

MITSUBISHI ESTATE GROUP
CSR Report 2018



A Love for People A Love for the City

Forever Taking on New Challenges

The Spirit of Mitsubishi: The Three Principles

Shoki Hoko

所期奉公

Corporate Responsibility to Society

Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

Shoji Komei

処事光明

Integrity and Fairness

Maintain principles of transparency and openness, conducting business with integrity and fairness.

Ritsugyo Boeki

立業貿易

Global Understanding through Business

Expand business, based on an all-encompassing global perspective.

The Mission of the Mitsubishi Estate Group

We contribute to society through urban development.

By building attractive, environmentally sound communities where people can live, work and relax with contentment we contribute to creating a truly meaningful society.

The Mitsubishi Estate Group Code of Conduct

In order to carry out the Group Mission, we pledge to observe the following Code of Conduct.

We will act with integrity.

We will base our conduct on laws and ethics and always reflect with humility upon our behavior, valuing our communication with society and placing priority in our corporate activities on earning trust through fairness and transparency.

We will strive to earn the trust of our clients.

We will approach all objectives from our clients' point of view, providing safe and reliable products and services, and make information available as appropriate.

We will strive to create a vibrant workplace.

While aiming at personal growth, we will respect the human rights and the diversity of opinion of others and increase our creativity and professionalism, while displaying our collective strengths as a team.

Mitsubishi Estate Group Guidelines for Conduct (Revised April 2018)

Formulated: December 1, 1997/Revised: August 1, 2002/Revised: January 1, 2006

Contents

The Spirit of Mitsubishi: The Three Principles/The Mission of Mitsubishi Estate Group/The Mitsubishi Estate Group Code of Conduct/Mitsubishi Estate Group Guidelines for Conduct	2
Contents/Editorial Policy	3
Message from the President	4

CSR Strategy at the Mitsubishi Estate Group

Message from the Director Responsible for CSR	7
The Mitsubishi Estate Group's Process to Provide Value to Society	8
Key CSR Themes and the KPI/Operational Framework for CSR	10
Communicating with Stakeholders	12

Sustainability Highlights

Key CSR Theme	Urban Development Together with Society
	Safe and secure community development through both physical and social infrastructure advancement together with the local community
Urban Development Enabling People to Live, Work and Relax—Safely and Securely	18
Urban Development Conducive to Child-Rearing and an Aging Population	20
Cooperating with Local Communities	21
Communicating with Clients	22

Key CSR Theme	Cutting-Edge Community Development
	Innovative community development tailored to the era of globalism
The Globalization of Marunouchi	24
Sharing Mitsubishi Estate Group's Urban Development with the World	26
Progressive Initiatives in Marunouchi	26

Editorial Policy

The Mitsubishi Estate Group began publishing its Environmental Report in fiscal 2000. Since fiscal 2005, the Group has published the CSR Report, expanding the coverage of the report to include corporate social responsibility.

In fiscal 2014, in order to identify the key CSR themes that the Mitsubishi Estate Group should address over the medium to long term, the Group solicited opinions from various stakeholders, held thorough internal discussions, and ultimately decided upon five key CSR themes. Next, an implementation framework was established and key performance indicators (KPIs) were defined under each of the five themes. In fiscal 2017, the Group endeavored to expand KPI target values and the scope of disclosure. Additionally, since three years had passed since the establishment of the key CSR themes, a working group across all businesses in the Group was constituted and they have undertaken a revision of the key CSR themes from an SDGs perspective.

We hope that all stakeholders will read this report and share their opinions and impressions with us without hesitation.

Reporting Structure

The volume and the thoroughness of the information included in the CSR Report increases every year. Thus the company publishes the print edition as a digest version for general readers that mainly explains the company's initiatives concerning material issues in an easy-to-read format while the homepage version is a complete edition that covers all content that needs to be reported including all kinds of technical data. Detailed information on corporate overviews and results are also provided on the homepage.

Websites

Information on CSR: <http://www.mec.co.jp/e/csr/index.html>
Investor relations: <http://www.mec.co.jp/e/investor/index.html>
Corporate information: <http://www.mec.co.jp/e/about/index.html>

Key CSR Theme

Environment

Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities

Long-Term Environmental Vision/ Basic Environmental Policy	28
Environmental Topics	29
Climate Change Strategies	29
Preserving Biodiversity	31
Using Water Resources Efficiently	32
Initiatives Overseas	33

Key CSR Theme

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

Human Resource Development	34
Promoting Diversity	35
Creating a Vibrant and Pleasant Workplace	37
Work Health and Safety	39

Key CSR Theme

Compliance

Promotion of compliance meeting the expectations of clients and society

Compliance in Practice	40
Corporate Governance	42
Cooperating with Business Partners	43
Serving Shareholders and Investors	44
Financial and Non-Financial Information	45

Scope

The organizations covered in the 2018 CSR Report are Mitsubishi Estate and 52 Group companies (46 in Japan and 6 overseas) that share the Mitsubishi Estate Group Code of Conduct.

 See the website for a list of organizations covered

Period

This report covers fiscal 2017 (April 1, 2017 to March 31, 2018), but also includes information pertaining to other fiscal years.

Reference Guidelines

- Global Reporting Initiative (GRI) Standards
- Environmental Reporting Guidelines (2012 edition), Ministry of the Environment, Japan
- ISO 26000

 See the website for the GRI Guideline Sheet

 See the website for a list of organizations covered in the report

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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.

Message from the Director Responsible for CSR

Responding to a changing environment

Since the adoption of the Sustainable Development Goals (SDGs) by the United Nations in 2015, needless to say momentum is building internationally, and in Japan, for initiatives to achieve the SDGs. Today, the world faces such issues as climate change, food and water security, and the loss of biodiversity. Even when looking at Japan, our various issues include overwork, a rapidly aging population, and declining birth rate, along with mental and physical health issues. As one would expect, it is almost impossible for a single company to address these issues alone, and Mitsubishi Estate is no exception.

Our mission is encapsulated in the phrase, "By building attractive, environmentally sound communities where people can live, work and relax with contentment we contribute to creating a truly meaningful society." Throughout our more than 100 years of history in urban development, we have enhanced our corporate value and prospered as a company by continually creating value for society through our efforts to address social issues alongside various other companies, organizations, and local governments.

In 2015, the Group established five key CSR themes as important management tasks for addressing social issues, after taking into account the views of stakeholders. KPIs have been assigned to each theme, which are managed using the PDCA cycle. Given the growing momentum to tackle the SDGs, we considered it an excellent time to revisit these key CSR themes; therefore, in May 2018, we set up an in-house cross-functional working group representing all business divisions.

Revisions to Code of Conduct and joining the UN Global Compact

For the Group to address social issues responsibly and actively, we need to share our values and expectations across the entire Group more so than before. Our Code of Conduct and Guidelines for Conduct form the basis of these actions. The guidelines were recently revised in April 2018, given the expansion of our business domains and changes in society's needs in terms of compliance. Additionally, we joined the UN Global Compact to deliver a stronger message about our corporate stance not only to employees but also society as a whole. We are now working within the constructs of international initiatives aimed at the realization of a sustainable society.

Efforts to address social issues through business activities

Urban development involves more than just erecting buildings or homes as tangible infrastructure. It is important for all people living, working and residing there to have healthy and safe experiences, from children to the elderly. Therefore, urban development includes such considerations as disaster prevention and barrier-free designs. The



Noboru Nishigai

Senior Executive Officer
Mitsubishi Estate Co., Ltd.

Mitsubishi Estate Group's idea of urban development involves engaging customers and local community members to better understand all possible impacts our business activities will have, such as on human rights and the environment. This requires that the Group work with all stakeholders including business partners in an appropriate manner.

One of our key CSR themes is the environment. We are aiming to promote leading initiatives in the environment to contribute to a sustainable society. In particular, we consider our initiatives to combat climate change to be one of our most important duties, since this is an issue facing all life on Earth. Additionally, the Mitsubishi Estate Group Long-term Environmental Vision and Basic Environmental Policy emphasize the importance of helping society to recycle more, fostering harmony between nature and human society, and promoting environmental management collectively by the Group. In our business activities, we are promoting the use of renewable energy and supplying buildings and homes recognized as both environmentally and socially friendly. This will result in smart communities with efficient electricity and water usage, transportation, and physical distribution. Such communities will have less pollutants and waste, use energy, water and raw materials more efficiently, as well as produce fewer greenhouse gas emissions.

Working together with stakeholders

Contributions to global environmental issues are only feasible if we work with customers, communities, and business partners to foster understanding in our philosophy, instead of taking a go-at-it-alone approach. Therefore, in addition to the Mitsubishi Estate Group Green Procurement Guidelines, we are sharing the Mitsubishi Estate Group CSR Procurement Guidelines established in April 2016 with business partners, so that together we can address social issues including the environment.

In order to accelerate our initiatives toward social issues, it is important that we obtain the understanding of stakeholders and work alongside them. We hope to make our key CSR themes even more effective by setting up opportunities to engage stakeholders annually. As part of this, we solicited the views of outside experts once again this year. Looking ahead, I hope to continue receiving your candid opinions, so that we may utilize them in the Group's initiatives.

The Mitsubishi Estate Group's Process to Provide Value to Society

To contribute to the creation of a sustainable future, it is important to work toward resolution of a variety of issues in the course of conducting business activities. In order to promote efforts toward achievement of the SDGs, the Mitsubishi Estate Group has incorporated the aim to achieve “long-term corporate value enhancement and mutually profitable relationships with stakeholders by establishing a position as a forerunner of ESG-conscious corporations” in the Group’s Medium-term Management Plan, and taking a global perspective on changes to the social and business environments, is steadily working to do so under five key CSR themes.

The Mitsubishi Estate Group's Value Chain

Business environment

Progress of the “Fourth Industrial Revolution”

Diversifying workstyles and communication styles driven by workstyle reforms

Social environment

Global population growth and urbanization

Declining birth rate and aging society in Japan, as well as a decline in population

Increasingly visible signs of climate change

Shortages of water resources and food

Heightened concerns over sustainability of biodiversity and resources

Heightened concerns over human rights issues

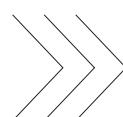
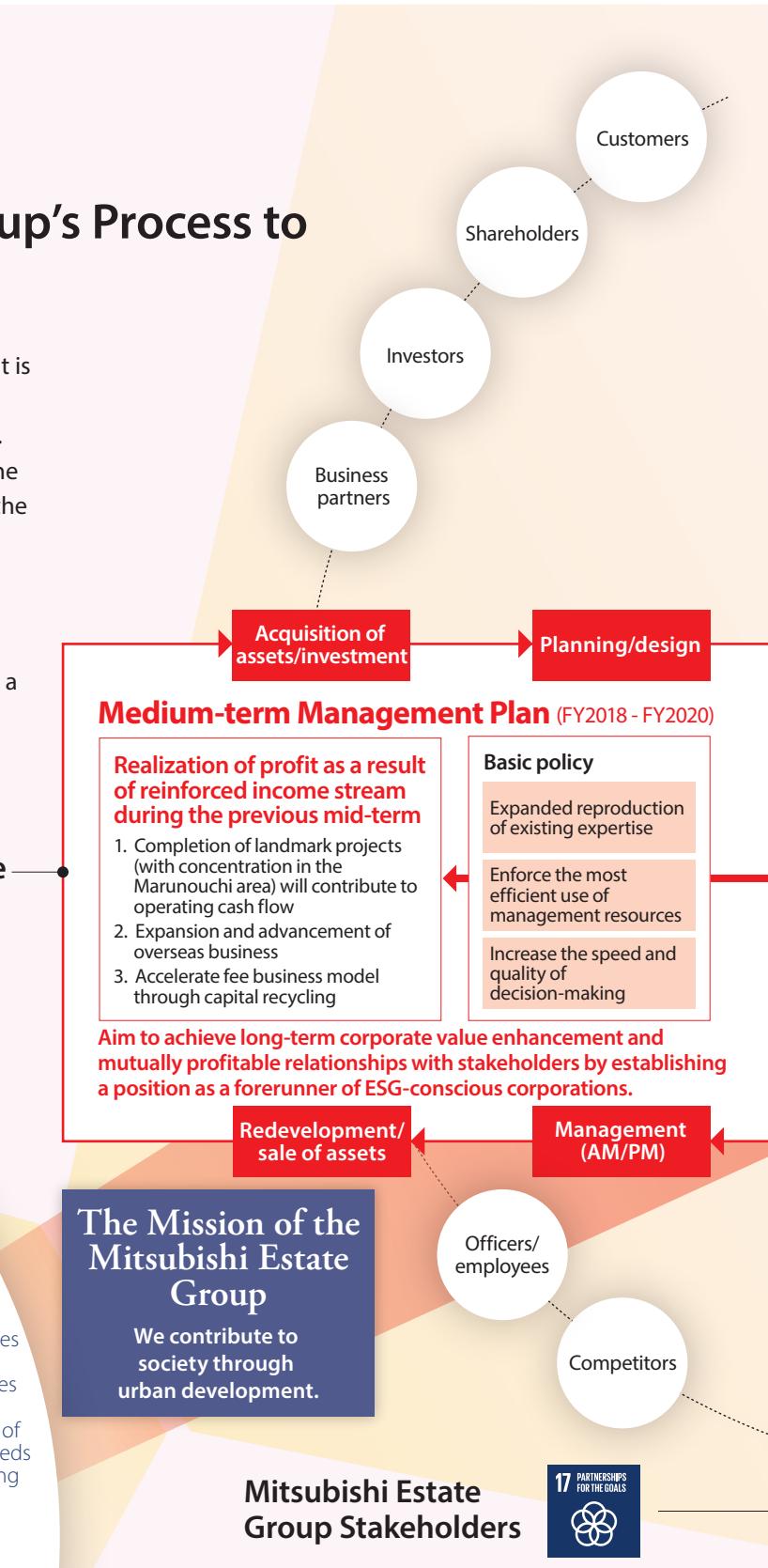
Aging infrastructure and growing need for safety and security

Growing presence of venture companies and startups in economic activities

Diversification of values and needs related to living areas

An eye toward changes in global social issues and the business environment

The Mitsubishi Estate Group broadly considers changes in global social issues and the business environment, and verifies new business opportunities and risks in light of our management resources. That information is utilized to formulate new growth strategy and CSR strategy, and to strengthen our management structure.



Promotion of the Medium-term Management Plan with a 10-year and 20-year outlook

Both a medium-term perspective and a long-term perspective are critical for a company that has urban development as its core business to achieve sustained growth. Accordingly, the Mitsubishi Estate Group has formulated and is implementing a three-year Medium-term Management Plan that has an eye on the circumstances of society 10 years and 20 years in the future.

Toward a New Stage of Innovating Business Models and Creating Value through Urban Development

Key CSR Themes

Urban Development Together with Society P18



Cutting-Edge Community Development P24



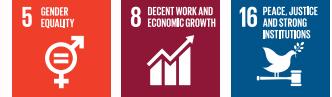
Environment P28



Compliance P40



Human Resource Development P34

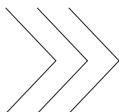


Innovation of the business model for growth in the 2020s

1. Improve the productivity of business activities
2. Effective use of existing social resources
3. Enriching the quality of life

Leasing/sales

The Mitsubishi Estate Group's Business



Educational institutions

Local communities, NGOs, NPOs

Media

Governments/governmental agencies

Building a new value creation model while working on key CSR themes with diverse stakeholders

To implement business plans and CSR activities in a steady manner, the Mitsubishi Estate Group places emphasis on dialogue with diverse stakeholders in each business. In 2015, Mitsubishi Estate formulated five "key CSR themes" in light of such dialogue, the

advice of outside experts, and medium/long-term growth strategy, etc. We are pursuing a business model that contributes to achievement of a sustainable society through the Group's business activities and unified efforts.

Key CSR Themes and the KPI/Operational Framework for CSR

Key CSR Themes and Performance Indicators

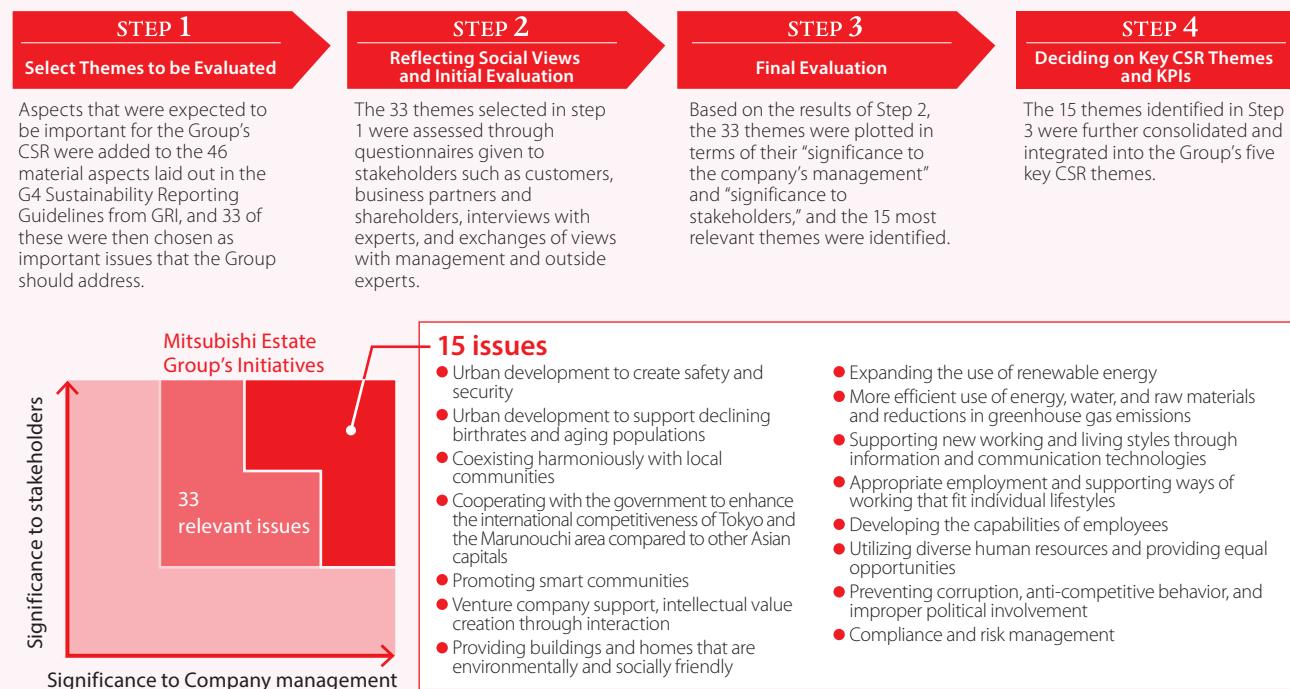
In order to help build a sustainable society for the future, the Group believes that it must identify the issues it is best positioned to address and work to provide solutions in its business operations. The Group has established five key CSR themes, based on the opinions of its various stakeholders and thorough internal discussions. Key performance indicators (KPIs) have been set for each of these themes and progress is being managed accordingly.

