

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 123rd Ordinary General Meeting of Shareholders of Mitsubishi Estate Co., Ltd.
The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Securities Code: 8802)



NOTICE OF CONVOCATION

OF THE **123**rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

Time and Date: 10 a.m., Wednesday, June 29, 2022

Place: **Royal Park Hotel, 3F, Royal Hall,**
1-1, Nihonbashi-Kakigara-cho 2-chome,
Chuo-ku, Tokyo

Objectives of the Meeting:

Reports:

1. Reports on Business Report and Consolidated Financial Statements, as well as Results of the Audits of the Consolidated Financial Statements by the Accounting Auditor and Audit Committee for Fiscal 2021 (From April 1, 2021, to March 31, 2022)
2. Reports on Non-consolidated Financial Statements for Fiscal 2021 (From April 1, 2021, to March 31, 2022)

Agenda:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Partial Amendments to the Articles of Incorporation

Proposal No. 3: Election of Fifteen (15) Directors

Due date of exercising voting rights by mail and via the Internet, etc.

No later than 5:45 p.m. on Tuesday, June 28, 2022

Please note that no souvenirs will be provided to the shareholders attending the General Meeting of Shareholders. We would appreciate your understanding.

In order to prevent the spread of the novel coronavirus disease (COVID-19), you are recommended to exercise your voting rights prior to the meeting by mail or via the Internet, etc. if at all possible. Regardless of your own state of health, you are urged to refrain from traveling to the venue on the date of the meeting. We plan to make part of the proceedings on the day available to be viewed from the website below afterwards.

In addition, we plan to take the following measures to prevent the spread of COVID-19. We appreciate your kind understanding.

- We ask that you disinfect with an alcohol disinfectant and wear a face mask before coming to the reception desk.
- Furthermore, we will take the temperature of attendees and anyone who is suspected of being infected by COVID-19 due to symptoms such as having a fever (37.5 degrees C or above) or cough will be refused entry.
- As we will be increasing the space between shareholders at the venue, it is possible that we will not be able to provide sufficient seats, so we may restrict entry.
- From the viewpoint of shortening the agenda, we plan to omit specific explanations of the Reports (including the audit report) and Proposals at the meeting. We ask that you please look over the Notice of Convocation prior to the meeting.

It is possible that we will change the method of operation of the General Meeting of Shareholders due to the situation going forward or requests from the government, etc. (including major changes, such as changing the venue or time and date). We will announce latest information regarding the method of operation of the General Meeting of Shareholders going forward via the following Company's website.

<https://www.mec.co.jp/e/investor/stock/shareholder/index.html>

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(Securities Code: 8802)

June 7, 2022

Dear Shareholders

Junichi Yoshida
Director, President and Chief Executive
Officer

MITSUBISHI ESTATE CO., LTD.

1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF THE 123rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

The 123rd Ordinary General Meeting of Shareholders of Mitsubishi Estate Co., Ltd. (the “Company”) will be held as follows.

In order to prevent the spread of the COVID-19, our shareholders are recommended to exercise your voting rights prior to the meeting in writing (by mail) or by electromagnetic means (the Internet, etc.) if at all possible. Regardless of your own state of health, you are urged to refrain from traveling to the venue on the date of the meeting.

Please read the attached REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS provided below, and exercise your voting rights by 5:45 p.m., on Tuesday, June 28, 2022 (JST). A part of this 123rd Ordinary General Meeting of Shareholders will be posted on the Company’s Website presented in the next page at a later date.

1. Time and Date: 10:00 a.m., Wednesday, June 29, 2022 (JST)

2. Place: Royal Park Hotel, 3F, Royal Hall,
1-1, Nihonbashi-Kakigara-cho 2-chome, Chuo-ku, Tokyo

3. Objectives of the Meeting:

- Reports:**
1. Reports on Business Report and Consolidated Financial Statements, as well as Results of the Audits of the Consolidated Financial Statements by the Accounting Auditor and Audit Committee for Fiscal 2021 (From April 1, 2021, to March 31, 2022)
 2. Reports on Non-consolidated Financial Statements for Fiscal 2021 (From April 1, 2021, to March 31, 2022)

Agenda:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Fifteen (15) Directors

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4. Matters regarding the Exercise of Voting Rights:

There are three ways to exercise your voting rights as described below.

Please exercise your voting rights after reading the attached REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS provided below.

Recommended

[By Submitting Voting Rights Exercise Form by Mail]

Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form, and post it to us without postage stamp at your earliest convenience.

Exercise Due Date: To be received no later than 5:45 p.m. on Tuesday, June 28, 2022 (JST)

[By Exercising Voting Rights via the Internet, etc.]

Please check the guidance shown on page three (3) of this notice, and access our Internet voting website through a computer or smartphone and enter your approval or disapproval of the proposals.

Exercise Due Date: No later than 5:45 p.m. on Tuesday, June 28, 2022 (JST)

[By Attending the General Meeting of Shareholders]

Please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.

Please also bring this notice to the meeting for use as a meeting agenda.

Time and Date: 10:00 a.m., Wednesday, June 29, 2022 (JST)

- (1) If you attend the meeting in person, please note that any prior exercise of your voting rights will be deemed to be canceled.
- (2) If any shareholder has exercised his/her voting rights both by the Voting Rights Exercise Form and via the Internet, etc., only the exercise of the voting rights via the Internet, etc., shall be deemed effective. If any shareholder has exercised his/her voting rights more than once via the Internet, etc., only the final exercise of the voting rights shall be deemed effective.
- (3) If any shareholder wishes to exercise his/her voting rights by proxy, his/her qualified attorney-in-fact shall be limited to a single shareholder having voting rights under the provisions of Article 18 of the Articles of Incorporation of the Company, provided, however, that documents certifying the attorney-in-fact's power of representation must be submitted.

◎ The following materials are posted on the Company's Website and not attached to this notice in accordance with the relevant laws and regulations and Article 16 of the Articles of Incorporation of the Company.

- 1) "Consolidated Statement of Changes in Net Assets" and "Notes to the Consolidated Financial Statements"
- 2) "Non-consolidated Statement of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements"

Reports and statements subject to audit including the above materials posted on the Company's Website have been audited by the Audit Committee and the Accounting Auditor.

◎ If any amendment is made to the REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS, the Business Report, and the Consolidated and/or the Non-consolidated Financial Statements, the amended information will be disclosed on the Company's Website.

<<The Company's Website>>

<https://www.mec.co.jp/e/investor/stock/shareholder/index.html>

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<Guidance to the Exercise of Voting Rights via the Internet, etc.>

If you wish to exercise voting rights via the Internet, etc., please read carefully the following explanation before doing so.

QR Code Scanning Method

You can log in to the Web site for the Exercise of Voting Rights without entering the Log-in ID or Temporary Password which are printed on the Duplicate Voting Rights Exercise Form.

1. Scan the QR code displayed on the enclosed Duplicate Voting Rights Exercise Form (to the right).

* QR code is a registered trademark of DENSO WAVE INCORPORATED.

This completes the log-in.

2. Please follow the instructions on the screen and indicate your approval or disapproval.

You can only log in using the QR code once.

To re-exercise your voting rights, or to exercise your voting rights without using the QR code, please use the “Log-in ID/Temporary Password Entry Method” listed to the right.

Log-in ID/Temporary Password Entry Method

Web site for the Exercise of Voting Rights: <https://evote.tr.mufg.jp/>

1. Access the Web site for the Exercise of Voting Rights, and click the “Next” button.
2. Enter the “Log-in ID/ Temporary Password,” which are printed on the enclosed Voting Rights Exercise Form, and click the “Log-in” button.

This completes the log-in.

3. Please follow the instructions on the screen and indicate your approval or disapproval.

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- * The Web site for the Exercise of Voting Rights will be unavailable during the hours of 2:00 a.m. to 5:00 a.m. (JST) everyday due to maintenance and inspection.
 - * If you have exercised your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, etc., only the exercise of voting rights via the Internet, etc. shall be deemed effective.
 - * If you have exercised your voting rights more than once via the Internet, etc., only the final exercise of the voting rights shall be deemed effective.
 - * The Web site for the Exercise of Voting Rights may be unavailable by certain Internet settings, or by the service to which you are subscribed or the model of the device you use to access the Web site.
 - * Any costs including Internet connection fees and communication charges that might be required to access the Web site for the exercise of voting rights shall be borne by the shareholder.

For Inquiries about the System Environment, etc.	Transfer Agent (“Help Desk”), Mitsubishi UFJ Trust and Banking Corporation Toll-Free Call: 0120-173-027 Available from 9:00 a.m. to 9:00 p.m. (JST)
Please use the contact number to the right if you have any difficulties when voting by the Internet, etc. using a personal computer or smartphone.	

<<To Our Institutional Investors>>

You may use the “Electronic Proxy Voting Platform (for Institutional Investors)” operated by ICJ Inc., as a method of exercising your voting rights for the Company’s General Meetings of Shareholders.

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**REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS
(Contents of Proposals)**

Proposals and References

Proposal No. 1: Appropriation of Surplus

We hereby propose to appropriate the surplus as described below.

Fiscal Year-End Dividends

The Company maintains a basic policy for profit distribution of returning appropriate profits based on the comprehensive consideration of performance level, business environment of real estate markets, etc. and other factors, while taking into account the financial requirements for the Marunouchi Redevelopment Project and other future business developments. From such a viewpoint, we hereby propose to distribute a fiscal year-end dividend as indicated below for the fiscal year ended March 31, 2022.

(1) Type of Property for Dividends:

Money

(2) Allotment of Property for Dividends and Total Amount Thereof:

¥20 per share of the Company's common stock for a total of ¥26,452,526,600

As we paid ¥16 per share as an interim dividend, the annual dividend would be ¥36 per share for the fiscal year under review, an increase of ¥5 per share from the previous fiscal year.

(3) Effective Date of Distribution of Surplus:

June 30, 2022

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Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

The revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022. Accordingly, the Company proposes the establishment of provisions to stipulate that it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, and to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who request the delivery of paper-based documents. The Company also proposes to delete the provision for the Internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc., and to establish supplementary provisions regarding the effective date, etc.

2. Details of the proposed amendments

Details of the proposed amendments to the Articles of Incorporation are as follows:

(Underlined portions are amended)

Current Articles of Incorporation	Proposed Articles of Incorporation
<p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 13. - 15. (Omitted)</p> <p><u>Article 16.</u> <u>Upon convening a general meeting of the shareholders, it shall be deemed that the Company has provided shareholders with the information that should be described or indicated in the reference document for the general meeting of shareholders, a business report, non-consolidated financial statements and consolidated financial statements by disclosing such information through the Internet pursuant to the provisions of the Ministry of Justice Ordinance.</u></p> <p style="text-align: center;">(Newly established)</p> <p>Article 17. - 18. (Omitted)</p>	<p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 13. - 15. (Unchanged)</p> <p>(Deleted)</p> <p><u>Article 16.</u> <u>1. Upon convening a general meeting of shareholders, the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Ordinance from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p>Article 17. - 18. (Unchanged)</p>

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Current Articles of Incorporation	Proposed Articles of Incorporation
<p>(Newly established)</p>	<p style="text-align: center;"><u>Supplementary Provisions</u></p> <ol style="list-style-type: none"> <li data-bbox="847 277 1406 555">1. <u>The deletion of Article 16 in the pre-amended Articles of Incorporation and the establishment of the new Article 16 in the amended Articles of Incorporation shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u> <li data-bbox="847 562 1406 712">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u> <li data-bbox="847 719 1406 878">3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

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Proposal No. 3: Election of Fifteen (15) Directors

The terms of office of all fifteen (15) Directors will expire at the conclusion of this Meeting of Shareholders. The Company proposes the election of fifteen (15) Directors as nominated by the Nominating Committee.

The candidates for Director are as follows:

Candidate No.	Name		Committee (Note 1) (After Conclusion of This Meeting)	Current Positions in the Company
1	Hiroataka Sugiyama	Reappointment Non-executive	–	Chairman of the Board
2	Junichi Yoshida	Reappointment	–	Director, Representative Corporate Executive Officer, President & Chief Executive Officer
3	Junichi Tanisawa	Reappointment	–	Director, Representative Corporate Executive Officer, Deputy President
4	Atsushi Nakajima	New	–	Representative Corporate Executive Officer, Executive Vice President
5	Naoki Umeda	New	–	Senior Executive Officer
6	Hitoshi Kubo	Reappointment	–	Director, Corporate Executive Officer
7	Noboru Nishigai	Reappointment Non-executive	Audit	Director
8	Hiroshi Katayama	Reappointment Non-executive	Audit	Director
9	Tsuyoshi Okamoto	Reappointment Outside Independent	Nominating Remuneration	Director
10	Tetsuo Narukawa	Reappointment Outside Independent	Audit	Director
11	Masaaki Shirakawa	Reappointment Outside Independent	Nominating Remuneration	Director
12	Shin Nagase	Reappointment Outside Independent	Audit	Director
13	Setsuko Egami	Reappointment Outside Independent	Nominating Remuneration	Director
14	Iwao Taka	Reappointment Outside Independent	Audit	Director
15	Melanie Brock	New Outside Independent	Nominating Remuneration	–

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■ Board of Directors Skill Matrix


In January 2020, the Company formulated its Long-Term Management Plan 2030 based on the Group's medium- to long-term management strategy and business strategies. To realize the plan, the Company has identified the skills (knowledge, experience, capabilities) needed for the Company's Board of Directors to exercise its management oversight function and monitoring function effectively.

The Company's Director candidates are decided after deliberation by the Nominating Committee, giving consideration to the diversity and balance of these skills.


Name	Gender	Long-term vision on Urban Development (the industry insight)	Corporate management experience	Organizational strategy/ Business strategy	International knowledge or Internationality	Treasury, accounting and finance	Compliance/ Risk management	ESG/ Sustainability
Hiroataka Sugiyama	Male	●	●			●	●	●
Junichi Yoshida	Male	●	●	●			●	●
Junichi Tanisawa	Male	●	●	●		●		
Atsushi Nakajima	Male	●			●	●		●
Naoki Umeda	Male	●			●	●		
Hitoshi Kubo	Male	●					●	●
Noboru Nishigai	Male	●					●	●
Hiroshi Katayama	Male	●			●	●	●	
Tsuyoshi Okamoto	Male		●			●		●
Tetsuo Narukawa	Male	●	●			●		
Masaaki Shirakawa	Male			●	●	●		
Shin Nagase	Male		●		●		●	
Setsuko Egami	Female			●			●	●
Iwao Taka	Male			●			●	●
Melanie Brock	Female			●	●			●

* To clarify the skill balance of the Board of Directors, from the skills possessed by each Director candidate, we have narrowed down relatively superior skills here, and all skills (knowledge, experience, capabilities) are not listed.


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Candidate No. 1	Hirotaka Sugiyama (July 1, 1949)	<div style="background-color: #0056b3; color: white; padding: 2px; display: inline-block;">Reappointment</div> <div style="background-color: #6a3d9a; color: white; padding: 2px; display: inline-block;">Non-executive</div>	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held			Number of the shares of the Company held: 63,391 shares Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): 15 years
Apr. 1974 Joined Mitsubishi Estate Co., Ltd. Apr. 2004 Executive Officer and General Manager, Corporate Planning & Administration Division, Finance & Accounting Dept., Mitsubishi Estate Co., Ltd. Apr. 2005 Executive Officer and General Manager, Corporate Planning & Administration Division, General Affairs Dept., Mitsubishi Estate Co., Ltd. Apr. 2006 Executive Officer and General Manager, General Affairs Dept., Mitsubishi Estate Co., Ltd. Apr. 2007 Senior Executive Officer, Mitsubishi Estate Co., Ltd. Jun. 2007 Director and Senior Executive Officer, Mitsubishi Estate Co., Ltd. Apr. 2010 Director and Executive Vice President, Mitsubishi Estate Co., Ltd. Jun. 2010 Representative Director, Executive Vice President, Mitsubishi Estate Co., Ltd. Apr. 2011 Representative Director, President and Chief Executive Officer, Mitsubishi Estate Co., Ltd. Jun. 2016 Director, Representative Corporate Executive Officer, President and Chief Executive Officer, Mitsubishi Estate Co., Ltd. Apr. 2017 Chairman of the Board, Mitsubishi Estate Co., Ltd. (Current position)			
(Significant Positions Concurrently Held) Chairman, The Association for Real Estate Securitization			
Reasons for Nomination as Candidate for Director Having served as General Manager and Officer of the Company, Hirotaka Sugiyama has been in charge of the Company's management as Representative Director, President and Chief Executive Officer from April 2011 to June 2016, and President and Chief Executive Officer from June 2016 to March 2017. Additionally, since April 2017 he has served as Chairman of the Board. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging management experiences in the Company and extensive knowledge and experience related to the business of the Group.			


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Candidate No. 2	Junichi Yoshida (May 26, 1958) <div style="float: right; background-color: #0000FF; color: white; padding: 2px 5px; font-size: small;">Reappointment</div>											
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held		Number of the shares of the Company held: 78,593 shares Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): 6 years										
<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Apr. 1982</td> <td>Joined Mitsubishi Estate Co., Ltd.</td> </tr> <tr> <td>Apr. 2012</td> <td>Executive Officer and General Manager, Commercial Asset Management Dept., Mitsubishi Estate Co., Ltd.</td> </tr> <tr> <td>Apr. 2014</td> <td>Senior Executive Officer, Mitsubishi Estate Co., Ltd.</td> </tr> <tr> <td>Jun. 2016</td> <td>Director (Current position) and Senior Executive Officer, Mitsubishi Estate Co., Ltd.</td> </tr> <tr> <td>Apr. 2017</td> <td>Representative Corporate Executive Officer, President & Chief Executive Officer, Mitsubishi Estate Co., Ltd. (Current position)</td> </tr> </table>		Apr. 1982	Joined Mitsubishi Estate Co., Ltd.	Apr. 2012	Executive Officer and General Manager, Commercial Asset Management Dept., Mitsubishi Estate Co., Ltd.	Apr. 2014	Senior Executive Officer, Mitsubishi Estate Co., Ltd.	Jun. 2016	Director (Current position) and Senior Executive Officer, Mitsubishi Estate Co., Ltd.	Apr. 2017	Representative Corporate Executive Officer, President & Chief Executive Officer, Mitsubishi Estate Co., Ltd. (Current position)	
Apr. 1982	Joined Mitsubishi Estate Co., Ltd.											
Apr. 2012	Executive Officer and General Manager, Commercial Asset Management Dept., Mitsubishi Estate Co., Ltd.											
Apr. 2014	Senior Executive Officer, Mitsubishi Estate Co., Ltd.											
Jun. 2016	Director (Current position) and Senior Executive Officer, Mitsubishi Estate Co., Ltd.											
Apr. 2017	Representative Corporate Executive Officer, President & Chief Executive Officer, Mitsubishi Estate Co., Ltd. (Current position)											
Reasons for Nomination as Candidate for Director												
Having served as General Manager and Officer of the Company, Junichi Yoshida has been in charge of the Company's management as President and Chief Executive Officer from April 2017. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging management experiences in the Company and extensive knowledge and experience related to the business of the Group.												


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<p>Candidate No. 3</p>	<p>Junichi Tanisawa (January 3, 1958)</p>	<p>Reappointment</p>	
<p>Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held</p> <p>Apr. 1981 Joined Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2011 Executive Officer and General Manager, Commercial Asset Development Dept., Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2012 Executive Officer and General Manager, Corporate Planning Dept., Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2014 Senior Executive Officer, Mitsubishi Estate Co., Ltd.</p> <p>Jun. 2014 Director (Current position) and Senior Executive Officer, Mitsubishi Estate Co., Ltd.</p> <p>Jun. 2016 Senior Executive Officer, Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2017 Representative Corporate Executive Officer, Executive Vice President, Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2018 Representative Corporate Executive Officer, Deputy President, Mitsubishi Estate Co., Ltd. (Current position)</p> <p><i>(Assignments in the Company)</i></p> <p>Assistant to the President; supervising Commercial Property Business Group; responsible for Commercial Property Business Planning Dept., Commercial Property Business Strategy Dept., and Content Business Planning and Operation Dept.</p> <p><i>(Significant Positions Concurrently Held)</i></p> <p>President, The Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho</p>			<p>Number of the shares of the Company held: 54,930 shares</p> <p>Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): 8 years</p>
<p>Reasons for Nomination as Candidate for Director</p> <p>Having experience as General Manager, Officer, etc. of the Commercial Property Business Group and the Corporate Group of the Company, Junichi Tanisawa is currently engaged in the Company's management as Representative Corporate Executive Officer, Deputy President. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging his management experiences in the Company and extensive knowledge and experience related to the business of the Group.</p>			


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Candidate No. 4	Atsushi Nakajima (August 9, 1963) <div style="float: right; background-color: red; color: white; padding: 2px 5px; font-weight: bold;">New</div>	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held		Number of the shares of the Company held: 27,314 shares Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): — years
Apr. 1986 Joined Mitsubishi Estate Co., Ltd. Apr. 2015 Executive Officer, Mitsubishi Estate Co., Ltd. and President & CEO, Rockefeller Group International, Inc. Apr. 2016 Executive Officer and General Manager, Americas & Europe Business Dept., Mitsubishi Estate Co., Ltd. Apr. 2017 Executive Officer and General Manager, International Business Planning Dept., Mitsubishi Estate Co., Ltd. Apr. 2018 Senior Executive Officer, Mitsubishi Estate Co., Ltd. Apr. 2022 Representative Corporate Executive Officer, Executive Vice President, Mitsubishi Estate Co., Ltd. (Current position)		
<i>(Assignments in the Company)</i> Responsible for Corporate Planning Dept. and Sustainability Management and Promotion Dept.		
Reasons for Nomination as Candidate for Director Having served as President & CEO of a Group company, General Manager and Officer at the International Business Group, and Officer responsible for the Commercial Property Business Group, Atsushi Nakajima is currently engaged in primarily corporate planning as the Representative Corporate Executive Officer and Executive Vice President. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging his experience as a company president in the United States and extensive knowledge and experience related to the business of the Group.		

