



MESSAGES



Message from the President

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

[READ MORE →](#)



Bunroku Naganuma
 Executive Vice President
 Mitsubishi Estate Co., Ltd.

Message from the Director Responsible for Sustainability

[READ MORE →](#)



Tsuyoshi Okamoto
 Outside Director
 Mitsubishi Estate Co., Ltd.

Outside Director's Message

[READ MORE →](#)



Message from the President

As the Ecosystem Engineers, we realize sustainable growth in partnership with society and urban development that we can proudly pass on to the next generation

Atsushi Nakajima

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



Updating our strategy and boldly taking on new challenges in response to major changes in the environment

Fiscal 2023 was a year when people's lives and industry returned to normal as the COVID-19 pandemic came to an end. As society embarked on a new stage, the business environment surrounding us also changed significantly. With the changes in the ways in which offices are used, the value of sharing space in real life has been reassessed, resulting in low vacancy rates in the buildings we manage. Meanwhile, although there are some challenges in promoting our business, such as soaring construction costs, labor shortages, and the impact of rising interest rates overseas, economic activity overall has been revitalized and Japanese society looks to be exiting a long period of deflation. We believe that a trend of stable inflation will be tailwind for real estate companies over the medium to long term and that this is the right time to aggressively take on challenges.



On the other hand, the international situation has become increasingly unstable with ongoing conflicts in Ukraine and Gaza. The world is entering an era of division, and so we must also carefully monitor geopolitical risks.

In these circumstances, we implemented a review of Long-Term Management Plan 2030, launched four years ago in 2020, and updated our strategy in light of the changes in the environment surrounding us. To achieve both of our strategic goals, increasing social value and increasing shareholder value, we reorganized "Be the Ecosystem Engineers," the Group's vision of what it wants to be in 2050 as expressed in Sustainability Vision 2050, into a common basic policy for management with two strategic drivers to demonstrate our commitment to further integrating our business activities with sustainability. In addition to that, we adopted the return to basics approach in our strategy for increasing shareholder value as we aim to raise the level of the Group's "earning capability."

Reorganizing the key themes related to sustainability

In our strategy for increasing social value, we reviewed the key themes related to sustainability that we established in 2020 and revised them into “Sustainability of the Mitsubishi Estate Group and Society: Four Key Themes.” The four themes are urban development and services, the global environment, respect for people, and value creation. We identified material issues and risks, and opportunities for each theme and presented specific examples of businesses and initiatives (outputs) and the values to be realized (outcomes).

Background to this revision were internal and external stakeholders pointing out the ambiguities in the relationship between our sustainability measures and our business activities and asking how the management resources invested in sustainability are returned as shareholder value. In light of this, the review went back to the question of why the Group is addressing sustainability to reaffirm its significance. The result was simply that addressing sustainability is essential for the sustainable growth of the Group.

Aiming to integrate business activities and sustainability



The perspective of providing value for the next generation will be the key for integrating business activities and sustainability. Due to its very nature, urban development is something we pass on to the next generation, and considering its sustainability hence requires a long timeframe. A building constitutes the history of an urban area and forms a cornerstone for the next generation not only during its development, but also during the period when people are using the completed building and even after it is no longer there. We need to be more aware of the responsibility and impact of providing social infrastructure and engage in responsible business activities and conduct that we can be truly proud of for the next generation.

Conversely, maintaining a business that will be valued by the next generation is in itself essential for the sustainable growth of the Group.

I firmly believe that social value and shareholder value are not at all contradictory. As an urban development company, we are only economically viable if we are recognized by society. Our mission statement, which is to contribute to the creation of a truly meaningful society through urban development, precisely connects these two values. Increasing social value through the development of attractive urban areas ultimately leads to growth for the Group. Doing this is not out of the ordinary, but something we have always done as an innate part of our being. This review of our key themes was a process of reaffirming that the creation of social value is at the center of urban development, which is the Group’s core business. In particular, I believe we successfully identified the affinity between urban development and sustainability with the establishment of “pursue tangible and intangible urban development for the next generation” as a theme related to urban development and services.

