

Editorial Policy

The Mitsubishi Estate Group began publishing its *Environmental Report* in fiscal 2000. Since fiscal 2005, the Group has published the *CSR Report*, expanding the coverage of the report to include corporate social responsibility.

In fiscal 2014, in order to identify the key CSR themes that the Mitsubishi Estate Group should address over the medium to long term, the Group solicited opinions from various stakeholders and held thorough internal discussions, ultimately deciding upon five key CSR themes. Next, an implementation framework was established and key performance indicators were defined under each of the five themes to lay the foundation for a vigorous, group-wide approach to fulfilling these five key social responsibilities.

The structure of this report is based on the Group's five key CSR themes.

We hope that all stakeholders will read this report and share their opinions and impressions with us without hesitation.

Scope

The organizations covered in this report are Mitsubishi Estate and the 51 Group companies listed below.

Business Segment	Company Name
Building Business	Mitsubishi Jisho Property Management Co., Ltd.
	Hokuryo City Service Co., Ltd.
	Grand Parking Center Co., Ltd.
	Marunouchi Heat Supply Co., Ltd.
	Sunshine City Corporation
	Sunshine BS Corporation
	Sunshine Enterprise Corporation
	Sunshine Theatre Co., Ltd.
	Yuden Building Kanri Co., Ltd.
	Tokyo Garage Co., Ltd.
	Marunouchi Direct Access Limited
	Tokyo Kotsu Kaikan Co., Ltd.
	Kotsu Kaikan Building Service Co., Ltd.
	Ikebukuro District Heating and Cooling Co., Ltd.
Retail and Logistics Property Business	Mitsubishi Jisho Retail Property Management Co., Ltd.
	IMS Co., Ltd.
	Mitsubishi Estate-Simon Co., Ltd.
	Yokohama Sky Building Co., Ltd.
Residential Business	Yokohama Swimming Center Co., Ltd.
	Mitsubishi Jisho Residence Co., Ltd.
	Towa Nasu Resort Co.
	MEC eco LIFE Co., Ltd.
	Mitsubishi Estate Home Co., Ltd.
	Higashinohon Kaihatsu Co., Ltd.
	Izumi Park Town Service Co., Ltd.
	MEC Urban Resort Tohoku Co., Ltd.
	Ryoei Life Service Co., Ltd.
	Mitsubishi Estate Housing Components Co., Ltd.
	Mitsubishi Jisho Community Holdings Co., Ltd.
	Mitsubishi Jisho Community Co., Ltd.
	Mitsubishi Jisho Marubeni Residence Services Co., Ltd.
	Hokkaido Benny Estate Co., Ltd.
Mitsubishi Jisho House Net Co., Ltd.	
International Business	Mitsubishi Estate New York Inc.
	Mitsubishi Estate London Limited
	Mitsubishi Estate Asia Pte. Limited
	Mitsubishi Estate (Shanghai) Ltd.
Investment Management	Mitsubishi Jisho Investment Advisors, Inc.
	Japan Real Estate Asset Management Co., Ltd.
Architectural Design and Engineering	Mitsubishi Jisho Sekkei Inc.
	Mitsubishi Estate (Shanghai) Ltd.
	MEC Design International Corporation
Hotel Business	Royal Park Hotels and Resorts Co., Ltd.
	Yokohama Royal Park Hotel Co., Ltd.
	Tohoku Royal Park Hotel Co., Ltd.
	Royal Park Hotel Management Co., Ltd.
	Royal Park Hotel Co., Ltd.
Real Estate Services Corporate Group	Mitsubishi Real Estate Services Co., Ltd.
	MEC Business System Solutions Co., Ltd.
	Keiyo Tochi Kaihatsu Co., Ltd.
	MEC Human Resources, Inc.

Period

This report covers fiscal 2014 (April 1, 2014 to March 31, 2015), but also includes information pertaining to other fiscal years.

Reference guidelines

- *G4 Sustainability Reporting Guidelines*, Global Reporting Initiative (GRI) (core option)
- *Environmental Reporting Guidelines* (2012 edition), Ministry of the Environment, Japan

Publication date: November 30, 2015

Next issue:

The next issue is scheduled for publication in November 2016

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“Mitsubishi Estate Group’s mission is to valuable communities. Our management driven by social responsibility, and that’s keep increasing corporate value.”