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Candidate No. 5	Naoki Umeda (November 5, 1965) <div style="float: right; background-color: red; color: white; padding: 2px 5px; font-size: small;">New</div>	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held		Number of the shares of the Company held: 14,601 shares Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): — years
Apr. 1988 Joined Mitsubishi Estate Co., Ltd. Apr. 2014 President & CEO, Mitsubishi Estate London Limited Apr. 2016 President & CEO, Japan Real Estate Asset Management Co., Ltd. Apr. 2018 Group Executive Officer, Mitsubishi Estate Co., Ltd. and President & CEO, Japan Real Estate Asset Management Co., Ltd. Apr. 2022 Senior Executive Officer, Mitsubishi Estate Co., Ltd. (Current position)		
(Assignments in the Company) Responsible for Finance & Accounting Dept. and Corporate Communications Dept.		
Reasons for Nomination as Candidate for Director		
Having served as President & CEO of Group companies, Naoki Umeda is currently responsible for finance & accounting as well as corporate communications as Senior Executive Officer. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging his extensive knowledge and experience related to the business of the Group.		


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Candidate No. 6	Hitoshi Kubo (July 1, 1966) <div style="float: right; background-color: #0000FF; color: white; padding: 2px 5px; font-size: small;">Reappointment</div>	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held		Number of the shares of the Company held: 7,197 shares Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): 1 year
Apr. 1990 Joined Mitsubishi Estate Co., Ltd. Apr. 2016 Director and Senior Executive Officer, Mitsubishi Jisho Property Management Co., Ltd. Apr. 2017 General Manager, General Affairs Dept., Mitsubishi Estate Co., Ltd. Apr. 2021 Corporate Executive Officer, Mitsubishi Estate Co., Ltd. (Current position) Jun. 2021 Director, Mitsubishi Estate Co., Ltd. (Current position)		
(Assignments in the Company) Responsible for Human Resources Dept., General Affairs Dept., Legal & Compliance Dept., Compliance, Risk Management, and Disaster Prevention		
Reasons for Nomination as Candidate for Director Having served as Director of the Group company and General Manager at the Corporate Group of the Company, Hitoshi Kubo is currently responsible for human resources, general affairs, compliance, risk management and others as Corporate Executive Officer. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging his extensive knowledge and experience related to the business of the Group.		


[Translation for Reference and Convenience Purposes Only]

Candidate No. 7	Noboru Nishigai (July 29, 1960)	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #0000FF; color: white;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #800080; color: white;">Non-executive</div> <div style="border: 1px solid black; padding: 2px; background-color: #ADD8E6; color: black;">Audit</div>	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held			Number of the shares of the Company held: 29,801 shares Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): 1 year (Note 2)
Apr. 1983 Joined Mitsubishi Estate Co., Ltd. Apr. 2013 Executive Officer, Mitsubishi Estate Co., Ltd. and President, Mitsubishi Estate Home Co., Ltd. Apr. 2015 Executive Officer and General Manager, General Affairs Dept., Mitsubishi Estate Co., Ltd. Apr. 2017 Senior Executive Officer, Mitsubishi Estate Co., Ltd. Jun. 2017 Director and Senior Executive Officer, Mitsubishi Estate Co., Ltd. Apr. 2019 Representative Corporate Executive Officer, Executive Vice President, Mitsubishi Estate Co., Ltd. Jun. 2019 Retired from the position of Director, Mitsubishi Estate Co., Ltd. Apr. 2021 Executive Vice President, Mitsubishi Estate Co., Ltd. Jun. 2021 Director, Mitsubishi Estate Co., Ltd. (Current position)			
(Assignments in the Company) Member of the Audit Committee			
Reasons for Nomination as Candidate for Director Having served as General Manager at the Corporate Group of the Company, President of a Group company and Officer responsible for the Corporate Group and departments of the Residential Business Group of the Company, Noboru Nishigai is currently engaged in the audit of the execution of duties by Corporate Executive Officers and Directors as a full-time member of the Audit Committee. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging his management experiences in the Company and extensive knowledge and experience related to the business of the Group.			


[Translation for Reference and Convenience Purposes Only]

Candidate No. 8	Hiroshi Katayama (March 2, 1959)	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #4a7ebb; color: white;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #6a3d9a; color: white;">Non-executive</div> <div style="border: 1px solid black; padding: 2px; background-color: white; color: #4a7ebb;">Audit</div>	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held			<p>Number of the shares of the Company held: 38,070 shares</p> <p>Term of office served as the Company's Director (at the conclusion of this General Meeting of Shareholders): 6 years</p>
<p>Apr. 1981 Joined Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2012 Executive Officer, Mitsubishi Estate Co., Ltd. and President & CEO, Japan Real Estate Asset Management Co., Ltd.</p> <p>Apr. 2016 Senior Executive Officer, Mitsubishi Estate Co., Ltd.</p> <p>Jun. 2016 Director and Senior Executive Officer, Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2021 Director, Representative Corporate Executive Officer, Executive Vice President, Mitsubishi Estate Co., Ltd.</p> <p>Apr. 2022 Director, Mitsubishi Estate Co., Ltd. (Current position)</p>			
Reasons for Nomination as Candidate for Director			
<p>Hiroshi Katayama had served as General Manager at the Investment Management Group of the Company, CEO & President of a Group company and Officer responsible for the Corporate Group of the Company. The Company has nominated him as a candidate for Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis, leveraging his management experiences in the Company and extensive knowledge and experience related to the business of the Group.</p>			


[Translation for Reference and Convenience Purposes Only]

<p>Candidate No. 9</p>	<p>Tsuyoshi Okamoto (September 23, 1947)</p>	<p>Reappointment Outside Independent Nominating Remuneration</p>	
<p>Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held</p> <p>Apr. 1970 Joined Tokyo Gas Co., Ltd. Apr. 2010 Representative Director, President, Tokyo Gas Co., Ltd. Apr. 2014 Director, Chairman of the Board, Tokyo Gas Co., Ltd. Apr. 2018 Director, Senior Corporate Advisor, Tokyo Gas Co., Ltd. Jul. 2018 Senior Corporate Advisor, Tokyo Gas Co., Ltd. (Current position) Jun. 2019 Director, Mitsubishi Estate Co., Ltd. (Current position)</p> <p><i>(Assignments in the Company)</i> Member of the Nominating Committee (Chairman) Member of the Remuneration Committee</p> <p><i>(Significant Positions Concurrently Held)</i> Senior Corporate Advisor, Tokyo Gas Co., Ltd. Director, Japan Post Holdings Co., Ltd. Director, Asahi Kasei Corporation</p>			<p>Number of the shares of the Company held: 1,000 shares</p> <p>Term of office served as the Company's Outside Director (at the conclusion of this General Meeting of Shareholders): 3 years</p> <p>Attendance to the meetings of the Board of Directors (Fiscal 2021): Board of Directors: 10/10 Nominating Committee: 5/5 Remuneration Committee: 9/9</p>
<p>Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles</p> <p>The Company has nominated Tsuyoshi Okamoto as a candidate for Outside Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis through the execution of highly effective supervision and check functions regarding the Company's management based on his objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in an integrated energy company.</p>			

[Translation for Reference and Convenience Purposes Only]

Candidate No. 10	Tetsuo Narukawa (April 15, 1949)	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #0056b3; color: white;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #008000; color: white;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #cccccc; color: black;">Independent</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px; background-color: #e6f2ff; color: black;">Audit</div>	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held		Number of the shares of the Company held: 1,200 shares Term of office served as the Company's Outside Director (at the conclusion of this General Meeting of Shareholders): 4 years Attendance to the meetings of the Board of Directors (Fiscal 2021): Board of Directors: 10/10 Audit Committee: 15/15	
Apr. 1974 Joined The Industrial Bank of Japan, Ltd. Dec. 1997 Chairman of the Board of Managing Directors, Industriebank von Japan (Deutschland) Aktiengesellschaft, IBJ (Germany) Apr. 2004 Executive Managing Director, Mizuho Bank, Ltd. Apr. 2006 Senior Managing Executive Officer and COO of Corporate Planning & Management Division, Kowa Real Estate Co., Ltd. Apr. 2010 President, Kowa Real Estate Co., Ltd. Oct. 2012 President & CEO, Nippon Steel Kowa Real Estate Co., Ltd. Jun. 2014 Director & Executive Advisor, Nippon Steel Kowa Real Estate Co., Ltd. Jun. 2016 Executive Advisor, Nippon Steel Kowa Real Estate Co., Ltd. Apr. 2017 Retired from the position of Executive Advisor, Nippon Steel Kowa Real Estate Co., Ltd. Jun. 2018 Director, Mitsubishi Estate Co., Ltd. (Current position)			
(Assignments in the Company) Member of the Audit Committee (Chairman)			
(Significant Positions Concurrently Held) Director, Okasan Securities Co., Ltd.			
Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles			
The Company has nominated Tetsuo Narukawa as a candidate for Outside Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis through the execution of highly effective supervision and check functions regarding the Company's management based on his objective viewpoint independent from management executives in charge of business affairs by leveraging his international experience as well as management experience in financial institutions and real estate companies.			

[Translation for Reference and Convenience Purposes Only]

<p>Candidate No. 11</p>	<p>Masaaki Shirakawa (September 27, 1949)</p>	<p>Reappointment Outside Independent Nominating Remuneration</p>	
<p>Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held</p> <p>Apr. 1972 Joined Bank of Japan Jul. 2002 Executive Director, Bank of Japan Jul. 2006 Professor, Kyoto University School of Government Mar. 2008 Deputy Governor, Bank of Japan Apr. 2008 Governor, Bank of Japan Mar. 2013 Retired from Bank of Japan Jun. 2016 Director, Mitsubishi Estate Co., Ltd. (Current position)</p> <p><i>(Assignments in the Company)</i> Member of the Nominating Committee Member of the Remuneration Committee</p> <p><i>(Significant Positions Concurrently Held)</i> Distinguished Guest Professor, School of International Politics, Economics & Communication, Aoyama Gakuin University</p>			<p>Number of the shares of the Company held: — shares</p> <p>Term of office served as the Company's Outside Director (at the conclusion of this General Meeting of Shareholders): 6 years</p> <p>Attendance to the meetings of the Board of Directors (Fiscal 2021): Board of Directors: 10/10 Nominating Committee: 5/5 Remuneration Committee: 9/9</p>
<p>Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles</p> <p>The Company has nominated Masaaki Shirakawa as a candidate for Outside Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis through the execution of highly effective supervision and check functions regarding the Company's management based on his objective viewpoint independent from management executives in charge of business affairs by leveraging his knowledge on finance and economy, etc. gained through his experience in a central bank. Although he does not have experience of being involved in corporate management other than as an outside officer, the Company determined that he will be able to carry out the duties of an Outside Director appropriately for the aforementioned reason.</p>			

[Translation for Reference and Convenience Purposes Only]

<p>Candidate No. 12</p>	<p>Shin Nagase (March 13, 1950)</p>	<p>Reappointment Outside Independent Audit</p>	
<p>Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held</p> <p>Apr. 1972 Joined All Nippon Airways Co., Ltd.</p> <p>Apr. 2009 Member of the Board of Directors and Senior Executive Vice President, All Nippon Airways Co., Ltd.</p> <p>Apr. 2012 President, CEO, ANA Strategic Research Institute Co., Ltd.</p> <p>Apr. 2016 Senior Advisor, ANA HOLDINGS INC.</p> <p>Jun. 2016 Director, Mitsubishi Estate Co., Ltd. (Current position)</p> <p>Mar. 2017 Retired from Senior Advisor, ANA HOLDINGS INC.</p> <p><i>(Assignments in the Company)</i> Member of the Audit Committee</p> <p><i>(Significant Positions Concurrently Held)</i> Director, HAPPINET CORPORATION Director, TOSHIBA TEC CORPORATION</p>			<p>Number of the shares of the Company held: 300 shares</p> <p>Term of office served as the Company's Outside Director (at the conclusion of this General Meeting of Shareholders): 6 years</p> <p>Attendance to the meetings of the Board of Directors (Fiscal 2021): Board of Directors: 10/10 Audit Committee: 15/15</p>
<p>Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles</p> <p>The Company has nominated Shin Nagase as a candidate for Outside Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis through the execution of highly effective supervision and check functions regarding the Company's management based on his objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in an airline company.</p>			


[Translation for Reference and Convenience Purposes Only]

Candidate No. 13	Setsuko Egami (July 16, 1950) (Name as shown on the family register: Setsuko Kusumoto)	Reappointment Outside Independent Nominating Remuneration	
Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held			Number of the shares of the Company held: 3,200 shares Term of office served as the Company's Outside Director (at the conclusion of this General Meeting of Shareholders): 7 years Attendance to the meetings of the Board of Directors (Fiscal 2021): Board of Directors: 10/10 Nominating Committee: 5/5 Remuneration Committee: 9/9
Apr. 1983 Editor-in-Chief of “ <i>Travail</i> ” magazine, Japan Recruit Center Dec. 2001 Director, Frontier Service Development Laboratory, East Japan Railway Company Jul. 2005 Advisor, East Japan Railway Company Apr. 2006 Visiting Professor, The Okuma School of Public Management, Waseda University Apr. 2009 Professor, Graduate School of Humanities, Musashi University Professor, Faculty of Sociology, Musashi University Apr. 2012 Dean, Faculty of Sociology, Musashi University Jun. 2015 Director, Mitsubishi Estate Co., Ltd. (Current position) Apr. 2021 Professor Emeritus, Musashi University (Current position)	(Assignments in the Company) Member of the Nominating Committee Member of the Remuneration Committee (Significant Positions Concurrently Held) Professor Emeritus, Musashi University Director, Resona Holdings, Inc.		
Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles			
The Company has nominated Setsuko Egami as a candidate for Outside Director because she is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis through the execution of highly effective supervision and check functions regarding the Company's management based on her objective viewpoint independent from management executives in charge of business affairs by leveraging her abundant knowledge of corporate strategy, marketing strategy, human resources development, etc. Although she does not have experience of being involved in corporate management other than as an outside officer, the Company determined that she will be able to carry out the duties of an Outside Director appropriately for the aforementioned reason.			

[Translation for Reference and Convenience Purposes Only]

<p>Candidate No. 14</p>	<p>Iwao Taka (March 10, 1956)</p>	<p>Reappointment Outside Independent Audit</p>	
<p>Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held</p> <p>Apr. 1994 Full-Time Lecturer, Faculty of International Economics, Reitaku University</p> <p>Apr. 2001 Professor, Faculty of International Economics (currently Faculty of Economics and Business Administration), Reitaku University</p> <p>Apr. 2002 Professor, School of International Economics (currently School of Economics and Business Administration), Chikuro Hiroike School of Graduate Studies, Reitaku University</p> <p>Apr. 2009 Dean, Faculty of Economics and Business Administration, Reitaku University</p> <p>Jun. 2015 Statutory Auditor, Mitsubishi Estate Co., Ltd.</p> <p>Jun. 2016 Director, Mitsubishi Estate Co., Ltd. (Current position)</p> <p>Apr. 2021 Specially Appointed Professor, School of Economics and Business Administration, Chikuro Hiroike School of Graduate Studies, Reitaku University; Specially Appointed Professor, Faculty of Economics and Business Administration, Reitaku University</p> <p>Apr. 2022 Senior Assistant Professor, School of Business Administration, Meiji University (Current position)</p> <p><i>(Assignments in the Company)</i> Member of the Audit Committee</p> <p><i>(Significant Positions Concurrently Held)</i> Senior Assistant Professor, School of Business Administration, Meiji University Director, ASKUL Corporation Audit and Supervisory Board Member, The Dai-ichi Life Insurance Company, Limited</p>			<p>Number of the shares of the Company held: 1,000 shares</p> <p>Term of office served as the Company's Outside Director (at the conclusion of this General Meeting of Shareholders): 6 years (Note 3)</p> <p>Attendance to the meetings of the Board of Directors (Fiscal 2021): Board of Directors: 10/10 Audit Committee: 15/15</p>
<p>Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles</p> <p>The Company has nominated Iwao Taka as a candidate for Outside Director because he is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis through the execution of highly effective supervision and check functions regarding the Company's management based on his objective viewpoint independent from management executives in charge of business affairs by leveraging his extensive knowledge regarding business ethics, compliance, etc. Although he does not have experience of being involved in corporate management other than as an outside officer, the Company determined that he will be able to carry out the duties of an Outside Director appropriately for the aforementioned reason.</p>			

[Translation for Reference and Convenience Purposes Only]

<p>Candidate No. 15</p>	<p>Melanie Brock (April 10, 1964)</p>	<p>New Outside Independent Nominating Remuneration</p>	
<p>Brief Personal History, Positions and Assignments in the Company and Significant Positions Concurrently Held</p> <p>Mar. 2003 CEO, AGENDA (currently Melanie Brock Advisory Ltd.) (Current position)</p> <p>Mar. 2010 Board Member, Australia-Japan Foundation</p> <p>Apr. 2010 Board Member, Australia Japan Business Co-operation Committee (Current position) Chair, Australian and New Zealand Chamber of Commerce in Japan</p> <p>Oct. 2010 Regional Manager - Japan, Meat & Livestock Australia</p> <p>Dec. 2012 Chair, Australian Business Asia</p> <p>Nov. 2016 Chair Emeritus, Australian and New Zealand Chamber of Commerce in Japan (Current position)</p> <p>Jul. 2018 Ambassador, Business Sydney, NSW, Australia (Current position)</p> <p>Jul. 2019 Board Member, Australia-Japan Research Centre (Current position)</p> <p>Oct. 2019 Global Ambassador, Advance, an initiative supported by Australian Government funding (Current position)</p> <p>(Significant Positions Concurrently Held) CEO, Melanie Brock Advisory Ltd. Director of the Board, SEGA SAMMY HOLDINGS INC.</p>			<p>Number of the shares of the Company held: — shares</p> <p>Term of office served as the Company’s Outside Director (at the conclusion of this General Meeting of Shareholders): — years</p> <p>Attendance to the meetings of the Board of Directors (Fiscal 2021): —</p>
<p>Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles</p> <p>The Company has nominated Melanie Brock as a candidate for Outside Director because she is expected to contribute to enhancing the corporate value of the Group on a medium- to long-term basis through the execution of highly effective supervision and check functions regarding the Company’s management from a global perspective and based on her objective viewpoint independent from management executives in charge of business affairs by leveraging her extensive knowledge regarding marketing, business strategy, and diversity promotion activities, etc., cultivated through international consulting activities.</p>			

[Translation for Reference and Convenience Purposes Only]

Notes:

1. If this proposal is approved and adopted, the members of the Nominating Committee, Audit Committee and Remuneration Committee, and Chairman will be as follows:
 - Nominating Committee :
Tsuyoshi Okamoto (Chairman), Masaaki Shirakawa, Setsuko Egami and Melanie Brock
 - Audit Committee :
Tetsuo Narukawa (Chairman), Noboru Nishigai, Hiroshi Katayama, Shin Nagase and Iwao Taka
 - Remuneration Committee :
Masaaki Shirakawa (Chairman), Tsuyoshi Okamoto, Setsuko Egami and Melanie Brock
2. Noboru Nishigai had served as Director of the Company for two (2) years from June 2017 to June 2019, and his term of office as Director will be three (3) years in total as of the conclusion of this 123rd Ordinary General Meeting of Shareholders.
3. Iwao Taka had served as an Outside Statutory Auditor of the Company during the period from June 2015 to June 2016, and his term of office as outside officer including that as Outside Statutory Auditor will be seven (7) years as of the conclusion of this 123rd Ordinary General Meeting of Shareholders.
4. There is no special interest between any of the candidates and the Company.
5. Tsuyoshi Okamoto, Tetsuo Narukawa, Masaaki Shirakawa, Shin Nagase, Setsuko Egami, Iwao Taka and Melanie Brock are Candidates for Outside Directors as stipulated in Article 2, paragraph (3), item (vii), of the Regulation for Enforcement of the Companies Act.
6. Outline of the liability limit agreements entered into with Candidates for Outside Directors is as follows:
 - 1) The Company has entered into agreements, in accordance with Article 427, paragraph (1) of the Companies Act, with the six (6) Outside Directors currently in office (Tsuyoshi Okamoto, Tetsuo Narukawa, Masaaki Shirakawa, Shin Nagase, Setsuko Egami and Iwao Taka) to limit their liabilities to compensate damages under Article 423, paragraph (1) of the Companies Act. The limitation on liability of each Outside Director to compensate damages under such agreements is set out to be either ¥10 million or the respective amounts set forth in the relevant laws and regulations, whichever is higher. If the appointment of these six (6) candidates is approved, the Company intends to continue the above liability limit agreements.
 - 2) If the appointment of the candidate, Melanie Brock is approved, the Company will enter into an agreement, in accordance with Article 427, paragraph (1) of the Companies Act, with Melanie Brock to limit her liability to compensate damages under Article 423, paragraph (1) of the Companies Act. The limitation on liability of the Outside Director to compensate damages under such agreement will be either ¥10 million or the respective amounts set forth in the relevant laws and regulations, whichever is higher.
7. An outline of the directors and officers liability insurance policy is as follows:

The Company has entered into a directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, covering Directors, Corporate Executive Officers, Executive Officers and Group Executive Officers, as well as Directors and Executive Officers, etc. of domestic subsidiaries, and executives and employees of the Company who are dispatched to companies other than the Company's subsidiaries and hold a position of Director or Corporate Executive Officer at such companies under the Companies Act. The insurance premiums for the insurance policy are fully borne by the Company.

The insurance policy covers damages and litigation costs that may arise from liability borne by the insured in the course of execution of their duties or claims pertaining to the pursuit of such liability. (However, as a measure to prevent the appropriateness of execution of their duties as Officer, etc. from being impaired, damages, etc. arising from criminal acts or intentional violation of laws and regulations are not covered by the insurance policy.)

If the appointment of each candidate in this proposal is approved and adopted, they will be included as the insured. The Company intends to renew such insurance policy with the same details during their terms of office.
8. Tokyo Gas Co., Ltd., at which Tsuyoshi Okamoto served as Director until June 2018, received a cease and desist order from the Consumer Affairs Agency in July 2017. The order was issued because a leaflet for an event held in November 2016 contained misleading representation of advantages prohibited under the Act against Unjustifiable Premiums and Misleading Representations.
9. Japan Post Holdings Co., Ltd., at which Tsuyoshi Okamoto serves as Outside Director, received an administrative disposition in accordance with the Act on Japan Post Holdings Co., Ltd. and the same in accordance with the Insurance Business Act in December 2019 concerning numerous cases of improper

[Translation for Reference and Convenience Purposes Only]

solicitation actions regarding insurance products of JAPAN POST INSURANCE Co., Ltd. carried out by JAPAN POST INSURANCE Co., Ltd. and Japan Post Co., Ltd., subsidiaries of Japan Post Holdings Co., Ltd. Although Tsuyoshi Okamoto had not been aware of the fact until such case came to light, he has constantly called attention to the importance of group governance in such occasions as the Board of Directors meetings. After the discovery of such case, he has fulfilled the duties by, for example, investigating the factual information, advising on the implementation of measures to prevent recurrence, etc., when and as necessary.

