

Message from the President

“The Mitsubishi Estate Group’s basic mission is to give back to society through urban development. We resolve social issues with the mindset of a developer.”

Urban Development That Invites People in and Moves Society Forward

The Mitsubishi Estate Group’s history goes all the way back to 1890, when Japan was still a developing country trying to modernize. A long time before the concept of “urban community” was invented, Mitsubishi aspired to build a community that would serve as Japan’s first office district, on a tract of land in Marunouchi it had purchased from the government. Thus was born our developer’s mindset.

Subsequently, in Marunouchi, we created not only offices but also commercial spaces where people could move about freely, the first of their kind in Japan, such as the one in the former Marunouchi Building. The Mitsubishi Estate Group’s urban development has continued to evolve, always focusing on the needs of society and the age, including not just hard infrastructure such as buildings, but also the social infrastructure created by the people using the space.

We start by envisioning the community’s future from a long-term perspective—one or two centuries. Our vision aims to invite people into the community and move society forward. The aspiration to create this kind of cutting-edge community has always been at the core of the Mitsubishi Estate Group’s mindset as a developer.

This commitment is directly expressed in the Mission of the Mitsubishi Estate Group: “We contribute to society through urban development.”

We recognize, too, that our business benefits from society in a variety of ways. For example, the Marunouchi area, our home base, is next to the verdant Imperial Palace grounds, and it offers many means of transportation, making it one of the world’s most convenient neighborhoods. Ever since Mitsubishi Estate was founded, our philosophy has been to serve as a company that grows with society as we maximize each area’s advantages and generate synergies that yield an even better community.

Incorporating ESG Factors into Urban Development

In May 2017, we released a new three-year medium-term management plan that starts in fiscal 2017.

This plan lays out the objective of attaining a position as a leading company in environmental,

social and governance (ESG) performance in Japan. In recent years, European and other foreign investors have pointed out Japan’s need for more work in these areas, and we believe this applies to every industry. We view ESG leadership as essential and will pursue it to remain a corporate group that is chosen and trusted by customers.

In particular, our businesses in urban planning and real estate development inevitably have a major impact on the environment. This is why we consider ESG factors in every aspect of community development. We not only practice environmental responsibility at every stage of development and construction, but also seek to reduce environmental impact during building maintenance and management. On top of this, we look for ways to address social issues by leveraging the entirety of our business to conserve natural resources and biodiversity, both in and outside of the regions where we operate.

As part of this effort, efficiently utilizing the value of buildings that have already been constructed, and not just erecting new office and residential buildings, will be critical. In Japan, office buildings have had a relatively short lifespan; it is not unusual for them to be rebuilt less than 50 years after their construction. Instead of rebuilding, we aim to renovate these buildings to make the most of their value for as long as possible. One concrete example of our initiatives is the Otemachi Building, which was built over 60 years ago. We are positioning it as a “100-year office” that will serve the community for more than a century.

Of course, we also see a strong need to continue addressing the Sustainable Development Goals (SDGs) and the Paris Agreement, joining the international community on these important efforts. Our Long-Term Environmental Vision addresses climate change issues through 2050, and we have been working hard on practical steps. We will further refine these initiatives and boost their effectiveness, because we believe the coming generations deserve to inherit a healthy natural environment.

Fostering a Culture in Which Free-Thinking Employees Readily Take on Challenges

Our new medium-term management plan includes goals for the launch of new businesses. We hope to create new growth drivers for the Mitsubishi Estate

Group by aggressively challenging ourselves in new fields, considering ESG factors as prerequisite for these businesses.

One example would be entering the airport business using the concession approach. With the growing popularity of the move to make Japan a tourism-oriented country, airport development in outlying regions to accommodate larger international flights could spur new development in these regions and thus contribute to the well-balanced development of Japan as a whole.

In taking on new challenges like this, there is nothing more important than free-thinking, creatively minded employees. Looking back at my own experience, a few years after I joined the company I was put in charge of a project, and after much trial and error, my efforts paid off. The experience became a major asset to my career in later years. Taking on new challenges does not necessarily always result in success, but we must still do all that we can to foster a culture that welcomes the new thinking of younger employees and enables anyone to take on challenges without worrying about short-term profits alone.

At the same time, we will continue working to upgrade and strengthen our corporate governance system. We will introduce a new system to strengthen the corporate supervision function of the board of directors, nominating committee, audit committee and remuneration committee, transfer significant authority to officers, and introduce a Group executive officer system.

From "Work Style Reform" to "Changing Way of Life"

In recent years, work styles and office space design have been changing significantly as a result of the "fourth industrial revolution." We view these changes as opportunities to find and expand growth areas, and so in April 2017 we established the Work Style Reform Promotion Committee, which reports directly to me, aiming to create new value by raising productivity.

In early 2018, we will move our headquarters from the Otemachi Building to the Otemachi Park

Junichi Yoshida

President & CEO, Mitsubishi Estate Co., Ltd.



Building, where we aim to leverage artificial intelligence and the Internet of Things to create a next-generation office that supports diverse options in work styles and locations. We will also proactively publicize and recommend this kind of cutting-edge office to customers.

The SDGs include good health and wellbeing for all. Indeed, providing an environment where global citizens can work with vitality in the Marunouchi area, the very core of Japan, is a key responsibility for those of us involved in urban development. In shaping this kind of urban environment, we are convinced that involving the entire community is more effective than what individual companies could do on their own. We reach out to organizations throughout the neighborhood and have introduced broad-reaching initiatives to invigorate the Marunouchi area overall. In October 2016, we announced our new Health Management Declaration, and we aim to take these initiatives even further.

From the ESG point of view, it is crucial that we support working people with maintaining both their physical and mental health. Everyone needs the time and space to take a deep breath, reflect on their lives, and not just think about work all the time. So, when we talk about improving productivity, we mean more than just “work style reform”—we want our people to have the chance to change their whole way of life.

Making Marunouchi the World's Best Neighborhood

Our definition of “urban development” includes everything it takes to keep a neighborhood growing even after its physical infrastructure has been completed, for instance administration and management. We have worked hard to make sure that the Marunouchi area, our home base, would become a vibrant community—the kind of place families come for fun on the weekends—and it has become much more than just a business community.

Taking this further, we hope to make the Marunouchi area a community that can provide unfailing value over time—a place where diverse people from all over the world can meet and interact, a neighborhood that stands for new discoveries and excitement. We see the area as a field for open innovation, where new concepts are always being generated and information disseminated. We think Marunouchi can become the best urban area in Asia, even the best in the world. This ambition provides the unshakeable determination for our management.

Of course, we also want to move ahead with initiatives that will win the Group praise for raising the community's value. As a corporate group, we always want to be a pioneer in society, able to propose a range of creative ideas and thus earn the trust of society. This worthwhile goal is more than enough inspiration for all of our hard work.

Medium-Term Management Plan (FY2017–FY2019)

Initiatives of current mid-term management period to be realized over a 10-year period

Intensify competitiveness of Group companies and stay ahead of changes in the market

Group-wide initiatives to achieve innovative changes

1. Expanded reproduction of existing expertise
2. Enforce the most efficient use of management resources
3. Increase the speed and quality of decision making process



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