

In order to help build a sustainable society for the future, the Group must identify the issues it is best positioned to address and work to provide solutions in its business operations.

To select the key CSR themes that the Mitsubishi Estate Group should address over the medium to long term, since fiscal 2014 the Group has asked for opinions from its various stakeholders and held thorough internal discussions.

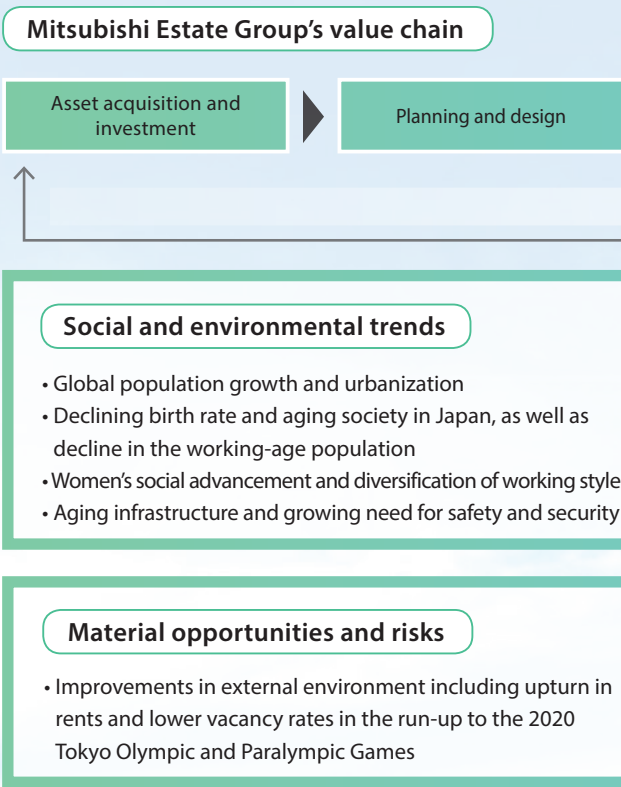
Process of selecting key CSR themes



STEP 1 **Select themes to be evaluated**

Globally, populations are becoming more urban, birthrates are declining and demographics are graying. There are also growing calls for smart urban planning that ensures resilience in the face of natural disasters. Addressing these vast social changes, the Mitsubishi Estate Group takes the long view in its business.

In order to decide on the key CSR themes, the Group analyzed social trends related to community development and the various issues society faces, and identified material "opportunities" and "risks" for the Group. The Group then reviewed its overall business activities, comprising different business areas that are thoroughly integrated to form a value chain, and considered which key themes would best help to build a more sustainable world while securing the long-term growth that will allow the Group to continue making social contributions.



STEP 2 **Initially evaluate potential themes**

Working group for selecting key CSR themes formed

We assessed the potential CSR themes selected in step 1 in terms of their materiality to the Group through internal discussion and questionnaires to managers, and devised tentative theories on their relevance to stakeholders.

Mitsubishi Estate Group's business

Building Business



Lifestyle Property Business



Residential Business



International Business



Investment Management Business



Architectural Design and Engineering Business



Hotel Business



Real Estate Services Business



Project management

Leasing, sales

Management (AM, PM)*

Redevelopment, asset sales

* AM: Asset management PM: Property management

Brokerage and consulting

- Intensifying competition among Asian cities
- Creation of a global digital network
- Development of technology capable of replacing human labor
- Emergence of a global community that is active 24 hours a day
- Growing corporate influence and development of citizen sector
- Expanding influence of generation with acute social sensitivities

- Need for rejuvenation of community vitality
- Rising resource and energy prices
- Increasingly visible signs of climate change
- Shortages of water resources and food
- Heightened concerns over sustainability of biodiversity and resources

- Rise in real estate prices due to ongoing economic recovery in Europe and the U.S.
- Growing demand in real estate market in Asian countries
- Energy conservation and greater use of renewable energy