10. Yusen Logistics Co., Ltd., at which Setsuko Egami served as Outside Auditor until June 2018, received an administrative disposition in the Customs Act in January 2017 and the same in the Customs Brokerage Act in March of the same year. Although Setsuko Egami had not been aware of the fact until such contravening operation was discovered, she has constantly called attention to the importance of compliance on such occasions as the Board of Directors meetings. After the discovery of the contravention, she has fulfilled the duties by, for example, investigating the factual information, advising on the implementation of measures to prevent recurrence, etc., when and as necessary.
11. MITSUBISHI MOTORS CORPORATION, at which Setsuko Egami served as Outside Director until June 2021, had its certification for the technical intern training plan revoked and received an order for improvement in January 2019 under the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees for not giving technical training to some of the foreign technical interns at its Okazaki Plant in accordance with the technical training plan certified by the Organization for Technical Intern Training. Although Setsuko Egami had not been aware of the fact until such contravening operation was discovered, she has constantly called attention to the importance of compliance on such occasions as the Board of Directors meetings. After the discovery of the contravention, she has fulfilled the duties by, for example, investigating the factual information, advising on the implementation of measures to prevent recurrence, etc., when and as necessary.
12. The Company has appointed six (6) Outside Directors currently in office (Tsuyoshi Okamoto, Tetsuo Narukawa, Masaaki Shirakawa, Shin Nagase, Setsuko Egami and Iwao Taka) as Independent Director/Auditor and notified such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc. If the six (6) candidates are appointed, the Company intends to continue their appointment as Independent Director. If the appointment of the candidate, Melanie Brock is approved, the Company will appoint Melanie Brock as Independent Director in accordance with the rules of Tokyo Stock Exchange, Inc.

(For Reference: Supplemental Information regarding the Independence of Setsuko Egami, the Candidate No. 13 for Directors)

Ms. Setsuko Egami (“Ms. Egami”) had worked for East Japan Railway Company in the past, and the Company holds shares of East Japan Railway Company as “equity securities held for purposes other than pure investments” in the Annual Securities Report. Ms. Egami joined Japan Recruit Center (current Recruit Holdings Co., Ltd.) in 1983 and after serving, among others, as the Editor-in-Chief of “*Travail*” and various other human resource information magazines, Director of Sanno University’s Open College and a member of the Central Labor Standards Council, she worked for East Japan Railway Company from September 2001 to June 2005, and she was contracted as a part-time advisor by East Japan Railway Company until June 2009. After resigning from East Japan Railway Company in June 2005, she became active in the research and academic circles, having served as a visiting professor of Waseda University from April 2006 and currently serving as professor of Musashi University from April 2009. As described above, Ms. Egami’s service at East Japan Railway Company was limited to a single period of time in her varied career, and based on the fact that at the time she was appointed as Outside Director of the Company in June 2015, it had been approximately 10 years since she resigned from East Japan Railway Company, and, presently, it has been 17 years since she resigned from the said company (13 years since resigning from the office of advisor), the Company believes that Ms. Egami does not have a relationship of interest with the said company.

According to provisions of the Companies Act, which were revised in 2014, the requirements for outside status shall be fulfilled in the case of a person with experience working at the company provided that 10 years have passed since their retirement from that position. Therefore, Ms. Egami sufficiently satisfies the requirements of independence even when assessing her status from the perspective of the “cooling-off period.”

On that basis, the Company believes that Ms. Egami also meets the Appointment Standards for Candidates for Directors and the Standards for the Independence of Outside Directors, which have been established by the Company, and that her independence has been adequately ensured.

[Translation for Reference and Convenience Purposes Only]

(For Reference: Appointment Standards for Candidates for Directors and Standards for the Independence of Outside Directors)

[Appointment Standards for Candidates for Directors]

1. Purpose

These Standards shall establish standards for the nomination of candidates for Directors by the Nomination Committee.

2. Candidates for Directors

The candidates for Directors shall fulfill the duty of care of a prudent manager toward the Company, understand the Group's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work and relax with contentment, and have the skills necessary to implement the management strategies, while possessing the qualities and capabilities to contribute to enhancing the Company's medium- to long-term, sustainable corporate value, in view of its business characteristics such as supporting urban development in the Marunouchi area.

(1) Candidates for Inside Directors

For Directors from within the Company, in addition to displaying the above-mentioned qualities and capabilities of being especially outstanding in integrity, leadership, foresight, etc., candidates to be nominated shall be officers responsible for the Company's business group or officers responsible for corporate staff who have extensive knowledge and experience related to the Group's business, who can perform oversight roles with a company-wide perspective, and who are highly trained, or, alternatively, personnel with this experience or personnel with translatable experience.

(2) Candidates for Outside Directors

For Outside Directors, in addition to the above-mentioned qualities and capabilities, candidates shall be nominated for their operational and management experience, their application of their experience and knowledge in specialized fields such as global business and risk management, for having the personality and knowledge enabling objective and fair judgments, based on the perspective that they would contribute to the common interests of the shareholders without bias toward the interest of any particular party of interest, and for satisfying the "standards for the independence of Outside Directors."

3. The revision or abolishment of these standards shall require a resolution of the Nominating Committee.

[Standards for the Independence of Outside Directors]

As a general principle, candidates shall not be elected if the Tokyo Stock Exchange's standards for independence and the following standards for the independence of Outside Directors apply to them.

- (i) A shareholder or executive member of an entity holding voting rights exceeding 10% of total voting rights to the Company.
- (ii) A transaction party or executive member of an entity whose transactional amounts in the most recent fiscal year have exceeded 2% of consolidated operating revenue of the Company.
- (iii) A representative employee, employee or staff of the Company's Accounting Auditor.
- (iv) An attorney, certified public accountant, tax accountant, consultant or other party who has provided professional services to the Company and received compensation from the Company exceeding ¥10 million in the most recent fiscal year.

[Translation for Reference and Convenience Purposes Only]

Attached Documents

Business Report

(April 1, 2021, through March 31, 2022)

I. Current Situation of the Mitsubishi Estate Group

1. Progress and Results of Operations

In a broad range of business fields including its commercial property business, which encompasses all aspects of operations related to the development and management of property (excluding residential housing) domestically, the residential business centered on the sale of condominiums and single-unit houses, the international business, the investment management business, and the architectural design & engineering and real estate services business, the Mitsubishi Estate Group (the “Group”) has strived for the businesses while monitoring changes in the business environment surrounding these markets and our businesses.

Operating revenue for the fiscal year ended March 31, 2022 increased by ¥141,894 million from the previous fiscal year to ¥1,349,489 million mainly due to increases in revenue and profit from the sales of properties in the office buildings, the logistics facilities and the international businesses, increases in revenue and profit from new building leasing, the recovery of the retail facility and hotel businesses, which were affected by the spread of COVID-19, and increases in the fee revenue from the investment management business. Operating profit increased by ¥54,583 million from the previous fiscal year to ¥278,977 million and ordinary profit increased by ¥42,744 million from the previous fiscal year to ¥253,710 million.

As to extraordinary income and losses, extraordinary income of ¥20,189 million was recorded mainly due to gain on sale of investment securities, whereas extraordinary losses of ¥20,120 million was posted mainly due to loss related to retirement of non-current assets.

As a consequence, profit attributable to owners of parent amounted to ¥155,171 million, an increase of ¥19,516 million from the previous fiscal year.

Status of Operating Revenue

	Operating revenue (Millions of yen)	Composition ratio (%)
Commercial Property Business	760,658	55.2
Residential Business	380,959	27.7
International Business	121,234	8.8
Investment Management Business	46,702	3.4
Architectural Design & Engineering Business and Real Estate Services Business	57,780	4.2
Other	10,134	0.7
Eliminations	(27,979)	
Total	1,349,489	

(Note) Composition ratios are based on values before adjustments such as intersegmental elimination.

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Commercial Property Business

Operating Revenue:	Total ¥760,658 million (Up 13.1% year on year)
Scope of Main Businesses:	Development, leasing and management of office buildings, commercial complexes, logistics facilities, hotels, etc. Operation of airport facilities Parking lot operation District heating and cooling business

Progress of Marunouchi Redevelopment Project

We position urban development around the Otemachi, Marunouchi and Yurakucho areas (Marunouchi area) after 2020 as the Marunouchi NEXT Stage, focusing on the improvements in the Yurakucho and Tokiwabashi areas. We also promote urban development based on the Marunouchi Re-design while we redefined the role and specific strategies required for urban development in Marunouchi area in March 2022. We will promote various measures based on the following five strategies for urban development to accelerate the Marunouchi NEXT Stage: “providing diverse places,” “diverse themes and communities,” “connecting and transmitting information from various aspects,” “triggering creative activities,” and “realizing a digital vision and smart city.” We will promote a variety of measures to create a city where people and businesses can gain more diverse stimulation, interact with each other, and create new value than ever before.

As for the Tokiwabashi area, we are promoting “TOKYO TORCH (Tokyo Tokiwabashi Project)” under the project vision of “brighten the future and rise energy of Japan.”

The 212-meter-high “Tokiwabashi Tower (Building A)” was completed at the end of June 2021, and “TOKYO TORCH Park,” promoting the charms of all of Japan, and “TOKYO TORCH Terrace,” a commercial zone with a large outdoor terrace space, opened in July 2021. In addition, construction of the “Zenigamecho Building (Building D)” was completed at the end of March 2022, and delivery of the building to the Tokyo Metropolitan Government Sewerage Bureau was completed.

“Torch Tower (Tower B),” scheduled for completion in 2027, will include an observation deck with outdoor space, a super luxury hotel (approximately 100 rooms), the first luxury rental residence in the Marunouchi area (approximately 50 units), and a large hall with approximately 2,000 seats to be housed.

In the Yurakucho area, we have decided to launch a plan to rebuild the “Yurakucho Building” and the “Shin-Yurakucho Building” as the first phase of Yurakucho reconstruction, aiming to realize “a showcase for urban renewal based on culture, art, and MICE.”

Moreover, we have also started demolition work in April 2021 on the “Uchikanda 1-chome Project (tentative name),” which aims to improve circulation in the Kanda-Otemachi area by constructing a 1,000m² plaza, eliminating power poles in the Uchikanda area, and bridging a humanitarian bridge to the Nihonbashi River, and thereby will extend the function of “Naka-dori Avenue” running north-south through the Marunouchi area to the Kanda area.

Progress of Development and Operation Business

We have completed construction of two “CIRCLES” properties, which we have been developing and will start supplying in 2019 as compact offices with a high level of design and comfort for growing companies that have outgrown shared offices and other small offices.

Construction of “Osaka Mitsubishi Building Reconstruction Project (tentative name)” (Osaka-shi), a project to reconstruct an office and hotel complex, started in October 2021. In July 2021, construction began on the “Minami-Aoyama 3-chome Plan (tentative name)” (Minato-ku, Tokyo), which aims to create a new office space where people can gather naturally and work in a variety of environments.

As for logistics facilities, construction of “Logicross Kasukabe” (Kasukabe-shi, Saitama), “Logista•Logicross Ibaraki Saito block A” and “Logista•Logicross Ibaraki Saito block B” (Ibaraki-shi, Osaka) was completed in May 2021, “Logicross Funabashi” (Funabashi-shi, Chiba) in December 2021, and “Logicross Zama Komatsubara” (Zama-shi, Kanagawa) in March 2022, and in November 2021, construction began on logistics facility with freezing and refrigeration functions, “Logicross Osaka Katano” (Katano-shi, Osaka).

In the hotel development business, the Company opened “HOTEL OKURA KYOTO OKAZAKI BETTEI” (Kyoto-shi), a 60-room small luxury hotel incorporating Kyoto’s traditional crafts and culture into its design in January 2022, and “NEST HOTEL NAHA NISHI” (Naha-shi, Okinawa), the Company’s first development project in Okinawa, in March 2022. In the hotel management business, Royal Park Hotels and Resorts Company, Limited continued to develop the “Royal Park Hotels” brand

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by opening “The Royal Park Canvas Kyoto Nijo Park” (Kyoto-shi) in June 2021 and “The Royal Park Canvas Sapporo Odori Park” (Sapporo-shi) in October 2021.

In addition, the Group companies recorded building rental revenues of Tokyo Ryutsu Center Inc., which started reconstruction of “Distribution A Building” in December 2021, building rental revenues of Mitsubishi Estate·Simon Co., Ltd., building rental revenue of Sunshine City Corporation, and revenue from the building operation, management and consignment, etc., of Mitsubishi Jisho Property Management Co., Ltd.

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Residential Business

Operating Revenue:	Total ¥380,959 million (Up 5.0% year on year)
Scope of Main Businesses:	Development, sale, leasing, management and renovation of condominiums and single-unit houses, etc. Consignment in sales of real estate Development of new towns Operation of leisure facilities Design and contract construction of custom-built houses

Mitsubishi Estate Residence Co., Ltd. recorded revenue from sales of condominium complexes such as the Parkhouse Mita Garden Residence and Tower (Minato-ku, Tokyo), the Parkhouse Ichigaya Kagacho Residence (Shinjuku-ku, Tokyo), the Parkhouse Takanawa Tower (Minato-ku, Tokyo), and the Parkhouse Shin-Urayasu Marine Villa (Urayasu-shi, Chiba). Segment revenue also included condominium management consignment revenue from Mitsubishi Jisho Community Co., Ltd. and revenue from the custom-built housing business at Mitsubishi Estate Home Co., Ltd.

International Business

Operating Revenue:	Total ¥121,234 million (Up 5.9% year on year)
Scope of Main Businesses:	Overseas real estate development, sales, leasing and management

“Rose Hill,” a residential condominium in New York, and “Middlesex,” a logistics facility in New Jersey, were completed. In Asia, we completed “ALPHA PARK,” a large-scale office development project in Zhejiang, China, “CapitaSpring,” a large-scale mixed-use development project in central Singapore, and “Trinity Tower,” the first large-scale office development project in Indonesia completed in Jakarta. In addition, we participated in the first data center project in the U.S. in Virginia, and in Sydney, Australia, we started construction of “Parkline Place,” a premium office development project designed to enhance well-being.

Furthermore, in May 2021, as a starting point for further business development in Oceania, Mitsubishi Estate Asia Pte. Ltd. commenced operations at its Australian branch in Sydney, Australia.

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Investment Management Business

Operating Revenue: Total ¥46,702 million (Up 110.3% year on year)
Scope of Main Businesses: Real estate investment management

Revenues primarily from fees pertaining to real estate investment management contributed to the segment revenue. Mitsubishi Jisho Investment Advisors, Inc. (asset manager of Nippon Open Ended Real Estate Investment Corporation, Mitsubishi Estate Logistics REIT Investment Corporation and others), Japan Real Estate Asset Management Co., Ltd. (asset manager of Japan Real Estate Investment Corporation) as well as TA Realty LLC (U.S.) and their respective local subsidiaries located in mainly U.K. and Singapore expanded their assets under management both in Japan and overseas.

Architectural Design & Engineering Business and Real Estate Services Business

Operating Revenue: Total ¥57,780 million (Up 3.0% year on year)
Scope of Main Businesses: Design and project supervision of buildings, civil engineering and interior
Interior finishing services, etc.
Brokerage, management, rental/leasing and appraisal of real estate
Real estate-related general consulting

As for the architectural design & engineering business, operating revenue comprised sales from the architectural design & engineering operations and consulting businesses of Mitsubishi Jisho Sekkei Inc. in relation to office buildings, complex facilities, and renovations. In addition, MEC Design International Corporation recorded revenue from interior design supervision and interior finishing contracts for offices, hotels, commercial complexes, and other buildings.

In the real estate services business, we strove to strengthen our services, expand operational scale and reinforce earning capability, in the distribution business, lease business, parking business and appraisal business at Mitsubishi Real Estate Services Co., Ltd. In addition, Mitsubishi Estate Parks Co., Ltd. recorded revenue from the parking lot operation, management and consignment, etc. related to the parking business.

Note: As of April 1, 2022, Mitsubishi Jisho Sekkei Inc. has changed its trade name in English to Mitsubishi Jisho Design Inc. The Japanese name of the company has not changed.

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[Operating Results by Business Segment]

(Millions of yen)

Business Segment	2021/3 Results		2022/3 Results	
	Operating Revenue	Operating Profit	Operating Revenue	Operating Profit
Commercial Property Business	672,441	180,775	760,658	189,909
Residential Business	362,755	24,068	380,959	30,173
International Business	114,457	37,932	121,234	55,816
Investment Management Business	22,199	5,966	46,702	26,537
Architectural Design/Engineering & Real Estate Services	56,064	959	57,780	2,802
Other	9,055	(1,089)	10,134	(1,683)
Eliminations	(29,378)	(24,219)	(27,979)	(24,578)
Total	1,207,594	224,394	1,349,489	278,977

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2. Situation of Assets and Profit and Loss in the Last Three (3) Fiscal Years

(Millions of yen)

Category	2019/3 Results (April 2018 through March 2019)	2020/3 Results (April 2019 through March 2020)	2021/3 Results (April 2020 through March 2021)	2022/3 Results (April 2021 through March 2022)
Operating Revenue	1,263,283	1,302,196	1,207,594	1,349,489
Operating Profit	229,178	240,768	224,394	278,977
Ordinary profit	206,587	219,572	210,965	253,710
Profit attributable to Owners of Parent	134,608	148,451	135,655	155,171
Earnings per Share (Yen)	96.97	108.64	101.34	116.45
Total Assets	5,774,193	5,858,236	6,072,519	6,493,917
Net Assets	1,957,105	1,941,206	2,061,447	2,236,432
Net Assets per Share (Yen)	1,275.54	1,295.83	1,383.47	1,514.58

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the fiscal year ended March 31, 2022, and the figures for 2022/3 Results are the figures after these accounting standards have been applied.

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3. Tasks Ahead for the Corporate Group

The Mitsubishi Estate Group has been implementing the Long-Term Management Plan 2030 formulated in 2020 to provide stakeholders with value on a more sustainable and long-term basis in the future, and the theme we set out in the Plan is to practice management based on both strategies for increasing social value and strategies for increasing shareholder value.

In strategies for increasing social value, the Group established “Mitsubishi Estate Group’s Sustainable Development Goals 2030” for achieving a sustainable society based on the specified material issues in light of environmental changes surrounding the Group, striving to realize ESG targets and provide greater value through our business to all stakeholders including visitors and employees.

With regard to the promotion of women’s activities, in the current fiscal year, we examined what we should aim for in the future and upwardly revised the target level of the ratio of female managers over the medium to long term. We will continue to make efforts to achieve this target.

To realize a decarbonized society, we established new group-wide targets for reducing CO2 and other greenhouse gases in March 2022 in accordance with the new standards defined by SBTi (The Science Based Targets initiative), and announced our goal of net-zero emissions by 2050. In the fiscal year ended March 31, 2022, we are gradually switching to electricity derived from renewable energy sources, mainly in the Marunouchi area, and by the fiscal year ending March 31, 2023, we will switch all electricity at all of our office buildings and commercial facilities in Tokyo and Yokohama to electricity derived from renewable energy sources.

In strategies for increasing shareholder value, the Group will harness its strengths in “Long-term view on Urban Development” and “Forward-looking DNA” and its “Extensive user reach” and “abundant real estate asset touchpoints” and aim for the realization of growth in the three business domains: “Domestic Asset Business,” “International Asset Business” and “Non-asset Business.” In addition, we will aim to build the business portfolio, making it more efficient and resilient to changes in market conditions by expanding revenue via mainly market-resilient “Non-asset Business” in combination with flexible capital policy.

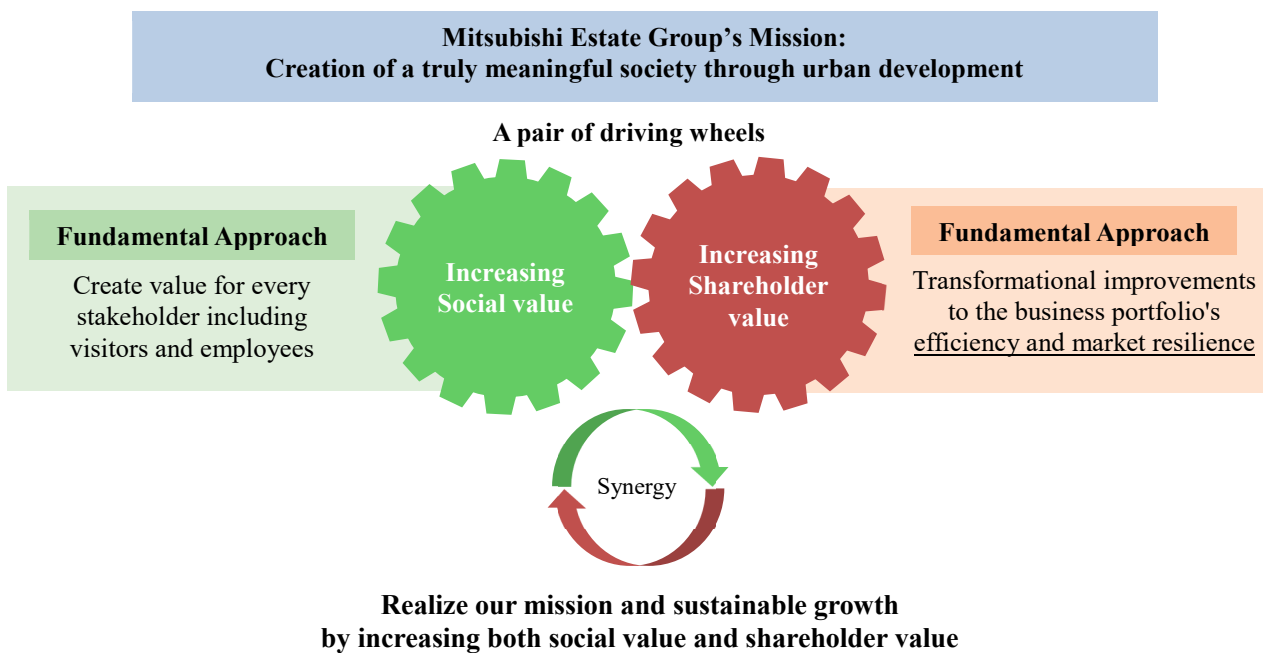
While leveraging synergies between these strategies: increasing social value and increasing shareholder value, we will aim to realize the Group’s basic mission and sustainable growth.

