children in this kind of natural environment was priceless. When we moved in, an acquaintance told me that it would become Japan’s best housing estate, and he turned out to be exactly right. The natural beauty is still abundant, and it truly is the most livable community in Japan. We hope this community will pass down its history and continue to facilitate communication among residents.

#### Mitsubishi Estate Group



Yuji Fujioka  
President and Representative  
Director  
Izumi Park Town Service Co., Ltd.

#### Meeting diverse needs and building a valuable community

Izumi Park Town Service, which is in charge of Izumi Park Town’s administration and management, has always valued the ties it has with residents in its business. Its urban development is supported by residents’ independent activities, and we hope that this kind of climate will be fostered even more, going forward, so that the community remains vibrant and full of energy. Moreover, we hope to be able to support changes in lifestyle and generational shifts as the community matures and residents age together.

To ensure that Izumi Park Town remains a valuable community, we believe that it is important for Group companies to refine their expertise and collaborate as we seek to meet residents’ diverse needs. We will continue to take on the challenge as a Group so that residents are glad they chose this community.



## Activity Report



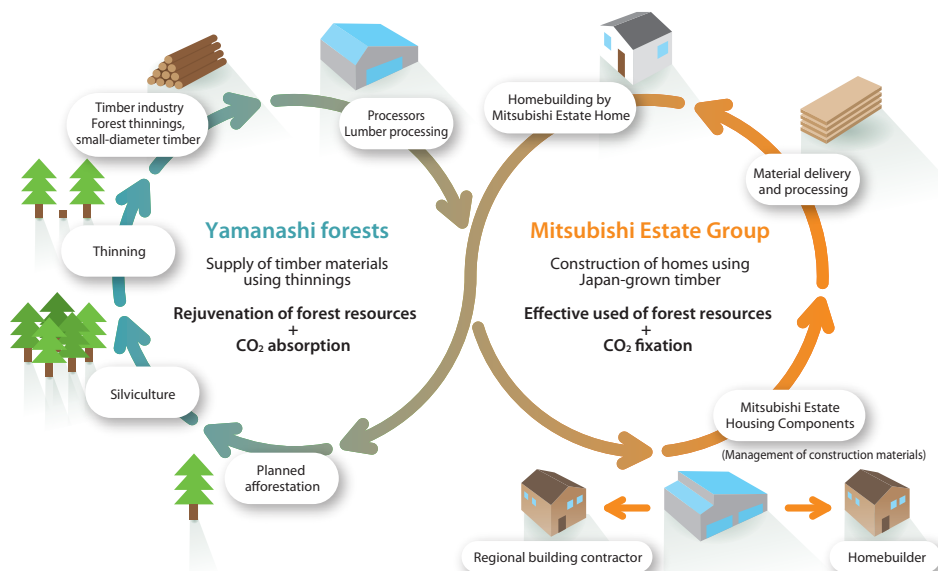
## Project to Raise the Value of Japan-Grown Timber—Sustainable Business Model to Revitalize the Forest Economy

The Project to Raise the Value of Japan-Grown Timber is an initiative born out of the “Experience Nature” Project, an activity that has been carried out by the Mitsubishi Estate Group to promote interaction between urban and rural residents. Forest thinnings and small-diameter trees that were previously thrown out are instead processed into high-quality Japan-grown structural material. Mitsubishi Estate Home Co., Ltd. previously used exclusively imported timber for its 2x4 structural materials, but now uses this Japan-grown timber for some of its structural materials. This project contributes to the sustainable development of Japan's timber industry by giving added value to forest resources and ensuring ongoing business.

By concluding an agreement to expand use over the long term with Yamanashi Prefecture, home to the largest forest in Japan to earn FSC

certification, we have been able to ensure a stable supply of Japan-grown timber. At the same time, we have developed a framework for the distribution and processing of this timber that ensures its strength as a structural material. The percentage of Japan-grown timber used in structural materials by Mitsubishi Estate Home now exceeds 50%, putting the company in the top ranks of 2x4 homebuilders in Japan.

We have earned praise for creating a sustainable business model whereby forest thinnings and small-diameter trees are specially processed for active use as Class 1 structural plywood and in other forms at a time when Japan-grown timber is more costly than imported materials. In recognition of this, we received the Good Design Award in fiscal 2013. We are spreading the expertise built up in this initiative to other regions.



Construction sites using Japan-grown timber



Mark certifying that the timber was grown in Yamanashi Prefecture

The FSC® (Forest Stewardship Council®) logo issued by the Forest Stewardship Council certifies that the wood or wood fibers used in a product were produced from forests managed properly in terms of the environment, society and the economy. The mark provides a guarantee that the forest was assessed by an independent third-party organization based on principles and standards stipulated by the Council. <http://www.fsc.org> FSC-N002014

## Initiatives to Support Reconstruction Following the Great East Japan Earthquake

## ◆ Participation in Yuinoba, an event supporting marine processing industries in disaster affected areas

Yuinoba is an event that matches companies in the regions affected by the Great East Japan Earthquake that need immediately effective reconstruction help with major companies so that resources can be effectively used. The event is organized by the Reconstruction Agency's Miyagi Reconstruction Bureau and local chambers of commerce.