In fiscal 2016, aiming to take initiatives based on the key CSR themes to the next level, Mitsubishi Estate again asked stakeholders for their opinions and made revisions internally in line with changes in the social environment to establish more appropriate indicators.

In fiscal 2018, we are implementing internal working groups throughout all business fields to review materiality because it has been three years since establishment in fiscal 2015.

Process for Selecting Key CSR Themes (as established in 2015)

The process used for determining the Mitsubishi Estate Group's important CSR themes is described below.



Operational Framework for CSR

Mitsubishi Estate takes an active, group-wide approach to CSR. Chaired by the President & Chief Executive Officer of Mitsubishi Estate, the Group's CSR Committee comprises executives in charge of respective business fields and the Corporate Group, as well as managers of the major Group companies, and it ensures group-wide implementation of CSR. The CSR & Environmental Sustainability Subcommittee serves as forum for detailed discussion to prepare for CSR Committee meetings.



Meetings of the CSR Committee held in fiscal 2017

1st meeting (July 2017: regular meeting)

- Fiscal 2016 Key CSR themes/KPI performance report
- CSR activities report, etc.

2nd meeting (February 2018: regular meeting)

- Efforts toward SDGs and review of key CSR themes and KPI
- Launch of the Human Rights Due Diligence Workshop

*Refer to the KPI on the pages for each key CSR theme for details on the range covered by numerical figures.

Key CSR themes	Objectives	Fiscal 2018 key performance indicators (KPI)	Fiscal 2017 results*	Boundary	Ref
Urban Development Together with Society Safe and secure community development through both physical and social infrastructure advancement together with the local community	<ul style="list-style-type: none"> We will strive to create communities in which people can live, work and relax in safety and security, with thoughtful consideration of disaster response and barrier-free systems. We will work to develop communities conducive to raising children and in which the elderly can live comfortably. We will communicate with the local communities involved in our main businesses, ascertain the impact of our business activities on human rights and the environment, and respond appropriately. 	<ol style="list-style-type: none"> 1 Deepen disaster prevention measures through a system for healthcare collaboration in the event of a disaster and use of neighborhood disaster prevention groups 2 Number of buildings that are to take in stranded commuters or serve as tsunami evacuation sites under agreements with local government authorities 3 Rate of participation in first aid training 4 Number of buildings recognized as barrier-free under Barrier Free Law 5 Number of participants in seminars and events held by community development groups 6 Number of participants in "Experience Nature" Projects (single year/cumulative) 7 Number of visitors to the Mitsubishi Ichigokan Museum, Tokyo 	<p>Refer to text of report</p> <p>20 sites</p> <p>62% (Fiscal 2030 ongoing goal: 100%)</p> <p>13 buildings and projects</p> <p>18,356 people a year</p> <p>370 people/2,324 people</p> <p>367,679 visitors a year</p>	<p>Mitsubishi Estate Group</p> <p>Mitsubishi Estate Group</p> <p>Mitsubishi Estate Group</p> <p>Otemachi, Marunouchi and Yurakucho</p> <p>Mitsubishi Estate Group</p> <p>Mitsubishi Estate Group</p>	<p>P18</p> <p>P18</p> <p>P19</p> <p>P20</p> <p>P20</p> <p>P21</p> <p>P21</p>
Cutting-Edge Community Development Innovative community development tailored to the era of globalism	<ul style="list-style-type: none"> We will provide offices, housing and commercial facilities suited to a new work style utilizing information and communications technology. We will develop a forum for interaction and support venture companies and the creation of a new intellectual property. We will strengthen the appeal of Tokyo's Marunouchi area and enhance its competitive strengths compared to cities in Asia in cooperation with national and city governments and Chiyoda-ku. 	<ol style="list-style-type: none"> 1 Number of offices of foreign financial companies in Otemachi, Marunouchi and Yurakucho area 2 Number of companies participating in EGG JAPAN (Entrepreneur Group for Growing JAPAN), of which the number in parentheses indicates foreign companies 3 Number of buildings connected to optical fiber in Otemachi, Marunouchi and Yurakucho area 	<p>71 offices</p> <p>42 (26) companies</p> <p>62 buildings</p>	<p>Otemachi, Marunouchi and Yurakucho</p> <p>Otemachi, Marunouchi and Yurakucho</p> <p>Otemachi, Marunouchi and Yurakucho</p>	<p>P26</p> <p>P26</p> <p>P27</p>
Environment Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities	<ul style="list-style-type: none"> We will efficiently utilize energy, water and raw materials and reduce greenhouse gases in our business activities. We will strive to create a smart community with efficient transportation and distribution systems as well as electricity and water use. We will expand the use of renewable energy in buildings and residences. We will proactively provide buildings and residences certified as being environmentally and socially responsible. 	<ol style="list-style-type: none"> 1 Energy use/CO₂ emissions 2 Waste generated/water used 3 Number of projects recognized with CASBEE (new construction design)/Development Bank of Japan (DBJ) Green Building/ABINC certifications 4 Number of buildings using district heating and cooling, and their total floor space 5 Solar power output 6 Area of green on roofs and walls 7 Rate of annual adoption for heat insulation functions level 4 8 Rate of annual adoption for primary energy consumption level 4 9 Rate of annual adoption for soleco system 10 Rate of annual adoption for high-efficiency appliances (hot water heaters/LED equipment/ultra-water-conserving toilets) 11 Small- and medium-sized building renovations/condominium renovations 12 Rate of annual use of Japan-grown timber 	<p>About 272,000 kJ/About 529,000 t a year</p> <p>44,967 t/About 5,648,000 m³ a year</p> <p>9/20/22 buildings and projects</p> <p>115 buildings/About 7,429,000 m²</p> <p>About 8,497 kW/17 sites</p> <p>About 33,800 m²</p> <p>100%</p> <p>100%</p> <p>58.8%</p> <p>100/100/100% a year</p> <p>15 buildings/634 units</p> <p>50% a year</p>	<p>Mitsubishi Estate Group</p> <p>Mitsubishi Jisho Residence</p>	<p>P31</p> <p>P29</p> <p>P31</p> <p>P29</p> <p>P29</p> <p>P31</p> <p>P29</p> <p>P29</p> <p>P31</p> <p>P31</p> <p>P32</p> <p>P32</p>
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	<ul style="list-style-type: none"> We will select and hire employees equitably, provide appropriate education and training opportunities for the employees responsible for future community development, and will support flexible work styles tailored to individual lifestyles. We will offer equitable opportunities so that a diverse workforce can succeed in its jobs, regardless of gender, age and/or disability. 	<ol style="list-style-type: none"> 1 Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours 2 Number of hours of overtime on average per month 3 Training time/cost per employee 4 Rate of reinstatement to work after maternity/childcare leave 5 Number/ratio of female managers 6 Employment rate for persons with disabilities 	<p>71/182 people a year</p> <p>17.21 hours</p> <p>11.92 hours/74,275 yen a year</p> <p>97.7% (Fiscal 2030 ongoing goal: 100%)</p> <p>78 people/6.55% (Mitsubishi Estate only fiscal 2030 ongoing goal: over 10%)</p> <p>2.20% (Fiscal 2020 ongoing goal: 2.2%)</p>	<p>Mitsubishi Estate Group</p>	<p>P38</p> <p>P38</p> <p>P35</p> <p>P39</p> <p>P37</p> <p>P37</p>
Compliance Promotion of compliance meeting the expectations of clients and society	<ul style="list-style-type: none"> We will respond appropriately to prevent bribery, violation of the anti-monopoly law and inappropriate political donations. In addition to complying with laws and regulations, we will strive to meet the expectations of clients and society, as well as understand and respond appropriately to various business risks. 	<ol style="list-style-type: none"> 1 Compliance training such as training by level and CSR lectures 2 Compliance survey "Extent to which Code of Conduct is achieved" 3 Rate of participation in compliance e-training 	<p>Refer to text of report</p> <p>88%</p> <p>99% (Fiscal 2030 ongoing goal: 100%)</p>	<p>Mitsubishi Estate Group</p> <p>Mitsubishi Estate Group</p> <p>Mitsubishi Estate Group</p>	<p>P40</p>

Communicating with Stakeholders

Mitsubishi Estate Group's Relationships with Stakeholders

The Mitsubishi Estate Group's business is built upon the foundation of its relationships with a wide variety of stakeholders, including customers, shareholders, local communities, government and local authorities, business partners, and executives and employees and their family members.

Business activities in urban development involve many stakeholders by their very nature, and the Mitsubishi Estate Group has the responsibility to pursue its business activities while living up to the trust placed in it by these stakeholders.

In particular, the Group's business entails close involvement with the tenants of its buildings and the stakeholders in the local community as partners in building a sustainable community. In the Marunouchi area, the Group prioritizes interactive communication on a daily basis through the Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho.

Two of the general principles of Japan's Corporate Governance Code, which was issued by the Tokyo Stock Exchange, are "appropriate cooperation with stakeholders other than shareholders" and "dialogue with shareholders." The Group will take a range of initiatives to communicate with stakeholders in various forms and reflect their opinions in management.



Methods for Dialogue with Stakeholders

Stakeholders	Definition	Opportunities for dialogue	Primary themes
Customers	Users of tenant buildings, parties to housing and condominium contracts, various subcontractors, etc.	<ul style="list-style-type: none"> Customer satisfaction surveys, questionnaires, etc. Communication through marketing activities 	<ul style="list-style-type: none"> Urban development to create safety and security Quality and safety management for products and services Urban development to support declining birthrates and aging populations
Community and Society	Local community and local residents involved in the Mitsubishi Estate Group's business	<ul style="list-style-type: none"> Meetings with influential stakeholders Dialogues through cooperation with administrations, local government and NPOs Social contribution initiatives 	<ul style="list-style-type: none"> Economic contributions to the community Promoting smart communities Sustainable use of forest resources
Employees	Mitsubishi Estate Group employees	<ul style="list-style-type: none"> Communication via personnel evaluations Dialogue via compliance survey and other internal platforms 	<ul style="list-style-type: none"> Developing the capabilities of employees, utilizing diverse human resources and providing equal opportunities Maintaining safety as well as physical and mental health
Business Partners	Construction subcontractors, cooperating companies, suppliers, etc.	<ul style="list-style-type: none"> Communication during operations Subcontractor evaluation systems, training sessions for registered construction firms, quality and safety promotion conferences, other Communication during procurement activities Notification of CSR procurement guidelines 	<ul style="list-style-type: none"> Supply chain management Green procurement Urban development to create safety and security
Shareholders and Investors	Individual and institutional investors	<ul style="list-style-type: none"> Financial results briefings (twice a year) Small group meetings and property tours for analysts Meetings with Japanese and foreign institutional investors Communication using IR tools 	<ul style="list-style-type: none"> Economic performance Healthy corporate management

Comments from Experts

Mitsubishi Estate's Management is Evolving as It Tackles the SDGs

Setsuko Egami

Outside Director
Mitsubishi Estate Co., Ltd.



Mitsubishi Estate has worked for many years to address environmental issues because of the unique nature of the real estate business as a consumer of natural resources. Looking back, the 1970s were signified by *The Limits to Growth* of the Club of Rome, the 1980s were marked by the exploration of approaches to sustainable development, and the 2000s saw many countries begin to take concrete actions toward environmental issues. In other words, the world has been driven to find approaches and mechanisms for sustainability, instead of simply pursuing prosperity and development.

This represents the basic philosophy in which sustainability is viewed as the very foundation of the fulfilling society we live in today. Mitsubishi Estate engages in a wide range of business lines including office buildings centered on Marunouchi, residential, commercial facilities, and logistics facilities. Within our current approach to achieving growth, we have incorporated sustainability into specific elements and processes, and we have worked carefully to monitor targets and results.

However, global issues such as resources, air pollution, ocean pollution and food security have become more complicated,

while their acuteness is growing in recent years. The SDGs can be seen as a basic stance for finding solutions to these issues.

Viewing the SDGs as a growth mechanism for future corporate activities, Mitsubishi Estate has established CSR Procurement Guidelines and supply chain management, while signing the UN Global Compact and releasing a statement on human rights in 2018. In this manner, we have greatly expanded our initiatives and are making progress. Changes are taking place in shareholder actions and evaluations, as overseas and domestic institutional investors and others are shifting focus to ESG investments that value medium- to long-term returns over short-term gains. As it examines concepts of sustainability for the next 100 years, Mitsubishi Estate intends to work in an integrated manner to address the SDGs from the perspective of business development, business investment, and risks and opportunities.

With regards to diversity, which tends to be viewed as a social issue only, Mitsubishi Estate's ratio of female managers stood at 5.1% as of April 2017. The action plan chart of the Act on Promotion of Women's Participation and Advancement in the Workplace released in 2016 states that companies are to increase the ratio of women in assistant manager positions to 20% by around 2020. However, diversity is also a strategy for enhancing collaborative strengths by incorporating varied skills, approaches, and sensitivities within the same corporate culture. We have cited increased mid-career hiring as a way to accomplish this, but we still have a long way to go. Efficiently promoting diversity as a corporate management strategy requires integrated thinking, a large scope, and myriad actions. Mitsubishi Estate's new innovative office has spurred on work style reform more so than expected. I have high expectations for top management's further commitment toward diversity.

Becoming an Appealing, Sustainable Company through Appealing Urban Development

Takehi Mizuguchi

(Ph.D. in Business Administration)

Professor, Faculty of Economics
Takasaki City University of Economics



One of the expectations placed on developers is the creation of infrastructure that addresses climate change.

The private sector's ideas and networks are needed in order to achieve the 2°C target of the Paris Agreement.

Energy consumption varies largely based on the quality of mobility. One approach to fulfilling Mitsubishi Estate's mission of "We contribute to society through urban development" is to rethink land use as well as help create cities with convenient and energy efficient mobility options through a combination of electric vehicles, hydrogen vehicles and bicycles.

Such an overarching concept requires partnerships with government and consortiums. I believe that the Mitsubishi Estate Group is well positioned to tackle this challenge given its

experience with new town development and other projects.

Success at creating a mobility version of model cities with smart communities will make it possible to export urban infrastructure to other countries. I believe this area will become a business opportunity in the future.

Thinking about the concept of urban development using a broader context should also greatly expand developer possibilities.

The time spent at the office occupies more than half of a worker's day, and for this reason the office environment is an extremely important consideration. Mitsubishi Estate's new headquarters features comfortable workspaces. It is the type of office where employees will want to work for the next 30 years. I would like Mitsubishi Estate to leverage this know-how in future urban development for the creation of new communities.

Virtual spaces using AI and social media are growing immensely. Looking ahead, I believe it is a good idea to create a long-term vision for 2050 aimed at the creation of community spaces directly linked with people and urban areas that provide appealing spaces capable of drawing people outside. The more capable it becomes at appealing urban development, the more Mitsubishi Estate will become an appealing company. This will also attract much more talent and lead to the creation of a sustainable company in the process.

Sustainability Highlights



The Mitsubishi Estate Group is carrying out various initiatives both internally and externally to help realize a sustainable society, including work style reforms following the relocation of its headquarters, becoming a signatory to the UN Global Compact, and establishing a Group-wide policy on human rights.

Highlight 1

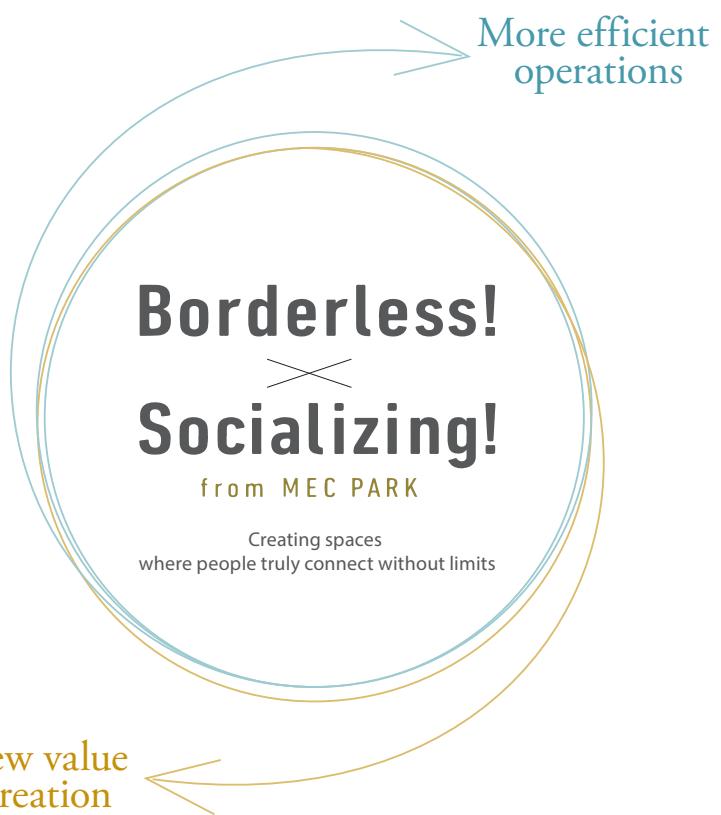
Creating a Constantly Evolving Office that Influences Future Community Development

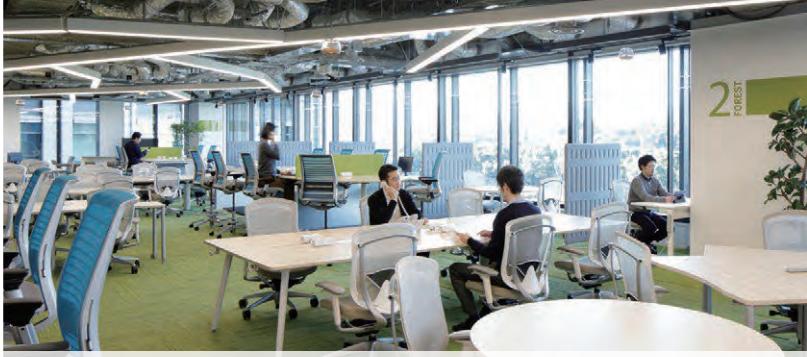
The Headquarters Relocation Project Today

On January 5, 2018, Mitsubishi Estate relocated its headquarters to the Otemachi Park Building to revitalize its workspaces in the pursuit of new value creation.

The new headquarters's concept is embodied in the words "limitless communication." This signifies our commitment to create a venue for generating new value through workspaces where people truly connect without limits. We will fulfill this commitment as part of our work style reforms for productivity and employee health advancement.

Under this project, we will usher in workspace and program innovations based on the voice of employees. Our new headquarters will also serve as a real-life testing ground in which outcomes, knowledge and know-how will be proposed to customers and utilized in the planning of innovative new office buildings.