We will continue to make the investments necessary for the growth of each business to realize the goals of the Long-Term Management Plan, although we need to keep a close eye on such factors as the rapid spread of variants of COVID-19, changes in corporate office strategies and work styles due to the development of telework, price trends including construction costs, interest rate trends, and economic conditions due to overseas policies and geopolitical trends. In addition, we will strengthen our efforts to create new value by providing services that enable flexible office use for diversifying work styles and managing hotels and commercial facilities in response to changes in consumer behavior, and we will address issues that have emerged as a result of changes in social conditions.

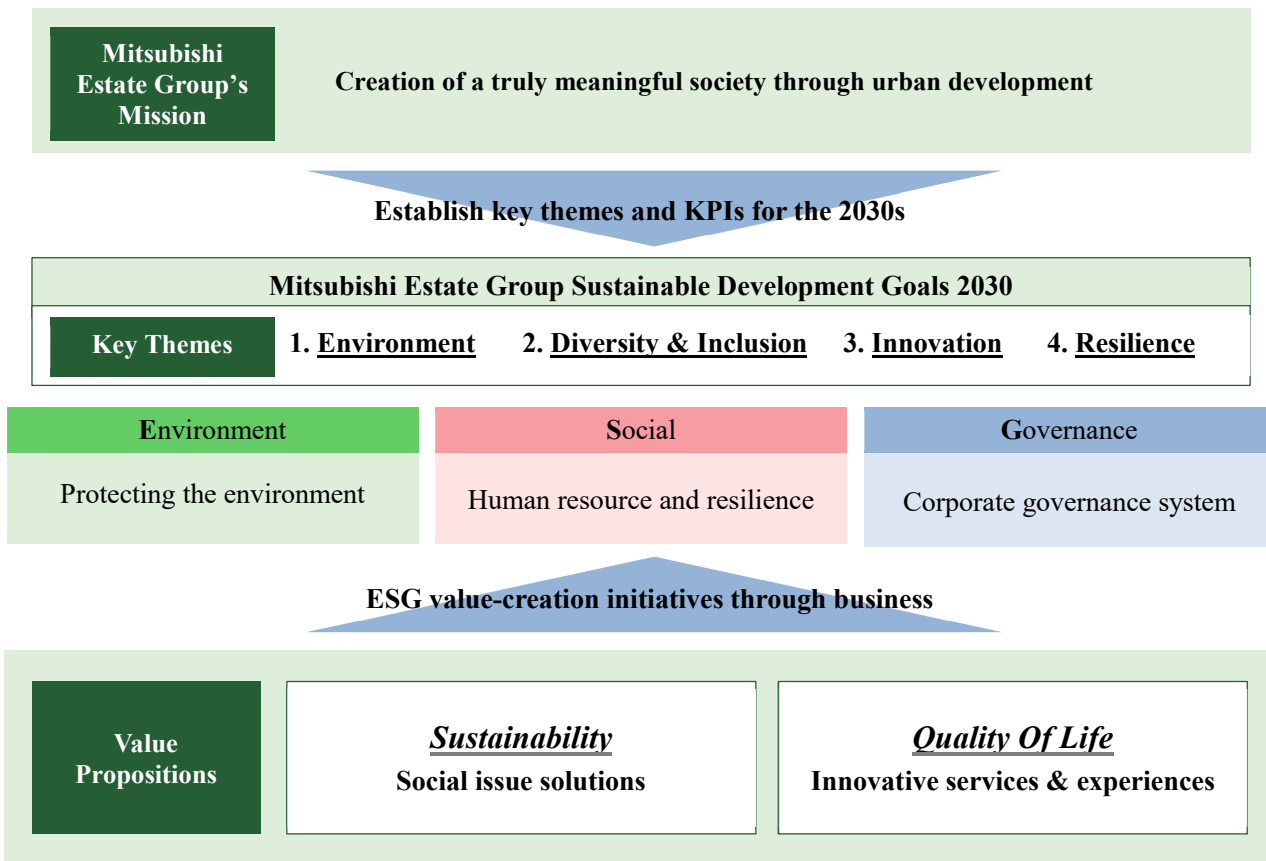
The Group will continue to make group-wide efforts to meet the expectations of its shareholders. This is under the fundamental mission of “contributing to society through urban development.” We look forward to our shareholders’ continued support and cooperation.

Overview of Long-Term Management Plan 2030

1. Management Plan: Objective

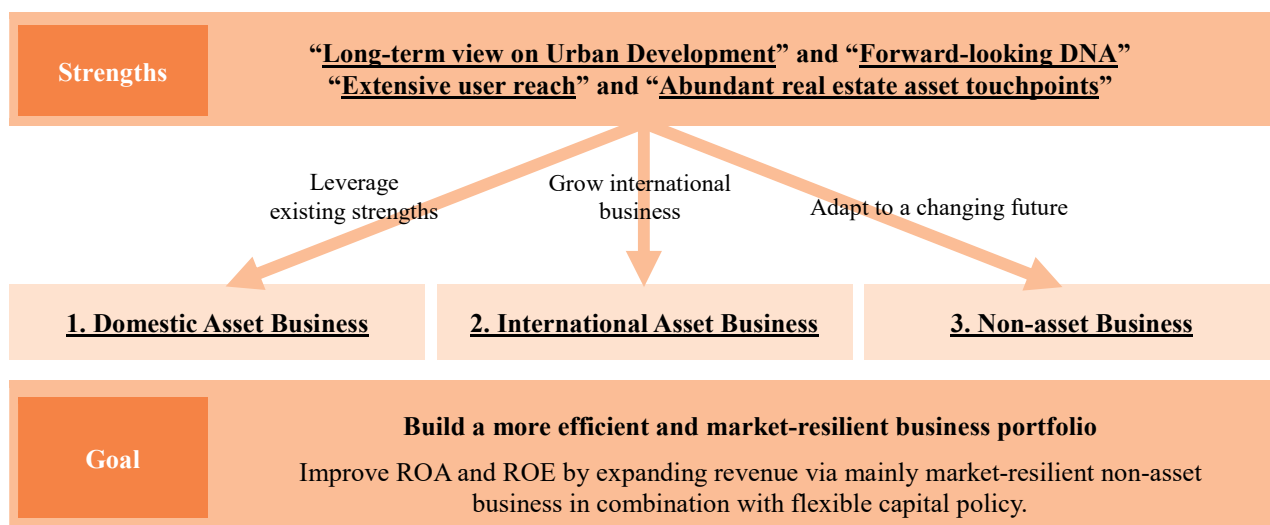


2. ESG Initiatives



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3. Strengths and Growth Strategy



4. Quantitative Target – 2030 Target

Quantitative Target for 2030

ROA ^{*1}	ROE	EPS
5%	10%	¥200

Key Assumptions

Profit Growth	Shareholder Return	Financial Stability
Business Profit^{*2} ¥350.0 - 400.0 billion	[Current framework] Payout ratio: Approx. 30% + Share buybacks (when determined to be optimal use of funds)	Maintain current level of credit ratings
Will adjust to business conditions		

^{*1} ROA = Business Profit^{*2} / Total assets (average of opening/closing balances)

^{*2} Business Profit = Operating Profit + Share of profit (loss) of entities accounted for using equity method

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4. Situation of Capital Expenditures

In the consolidated fiscal year under review, total capital expenditures of ¥329.1 billion were made mainly for the new construction of the 8 Bishopsgate (tentative name) and the TOKYO TORCH (Tokyo Tokiwabashi Project), as well as the acquisition of the Toyosu 4-2 development project (tentative name) and other buildings.

	2019/3	2020/3	2021/3	2022/3
Capital Expenditures	285,089	331,857	319,841	329,115

(Millions of yen)

5. Situation of Financing

Category	Beginning Balance	Ending Balance	Increase/Decrease
Short-Term Borrowings and Long-Term Borrowings	1,663,287	1,860,543	197,255
Commercial Papers	50,000	—	(50,000)
Bonds Payable	810,759	876,335	65,576
Total	2,524,047	2,736,878	212,831

(Millions of yen)

Note: Bonds payable above include short-term redeemable bonds.

With respect to bonds payable, the Company issued unsecured bonds of ¥70.0 billion in June 2021 and ¥60.0 billion in February 2022.

6. Situation of Major Lenders (As of March 31, 2022)

Name of Lender	Balance of Borrowings
MUFG Bank, Ltd.	448,145
The Norinchukin Bank	112,297
Mizuho Bank, Ltd.	110,894

(Millions of yen)

7. Situation of Important Business Reorganization, etc.

(1) Situation of Business Transfer, Absorption-type Company Split or Incorporation-type Company Split
Not applicable

(2) Situation of Acceptance of Other Company's Business
Not applicable

(3) Situation of Assumption of Rights and/or Liabilities regarding Businesses of Other Legal Entities, etc., due to Absorption-type Merger or Absorption-type Company Split

- Royal Park Hotel Co., Ltd., which was previously a subsidiary of the Company, and Royal Park Hotels and Resorts Company, Limited, the Company's subsidiary, plan to centralize the hotel management function and separate and reorganize the management and ownership functions of the hotels, and implemented an absorption-type split with Royal Park Hotel Co., Ltd. as the splitting company and Royal Park Hotels and Resorts Company, Limited as the successor company as of April 1, 2022. Royal Park Hotels and Resorts Company, Limited succeeded to the operational functions of Royal Park Hotel Co., Ltd. In addition, on the same day, the Company and Royal Park Hotel Co., Ltd. merged through an absorption-type merger with the Company as the surviving company and Royal Park Hotel Co., Ltd. as the absorbed company.
- Mitsubishi Jisho Property Management Co., Ltd., the Company's subsidiary, plans to reinforce the operation and management functions for its commercial complexes, and implemented an absorption-type merger as a surviving company with Mitsubishi Jisho Retail Management Co., Ltd., its subsidiary, as an absorbed company as of April 1, 2021.

(4) Situation of Acquisition or Disposition of Shares or Other Equity Interests or Share Acquisition Rights Issued by Other Corporations

- With the aim of evolving integrated and organic group hotel management, in August 2021, the Company acquired the shares of Royal Park Hotel Co., Ltd., its subsidiary, through a share exchange, and as a

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result, Royal Park Hotel Co., Ltd. became a wholly owned subsidiary of the Company.

(5) Situation of Other Important Business Reorganization, etc.

Not applicable

8. Situation of Material Subsidiaries (As of March 31, 2022)

(1) Situation of Material Subsidiaries

Company Name	Paid-in Capital (Millions of yen)	The Company's Investment Ratio Note 1 (%)	Main Businesses
Mitsubishi Estate Residence Co., Ltd.	15,000	100.00	Sales, rental/lease and consignment in sales of real properties
Mitsubishi Real Estate Services Co., Ltd.	2,400	100.00	Brokerage, management, rental/lease and appraisal of real properties and real estate-related general consulting
Mitsubishi Estate Home Co., Ltd.	450	100.00	Design and contract construction of custom-built houses
Mitsubishi Jisho Property Management Co., Ltd.	300	100.00	Operation and management of buildings and commercial facilities owned by the Company, etc.
Mitsubishi Jisho Sekkei Inc.	300	100.00	Design and supervision of architecture and civil engineering
Royal Park Hotels and Resorts Co., Ltd.	100	100.00	Management of Royal Park Hotels
Mitsubishi Jisho Community Co., Ltd.	100	71.47	General management of condominiums and buildings
Marunouchi Heat Supply Co., Ltd.	2,775	65.59	Supply of heat and cooling to Marunouchi, Yurakucho, Otemachi, Uchisaiwaicho and Aoyama districts
Sunshine City Corporation	19,200	63.20	Management of Sunshine City and others
Mitsubishi Estate·Simon Co., Ltd.	249	60.00	Management of Premium Outlets®
Tokyo Ryutsu Center Inc.	4,000	58.40	Rental/lease, operation and management of logistics facilities and office buildings
MEC Group International, Inc. (a U.S. corporation)	US\$1,640 thousand	100.00	Real estate business in the United States and other countries
Mitsubishi Estate Europe Ltd. (a U.K. corporation)	UK £ 487,462 thousand	100.00	Real estate business in the United Kingdom and other countries
Mitsubishi Estate Asia Pte. Ltd. (a Singapore corporation)	S\$392,644 thousand	100.00	Real estate business in Asia

Notes:

1. The Company's investment ratio (%) above is calculated including investments through its subsidiaries, etc.
2. In April 2021, the Company acquired additional shares of Tokyo Ryutsu Center Inc.
3. As of April 1, 2022, Mitsubishi Jisho Sekkei Inc. has changed its trade name in English to Mitsubishi Jisho Design Inc. The Japanese name of the company has not changed.

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(2) Situation of Specified Wholly-Owned Subsidiaries
Not applicable

(3) Results of Corporate Affiliations

The Company's consolidated subsidiaries totaled two hundred and fifty-two (252), and one hundred and twenty-two (122) companies were accounted for by the equity method.

The results of corporate affiliations during the consolidated fiscal year under review are as stated in the aforementioned "1. Progress and Results of Operations."

9. Main Offices, etc. (As of March 31, 2022)

(1) The Company

* Head Office: 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo

* Branches: Hokkaido Branch (Sapporo-shi), Tohoku Branch (Sendai-shi), Yokohama Branch (Yokohama-shi), Chubu Branch (Nagoya-shi), Kansai Branch (Osaka-shi), Chushikoku Branch (Hiroshima-shi) and Kyushu Branch (Fukuoka-shi)

(2) Principal Group Companies

Company Name	Location of Offices
Mitsubishi Estate Residence Co., Ltd.	Tokyo, Kanagawa, Osaka, Aichi, Hiroshima, Fukuoka
Mitsubishi Real Estate Services Co., Ltd.	Tokyo, Kanagawa, Osaka, Aichi, Hokkaido, Miyagi, Hiroshima, Fukuoka, Kagoshima
Mitsubishi Estate Home Co., Ltd.	Tokyo, Osaka
Mitsubishi Jisho Property Management Co., Ltd.	Tokyo, Kanagawa, Osaka, Aichi, Hokkaido, Miyagi, Ishikawa, Hiroshima, Fukuoka
Mitsubishi Jisho Sekkei Inc.	Tokyo, Kanagawa, Osaka, Aichi, Hokkaido, Miyagi, Hiroshima, Fukuoka, Kagoshima
Royal Park Hotels and Resorts Co., Ltd.	Tokyo
Mitsubishi Jisho Community Co., Ltd.	Tokyo, Kanagawa, Chiba, Saitama, Osaka, Kyoto, Hyogo, Aichi, Hokkaido, Miyagi, Okayama, Hiroshima, Fukuoka, Okinawa
Marunouchi Heat Supply Co., Ltd.	Tokyo
Sunshine City Corporation	Tokyo
Mitsubishi Estate·Simon Co., Ltd.	Tokyo
Tokyo Ryutsu Center Inc.	Tokyo
MEC Group International, Inc.	United States, etc.
Mitsubishi Estate Europe Ltd.	United Kingdom
Mitsubishi Estate Asia Pte. Ltd.	Singapore, etc.

Note: As of April 1, 2022, Mitsubishi Jisho Sekkei Inc. has changed its trade name in English to Mitsubishi Jisho Design Inc. The Japanese name of the company has not changed.

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10. Status of Employees (As of March 31, 2022)

(1) Situation of Employees of the Mitsubishi Estate Group

Business Segment	Number of Employees
Commercial Property Business	3,948
Residential Business	3,392
International Business	363
Investment Management Business	304
Architectural Design & Engineering Business and Real Estate Services Business	1,448
Other	426
Corporate (shared)	321
Total	10,202

Notes:

1. The above figures indicate the number of regular workers (excluding temporary employees).
2. The figure stated in “Corporate (shared)” indicates the number of employees who belong to administrative departments, which cannot be categorized as specified business segments.

(2) Situation of Employees of the Company

Number of Employees	Increase/Decrease from the Previous Fiscal Year-End	Average Age	Average Years of Service
974	+94	40 years and seven (7) months	14 years and ten (10) months

Note: The above figures indicate the number of regular workers (excluding temporary employees).

11. Other Important Matters regarding the Current Situation of the Mitsubishi Estate Group

Not applicable

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II. Current Situation of the Company

1. Situation of Shares (As of March 31, 2022)

- (1) Total Number of Shares Authorized to be Issued by the Company: 1,980,000,000
 (2) Total Number of Issued Shares: 1,391,478,706
 (including 68,852,376 shares of treasury stock)

(3) Number of Shareholders: 73,602

(4) Major Shareholders (Ten (10) Largest Shareholders)

Shareholder Name	Investment in the Company	
	Number of Shares Held (Thousands)	Investment Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	228,398	17.26
Custody Bank of Japan, Ltd. (Trust account)	67,952	5.13
Meiji Yasuda Life Insurance Company	42,194	3.19
JP MORGAN CHASE BANK 380055	41,109	3.10
SSBTC CLIENT OMNIBUS ACCOUNT	25,134	1.90
STATE STREET BANK WEST CLIENT - TREATY 505234	21,291	1.60
Takenaka Corporation	18,150	1.37
JPMorgan Securities Japan Co., Ltd.	17,903	1.35
Obayashi Corporation	16,422	1.24
Shimizu Corporation	16,367	1.23

Note: The investment ratio is calculated after deducting the shares of treasury stock from the issued shares of the Company.

(5) Situation of Shares Delivered to Corporate Executive Officers and Executive Officers in Compensation for the Execution of Duties during the Fiscal Year under Review

- The Company has delivered 150,390 shares of the Company's common stock as medium-to-long-term performance-based remuneration (restricted stock compensation) to Corporate Executive Officers, Executive Officers and Group Executive Officers on May 21, 2021. The restricted stock cannot be transferred, used to create a security interest or otherwise disposed of until June 30, 2024.
- Of the above, stock remuneration delivered to Corporate Executive Officers and Executive Officers in compensation for the execution of their duties during the fiscal year under review are as follows. Note that no stock compensation is delivered to Directors and Outside Directors who do not concurrently serve as Executive Officers.

Category	Number of Deliverees	Number of Shares Delivered
Corporate Executive Officers (including Corporate Executive Officers who concurrently serve as Directors)	16	88,734

Note: Includes 4,344 shares acquired gratis by the Company from among the number of allotted shares for one Corporate Executive Officer who retired on June 29, 2021.

(6) Other Important Matters regarding the Shares

- In order to improve capital efficiency and shareholder value as part of the capital policy in the long-term management plan, at the Board of Directors meeting held on April 8, 2021, a resolution was

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passed to purchase shares of treasury stock at a total cost of no more than ¥30.0 billion or acquire up to 22,000,000 shares through the market purchase of the Company's common stock available on the Tokyo Stock Exchange during the period from April 9, 2021 to March 31, 2022. Based on this resolution, a total of 17,490,000 shares (total acquisition cost of approximately ¥30.0 billion) were repurchased by March 24, 2022.

- With the aim of evolving integrated and organic group hotel management, in August 2021, the Company acquired the shares of Royal Park Hotel Co., Ltd., its subsidiary, through a share exchange using 1,368,010 shares of treasury stock, and as a result, Royal Park Hotel Co., Ltd. became a wholly owned subsidiary of the Company.

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2. Situation of Share Acquisition Rights, etc.

(1) Situation of Share Acquisition Rights Delivered in Compensation for the Execution of Duties, which are Held by Officers of the Company (As of March 31, 2022)

Date of Resolution on Issuance	Number of Share Acquisition Rights	Class and Number of Shares Subject to Share Acquisition Rights	Issue Price of Share Acquisition Rights	Amount to be Paid upon Exercise of Share Acquisition Rights	Exercise Period of Share Acquisition Rights	Conditions for Exercise of Share Acquisition Rights	Directors and Corporate Executive Officers (Excluding Outside Directors) (Note 1)	
							Number of holders	Number of the share acquisition rights held
July 26, 2007	2	Common stock: 2,000 Note 2	¥3,016 per share	¥1 per share	August 14, 2007 to August 13, 2037	Note 3	1	2
July 31, 2008	3	Common stock: 3,000 Note 2	¥2,161 per share	¥1 per share	August 16, 2008 to August 15, 2038	Note 3	1	3
July 31, 2009	6	Common stock: 6,000 Note 2	¥1,282 per share	¥1 per share	August 18, 2009 to August 17, 2039	Note 3	1	6
July 30, 2010	7	Common stock: 7,000 Note 2	¥1,083 per share	¥1 per share	August 17, 2010 to August 16, 2040	Note 3	1	7
July 29, 2011	17	Common stock: 17,000 Note 2	¥1,044 per share	¥1 per share	August 16, 2011 to August 15, 2041	Note 3	2	17
July 31, 2012	19	Common stock: 19,000 Note 2	¥1,230 per share	¥1 per share	August 16, 2012 to August 15, 2042	Note 3	2	19
July 31, 2013	14	Common stock: 14,000 Note 2	¥2,338 per share	¥1 per share	August 16, 2013 to August 15, 2043	Note 3	2	9
July 31, 2014	19	Common stock: 19,000 Note 2	¥2,264 per share	¥1 per share	August 16, 2014 to August 15, 2044	Note 3	3	12
July 31, 2015	21	Common stock: 21,000 Note 2	¥2,690 per share	¥1 per share	August 18, 2015 to August 17, 2045	Note 3	3	12

Notes:

1. No Outside Directors of the Company hold the share acquisition rights issued by the Company.

2. The number of the shares subject to a share acquisition right is 1,000.

3. Conditions for exercise of the share acquisition rights

* A qualified person entitled to the share acquisition rights may exercise his/her share acquisition rights only within the exercise period set forth above on and after the day following the date when he/she steps down from any and all the positions of Director, Corporate Executive Officer, Statutory Auditor, Executive Officer or Group Executive Officer of the Company. Provided, however, that the qualified person entitled to the share acquisition rights may exercise the rights only for a period of five (5) years reckoning from the day following the date when he/she steps down from any and all of such positions.