Meanwhile, as discussion still tends to be focused on economic value and shareholder value in internal decision-making, it is essential to promote an appreciation that the four key themes related to sustainability are simply an extension of our business activities to accelerate our strategy for increasing social value. At the Group, a diverse range of employees work in various departments, and I think in the past it was difficult for many employees to relate their own work to sustainability. However, all of our business activities from development through



operation and management, real estate brokerage, and investment management are connected to our strategy for increasing social value. We will encourage all of the Group's officers and employees to understand that their day-to-day efforts contribute to sustainability and seek the understanding of external stakeholders, including shareholders and investors.

We are already moving toward the integration of business activities and sustainability targets in the annual plans for each business. The Executive Committee is also exploring the creation of new mechanisms for making investment decisions based on how a business will contribute to increasing social value. In addition, the Board of Directors has engaged in vigorous discussions aimed at further deepening sustainability measures, using the reports received from the Sustainability Committee as its starting point.

Creating new businesses based on diverse partnerships

The business environment is constantly changing, and the demands on companies from society are becoming more complex and sophisticated. It is important to be sensitive to these demands in expanding the scope of our business and actively obtain external inputs in order to achieve the long-term management plan and sustainable growth in partnership with society.

The "Ecosystem Engineers" slogan adopted in Sustainability Vision 2050 is a concept based on co-existence and co-creation. It expresses our aspiration to be a corporate group (=engineers) that provides spaces and infrastructure (=ecosystems) where all actors (individuals, corporations, and more) are able to coexist sustainably and thrive together. To begin with, urban development is not a project that we can complete by ourselves. It only begins to take shape when a diverse range of actors work together, including other landowners, construction companies, tenants, and the local community. We need to constantly think about what kind of partnerships are needed in order to enhance the value of real estate and urban areas.

Over the past few years, we have focused on co-creation with startups as one example of such partnerships. Through a variety of support programs, there are now around 200 startups based in the Marunouchi area (the Otemachi, Marunouchi, and Yurakucho districts). As we attract startups and each company strives for growth, we aim to create open innovation by promoting collaboration among startups and between startups and large companies, as well as seeking organic collaboration with our business. We are also increasing collaboration with academia, including universities and overseas research organizations, and working with a variety of artists to revitalize urban areas. We value interactions with new stakeholders who provide perspectives that differ from those of conventional business.

Promoting management that values dialogue and turns diversity into strength

Although technologies such as AI are evolving rapidly at the moment, it is people who underpin all business activities, and I have once more become aware of the importance of human resources. In order to achieve the long-term management plan and go beyond, it is essential that we create an environment in which every single employee of the Mitsubishi Estate Group can maximize their different capabilities. Each person is a unique individual, and we do not all need to think the same. We want our employees to continue to grow as individuals while valuing themselves and respecting others.

As Ecosystem Engineers, we work with people who have different perspectives, so communication is of the greatest importance. When I was working in the United States, I faced many challenges in communication. Obviously, the idea that people understand what I want to say without me having to say anything did not work for communication, but I even found it necessary to assume that it is not easy to convey



what you want to say even when you say it. This is why I believe it is essential to emphasize dialogue and to improve our overall human skills so that we can value ourselves and others, thereby leading to growth potential for the entire Group.

If we consider the provision of value on a global basis, the importance of diversity in human resources is also increasing. We need to design personnel systems that enable diverse human resources to thrive regardless of gender, nationality, cultural background, or other differences. In addition, we have been recruiting specialized human resources in specific fields such as development and digital transformation (DX) over the past few years, and our evaluation systems must adapt to this diversification.

We want to address the issue of gender quickly by increasing the percentage of female managers and taking other measures. However, to tell the truth, there is a gap between this goal and the current situation which has built up over time. To make progress with reform, I feel the challenge is how to ensure that all officers and employees truly come to terms with and understand gender equality. As part of this, in February 2024, we declared our commitment to putting gender equality and women's empowerment at the center of management by becoming the first Japanese property developer to sign up to the Women's Empowerment Principles (WEPs), which was also partly intended to give ourselves a push forward in implementing reform.