Free-address work environment

Employees can choose their workplace on any given day from a host of different seating options, including low tables, high tables, large desks and individual desks, among others. Efforts were made to reduce paper and digitize documents, eliminating more than 70% of document storage cabinets compared to before the move.



Open staircases between floors

Private stairways have been installed so that employees can move freely between floors, bypassing the building's common areas. This promotes casual conversations, encourages health advancement and mitigates the risks posed by loss or theft of confidential information.



SPARKLE Cafeteria

The cafeteria serves free breakfast for a healthier start to the day. Employees can also use the cafeteria as a workspace, encouraging new ideas and new insights.



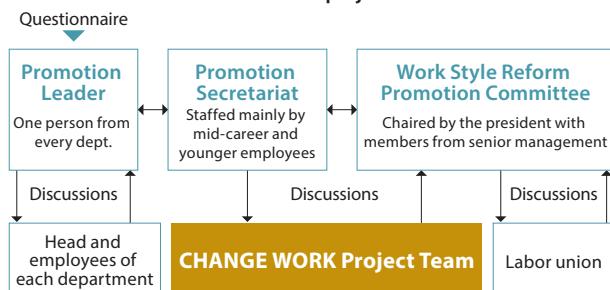
Double the common area

One-third of the new headquarters is allocated to common areas, or double the amount of the previous one. This creates opportunities for insight through discussion and increases motivation and productivity.

All-hands-on-deck project revitalizing workspaces for new value creation

Today, company needs for office space are becoming more varied and sophisticated. This includes the need for workspaces that are more productive, comfortable and environmentally friendly. Viewing these changes as a business opportunity, Mitsubishi Estate is working to develop and share a new vision for office space. This requires that we establish creative work styles in a comfortable and healthy workplace for our own people. With this in mind, in April 2017 Mitsubishi Estate established the Work Style Reform Promotion Committee, which reports directly to the President. The committee's Promotion Secretariat, comprising mid-career and younger employees and Promotion Leaders from each department, works together to brainstorm novel ideas, with final decision-making entrusted to senior management. In this manner, the project involves the voice of all employees.

Workflow of the all-hands-on-deck project



Trials targeting certain departments are implemented by the CHANGE WORK Project Team to gauge the pros and cons of novel approaches. In turn, the actual introduction of new facilities and programs is determined based on repeated real life trials and reviews.

Creating workspaces that foster natural interactions among a diverse workforce

The new head office's concept is "limitless communication from MEC Park." The goal is to create a park-like setting where a truly diverse workforce congregates, resulting in natural interactions between all employees. The new office will also produce new value for customers and society by stimulating people's sensitivities and intellect, and also by involving everyone in the creation process.

Following this concept, we have reformed the office environment at our new headquarters in many ways. For example, we adopted a free-address work environment that balances the operating styles of varied work styles and group work. To promote dialogue, our executive officers in charge of each business no longer have private offices. In addition, one-third of the entire headquarters is allocated to common areas to foster encounters with people of varying backgrounds from both inside and outside the company. Separate, private stairways between floors have been installed to open up vertical exchanges and promote communication. We have also built an in-house cafeteria that serves employees free breakfast and lunch, playing the dual role of health promoter and separate workplace.



Varying forms of spatial design

Varying forms of spatial design are used for each floor and each purpose, with emphasis given to boosting insight, motivation, and productivity. Common areas are set up throughout the office for employees to work alone or hold meetings.

Nap room

A new power nap program has been introduced for improving performance.

Wellness program

Features a flexible onsite fitness program for employees for the purpose of health advancement.

Developing workspaces for various work styles and ensuring employees contribute their skills to the fullest

Creating new value through people's encounters requires an office that respects each and every employee's work style and that helps maintain their mental and physical health.

Our new headquarters features workspaces with varying forms of spatial design to cater to the unique work styles of individual employees. We have also rolled out a number of systems for fully supporting performance at work, including a power nap program using the nap room and work interval program, where employees can take extended breaks from work even during busy periods. Also, the cafeteria serves free breakfast and there is an onsite fitness program, too.

Developing new proposals and new community building through real life testing of leading edge technologies

The Headquarters Relocation Project adopted a number of leading edge technologies based on the voice of employees to create an office space that encourages inclusive, natural communication, while also considering employees' varying work styles and health.

Such technologies include a security system with fingerprint reader and payment system linked to individual bank accounts. The new headquarters also features an employee location system that provides information on how busy common areas or the cafeteria may be, and allows colleagues to find one another with a quick glance of the screen.

Mitsubishi Estate plans to propose the outcomes, knowledge and know-how gained from these new approaches to customers, and utilize them in the planning of innovative new office buildings. Various initiatives are now underway at the new headquarters with the goal of making it a starting point for future community development.



Highlight

2

Signed the United Nations Global Compact

April 2018

In April 2018, the Mitsubishi Estate Group became a signatory to the United Nations Global Compact. Our corporate slogan is "A Love for People. A Love for the City" and our Group mission is to contribute to society through urban development.

Henceforth Mitsubishi Estate will uphold the Ten Principles of the UN Global Compact and endeavor to respect human rights, eliminate unfair labor, protect the environment and avoid corruption as it continues to contribute to the development of a sustainable world by establishing targets and policies suited to its business and pursuing them using the PDCA management cycle.



Highlight

3

Established the Mitsubishi Estate Group Human Rights Policy

April 2018

In recent years, the advance of globalization has pushed corporate activities beyond national borders, and corporate social responsibility (CSR) has become more sophisticated and international. The Sustainable Development Goals (SDGs) were adopted by the UN in 2015, and momentum has been building for "ESG investment," in which investors select companies that consider the environment (E), society (S), and governance (G) as the targets of their investment.

The Mitsubishi Estate Group established the "Mitsubishi Estate Group CSR Procurement Guidelines" and other initiatives that advocate "respect for human rights and diversity," and has given consideration to human rights and the environment through the Group's business activities. In addition, the Group established the Mitsubishi Estate Group Human Rights Policy in April 2018, even more deeply considering the rights of every single party involved in the Group's businesses.

Please visit the website for details.

http://www.mec.co.jp/e/csr/pdf/human_rights_policy.pdf

Highlight

4

Revised the Mitsubishi Estate Group Guidelines for Conduct

April 2018

Mitsubishi Estate Group is expanding its fields of business in Japan and abroad, a process that comes with increasingly sophisticated and globalized social responsibilities. To fulfill these responsibilities and increase true corporate value, the Group as a whole needs to work together according to share a sense of values and standard of conduct.

To that end we revised the Guidelines for Conduct that direct our daily actions while also ensuring that we all abide by a set of universal goals and values governed by the Code of Conduct, which is designed to lead to the realization of our Group mission.

The revision involved rephrasing the Guidelines in simple, easy-to-follow language and reorganizing them under five core values - Compliance, Sustainability, Communication, Human Rights and Diversity, and Individual Effort.



Please visit the website for details.

<http://www.mec.co.jp/e/company/charter/index.html>

Highlight

5

Issued the Mitsubishi Estate Green Bond

June 2018

To raise funds for the Tokyo Station Tokiwabashi Project currently under development in front of the Nihonbashi exit of Tokyo Station, Mitsubishi Estate issued the Mitsubishi Estate Green Bond, the first in Japan from an integrated real estate company. Green bonds are bonds specifically earmarked for use in business projects that help to solve environmental problems. The project this bond was issued for is designed with several features that aim to reduce its burden on the environment.

These include the establishment of a large-scale biodiverse public space and a plan to obtain DBJ Green Building certification, an environmental certification for real estate properties with high environmental and social awareness.



Please visit the website for details.

<http://www.mec.co.jp/e/csr/environment/greenbond/index.html>

Urban Development Together with Society

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



Basic Concept and Approach

The population structure and lifestyles in a city transform with time, so the functions needed change as well. The Otemachi, Marunouchi and Yurakucho areas have a collection of business institutions with diverse functions that have drawn in a variety of visitors. This is supported by safe, secure urban development. Based on the Mitsubishi Estate Group Basic Mission (see p. 2), the Group's urban development focuses on both physical and social infrastructure, in order to create communities where people can live, work, and relax in safety and security, as well as places conducive to raising children where the elderly can also live comfortably. Mitsubishi Estate has collected the disaster response knowhow it has cultivated since the Great Kanto earthquake of 1923 into "General Principles for Disaster Response" which covers a range of detailed strategies from everyday precautions to recovery measures. They are used as disaster recovery response guidelines in all the areas.

Objectives

- We will strive to create communities in which people can live, work and relax in safety and security, with thoughtful consideration of disaster response and barrier-free systems.
- We will work to develop communities conducive to raising children and in which the elderly can live comfortably.
- We will communicate with the local communities involved in our main businesses, ascertain the impact of our business activities on human rights and the environment, and respond appropriately.

Management System

The Group is engaged in a range of businesses that are relevant to community development. In each of these business sectors, the company's departments and Group companies promote dialogue with local communities and various stakeholders. In this process, they seek to incorporate into their businesses initiatives that enable the Group to help solve social issues and ensure it coexists harmoniously with local communities. In the Otemachi, Marunouchi and Yurakucho districts, the Group works together with the Council for Area Development and Management of Otemachi, Marunouchi, and Yurakucho to stimulate the region and actively tackle various issues the city needs to respond to such as global environmental problems. The CSR Committee and CSR & Environmental Sustainability Subcommittee, which discuss CSR issues overall, each meet twice a year to discuss and share information on each organization's initiatives to promote community development together with local communities.

Urban Development Enabling People to Live, Work and Relax—Safely and Securely

Large-Scale Disaster Response Drills at Kanadenomori in Narashino

Mitsubishi Jisho Community and Mitsubishi Jisho Residence implemented the largest-ever disaster response drills at Kanadenomori in Narashino, Chiba Prefecture, on March 11, 2018, on the seventh anniversary of the Great East Japan Earthquake.

We have supported disaster response drills in the Kanadenomori area since March 2015. Our goal has been to get the entire community to help each other, and recruiting at condominiums in the area has led us to expand the area and resulted in an increase in participants. The disaster response drills conducted on this occasion, which involved collaboration with local neighborhood associations and the management societies of four condominiums sold by Mitsubishi Jisho Residence, received the participation of about 1,000 residents living in the Kanadenomori area. The

KPI
1

drills included rescue operations using ladder trucks and water-based fire extinguishers, and the assembly of manhole toilets designed for use by disaster victims. In conjunction with these drills, lectures by Yoko Yamada, who specializes in stories about the Great East Japan Earthquake, and Norihito Sano from Tohoku Fukkou Ouendan were presented.

Going forward, we want to cultivate the attitude of self-preparedness regarding disasters and to continue our activities aimed at broadening our mutual assistance framework to encompass the entire city.



The day of the drill (rescue drill using a hook-and-ladder truck)

Fiscal 2017 KPI results

- Deepen disaster prevention measures through a system for healthcare collaboration in the event of a disaster and use of neighborhood disaster prevention groups

KPI
1

- Number of buildings that are to take in stranded commuters^{*1} or serve as tsunami evacuation sites^{*2} under agreements with local government authorities

KPI
2

20 sites *1 18 sites in Tokyo *2 Two sites in Osaka

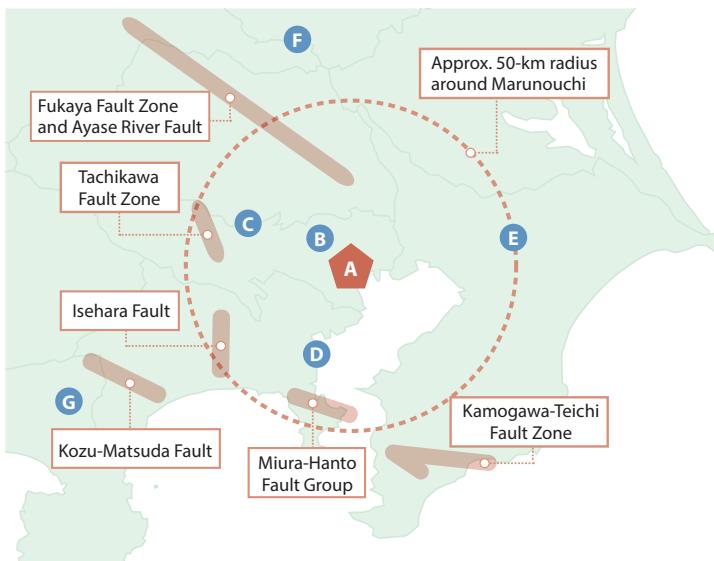
Building a Near-Source Earthquake Information Network KPI 1

Mitsubishi Estate has built Japan's first independent near-source earthquake information network as a comprehensive developer, with the purpose of conducting elevator safety shutdowns and preventing lock-in accidents whenever an earthquake occurs directly beneath Tokyo.

This system involves the installation of Yuremasu seismographs developed by Mieruka Bousai, in seven

facilities in the Tokyo metropolitan area related to the Mitsubishi Estate Group, and it rapidly conveys seismic P-wave data measured at each facility to high-rise buildings in the Marunouchi area. The actual arrival time of the tremors and the earthquake's intensity are calculated from this P-wave data. This earthquake information is used to control elevators in four high-rise buildings within the Marunouchi area, including the Shin-Marunouchi Building, and it is useful for implementing safety measures that include emergency shutdowns of elevators in response to strong swaying.

Facilities that have installed Yuremasu or use earthquake data



*This earthquake fault data is excerpted from "Anticipated Earthquake Occurrence Locations" on p. 7 of "Damage to Expect from Earthquakes Directly Under Tokyo and Response Measures" (Appendix 4) by the Central Disaster Management Council.

Developing Sonaeru Drill, a Disaster Management Tool for Families KPI 1

Mitsubishi Jisho Residence is collaborating with Mitsubishi Jisho Community, our management company, to provide ongoing support for condominium disaster management activities (developing disaster management plans and conducting disaster response drills).

As part of that collaboration, we have developed Sonaeru Drill, a disaster management tool for families, and we made it generally available to the public on the Parkhouse Disaster Management Program website in September 2017. Sonaeru Drill is a tool that uses children as a starting point to provide the opportunity for dialogue, and that allows families to create a disaster management plan. It was developed due to the frequency of major natural disaster in recent years. Its format is intended to teach disaster management to children as well as adults, and its purpose is to enable condominium residents to take action. Going forward, we will use it in condominium

Facilities with Yuremasu installed

- Ⓐ : Shin-Marunouchi Building
- Ⓑ : Sunshine 60 (Toshima-ku, Tokyo)
- Ⓒ : Higashikurume Shopping Center Qurune (Kurume, Fukuoka)
- Ⓓ : Yokohama Landmark Tower (Yokohama, Kanagawa Prefecture)
- Ⓔ : Shisui Premium Outlets (Inba District, Chiba Prefecture)
- Ⓕ : Sano Premium Outlets (Sano, Tochigi Prefecture)
- Ⓖ : Gotemba Premium Outlets (Gotemba, Shizuoka Prefecture)

Buildings in Marunouchi that use earthquake data

(Note: All are in Chiyoda-ku, Tokyo.)

- Shin-Marunouchi Building
- Marunouchi Building
- Marunouchi Kitaguchi Building
- Marunouchi Park Building

disaster response drills and in workshops and other events aimed at elementary school children.



Sonaeru Drill, a newly developed disaster management tool
Won the award in the "Design that develop kids' creativity and futures" division of
the 12th Kids Design Awards in 2018
Won the Good Design Award 2018

•Rate of participation in first aid training (Mitsubishi Estate Group^{*3})

62% (Fiscal 2030 ongoing goal: 100%)

^{*3} Three companies: Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Jisho Retail Property Management

KPI 3

Please visit the website for details.

<http://www.mec.co.jp/e/csr/philanthropy/index.html>

Urban Development Conducive to Child-Rearing and an Aging Population

Introducing the Cot-Office, the Working Space with a Built-In Daycare Center

In an age where the number of children on nursery school waiting lists is ever increasing, there is an urgent need for companies to support their employees in child-raising to avoid a loss or shortage of human resources due to childcare leave extensions or resignation. In response to this social need, in April 2018 Mitsubishi Jisho Property Management opened the "Cot-Office - Working with your children in the office." The Cot-Office is a childcare area located right next to the working area which provides a safe and secure childcare service staffed by experienced childcare workers with facilities on par with licensed daycare centers.



The nursery room

QoolSoG: the Work style Reform and Health Management Solution Service

QoolSoG is a service that supports the well-being of workers in the Marunouchi area. It does this by offering "ICT X City X Office" support to business managers and human resource directors of companies and organizations who are working to transform working styles and health management and to individual workers.

A year after its launch, since fiscal 2018 it has focused more closely on health issues, rolling out various services and content such as planning interactive events for workers and visitors in the area to take part in and providing information.



Starting a Senile Dementia Supporter Training Initiative using Visiting Lectures

Japan's dwindling birthrate and aging population are recognized problems affecting the whole society, and they are creating serious problems in individual condominium communities. Mitsubishi Jisho Community carries out training on senile dementia for all managers at the properties it manages. However, with the yearly increase in incidents caused by condominium residents with senile dementia, the company anticipates that in the future there will be cases that cannot be handled appropriately and in a timely fashion by managers alone. At one of the properties managed by the company in Osaka, the property managers expressed a wish to hear more about problems caused by an aging population in condominiums. Thus in January 2018, the company dispatched employees registered with the Senile Dementia Supporter Caravan (under the jurisdiction of the Ministry of Health, Labour and Welfare) as lecturers to hold "Senile Dementia Supporter Training Courses" for condominium residents. This course instructs residents on basic knowledge about senile dementia and ways to handle patients with the condition. It was started in earnest as the first step to self-help and cooperation during large-scale disasters as well as a way to raise awareness about senile dementia.

This initiative is one of the ways by which the Mitsubishi Estate Group collaborates not only with Group companies but also with town councils and other regional communities to solve social issues as a way to work on its key CSR theme of "Human Resource Development." The company aims to extend it to other regions in the future.



Senile Dementia Supporter Training Courses

Fiscal 2017 KPI results

Number of buildings recognized as barrier-free under Barrier Free Law

KPI
4

13 buildings and projects

Number of participants in seminars and events held by community development groups

KPI
5

18,356 people a year

Cooperating with Local Communities

"Experience Nature" Project Brings Together Urban and Rural Communities

Starting Two New CSR Activities

The Mitsubishi Estate Group works with the NPO Egao Tsunagete (which literally means "connecting smiles" in Japanese), located in Hokuto City, Yamanashi Prefecture, on the "Experience Nature" Project with the goal of making Japan a place where urban and rural communities help to revitalize one another.

Otemachi, a *junmai-shochu*, was jointly developed with a local sake brewery to celebrate the project's 10th anniversary in fiscal 2017. This beverage makes effective use of sake rice that does not meet the standard for *junmai-shu* sake, grown in abandoned, terraced fields in Hokuto City that were reclaimed. It is made with natural yeast (*Hanakoubo*) developed at the Tokyo University of Agriculture.

