

Message from the President



We will continually contribute to sustainable community development with the goal of enhancing corporate value and delivering social value.

Junichi Yoshida

President &
Chief Executive Officer,
Mitsubishi Estate Co., Ltd.

Creating new value and giving back to community development from our new headquarters

The Mitsubishi Estate Group relocated its headquarters in January 2018 as part of its efforts to develop a workplace where all employees can have an appetite to tackle challenges in order to create new value over the long term, given the many changes taking place in the business climate. At the new headquarters, we introduced a free-address work environment and created a large number of common areas to complement work areas. Through this, we hope to encourage casual conversations and develop a workplace that offers innovative and efficient work styles. In addition, another aim of our headquarters relocation is to help improve the appeal of communities in Japan's capital of Tokyo and other areas, through proactive real life testing of leading edge technologies that can make a difference in society and make people's lives more fulfilling. Even after relocation, we stand committed to taking on new

challenges while listening intently to the voices of society when it comes to social issues and the needs of customers.

The future of the Otemachi Building

The Otemachi Building, our former headquarters, turns 60 years old this year. Typically, a building's lifespan lasts about 50 years. Instead of simply rebuilding old buildings, we hope to contribute to sustainability through the effective utilization of existing building stock and by maintaining the townscape. By undertaking a large-scale facelift, instead of a complete rebuild, we aim to inject the Otemachi Building with a new sense of life as a venue for sharing various values deeply rooted in the community and make it a building with a lifespan of 100 years that will always be cherished by the people who work there.

Viewing the constantly changing business climate as an opportunity

With the country's population in decline, I have heard much pessimism about the future of real estate in Japan.

Nevertheless, I believe that the Mitsubishi Estate Group's community development efforts will ensure communities maintain their value by constantly listening to the needs of society, including not only tangible aspects such as buildings, but also intangible ones required by real estate users.

Looking at the long term, it will be rather difficult to put a stop to Japan's declining population. Yet, by committing the necessary resources to the necessary areas, I believe cities can still thrive economically. In particular, it will be important to utilize the unique characteristics of each area in terms of in-bound business and tourism to appeal the positive qualities of Japan to foreign visitors and all the people who use the community.

In addition, in an aging society, we need to uncover needs that have yet to materialize at this juncture. We must continuously think of what we can do to make cities more comfortable and convenient not only for seniors but all people. For example, at Group companies that specialize in the operation of commercial facilities, we have launched training for employees to learn about the underlying spirit of service and best practices. In this manner, each and every one of our employees needs to be involved in community development that is more in tune with our customers.

Building up know-how with leading edge technologies

We will continue to make full use of such leading edge technologies as AI and IoT, and push ahead with work style reforms by using these technologies to make communities more appealing. In communities that are evolving through the interactions of the various people and companies there, attracting technology companies along with repeated real life testing of novel approaches to building management and community area management will play an important role toward helping the Mitsubishi Estate Group in accumulating building, facility and community management know-how that can be shared with the rest of the world in the future.

Our response to climate change

The Mitsubishi Estate Group Long-Term Environmental Vision up to 2050 considers honing advanced environmental technologies in all business activities and taking on challenges posed by new value creation as growth strategies.

Until now, we have actively worked on energy conservation and greening at development projects, knowing that we have a responsibility to reduce certain elements connected to environmental destruction, even during maintenance and upkeep. Climate change is an issue that must be

considered at the national and worldwide level. This thinking began with the signing of the Paris Agreement at COP21 in 2015, and has carried over with Japan's government stating its intention to use renewable energy to power 100% of its energy needs in the future. Although Japan is faced with a declining population, overall the world's population is rising which is expected to have immeasurable impacts on our planet's climate.

Our deep involvement in community development in the expansive Otemachi, Marunouchi and Yurakucho area (approximately 120 ha) requires that we take the lead in working to reduce the CO₂ emissions of this entire area. With urban development said to be a possible cause of natural disasters, we recognize that the mission of the Mitsubishi Estate Group as an integrated real estate business is found not only in the conventional scrap-and-build approach to urban development, but also in the effective utilization of existing building stock through renovations, and the energy self sufficiency of entire buildings. There are truly a number of areas where we can make a difference.