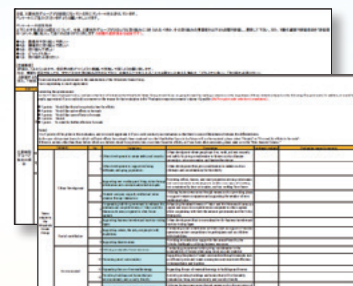
- Response to changing social conditions, such as declining birth rate and aging society
- Ongoing trend of higher construction costs
- Impact of disasters in Tokyo metropolitan region



Working group for selecting key CSR themes formed (May 2014)



Web-based questionnaire



Questionnaire form (Japanese, English)

STEP
3

Reflect public opinions



Stakeholder dialogues held to exchange views with experts

As part of the process of selecting key CSR themes for the Group, we held stakeholder dialogues in July 2014. Experts in environmental, social and governance (ESG)

factors were invited to dialogue with Mitsubishi Estate’s management on the question, “What are the key issues in the Mitsubishi Estate Group’s implementation of CSR?”

Expert viewpoint



Mariko Kawaguchi

Chief Researcher, Research Division of Daiwa Institute of Research Ltd.
Chief Executive, Japan Sustainable Investment Forum

Kawaguchi joined Daiwa Securities Co., Ltd. in 1986. She was engaged in corporate surveys at Daiwa Institute of Research from 1994, and environmental management CSR and SRI surveys and research from 1998. She became the head of the CSR Section at Daiwa Securities Group in April 2010, and has held her current position since July 2011.

Consider CSR initiatives the incubator for main operations

I do not consider CSR to be isolated from a company’s main business. Rather, I see it as an incubator for its main business. The Mitsubishi Estate Group seems to have a strategic approach whereby it first uses its own resources to give back to society and then leverages that effort to build a long-term business. The “Experience Nature” Project and Ecozzeria initiatives are perfectly suited to a company with a business model based on a developer’s long-term engagement with the land and buildings.

Going forward, in the area of the provision of career opportunities for women, I would advise the Group to be pragmatic and present a realistic vision in a forth-right manner, both internally and externally. In addition, I would like to see the Group work not only to reduce CO₂ emissions, but also to recognize that climate change is a business risk that causes abnormal weather patterns, and then seek to convert this risk into business opportunity.

Expert viewpoint



Ryuichi Horie
Co-Founder and Principal,
CSR Design Green Investment
Advisory, Co., Ltd.
Lecturer, Graduate School of
Business Administration, J.F.
Oberlin University

After working at the Industrial Bank of Japan, Merrill Lynch and Deutsche Bank, Horie co-founded CSR Design Green Investment Advisory, Co., Ltd., which offers advisory services on ESG investments in the real estate sector and research on green buildings/developments. He is a LEED Accredited Professional, and chair of the property working group of PRI Japan Network.

Play a leading role in raising corporate value by addressing ESG issues

Addressing environmental, social and corporate governance (ESG) issues in real estate development and management is essential in maintaining and improving asset value over the medium to long term. Green building certification systems at the asset level, such as CASBEE¹ and LEED², as well as ESG benchmarks at the company/fund level, such as GRESB³, are indicators for measuring the progress of these efforts. Green building certification is commonly associated with new buildings in Japan, but in other countries, many existing buildings have obtained certification upon energy-efficiency retrofit, which has raised buildings' environmental performance and economic value at the same time. I would also add that institutional investors widely use benchmarks that assess real estate companies' ESG initiatives.

I hope that the Mitsubishi Estate Group plays a leading role in demonstrating via these certification systems and benchmarks that taking the environment and society into account does not result in extra costs, but rather improves corporate value and economic performance.

Expert viewpoint



Iwao Taka, Ph.D.
Professor, Faculty of Economics
and Business Administration,
Reitaku University
Professor, International School of
Economics and Business
Administration, C. Hiroike
Graduate School, Reitaku
University

Taka has been a professor in the International School of Economics and Business Administration at Reitaku University since 2002. In September 2008, he was awarded the International Compliance and Ethics Award by the Society of Corporate Compliance & Ethics. Taka was appointed as an outside statutory auditor of Mitsubishi Estate Co., Ltd. in June 2015.

Pursue cutting-edge urban development in the world's first super-aging society

The Mitsubishi Estate Group is a company that truly prizes the value of its brand, as demonstrated by its refusal to compromise on its good faith. I think this is one of the Group's strengths.

