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Press Release

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### **Notice of the Revision of the Remuneration System for Corporate Executive Officers**

At the Remuneration Committee meeting held today, Mitsubishi Estate Co., Ltd. (hereinafter “the Company”), has decided on the revision of the remuneration systems for corporate executive officers.

#### 1. Background and Purpose of the Revision of the Remuneration System for Corporate Executive Officers

At present, the Company offers the following remuneration systems for officers in addition to basic remuneration: single-year, performance-based remuneration by cash; remuneration by shares with restriction on transfer; Phantom Stock Plan with the performance metric covering the total shareholder return over approximately three years. This is for the purpose of providing an incentive scheme that sustainably improves corporate value, and promotes sharing of values with shareholders.

Since the implementation of current remuneration system, we have been continuously discussed the way to further promote the purpose mentioned above. As a result, we have reached the decision to revise the remuneration system in FY2023\* aiming for the followings: To encourage strong commitment for achieving targets in the long-term management plan by enhancing a linkage between the remuneration system and the long-term management plan; To further promote sharing of values with shareholders by increasing the proportion of remuneration accounts for stock and stock price.

\*the fiscal year ending March 2023

#### 2. Overview and Purpose of the Revision of the Remuneration System for Corporate Executive Officers

##### ① Enhancing a linkage between the performance evaluation for officers and the long-term management plan

With the objective of increasing commitment for achieving targets in the long-term management plan, consistency will be ensured between KPI and performance evaluation indicators in the long-term

management plan and also evaluation items linked to the long-term management plan are to be adopted.

② Promoting sharing of values with shareholders

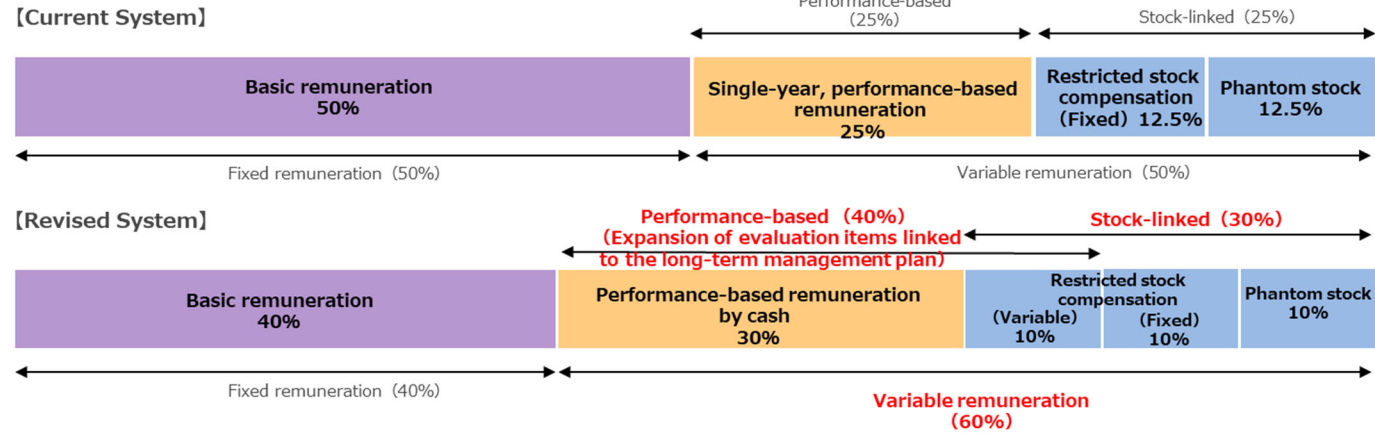
With the objectives of further promoting sharing of values with shareholders, new restricted stock compensation that the payout amount varies depending on performance will be implemented. By doing so, the proportion of remuneration linked with stock price will increase to 30% of the total (currently 25%) and restricted stock period will be changed until the time of resignation as officers (currently approximately 3 years).

③ Changing composition of the remuneration

With the objectives of increasing the incentive of the remuneration system, the proportion of variable remuneration will be changed to 60% of the total (currently 50%).

※Eligible Officers: Representative Corporate Executive Officers, Senior Executive Officers, Executive Officers and Group Executive Officers. (No change from the current system)

<Comparison of Remuneration System>



3. Overview of Revised Variable Remuneration

(1) Performance-Based Remuneration by Cash

- ① Form of remuneration : Cash
- ② Payout calculation and major evaluation items

The payout amount varies depending on overall business profit, ROA, ROE, EPS, and the target level of business profit in the divisions for which the individual officers are responsible.

The payout amount will be added an evaluation of qualitative aspects, established during interviews with the president, including the degree of contribution to performance over the medium to long term, the status of ESG-related initiatives, and progress on each business (domestic, international, and non-asset) in the long-term management plan.

(2) Remuneration by shares with restriction on transfer (fixed and variable portions)

- ① Form of remuneration : shares
- ② Restricted stock period: until the time of resignation as officers
- ③ Payout calculation and major evaluation items in variable portion

The same evaluation indicator as (1) Performance-Based Remuneration by Cash will be used.

(3) Phantom Stock Plan

- ① Form of remuneration : Cash
- ② Performance evaluation period: approximately three years
- ③ Payout calculation and major evaluation items

The payout amount will be determined by multiplying each officer's base amount with the following

(i) and (ii):

- (i) Percentage of net fluctuation in the Company's common stock price over the performance evaluation period
- (ii) Percentage based on the relative ranking, during the performance evaluation period, of the Company's total shareholder return among six companies including five peer companies.  
(Volatility 0%~100%)

※Five peer companies: Nomura Real Estate Holdings, Inc., Tokyu Fudosan Holdings Corporation, Mitsui Fudosan Co., Ltd., Tokyo Tatemono Co., Ltd., and Sumitomo Realty & Development Co., Ltd.

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