Activities were also launched to restore insufficiently managed mountain forests in Hokuto City to build "Mitsubishi Estate Group Forest," which will be used as an employee training location and also to supply timber to the Group.



Activities in forests

KPI
6



Otemachi *junmai-shochu*

Social Contribution Activities

Guidelines on Social Contribution Activities and Process

The Mitsubishi Estate Group established our Guidelines on Social Contribution Activities in April 2008. Group companies abide by these guidelines when conducting their activities.

Mitsubishi Estate Group Guidelines on Social Contribution Activities

1. Solutions to social issues together with corporate growth

As a good corporate citizen, we work to resolve social issues with the added benefit of achieving corporate growth through such activities.

2. Development of activities characteristic of the Mitsubishi Estate Group

We carry out unique social contribution activities, both within and outside its business spheres, which are characteristic of the Group and utilize its management resources.

3. Ties with community

We engage in transparent and fair activities in affiliation with various groups, based on equal footing, trust and dialogue.

4. Priority areas

We prioritize harmony with the local community, support for culture and the arts, environmental conservation and social welfare.

The 16th Kira Kira Art Competition

Mitsubishi Estate established the annual *Kira Kira* Art Competition in 2002, out of the desire to support the potential of children with disabilities. It received 1,512 submissions in FY2017, the 16th competition. All submissions are posted on the website, and the ceremony conferring the Award for Excellence was held at the Marunouchi Building Hall on February 16, 2018.

The Mitsubishi Estate Shall We Concert Brings Live Music to Children with Disabilities

Mitsubishi Estate holds the Mitsubishi Estate Shall We Concert for students at special-needs schools, who have few opportunities to experience live music. Starting in 1996, a total of 81 live concerts have been held for more than 10,000 students in total. The Mitsubishi Estate Shall We Concert was also awarded the Mecenat Grand Prize in the Mecenat Awards 2017 organized by the Association for Corporate Support of the Arts for the most exemplary activities.

Number of participants in "Experience Nature" Projects

KPI
6

Single year: 370 people
Cumulative: 2,324 people

Number of visitors to the Mitsubishi Ichigokan Museum, Tokyo

KPI
7

367,679 visitors a year
(Fiscal 2017)

Please visit the website for details.

<http://www.mec.co.jp/e/csr/philanthropy/index.html>

Communicating with Clients

“Five Eyes” to Create Quality Residences

Mitsubishi Jisho Residence strives to ensure that all customers continue to feel the same joy in their home as long as they live there. To that end, the company uses the “Five Eyes” quality management standard to ensure the

quality of residences from various perspectives. The Five Eyes consist for five areas of focus: Check Eyes, Eco Eyes, Custom Eyes, Life Eyes and Community Eyes.



CHECK EYE'S

Commitment to solid building quality

Mitsubishi Jisho Residence checks quality from the design stage to construction and completion, not only the items stipulated in the Japanese government's Housing Performance Indication System, but also items under its own standards. Information on this process is disclosed to customers.



ECO EYE'S

Commitment to supporting affordable, pleasant, environmentally responsible lifestyles

The company delivers condominiums built in line with the ideal of a home that is gentle on both the environment and the resident, where people can live in an environmentally friendly way without having to take on any major burdens.



CUSTOM EYE'S

Commitment to providing homeowners with the pleasure of designing their own living space

The company helps with the home's design after the contract is signed until the home is handed over, aiming to spread the joy of creating a living space that is unique to each resident, giving them the pleasure of selecting and creating their own home.



LIFE EYE'S

Commitment to safety and security to protect customers' lifestyles

The company implements crime prevention measures to ensure that customers can live in safety and with peace of mind, and takes highly effective disaster preparedness measures.



COMMUNITY EYE'S

Commitment to prosperous, refined lifestyles throughout the lifespan

Mitsubishi Jisho Residence wants to continue to foster customer ties that last for the long term, from the time they begin living in their condominium. The company builds personal relationships with residents and provides extensive support to help them live with peace of mind.

Changing Home Layouts without Renovation

The Parkhouse Toyoko Residence is a condominium offered by Mitsubishi Jisho Residence that revolutionizes previous concepts of what a condo should look like and aims to provide the kind of living spaces and layouts that clients truly long for. Working around the concept of a transforming house, the condominium offers a plan where clients can change their houses without renovation by selecting the color, height and design of the movable furniture that divides the living room and also select where they will be installed to suit their lifestyles.



The Parkhouse Toyoko Residence

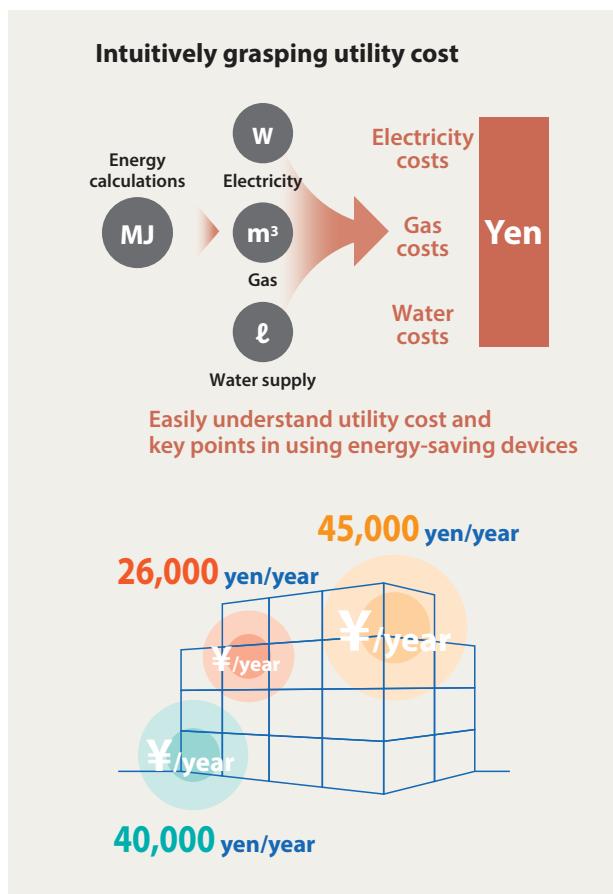
Condominium Household Account Books

As part of the Eco Eyes initiative, Mitsubishi Jisho Residence and MEC eco LIFE have been distributing Condominium Household Account Books to prospective The Parkhouse condominium buyers. The account book presents "home fuel consumption," which shows the electricity charges for air conditioning and heating; "lifestyle fuel costs" for electricity costs for electrical appliances such as lighting, water and sewage costs and gas rates and "other costs," which covers maintenance costs for the condominium. This gives a full picture of the total costs of living in a condominium.

This kind of initiative is a first in the industry and has won acclaim for its efforts at stimulating customers' environmental awareness and creating new standards for selecting condominiums. It was selected for the fiscal 2015 Good Design Best 100, and was chosen for the Environment Minister's Award for Global Warming Prevention Activity.



Annual utility costs per household



Organizing Events that Facilitate Communication with Local Residents

Building Closer Ties with Producers at the Marunouchi Gramme Marché

Mitsubishi Estate holds the Marunouchi Gramme Marché, an event featuring sales by volume, in the Marucube on the first floor of the Marunouchi Building as part of Food Education Marunouchi Initiatives. It features a lineup of seasonal foods from producers all over Japan. What makes Marunouchi Gramme Marché unique is that visitors can buy the exact amount of the ingredients they need while minimizing waste and buyers and sellers can enjoy communicating with each other.

12 establishments participated in fiscal 2017, spearheaded by young producers who are working on building networks and improving communication to bring safe products to consumers while also pursuing the true flavor of produce under the theme, "Fresh Challenge - A New Venture."



The Marunouchi Gramme Marché

The Otemachi, Marunouchi and Yurakucho Summer Festival

Mitsubishi Estate is the presiding company of the Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho. The Council organizes the Otemachi, Marunouchi and Yurakucho Summer Festival every year, a popular summer attraction. During the festival, an event called "Uchimizu in Marunouchi" is held. Uchimizu means sprinkling water to cool the ground. It is one of Japan's traditional lifestyle practices and is aimed at alleviating the heat island phenomenon. Purified recycled water made from building wastewater is used for the event, which raises the environmental awareness of employees and attendees and also provides a platform for interaction between different companies.



Uchimizu at the Marunouchi event site

Cutting-Edge Community Development

Innovative community development tailored to the era of globalism



Basic Concept and Approach

When it comes to urban development, we believe the key to international competitiveness is creating as much value as possible. To help keep Japanese cities the world's preferred destination in Asia, the Mitsubishi Estate Group enthusiastically offers business development support to companies overseas that are planning to enter Japan and small and medium-sized Japanese venture companies looking to expand overseas. For that reason, the company strives to create sustainably-developed cities where a diverse group of people will gather. These cities will serve as venues for interaction which support the growth of venture companies and the development of new intellectual value. We want to actively help to create a space for verification tests in the Otemachi, Marunouchi and Yurakucho areas and contribute to the pleasant and efficient running of the city.

Objectives

- We will provide offices, housing and commercial facilities suited to a new work style utilizing information and communications technology.
- We will develop a forum for interaction and support venture companies and the creation of a new intellectual property.
- We will strengthen the appeal of Tokyo's Marunouchi area and enhance its competitive strengths compared to cities in Asia in cooperation with national and city governments and Chiyoda-ku.

Management System

The various departments of the Group, along with the Group companies that are engaged in a range of businesses relevant to community development, work hard to devise and implement diverse mechanisms to develop innovative communities designed to thrive in the era of globalism. The CSR Committee and CSR & Environmental Sustainability Subcommittee, which discuss CSR issues overall, each meet twice a year. They discuss and exchange information on the efforts of organizations within the Group to develop innovative communities.

The Globalization of Marunouchi

Bringing Marunouchi to the World and the World to Marunouchi—
Creating Future Markets by Providing Business Support



FINOLAB
THE FINTECH CENTER of TOKYO



Open Lounge: A lounge exclusively for members that can be used for events and networking in addition to work

Fintech, new financial services that use IT, is a sector expected to expand rapidly in the coming years. There are a growing number of fintech companies in New York and London with an accompanying increase in support facilities and other infrastructure. On February 1, 2016, in collaboration with Dentsu and Information Services International-Dentsu (ISID), Mitsubishi Estate opened FINOLAB, the FinTech Center of Tokyo, in Otemachi's Tokyo Ginko Kyokai Building to serve as a central point for fintech ventures and support their development. In the first year of its establishment, 35 promising start-up companies (of which five were foreign companies) and three corporate members participated in FINOLAB, growing steadily. On February 2, 2017, one year after it opened, FINOLAB moved to a larger space in the Otemachi Building. As of July 2018, it counts 46 start-up companies (eight foreign) and ten corporate members as participants.

FINOLAB aims to serve as a hub for fintech venture companies and industry activities. With this in mind, FINOLAB has event space with capacity for 80 people, meeting rooms, and cubicles where individuals can concentrate, in addition to regular office space. ISID, which runs the facility management office, and "FINOVATORS*" hold events and get-togethers for residents, and also offer

company matching events and business consulting programs designed to facilitate collaborative projects with major companies and encourage the creation of innovative services.

*General Incorporated Association FINOVATORS, a group established by professionals aspiring to create a business ecosystem that will revolutionize Japan's financial sector.



Reception (Open Booth): Free space for meetings

EGG JAPAN—Helping New Businesses Set Up and Expand

Housed in the Shin-Marunouchi Building, Entrepreneur Group for Growing Japan (EGG JAPAN) is run by Mitsubishi Estate to assist growing companies from overseas and innovative Japanese venture companies as they create and expand new businesses. Providing such support helps to keep Marunouchi the world's business center of choice. EGG JAPAN is made up of the Business Development Office and the Tokyo 21c Club. The Business Development Office provides resident companies with a range of business support options such as introductions to experts and prospective clients and assistance with organizing events. The Tokyo 21c Club provides a platform for entrepreneurs, company managers in charge of new business and experts in various fields to build networks through events and seminars.

EGG JAPAN



Lounge area

Global Business Hub Tokyo, a Shared Workspace Linking Otemachi to the World

Mitsubishi Estate has put several measures in place to position the Marunouchi region as an attractive city on par with the other metropolises of the world. In July 2016, the company opened the Global Business Hub Tokyo* as a business support facility for growing foreign companies and leading-edge domestic venture companies in the Otemachi Financial City Grand Cube, an office building directly connected to the Otemachi Station.

Global Business Hub Tokyo has 2,500 m² of space. It has 51 small furnished offices as well as an event space, conference room and shared lounge. Through an alliance with EGG JAPAN, it also provides high-quality business networking opportunities for tenants. It is a highly convenient facility that provides both social and infrastructural support for business expansion in Otemachi.

*Run by the General Incorporated Association Global Business Hub Tokyo and staffed by Mitsubishi Estate

Global Business Hub Tokyo



Entrance

3X3 Lab Future—An Activity Hub that Cuts Across Industry and Sector Boundaries

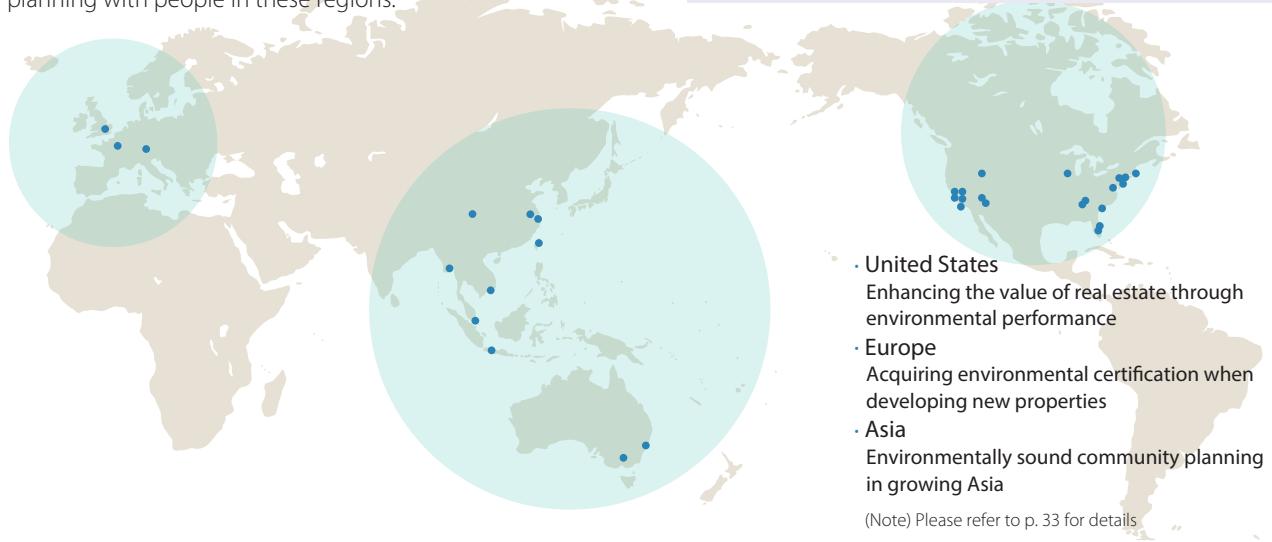
Through 3X3 Lab Future, Mitsubishi Estate provides an activity hub that gathers business workers from all industries and sectors for high-quality interactions with a view to creating new value that will lead to a sustainable society. In November 2017, it worked with startup companies to run the Corporate Accelerator Program business plan contest for the development of new businesses. Six companies were selected for the top award.



The reception counter and communication lounge

Sharing Mitsubishi Estate Group's Urban Development with the World

The Mitsubishi Estate Group operates globally. Since Mitsubishi Estate New York was established in 1972, we have expanded our real estate development and rental business in the U.S., the UK and Asia, making the most of our track record and wide-ranging network. We are engaged in socially and environmentally conscious urban planning with people in these regions.



Progressive Initiatives in Marunouchi

Promoting Urban Development Initiatives KPI 1,2 that Use the Latest Technology to Create Safer, More Secure and More Liveable Cities

Mitsubishi Estate actively carries out experimental trials involving advanced technology and engineering aimed at further improving the features of the Marunouchi area.

Field Testing a Security System with a Vehicle-Based Monitoring Station

In November 2017, in collaboration with Secom, a field test of a security system featuring wearable cameras and a mobile monitoring station was carried out at the Marunouchi Fashion Week 2017 organized by Mitsubishi Estate. Images taken by wearable cameras fitted on security officers were studied and analyzed at the On Site Center vehicular mobile monitoring system. Information was collected, situations were checked and directions were handed out on the scene. It was the first such experiment

performed at an urban event in Japan.

The On Site Center was developed by Secom for use as a security command station for locations such as events, international conferences and disaster zones. Its vehicular form allows it to provide optimum security, taking advantage of its mobility to situate itself at the most suitable location at all times.



On Site Center

Fiscal 2017 KPI results

• Number of offices of foreign financial companies in Otemachi, Marunouchi and Yurakucho area

71 offices

KPI 1

• Number of companies participating in EGG JAPAN (Entrepreneur Group for Growing JAPAN), of which the number in parentheses indicates foreign companies

KPI 2

42 (26) companies (as of July 1, 2018)

Cutting-Edge New Hospitality Services

Mitsubishi Estate, Sohgo Security Services and PKSHA Technology carried out an experimental trial into new hospitality services using AI and deep learning engines to analyze footage from cameras placed around the city in order to detect people who were lost, feeling unwell or in any kind of trouble. The information on persons in distress is sent to the smartphones of security officers so they can provide timely and accurate support. The new service also makes it easier to understand the finer details of a situation by supplementing patrols normally done from a security officer's perspective with AI analysis. This initiative will not only increase the level of service provided to customers but will also improve security and help prevent all kinds of accidents in the area.



Red frame: Target behavior detected.
Blue frame: Human detected.

Trial Inspection of Underground Tunnels Using an Autonomous Flying Drone

Marunouchi Oazo is a building complex in front of Tokyo Station. Underneath the ground in the surrounding area is a heat supply plant for providing energy for air conditioning



Autonomous flying drone

for nearby office buildings. There are also heat supply tunnels linking the plant to the buildings. To boost the efficiency of the daily inspections of such vital infrastructure, Mitsubishi Estate carried out a trial inspection using an autonomous flying drone.

Although drones normally fly outdoors using GPS positioning technology, the experiment took place in an underground location unreachable by GPS signals. It was a highly difficult experiment from a technological perspective since the drone was expected to sense its own location and fly autonomously without colliding with any of the surrounding pipes even in narrow spaces only 60 cm wide. Mitsubishi Estate will continue to actively explore the use of cutting-edge technology to improve the quality and efficiency of inspection work in the future.