* Regardless of the above provision, if the General Meeting of Shareholders of the Company approves a proposal of (i) a contract of merger in which the Company will be an extinct company or (ii) a share exchange contract or a share transfer plan by which the Company becomes a wholly-owned subsidiary of another company (or a resolution of the Board of Directors is adopted in the case where such a resolution of the General Meeting of Shareholders is not required), the qualified person entitled to the share acquisition rights may exercise his/her share acquisition rights only for a period of fifteen (15) days reckoning from the day following the date when the proposal concerned was approved.

* In case a qualified person entitled to the share acquisition rights has waived his/her offered share acquisition rights, he/she cannot exercise such offered share acquisition rights.

* The share acquisition rights shall not be allowed to be assigned, pledged or otherwise disposed of, for the benefit of any third party.

* If a qualified person entitled to the share acquisition rights dies, his/her heir may exercise the share acquisition rights subject to the conditions stipulated in the Agreement for Allotment of Share Acquisition Rights.

[Translation for Reference and Convenience Purposes Only]

* Other applicable conditions and details for exercising the share acquisition rights shall be stipulated in the Agreement for Allotment of Share Acquisition Rights.

4. Other

* The Company has not issued share acquisition rights since fiscal 2016.

(2) Situation of Share Acquisition Rights Delivered to Employees, etc., during the Fiscal Year in Compensation for the Execution of Duties

Not applicable

(3) Other Important Matters relating to Share Acquisition Rights

Not applicable

[Translation for Reference and Convenience Purposes Only]

3. The Company's Directors and Corporate Executive Officers

(1) Situation of Directors (As of March 31, 2022)

Name	Positions and Assignments in the Company	Material Concurrent Positions
Hiroataka Sugiyama	Chairman of the Board	Chairman, The Association for Real Estate Securitization
Junichi Yoshida	Director	
Junichi Tanisawa	Director	President, The Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho
Tetsuji Arimori	Director	
Hiroshi Katayama	Director	
Hitoshi Kubo	Director	
Jo Kato	Director Member of the Audit Committee	
Noboru Nishigai	Director Member of the Audit Committee	
Tsuyoshi Okamoto	Director Member of the Nominating Committee (Chairman) Member of the Remuneration Committee	Senior Corporate Advisor, Tokyo Gas Co., Ltd.; Director, Japan Post Holdings Co., Ltd.; and Director, Asahi Kasei Corporation
Shin Ebihara	Director Member of the Nominating Committee Member of the Remuneration Committee (Chairman)	Advisor, Sumitomo Corporation
Tetsuo Narukawa	Director Member of the Audit Committee (Chairman)	Director, Okasan Securities Co., Ltd.
Masaaki Shirakawa	Director Member of the Nominating Committee Member of the Remuneration Committee	Distinguished Guest Professor, School of International Politics, Economics & Communication, Aoyama Gakuin University
Shin Nagase	Director Member of the Audit Committee	Director, HAPPINET CORPORATION; and Director, TOSHIBA TEC CORPORATION
Setsuko Egami	Director Member of the Nominating Committee Member of the Remuneration Committee	Professor Emeritus, Musashi University; and Director, Resona Holdings, Inc.

[Translation for Reference and Convenience Purposes Only]

Name	Positions and Assignments in the Company	Material Concurrent Positions
Iwao Taka	Director Member of the Audit Committee	Specially Appointed Professor, School of Economics and Business Administration, Chikuro Hiroike School of Graduate Studies, Reitaku University; Specially Appointed Professor, Faculty of Economics and Business Administration, Reitaku University; Director, ASKUL Corporation; and Audit and Supervisory Board Member, The Dai-ichi Life Insurance Company, Limited

Notes:

1. Directors Junichi Yoshida, Junichi Tanisawa, Tetsuji Arimori, Hiroshi Katayama and Hitoshi Kubo concurrently serve as Corporate Executive Officers.
2. Directors Tsuyoshi Okamoto, Shin Ebihara, Tetsuo Narukawa, Masaaki Shirakawa, Shin Nagase, Setsuko Egami and Iwao Taka are Outside Directors.
3. The officially registered name of Director Setsuko Egami is Setsuko Kusumoto.
4. Directors Jo Kato and Noboru Nishigai are full-time Audit Committee members. The Company appoints full-time Audit Committee members from the perspective of ensuring the effectiveness of the Audit Committee audits.
5. Audit Committee member Jo Kato has experience working for the accounting department of the Company and considerable knowledge of finance and accounting.
6. Director Setsuko Egami has retired from the position of Director of MITSUBISHI MOTORS CORPORATION as of June 23, 2021.
7. At the conclusion of the 122nd Ordinary General Meeting of Shareholders held on June 29, 2021, Directors Bunroku Naganuma and Toru Okusa retired from their positions due to expiration of their terms of office.
8. At the 122nd Ordinary General Meeting of Shareholders held on June 29, 2021, Hitoshi Kubo and Noboru Nishigai were newly elected as Directors, and assumed office on the same day.
9. The Company has no relationship to be disclosed in terms of material concurrent positions of respective Outside Directors and their relationships with the Company.
10. Outline of the liability limit agreement
The Company has entered into agreements, in accordance with Article 427, paragraph (1) of the Companies Act, with the seven (7) Outside Directors (Tsuyoshi Okamoto, Shin Ebihara, Tetsuo Narukawa, Masaaki Shirakawa, Shin Nagase, Setsuko Egami and Iwao Taka) to limit their liabilities to compensate damages under Article 423, paragraph (1) of the Companies Act. Limitation on liability of each Director to compensate damages under such agreements is set out to be either ¥10 million or the respective amounts set forth under the laws and regulations, whichever is higher.
11. Outline of the directors and officers liability insurance policy
The Company has entered into a directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, covering Directors, Corporate Executive Officers, Executive Officers and Group Executive Officers, as well as Directors and Executive Officers, etc. of domestic subsidiaries, and executives and employees of the Company who are dispatched to companies other than the Company's subsidiaries and hold a position of Director or Corporate Executive Officer at such companies under the Companies Act. The insurance premiums for the insurance policy are fully borne by the Company. Directors and Executive Officers, etc. of domestic subsidiaries are added to the insured as of January 1, 2022. The insurance policy covers damages and litigation costs that may arise from liability borne by the insured in the course of execution of their duties or claims pertaining to the pursuit of such liability. (However, as a measure to prevent the appropriateness of execution of their duties as Officer, etc. from being impaired, damages, etc. arising from criminal acts or intentional violation of laws and regulations are not covered by the insurance policy.)
12. The Company designates Tsuyoshi Okamoto, Shin Ebihara, Tetsuo Narukawa, Masaaki Shirakawa, Shin Nagase, Setsuko Egami and Iwao Taka as independent directors as stipulated by the Tokyo Stock Exchange and other exchanges and made such notification of these officers to the Tokyo Stock Exchange and other exchanges.

[Translation for Reference and Convenience Purposes Only]

(2) Situation of Corporate Executive Officers (As of March 31, 2022)

Name	Positions	Assignments in the Company and Material Concurrent Positions
Junichi Yoshida	Representative Corporate Executive Officer President & Chief Executive Officer	
Junichi Tanisawa	Representative Corporate Executive Officer Deputy President	<ul style="list-style-type: none"> a. Assistant to the President; b. Supervising Commercial Property Business Group; c. Responsible for Commercial Property Business Planning Department; d. Responsible for Commercial Property Business Strategy Department; and e. President, The Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho
Tetsuji Arimori	Representative Corporate Executive Officer Executive Vice President	<ul style="list-style-type: none"> a. Responsible for Corporate Planning Department; and b. Responsible for Sustainability Management and Promotion Department
Hidemi Waki	Representative Corporate Executive Officer Executive Vice President	Responsible for Urban Redevelopment Department
Futoshi Chiba	Representative Corporate Executive Officer Executive Vice President	<ul style="list-style-type: none"> a. Responsible for Commercial Property Management Department; b. Responsible for Facility Management Planning Department; c. Responsible for xTECH Leasing and Promotion Department; d. Responsible for Museum Management Office; and e. Senior Managing Director, MARUNOUCHI DIRECT ACCESS Ltd.
Hiroshi Katayama	Representative Corporate Executive Officer Executive Vice President	<ul style="list-style-type: none"> a. Responsible for Finance & Accounting Department; and b. Responsible for Corporate Communications Department
Kenji Hosokane	Representative Corporate Executive Officer Executive Vice President	<ul style="list-style-type: none"> a. Supervising Business Development, Client Relations & Solutions Group; b. Responsible for Client Strategy Planning Department; c. Responsible for Office Leasing and Tenant Relations Department; and d. Responsible for Retail Property Leasing Department
Keiji Takano	Senior Executive Officer	<ul style="list-style-type: none"> a. Supervising Investment Management Group; b. Responsible for Investment Management Business Department; and c. Director, MEC Group International, Inc.

[Translation for Reference and Convenience Purposes Only]

Name	Positions	Assignments in the Company and Material Concurrent Positions
Atsushi Nakajima	Senior Executive Officer	a. Responsible for Project Planning Department; b. Responsible for Urban Project Development Department; c. Responsible for Logistics Facilities Development Department; and d. Responsible for Hotel Business Department
Yuji Fujioka	Senior Executive Officer	Responsible for Airport Business Department
Bunroku Naganuma	Senior Executive Officer	a. Supervising Residential Business Group b. Responsible for Residential Business Planning Department; c. Responsible for CLT Business, Residential Land & Recreational Facilities Management Office; and d. Director, Mitsubishi Estate Residence Co., Ltd.
Toru Kimura	Senior Executive Officer	Responsible for Kansai Branch
Yutaro Yotsuzuka	Senior Executive Officer	a. Supervising International Business Group; b. Responsible for International Business Planning Department; c. Director Deputy President, Mitsubishi Estate Residence Co., Ltd.; and d. Chairman and Director, MEC Group International, Inc.
Ikuo Ono	Senior Executive Officer	a. Responsible for Business Creation Department; and b. Responsible for DX Promotion Department
Hitoshi Kubo	Corporate Executive Officer	a. Responsible for Human Resources Department; b. Responsible for General Affairs Department; c. Responsible for Legal & Compliance Department; d. Responsible for Compliance, Risk Management and Disaster Prevention

Notes:

1. Corporate Executive Officers Junichi Yoshida, Junichi Tanisawa, Tetsuji Arimori, Hiroshi Katayama and Hitoshi Kubo concurrently serve as Directors.
2. Corporate Executive Officer Tetsuji Arimori, Hidemi Waki and Hiroshi Katayama retired from the position due to expiration of tenure on March 31, 2022.
3. Among the companies indicated in Assignments in the Company and Material Concurrent Positions, Mitsubishi Estate Residence Co., Ltd. and MEC Group International Inc. are operating in the real estate business (a business in which the Company also engages).
4. Outline of the directors and officers liability insurance policy
The Company has entered into a directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, covering Directors, Corporate Executive Officers, Executive Officers and Group Executive Officers, as well as Directors and Executive Officers, etc. of domestic subsidiaries, and executives and employees of the Company who are dispatched to companies other than the Company's subsidiaries and hold a position of Director or Corporate Executive Officer at such companies under the Companies Act. The insurance premiums for the insurance policy are fully borne by the Company. Directors and Executive Officers, etc. of domestic subsidiaries are added to the insured as of January 1, 2022.

[Translation for Reference and Convenience Purposes Only]

The insurance policy covers damages and litigation costs that may arise from liability borne by the insured in the course of execution of their duties or claims pertaining to the pursuit of such liability. (However, as a measure to prevent the appropriateness of execution of their duties as Officer, etc. from being impaired, damages, etc. arising from criminal acts or intentional violation of laws and regulations are not covered by the insurance policy.)

[Translation for Reference and Convenience Purposes Only]

Situation of Directors and Corporate Executive Officers as of April 1, 2022 is as follows:

[Directors]

Name	Positions and Assignments in the Company	Material Concurrent Positions
Hiroataka Sugiyama	Chairman of the Board	Chairman, The Association for Real Estate Securitization
Junichi Yoshida	Director	
Junichi Tanisawa	Director	President, The Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho
Hitoshi Kubo	Director	
Tetsuji Arimori	Director	
Hiroshi Katayama	Director	
Jo Kato	Director Member of the Audit Committee	
Noboru Nishigai	Director Member of the Audit Committee	
Tsuyoshi Okamoto	Director Member of the Nominating Committee (Chairman) Member of the Remuneration Committee	Senior Corporate Advisor, Tokyo Gas Co., Ltd.; Director, Japan Post Holdings Co., Ltd.; and Director, Asahi Kasei Corporation
Shin Ebihara	Director Member of the Nominating Committee Member of the Remuneration Committee (Chairman)	Advisor, Sumitomo Corporation
Tetsuo Narukawa	Director Member of the Audit Committee (Chairman)	Director, Okasan Securities Co., Ltd.
Masaaki Shirakawa	Director Member of the Nominating Committee Member of the Remuneration Committee	Distinguished Guest Professor, School of International Politics, Economics & Communication, Aoyama Gakuin University
Shin Nagase	Director Member of the Audit Committee	Director, HAPPINET CORPORATION; and Director, TOSHIBA TEC CORPORATION
Setsuko Egami	Director Member of the Nominating Committee Member of the Remuneration Committee	Professor Emeritus, Musashi University; and Director, Resona Holdings, Inc.

[Translation for Reference and Convenience Purposes Only]

Name	Positions and Assignments in the Company	Material Concurrent Positions
Iwao Taka	Director Member of the Audit Committee	Senior Assistant Professor, School of Business Administration, Meiji University; Director, ASKUL Corporation; and Audit and Supervisory Board Member, The Dai-ichi Life Insurance Company, Limited

[Corporate Executive Officers]

Name	Positions	Assignments in the Company and Material Concurrent Positions
Junichi Yoshida	Representative Corporate Executive Officer President & Chief Executive Officer	
Junichi Tanisawa	Representative Corporate Executive Officer Deputy President	a. Assistant to the President; b. Supervising Commercial Property Business Group; c. Responsible for Commercial Property Business Planning Department; d. Responsible for Commercial Property Business Strategy Department; e. Responsible for Content Business Planning and Operation Department; and f. President, The Council for Area Development and Management of Otemachi, Marunouchi and Yurakucho
Futoshi Chiba	Representative Corporate Executive Officer Executive Vice President	a. Supervising Business Development, Client Relations & Solutions Group; b. Responsible for Client Strategy Planning Department; c. Responsible for Office Leasing and Tenant Relations Department
Kenji Hosokane	Representative Corporate Executive Officer Executive Vice President	a. Responsible for Project Planning Department; b. Responsible for Urban Project Development Department; c. Responsible for Logistics Facilities Development Department; and d. Responsible for Hotel Business Department
Atsushi Nakajima	Representative Corporate Executive Officer Executive Vice President	a. Responsible for Corporate Planning Department; and b. Responsible for Sustainability Management and Promotion Department
Yuji Fujioka	Representative Corporate Executive Officer Executive Vice President	Responsible for Airport Business Department
Keiji Takano	Senior Executive Officer	a. Supervising Investment Management Group; b. Responsible for Investment Management Business Department; and c. Director, MEC Group International, Inc.

[Translation for Reference and Convenience Purposes Only]

Name	Positions	Assignments in the Company and Material Concurrent Positions
Bunroku Naganuma	Senior Executive Officer	<ul style="list-style-type: none"> a. Supervising Residential Business Group b. Responsible for Residential Business Planning Department; c. Responsible for CLT Business, Residential Land & Recreational Facilities Management Office; and d. Director, Mitsubishi Estate Residence Co., Ltd.
Toru Kimura	Senior Executive Officer	Responsible for Kansai Branch
Yutaro Yotsuzuka	Senior Executive Officer	<ul style="list-style-type: none"> a. Supervising International Business Group; b. Responsible for International Business Planning Department; c. Director Deputy President, Mitsubishi Estate Residence Co., Ltd.; and d. Chairman and Director, MEC Group International, Inc.
Ikuo Ono	Senior Executive Officer	<ul style="list-style-type: none"> a. Responsible for Business Creation Department; b. Responsible for DX Promotion Department; c. Responsible for Information System; and d. Responsible for Information System Security
Naoki Umeda	Senior Executive Officer	<ul style="list-style-type: none"> a. Responsible for Finance & Accounting Department; and b. Responsible for Corporate Communications Department
Haruhiko Araki	Senior Executive Officer	<ul style="list-style-type: none"> a. Responsible for Commercial Property Management Department; b. Responsible for Facility Management Planning Department; c. Responsible for xTECH Leasing and Promotion Department; d. Responsible for Flexible Workspace Planning and Operation Department; e. Responsible for Museum Management Office; and f. Senior Managing Director, MARUNOUCHI DIRECT ACCESS Ltd.
Hitoshi Kubo	Corporate Executive Officer	<ul style="list-style-type: none"> a. Responsible for Human Resources Department; b. Responsible for General Affairs Department; c. Responsible for Legal & Compliance Department; d. Responsible for Compliance, Risk Management and Disaster Prevention

Note: Corporate Executive Officers Naoki Umeda and Haruhiko Araki took office as Corporate Executive Officers on April 1, 2022.

[Translation for Reference and Convenience Purposes Only]

- (3) Total Amounts of Remuneration, etc., Paid to Directors and Corporate Executive Officers
The amounts of remuneration, etc., paid to the Directors and the Corporate Executive Officers pertaining to the fiscal year under review are as follows:

Category	Number of Persons	Amount Paid (Millions of yen)
Directors	11	369
(of which Outside Directors)	(7)	(108)
Corporate Executive Officers	16	1,139
Total	27	1,509

Notes:

- The above includes one Director who retired at the conclusion of the 122nd Ordinary General Meeting of Shareholders held on June 29, 2021 and one Executive Officer who retired on the same date.
- Remuneration for the Directors concurrently serving as Corporate Executive Officer is included in the remuneration for Corporate Executive Officers.
- The Company pays no salary as employees to Directors and Corporate Executive Officers.
- All the remuneration for the Company's Directors is basic remuneration in the form of money.
- Of the above amounts paid, the amounts of remuneration paid to sixteen (16) Corporate Executive Officers by type are as follows:
 - Monetary remuneration
 - Basic remuneration: ¥622 million
 - Single-year performance-based remuneration: ¥298 million
 - Medium-to-long-term performance-based remuneration (phantom stock): ¥58 million
 - Non-monetary remuneration
 - Medium-to-long-term performance-based remuneration (restricted stock compensation): ¥159 million
- With the aim of achieving further corporate growth and greater efficiency while guaranteeing financial soundness, the amount of single-year performance-based remuneration varies depending on consolidated operating profit, EBITDA, ROA, ROE and the target level of operating profit in the divisions for which the individual Corporate Executive Officers and Executive Officers are responsible. When determining remuneration, the amount is calculated using the actual indicators, etc. for the previous fiscal year, to which is 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 and the status of ESG-related initiatives. The results for consolidated indicators in the previous fiscal year were as follows:

	Results
Operating Profit	¥224,394 million
EBITDA	¥331,821 million
ROA	3.8%
ROE	7.6%

- With the objectives of creating an incentive to work for sustainable growth, and of promoting more complete sharing of values with shareholders, the amount of phantom stock remuneration will vary depending on the share price and on an indicator based on the total shareholder return (TSR) ranking relative to other five (5) companies in the same industry (Nomura Real Estate Holdings, Inc., Tokyu Fudosan Holdings Corporation, Mitsui Fudosan Co., Ltd., Tokyo Tatemono Co., Ltd. and Sumitomo Realty & Development Co., Ltd.). The Company has set the performance evaluation period for the Phantom Stock Plan (hereinafter the "Evaluation Period") to be approximately three (3) years. The remuneration amount is calculated by multiplying the remuneration base amount by share price volatility during the Evaluation Period and vesting ratio corresponding to the Company's TSR rank (from 0% to 100%). As the Evaluation Period has not yet expired, the above remuneration amount is calculated based on the share price volatility and such vesting ratio at the end of the fiscal year under review, i.e., calculated by multiplying the remuneration base amount by the simple average of the closing share prices during the last month of the fiscal year under review (¥1,743), dividing such product by the issue price (¥1,798), and then multiplying such quotient by the vesting ratio

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corresponding to the Company's TSR rank (4th, 40%).

8. The details and situation of restricted stock delivered during the fiscal year under review are described in "II. 1. (5) Situation of Shares Delivered to Corporate Executive Officers and Executive Officers in Compensation for the Execution of Duties during the Fiscal Year under Review."
9. The Outside Directors of the Company do not receive remuneration as directors from any of the Company's subsidiaries.

(4) Policy Concerning Decisions on the Amounts of Remuneration, etc., Paid to Officers

The Company's decision policy for the details of remuneration, etc. for each Director and Corporate Executive Officer has been resolved by the Remuneration Committee. The Remuneration Committee also confirmed that the method for deciding the details of remuneration, etc. paid to each Director and Corporate Executive Officer for the fiscal year under review and the details of decided remuneration are consistent with the said decision policy, and therefore judged that the remuneration, etc. paid to each Director and Corporate Executive Officer for the fiscal year under review are in line with the decision policy.

The policy concerning decisions on the amounts of remuneration, etc., paid to Officers is as follows.

1) Procedures for deciding remuneration paid to Officers

The policy concerning decisions on the details of remuneration paid to Directors and Corporate Executive Officers of the Company and the details of remuneration for each person shall be decided upon by a resolution at the Remuneration Committee which is comprised solely of Outside Directors.

2) The basic policy for deciding remuneration for Officers

The basic policy for deciding remuneration for Directors and Corporate Executive Officers of the Company is as follows.

- The remuneration system shall be the one that is linked with our medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and realizes sustained corporate value improvement and sharing of values with our shareholders.
- The remuneration system shall be the one that allows for giving incentives to management executives' taking up of challenges and appropriate risk taking in line with the strategy targets and expectations of shareholders and other stakeholders.
- The remuneration system shall be the one that makes it possible to fulfill the high accountability for the benefit of our shareholders and other stakeholders through objective deliberations and judgments at the Remuneration Committee.