I feel that the younger generation tends to be more aware of environmental and other sustainability issues, and we want to listen actively to the opinions of young people. As management, we are working hard to further increase communication within the company, and, at the same time, we also hope that employees will not be afraid to speak up. A company where the diversification of human resources fails to make progress cannot overcome change. We will continue to promote diversity with strong determination.

Demonstrating our presence in the world through value creation leveraging “venues”

Looking to the future, we want to demonstrate a strong global presence so that the Mitsubishi Estate Group instantly comes to mind when people think about real estate companies. Due to the nature of our business, our strength is that we have a variety of “venues.” As the Ecosystem Engineers, we will continue to co-create with diverse partners leveraging these venues. The Mitsubishi Estate Group is a real estate company, but our business has already expanded into all manner of peripheral areas, making it possible to provide a wide range of values.

Based on the updated long-term management plan and the key themes related to sustainability, the Group will upgrade its business activities and realize an increase in social value for the next generation. We hope that our stakeholders are looking forward to our initiatives and will provide us with candid feedback. As we deepen communication with our stakeholders, we will move forward steadily as a group that continues to be trusted toward our mission statement, which is to contribute to the creation of a truly meaningful society through urban development.

Atsushi Nakajima

President & Chief Executive Officer

Mitsubishi Estate Co., Ltd.

(As of August 20, 2024)

MESSAGES

Messages from the Director Responsible for Sustainability and an Outside Director



Message from the Director Responsible for Sustainability

Bunroku Naganuma

Executive Vice President

Mitsubishi Estate Co., Ltd.

Contributing to solving social issues through business activities

As the world undergoes major changes due to the impact of the COVID-19 pandemic, the international situation, and other factors, the sense of urgency about social sustainability, including climate change and human rights, continues to escalate. It is expected of corporations that they promote a virtuous cycle between economy and the environment to drive the creation of a sustainable society. Today, it is no longer possible to increase corporate value without taking action to increase social value.

To respond appropriately to this situation and contribute to the realization of a sustainable society while engaging in business activities, we must consider the best options the Group should take based on identification of accurate information and dialogue with our stakeholders.

Vision for 2050 and review of key themes related to sustainability

The Mitsubishi Estate Group has set out the Mitsubishi Estate Group Sustainability Vision 2050, “Be the Ecosystem Engineers,” as our vision for 2050.

We have been promoting urban development in a variety of locations, principally the Marunouchi area (the Otemachi, Marunouchi, Yurakucho districts), for over 130 years. Urban development involves working in partnership with various stakeholders to nurture the city together. The Group has promoted urban development while making it a goal to constantly provide society with new value by considering local communities and the natural environment, addressing the diverse social issues and responding to changes in the times, and designing plans based on a forward-looking perspective. As the Ecosystem Engineers, the Mitsubishi Estate Group provides the spaces and infrastructure (ecosystems) in which diverse individuals and corporations are able to coexist sustainably and thrive together economically,



environmentally, and socially. We believe doing this creates new value and innovation which leads to the development of our goal: a sustainable city and society.

In May 2024, the Group announced the review of key themes and material issues related to sustainability. This was done with an intent to make the relationship of the Group's strategy for increasing social value to its business activities and the contribution to financial value clearer, as well as to present this information to internal and external stakeholders. In my capacity 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. The current revisions were adopted after the Sustainability Committee and the Board of Directors evaluated their appropriacy. We are working toward providing even greater value for all of our stakeholders and realizing a sustainable society through various themes related to urban development and services, the global environment, respect for people, and value creation, which are defined in "Sustainability of the Mitsubishi Estate Group and Society: Four Key Themes."

Promoting urban development that creates value in partnership with diverse stakeholders

The Mitsubishi Estate Group must share common values and standards for conduct and make concerted efforts with diverse stakeholders in aiming to realize a sustainable society and the Group's mission. Mitsubishi Estate has established the Sustainability-Minded Construction Architectural Design and Construction Policies for real estate development that outline the conditions required by type and scale in areas such as design specifications. Moreover, from the perspective of supply chain management, we established the Mitsubishi Estate Group Supplier Code of Conduct in line with global standards to reinforce systems for verifying compliance of suppliers on human rights, the environment, and other areas. In 2023, we introduced a multilingual consultation and relief help desk service as a grievance mechanism available to foreign workers at construction sites. Through these and other steps we enhance measures aimed at building a sustainable supply chain.