Test Rides of Self-Driving Buses

Mitsubishi Estate has been working hard to make transportation in the Marunouchi area smoother and more comfortable. As part of our efforts, we have been working on the operation of self-driving buses with SB Drive, a member of the Softbank Group. In December 2017, we held test rides where general public were allowed to ride in a Navya Arma, a self-driving vehicle made by French company Navya and owned by SB Drive.

Self-driving buses are expected to address some of the issues faced by transport operators such as route maintenance and a shortage of drivers. They will also help vulnerable road users move around more easily. The experiment raised the awareness among both general users and transportation industry professionals. We hope that self-driving buses will make transportation infrastructure better and more comfortable once they are adopted.



Self-driving bus

- Number of buildings connected to optical fiber in Otemachi, Marunouchi and Yurakucho area

KPI
3

62 buildings

 Please visit the website for details.

<http://www.mec.co.jp/e/csr/advanced/index.html>

Environment

Pursue cutting-edge environmental initiatives to realize a sustainable society through our business activities



Basic Concept and Approach

The Mitsubishi Estate Group has established an environmental management system and strives to protect the environment by promoting environmental initiatives and reducing environmental impact, while also complying with environmental laws and regulations. The Group also proposes cutting-edge environmental initiatives to ensure that its business activities play a leading role in the development of sustainable communities.

(Note) See each theme for details.

Objectives

- We will efficiently utilize energy, water and raw materials and reduce greenhouses gases in our business activities.
- We will strive to create a smart community with efficient transportation and distribution systems as well as electricity and water use.
- We will expand the use of renewable energy in buildings and residences.
- We will proactively provide buildings and residences certified as being environmentally and socially responsible.

Management System

The Mitsubishi Estate Group has designated the director in charge of the CSR & Environmental Sustainability Department, Mitsubishi Estate as the person responsible for promoting the Group's environmental management, and it also designates environmental sustainability managers in each of Mitsubishi Estate's business groups, corporate staff and Group companies. Moreover, to draw up plans, hold discussions and share information on the promotion of environmental management, the CSR Committee and CSR & Environmental Sustainability Subcommittee and the Environmental Promotion Liaison Committee each meet twice a year to build a structure for the efficient and systematic carrying out of environmental management and control.

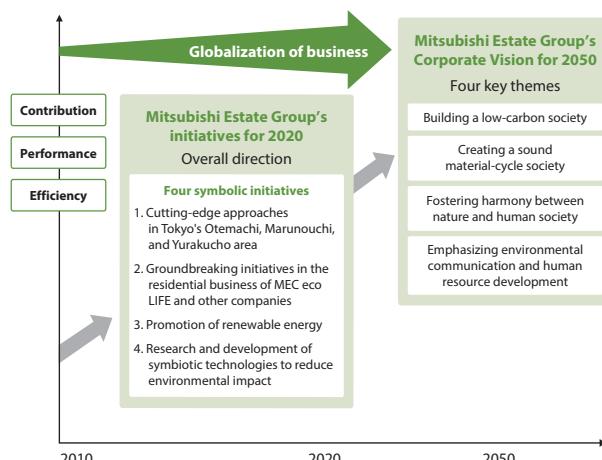
Long-Term Environmental Vision/Basic Environmental Policy

The company conducts its environmental activities guided by the Basic Environmental Policy established in 2004 and the ideal vision of the company stated in the Long-term Environmental Vision for 2050.

Mitsubishi Estate Group Basic Environmental Policy

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Basic Environmental Policy, which is based on its corporate mission. The entire Group works together to implement sound environmental management.

Mitsubishi Estate Group Long-Term Environmental Vision



Mitsubishi Estate Group Basic Environmental Policy

The Mitsubishi Estate Group has developed an environmental management system and strives to protect the environment by promoting environmental initiatives and reducing environmental impact, as well as complying with all environmental laws and regulations. Mitsubishi Estate is determined to ensure that its business activities play a leading role in the development of sustainable communities.

1. Building a low-carbon society

We are proactive about the efficient use of resources and energy, and encourage the use of renewable energy to contribute to the creation of a low-carbon society.

2. Creating a sound material-cycle society

We strive to reduce, reuse, and recycle in every stage of our business, including planning, development, design, construction, management and dismantlement, in order to contribute to building a sound material-cycle society.

3. Fostering harmony between nature and human society

We endeavor to foster new cultural values and to practice environmental responsibility by demonstrating concern for biodiversity and developing attractive urban spaces that harmonize with the surrounding natural environment, thus helping to build a society that lives in harmony with nature.

4. Promoting environmental communication

We proactively provide information on the environment and communicate with society on a broad range of issues in our efforts to coordinate and cooperate with a wide range of stakeholders.

5. Increasing employees' ecological awareness

In our efforts to increase employees' awareness of environmental conservation issues and ensure highly effective environmental activities, we provide environmental education and awareness programs, aiming to develop an ecologically aware workforce.

Established on May 1, 2004

Revised on January 1, 2006 and April 1, 2010

Environmental Topics

Otemon Tower-JX Building Equipped with Water Purification Facility for Imperial Palace Moat

In recent years, the quality of the water in the Imperial Palace moat has deteriorated significantly as a result of a lack of fresh water. The Otemon Tower-JX Building, which was completed in November 2015, is the first private-sector project to introduce a rapid water purification facility capable of purifying up to 500,000 m³ of water a year to improve the water quality in the Imperial Palace moat.

Additionally, to prevent water from stagnating as a result of low water levels in the moat, the facility is also equipped with a massive water reservoir with reserves equivalent to about six 25 m swimming pools to release water into the moat. Since the completion of the project, the rapid water purification facility has been slowly but surely helping improve the quality of the water in the moat.



Otemon Tower-JX Building

KPI
12

Manufacturing Environmentally-friendly, Highly Durable Wall Panels with High Yield Strength

Mitsubishi Estate Housing Components manufactures highly durable, high yield strength wall panels with approximately 14 times the strength of conventional panels for use in four-story wooden structures built with the 2x4 method. The panels use Shinshu larch for 24 mm thickness structural plywood, which is not normally used for houses. They also use domestic Japanese hinoki cypress and Japanese cedar for laminated wood and laminated wall supports. Additionally, 54% of the building's frame is made from Japan-grown timber, helping revitalize the domestic forestry industry. Furthermore, the insides of the wall panels are able to secure the equivalent of 68 tons of CO₂, making them environmentally-friendly wooden structures.



Construction using highly durable, high yield strength wall panels

Climate Change Strategies

Reducing CO₂ Emissions and Energy Use through Building Management

Severe downpours and abnormally high temperatures mainly caused by climate change have led to increasingly severe personal and material damage every year, which is having a serious effect on everyday life.

In order for the Mitsubishi Estate Group to achieve its Basic Mission (p. 2) the Group realizes the need to prioritize environmental issues above its other CSR themes and thus it is undertaking concrete environmental initiatives.

To save more energy, the Group is not only showing consideration in equipment choices by adopting high-efficiency devices in its core business of office building

management but it also recognizes that ambient temperatures and the operating conditions of a building also have an effect so it is working together with tenants in efforts to reduce greenhouse gasses.

The CO₂ emissions and energy consumption of Mitsubishi Estate's 24 ISO14001-certified buildings in fiscal 2017 are shown in the graphs on p. 30.

Energy consumption per unit of floor space has been on the decline since the 2011 Great East Japan Earthquake as a result of repairs to facilities to raise energy conservation performance (such as replacing lights with LED lighting) and other energy-saving activities.

We will continue to strive to streamline energy use in buildings overall in fiscal 2018.

Fiscal 2017 KPI results

•Waste generated/water used

KPI
2

44,967 t/

About 5,648,000 m³ a year

•Solar power output

KPI
5

About 8,497 kW/17 sites

•Rate of annual adoption for primary energy consumption level 4

KPI
8

100%

•Number of buildings using district heating and cooling, and their total floor space

KPI
4

115 buildings/About 7,429,000 m²

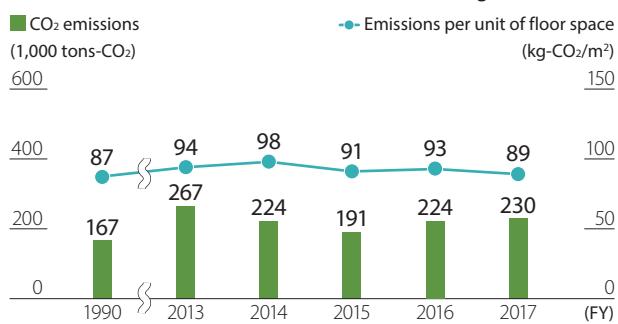
•Rate of annual adoption for heat insulation functions level 4

KPI
7

100%

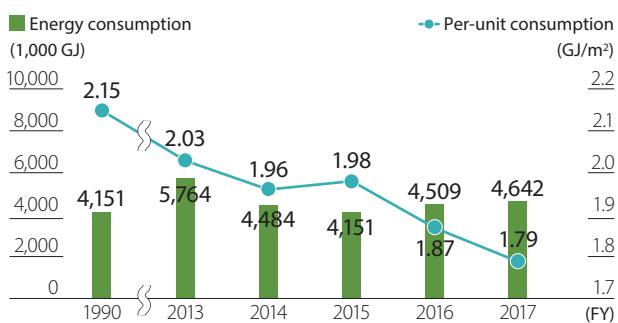
Please visit the website for details.

<http://www.mec.co.jp/e/csr/environment/index.html>

CO₂ emissions and CO₂ emissions per unit of floor space from Mitsubishi Estate's ISO14001-certified buildings


(Note) CO₂ emissions are calculated using the emissions coefficients determined for individual electrical power suppliers.

The data for 1990 includes buildings prior to renovations (such as the former Marunouchi Building).

Energy consumption and energy consumption per unit of floor space in Mitsubishi Estate's ISO14001-certified buildings


(Note) The number of ISO-certified buildings changes each fiscal year due to renovations and sales/purchases.

Energy use and CO₂ emissions reported under Japan's Energy Conservation Law (fiscal 2017)

	Overall	Office buildings	Commercial facilities	Hotels	Other
Energy use (1,000 kJ/year)	272	205	44	14	8
Unit consumption (kJ/m ² per year)	0.034	0.037	0.045	0.065	0.008
CO ₂ emissions (1,000 t-CO ₂ /year)	529	399	86	22	22
Unit emissions (t/m ² per year)	0.067	0.071	0.087	0.104	0.019
Number of target facilities (buildings)	114	66	20	8	20
Floor area (1,000 m ²)	7,928	5,617	982	215	1,114

(Note) Compiled for Mitsubishi Estate Group main buildings for which information on energy-saving measures is reported in compliance with the Energy Conservation Law (excluding buildings with a floor area less than 1,000 m²).

This table is prepared on the basis of the information submitted by Group companies in compliance with the Energy Conservation Law, with some additions, and may differ from the actual figures submitted.

Volume of waste generation reported under Japan's Energy Conservation Law (fiscal 2017)

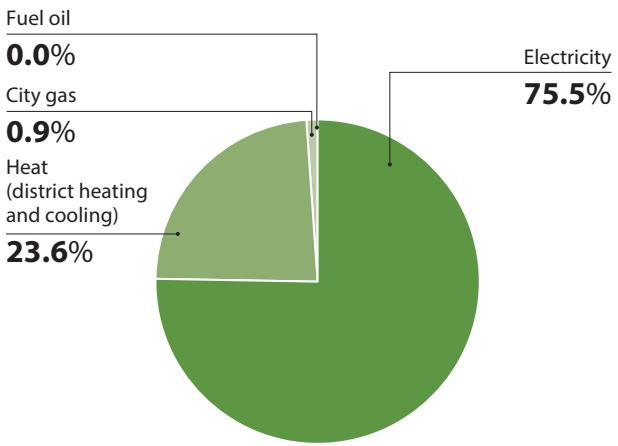
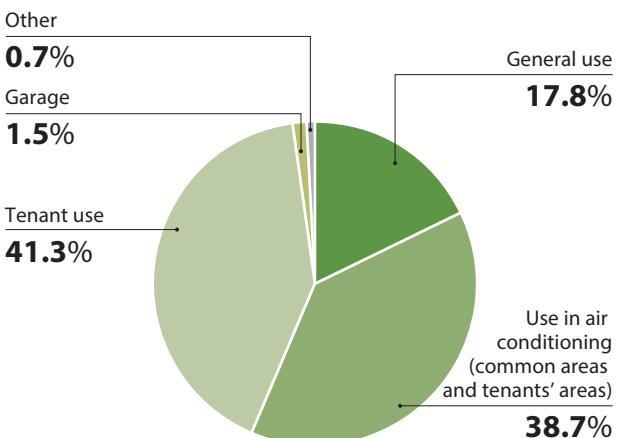
	Overall	Office buildings	Commercial facilities	Hotels	Other
Waste generated (1,000 t per year)	45	24	15	2	4
Per unit (t/m ² per year)	0.008	0.006	0.017	0.008	0.008
Number of target facilities (buildings)	65	33	18	8	6
Floor area (1,000 m ²)	5,302	3,725	901	215	461

(Note) Compiled for Mitsubishi Estate Group main buildings (excluding buildings with a floor area less than 1,000 m²).

Collaborating with Tenants to Conserve Energy


Approximately 80% of the energy used in buildings managed by Mitsubishi Estate is used for electricity, the majority of which is used by tenants. To counter this, in 2008 the company began organizing regular Global Warming Prevention Councils with the tenants as members in each ISO14001-certified building in the Tokyo area so that the company could engage in energy-saving activities together with the tenants.

Every year, Councils are convened for an explanation of CO₂ emission reduction and energy-saving initiatives based on the Tokyo Metropolitan Environmental Security Ordinance and the Energy Saving Act and an update on their progress. Mitsubishi Estate will continue these initiatives, providing explanations of concrete reduction targets and energy-saving activities under way in the buildings and introducing tenants to energy-saving methods.

Fiscal 2017 energy consumption by use (for 24 ISO14001-certified buildings)

Fiscal 2017 energy consumption by application (for 24 ISO14001-certified buildings)


Obtaining Low-Carbon Building Certification

From fiscal 2017, Mitsubishi Jisho Residence began to offer certified "low-carbon buildings" under its "The Parkhouse" brand of condominiums. The Parkhouse Futakotamagawa Midori no Mori in Setagaya-ku, Tokyo, and The Parkhouse OIKOS Mikunigaoka in Sakai, Osaka received certification, and the initiative is expanding. All Futakotamagawa Midori no Mori buildings are fitted with a central airconditioning system known as Condominium Aerotech which maintains a comfortable temperature throughout the



The Parkhouse OIKOS
Mikunigaoka/CG image of
expected exterior when
complete

building while OIKOS Mikunigaoka has installed ENE-FARM type S residential fuel cells. The adoption of these and multiple other cutting-edge environmental technologies are part of the company's efforts to make a low-carbon society a reality.

* A system of certifications based on Japan's Law on the Promotion of Low-Carbon Cities given by government authorities to buildings in their jurisdiction which take extensive measures to reduce their carbon footprint.



The Parkhouse
Futakotamagawa Midori
no Mori/Photo of exterior

Preserving Biodiversity

Four Properties Win ABINC Award in 2017

KPI
3

The real estate business considers ways in which it can help preserve biodiversity through the appropriate management of its land and the formation of green networks*. The Mitsubishi Estate Group actively works to protect biodiversity by creating a Biodiversity Manual among other initiatives.

The Parkhouse Wako and three other properties owned by Mitsubishi Jisho Residence were awarded Association for Business Innovation in harmony with Nature and Community's ABINC certification (condominium category) for 2017 for their creation of green spaces that harmonize with the ecosystems in their neighborhoods. This is their fourth consecutive year of getting the award since the system began. This makes Mitsubishi Jisho Residence the business with the largest number of certified properties at a total of 17.

* Please visit the BIO NET INITIATIVE website for more information (in Japanese).

<https://www.mecsumai.com/bionetinitiative/>

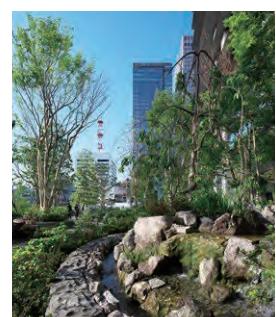


Improving the Waterfront Environment and Preserving the Ecosystem of the Imperial Palace Moat

KPI
6

The Mitsubishi Estate Group undertakes a lot of projects meant to protect biodiversity and improve the environment in the Marunouchi area. One example is the building of Hotoria Square, an environmentally symbiotic green space encompassing about 3,000 m² in front of the Imperial Palace moat.

In May 2018, we started a Moat Project intended to improve the waterfront environment and revive the ecosystem in the moat. This began with collecting and observing the few water plants and animals living the water. The collected plants and animals were moved to Hotoria Square and a rooftop container biotope owned by Mitsubishi Estate where they will be monitored with the aim of preserving rare species and restoring the water environment.



Hotoria Square

Fiscal 2017 KPI results

KPI
1

•Energy use/CO₂ emissions
**About 272,000 kJ/
About 529,000 t a year**

KPI
6

•Area of green on roofs and walls
About 33,800 m²

KPI
9

•Rate of annual adoption for soleco system
58.8%

•Number of projects recognized with CASBEE (new construction design)/Development Bank of Japan (DBJ) Green Building/ABINC certifications

KPI
3

9/20/22 buildings and projects

KPI
10

•Rate of annual adoption for high-efficiency appliances (hot water heaters/LED equipment/ultra-water-conserving toilets)

100/100/100% a year

 **Please visit the website for details.**

<http://www.mec.co.jp/e/csr/environment/index.html>

Using Water Resources Efficiently

Using Water Resources Efficiently in Buildings

The effects of climate change brought about by global warming have led to a greater risk of water shortages worldwide. In Japan, there are doubts about the continued stable supply of water from dams due to changing rainfall patterns in recent years. To mitigate the effect of water shortages on socio-economic activities and ensure the stable use of water, it is important to systematically promote the efficient use of water resources and enact strategies based on supply and demand considerations.

In recognition of this pressing issue, the Mitsubishi Estate Group is working on improvement measures such as adjusting the amount of water used by toilets and bathrooms in order to streamline water use in buildings. It is also reducing the use of water resources in buildings that

use recycled water* by, for example, purifying cooling tower blow water and kitchen wastewater and reusing it as toilet water.

* Recycled water: Processed water derived from rainwater, tenant kitchen wastewater and other sources. Recycled water is also used for watering outdoor plants and as toilet water in the Marunouchi Building.