Hirotaka Sugiyama

President & CEO, Mitsubishi Estate Co., Ltd.

Contributing to society through urban development

Real estate is an important asset for the Mitsubishi Estate Group in raising corporate value, but it is also an important asset for society. Real estate is the place where people hope to live with security, work with pleasure and enjoy themselves. In this sense, developers play an extremely important role, and we always approach projects with the sense that we are working with social assets.

This approach is conveyed in the Mitsubishi Estate Group’s mission, that “by building attractive, environmentally sound communities where people can live, work and relax with contentment, we contribute to creating a truly meaningful society.” We work hard to ensure that our business activities contribute to society.

Communities have different needs in different eras. With the increasingly diverse requirements of communities, there are more varied types of assets which do not simply fall into our existing segments, such as the building business or residential business. Our mission is to respond to society’s demands while adapting with agility to these changes.

Enhancing corporate value over a three-year period—Medium-Term Management Plan focuses on governance and reinforcing the management foundation

The Medium-Term Management Plan covering the period from fiscal 2014 to fiscal 2016 is designed to improve corporate value within this three-year period. The Mitsubishi Estate Group’s businesses are wide-

ranging, from the building business and residential business, to architectural design and engineering as well as real estate services. In the building business, which accounts for a large percentage of revenue, we will complete the Otemon Tower-JX Building this fiscal year. In addition, in fiscal 2014 we realigned our building business organization to enable us to operate both properties we intend to manage and properties we aim to turn over in an integrated manner. This supports a business model that allows us to sell a certain proportion of properties to generate capital gains, and it has also made master leasing a strategic option, contributing to improved efficiency and financial stability. With our Marunouchi Redevelopment Project, so far we have reinforced the community’s value in terms of social infrastructure, and we have now reached the stage at which returns will

2020 Long-Term Vision

BREAKTHROUGH 2020

**Orchestrating Comfortable Cities for the Future—
We Create Ideal Urban Environments Worldwide**

We have identified the following five values and five actions to articulate what we stand for and guide our actions as we pursue our mission and work to achieve our long-term vision.

Five Values	Five Actions
Innovative	Continue to take on challenges as an innovative urban developer
Eco-conscious	Aim for sustainable growth through advanced environmental initiatives
Customer-oriented	Always think about customer value from a customer perspective
Global	Develop HR, structure and businesses suitable for global operations
As One Team	Unite as one team and strive to realize BREAKTHROUGH 2020

create
is
how we



Otemon Tower-JX Building

be generated by the value we have created. In the residential sector, we are working to build a value chain in which we continue to provide services to customers who have bought new condominiums or ordered single-family homes.

Across our wide-ranging business fields, we are taking a medium- to long-term outlook in our efforts to identify customers' diversifying needs and the demands of the times, while strengthening development functions and portfolio management, aiming to build systems that can provide ever-better services in order to reinforce the management foundation. As such, we will also focus our investments in these three years on strengthening our ability to provide solutions to ensure that we can generate substantial revenue in our next medium-term strategy from fiscal 2017.

Reinforcing our governance system is another mainstay of our three-year Medium-Term Business Plan. There is a growing demand from European and U.S. investors for the environment, society and governance (ESG) information that is so important in assessing a company's ability to create sustainable corporate value, starting with the EU, where disclosure of non-financial information is mandated. In Japan as well, a new Corporate Governance Code was established and the public is demanding a more proactive response to ESG issues as well as disclosure. We believe that dialogue about these developments is important, while also acknowledging the positive aspects of the Japanese governance system. We are strengthening governance to provide more transparency and objectivity and are actively working to provide ESG information, while communicating more closely with both Japanese and foreign institutional investors and incorporating their views.

Devising key CSR themes to implement targeted management driven by social responsibility

Management driven by social responsibility, which takes ESG factors into full account, is at the heart of BREAKTHROUGH 2020, our long-term vision. Getting specific, we identified and established key CSR themes of high materiality via a process of dialogue with experts in various fields and a wide range of stakeholders. This enabled us to set very precise goals for the objectives that have long been a priority for us. I am confident that we selected goals that all of our employees will embrace and work hard to achieve. By refining our efforts and using PDCA cycles, I am sure we will achieve our mission and sustainably enhance corporate value.