Mitsubishi Estate supports this program and has developed a plan to promote sales and expand sales channels for marine product processors in Ishinomaki and Kesennuma at facilities that the Group operates and manages in Sendai.

Mitsubishi Estate participated in the Yuinoba in Ishinomaki in November 2012 and in Kesennuma in February 2013. In November 2013, the company organized the Yuinoba Marche in Izumi Park Town Tapio, a

direct sales market that links general consumers with eight companies in both regions, as well as the Yuinoba Business Roundtable at Mitsubishi Estate linking 11 companies in both regions with tenants of facilities operated and managed by the Group. We continue to monitor progress and strive to do everything in our power to revitalize local companies and reenergize both regions.



Yuinoba Marche in Izumi Park Town Tapio



Exhibitors in the Marche





## ◆ Rebirth Tohoku Food Project

The Mitsubishi Estate Group has administered the Rebirth Tohoku Food Project since November 2011. This project supports the foods and the food brands of the Tohoku area, which was severely damaged in the Great East Japan Earthquake, and aids the economic revitalization of the area. The Group has hosted a series of events in collaboration with the Marunouchi Chef's Club to develop new products and menus, and it also held Reconstruction Marche, highlighting the appeal of foods from the affected regions. It has also organized programs to disseminate information and cultivate networks in an ongoing effort to support producers.

In 2013, as the sixth round of this project, in an effort to support fishery and marine processing industries in Ishinomaki and Kesennuma

which have not yet fully recovered from the earthquake, Mitsubishi Estate, the Marunouchi Chef's Club, chefs in the Tohoku region, and the local marine processors worked together to develop and sell two kinds of original canned goods. These two products were a miso stewed Pacific saury with shark's fin and Oshima yuzu, and a hearty vegetable soup with Kinka mackerel and mussels flavored with Japanese pepper. A product presentation was held in March 2014 in Maru Cube on the first floor of the Marunouchi Building as part of the "Eat Heartily Tohoku" series.

We will continue to implement these initiatives linking Marunouchi and the regions affected by the earthquake.



Chef checking the shark's fin, the pride of Kesennuma



Chef with Kinka mackerel fresh from the harbor



Chef is serious about the food tasting



Original canned products in the "Eat Heartily Tohoku" series

### New collaborative space created by project

I am so grateful for the opportunity to participate in the sixth round of the Rebirth Tohoku Food Project. This project taught me that there is nothing we can't do—if we pool our strengths together and move in the same direction, we can overcome difficulties and meet our goals. This is when individual growth happens and self-realization occurs, and it enables us to grow together.

In this project, Mitsubishi Estate, Chef Mikuni and the Miyagi team developed canned goods. These products combine the Pacific saury, shark's fin and yuzu that Kesennuma is known for into a single product. Chef Tachibana from Brasserie Au Cochon Bleu, part of the Miyagi team, gave advice, and we tried many trial products before we succeeded. Chef Mikuni selected the miso stew from several proposals. However, this was not just a conventional miso stew. We used the head and tail of the Pacific saury as the broth for our dish so that nothing was thrown out. I encountered many new things, for instance the idea of using yuzu confit as an ingredient. I really struggled to learn how to sear the surface of the Pacific saury properly. We had never learned to do anything like that at our factory, and so I discussed it with the staff and figured it out through the process of trial and error. I really got a sense of the strong feelings and thoughts Chef Mikuni and Chef Tachibana have about food and ingredients in the process of developing this product. It was a sobering experience for me as a person engaged in the food industry, ultimately the same profession as these master chefs.

In the regions affected by the tsunami, factories have been rebuilt, but sales and customers have not returned to previous levels in many cases. Demonstrating the truth of the old saying, "two heads are better than one," it offered us a framework in which different industries with the same goal could collaborate and work together in Kesennuma. This initiative seems to have expanded "scope" in various senses and also extended the reach of the products, so I hope that Mitsubishi Estate will continue to build and support this kind of framework for earthquake reconstruction.

### Stakeholder voice



**Hisashi Ishiwata**  
Executive Director,  
Ishiwata Shoten Co., Ltd.

### Mitsubishi Estate Group



**Hiroko Mizuta**  
Manager, CSR &  
Environmental Sustainability  
Department  
Mitsubishi Estate Co., Ltd.

### With ongoing support, aiming to speed reconstruction, if even just by a day

While we have implemented a variety of activities in the field of food to support reconstruction, there remain significant differences in the extent of reconstruction, depending on the region. In order to support the fishery and marine processing industry in Miyagi Prefecture's coastal region (Ishinomaki and Kesennuma), which have been particularly slow to bounce back, we developed original canned products using local ingredients in collaboration with local companies. Though it was a really tough challenge, since we had to do everything from concept to product release in only five months, the knowledge and efforts of the many people involved led to success, and we were able to complete the products on time. We hope to continue providing support so that the damaged areas can fully recover as soon as possible.