Volume of water usage reported under Japan's Energy Conservation Law (fiscal 2017)

	Overall	Office buildings	Commercial facilities	Hotels	Other
Water Usage (1,000 m ³ per year)	5,648	3,151	1,329	1,046	122
Unit consumption (t/m ² per year)	0.954	0.725	1.475	4.859	0.265
Number of target facilities (buildings)	72	40	18	8	6
Floor area (1,000 m ²)	5,923	4,346	901	215	461

(Note) Compiled for Mitsubishi Estate Group main buildings (excluding buildings with a floor area less than 1,000 m²)

Efficient Water Resource Usage Initiatives in Fiscal 2017

KPI
2

The Public and Private Sector Team Up to Mitigate the Heat Island Phenomenon - Sprinkling Recycled Water from the Marunouchi Building on Gyoko Street -

Mitsubishi Estate has been working with the Tokyo Metropolitan Government Bureau of Construction since 2010 to sprinkle recycled water from the Marunouchi Building on Gyoko Street, which extends from the Tokyo Station Marunouchi Exit to Hibiya Street. Sprinkling water suppresses the road surface temperature and helps mitigate the heat island phenomenon. The initiative continued through fiscal 2017 as well. When the sprinkled recycled water evaporates due to a rise in atmospheric temperature, it absorbs heat from the surrounding area, reducing the road surface temperature by up to 10°C (based on measurements from summer 2010).

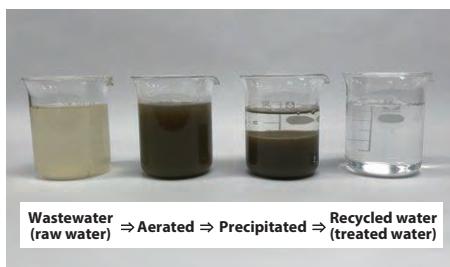
To make this project possible, the Tokyo Metropolitan Government Bureau of Construction constructed a "water-retaining road surface" containing water-absorbing materials capable of saving up water within the road surface in Gyoko Street. Mitsubishi Estate installed the equipment needed to sprinkle the recycled water from Marunouchi Building onto the street.

Using Recycled Water Continuously

In fiscal 2017, Sunshine City was able to recover 343,608 m³ of its precious water resources out of the 582,781 m³ of tap water that was used in the building that year. The recycled water was used to flush toilets.

The treatment system for this wastewater is called the "recycled wastewater system" and is in the middle of the water and sewage works. It was installed 40 years ago when Sunshine City was first built. It was the first recycled wastewater system installed in Japan for a single building. The treatment plant is located in the 3rd floor basement of the Sunshine 60 building. In a single day it purifies up to 1,200 tons of wastewater from toilet sinks, kitchen wastewater from the building and drain water from the Hotel bathrooms. The treated recycled water is used to flush toilets inside the building.

(Note) Excludes water for flushing bidet toilets.



How recycled water (reclaimed water) is made

Fiscal 2017 KPI results

- Small- and medium-sized building renovations/condominium renovations

15 buildings/634 units

KPI
11

- Rate of annual use of Japan-grown timber

50% a year

KPI
12

Please visit the website for details.

<http://www.mec.co.jp/e/csr/environment/index.html>

Initiatives Overseas

Promoting the Acquisition of Environmental Certification through "Projects Earning Certification"

United States

1221 Avenue of the Americas, New York

Silver

This building was completed in 1972 in Manhattan. Although it was LEED certified in 2009, it was awarded a Silver LEED rating in 2014 for improvements made to use water more efficiently.



Flushing Commons, New York

This is a large-scale development consisting of residences, offices, commercial facilities, a public square, parking lots and a YMCA. This development has two phases, the first of which was completed in June 2017. The project aims to earn a Silver LEED rating for building and land use measures taken in consideration of energy conservation and the environment.



Europe

Central St. Giles, London

Excellent

A joint redevelopment project with Legal & General, a major UK life insurance company, this complex covers a total floor area of 66,000 m² and comprises offices, retail shops and residences. Construction was completed in April 2010. The project earned a BREEAM "Excellent" rating, which was the highest possible at the time of application.



8 Finsbury Circus, London

Excellent

This project is a redevelopment of an office building located in the City of London, completed in April 2016. It achieved a BREEAM "Excellent" rating, the highest possible at the time of application.



Asia

Sky Vue, Singapore

Gold plus

Sky Vue is a built-for-sale condominium complex jointly developed by Mitsubishi Estate Asia and CapitaLand Group. The complex earned Green Mark Gold Plus certification.



Sky Habitat, Singapore

Gold plus

Sky Habitat is a built-for-sale condominium complex jointly developed by Mitsubishi Estate Asia, CapitaLand Group and Shimizu Corporation. It also earned Green Mark Gold Plus certification.



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



Basic Concept and Approach

As globalization progresses in the modern age, there is an increasing diversification in workers and other stakeholders as well as in working styles. In this environment, the Mitsubishi Estate Group believes it is highly important to consider the human rights of all persons involved in its businesses. To that end, the Mitsubishi Estate Group Human Rights Policy was formulated in April 2018 to clearly set out the basic human rights that must be protected. At the same time the Group became a signatory to the UN Global Compact, which means an even greater commitment to initiatives aimed at respecting human rights along with the rest of the international community going forward. When it comes to human resource development, which forms the foundation of a sustainable corporation and society, the Mitsubishi Estate Group places great emphasis on developing employees and supporting employee activities which will help the Group achieve its vision for creating the communities of the future. The Group selects and hires employees equitably and provides opportunities for appropriate education and training. The Group also supports flexible work styles tailored to individual lifestyles. Accordingly, it provides equal opportunities and promotes diversity so that diverse employees with their various backgrounds can thrive, regardless of gender, age, or disability.

Objectives

- We will select and hire employees equitably, provide appropriate education and training opportunities for the employees responsible for future community development, and will support flexible work styles tailored to individual lifestyles.
- We will offer equitable opportunities so that a diverse workforce can succeed in its jobs, regardless of gender, age and/or disability.

Management System

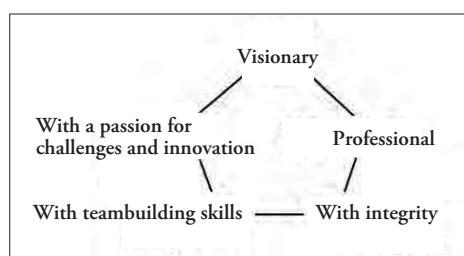
The Mitsubishi Estate Group works with the Mitsubishi Estate's Human Resource Department and MEC Human Resources, which provides human-resource related services for the Group, to strive to provide a range of human resource development programs and to create a workplace in which human rights and diversity are respected. The CSR Committee and the CSR & Environmental Sustainability Subcommittee, which cover CSR issues in general, each meet twice a year, and they discuss and share information about human resource development and efforts to provide a workplace that is respectful of human rights and diversity. In addition to this, to encourage human rights-related efforts, the Human Rights Awareness and Diversity Promotion Committee meets once a year to review reports on human rights initiatives and exchange opinions on possible improvements.

Human Resource Development

Human Resource Development Programs

Mitsubishi Estate Group believes that human resources are a very important management asset and recognizes that employee growth is essential to the Group's continued growth. Accordingly, it started upgraded human resource development programs in 2017.

Mitsubishi Estate has defined the ideal traits it seeks in its human resources: visionary, professional, with integrity, team-building skills, and a passion for challenges and innovation. Mitsubishi Estate develops its employees' skills using multiple approaches, combining training programs with job rotations and coordinated programs at the workplace level.



The Five Traits

Voice of a Manager

Building a company where individual employees can freely display their talents

Kohei Mukunoki

Human Resource Department
Mitsubishi Estate Co., Ltd.



For Mitsubishi Estate to adapt to the unprecedented speed of social change, survive as a competitive company and continue to grow, each employee needs to embrace challenges with fresh ideas and perspectives, without being limited by conventional ideas and past approaches and successes. The whole organization will need to support them in these efforts.

Our company trains human resources systematically, offering both on-the-job and off-the-job training in various fields to employees in a variety of roles to bring out their individual capabilities.

I believe human beings have incredible potential that they are not even aware of. It would be amazing if we could become a company that empowered each employee to take their vision and passion for innovation and maximize their abilities to the greatest extent possible.

Offering a Wide Range of HR Development and Training Programs

KPI
3

The Mitsubishi Estate Group carries out a wide range of training programs to develop employees' capabilities and raise their awareness about compliance and human rights.

In addition to skill development programs aimed at raising basic skills, Mitsubishi Estate has established elective self-development support programs that give employees the opportunity to choose their own classes.

Promoting Diversity

Basic Approach to Human Rights

As a member of society, the Mitsubishi Estate Group is keenly aware of the importance of respect for human rights. To fulfill our responsibility to respect the basic human rights of all stakeholders, not only those involved in Group businesses, we set up the Mitsubishi Estate Group Human Rights Policy on April 1, 2018. Respect for human rights is part of the Mitsubishi Estate Group Guidelines for Conduct, which all employees are expected to follow on a daily basis. These Guidelines stress the importance of respect for human rights and diversity, which means that employees show concern for human rights and the environment in the course of their business activities. The Human Rights Policy is intended to ensure that we, as a good corporation, understand that internationally mandated human rights are a bare minimum that we must go beyond, that we reaffirm the importance of supporting, protecting and respecting human rights and that we work to respect the fundamental human rights of every single person involved in the Group's businesses.

Ongoing Human Rights Programs

KPI
3

The Mitsubishi Estate Group provides training on human rights as part of its training for new employees on an ongoing Group-wide basis.

In addition to training for management career track positions, Mitsubishi Estate also carries out group training on the prevention of workplace harassment. Human rights lectures are also given every year to executives such as the company's president, directors and department managers, as well as Group company presidents. In fiscal 2017, Professor Hitoshi Okuda of the Kinki University Human Rights Issues Research Center delivered a lecture on the theme, "The challenges and significance of the Law on the Promotion of the Elimination of Discrimination against *Buraku*." *Buraku* refers to a group of outcasts that has

Mitsubishi Estate's total annual hours of human resource development training (fiscal 2017)

Total training hours per year	18,687 hours
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(Note) This does not include the time for overseas dispatch, English language training, correspondence courses, and other self-development programs freely chosen by employees.

historically been the victim of severe discrimination and ostracism in Japan. Professor Okuda spoke at length on the background of the law, the state of human rights in Japan and abroad, the current state of discrimination against *buraku* people and the kinds of initiatives companies are expected to undertake to eliminate *buraku* discrimination.

Moreover, the Group provided new hire joint training to 333 new hires from 22 Group companies. Mitsubishi Estate and some Group companies also organized training for the managers in charge of the helpline and harassment consultation service as well as lectures for managers and executives on topics such as social integration and regulations on the prevention of sexual harassment. Training was also provided on themes such as *buraku* issues for Mitsubishi Estate and some Group companies. These training sessions all sought to cultivate a greater sense of human rights by raising participants' awareness of discrimination.

Total hours of annual human rights training at Mitsubishi Estate (fiscal 2017)

Training hours per session	105 minutes (1.75 hours)
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Mitsubishi Estate's human rights training (fiscal 2017)

Themes:

- Power harassment
- Sexual harassment (including LGBT issues)
- Social integration
- Issues faced by people with disabilities

Total number of participants: 894 people

Mitsubishi Estate Group's human rights training results (fiscal 2017)

544 participants from 34 companies received human rights training for a total of 185,025 minutes (3,083 hours)

(Note) Including external human rights training sessions offered via Mitsubishi Estate liaison to Group company employees

Fiscal 2017 KPI results

• Training time/cost per employee (Mitsubishi Estate Group*)

Average for the three companies: 11.92 hours/74,275 yen a year

(Note) Reason for change from previous fiscal year's results (7.4 hours/135,541 yen a year):

The expansion of KPI targets from FY2018 onwards and the use of weighted averages.

* Three companies: Mitsubishi Estate, Mitsubishi Jisho Residence and Mitsubishi Jisho Property Management

KPI
3

 Please visit the website for details.

<http://www.mec.co.jp/e/csr/employees/index.html>

The Human Rights Education & Diversity Promotion Committee Meets

Mitsubishi Estate holds an annual meeting of its Human Rights Education & Diversity Promotion Committee (chaired by the director in charge of human resources) to review the status of its human rights initiatives, exchange views on ways to improve programs, review that fiscal year's activity plan and share knowledge on recent human rights conditions.

The Mitsubishi Estate Group has joined the Tokyo Industrial Federation for Human Rights and the Corporate Federation for Dowa and Human Rights Issues, Osaka. In addition to participating in training on issues facing *buraku* people and other human rights issues, the Group is committed to addressing human rights issues and participates in activities such as information collection to expand this training to Group companies.

Calling for Human Rights Education Slogans

The Mitsubishi Estate Group solicits suggestions for human rights education slogans every year. In fiscal 2017, it received 804 entries from employees and their families. The winning entry will be published in *mec's*, the Group's communication magazine, providing an opportunity for readers to reflect on human rights.



mec's, the Group's communication magazine

Hiring of Persons with Disabilities

Mitsubishi Estate actively seeks to hire persons with disabilities in response to social demands to provide employment opportunities for persons with disabilities. As of the end of fiscal 2017, Mitsubishi Estate's employment rate of persons with disabilities was 2.22%, higher than the legally recommended rate of 2.0%. Mitsubishi Estate strives to create a workplace in which all employees can demonstrate their unique skills without regard to their disability, while providing the environment they need for success.

KPI
6

Establishment of Action Plan to Promote Women's Success

KPI
5

Mitsubishi Estate has established and published an action plan in accordance with Japan's Act on Promotion of Women's Participation and Advancement in the Workplace.

As the number of women hired and their years of continuous employment increase, the number of female candidates for managerial positions has risen and the ratio of female managers has also improved. Mitsubishi Estate believes that creating an environment conducive to the performance of both male and female employees will help raise the ratio of female managers. The company will continue to promote diversity, including the success of women in the workplace.

Ratio of female managers to all managers at Mitsubishi Estate

April 2014	April 2015	April 2016	April 2017
3.8%	4.2%	4.4%	5.1%

Overview of Action Plan (Mitsubishi Estate)

Objectives (from April 1, 2016 to March 31, 2017)

1. Raise the percentage of female employees at the level of section head, who are candidates for management, to about 20% by fiscal 2020, with the aim of bringing the percentage of female employees who are managers to more than 10% by 2030.
2. By fiscal 2020 or before,
 - (1) encourage men to take childcare leave and raise the percentage of men taking childcare leave to 13% or more,
 - (2) encourage employees to actively take paid leave to raise the rate of those taking leave to 60% or more, and
 - (3) Although annual overtime hours are on the decline, the company believes that further reductions are essential to promote work-life balance. As such, the company aims for a 5% reduction in the average monthly overtime compared to fiscal 2014.

Initiatives

1. Reinforce mid-career hire of female employees at the section head level who can be candidates for managerial positions
2. Aim to further augment support for balancing childcare and work
3. Carry out initiatives to encourage employees to take paid leave
4. Continue to take measures to cut overtime

Voice of a Female Manager

Creating a workplace with a future vision based on diverse role models

Yasuko Kitazawa

Head of the Residence Care Promotion Office,
Mitsubishi Jisho Residence Co., Ltd.



In April 2018 I was appointed the head of the newly created Residence Care Promotion Office. I have been working with my team members to tackle our new duties in the months since then. I rose to a management position without experiencing much job rotation earlier in my career, so I was somewhat hesitant to make important decisions at first. However two things helped me determine to take up the challenge. The first was the support and encouragement of those around me. The second was my own sense of responsibility towards young female employees in the company today. I want to become a role model they can

look up to as they draw up career plans. Everyone has a different life plan, but I am convinced that the true way to encourage women to succeed is to provide them with role models working hard in a variety of positions so they can imagine their future selves in those roles.

Moreover, women are confronted with several complicated issues that they need to navigate before they can succeed, ranging from the peculiarities of their jobs to their individual lifestyles and family circumstances. In order to realize "female success," I believe it is not enough merely for companies to put systems in place. Society as a whole needs to change. As a prerequisite, there needs to be a thought reform and a shift towards an individually productive work style.

At the same time, now that the world has begun to change into one with a large number of successful women, it is also important for women to remain grateful for the support they receive from their families and colleagues as they work.

Creating a Vibrant and Pleasant Workplace

Please read Sustainability Highlights (p. 14) for information on the relocation of the company's headquarters.

Mitsubishi Estate Group's Hito-Machi Award

The Group established the Hito-Machi Award (literally, "People and the City Award") in 2011 to recognize the various efforts by employees at Group companies to enhance the Group's corporate brand. This award is intended to encourage the shared sense throughout the Group that building a strong corporate brand is not a special activity, but rather an integral part of everyone's daily work. In 2016, its sixth year, the award attracted 165 entries from a record-high 28 Group companies. A total of 29 groups of winners were selected for the Sincerity and Trust Award, Customer-Oriented Award, Value Creation Award, and Challenge Award. Moreover, one Grand Prix and four Runner-up laureates were selected by the president. One other group was chosen for the Special Award based on the results of a vote by Group employees.

The Group plans to continue using the Hito-Machi Award to share best practices throughout the Mitsubishi Estate Group and help to improve employee motivation. This will also help to earn more trust from customers and enhance the Group's overall reputation.

Opening a Workplace Childcare Center at the Gotemba Premium Outlet

The Gotemba Premium Outlet has over 200 tenants, each of which has many employees. However there are no childcare facilities nearby because it is located far from an urban area. There was the need to create an environment where parents could work with peace of mind while raising their children.

Tenants complained that a lack of childcare made returning to work after childcare leave difficult. To resolve their concerns, Mitsubishi Estate-Simon, the operating company, opened an internal childcare center in September 2017. Anyone working in the facility can use the center regardless of their form of employment. It is also available to everyone in the community.

Reaction from users was positive, with comments like "I can work harder when my children are close by," and "I chose to work at the Outlet because they had a daycare center." The center both improved the work-life balance of the workers and helped the tenants secure human resources.

Fiscal 2017 KPI results

• Number/ratio of female managers (Mitsubishi Estate Group^{*1})

KPI
5

78 people/6.55%
(Fiscal 2030 ongoing goal: over 10%^{*2})

• Employment rate for persons with disabilities (Mitsubishi Estate Group^{*1})

KPI
6

Average for the three companies: 2.20%
(Fiscal 2020 ongoing goal: 2.2%)

*1 Three companies: Mitsubishi Estate, Mitsubishi Jisho Residence and Mitsubishi Jisho Property Management

*2 Target for Mitsubishi Estate alone

 Please visit the website for details.

<http://www.mec.co.jp/e/csr/employees/index.html>

Establishment of Work Reform Promotion Committee

On April 1, 2017, Mitsubishi Estate upgraded its efforts to reform the corporate culture, streamline work processes from the top down and create new value by increasing productivity by establishing the Work Style Reform Promotion Committee, which is chaired by and reports directly to the president.

This committee is transforming programs and reforming the office environment company-wide and across departments. It also supports voluntary efforts by employees to improve the efficiency of their work.

