

Message from the President

We will contribute to the realization of a sustainable society by enhancing "A Love for the Earth," pursuing urban development that creates new value.

Junichi Yoshida

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



Responding to COVID-19 as an opportunity for change

COVID-19, which has spread around the world since 2020, has shaken the economy and people's lives and values, giving rise to major changes in the issues that companies need to address.

It was in this environment that we established the Mitsubishi Estate Group Sustainability Vision 2050 (the "2050 Vision") as our vision for the year 2050, and launched the Mitsubishi Estate Group 2030 Goals for the SDGs as part of the Long-Term Management Plan 2030 in order to realize our vision.

These vision and goals were announced just prior to the outbreak of the pandemic and we did not formulate these goals based on the current situation of the pandemic's global spread. However, the 2050 Vision and the Long-Term Management Plan 2030 form a clear statement of the general direction the Group will aim for in the future, and this will not change despite the pandemic. As we look toward 2030 and then 2050, we will continue to live up to our mission of contributing to creating a truly meaningful society through urban development. I believe that is what we should always be striving for.

While COVID-19 has caused great damage to society, it has also accelerated digital innovation through AI and robotics, and given rise to new workstyles, which include teleworking and satellite offices. The Mitsubishi Estate Group must also regard the COVID-19 pandemic as an opportunity for transformation and respond to it in a firm and steady manner. In particular, in office leasing, which is the Group's core business, the question is how to respond to the increasingly diverse ways of working. Going forward, companies will continue searching for the ideal office space that will genuinely enhance communication, attract talented people, and help promote collaboration with the outside world. In an environment in which conventional ideas no longer apply and there are no definite right answers, we need to deepen our communication with tenant companies and work with them to "create spaces" that meet their individual needs. It is not just about providing the physical space of the building itself, but also about enhancing the value and attractiveness of the neighborhood as a whole, creating opportunities to meet new people and come into contact with new information. I believe this will be an important factor in tenants choosing Mitsubishi Estate.

Promoting urban development where people are center stage

A city carries the history, traditions, and culture of the land, as it changes and develops with the times. The value of a city is created not by the buildings, but by the people who live, work, play and relax there. It is always the people who play the leading roles. We believe it is our mission to create cities that will be embraced by many for years to come while enriching the hearts of those who gather there.

The Mitsubishi Estate Group's history of urban development goes back to 1890 when Mitsubishi purchased land stretching across the Marunouchi area from the Meiji government. The Marunouchi area (the Otemachi, Marunouchi and Yurakucho districts) subsequently grew into Japan's iconic business district as the country developed. Since 1998, based on the concept of the "the world's most interactive and vital urban area," the Mitsubishi Estate Group has been working on the Marunouchi Redevelopment Project with the aim of transforming it from



an efficient business-oriented commercial district into a diverse city that is bustling with people even on weekends and holidays, thereby contributing to the international competitiveness of Tokyo as a global city.

From 2020, we positioned urban development in the Marunouchi area as "Marunouchi NEXT Stage" and launched "Marunouchi Re-Design: Establishing Co-Creation Platform for Innovation through Companies, Employees, and Visitors." Many communities have already been formed in the Marunouchi area, and the entire city has become a site for various projects to verify new ideas and technologies. In this area, where new business creation and innovation can be expected, we hope to create new

value for the city as we act as initiators of diverse trends in collaboration with myriad companies, individuals, and government agencies.

TOKYO TORCH (scheduled for full completion in 2027), which we are currently developing in partnership with stakeholders in the Tokiwabashi district, located in front of the Nihombashi Exit of Tokyo Station, exemplifies these efforts. Under the project vision of "bringing light and energy to Japan," we aim to create a place where many will want to stop when they visit Japan or where they always have new encounters and discoveries whenever they go there.

Enhancing our contribution to achieving the SDGs under the 2050 Vision

We formulated our Mitsubishi Estate Group Sustainability Vision 2050 by reflecting on what we ought to be today based on what we wish to achieve in 2050 and what we envision our purpose is in society at large. Within this context, we have declared ourselves to be the "Ecosystem Engineers" that provide the spaces and infrastructure (ecosystem) where diverse individuals and corporations are able to coexist sustainably and thrive together —economically, environmentally, and socially.