Going forward, the Group must figure out how to keep developing cities and communities as the population ages at a rate not yet experienced by another country. The experience of addressing this issue ahead of the rest of the world would be very significant in terms of Japan's leading role in the international community.

At the same time, I believe that constantly reviewing situations with a fresh eye and remaining aware of risk assessment and control is critical to enhancing and solidifying the Group's brand value in new fields and regions.

I expect that the Mitsubishi Estate Group, as an industry leader, will continue serving as a role model for other companies.

Comment from the director responsible for CSR

Holding fast to our "continuity is strength" stance to support further social progress

The Mitsubishi Estate Group has carried out its CSR activities with a conviction that continuity in this area would lead to business opportunities. One example is our business that recycles and markets responsible forest thinning as certified domestic-timber building materials for use in custom-built homes. Another of our initiatives, EGG JAPAN (Entrepreneur Group for Growing Japan), supports the business development of venture companies, and we expect that will also create new value, spurring sustainable development in Marunouchi and beyond.

Judging from what we are learning from stakeholder dialogues and questionnaire responses, there are many issues that the Group must address. We will stay focused on the ones we have to address at each moment to drive further growth for the Group.

Of course, it is vital that companies continue to generate profits. I believe only companies that are recognized as useful by society will remain profitable. Keeping this in mind, we will continue to work hard to win the public's understanding and move in a positive direction together with society.



Junichi Yoshida
Senior Executive Officer,
Mitsubishi Estate Co., Ltd.

1. CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a Japanese indicator that assesses the environmental performance of buildings. It is administered collaboratively by industry and academia with support from the Ministry of Land, Infrastructure and Transportation.
2. LEED (Leadership in Energy and Environmental Design) certification is an environmental certification system administered by the U.S. Green Building Council, which is awarded to new construction, existing buildings and other projects that qualify.
3. GRESB (Global Real Estate Sustainability Benchmark) was devised as an index to guide Europe's pension fund groups in making investments. It assesses the ESG policies and practices of real estate companies and others.

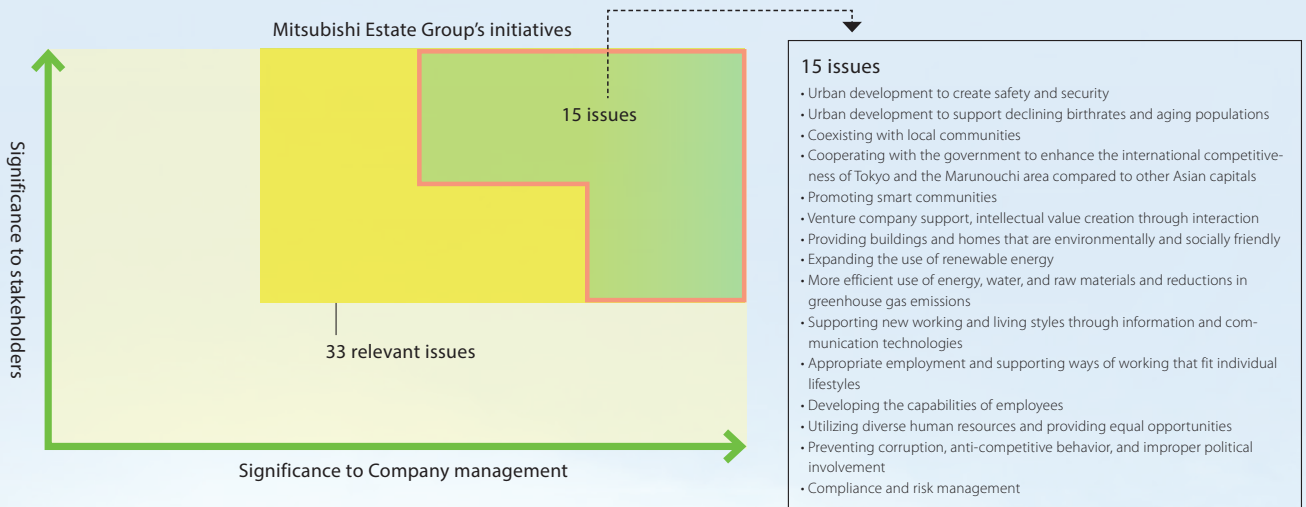
STEP 4

Decide on key CSR themes and performance indicators

In the first stage, we identified 33 relevant issues based on questionnaire results and stakeholder opinions. We classified these based on their degree of significance to stakeholders and to the Company's management, and then selected 15 of them deemed particularly important from both of these perspectives. These were consolidated to