Programs to Foster Work-Life Balance KPI 1,4

Mitsubishi Estate respects its employees' individuality and values, and believes that it is important to ensure a balance between work and home life in order to provide a workplace in which each individual employee can perform to potential. Mitsubishi Estate has established a range of programs for childcare and nursing care, such as leave of absence, shortened work hours, flex-time schedule, and hourly paid vacation programs, so that they can select from diverse work styles. The company began telecommuting trials for all employees in 2017.

Employees can take childcare leave until March 31 after the child turns three, and can work shorter or flexible hours for childcare activities until March 31 of the year the child completes the third grade of elementary school. Mitsubishi Estate also implements other measures to support childcare such as temporary daycare services using contracted daycare centers, and subsidies for the cost of babysitting. The company also opened a center that helps employees find daycare centers for their children. Mitsubishi Estate has established a general action plan compliant with the Japanese law called the "Act on Advancement of Measures to Support Raising Next-Generation Children" so that employees can balance work and childcare. It has also created a pregnancy, childbirth and childcare information site on its intranet to provide information and explain childcare-related programs.

In light of Japan's changing social structure, the company enables employees to take nursing care leave for three years, and they can now work shorter hours while nursing family members. In addition, a nursing guidebook is issued and internal seminars are held to offer information on caring for family members. In January 2013, the company established a new program to enable employees who had to leave the company due to their spouse's work transfer or other reason who meet certain conditions to apply for reemployment.

In fiscal 2017, 100% of employees returned to work after taking childcare leave. The retention rate after the return to work was also 100%.

Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours for childcare (Mitsubishi Estate)

		Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Childcare leave	Men	0	0	0	7	10
	Women	22	23	13	11	20
	Total	22	23	13	18	30
Nursing care leave	Men	0	0	0	0	0
	Women	0	0	0	0	0
	Total	0	0	0	0	0
Shortened work hours for childcare	Men	1	0	0	0	0
	Women	29	32	33	11	7
	Total	30	32	33	11	7

Voice of the Manager in Charge of Work-Style Reform

Reforming work styles to achieve zero normal working hours



Hiroyuki Takahashi

Secretary of the Human Resources Planning Department and Work-style Reform Office, Mitsubishi Jisho Property Management Co., Ltd.

Mitsubishi Estate is undergoing work reforms to expand the company and develop employees while reducing overtime with a target value of zero normal overtime hours by fiscal 2022.

Work style reforms do not happen overnight, as since all employees work under different conditions, creating an environment that is ideal for everyone is still a work in progress. However under this initiative, which began in fiscal 2016, certain teams were selected as monitoring units and they began quick-turnaround meetings ("kaeru kaigi") where individuals reviewed their work for greater efficiency and trials of work optimization policies are carried out. The plan is for effective policies to be spread by deploying them throughout the company. By adopting various methods to change the mindsets of employees such as flex time for the whole company and the work style challenge award system, the whole company gradually became aware of the impulse to transform the working culture. As a result, certain accomplishments were achieved such as the reduction in overtime hours by fiscal 2017 and a greater rate of use of paid vacation time. Although there is a greater social "work style reform" movement under way, Mitsubishi Estate will not be content with temporary measures but will constantly undertake new policies so that employees will work together in full understanding and cultivate stronger teamwork in order to achieve sustainable growth for employees and for the company as a whole.

Fiscal 2017 KPI results

- Number of people taking childcare leave of absence, nursing care leave of absence and shortened work hours (Mitsubishi Estate Group*)

KPI 1

Total for the three companies: 71/1/82 people a year

- Number of hours of overtime on average per month (Mitsubishi Estate Group*)

KPI 2

Average for the three companies: 17.21 hours

Dialogue with Employees

Mitsubishi Estate supports the right to group negotiation and also emphasizes problem-solving together with labor unions. About 70%, or 615, of the 858 employees, excluding employees in managerial positions, are members of the Mitsubishi Estate Labor Union (as of April 1, 2018). The company forms labor agreements and discusses issues that need to be resolved and the right course of development for the company to take on the basis of trust, in order to build positive relationships.

Under the stipulations of the labor agreement, any

changes, such as employee cuts and changes to labor conditions resulting from a contraction and consolidation of the company's business, that would have a major impact on the employee are discussed in advance and that policies and standards are clarified.

Moreover, the Group and labor union work together to set internal management standards based on labor-management consultations to avoid excessive working hours for employees.

Work Health and Safety

Promotion of Health Management



Mitsubishi Estate issued the Health Management Declaration in October 2016 to systematize the initiatives and plans that the company and the health insurance union had carried out thus far, make clear top management's commitment, and ensure further improvements in maintaining and improving employee health. The company also makes commitments to safety and hygiene in its labor agreements, and strives to protect employee health and safety through health checkups and safety education.

The company has introduced a work management system that is linked with computer log-on/off time so that supervisors can follow employees' work conditions. Supervisors also meet one-on-one with their subordinates to discuss workload and task difficulty so they can understand conditions that may impact their health. Any employee who works more than 90 hours of overtime in a month is encouraged to have a checkup with an occupational physician. As such, Mitsubishi Estate is dedicated to taking measures that help employees manage their health. Moreover, beginning in fiscal 2017 a subsidy program was set up for health-promoting programs (sports activities, checkups not covered by health insurance, etc.) for employees with the "Cafeteria Plan."* Under the plan, the company provides a free breakfast to prevent missed meals and holds in-house exercise events along with other measures aimed at improving employee health.

In order to promote work-life balance, the company adopted a flex-time schedule for all employees in fiscal 2016, and implemented initiatives such as the "positive off movement" to help employees make plans to take days off and encourage them to take paid leave. In fiscal 2017, an hourly paid vacation program was introduced as

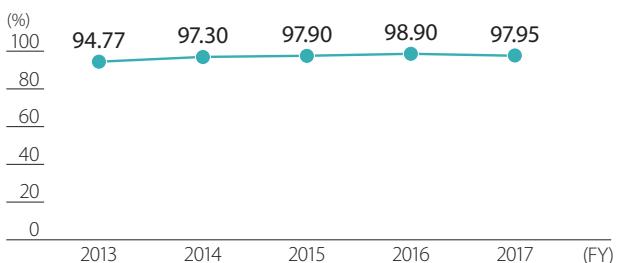
part of the company's efforts to create a comfortable working environment.

* This program enables employees to use points allotted to them to choose programs from a menu set by the company (sports activities, checkups not covered by health insurance, etc.).

Managing Employee Health through Medical Examinations

Mitsubishi Estate carries out a scheduled medical examination once a year for all employees to help them maintain and improve their health. In 2016, the company added electrocardiographs and stomach ultrasounds (for persons 35 and older) to further improve detection of lifestyle diseases. We also take the time to provide follow-up examinations, urgent examinations and meetings with occupational physicians depending on the results of the medical examinations. To improve the screening rate, individual notices with information about medical examinations are sent to people who miss their examinations. (fiscal 2017 medical examination rate: 97.95%)

Rate of personnel undergoing medical examinations
(Mitsubishi Estate)



• Rate of reinstatement to work after maternity/childcare leave (Mitsubishi Estate Group)*

Average for the three companies: 97.7% (Fiscal 2030 ongoing goal: 100%)

* Three companies: Mitsubishi Estate, Mitsubishi Jisho Residence and Mitsubishi Jisho Property Management



Please visit the website for details.

<http://www.mec.co.jp/e/csr/employees/index.html>

Compliance

Promotion of compliance meeting the expectations of clients and society



Basic Concept and Approach

The Mitsubishi Estate Group believes that compliance does not simply involve legal compliance, but is also defined as adherence to internal rules and corporate ethics. After Mitsubishi Estate was found to have violated some stipulations of the Commercial Code of Japan in 1997, the Mitsubishi Estate Group Basic Mission and Mitsubishi Estate Group Code of Corporate Conduct were formulated to reflect the company's resolve to never repeat the same mistakes. The Code of Conduct and Basic Mission were revised in 2006 as part of a serious and humble response to the discovery of soil and groundwater contamination problems at Osaka Amenity Park (OAP) in 2005. The company regards compliance as one of its most pressing issues to address. Moreover, as the company continues to expand its businesses domestically and internationally, its social responsibilities increase in sophistication and global scale. This has led to a greater need for the whole group to share a sense of values and a standard of conduct. Therefore the Mitsubishi Estate Group Guidelines for Conduct were revised in April 2018 with the hope that they will increase true corporate value by being applied to the daily actions of individual employees and executive officers. The Mitsubishi Estate Group aspires to build trusting relationships with its stakeholders through a highly transparent management system and reinforced compliance. Not only does the Group comply with laws and regulations but it also works hard to meet all the expectations of clients and society as it strives to achieve its basic mission of contributing to society through urban development. The Group also identifies and responds appropriately to various business risks.

Objectives

- We will respond appropriately to prevent bribery, violation of the anti-monopoly law and inappropriate political donations.
- In addition to complying with laws and regulations, we will strive to meet the expectations of clients and society, as well as understand and respond appropriately to various business risks.

Management System

The Mitsubishi Estate Group designates the corporate officer in charge of compliance appointed by decision of the Board of Directors as the person responsible for overall compliance, designates all department head in Mitsubishi Estate as compliance promotion officers and also selects compliance officers at each Group company to create a structure for promoting and monitoring compliance. The Group has also established a Risk Management & Compliance Committee and a Risk Management & Compliance Subcommittee as councils which formulate plans discuss issues concerning Group compliance and risk management.

(Note) A detailed structure chart is available online

Compliance in Practice

The Mitsubishi Estate Group works hard to build trusting relationships with its stakeholders by employing a highly transparent management system and continually strengthening compliance.

Revising and Publishing the Compliance Guidebook

To accompany the revision of the Mitsubishi Estate Group Guidelines for Conduct in April 2018, the Compliance Guidebook was revised and published as a training tool. The Guidebook uses illustrations and a Q&A format to explain the Mitsubishi Estate Group's five most important values in an easy-to-follow format. It was distributed to all Group officers and employees and helps to increase knowledge and understanding of what compliance involves.

Providing Compliance Training

The Mitsubishi Estate Group uses opportunities such as training sessions for new hires and new managers to provide compliance training to raise compliance awareness among all executives and employees.

In particular, new hires from major Group companies participate in joint training together to learn about the Code of Conduct and basic compliance issues (336

KPI
1

participants from 21 companies in April 2018).

Moreover, Mitsubishi Estate provides compliance education during training for newly appointed managers and level 2 professional career hires, and also trains all officers and employees in compliance via e-learning.

Holding Risk Management and Compliance Lectures

Mitsubishi Estate holds risk management and compliance lectures for managers and executives, including those at Group companies.

The lecture topic is chosen from genres related to risk management and compliance, in light of social conditions in that particular year. In July 2017, Professor Iwao Taka of the School of Economics and Business Administration at Reitaku University (and also a Mitsubishi Estate outside director) spoke on the topic: "Foreign Corrupt Practices as a Global Risk."

Compliance Surveys

Mitsubishi Estate Group gives compliance surveys every two years to its approximately 16,000 executive officers and employees (including temporary employees) to ascertain the extent to which they are aware of compliance issues.

KPI
2

The Group uses the results, after analyzing them to identify overall trends and characteristics of each business group and company, to plan activities to improve compliance.

Augmenting the Help Line

The Mitsubishi Estate Group has established a compliance help line to receive inquiries and consultations on compliance issues. In January 2018 the Mitsubishi Estate Group help line consultation window was changed and unified with external organizations to make it possible for it to receive calls on weekday evenings and weekends and holidays as well. The help line has both internal and external contact points and can be used by Group employees, temporary employees, part-time employees and various other part-time staff, and even the business partners of Group companies. To ensure that employees know about the help line, information is provided in the Compliance Newsletter and on posters.

There were 64 consultations and reports via the Mitsubishi Estate Group help line in fiscal 2017. Depending on the substance of the inquiries, they are studied and the situation is confirmed so that an appropriate response can be made. A help line exclusively for business partners has also been set up.



Leaflet on help line exclusively for business partners

Risk Management

The Mitsubishi Estate Group has established the Mitsubishi Estate Group Risk Management Rules and has set up and operates a risk management system to manage risk in all its business activities.

The Group systematically carries out risk management programs, focusing on the following two types of activities.

1 Individual risk management activities

Individual Group companies and business groups identify risks of focus based on a risk analysis, and carry out activities throughout the year to reduce the risks identified.

2 Group-wide priority risk management activities

The Group identifies priority risks that require new countermeasures from the entire Group, taking into account the risks of focus identified by individual Group companies as described above and social trends, and carries out activities throughout the year to reduce these risks.

Rigorous Information Management

The Mitsubishi Estate Group Guidelines for Conduct include stipulations on information management. As such the company is committed to obtaining information appropriately, managing it strictly and protecting personal information to the greatest extent of its capabilities. In April 2018 the Group's internal regulations on information management were completely revised. In addition to appointing an officer with maximum authority over information management for the whole group, a chief information system management officer was also appointed and the Group strengthened its information security across board. To support this revision in regulations, the Group's employees and executive officers were trained in information management in order to ensure the proper handling of information. Mitsubishi Estate works to improve information handling by conducting Information Management e-learning training for all employees and officers and reexamining the way information is handled in all departments.

☞ **The Mitsubishi Estate Group Basic Policy on Personal Information Protection is available on the company's website (in Japanese).**

<http://www.mec.co.jp/j/specific/index.html>

Preventing Corruption

The Mitsubishi Estate Group has declared that it will carry out equitable, transparent corporate activities with a primary emphasis on earning trust. The Group's Code of Conduct forbids not just actions that could be construed as collusion with government officials or other actions considered illegal, but also entertainment and gift-giving to politicians and government employees that could be deemed ethically inappropriate for going beyond the bounds of social convention.

Moreover, the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption were established as a system to prevent corruption throughout the organization. The risk of corruption is assessed for each contract and due diligence is mandated in the case of parties considered high risk. This due diligence is accompanied by monitoring in the course of operations. The Group also drew up and published the Mitsubishi Estate Group Anti-Corruption Guideline in July 2018. It also conducted training for Group officers and employees involved in its international businesses to ensure their full understanding of the company's anti-corruption regulations.

The Group was not subject to any fines or penalties for corruption in fiscal 2018.

Measures Against Organized Criminal Elements

The Mitsubishi Estate Group clearly stipulates its refusal to countenance any relationship whatsoever with organized criminal elements in its Guidelines for Conduct. Mitsubishi Estate's Legal & Compliance Department serves as a special department to take resolute measures for the Group, in cooperation with the police, in the event of any contact from criminal elements.

Fiscal 2017 KPI results

- Compliance training such as training by level and CSR lectures
- Rate of participation in compliance e-training (Mitsubishi Estate Group*)

99% (Fiscal 2030 ongoing goal: 100%)

* Four companies: Mitsubishi Estate, Mitsubishi Jisho Property Management, Mitsubishi Jisho Residence and Mitsubishi Real Estate Services

KPI
1

- Compliance survey "Extent to which Code of Conduct is achieved"

88%

☞ **Please visit the website for details.**

<http://www.mec.co.jp/e/csr/compliance/index.html>

KPI
2

Corporate Governance

The Mitsubishi Estate Group aims to earn stakeholders' trust through highly transparent management.

Basic Approach

Mitsubishi Estate's basic mission is to contribute to society through urban development, based on which we selected "A Love for People. A Love for the City" as our brand slogan. We believe that we must achieve a high-level balance between corporate growth and benefit to diverse stakeholders, which will result in a rise in true corporate value. A vital management task that will help us realize this ambition is the establishment and implementation of a corporate governance structure.

Corporate Governance Structure

Mitsubishi Estate has adopted a "Company with Nominating Committee, etc." organizational structure in accordance with the Companies Law of Japan. The Board of Directors performs a management oversight function and, where possible, individual management decisions are carried out under the administrative powers of executive officers. This is intended to accelerate decision-making and clarify the authority and responsibilities for executing operations. It also further clarifies the roles and strengthens the functions of executives and directors. Furthermore, the Nominating Committee, Audit Committee and Remuneration Committee, each with a majority of members made up of outside directors, handle the nomination of director candidates, determine their remuneration and review the performance of executive officers, which is intended to increase the speed and transparency of decision-making processes. The Board of Directors is made up of 15 directors, of which seven are outside directors, and the chairman is a director who is not a managing director. The term of office for directors, including members of the Audit Committee, is one year. The basic approach and framework behind Mitsubishi Estate's corporate government structure are explained in the "Mitsubishi Estate Corporate Governance Guidelines" on the company's webpage.

 **The Mitsubishi Estate Group Corporate Government Organizational Chart is available online.**

<http://www.mec.co.jp/e/csr/governance/index.html>

Managerial Decision-Making Process

The Mitsubishi Estate Group's Strategic Planning Committee, which consists of the president, the executive vice presidents, and other persons designated by the president, meets regularly to discuss the Group's management strategies. The Group also has an Executive Committee which takes decisions on important matters pertaining to the execution of business. It consists of the president, the representative executive officer, the managing executives of the line staff and corporate staff in each business group, full-time members of the Audit Committee and other persons designated by the president. It usually meets once a week. To enable the Executive Committee to discuss and make management decisions at a more sophisticated level, the Asset Management Committee was established as a sub-committee to discuss business strategy and monitor progress. The Strategic Investment Committee was also established as a subordinate body to the Executive Committee to discuss important investment proposals and summarize the points at issue before Executive Committee meetings.

Policy for Determining Remuneration for Directors and Corporate Executive Officers

At Mitsubishi Estate, the details of remuneration paid to directors and corporate executive officers are decided upon by a resolution of the Remuneration Committee, which is chaired by an outside director and has a majority of outside directors. The company makes it a policy that its remuneration system shall enable: ongoing improvement of corporate value and sharing of value with shareholders; provision of incentives to management executives who take up challenges and appropriate risk taking; and high

accountability for the benefit of shareholders and other stakeholders. The remuneration for directors (excluding directors who concurrently serve as corporate executive officers) comprises, in principle, only basic remuneration in the form of money, whereas the remuneration for corporate executive officers, in principle, comprises basic remuneration and variable remuneration. The variable remuneration comprises monetary compensation that is paid based on short-term performance and stock compensation that is paid based on evaluation of medium-to-long-term performance, etc.

 **Information on remuneration paid to directors, auditors and corporate executive officers is available online.**

<http://www.mec.co.jp/e/csr/governance/index.html>

Reinforcing Internal Controls

Mitsubishi Estate's Board of Directors adopted the Basic Policy on Establishment of Internal Control Systems, as required by Japan's Companies Act, regularly confirms that operations are consistent with the policy, and makes improvements whenever necessary. The Group also upgraded, administered and evaluated its internal control system in line with the internal controls over financial reporting which were adopted by listed companies in April 2008 as mandated by Japan's Financial Instruments and Exchange Act. The Internal Control Report concluding that the Group's internal controls over financial reporting were effective as of March 31, 2018 was submitted to the Kanto Local Finance Bureau of the Ministry of Finance on June 28. An internal control audit was performed by an independent auditing firm to ascertain that this report was presented fairly.