Additionally, within the Mitsubishi Estate Group's airport business, we must not forget about the environment of the surrounding area and consideration for biodiversity. In particular, this includes Shimojishima Airport in Miyakojima City, Okinawa Prefecture, and others. The surrounding environment there contains important eco tourism resources; therefore, we will pay close attention so as not to harm this environment even as the Group expands the airport business.

Contributing to the creation of social value with an eye on the SDGs

Based on the Spirit of Mitsubishi's "The Three Principles" that forms the very philosophy of the entire Mitsubishi Group, the Mitsubishi Estate Group advocates as its most basic mission contributions to a truly meaningful society through community development. Goal 11 (Sustainable Cities and Communities) of the Sustainable Development Goals



adopted by the United Nations in September 2015 requires the four elements of inclusive, safe, resilient and sustainable. Each is required to achieve this goal; lacking just one will not suffice. The Mitsubishi Estate Group has built up a broad track record in contributing to Goal 11, including establishing a BCP, helping build advanced disaster-resilient cities through disaster prevention training, and carrying out initiatives for biodiversity, among others. In addition, I believe that the element of variability is also important. Looking outside of our own values, we find there are people of different cultures, religions, customs, and values. Cities need to be developed for these people of varying backgrounds to communicate more easily and effectively with one another. This is what it means to develop attractive communities with a long-term perspective. For this reason, I feel that variability is a necessary element that translates to sustainability.



In 2015, the Mitsubishi Estate Group established five Key CSR Themes and 28 KPIs based on these themes. Since then, we have used the PDCA cycle as an indicator for evaluating sustainability strategy. I believe we need to rethink these themes given the growing momentum behind environmental, social and governance (ESG) investment and expanding initiatives for the SDGs. In order to fully integrate CSR with corporate management, we revised our guidelines on conduct and established a policy on human rights. We also signed the UN Global Compact in April 2018 to clearly demonstrate our stance as a corporation. In addition, I believe that we need to take ownership of the various social issues around us and change the way we think so that we can solve issues through our businesses. As a result, we have launched an in-house working group on the SDGs beginning in fiscal 2018.

Initiatives for ESG aimed at the sustainable enhancement of corporate value

Since the SDGs were adopted by the United Nations, and the Government Pension Investment Fund (GPIF) announced its selection of ESG investment indices, I feel

like there has been a clear change in attitudes in Japan toward ESG factors. Worldwide ESG investment increased to 2,500 trillion yen as of 2016, meaning this information has become both a quantitative and objective measure of investment decisions.

In terms of ESG, the Mitsubishi Estate Group not only complies with relevant laws and regulations, but also works to engage in community development with a long-term perspective in harmony with society. While we can take pride in these efforts, in the future we will give consideration to ESG through our businesses, and disclose information more clearly and fairly. In particular, with regard to governance, recently the world has seen a spate of cover-ups and falsifications, where on many occasions the trust a company has built up over the years has disappeared in an instant. In terms of the operation of the Board of Directors, we are working to make it easier to incorporate the views of shareholders and outside directors, to strive toward management that is objective as well as transparent, and to maintain as well as increase the trust of stakeholders.

Toward a sustainable organization

To become a sustainable corporation, I feel we need to embed the ability to transform into our businesses, in advance of the many swift changes taking place in the business climate and social needs. The future of Japan will see AI and IoT replace people to perform various tasks given the country's declining population. The vision of the future where people's roles are set to change gradually is coming into focus. My prediction is that people with exceptional and specialized knowledge will not gather in a single organization, but rather choose to work at companies, spaces and areas with the resources where they can contribute their skills. I believe this is the world that is almost upon us. Companies must develop workplaces where it is easier for employees to get outside and work with others, and build relationships with highly specialized people active in various sectors, in order to have that "it factor" among potential employees.

ESG and the SDGs represent important factors for a company to be a sustainable organization. We will analyze latent opportunities and risks company-wide, and by incorporating ESG investment and the SDGs into management, we will aim to provide value to society, and further enhance corporate value.

Junichi Yoshida
President &
Chief Executive Officer,
Mitsubishi Estate Co., Ltd.