Going forward, we will continue our work to engage in dialogue and collaboration with all stakeholders to solve diverse social issues and respond to the needs of society as well as the demands and expectations of the Mitsubishi Estate Group through our core business, thereby striving to maximize the value we provide to all stakeholders and further enhance our corporate value.



Outside Director's Message

Tsuyoshi Okamoto

Outside Director

Mitsubishi Estate Co., Ltd.

Valuing diversity and constantly working to update management

I assumed the position of Outside Director in 2019. The Group had transitioned to the structure of a Company with Nominating Committee, etc. before that, and has also pushed ahead with governance reform since. At present, Outside Directors account for half of the Board of Directors, and non-executive Directors form a majority. The Outside Directors are all Independent Officers, of which two are women. I believe that the independence and diversity of the Board of Directors is adequately maintained at present. The involvement of members with a range of positions and views makes our discussions more vigorous. Amid an ever-changing management environment and external demands that also keep changing, it is essential to continue examining the optimum composition of the Board from multiple perspectives, including professional background, gender, and nationality. Rather than being satisfied with the status quo, we need to constantly adapt to the changes around us.

An organization cannot grow without embracing diversity. The importance of this should not only be recognized by the Board of Directors, but by all of the Group's officers and employees. When faced with different ways of thinking, we should be inspired to search for what we can gain from such differences, rather than avoiding them. At the moment, the emphasis is on further efforts to promote the empowerment of women and increasing the percentage of women in management and executive positions. However, I think that the fundamental idea behind this is the theme of how diverse human resources – not just by gender – can interact, inspire one another to improve their skills, and work together to strengthen the organization. We respect diverse ideas in the workplace and in management and seek to develop a sense of business that is in line with the times.

Reaffirming the relationship between business activities and sustainability through the review of Long-Term Management Plan 2030

Monitoring the Long-Term Management Plan is one of the important roles of the Board of Directors, and we have continued to hold intense discussions based on detailed explanations from the executive side. In May 2024, we announced a review of Long-Term Management Plan 2030 against the backdrop of unprecedented major changes in domestic and international conditions, including the COVID-19 pandemic, the conflict in Ukraine, the decoupling of the United States and China, and rapid inflation. The question of how to transform our strategies, tactics, and portfolio in response to these changes has been an ongoing topic of discussion at the Board of Directors over the past few years, and we have continued to hold in-depth discussions.



Through the review of Long-Term Management Plan 2030, we revised the key themes related to sustainability in terms of strategy for increasing social value in light of the major changes in domestic and international conditions. While steadfastly maintaining management with the two strategic drivers of increasing social value and increasing shareholder value, which serves as the foundation, we clarified the Mitsubishi Estate Group's business activities from the perspective of sustainability, analyzed the material issues, and reorganized four key themes as actions to establish sustainability for both the Group and society. I think it was particularly significant that we clarified the fact that promoting both the tangible and intangible aspects of real estate, the Group's core business, contributes to increasing social value in and of itself. This enables employees to feel confident that implementing and completing their own work is what leads to sustainability. That, in turn, has made dialogue with external stakeholders such as investors easier.

Expecting measures that address changes and create new trends

Amid very rapid changes in the environment, we must continue aiming to constantly upgrade and achieve the Long-Term Management Plan while engaging in a series of dialogues with internal and external stakeholders. The Mitsubishi Estate Group has a robust management foundation backed by the traditions of the Otemachi, Marunouchi, and Yurakucho district. I expect the Group to take advantage of this strength not only to address the waves of change but also to develop a variety of measures with the courage to create new trends itself as a Group.

I have been involved in management of companies involved in the city gas business, electricity business, and the energy service business in Japan and overseas for many years. I also served as an officer at Keidanren for six years and interacted with many corporate executives. I hope to draw on the knowledge I have based on my past experience to fulfil my responsibility to increase the corporate value of the Mitsubishi Estate Group and contribute to a sustainable society.

(As of August 20, 2024)