3) Remuneration systems for Officers

The remuneration systems for Directors and Corporate Executive Officers shall be separately established in consideration of respective functions and roles to be fulfilled for the purpose of achieving the sustained corporate value improvement. In addition, Directors who concurrently serve as Corporate Executive Officers shall be paid remuneration as Corporate Executive Officers.

- Directors (excluding Directors who concurrently serve as Corporate Executive Officers)

In consideration of their function and role of supervising performance of duties by Corporate Executive Officers and Directors, they shall receive, in principle, only basic remuneration in the form of money, and the standards shall be decided upon individually taking into account factors such as position and responsibilities as Directors and whether they are full-time or part-time.

- Corporate Executive Officers

In consideration of their function and role of taking charge of business execution of the Company, their remuneration shall, in principle, be comprised of basic remuneration and variable remuneration.

Variable remuneration is comprised of monetary compensation that is paid based on short-term performance, etc., and stock compensation, etc., (including monetary compensation paid based on indicators such as stock price) that is paid with a view to realizing the medium- to long-term sharing of values with shareholders.

The standards and ratio of basic remuneration and variable remuneration, valuation indicators for variable remuneration and other matters shall be decided upon taking into account medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and factors such as position and responsibilities as Corporate Executive Officers.

[Translation for Reference and Convenience Purposes Only]

(5) Major Activities of Outside Directors during the Fiscal Year under Review

Name	Attendance at meetings of the Board of Directors, etc.	Status of Expression of Opinions and Outline of Duties Performed in regard to Expected Roles
Tsuyoshi Okamoto	Meetings of the Board of Directors: 10/10 Meetings of Nominating Committee: 5/5 Meetings of Remuneration Committee: 9/9	He executed supervision and check functions regarding the Company's management through appropriate questions and/or remarks from an objective viewpoint independent of management executives who are in charge of executing business affairs by leveraging his management experience in an integrated energy company.
Shin Ebihara	Meetings of the Board of Directors: 10/10 Meetings of Nominating Committee: 5/5 Meetings of Remuneration Committee: 9/9	He executed supervision and check functions regarding the Company's management through appropriate questions and/or remarks from an objective viewpoint independent of management executives who are in charge of executing business affairs by leveraging his wealth of international experience, knowledge, etc. gained through his extensive years as a diplomat.
Tetsuo Narukawa	Meetings of the Board of Directors: 10/10 Meetings of Audit Committee: 15/15	He executed supervision and check functions regarding the Company's management through appropriate questions and/or remarks from an objective viewpoint independent of management executives who are in charge of executing business affairs by leveraging his management experience in a financial institution, international experience and management experience in a real estate company.
Masaaki Shirakawa	Meetings of the Board of Directors: 10/10 Meetings of Nominating Committee: 5/5 Meetings of Remuneration Committee: 9/9	He executed supervision and check functions regarding the Company's management through appropriate questions and/or remarks from an objective viewpoint independent of management executives who are in charge of executing business affairs by leveraging his knowledge on finance and economy, etc., gained through his experience in a central bank.
Shin Nagase	Meetings of the Board of Directors: 10/10 Meetings of Audit Committee: 15/15	He executed supervision and check functions regarding the Company's management through appropriate questions and/or remarks from an objective viewpoint independent of management executives who are in charge of executing business affairs by leveraging his management experience in an airline company.
Setsuko Egami	Meetings of the Board of Directors: 10/10 Meetings of Nominating Committee: 5/5 Meetings of Remuneration Committee: 9/9	She executed supervision and check functions regarding the Company's management through appropriate questions and/or remarks from an objective viewpoint independent of management executives who are in charge of executing business affairs by leveraging her abundant knowledge of corporate strategy, marketing strategy, human resources development, etc.

[Translation for Reference and Convenience Purposes Only]

Name	Attendance at meetings of the Board of Directors, etc.	Status of Expression of Opinions and Outline of Duties Performed in regard to Expected Roles
Iwao Taka	Meetings of the Board of Directors: 10/10 Meetings of Audit Committee: 15/15	He executed supervision and check functions regarding the Company's management through appropriate questions and/or remarks from an objective viewpoint independent of management executives who are in charge of executing business affairs by leveraging his extensive knowledge regarding business ethics, compliance, etc.

[Translation for Reference and Convenience Purposes Only]

4. Situation of Accounting Auditor

(1) Designation: ERNST & YOUNG SHINNIHON LLC

(2) Amounts of Remuneration, etc.

	Amount to be Paid
Amount of remuneration, etc., to be paid by the Company to the Accounting Auditor pertaining to the fiscal year under review	¥152 million
Total amount of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥378 million

Notes:

1. The Audit Committee has decided to consent to the amount of remuneration, etc., to be paid to the Accounting Auditor as it judged that the audit plan of the Accounting Auditor, the execution of auditing duties, the basis for calculating remuneration estimate, etc., are all appropriate for implementing the auditing of the Company as a result of verification necessary for determining whether they are appropriate or not.
2. Of the Company's material subsidiaries, MEC Group International, Inc., Mitsubishi Estate Europe Ltd. and Mitsubishi Estate Asia Pte. Ltd. are subject to audits by an audit firm (Ernst & Young) other than the Accounting Auditor of the Company.
3. The audit agreement between the Company and the Accounting Auditor does not distinguish the amount of remuneration, etc., for the audit under the Companies Act and that for the audit under the Financial Instruments and Exchange Act, and the two (2) amounts cannot be substantially distinguished from each other. Therefore, the amount of remuneration, etc. pertaining to the fiscal year under review indicates the total of these two (2) kinds of amounts.

(3) Contents of Non-audit Services

The services entrusted by the Company to Accounting Auditor other than those defined in Article 2, paragraph (1) of the Certified Public Accountants Act are creation of comfort letters pertaining to issuance of corporate bonds and other services.

(4) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditor

If the Audit Committee deems that any circumstance stipulated in Article 340 of the Companies Act applies to the Accounting Auditor and its dismissal is deemed appropriate, the Accounting Auditor will be dismissed based on the unanimous approval of all members of the Audit Committee.

Furthermore, the Audit Committee shall, if it is found that execution of duties by the Accounting Auditor will be difficult and there is a need for a change in Accounting Auditor, decide on the content of a proposal to submit to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the Accounting Auditor.

(5) Outline of the Liability Limit Agreement

Not applicable

[Translation for Reference and Convenience Purposes Only]

5. Systems to Ensure the Propriety of Business Operations and the Operational Status of that System

(1) Systems to Ensure the Propriety of Business Operations

Outline of decisions on systems to ensure the propriety of business operations as stipulated in the Companies Act and the Regulation for Enforcement of the Companies Act is as follows:

1) Systems to Keep and Manage Information pertaining to the Execution of Duties by Corporate Executive Officers

Pursuant to the “Mitsubishi Estate Group Basic Rules on Information Management,” in order to appropriately handle information assets held by the Group and improve information security and enhance its level on an ongoing basis, the Company shall appoint the Officer responsible for the risk management as Chief Information Officer and the Officer responsible for the DX Promotion Department as Chief Information Technology Officer and Chief Information System Security Officer, and the Risk Management & Compliance Committee shall be in charge of companywide control of information storage and management.

The Company shall, under such organizational systems, develop regulations on basic matters for the management procedures necessary for the protection and handling of information held by the Company, matters related to document storage and abolition including the storage method and period for documents and abolition rules, and matters related to the protection of the information system and electronic information. The Company shall appropriately store and manage relevant information pertaining to the execution of Corporate Executive Officers’ duties by operating these internal regulations.

2) Rules and Other Systems regarding Loss Risk Management in the Company and Its Subsidiaries

In the group-wide corporate management, the Group shall practice diverse risk management measures for all business operations of the Group in order to properly evaluate and manage internal and external risk factors related to its businesses and to maintain and raise the corporate value of the Group.

Specifically, the Company has established the “Mitsubishi Estate Group Risk Management Rules” to realize appropriate risk management through establishing systems for risk management to be carried out by all the executives and employees of the Group. Moreover, under the Risk Management Rules above, at the Company, the Risk Management & Compliance Committee shall be in charge of controlling the promotion of risk management activities at the group level, whereas the Risk Management & Compliance Subcommittee shall work as a practical collegial body to collect and streamline risk management-related information. In addition, the officer responsible for the risk management appointed by the resolution of the Board of Directors shall be assigned the responsibility for risk management, and to develop and promote the risk management system.

In the meantime, with these risk management systems as a basis, at the Company, the Strategic Investment Committee, an advisory body of the Executive Committee, shall preliminarily deliberate especially important investment subjects in making decisions thereof prior to the deliberations by the Executive Committee to check the content and degree of risk factors as well as countermeasures, etc., in preparation for possibly realizing risk.

Furthermore, the Company shall appoint an officer in charge of disaster prevention by resolution of the Board of Directors to maintain the most updated action principles, communications and initial measures to be taken and system for business continuity program in case of the occurrence of any emergency. The officer formulates and implements manuals, guidelines, etc., and conducts training as well as reviews and improvements of systems and plans on a periodic basis.

The Internal Audit Office shall conduct internal audit activities in accordance with the Internal Audit Rules to raise the effectiveness of risk management.

3) Systems to Ensure Efficient Execution of Duties by Corporate Executive Officers of the Company and Directors, etc., of Its Subsidiaries

The Group shall continue improving managerial system that has been designed to fit the Group, to ensure the efficient execution of duties by Corporate Executive Officers of the Company and directors, etc., of its subsidiaries in the course of fulfilling the CSR of the Group. Under this policy, the Company aims to reinforce the management oversight function and the business execution function as well as management efficiency and expedited decision making by adopting the organizational structure of a Company with Nominating Committee, etc., thereby largely delegating authority relating to business execution decisions to Corporate Executive Officers. In addition, the Company shall take such actions as to appoint controlling officers and officers in charge, adopt the Executive Officer System and the

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Group Executive Officer System and improve the rules related to the authority and decision making in accordance with internal regulations, so as to allow for more efficient execution of duties.

- 4) Systems to Ensure Compliance of the Execution of Duties by Corporate Executive Officers and Employees of the Company and Directors, etc., and Employees of Its Subsidiaries with Laws, Regulations and the Articles of Incorporation

The Group has established and intends to thoroughly disseminate “The Mission of the Mitsubishi Estate Group,” “The Mitsubishi Estate Group Code of Corporate Conduct” and “Mitsubishi Estate Group Guidelines for Conduct” to present conduct standards by which executives and employees should abide. The Company conducts, as a Company with Nominating Committee, etc., management oversight by the Board of Directors and audits by the Audit Committee.

In addition, while the Risk Management & Compliance Committee conducts group-wide supervision and the Risk Management & Compliance Subcommittee conducts practical discussions in accordance with the “Mitsubishi Estate Group Compliance Rules,” the officer responsible for compliance appointed by the resolution of the Board of Directors shall be assigned the responsibility for compliance to take such actions as to manage and promote overall compliance at the Group. The Group also ensures that the execution of duties by Corporate Executive Officers and employees complies with laws and regulations and the Articles of Incorporation through such means as preventive legal activities, risk management promotion activities and internal audit practices.

To handle compliance-related consulting and whistleblowing on concerns, the dedicated Help Lines shall be established and operated internally and externally as contact windows for the Group and business partners.

- 5) Systems for Reporting Matters Related to the Execution of Duties by Directors, etc., of Subsidiaries to the Company, and Other Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company, Its Parent Companies and Subsidiaries

The Group shall endeavor to practice group-wide compliance-based management and business ethics and ensure the propriety of business operations by establishing “The Mission of the Mitsubishi Estate Group,” “The Mitsubishi Estate Group Code of Corporate Conduct” and “Mitsubishi Estate Group Guidelines for Conduct,” etc., all of which are the standards of conduct for the Group, and thoroughly disseminating them under the control of the Risk Management & Compliance Committee.

In addition, the Company specifies the department in charge of operations related to group companies, such as promoting the corporate management of the respective group companies and supporting the staff function, thereby establishes a system to link the companywide management plan and the measures concerning group companies. Meanwhile, group management shall be enhanced toward the achievement of maximized corporate value of the Group by promoting the propriety and efficiency improvement and upgrading risk management of group-wide corporate management by operating the “Mitsubishi Estate Group Management Rules,” through measures such as compulsory consultations and exchange of information between the Company and group companies for certain important matters.

Furthermore, the “Mitsubishi Estate Group Basic Guidelines on Internal Control Regarding Financial Reporting (Basic Rules)” shall be formulated to ensure the reliability of financial reports inside the Group with the aim of appropriately responding to the internal control reporting system for financial reports, as required to follow under the Financial Instruments and Exchange Act.

- 6) Matters Related to Employees to Support the Duties of the Audit Committee, and Matters Related to Ensuring the Effectiveness of Instructions Given to Such Employees by the Audit Committee

The Audit Committee Office shall be established as a subsidiary organ to assist the Audit Committee in the execution of its duties pursuant to the relevant provisions such as “Job Ladder.” The Company shall assign a dedicated General Manager and persons necessary for supporting the Audit Committee’s duties.

The General Manager of the Audit Committee Office shall supervise other employees assigned to the office and execute his or her business duties in accordance with the instructions of the Audit Committee.

- 7) Matters Related to Independence of Employees in the Preceding Item from Corporate Executive Officers

The personnel relocation and/or disciplinary punishment, etc., of the General Manager of the Audit Committee Office shall require an accord of the Audit Committee. The personnel relocation and/or

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disciplinary punishment, etc., of staff of the Audit Committee Office other than the General Manager of the Audit Committee Office shall require prior consultation with the General Manager of the Audit Committee Office.

- 8) Systems for Directors, Corporate Executive Officers and Employees of the Company, Directors, etc., and Employees of Its Subsidiaries, and Individuals Who Receive Their Reports to Provide Reports to the Audit Committee, and Other Systems Related to Reporting to the Audit Committee
In the case where the occurrence of breach of any laws and regulations or the Articles of Incorporation or significantly unreasonable matter is revealed, anybody shall, either Directors, Corporate Executive Officer or employees, immediately report thereof to the Audit Committee. An obligation shall be established by internal regulations to have important documents such as those requiring approval circulated to full-time Audit Committee members, and a whistleblower program with Audit Committee members serving as contact windows shall be established. Moreover, matters that may be judged necessary in performing the duties of the Audit Committee, including results of internal audits, the status of compliance promotion activities, the status of risk management promotion activities, and the status of operation of Help Lines established internally and externally as contact windows for Group companies and business partners for consultations and whistleblowing on concerns about compliance, shall also be periodically reported to the Audit Committee. In addition, in accordance with the “Mitsubishi Estate Group Management Rules,” matters reported by the Directors, etc., and employees of Group companies shall be shared with the Executive Committee and other meetings attended by the fulltime Audit Committee member.
 - 9) Systems to Ensure Individuals Who Make the Reports in Item 8 Are Not Treated Unfavorably for Making Those Reports
In accordance with the “Mitsubishi Estate Group Risk Management Rules,” all executives and employees of the Group are responsible for ensuring compliance in accordance with the “Mitsubishi Estate Group Compliance Rules,” and are responsible for collecting and reporting risk information. Also, based on the Whistleblower Protection Act, regarding a whistleblower program with Audit Committee members serving as contact windows and the Group’s internal or external Help Lines, the Company develops and operates rules related to the policy for protection of whistleblowers and notification of redress procedures in order to ensure individuals who make the reports in Item 8 are not treated unfavorably for making those reports.
 - 10)Matters Related to Policy for Handling Costs and Debts Incurred by Audit Committee Members in the Course of Executing Their Duties
In accordance with the audit standards established by the Audit Committee,” the Audit Committee members may invoice the Company beforehand for any costs deemed necessary for the execution of duties of the Audit Committee. The Audit Committee members may also seek subsequent reimbursement for costs incurred in emergency or special situations.
Based on invoices received from the Audit Committee members, the Company shall pay costs necessary for the Audit Committee members to execute their duties.
 - 11)Other Systems to Ensure Effective Audits by the Audit Committee
In accordance with audit standards established by the Audit Committee, the fulltime Audit Committee member shall have periodic meetings with the management executives of the Company including the President and Chief Executive Officer, the Internal Audit Office, other departments determined necessary according to the duties of the Audit Committee and the Accounting Auditor to exchange opinions with each other.
The Audit Committee member shall attend the important conferences such as the Executive Committee.
- (2) Operational Status of Systems to Ensure the Propriety of Business Operations
Outline of operational status of systems to ensure the propriety of business operations is as follows.
- 1) Status of Initiatives related to Risk Management
 - The “Risk Management & Compliance Committee” meetings and the “Risk Management & Compliance Subcommittee” meetings have been held three (3) times per year, respectively, to take such actions as to select priority risks that require countermeasures and report the status and results of risk management

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activities on those priority risks, and thereby monitored the Group's risk management on an ongoing basis.

- In addition to promoting the formulation of information system strategies for the entire Group, the development, operation, and maintenance of information systems, and the strengthening of information system governance, we have sequentially implemented necessary measures based on the results of a third-party evaluation of our information system security conducted in the fiscal year ended March 31, 2021. In addition, to strengthen cyber security measures, we have decided to establish a "Chief Information System Security Officer" and the "Computer Security Incident Response Team" to enhance our cyber security promotion system in normal times and our response system in emergency situations.
- We provided executives and employees of the Company with education on information security through various training programs, drills, etc.
- We held comprehensive emergency drills, including initial response drills and information transmission drills using an online meeting systems, considering curbs on office attendance due to the spread of COVID-19.

2) Status of Initiatives related to Ensuring Efficiency in Execution of Duties

- In accordance with the Long-Term Management Plan and annual plan, etc., formulated by the Board of Directors, the Corporate Executive Officers properly executed the duties assigned to them based on the authorities delegated by the Board of Directors. Furthermore, the Board of Directors gauged management issues on a timely basis by receiving regular reports from the Corporate Executive Officers on the conditions surrounding the business execution, as well as deliberating and deciding policy on countermeasures, thereby appropriately monitoring the state of progress of the management plan.
- In light of the Group's medium- and long-term management and business strategies, we identified the skills that the Company's Board of Directors should possess in order to properly fulfill its management oversight and monitoring functions, and established the Board of Directors Skill Matrix, as well as revised the Appointment Standards for Candidates for Directors.

3) Status of Initiatives related to Compliance

- The "Risk Management & Compliance Committee" meetings and the "Risk Management & Compliance Subcommittee" meetings have been held three (3) times per year to discuss compliance promotion activity plans and report the results of the activities. In this way, the Company managed and promoted overall compliance at the Group.
- In light of changes in the business environment and other factors, we evaluated the adequacy of our anti-corruption system, taking into account the knowledge of outside experts, and confirmed and reviewed measures to further strengthen the system, while continuing to promote initiatives based on the Mitsubishi Estate Group Anti-Corruption Guidelines.
- Compliance education was provided to the Company's Officers and employees in the form of various trainings and drills, etc.

4) Status of Initiatives related to Reporting of the Execution of Duties and Other Matters concerning the Group Management

- Under the supervision of the "Corporate Planning Department Affiliated Group Office," the Company worked to promote appropriateness and efficiency of group company management and strengthen risk management through such means as enforcement of the "Mitsubishi Estate Group Management Rules" and providing business support to group companies.
- With the aim of appropriately responding to the internal control reporting system for financial reports, as required to follow under the Financial Instruments and Exchange Act, in accordance with "Mitsubishi Estate Group Basic Guidelines on Internal Control Regarding Financial Reporting (Basic Rules)," the Company evaluated the development and management status of internal controls regarding financial reporting of the Group, targeting "companywide internal control," etc.

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- 5) Status of Initiatives related to Ensuring the Effectiveness of the Audit Committee's Audit
- Reports were made as needed to the Audit Committee on the results of internal audits, risk management activities and compliance promotion activities, and the Audit Committee conducted additional hearing and provided advice to the relevant divisions based on the contents of these reports.
 - Full-time Audit Committee members held periodic meetings with the management executives of the Company including the President and Chief Executive Officer as well as the Internal Audit Office, the Finance & Accounting Department, the Legal & Compliance Department and the Accounting Auditor to exchange opinions with each other. In addition, they also made an effort to collect information necessary for the Audit Committee audits by attending important internal meetings including the "Executive Committee" and the "Risk Management & Compliance Committee," reviewing important documents, etc., and shared the details thereof within the Audit Committee properly.
 - The Audit Committee Office is composed of seven (7) members including a dedicated General Manager and dedicated employees as well as employees who concurrently serve as staff at other sections, and the Office duly executed affairs they are responsible for.

6. Basic Policy Regarding the Control of Kabushiki-Kaisha (Joint-Stock Corporation)

Set out below are outlines of the contents of the basic policy regarding the persons who control decisions on the Company's financial and business policies.

By drawing up, and steadily implementing, a management plan to contribute to the growth of the Company, while at the same time working to strengthen corporate governance, etc., the Company will strive to enhance corporate value and protect the common interests of shareholders. In addition, in response to persons attempting a large-scale acquisition of the shares of the Company, we will devise appropriate measures that are compliant with the Financial Instruments and Exchange Act, the Companies Act and other laws, by requesting necessary and sufficient information to allow shareholders to come to a conclusion as to whether the large-scale acquisition is appropriate or not, by disclosing the opinion of the Board of Directors, which takes into account the views of the independent Outside Directors, and working for sufficient time and information to enable consideration by shareholders.