Community development is a joint endeavor that we engage in with all our stakeholders on behalf of society at large, so we must always stay ahead of the times. We believe it is imperative for us to keep working steadily to develop communities with both the environment and disaster prevention in mind. In the Otemachi, Yurakucho and Marunouchi area, we are developing communities from an ESG perspective, making the most of our strengths in managing the entire area. Marunouchi is the heart of Japan, accounting for almost one-fourth of Japan's GDP, if you add up the sales of the companies whose headquarters are located there. In other words, this is one area that must continue to function no matter what kind of disaster strikes. We are making every effort to



sharpen and test our BCP, not only to support the lives and safety of the people working there, but also to ensure that power sources and other community lifelines are not interrupted. There was a time in which companies had to make an effort at social responsibility out of a compliance obligation, but now CSR is itself the essence of good corporate management. Creating a community that coexists harmoniously with the environment was a major theme of the Marunouchi Redevelopment Project since the beginning in 1998. Our Kayabacho Green Building, which boasts cutting-edge environmental features, has continued to make advancements on a daily basis, even after its completion in 2013, incorporating tenant views in the process. We hope to utilize these experiences in other buildings, as well.

Globalizing Tokyo, not merely expanding outside Japan

Globalization is a major theme of our long-term vision. Globalization as we define it refers to both engaging in business outside Japan and globalizing Tokyo.

In order to enhance the vitality of Tokyo, Japan's capital city, it is vital to attract talented people and companies from around the world and globalize Marunouchi to bolster inbound business. The aspiration to foster Japan's venture companies was our catalyst in creating EGG JAPAN (Entrepreneur Group for Growing Japan), which now serves as a platform from which companies from other countries can launch their businesses in Japan. We believe that this is also an extremely significant social mission. The Japanese government is itself putting a great deal of effort into globalizing Tokyo. In the third phase of the Otemachi Chain Redevelopment

Medium-Term Management Plan (2014-2016)

Aiming for 3 years of growth in corporate and asset value

Business themes

- Strengthen urban and business development
- Take advantage of the strength of the group to provide solutions and services and to strengthen the value chain

Group-wide themes

1. Reinforce asset portfolio management and management structure
2. Business portfolio management
3. Group-wide management
4. Human resources development and deployment
5. Risk management and compliance
6. Environmental initiatives
7. Creation of vibrant workplaces and corporate culture



Key CSR Themes

Urban development together with society

Safe and secure urban development through both physical and social infrastructure advancement together with the local community

Cutting-edge urban development

Innovative community development tailored to the era of globalism

Environment

Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities

Human resource development

Support for human resource development and active careers for the creation of communities of the future and support for work styles tailored to individual lifestyles

Compliance

Promotion of compliance meeting the expectations of clients and society

Project, we are setting up a Foreign Business Support Center (tentative name) to create a framework to facilitate cooperation between the government and private sectors.

The Tokyo Olympic and Paralympic Games to be held in 2020 will be a good opportunity to showcase Japan and win understanding of its many positive characteristics. We view this as an ideal chance for Mitsubishi Estate to present the appeal of Marunouchi, as well as Tokyo as a whole.

Developing personal strengths in our human resources, because human resource development is urban development

Social infrastructure is becoming more important than the physical infrastructure of a community. We believe that it is really the social infrastructure—in essence, the people—that has value. The ability to foster the growth of human resources determines whether a company is always innovating and provides original, creative work. In this sense, human resource development is the key to community development.

Of course, knowledge and ability are essential in responding to globalization and creating added value in real estate, but we believe that nothing is more important than personal strengths. These are not the kind of strengths that come from academic learning, but rather through experience in business on the frontlines. Real estate is an important asset for the country and society, but also for individuals, and only people who are reliable in every sense can be entrusted with the job of working with real estate to create communities. In this sense, we aim to develop human resources with abundant personal strengths.

In terms of organization, we believe that we have created a system with good communication, but we recognize that there are areas for improvement going forward. We will continue discussing ways to develop stronger human resources across the Group overall, providing a workplace environment that enhances individual employees' personal strengths and delivers opportunities to do work that provides a sense of true accomplishment.

I envision Marunouchi as a community in which construction cranes are always part of the backdrop. This would mean that Marunouchi is always a work in progress, a place anticipating the needs of the era just around the corner and constantly moving forward. We will continue to help drive progress in both the physical and social infrastructure, aiming to build a community that is always better today than it was yesterday.