To achieve this vision, we have set out the Mitsubishi Estate Group 2030 Goals for the SDGs as part of the Long-Term Management Plan, in which we established four key themes, which are environment, diversity & inclusion, innovation, and resilience. We will provide more profound value to a wider range of stakeholders based on the targets and KPIs established in each of these key areas.

OMY SDGs ACT5, launched in 2020, is one of our initiatives aimed realizing the 2050 Vision. The project promotes various activities in the Marunouchi area aimed at helping achieve the SDGs through collaboration between companies and individuals both inside and outside of the area to create a community oriented toward solving social issues.

I believe that firmly addressing the SDGs is a precondition for urban development. Of course, what we do at the Mitsubishi Estate Group has a strong affinity with Goal 11: Sustainable Cities and Communities, but the connections go further than that. Urban development is related to all aspects of human life, and there is no part of it that is not connected to the 17 Goals of the SDGs, including food and water, gender, and the abundance of the oceans and forests.

We deal in real estate which is a finite asset. All the economic and social value of real estate comes from the earth, and urban development is not complete without consideration for the global environment. The brand slogan of the Mitsubishi Estate Group is "A Love for People, A Love for the City," and I feel strongly that "A Love for the Earth" is also imperative.

I believe that the SDGs will encourage each and every one of us to be aware of their responsibility as a global citizen.



Addressing environmental and human rights issues with a focus on the whole supply chain

In the area of environmental issues, initiatives aimed at decarbonization have become increasingly important in the global community in recent years. Momentum has also been gathering pace in Japan since the government's declaration of Carbon Neutral 2050. The Mitsubishi Estate Group also has set out GHG emissions reduction targets (SBTi approved in April 2019) and its targets for the percentage of renewable energy-derived power consumption (joined RE100 in January 2020) and we have been continuing to promote initiatives to achieve these goals. We plan to switch all electricity used in 19 office buildings, mainly in the Marunouchi area, including individual-use areas, to renewable energy-derived power during fiscal 2021 followed by all the buildings we own in the Marunouchi area in fiscal 2022. We will also actively introduce renewable-energy-derived power in other areas.

In urban development, it is essential to consider the environment more broadly than just in terms of energy. It is also essential that we pay attention to natural capital and biodiversity, and to promote a circular economy. Focusing on nature, such as trees and all living things around us, enriches our hearts. By providing such opportunities and mechanisms, we aim to engage in urban development that fosters a spirit of consideration for the environment.

Respect for human rights is also an important aspect for realizing a sustainable society. In order to ensure respect for the basic human rights of all stakeholders, we established the Mitsubishi Estate Group Human Rights Policy and implemented human rights due diligence in fiscal 2018.

Since fiscal 2020, we have been promoting the use of timber that complies with the Sustainable Sourcing Code* (certified lumber or Japan-grown timber) for the concrete formwork panels used in construction of office buildings and housing. This initiative promotes use of certified lumber or Japan-grown timber to ensure traceability and thereby prevent the taking of indigenous people's land and illegal logging in the producing countries. Even if procurement costs increase, we believe that addressing the issues of human rights and the environment resolutely will enhance our corporate value over the long term. These issues are not limited to concrete formwork panels, so we must go further to strengthen our supply chain initiatives.

We face various challenges in expanding our business overseas, so we need to address them with an awareness of the characteristics of each area. In February 2021, there was a coup d'état in Myanmar, which was a major sociopolitical event. As a company engaged in business in the region, we are closely monitoring the situation and would like to be aligned with the will of the people.

* The code, in which international agreements and guidelines for sustainability in different sectors are used as a reference, specifies guidelines and methods of operation aimed at implementing sustainability-oriented procurement, among other matters.

Nurturing diversity and encouraging active participation by all employees

It is the individual people of the Mitsubishi Estate Group that will implement the 2050 Vision and the Long-Term Management Plan. The role of our management team is to create a working environment where all employees can work to the best of their abilities, which in turn will create innovation.

In fiscal 2019, Mitsubishi Estate began operating a new permission-based second job system in addition to significantly expanding a seamless workstyle that seamlessly combines online and offline working in response to the spread of COVID-19 infection.

