



“The Mitsubishi Estate Group’s mission is contributing to society through urban development. That’s why we leverage our strengths in urban planning to address social challenges and meet the needs of our times.”

### Hirotaka Sugiyama

President & CEO, Mitsubishi Estate Co., Ltd.

#### Treating urban development as community development: Working every day to help solve today’s pressing social issues

At Mitsubishi Estate, urban development means building both physical and social infrastructure. We constantly ask what kind of developments and communities we should build in Japan’s limited land area, and we have pursued urban development that meets the social needs of the times, of the kind that will be accepted and welcomed by the public. This is precisely what our mission statement—contributing to society through urban development—is all about.

Our Group’s business began in 1890 with the purchase of land in Marunouchi from the government. At that time, the public was asking for a business district that would be the equal of those in Europe and the U.S. so that Japan could rank with the world’s great powers. In about 1960, when Japan’s economic growth was taking off, offices that would enable Japanese companies to compete on a global stage became essential for Japan’s economic development. To meet these needs, we developed Marunouchi into a leading business center, embodying “The Spirit of Mitsubishi: The Three Principles.” However, at that time Marunouchi was only a business district, with no functions for enjoyment. Now that Japan has become prosperous, the public expects urban development to take into account not only work, but also functional, social and environmental considerations.

I believe that our mission as a developer is to resolve social issues through urban development, while accurately identifying trends. Last year we established key CSR themes in dialogue with experts in various sectors and a wide range of stakeholders, seeking to more accurately incorporate contemporary trends and social expectations into our business activities from a CSR perspective. We will continue to pursue our mission by refining this approach, using the PDCA cycle.

#### Pursuing “dynamic harmony”—our concept for bringing diverse people together for sustainable development

We have worked on the Marunouchi redevelopment project since 1988. In August 2015, we updated the urban development concept for the Marunouchi area, based on changes in the external environment, to add “diversity” and “sustainability” to the previous “open,” “interactive” and “network” themes. We also articulated the concept of “Dynamic Harmony—Tokyo Marunouchi” to highlight the appeal of our approach to development to the public in a succinct way. “Dynamic harmony” is about building the Marunouchi urban community in a manner which embraces a wide range of diverse approaches. By bringing people, companies, the broader society, and environmental resources together to create “harmony,” I am confident that we can create an even more amazing community.

We aim to develop communities that attract diverse people and keep developing sustainably. One way we are facilitating this is by establishing organizations to support venture companies and invite companies in from outside Japan, seeking to catalyze innovation.

## 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

### Community development together with society

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

### Cutting-edge community 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

Our environmental aspirations are on tangible display in the Marunouchi area. First, we have adopted a “smart city” approach and heat island countermeasures, not as extraordinary initiatives, but rather as a standard approach. A second example is the Otemon Tower-JX Building, completed in November 2015, which is built with technology that actually cleans the water in the neighboring moat of the Imperial Place. Or consider the 3x3 Lab Future that we built in the Otemon Tower-JX Building, a venue where not only those who work in Marunouchi but also general visitors can drop in casually and interact. At Mitsubishi Estate, we work with the people who live in Marunouchi, as well as the companies who use the offices and the people who work in them, to create networks for resolving social issues.

Japan’s population is projected to keep declining in the future. This means that determining how society can maintain its vitality will be a key question. We understand that we must foster environments in which all kinds of people can enjoy active lives—for instance, environments where people can work while raising children, or environments where the elderly can enjoy good health and dynamic lives. These are the kinds of social issues which we are determined to help solve in our future urban development efforts.

### Strengthening governance to enhance management speed and transparency

The times are changing at an extremely fast pace, including the external environment facing the real estate industry. In my view, improving governance is part of our effort to adjust how we operate to match this speed. In order to accelerate decision-making, we plan to give authority to individual business units so that they can move ahead with business on their own responsibility, thus raising the speed of management. With this aim, in June 2016 we made the transition to a “Company with Nominating Committee, etc.,” structure, forming three committees—the Nominating Committee, Audit Committee and Remuneration Committee—with the majority of the members of each committee being outside directors. This is intended to raise the transparency and objectivity of management.

Our goals are to get faster on the offensive side of the ball, while also raising transparency to enhance the quality of governance.

### Embracing two channels for globalization to make Tokyo the heartbeat of Asia

Globalization runs in two directions—outbound globalization in which we go overseas ourselves and develop, and inbound globalization in which we globalize Tokyo. In our long-term vision, BREAKTHROUGH 2020, we aim to raise operating income in our international businesses by 20%. We have already achieved growth to 12–13%, and we are working hard to bring it up to 20%. This involves strengthening outbound globalization.

At the same time, in terms of inbound globalization, at the moment, it cannot be said that Tokyo has an overwhelmingly clear advantage over other leading Asian cities. Raising Tokyo’s international competitiveness is essential to preserving Japan’s vitality. Thus, we are pursuing a range of initiatives aimed at making Tokyo a

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

truly global city. One especially noteworthy step was the July 2016 opening of Global Business Hub Tokyo, which supports the business expansion of foreign companies and other growth companies in Japan, in the Otemachi Financial City Grand Cube building.

We have also started working on the Tokiwabashi District Redevelopment Project, which plays a key role in the Tokyo Metropolitan Government's vision for making Tokyo into an international financial center. Once it is completed, it will be a Tokyo landmark that visitors from all over the world will be sure to visit. Much more than just a landmark, however, we aim to ensure it delivers added value as a financial center for Asia and the world.

#### Keenly aware of risk management, always acting with integrity

Business always comes with risks, which makes the way in which risks are managed extremely important. Scandals are not acceptable. We have used past experiences to demonstrate a sincere response, and I believe that the results have been solid.

When developing business globally, there are regulations in each country that must be observed. Not only must we comply with each country's rules; we must also address all conceivable risks with a keen awareness. Accordingly, our Internal Audit Office carries out thorough checks while working closely with other divisions to ameliorate risk. We will always act with integrity while making the most of this strong internal audit function.

#### Building a business which fosters "personal strengths"—our most essential resource

Above all else, I look for personal strengths in our employees. Real estate is an extremely important asset for the country, companies and individuals. Without human capital that can earn trust from the public, we will not be entrusted with development of such a critical asset. This means that enhancing personal strengths is one of the most important issues for our organization. Of course, this cannot be achieved just by offering lectures. People truly grow by getting involved in projects and gaining experience on site, including experience outside Japan. This is yet another reason why keeping our business successful for the long-term is so important to us—we want to keep growing our people.

In short, we believe that our social mission is to ensure that our business meets social needs, and in so doing provide a venue for our employees to take meaningful action, which translates into human resources development.

#### Making reliable future projections beyond 2020

When I joined Mitsubishi Estate it was only active in Japan, but it has now become a global company. As such, future business expansion will be a fascinating challenge. In order to increase our global reach while transforming Tokyo into a global financial center, we will also need to strengthen our investment management business, in order to give Japanese investors more opportunities to invest in overseas real estate. I see this as a great new business opportunity.

When we launched our medium-term management plan in 2014, we set numerical targets we thought would be extremely challenging to achieve in three years. Thanks to a favorable economic environment and a lot of hard work, however, we were able to achieve the consolidated operating income target one year ahead of schedule. Now, we hope to build on this momentum and pick up the pace even further. We plan to discuss our future vision and draw up projections for the next three years, through 2020—even looking 10 years further out. I invite you to stay tuned as the Mitsubishi Estate Group continues to advance.