formulate the Mitsubishi Estate Group's five key CSR themes.

Next, specific action plans were made and key performance indicators set for each of the five themes. Based on these indicators, initiatives will be developed further in the PDCA cycle.

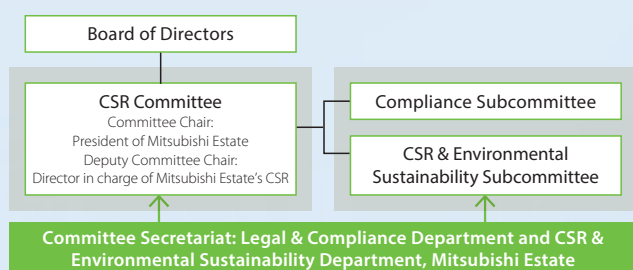


Mitsubishi Estate Group's key CSR themes, goals and performance indicators

Key CSR themes	Objectives
<p>Urban development together with society</p> <p>Safe and secure urban development through both physical and social infrastructure advancement together with the local community</p>	<ul style="list-style-type: none"> • We will strive to create communities in which people can live, work and relax in safety and security, with thoughtful consideration of disaster response and barrier-free systems. • We will work to develop communities conducive to raising children and in which the elderly can live comfortably. • We will communicate with the local communities involved in our main businesses, ascertain the impact of our business activities on human rights and the environment, and respond appropriately.
<p>Cutting-edge urban development</p> <p>Innovative urban development tailored to the era of globalism</p>	<ul style="list-style-type: none"> • We will provide offices, housing and commercial facilities suited to a new work style utilizing information and communications technology. • We will develop a forum for interaction and support venture companies and the creation of new intellectual property. • We will strengthen the appeal of Tokyo's Marunouchi area and enhance its competitive strengths compared to cities in Asia in cooperation with national and city governments.
<p>Environment</p> <p>Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities</p>	<ul style="list-style-type: none"> • We will efficiently utilize energy, water and raw materials and reduce greenhouse gases in our business activities. • We will strive to create a smart community with efficient transportation and distribution systems as well as electricity and water use. • We will expand the use of renewable energy in buildings and residences. • We will proactively provide buildings and residences certified as being environmentally and socially responsible.
<p>Human resource development</p> <p>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</p>	<ul style="list-style-type: none"> • We will select and hire employees equitably, provide appropriate education and training opportunities for the employees responsible for future community development, and will support flexible work styles tailored to individual lifestyles. • We will offer equitable opportunities so that a diverse workforce can succeed in its jobs, regardless of gender, age and/or disability.
<p>Compliance</p> <p>Promotion of compliance meeting the expectations of clients and society</p>	<ul style="list-style-type: none"> • We will respond appropriately to prevent bribery, violation of the anti-monopoly law and inappropriate political donations. • In addition to complying with laws and regulations, we will strive to meet the expectations of clients and society, as well as understand and respond appropriately to various business risks.

Operational framework for CSR

Mitsubishi Estate takes an active, group-wide approach to CSR. Chaired by the company president, the Group's CSR Committee comprises executives in charge of respective business fields and the Corporate Group, as well as managers of the major Group companies, and it ensures group-wide implementation of CSR. The Compliance Subcommittee and the CSR & Environmental Sustainability Subcommittee serve as forums for detailed discussion to prepare for CSR Committee meetings.