We have been enhancing our systems year by year, but I believe an even higher level of flexibility in workstyles is imperative for us to be a sustainable company going forward. For example, it should be possible for some people to take advantage of their expertise to work second or even third jobs. We must aim to create a workplace that is conducive and attractive even for people who will achieve self-fulfillment in a wide range of fields beyond the confines of the Mitsubishi Estate Group. It is also important to truly understand and embrace the diversity of employees with various backgrounds and create an environment that allows them to play active roles.

I feel reassured to see that awareness of sustainability tends to be higher among the younger generation in general. A generation that has grown up and entered adulthood in the midst of frequent disasters caused by the degradation of the global environment and its accompanying uncertain economic outlook is more likely to view social issues with particular concern. We must think of measures to help these people work while gaining happiness and fulfillment in their lives without imposing outmoded traditional values on them.



Continuing to take on challenges every day while looking 100 years into the future has always been embedded in the Mitsubishi Estate Group's DNA. Amid major social change, we will come back to this starting point again and marshal all our forces to advance. We will work to enhance corporate value and help realize a sustainable society through urban development that creates new value by enhancing our brand slogan "A Love for People. A Love for the City" plus "A Love for the Earth."

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

Junichi Yoshida

(As of September 30, 2021)



Message from the Director Responsible for Sustainability

Tetsuji Arimori

Executive Vice President

Mitsubishi Estate Co., Ltd.

Tackling and contributing to solving issues facing society

In addition to environmental issues, typified by climate change, and social issues such as human rights, today we are also facing new challenges that include the spread of COVID-19 while concerns about the sustainability of society is higher than ever. In this environment, we believe that shifting to a sustainable business model really is an indispensable strategy for companies to enhance corporate value.

In the area of climate change, the Japanese government declared in October 2020 that Japan would realize carbon neutrality by 2050. Furthermore, in conjunction with the climate change summit in April 2021, the government announced that it would raise its greenhouse gas (GHG) reduction targets for 2030. In November 2021, the 26th UN Climate Change Conference of the Parties (COP26) will be held, and the progress is expected to accelerate for discussions aimed at coordination of international policy and development of rules.

As set out under the European Green Deal and Japan's "Green Growth Strategy Through Achieving Carbon Neutrality in 2050," corporations are expected to contribute to sustainability in order to promote a virtuous cycle between economic recovery and the environment and realize a sustainable society. Today, it is no longer possible to enhance corporate value without also working to enhance social value.

Aiming to achieve our vision for 2050

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Sustainability Vision 2050, "Be the Ecosystem Engineers," as our vision for 2050. We formulated the Mitsubishi Estate Group 2030 Goals for SDGs ("the 2030 Goals") under the Long-Term Management Plan 2030 to serve as milestones for achieving this vision. In the Long-Term Management Plan, we aim to achieve the Group's mission and sustainable growth with the Group's strategy to increase both social and shareholder value at the heart of its corporate management. With "Sustainability: Provision of solutions to contemporary social issues" as a key driver for providing value through our business activities, we have set out the four key themes of environment, diversity & inclusion, innovation, and resilience under the 2030 Goals based on the seven material issues we established in fiscal 2018, and articulated specific action plans and targets for each theme.

As the Director responsible for Sustainability, I lead the Sustainability Management and Promotion Department in the planning and drafting of measures related to sustainability targets across the Group. We formulate measures following deliberations and reports at the Sustainability Committee, which is chaired by the President of Mitsubishi Estate. In addition, to achieve the 2030 Goals, the Group has incorporated its annual targets and initiatives related to the four key themes into annual plans for each organization or functional group since fiscal 2020. The Sustainability Committee tracks the progress of the targets established in the annual plans using the PDCA cycle. Achieving these annual plans is also included as one of the qualitative evaluation criteria for determining officer remuneration.

Initiatives under the Mitsubishi Estate Group 2030 Goals for SDGs

Of the four key themes, in the area of environment, we have established GHG reduction targets (SBTi approved in April 2019) and targets to increase the renewable power ratio (joined RE100 in January 2020), and we are working diligently to achieve these targets. In March 2021, Mitsubishi Estate established the Smart Energy Urban Development Action Plan 2050 and set up the Urban Energy Strategy Planning Department in April 2021 as an internal department to plan for specific measures. In addition, starting in fiscal 2021, Mitsubishi Estate will switch to renewable energy-derived electricity for all the power used in 19 buildings, including tenant private-use areas, primarily in the Marunouchi area (the Otemachi, Marunouchi, and Yurakucho districts). As a result, we expect the renewable power ratio will be approximately 30% of the total electricity used by the Group. In fiscal 2022, Mitsubishi Estate will introduce renewable power for all the electricity used in all of the office buildings it owns in the Marunouchi area and plans to proactively introduce renewable power in buildings in other areas as well.