The three Group companies* that handle financial instruments have established and continue to operate their own systems. Relevant divisions in Mitsubishi Estate also strengthened their internal control systems to address compliance problems related to this law.

* Mitsubishi Jisho Investment Advisors (real estate investment and management), Japan Real Estate Asset Management (real estate investment and management), Mitsubishi Real Estate Services (real estate consulting and solutions, brokerage, sales and leasing)

Management Oversight Structure

Mitsubishi Estate's Board of Directors decides on basic policies for management and also supervises the execution of operations by directors and officers. The Audit Committee supervises the business execution of directors and officers through the attendance of standing statutory auditors at important meetings such as the Executive Committee, oversight of the status of business execution at each division or Group company, and receiving reports from auditors and from departments directly concerned with internal controls. In addition, an Audit Committee Office has been established to support the Audit Committee's audits.

In April 2018, an internal reporting system that goes through the Audit Committee members was established to facilitate the reporting of major wrongdoings by the company's officers to auditors.

The Internal Audit Office has been set up to reinforce the internal audit function and reports directly to the president. This serves to emphasize its objectivity and independence from any business group. Internal audits are conducted in accordance with the audit plan (which also covers Group companies) established on a risk basis to confirm that internal controls are set up and administered appropriately. All audit results are reported to the president, and are then shared with the standing statutory auditors, with an overview provided to the Executive Committee, Audit Committee and other relevant parties. The company also emphasizes follow-up after audits, confirming that problems indicated in internal audit results have been improved.

Cooperating with Business Partners

The Mitsubishi Estate Group aims to grow side-by-side with its business partners and is committed to building an equitable, trusting relationship with every business partner.

Mitsubishi Estate Group Order Action Guideline

In accordance with the Mitsubishi Estate Group's Mission and Code of Conduct, Mitsubishi Estate has established the Order Action Guideline, which all executive officers and employees placing orders with business partners must follow, to ensure that orders and contracts are administered with transparency and impartiality. The Guideline is intended to ensure objectivity and economic rationality, but it also includes rules on environmental conservation, information management and avoidance of any involvement with organized criminal elements. This Order Action Guideline is shared by the entire Group, and order and contract processes are established and administered to suit the businesses of individual companies based on it.

The Mitsubishi Estate Group CSR Procurement Guidelines

The Mitsubishi Estate Group is committed to its mission of contributing to society through urban development and works to achieve it by putting into practice the Mitsubishi Estate Group Code of Conduct and Mitsubishi Estate Group Guidelines for Conduct. In order for the Group to contribute to the creation of a truly meaningful society through its business activities, we consider it essential that the Group work with its business partners to promote socially responsible procurement at all stages of the supply chain. With this recognition, the Group has established the CSR Procurement Guidelines, a set of guidelines to promote CSR procurement activities.

The Mitsubishi Estate Group requests all business partners to read these guidelines to gain an understanding of both their spirit and content so that the Group and its business partners are able to act according to the guidelines at all stages of the supply chain.

CSR Procurement Standards

1. Comply with Legal and Social Norms

- We comply with both local laws and regulations in the countries and regions in which we do business, as well as with international agreements and social norms.

2. Respect Human Rights

- We respect the human rights of our employees; maintain appropriate working hours; allow sufficient holidays and vacation time; and make every effort to create healthy and safe working environments for employees.
- We respect human dignity and diversity; strictly prohibit any behavior or discriminatory language that violates human rights and/or causes emotional or physical suffering, including discrimination with regard to gender, ethnicity, nationality, age, religion, disability, marital status, physical appearance, or sexual orientation; and have zero tolerance for harassment of any kind.
- We strictly prohibit unfair labor practices of any kind, including child and forced labor.

3. Practice Corporate Ethics

- We engage only in fair and equitable business activities. We do not engage in practices that interfere with free competition or in inappropriate competition practices.
- We establish a framework for internal reporting to prevent problems from arising and to ensure that potential problems are detected early on. At the same time, we protect the anonymity of those filing internal reports and assure employees that they will not suffer retaliation or any other type of punishment for reporting problems.
- We uphold Japan's Anti-Organized Crime Law and eschew all contact with organized criminal elements.
- We make every effort to disclose corporate information in a timely and appropriate fashion.
- We make every effort to prevent any form of corruption, including bribery and other such practices.

4. Ensure and Improve Product Quality

- In delivering products and services, we establish appropriate quality control and assurance systems and ensure that we deliver the level of quality that customers demand, while continuously working to improve the quality of our products.
- We make every effort to deliver products that perform to higher safety standards than socially required or expected. We also make public the results of our product safety surveys as needed.
- We make every effort to deliver products and services at an appropriate, competitive market price and meet construction deadlines with appropriate management of our work process.

5. Protect the Environment and Reduce Environmental Impact

- We make every effort with all of our products, services, designs, and construction work to uphold the Mitsubishi Estate Group Green Procurement Guidelines.
- At every stage of our production and construction work, we exclude the use of raw materials produced by illegal means; actively seek materials for use that are certified or otherwise traceable; and make every effort to engage in sustainable production and procurement.

6. Guarantee Information Security

- We establish and enforce management systems to ensure that information assets (confidential information, personal information, intellectual property, etc.) either entrusted to us by business partners or other third parties or belonging to the Group are appropriately managed and protected. We take every precaution to prevent inappropriate disclosure of information, including taking measures to protect against threats to our computer networks, to ensure that these information assets are not leaked or used in an unfair or inappropriate manner.

7. Establish Disaster Risk Management Systems

- We actively prepare for disaster by incorporating disaster risks into our business continuity plans (BCP).

In effect as of April 1, 2016

The Mitsubishi Estate Group applies the same approach as in the Mitsubishi Estate Group Code of Conduct to its suppliers in regards to environmental problems, labor problems, corruption and other issues.

At Mitsubishi Estate, when orders are placed with construction companies, the business organization and ordering organization are clearly separated. Appropriate orders and contracts are ensured by requiring that employees use a check sheet to self-verify compliance, after which Mitsubishi Estate's Legal & Compliance Department provides objective confirmation. The Orders Surveillance Committee, chaired by the president, meets when orders for large projects are placed and holds discussions concerning compliance. It met eight times in fiscal 2017.

Establishment of CSR Procurement Guidelines

The Mitsubishi Estate Group believes that, in order for it to contribute to the creation of a truly meaningful society through its business activities, it is crucial that it consider CSR not only for itself but also in cooperation with business partners across the entire supply chain. Based on this idea, in April 2016, it established the Mitsubishi Estate Group CSR Procurement Guidelines.

Ensuring Familiarity with Guidelines within and outside Group

To ensure familiarity with the CSR Procurement Guidelines both within and outside the Group, Mitsubishi Estate makes the guidelines available on the company web site. Moreover, the company works with its Group companies to make notifications to the Group's major business partners to ensure that they are familiar with the guidelines. In fiscal 2016, notification was made to 3,326 partners. Notification was made to a further 721 companies in fiscal 2017 and the company will endeavor to ensure familiarity throughout the supply chain going forward.

Evaluations of Business Partners in Each Business

Business	Social and environmental assessment
Building Business	Mitsubishi Estate has adopted an evaluation system for subcontractors that assesses from multiple perspectives the quality, safety and hygiene, and environmental initiatives of construction companies engaged in subcontracted work in its Building Business. The subcontractors are given feedback on the results of the assessment, and asked to make improvements if necessary.
Condominium Business	Mitsubishi Jisho Residence utilizes a Contractor Interview Sheet when selecting new subcontractors with which to partner, and confirms the subcontractors' conditions, including the headquarter organization's on-site support system. In addition, in order to enhance the quality of construction and ensure safety and hygiene on-site, the company asks the subcontractors to submit work schedules and construction plans to ensure in advance and places orders with an appropriate construction schedule. The company also strives to make improvements by ensuring good communication with subcontractors, such as holding start meetings and regular meetings during construction, meeting with the head of the construction site before the start of work at each site and evaluating the contractor when the work is completed.
Custom-Built Housing Business	Mitsubishi Estate Home has established guidelines for its initiatives with business partners that take into account the unique characteristics of its business. The basic order unit price that will serve as the benchmark is set in agreement with the supplier as we strive to ensure equitability for the supplier. Business partners in the architecture, facility and electronics industries are evaluated comprehensively and fairly on the basis of a questionnaire given to the employees who are their point of contact, and also taking into account the number of customer referrals, workmanship and credit conditions. The number of buildings with which they will be entrusted is decided based on this evaluation along with the fixed unit price. In addition, clearly separating the manufacturer's product costs and the distribution costs until the product reaches the final delivery destination raises the transparency of product costs and distribution costs, enabling a fair evaluation of the material supplier and the manufacturer. When deciding on construction amounts, the costs of construction and operating expenses are accounted for separately, and efforts are made to prevent simple price competition.

Serving Shareholders and Investors

The Mitsubishi Estate Group maintains good communication with shareholders, investors and all other stakeholders by proactively disclosing corporate information in a timely manner.

Committed to Prompt, Accurate and Impartial Disclosure

Following its own Disclosure Regulations, Mitsubishi Estate publishes information that the Tokyo Stock Exchange's Security Listing Regulations mandates for timely release through TDnet (Timely Disclosure Network), a system operated by the exchange, as well as via other channels. Mitsubishi Estate is committed to the prompt, accurate and impartial disclosure of information to all of its shareholders and investors.

Company Executives Give Briefings for Shareholders, Investors and Analysts

The IR Office, set up within Mitsubishi Estate's Corporate Communications Department, is a dedicated organization with the mission of disclosing appropriate information in a timely manner, publicizing management strategies, and providing feedback to the company drawn from views expressed in the capital markets. The IR Office provides accurate and impartial information to customers and the mass media, as well as to all shareholders, investors and analysts.

The IR Office's main IR activities consist of updating the Investor Relations page on Mitsubishi Estate's website, holding financial results briefings twice a year, holding small meetings with institutional investors, giving facility tours, and actively meeting with institutional investors in and outside Japan (about 420 such meetings were held in fiscal 2016). In fiscal 2017, the Group published a new medium-term management plan for fiscal 2017–2019. Company executives and general managers participate in briefings on financial results and the Group's long- and medium-term management plans and in small meetings with institutional investors. These opportunities for direct dialogue with shareholders and investors help to ensure that their views are incorporated into the management of the company.

The company also proactively participates in seminars organized by the stock exchange and securities companies to provide briefings for individual investors to enhance information disclosure and make it more broadly accessible to the investor community.

Mitsubishi Estate will continue its efforts to increase dissemination of IR information in English and augment its Integrated Report, IR explanatory material and Fact Book to improve communication with overseas investors.

IR Information for Mitsubishi Estate

Japanese: <http://www.mec.co.jp/j/investor/index.html>
English: <http://www.mec.co.jp/e/investor/index.html>



Briefing session for institutional investors (May 2018)

External Evaluation

Mitsubishi Estate was selected for inclusion in the following Indexes in fiscal 2018.

- FTSE4Good Global Index 17th consecutive year
- FTSE Blossom Japan Index 2nd consecutive year
- MSCI Japan ESG Select Leaders Index 2nd consecutive year
- SNAM Sustainability Index
- GRESB Public Disclosure 2nd consecutive year

Socially responsible investing is an approach to investing in companies that takes into consideration their environmental and social initiatives and corporate governance as well as economic aspects. We will continue to integrate our business with CSR as we pursue sustainable corporate management.



FTSE4Good



FTSE Blossom Japan



Member of SNAM Sustainability Index 2018

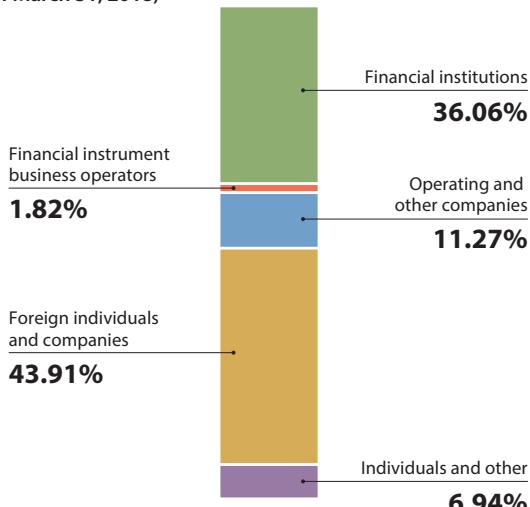


G R E S B

Stock details (as of March 31, 2018)

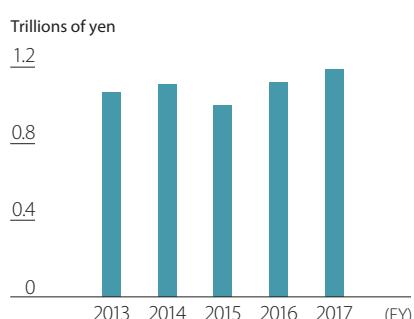
Number of authorized shares	1,980,000,000
Number of shares issued and outstanding	1,390,908,105 (Of which treasury stock: 2,897,424)
Number of shareholders	67,881

Stock composition (shareholding percentage) (as of March 31, 2018)

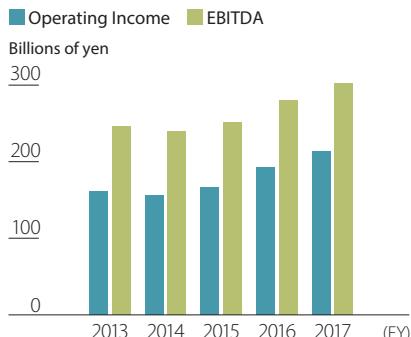


Financial and Non-Financial Information

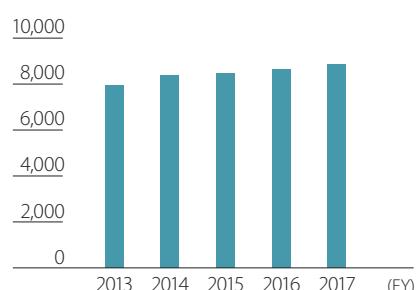
Revenue from Operations



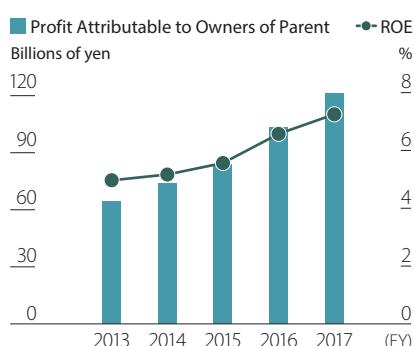
Operating Income & EBITDA



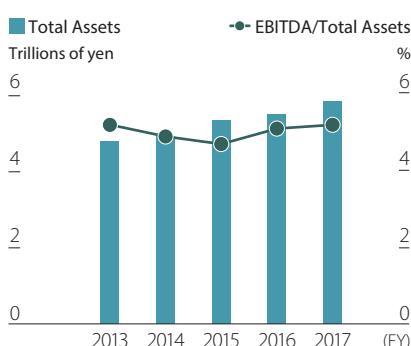
Number of Employees



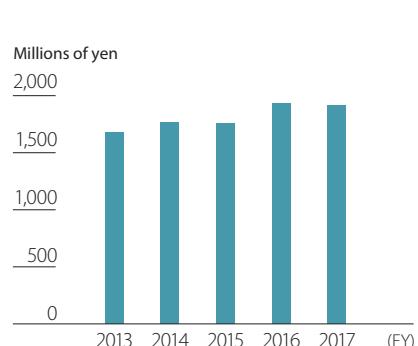
Profit Attributable to Owners of Parent & ROE



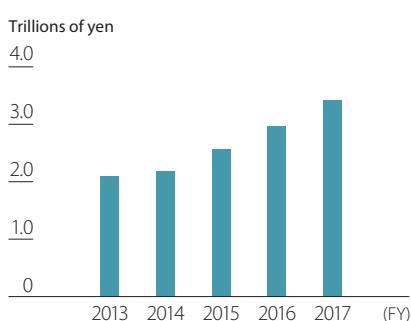
Total Assets & EBITDA/Total Assets*



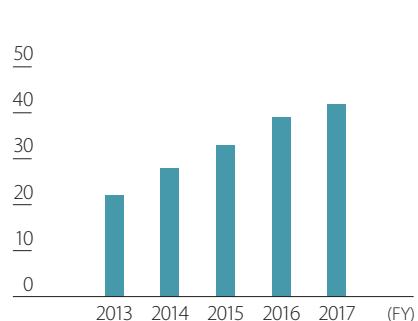
Cost of Social Contribution Activities



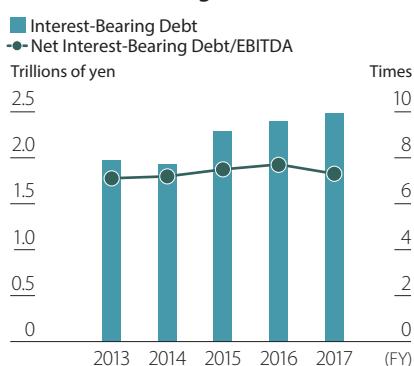
Unrealized Gain on Rental Properties



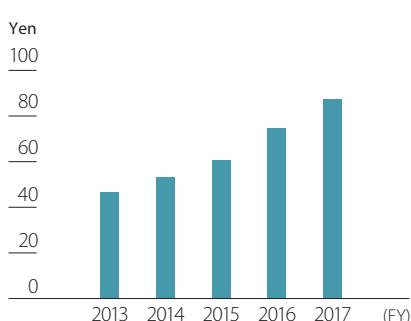
Number of Female Managers (Mitsubishi Estate)



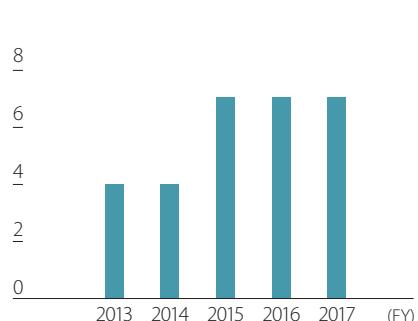
Interest-Bearing Debt & Net Interest-Bearing Debt/EBITDA



Earnings per Share



Number of Outside Directors (Mitsubishi Estate)



Free Cash Flow



(Note) Unless otherwise noted, graphs show consolidated data for the Mitsubishi Estate Group.



A Love for People. A Love for the City.
MITSUBISHI ESTATE CO., LTD.



About the cover design

The back cover shows the award-winning works of art from the fiscal 2017 16th *Kira Kira* Art Competition held by Mitsubishi Estate for children with disabilities.

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http://www.mec.co.jp/index_e.html