- END -

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Consolidated Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Account Item	Amount	Account Item	Amount
(Assets)	6,493,917	(Liabilities)	4,257,484
Current assets	1,356,789	Current liabilities	631,043
Cash and deposits	233,117	Trade notes and accounts payable	60,516
Trade notes and accounts receivable, and contract assets	60,645	Short-term borrowings	182,052
Securities	4,280	Current portion of long-term borrowings	79,928
Real estate for sale	41,239	Current portion of bonds payable	90,000
Real estate for sale in process	299,532	Income taxes payable	29,445
Real estate for development	724	Other	189,099
Costs on construction contracts in progress	4,316		
Other inventories	1,575		
Equity investments	624,521		
Other	87,260		
Allowance for doubtful accounts	(422)		
Non-current assets	5,137,127	Non-current liabilities	3,626,441
Property, plant and equipment	4,345,989	Bonds payable	786,335
Buildings and structures	1,230,513	Long-term borrowings	1,598,562
		Leasehold and guarantee deposits received	451,749
Machinery, equipment and vehicles	31,208	Deferred tax liabilities	274,176
		Deferred tax liabilities for land revaluation	264,082
Land	2,310,551	Retirement benefit liability	27,402
Land in trust	585,470	Provision for retirement benefits for directors (and other officers)	464
Construction in progress	169,700	Provision for environmental measures	888
Other	18,545	Negative goodwill	85,526
		Other	137,252
Intangible assets	108,092		
Leasehold interests in land	82,541		
Other	25,550		
Investments and other assets	683,045	(Net Assets)	2,236,432
Investment securities	299,617	Shareholders' equity	1,335,024
Long-term loans receivable	2,324	Share capital	142,414
Leasehold and guarantee deposits	140,230	Capital surplus	159,749
Retirement benefit asset	45,998	Retained earnings	1,165,344
Deferred tax assets	25,887	Treasury shares	(132,483)
Other	169,535	Accumulated other comprehensive income	668,200
Allowance for doubtful accounts	(548)	Valuation difference on available-for-sale securities	130,841
		Deferred gains or losses on hedges	103
		Revaluation reserve for land	526,417
		Foreign currency translation adjustment	2,162
		Remeasurements of defined benefit plans	8,675
		Share acquisition rights	201
		Non-controlling interests	233,005
Total Assets	6,493,917	Total Liabilities and Net Assets	6,493,917

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account Item	Amount
Operating revenue	1,349,489
Operating costs	974,724
Operating gross profit	374,765
Selling, general and administrative expenses	95,787
Operating profit	278,977
Non-operating income	16,319
Interest income	800
Dividend income	7,197
Share of profit of entities accounted for using equity method	332
Contribution for construction	1,455
Other	6,532
Non-operating expenses	41,586
Interest expenses	20,742
Loss on retirement of non-current assets	12,404
Other	8,438
Ordinary profit	253,710
Extraordinary income	20,189
Gain on sale of non-current assets	6,781
Gain on sale of investment securities	7,987
Gain on sale of shares of subsidiaries and associates	1,843
Reversal of provision for environmental measures	3,576
Extraordinary losses	20,120
Loss related to retirement of non-current assets	16,254
Impairment losses	3,866
Profit before income taxes	253,779
Income taxes - current	60,331
Income taxes - deferred	10,558
Total income taxes	70,889
Profit	182,889
Profit attributable to non-controlling interests	27,718
Profit attributable to owners of parent	155,171

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Account Item	Amount	Account Item	Amount
(Assets)	5,079,089	(Liabilities)	3,493,127
Current assets	1,074,246	Current liabilities	417,841
Cash and deposits	117,015	Accounts payable	31,452
Accounts receivable and contract assets	27,378	Short-term borrowings	44,504
Real estate for sale	9,423	Current portion of long-term borrowings	54,757
Real estate for sale in process	30,239	Current portion of bonds payable	90,000
Real estate for development	724	Income taxes payable	9,621
Equity investments	369,205	Deposits received	159,263
Short-term loans of affiliated companies	503,515	Other	28,242
Other	21,535		
Allowance for doubtful accounts	(4,790)		
Non-current assets	4,004,842	Non-current liabilities	3,075,286
Property, plant and equipment	2,972,020	Bonds payable	780,584
Buildings and structures	765,666	Long-term borrowings	1,370,531
Machinery, equipment and vehicles	1,897	Leasehold and guarantee deposits received	389,001
Land	1,581,189	Deferred tax liabilities	152,980
Land in trust	564,021	Deferred tax liabilities for land revaluation	263,344
Construction in progress	50,754	Reserve for retirement allowances	3,240
Other property and equipment	8,491	Provision for environmental measures	888
Intangible assets	34,259	Negative goodwill	53,753
Leasehold interests in land	20,378	Other	60,962
Other	13,880		
Investments and other assets	998,563	(Net Assets)	1,585,962
Investment securities	259,485	Shareholders' equity	925,187
Investments in shares of affiliated companies	517,712	Share capital	142,414
Long-term loans receivable	34,129	Capital surplus	171,526
Leasehold and guarantee deposits	121,797	Capital reserve	171,526
Prepaid pension cost	26,615	Retained earnings	743,730
Other	38,988	Retained earnings reserve	21,663
Allowance for doubtful accounts	(166)	Other retained earnings	722,066
		Reserve for special depreciation	429
		Reserve for advanced depreciation of non-current assets	151,731
		Reserve for open innovation promotion	446
		General reserve	108,254
		Earned surplus carried forward	461,205
		Treasury shares	(132,483)
		Valuation, translation adjustments and others	660,573
		Valuation difference on available-for-sale securities	130,809
		Deferred gains or losses on hedges	(58)
		Revaluation reserve for land	529,822
		Share acquisition rights	201
Total Assets	5,079,089	Total Liabilities and Net Assets	5,079,089

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account Item	Amount
Operating revenue	567,286
Operating costs	415,476
Operating gross profit	151,809
Selling, general and administrative expense	31,017
Operating profit	120,792
Non-operating income	39,428
Interest income	3,727
Dividend income	32,322
Other	3,379
Non-operating expenses	31,286
Interest expenses	8,672
Bond interest	8,692
Loss on retirement of non-current assets	5,817
Other	8,104
Ordinary profit	128,934
Extraordinary income	18,293
Gain on sale of non-current assets	6,775
Gain on sale of investment securities	7,941
Reversal of provision for environmental measures	3,576
Extraordinary losses	23,844
Loss related to retirement of non-current assets	13,410
Loss on debt waiver of subsidiaries	6,100
Provision of allowance for doubtful accounts for affiliated companies	4,333
Profit before income taxes	123,383
Income taxes - current	28,175
Income taxes - deferred	1,594
Profit	93,612

Translation of a report originally issued in Japanese

Independent Auditor's Report

May 18, 2022

The Board of Directors
Mitsubishi Estate Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Tatsuya Chiba
Certified Public Accountant
Designated and Engagement Partner

Chihiro Yasunaga
Certified Public Accountant
Designated and Engagement Partner

Teruyo Okubo
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Mitsubishi Estate Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2022, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

Our firm and its designated engagement partners have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

Translation of a report originally issued in Japanese

Independent Auditor's Report

May 18, 2022

The Board of Directors
Mitsubishi Estate Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Tatsuya Chiba
Certified Public Accountant
Designated and Engagement Partner

Chihiro Yasunaga
Certified Public Accountant
Designated and Engagement Partner

Teruyo Okubo
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Section 2, paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements and the related supplementary schedules of Mitsubishi Estate Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2022, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessment, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

Our firm and its designated engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

[Translation for Reference and Convenience Purposes Only]

**The Audit Report of the Audit Committee
The Audit Report**

The Audit Committee has audited the performance of duties by the Directors and Corporate Executive Officers for the fiscal year, which began April 1, 2021, and ended March 31, 2022, of Mitsubishi Estate Co., Ltd. (the “Company”). We report the methods and the results of the audit as follows.

1. Auditing Methods Employed by the Audit Committee and Substance Thereof

The Audit Committee members received reports on the current status of the execution of the internal control system (the substance of the resolution adopted by the Board of Directors with regard to the matters set forth in Article 416, paragraph (1), item (i) (b) and (e) of the Companies Act as well as in-house systems that have been improved pursuant to such resolution) from Directors, Corporate Executive Officers and employees, etc. on a periodic basis, requested their explanations as required from time to time, expressed opinions, and conducted audits using the following method.

- (1) In compliance with the standards for the Audit Committee’s audit set out by the Audit Committee and based on the auditing policies, division of duties and other guidelines, the Audit Committee members attended important meetings, received reports from the Directors and Corporate Executive Officers, etc., on the execution of their duties, and requested their explanations as required from time to time, in cooperation with the Internal Audit Office and other departments in charge of internal control within the Company. Also, the Audit Committee has examined important authorized documents and associated information, and investigated the operations and financial conditions at headquarters and principal offices. Moreover, the Audit Committee have communicated and exchanged information with the Directors, Statutory Auditors and other relevant personnel of the subsidiaries and received business reports from the Company’s subsidiaries as necessary.
- (2) The Audit Committee has reviewed the contents of the “Basic Policy regarding Those Who Control Decisions of the Company’s Financial Matters and Business Policy” (the “Basic Policies” stipulated in Article 118, item (iii) (a) of the Regulation for Enforcement of the Companies Act) prescribed in the business report, based on progress of deliberations, etc. at the meetings of Board of Directors and others.
- (3) The Audit Committee has monitored and verified whether the Accounting Auditor maintains independence and has been conducting an appropriate audit; received reports on the status of the execution of its duties and requested explanations, as required from time to time. The Audit Committee have been notified that the Accounting Auditor has been improving the “Systems to Ensure Appropriate Execution of Duties” (Matters as set forth in each paragraph of Article 131 of the Regulation on Corporate Accounting) in accordance with the guidelines such as the “Standards for Quality Control of Audit” (issued by the Business Accounting Deliberation Council on October 28, 2005) and requested its explanations, as required from time to time.

In the manner explained above, the Audit Committee has examined the business report and supplementary schedules thereof, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) and supplementary schedules thereof of the Company, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements), pertaining to the fiscal year ended March 31, 2022.

[Translation for Reference and Convenience Purposes Only]

2. Audit Results

- (1) Audit results regarding the business report, etc.
 - i) In our opinion, the business report and the supplementary schedules thereof fairly represent the Company's conditions in accordance with the laws and regulations and the Articles of Incorporation.
 - ii) We have found no wrongful action or material fact of violation of laws, regulations or the Articles of Incorporation with regard to the execution of duties by the Directors and Corporate Executive Officers.
 - iii) In our opinion, the substance of the resolution of the Board of Directors regarding the internal control systems is fair and reasonable. We have found no matters to remark with regard to the description of the business report regarding the internal control system and the relevant execution of duties by the Directors and Corporate Executive Officers.
 - iv) In our opinion, the Basic Policy regarding Those Who Control Decisions of the Company's Financial Matters and Business Policy, which is stated in the business report, is fair and reasonable.
- (2) Audit results regarding the non-consolidated financial statements and the supplementary schedules thereof
In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.
- (3) Audit results regarding the consolidated financial statements
In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 20, 2022

The Audit Committee of Mitsubishi Estate Co., Ltd.

Tetsuo Narukawa	Member of the Audit Committee (Chairman)
Jo Kato	Member of the Audit Committee (full-time)
Noboru Nishigai	Member of the Audit Committee (full-time)
Shin Nagase	Member of the Audit Committee
Iwao Taka	Member of the Audit Committee

Note: The Member of the Audit Committee Tetsuo Narukawa, the Member of the Audit Committee Shin Nagase, and the Member of the Audit Committee Iwao Taka are Outside Directors as stipulated in Article 2, item (xv) and Article 400, paragraph (3) of the Companies Act.

**MATTERS DISCLOSED ON THE INTERNET
RELATED TO THE
NOTICE OF CONVOCATION OF
THE 123rd ORDINARY GENERAL MEETING OF SHAREHOLDERS**

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The content of this document is posted on the website of Mitsubishi Estate Co., Ltd. (“the Company”) (<https://www.mec.co.jp/e/investor/stock/shareholder/index.html>), pursuant to laws and regulations and Article 16 of the Articles of Incorporation of the Company.

mitsubishi
ESTATE CO., LTD.

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Consolidated Statement of Changes in Net Assets
(From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	142,279	164,367	1,058,457	(105,216)	1,259,887
Cumulative effects of changes in accounting policies			(1,509)		(1,509)
Restated balance	142,279	164,367	1,056,948	(105,216)	1,258,378
Changes in the fiscal year under review					
Issuance of new shares	135	135			270
Dividend from surplus			(46,774)		(46,774)
Profit attributable to owners of parent			155,171		155,171
Purchase of treasury shares				(30,014)	(30,014)
Disposal of treasury shares			(0)	31	31
Change by share exchanges		(964)		2,715	1,751
Change in equity of the parent company on transactions with non-controlling interests		(3,788)			(3,788)
Net changes in items other than those in shareholders' equity					
Total of changes in the fiscal year under review	135	(4,617)	108,396	(27,267)	76,646
Balance at the end of current period	142,414	159,749	1,165,344	(132,483)	1,335,024

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	118,088	(1,916)	526,417	(53,740)	3,163	592,011	231	209,316	2,061,447
Cumulative effects of changes in accounting policies									(1,509)
Restated balance	118,088	(1,916)	526,417	(53,740)	3,163	592,011	231	209,316	2,059,937
Changes in the fiscal year under review									
Issuance of new shares									270
Dividend from surplus									(46,774)
Profit attributable to owners of parent									155,171
Purchase of treasury shares									(30,014)
Disposal of treasury shares									31
Change by share exchanges									1,751
Change in equity of the parent company on transactions with non-controlling interests									(3,788)
Net changes in items other than those in shareholders' equity	12,753	2,020		55,902	5,512	76,189	(30)	23,689	99,847
Total of changes in the fiscal year under review	12,753	2,020	—	55,902	5,512	76,189	(30)	23,689	176,494
Balance at the end of current period	130,841	103	526,417	2,162	8,675	668,200	201	233,005	2,236,432

Notes to the Consolidated Financial Statements

Notes on Important Matters for the Preparation of the Consolidated Financial Statements

1. Matters related to the Scope of Consolidation

(1) Number of Consolidated Subsidiaries: 252

The names of major subsidiaries are as stated in “I. Current Situation of the Mitsubishi Estate Group, 8. Situation of Material Subsidiaries, (1) Situation of Material Subsidiaries” of the “Business Report.”

Newly included in the list of consolidated subsidiaries of the Company are TOKYO390 SPC and forty-two (42) other companies due to a new establishment, etc.

Excluded from the list of consolidated subsidiaries are Mitsubishi Jisho Retail Property Management Co., Ltd. and twenty-two (22) other companies due to a dissolution, etc.

(2) Names, etc. of Major Non-consolidated Subsidiaries

A major non-consolidated subsidiary is Fuchinobe Development SPC.

Non-consolidated subsidiaries are excluded from the scope of consolidation because their respective sums of total assets, operating revenue, profit (loss) (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) have no significant impact on the consolidated financial statements.

2. Matters related to Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries Accounted for by the Equity Method: 0

(2) Number of Affiliates Accounted for by the Equity Method: 122

A major affiliate in this category is Tokumei Kumiai Otemachi Kaihatsu.

Included in the affiliates accounted for by the equity method are Fuyiling Construction Co., Ltd. and ten (10) other companies due to a new establishment, etc.

Meanwhile, Excellent World Investments Limited and eighteen (18) other companies are excluded from the affiliates accounted for by the equity method due to a dissolution, etc.

(3) Names, etc. of Major Companies Not Accounted for by the Equity Method

A major non-consolidated subsidiary not accounted for by the equity method is Fuchinobe Development SPC and a major affiliate not accounted for by the equity method is Tokiwabashi Investment Tokutei Mokuteki Kaisya. The equity method is not applied to the Company's investments in these corporations because their respective sums of profit (loss) (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) have no significant impact on the consolidated financial statements.

(4) Others

Concerning the companies accounted for by the equity method, the financial statements for the respective fiscal years are used for those that have a closing date that differs from the consolidated closing date.

3. Matters related to Business Year, etc. of Consolidated Subsidiaries

The closing date of MEC Group International, Inc., which is a consolidated subsidiary, and two hundred eleven (211) overseas subsidiaries, MEC eco LIFE Co., Ltd. and five (5) other consolidated subsidiaries is December 31, the closing date of Keiyo Tochi Kaihatsu Co., Ltd. is January 31 and the closing date of Zama Development SPC is February 28. In preparing the consolidated financial statements, the financial statements as of and for the year ended respective closing dates are used for these companies with necessary adjustments provided for consolidation purposes with regard to material transactions between their closing dates and the consolidated closing date (March 31).

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4. Matters related to Accounting Policies

(1) Valuation Basis and Method for Important Assets

Securities:

Held-to-maturity debt securities:

Carried at amortized cost (determined by the straight-line method for the Company and its consolidated domestic subsidiaries and by the interest method for consolidated foreign subsidiaries.)

Other securities:

Securities other than shares, etc., that do not have a market price:

Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined mainly by the moving-average method.)

Shares, etc., that do not have a market price:

Stated at cost determined mainly by the moving-average method

Equity investments:

Securities other than shares, etc., that do not have a market price:

Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined mainly by the moving-average method.) Investments in non-consolidated subsidiary and affiliates not accounted for by the equity method are stated at cost determined by the moving-average method. For investments in limited partnership for investment and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company's equity interest.

Shares, etc., that do not have a market price:

Stated at cost determined mainly by the moving-average method

Derivatives:

Stated at market values

Inventories:

Real estate for sale: mainly stated at cost determined by the identified cost method. (The amount posted in the consolidated balance sheet was computed by writing down the book value with regard to the inventories for which profitability was clearly declining.)

Real estate for sale in process: Same as the above

Real estate for development: Same as the above

Costs on construction contracts in progress: Same as the above

Non-current assets:

The Company and its consolidated domestic subsidiaries adopt asset-impairment accounting.

Consolidated subsidiaries overseas apply International Financial Reporting Standards and U.S. accounting standards.

(2) Depreciation Method of Important Depreciable Assets

Property, plant and equipment:

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is calculated principally by the declining-balance method at fixed rates.

However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016.

Depreciation of property, plant and equipment of consolidated foreign subsidiaries is calculated by the straight-line method.

Intangible assets:

The amortization of intangible assets is computed by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (mainly 5 years).

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(3) Accounting Policies for Important Reserves

Allowance for doubtful accounts:

An allowance for doubtful accounts is provided, for possible losses from uncollectible loans and receivables, at the amount calculated based on the actual rate of losses from the bad debt for ordinary receivables, and on the estimated recoverability for specific receivables such as doubtful receivables.

Provision for retirement benefits for directors (and other officers):

In consolidated subsidiaries, a provision for retirement benefits for directors (and other officers) is provided at 100% of the amount that would be required at the end of the fiscal year under review in accordance with internal regulations.

Provision for environmental measures:

An estimated amount of loss that could be caused along with environmental measures including treatment of PCB (Polychlorinated biphenyl) waste is provided.

(4) Accounting Method for Retirement Allowances

1) Method to attribute estimated retirement allowances to period of services

To calculate the Company's liability for retirement allowances, the method of benefit formula basis is mainly adopted to attribute the estimated amounts of retirement allowance obligations to the period up to the end of the fiscal year under review.

2) Accounting method for actuarial gains or losses and prior service cost

Prior service cost is mainly amortized on a straight-line basis over a certain period (1 year–10 years) within an average remaining period of service of employees at the time of each occurrence.

Actuarial gains or losses are mainly amortized on a straight-line basis over a certain period (1 year–15 years) within an average remaining period of service of employees at the time of their occurrence, with each amount recognized as an expense starting from the following fiscal year.

(5) Translation of Important Assets and Liabilities Denominated in Foreign Currencies into Yen

The assets and liabilities denominated in foreign currencies of foreign subsidiaries are translated into yen at the spot rate of foreign exchange in effect at the consolidated balance sheet date of the respective subsidiaries. The revenue and expense accounts of foreign subsidiaries are translated into yen using the average rate of foreign exchange during the fiscal year under review. The resulting translation exchange differences have been presented as "Foreign currency translation adjustment" under "Net assets."

(6) Important Hedge Accounting

1) Hedge Accounting

The Company adopts the deferral hedge accounting, in principle. For interest rate swaps, the preferential treatment is applied to the swaps which satisfy the requirements of such preferential treatment. For currency swaps, the appropriation treatment is applied to the swaps which satisfy the requirements of such appropriation treatment.

2) Hedging Instruments and Hedged Items

Hedging instruments:

Interest rate swaps

Currency swaps

Borrowings

Hedged items:

Borrowings

Borrowings and corporate bonds

Equity of the foreign subsidiaries

3) Hedging Policy

The risk hedging transactions are intended to hedge the exposure to fluctuation risks in interest rates and foreign currency exchange rates, in accordance with the internal regulations such as "Market Risk Management Rules" and "Management Guideline by Risk."

4) Method of Assessing Hedge Effectiveness

The Company compares the cumulative amounts of fluctuations in the rates or in the cash flows of the hedged items with the cumulative amounts of fluctuations in the rates or in the cash flows of the hedging instruments, and assesses the effectiveness of hedging transactions based on the ratio between the two amounts.

However, the assessment of hedge effectiveness is omitted for interest rate swaps to which special treatment is applied.

(Hedge transactions to which "Treatment of Hedge Accounting for Financial Instruments Referring to LIBOR" is applied)

Among the above hedge transactions, all hedge transactions included in the scope of application of "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Revised Practical Solution No.40, March 17, 2022) are subject to the exceptional treatment prescribed in the Revised Practical Solution. The details of hedging transactions to which the Revised Practical Solution is applied are as follows.

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Hedge accounting method:	Deferred hedge accounting, exceptional accounting for interest rate swaps
Hedging instruments:	Interest rate swaps and currency swaps
Hedged items:	Borrowings and corporate bonds
Types of hedging transactions:	Fixing cash flows

(7) Accounting for Consumption Taxes Transactions subject to the consumption tax and local consumption tax is recorded at amounts exclusive of consumption taxes. Non-deductible consumption tax and local consumption tax are charged to income for the fiscal year under review.

(8) Accounting for significant revenues and expenses

The Company and its consolidated subsidiaries measure revenue from contracts with customers based on the consideration stipulated in the contract with the customer. The main performance obligations in the main business relating to contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized) are as follows.

The promised consideration for contracts with customers in our major businesses is usually paid within one year from the time the performance obligation is satisfied, and since the amount of the promised consideration does not include a significant financial component, there are no contracts with customers for which we have adjusted the consideration for this effect.

1) Commercial Property Business Segment

Primarily engaged in the business of leasing office buildings and commercial facilities developed and owned, and in the business of selling office buildings and commercial facilities developed and owned.

■ Real estate leasing business

Office buildings and commercial facilities developed and owned are leased, and revenue is recognized for lease transactions in accordance with the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, March 30, 2007, hereinafter referred to as “Lease accounting standards”) and other standards.

■ Real estate sales business

Office buildings and commercial facilities developed and owned are sold, and revenue is recognized when the real estate is delivered to the customer.

■ Others

Other businesses include building operation and management, and hotel business.