Mitsubishi Estate is also entering the biomass power generation business in Higashimatsuyama, in Saitama Prefecture, as a locally based, recycled renewable energy power generation business. In this project, wood pruned from street and park trees, which is urban waste, will be reused as fuel to generate about 15 million kWh of electricity per year (equivalent to the power for about 4,800 ordinary households). The company is also planning to implement the biomass power generation business in other areas nationwide.

In addition to such specific measures, we have been working to strengthen our climate change-related governance and business strategy through appropriate disclosure of information based on the TCFD recommendations.

In the key theme of diversity & inclusion, in March 2021, we entered a capital and business alliance with Mirairo Inc., which provides universal design solutions utilizing the perspectives of people with disabilities. Through urban development, we aim to create a society where all people, including those with disabilities along with their families, can live with greater peace of mind and safety.

The Group is also working to use timber that complies with the Sustainable Sourcing Code (certified lumber or Japan-grown timber) or equivalent for 100% of the timber in the concrete formwork panels it uses in the construction of office buildings and housing by 2030. As NGOs and other institutions have pointed out, procurement of materials for concrete formwork panels may involve illegal logging, including the taking of indigenous peoples' land and destruction of the environment, we are working on sustainable procurement that ensures traceability from the perspective of human rights and environmental protection.

In the key theme of innovation, in addition to actively investing in start-ups and venture capital with the aim of discovering new business projects and creating synergies with existing businesses, we also develop and operate business incubators and utilize the latest technologies such as AI and robotics. Moreover, we are working continuously to promote new business model innovation and new value creation, including the Mitsubishi Estate Corporate Accelerator Program which aims to create new businesses through open innovation and our internal new business proposal system for the Mitsubishi Estate Group.

In the key theme of resilience, we consider being prepared for natural disasters, such as major earthquakes, one of the most important issues for urban development, and we have already implemented a variety of initiatives in this area.

At TOKYO TORCH (full completion scheduled in fiscal 2027), which is being developed in partnership with stakeholders in the Tokiwabashi district located in front of the Nihonbashi Exit of Tokyo Station, TOKYO TORCH Park, a large open area (approximately 7,000m²) located in the center of the district, will be equipped with various facilities (large screens, wifi, etc.) in order to serve as a base for disaster recovery activities. In addition, the large hall planned for Tower B will be used as temporary accommodations for stranded commuters in the event of a disaster, further strengthening the area's functions to support stranded commuters.

Promoting urban development that creates value in partnership with diverse stakeholders

Looking ahead to 2050, the Mitsubishi Estate Group aspires to be Ecosystem Engineers, a corporate group that provides spaces and infrastructure where all actors (individuals, corporations, and more) are able to coexist sustainably and thrive together—economically, environmentally, and socially. This, in turn, means that each one of our employees must share common values and standards of conduct and work together as they serve as an Ecosystem Engineer to create new value and innovation by engaging with diverse stakeholders and to realize a sustainable society and our basic mission. Moreover, based on our awareness that efforts toward sustainability are essential not only at the Mitsubishi Estate Group but also throughout the supply chain, we are working to review the content and operation of our CSR Procurement Guidelines to build a sustainable supply chain.

The Mitsubishi Estate Group has been making efforts to realize a sustainable society in accordance with the approach of international initiatives, including the endorsement of the UN Global Compact in conjunction with the revision of the Mitsubishi Estate Group Guidelines for Conduct in April 2018. Going forward, we will strive to maximize provision of value to all stakeholders and further enhance our corporate value by working to engage in dialogue and collaboration with all stakeholders to solve diverse social issues and responding to the needs of society and the demands and expectations of the Mitsubishi Estate Group through our core business.

(As of September 30, 2021)



Outside Director's Message

Iwao Taka

Outside Director

Mitsubishi Estate Co., Ltd.