Overview of CSR Committee meetings held in fiscal 2014

First meeting (July 2014, regular meeting)

- Progress of Mitsubishi Estate Group's CSR initiatives and guidelines for future initiatives
- Fiscal 2013 compliance activities and plan for fiscal 2014 compliance promotion activities, other

Second meeting (January 2015, regular meeting)

- Setting Mitsubishi Estate Group's priority CSR issues and goals and indicators
- Overview of results of fiscal 2014 compliance questionnaire survey

Mitsubishi Estate Group's relationships with stakeholders

The Mitsubishi Estate Group's business is built upon the foundation of its relationships with a wide variety of stakeholders, including customers, shareholders, local communities, government and local authorities, business partners, and executives and employees and their family members.

Business activities in urban development involve many stakeholders by their very nature, and the Mitsubishi Estate Group has the responsibility to pursue its business activities while living up to the trust placed in it by these stakeholders.

Two of the general principles of Japan's Corporate Governance Code, which the Tokyo Stock Exchange put into effect in June 2015, are "appropriate cooperation with stakeholders other than shareholders" and "dialogue with shareholders." The Group will take a range of initiatives to communicate with stakeholders in various forms and reflect their opinions in management.



* Refer to website for approach taken to define indicators

No.	Fiscal 2015 key performance indicators (KPI)	Fiscal 2014 results*	Boundary	Page
1	Deepen disaster prevention measures through a system for healthcare collaboration in the event of a disaster and use of neighborhood disaster prevention groups	Refer to text of report	Mitsubishi Estate Group	14
2	Number of buildings that are to take in stranded commuters or serve as tsunami evacuation sites under agreements with local government authorities	18 sites	Mitsubishi Estate Group	15
3	Number of buildings recognized as barrier-free under Barrier Free Law	8 buildings and projects	Mitsubishi Estate Group	17
4	Number of participants in seminars and events held by community development groups	6,217 people a year	Otemachi, Marunouchi and Yurakucho	16
5	Number of participants in "Experience Nature" Projects (single year/cumulative)	459 people/1,774 people	Mitsubishi Estate Group	18
6	Number of offices of foreign financial companies in Otemachi, Marunouchi and Yurakucho area	69 offices	Otemachi, Marunouchi and Yurakucho	23
7	Number of companies participating in EGG JAPAN (Entrepreneur Group for Growing JAPAN), of which the number in parentheses indicates foreign companies	42 (19) companies		
8	Number of buildings connected to optical fiber in Otemachi, Marunouchi and Yurakucho area	63 buildings		
9	Energy use/CO ₂ emissions	245,000kl/482,000t a year		
10	Waste generated/water used	43,637t/5,161,000 m ³ a year	Mitsubishi Estate Group	30
11	Number of projects recognized with CASBEE (new construction design)/Development Bank of Japan (DBJ) Green Building certifications	6/15 buildings and projects	Mitsubishi Estate Group	27
12	Solar power output	About 3,010kW/14 sites	Mitsubishi Estate Group	28
13	Area of green on roofs and walls	About 31,100 m ²	Mitsubishi Estate Group	27
14	Rate of annual adoption for energy conservation level 4	86%	Mitsubishi Jisho Residence Co., Ltd.	29
15	Rate of annual adoption for <i>so/eco</i> system	75%	Mitsubishi Jisho Residence Co., Ltd.	29
16	Rate of adoption for high-efficiency appliances (hot water heaters/LED equipment/ultra-water-conserving toilets)	100%/78%/78%	Mitsubishi Jisho Residence Co., Ltd.	29
17	Small- and medium-sized building renovations/condominium renovations	3 buildings/110 units	Mitsubishi Jisho Residence Co., Ltd.	31
18	Rate of use of Japan-grown timber	Over 50%	Mitsubishi Estate Home Co., Ltd.	31
19	Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours	23/0/32 people a year	Mitsubishi Estate Co. Ltd.	34
20	Number of hours of overtime on average per month	24 hours		35
21	Training time/cost per employee	19.5 hours/33,000 yen a year		32
22	Number of female managers	28 people		33
23	Employment rate for persons with disabilities	1.93%		34
24	Compliance training such as training by level and CSR lectures	Refer to text of report	Mitsubishi Estate Group	37-38
25	Compliance survey "Extent to which Code of Conduct is achieved"	87%		