Accelerating efforts aimed at realizing sustainability to solve social issues and create innovation

In its Long-Term Management Plan 2030, the Mitsubishi Estate Group positioned enhancement of social value as one-half of its two-part strategy, making a clear commitment to accelerating efforts aimed at realizing sustainability. The Group has also established the Mitsubishi Estate Group 2030 Goals for SDGs as a pillar of its strategy for enhancing social value in which it set out four key themes for realizing a sustainable society.

In initiatives for the environment, one of the four key themes, the Group has newly entered the biomass power generation business using branches pruned from street trees in addition to efforts to introduce renewable power in the Marunouchi area (the Otemachi, Marunouchi, and Yurakucho districts) to achieve its SBT and RE100 targets. I feel this business, as well as the U.S. data center business into which the Group announced its entry simultaneously, represents the kind of business needed by society as the times change and where the Group can capitalize on its accumulated know-how in urban development. Going forward, I look forward to the expansion of such businesses involved in solving social issues, or enhancement of social value, that transcend the Group's existing businesses and assets and the enhancement of shareholder value these new businesses bring.

The Group treats diversity & inclusion as a positive opportunity that will lead to innovation. By bringing together people with diverse ideas for discussion, we believe that we can create new businesses with flexible ideas that transcend conventional business models, and further enhance the competitiveness of the Group. In addition to acquiring external human resources, I believe employees who leave the Group could collaborate with or return to the Group after gaining new knowledge and know-how outside, which could lead to the creation of an even wider range of businesses, so I hope opportunities for such collaborations will be considered.

Consideration of human rights in the procurement of raw materials for buildings is also a very important theme. I was involved in the development of the Sustainable Sourcing Code with the Tokyo Organising Committee of the Olympic and Paralympic Games. I have been impressed by the swift action of the Mitsubishi Estate Group on this issue. The Group has been quick to develop a policy and implement measures to strengthen the traceability of timber used for concrete formwork panels. Although it is more challenging, I believe it is also important to actively approach the managing companies for projects and take appropriate action even in cases where Mitsubishi Estate is not the managing company or its investment is minor.

On the key theme of innovation, Mitsubishi Estate has been selected for inclusion in "Noteworthy DX Companies 2021" under the Digital Transformation Stock Selection (DX Stocks) program by the Ministry of Trade, Economy and Industry and the Tokyo Stock Exchange. However, I feel there is still room for improvement within existing operations, such as the streamlining of operations through the introduction of AI. Reducing dependence on people will also help curtail risks of overwork and so forth, so I believe this is an important initiative from the perspective of risk management. In addition, in its Long-Term Management Plan 2030 the Group advocated the provision of new services and content with a focus on B2C and B2B2C and an increased awareness of the consumer perspective, which I feel is a very important perspective in urban development. The Group has set out a vision of establishing "co-creation platform for innovation through companies,

employees, and visitors" in "Marunouchi NEXT Stage," the Group's urban development program in the Marunouchi area from 2020 onward. I believe this program will serve to create a valuable model in this arena.

In the key theme of resilience, I feel that Mitsubishi Estate is working at a high level on both tangible measures, such as building design, and less tangible operational measures, such as strengthening systems for disasters. If resilience measures are inadequate, there is a risk that asset values will decrease, so I would like to see these efforts maintained. While the Group has also established a substantial manual on its response operations in the event of disasters, it is difficult to create one for each and every detailed action to be taken in the event of a disaster. Therefore, I believe it is important to build a mindset that enables employees in the field to take prompt action in the event of an emergency. At the time of the Great East Japan Earthquake, I appreciated the fact that Mitsubishi Estate was able to reduce the damage due to quick decisions taken onsite, and I believe that this mindset has taken root in each and every employee through this experience.

As for other ESG-related themes, I believe that the Mitsubishi Estate Group needs to pay careful attention to the treatment of public officials and others in its overseas operations, especially throughout Asia. Although this is a difficult issue, I hope that the Group will aim to lead the best practice in this area.

In light of the contents of the Corporate Governance Code revised in June 2021, I believe that the demand for sustainability initiatives will increase further in Japan as well as overseas. Mitsubishi Estate is well equipped in terms of disclosure, including the Group's early adoption of the TCFD recommendations. I look forward to seeing efforts promoted further through the businesses and projects such as those I mentioned above in the future.

(As of September 30, 2021)