In the building operation and management business, we operate office buildings and commercial facilities and provide real estate management services. As the manager of the entire building, we assume responsibility for overall management throughout the management operations and provide building management services by performing various management tasks such as security, facility management, cleaning, and planting services under contract terms. Since these services are consumed by the customer as the service is provided in satisfaction of its performance obligation, revenue is recognized over the contractual period with the customer and is measured by the amount billed to the customer based on the passage of time. In addition, the Company contracts with lessees for internal construction work, etc. For construction contracts such as internal construction with customers in the building operation and management business, the Company recognizes revenue based on the cost incurred and the degree of completion of the construction work over the contract period with the customer, since the customer controls the asset as the performance obligation is satisfied. In cases where the period of time over which the performance obligation is expected to be fully satisfied from the date of inception of the transaction in the contract is very short, revenue is not recognized over a certain period of time based on alternative treatment of materiality, etc., and revenue is recognized when the performance obligation is satisfied.

In the hotel business, the Company and its consolidated subsidiaries operate hotels in buildings they own. Revenue related to the hotel business is recognized over the period of use of the facility by the customer, as the customer consumes the service as it is provided in satisfaction of the performance obligation.

2) Residential Business Segment

Mainly engaged in construction, sales, and leasing of developed condominiums and residential houses, as well as management of condominiums and houses on consignment and custom-built housing business, etc.

■ Condominium sales business

Condominiums for sale that have been conducted from the purchase of land to construction are sold to customers, and revenue is recognized at the time the real estate is delivered to the customer.

■ Contracted residential property management services

Property management services for condominiums, residential houses, etc., are rendered. As the

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manager of the entire building, the company assumes responsibility for general management throughout the management operations and provides building management services by performing various management tasks such as security guard services, facility management, cleaning, and planting under contractual terms. Since these services are consumed by the customer as the service is provided in satisfaction of its performance obligation, revenue is recognized over the contractual period with the customer and is measured by the amount billed to the customer based on the passage of time.

- Design and contract construction of custom-built houses

Custom-built houses are sold on order, and the Company constructs and delivers houses on the customer's land based on building construction contracts with the customer.

In this service, the customer controls the asset as the performance obligation is satisfied, and revenue is recognized over the term of the contract with the customer based on the percentage of completion of the construction at the cost incurred.

In cases where the period of time over which the performance obligation is expected to be fully satisfied from the date of commencement of the transaction in the contract is very short, revenue is not recognized over a certain period of time based on alternative treatment of materiality, etc., and revenue is recognized when the real estate is delivered to the customer.

- Others

Other activities include renovation and sales of condominiums, real estate brokerage, and leasing of rental condominiums. For sales of renovated condominiums, revenue is recognized at the time the property is delivered to the customer. Real estate brokerage services provide services to conclude real estate sales contracts and real estate lease contracts and deliver real estate on behalf of customers based on real estate brokerage contracts with customers. For this service, revenue is recognized upon completion of the delivery of the brokerage property. For lease transactions related to rental condominiums, the Company recognizes revenue in accordance with Lease accounting standards and other standards.

3) International Business Segment

In overseas, it is engaged in the business of developing and leasing office buildings, residences, commercial facilities, and other properties. In the real estate leasing business, the Company recognizes revenues in accordance with Lease accounting standards. When office buildings developed and owned by the Company are sold to customers, revenue is recognized at the time the properties are delivered to the customers. When the financial statements of foreign consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) or U.S. GAAP, such financial statements are used in accordance with "Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (ASBJ Revised Practical Solution No.18, June 28, 2019, hereinafter referred to as "PITF No.18").

4) Investment Management Business Segment

It provides comprehensive services related to real estate investment, mainly offering asset management services to investment corporations and real estate funds. Revenue from asset management services includes asset management fees over the contract period as well as success fees for property acquisitions and property sales. Asset management fees include the amount of assets under management multiplied by a contractually defined rate and variable fees based on asset performance multiplied by a contractually defined rate. Because asset management fees are consumed by customers as obligations in contracts with customers are performed and services are rendered, revenue is recognized over the term of the contract with the customer only to the extent that it is probable that, upon subsequent resolution of the uncertainty based on the mode method, there will not be a significant reduction in the revenue recorded by the time the uncertainty is resolved. For success fees at the time of property acquisition or sale, revenue is recognized when the performance obligation is satisfied. When the financial statements of foreign consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) or U.S. GAAP, such financial statements are used in accordance with PITF No.18.

5) Architectural Design & Engineering Business and Real Estate Services Business

It is engaged in the design and engineering business and the real estate service business.

- Architectural Design & Engineering Business

Building design and engineering services are provided until building construction is complete. For such services, the Company recognizes revenue based on the percentage of completion at cost incurred over the term of the contract with the customer, since the customer controls the asset as it satisfies its performance obligations. In cases where the period of time over which the performance obligation is expected to be fully satisfied from the date of inception of the

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transaction in the contract is very short, revenue is not recognized over a certain period of time based on alternative treatment of materiality, etc., and revenue is recognized when the performance obligation is satisfied.

■ Real Estate Services Business

Parking management services and real estate brokerage services are provided. In the parking management service, we assume overall management responsibility for customer-owned parking facilities as the manager of the entire facility and provide parking management and operation services by performing various management tasks such as security, facility management, and cleaning under contractual terms. Parking management and operation services are consumed by the customer as the services are provided in satisfaction of its performance obligations, and revenue is recognized over the term of the contract with the customer and is measured by the amount billed to the customer over time.

Real estate brokerage services are provided based on real estate brokerage contracts with customers to conclude real estate sales contracts and real estate lease contracts on behalf of customers and to deliver real estate. The Company recognizes revenue from this service upon completion of the delivery of the brokerage property.

Recognition of revenues from operating leases

Revenue is recognized based on the monthly lease payments to be received under the lease contracts over the elapsed term of the leases.

Recognition of revenues from finance lease transactions

The Company recognizes net sales and cost of sales related to finance lease transactions at the time of receipt of the lease payments.

(9) Amortization Method and Amortization Period of Goodwill

Goodwill is equally amortized over five (5) years on a straight-line basis. However, if the effect-emerging period can be reasonably estimated, the amount is equally amortized over the estimated period or if the amount is small, it is amortized for one (1) time.

Notes on Changes in Accounting Policies

1. Application of Accounting Standard for Revenue Recognition

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Previously, the percentage-of-completion method was applied to construction contracts for which the outcome of the construction activity could be estimated reliably, while the completed-contract method was applied to other construction contracts, however, we have changed to estimate the degree of progress toward satisfying performance obligations and recognize revenue over a certain period of time based on the degree of progress. However, for construction contracts with a very short period of time between the transaction commencement date and the time when the performance obligation is expected to be fully satisfied, revenue is recognized when the performance obligation is fully satisfied. For real estate brokerage and sales agency contracts, the Company previously recognized as revenue the consideration received at the time the sale was concluded between the seller and the buyer and at the time the property was delivered to the buyer, respectively. However, the Company has changed this accounting practice so that all consideration is recognized as revenue upon completion of delivery of the property, which satisfies the performance obligation.

The Company applies the Revenue Recognition Standard, etc., in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to the previous fiscal years is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance. In addition, applying the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Standard, contract modifications that occurred prior to the beginning of the fiscal year under review were accounted for based on the terms of the contract after reflecting all contract modifications, with the cumulative impact adjusted to retained earnings at the beginning of the fiscal year under review.

As a result, the effect of the application of the Revenue Recognition Standard on profit and loss, retained earnings at beginning, and per share information for the fiscal year under review was immaterial.

Furthermore, “Trade notes and accounts receivable,” which was presented under “Current assets” in the Consolidated Balance Sheet of the previous fiscal year, has been included under “Trade notes and accounts receivable, and contract assets” from the fiscal year under review.

[Translation for Reference and Convenience Purposes Only]

2. Application of Accounting Standard for Fair Value Measurement

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc., in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

Accordingly, for corporate bonds, which were previously considered to be financial instruments whose fair value was extremely difficult to determine, the acquisition cost was used as the consolidated balance sheet amount, however, even if observable inputs are not available, the fair value calculated using unobservable inputs based on the best available information is used as the consolidated balance sheet amount.

In addition, the Company will include notes on fair value information by level within the fair value hierarchy in the notes on financial instruments.

[Translation for Reference and Convenience Purposes Only]

Notes on Accounting Estimates

1. Valuation of Property, Plant and Equipment

(1) Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of yen)
Property, plant and equipment	4,345,989
Impairment losses	3,866

(2) Other Information

1) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

The Group mainly owns real estate properties such as office buildings, commercial facilities, outlet malls, hotels, logistics facilities as property, plant and equipment. For property, plant and equipment owned by the Group, if the total undiscounted future cash flows from an asset or asset group, for which events or changes in circumstances indicate that the book value of the asset or asset group may not be recoverable, are less than the book value, the book value is reduced to the recoverable amount, and such reduced amount is recorded as an impairment loss, in accordance with the Accounting Standard for Impairment of Fixed Assets.

When grouping assets in order to judge whether to recognize impairment losses or to perform the measurement of impairment losses, a unit for asset grouping shall be the smallest unit that generates cash flows that are largely independent of the cash flows of other assets or groups of assets.

The higher of net sale value and value in use is used as recoverable amount. While the net sale value is expressed as an appraised value by a real estate appraiser or estimated trading price, the discounted future cash flows are used to measure the value in use.

2) Major Assumptions

In principle, the Group estimates rents, capital expenditures, and discount rates for each individual property. The estimation is made based on major assumptions by each asset class, taking into account the condition of individual properties.

The major assumptions used when estimates were made in the fiscal year under review are as follows.

■ Offices

Average rents have recently been on a steady positive trend, which is expected to continue in the next fiscal year. The vacancy rate is higher than before the spread of the novel coronavirus infection (COVID-19) because it is taking time to backfill vacancies, but we expect that the time required to backfill vacancies will gradually improve to the normal level from the next fiscal year.

■ Commercial facilities and outlet malls

As commercial rents include variable rents that are linked to tenant sales, there is a correlation between rents and tenant sales at the relevant commercial facilities. As in the previous fiscal year, the effects of COVID-19 remained in the fiscal year under review, and tenant sales decreased compared to before the impact of COVID-19. However, they are currently on an improving trend, so we assume that this effect on sales will be limited in the next fiscal year and beyond.

■ Hotels

Currently, occupancy rates have stayed at low levels due to the impact of COVID-19 and it is expected to take a certain period of time for occupancy rates to recover to the level we had before being affected by COVID-19. For our estimates, we assumed that hotel demand would recover to the pre-COVID-19 levels in around 2024, taking into account the overall outlook for global air demand and tourism demand.

■ Logistics facilities

Logistics facilities have not been affected by COVID-19, and the market has been favorable. Therefore, we assume that performance of logistics facilities will continue to be steady in the next fiscal year and beyond as is expected for the market trend.

■ Redevelopment projects

The Group is engaged in multiple redevelopment projects. Compared with other development projects, redevelopment projects have potential risks entailing that their profitability will be lower than initial estimates as a result of delays or changes in plans. Such risks include the risk of not obtaining agreement from other landowners in the area planned for redevelopment, and the risk of not obtaining development permission from local governments.

The Group comprehensively assesses these various risks for redevelopment projects. However, the redevelopment projects currently underway are not in any situation that would decrease their profitability from the initial estimates. We therefore assume that these redevelopment projects will progress while maintaining their profitability.

[Translation for Reference and Convenience Purposes Only]

3) Impact on the Consolidated Financial Statements for the Next Fiscal Year

The estimation of impairment losses is made based on the descriptions of 2) Major Assumptions.

Therefore, if major assumptions used for estimating impairment losses worsen, additional impairment losses may be recognized in the next fiscal year.

2. Valuation of Inventories

(1) Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of yen)
Real estate for sale	41,239
Real estate for sale in process	299,532
Loss on devaluation of inventories recorded	380

(2) Other information

1) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

If the net sale value of inventories falls below the book value, due to a decline in profitability, the Group reduces the book value to the net sale value and records the reduced amount as loss on devaluation, in accordance with the Accounting Standard for Measurement of Inventories. The net sale value is the estimated sales value less the estimated additional construction costs and estimated sales expenses.

2) Major Assumptions

The major assumption used in the estimation of net sale value for the fiscal year under review are as follows.

Considering factors such as the latest quarterly distribution of sales by agreement date, contract prices and number of model units visitors, the net sale values of projects whose performance is generally in line with or better the initial business plan are estimated based on the initial business plan. Meanwhile, the net sale values of projects whose performance has deteriorated from the initial business plan are estimated based on a revised business plan, taking into consideration conditions unique to each project such as the status of progress, market prices in the neighborhood and incurrence of additional costs. As for the impact of COVID-19, we assume that the impact will be limited because current demand is steady and inventory is decreasing.

In addition, pre-construction land for development related to the condominium business has potential risks entailing that its profitability may be lower than initially expected as a result of delays in the projects or changes in the plan during the period up to the sales. Such risks include the risk of the declining of future selling price, the risk of excessive supply, and the risk of construction delay due to consultation with neighbors.

The Group comprehensively assesses these various risks for pre-construction land for development. However, the pre-construction projects currently underway are not in any situation that would decrease their profitability from the initial estimates. We therefore assume that such development projects will progress while maintaining their profitability.

3) Impact on the Consolidated Financial Statements for the Next Fiscal Year

In the valuation of inventories, the book value is written down based on the descriptions of 2) Major Assumptions by the lower of cost or market (LCM) method. Therefore, changes in these major assumptions used for the valuation of inventories may result in the recording of a gain on sales or an additional loss on devaluation in the next fiscal year.

[Translation for Reference and Convenience Purposes Only]

3. Valuation of Equity Investments

(1) Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of yen)
Equity investments	624,521

(2) Other information

1) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Fiscal Year under Review

If the effective market value of equity investments without market price declines significantly, the Group reduces the book value by a reasonable amount, and records such reduced amount as an impairment loss on equity investments, in accordance with the Accounting Standard for Financial Instruments.

In calculating the effective market value, the Group performs valuations of assets held by investees for each purpose of holding.

2) Major Assumptions

For assets held by investees, major assumptions are determined according to the purpose of holding such assets. For the details of assumptions made for the relevant assets, please refer to 1. Valuation of Property, Plant and Equipment and 2. Valuation of Inventories.

3) Impact on the Consolidated Financial Statements for the Next Fiscal Year

The estimation for impairment loss on equity investments is made based on assumptions described in 2) Major Assumptions. Therefore, if there are changes in these major assumptions, it may result in additional impairment losses on equity investments in the next fiscal year.

[Translation for Reference and Convenience Purposes Only]

Note to the Consolidated Balance Sheet

1. Accumulated Depreciation for Property, Plant and Equipment: ¥1,800,930 million

The accumulated depreciation above includes the accumulated impairment loss.

2. Assets Subject to Collateral and Secured Debt

(1) Assets Subject to Collateral:

Buildings and structures	¥199,896 million
Machinery, equipment and vehicles	¥1,443 million
Land	¥235,552 million
Investment securities (Note)	¥15,716 million
<u>Other (Note)</u>	<u>¥850 million</u>
Total	¥453,459 million

(Note) Investment securities of 15,716 million yen and other of 840 million yen are pledged as collateral for the debts of the affiliated companies.

(2) Debt Secured by the Above:

Short-term borrowings	¥100 million
Current portion of long-term borrowings	¥16,887 million
<u>Long-term borrowings</u>	<u>¥72,393 million</u>
Total	¥89,381 million

[Translation for Reference and Convenience Purposes Only]

3. Contingent Obligations

(1) Guarantee Obligations

Warrantee	Amount of obligation	Substance of obligation
Takamatsu Airport Co., Ltd.	¥1,500 million	Borrowings from financial institutions
Home buyers	¥57,718 million	Borrowings from financial institutions
Total	¥59,218 million	

The guarantee obligations for home buyers mainly mean the Company's joint and several guarantees to secure the repayment of housing loans of home buyers in favor of financial institutions, which continue until the registration of the creation of the corresponding mortgages has been completed.

(2) Guarantee of Acceptance of Businesses

Warrantee	Amount of obligation	Substance of obligation
PT. Windas Development	¥16,518 million (US\$143,615 thousand)	Borrowings from financial institutions
Meeyahta Development, Ltd.	¥2,065 million (US\$16,875 thousand)	Borrowings from financial institutions
NoMad 29th Street	¥1,951 million (US\$16,967 thousand)	Borrowings from financial institutions
TRCC/Rock Outlet Center, LLC	¥1,655 million (US\$14,392 thousand)	Borrowings from financial institutions
1465 THIRD AVE JV LP	¥1,036 million (US\$9,014 thousand)	Borrowings from financial institutions
CL Office Trustee Pte. Ltd.	¥8,259 million (S\$97,000 thousand)	Borrowings from financial institutions
Glory SR Trustee Pte. Ltd.	¥1,447 million (S\$17,000 thousand)	Borrowings from financial institutions
Lendlease OSH Residential A Pty Ltd	¥20,706 million (AU\$225,069 thousand)	Borrowings from financial institutions
Lendlease OSH Residential B Pty Ltd	¥9,690 million (AU\$105,332 thousand)	Borrowings from financial institutions
Twin Peaks Joint Stock Company	¥11,511 million (US\$95,000 thousand, VND115,925 million)	Borrowings from financial institutions
RML548Co., Ltd.	¥4,499 million (THB1,223 million)	Borrowings from financial institutions
Total	¥79,343 million	

The Company guarantees acceptance of businesses in favor of creditors of Meeyahta Development, Ltd., Lendlease OSH Residential A Pty Ltd, Lendlease OSH Residential B Pty Ltd and RML548Co., Ltd. in the amount equivalent to the percentage of equity interest owned by the Company.

MEC Group International Inc. guarantees acceptance of businesses in favor of creditors of NoMad 29th Street, TRCC/Rock Outlet Center, LLC and 1465 THIRD AVE JV LP in the amount equivalent to the percentage of equity interest owned by the MEC Group International Inc.

Mitsubishi Estate Asia Pte. Limited guarantees acceptance of businesses in favor of creditors of CL Office Trustee Pte. Ltd. and Glory SR Trustee Pte. Ltd. in the amount equivalent to the percentage of equity interest owned by Mitsubishi Estate Asia Pte. Limited.

Mitsubishi Estate Asia Pte. Limited and MEA Commercial Holdings Pte. Ltd. guarantee acceptance of businesses in favor of creditors of PT. Windas Development. Furthermore, for the amount in excess of the amount equivalent to the percentage of equity interest owned by Mitsubishi Estate Asia Pte. Limited and MEA Commercial Holdings Pte. Ltd., the Company has received either the provision of collateral or guarantees from its business partners.

MEA Commercial Holdings Pte. Ltd. guarantees acceptance of businesses in favor of creditors of Twin Peaks Joint Stock Company in the amount equivalent to the percentage of equity interest owned by MEA Commercial Holdings Pte. Ltd.

[Translation for Reference and Convenience Purposes Only]

4. Revaluation of Land

The Company and some of its consolidated subsidiaries revalued the land used for its business in accordance with the “Act on Revaluation of Land” (Act No. 34, March 31, 1998) and the “Act Partially Amending the Act on Revaluation of Land” (Act No. 19, March 31, 2001). The revaluation difference has been included in “Net assets” as “Revaluation reserve for land,” net of the related tax that is included in “Liabilities” as “Deferred tax liabilities for land revaluation.”

Revaluation method: The value of land is determined based on the assessed value of the fixed property tax adjusted reasonably, as stipulated in Article 2, item (iii), of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998).

Date of revaluation: March 31, 2002

[Translation for Reference and Convenience Purposes Only]

Notes to the Consolidated Statement of Changes in Net Assets

1. Class and Total Number of Issued Shares and Class and Number of Treasury Shares

(Thousands of shares)

	Number of Shares as of the Beginning of Fiscal Year under Review	Increase during the Fiscal Year under Review	Decrease during the Fiscal Year under Review	Number of Shares as of the End of Fiscal Year under Review
Issued shares:				
Shares of common stock ^(Note 1)	1,391,328	150	—	1,391,478
Total	1,391,328	150	—	1,391,478
Treasury shares:				
Shares of common stock ^(Note 2)	52,733	16,134	16	68,852
Total	52,733	16,134	16	68,852

Notes:

- The increase in the number of issued shares was due to the issuance of new shares through third-party allotment (150 thousand shares).
- The increase of 16,134 thousand shares in the number of the treasury shares of the Company was due to the purchase of treasury shares by resolution of the Board of Directors (16,121 thousand shares), the purchase of restricted stock (4 thousand shares) and the purchase of shares less than one (1) unit (8 thousand shares). The decrease of 16 thousand shares was due to the exercise of stock options (16 thousand shares).

2. Matters related to Dividends from Surplus

(1) Dividends Paid

Date of Resolution	Class of Shares	Total Amount of Dividends (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 29, 2021	Common stock	25,433	19	March 31, 2021	June 30, 2021
Meeting of Board of Directors held on November 10, 2021	Common stock	21,341	16	September 30, 2021	December 6, 2021

(2) Of the Dividends for which the Record Date belongs to the Fiscal Year under review, those for which the Effective Date of the Dividends will be in the following Fiscal Year

Planned Date of Resolution	Class of Shares	Total Amount of Dividends (Millions of yen)	Source of Funds for Dividends	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 29, 2022	Common stock	26,452	Retained earnings	20	March 31, 2022	June 30, 2022

[Translation for Reference and Convenience Purposes Only]

3. Matters related to Share Acquisition Rights

Breakdown of Share Acquisition Rights	Class of Shares Subject to Share Acquisition Rights	Number of the Shares subject to Share Acquisition Rights (Shares)			
		As of the Beginning of Fiscal Year under Review	Increase during the Fiscal Year under Review	Decrease during the Fiscal Year under Review	As of the End of Fiscal Year under Review
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 26, 2007	Common stock	2,000	—	—	2,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2008	Common stock	3,000	—	—	3,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2009	Common stock	6,000	—	—	6,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 30, 2010 ¹	Common stock	13,000	—	6,000	7,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 29, 2011	Common stock	17,000	—	—	17,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2012	Common stock	19,000	—	—	19,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2013 ²	Common stock	17,000	—	3,000	14,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2014 ³	Common stock	23,000	—	4,000	19,000
Share acquisition rights granted by a resolution at the meeting of the Board of Directors held on July 31, 2015 ⁴	Common stock	24,000	—	3,000	21,000

Notes:

1. The decrease in the number of share acquisition rights, which were granted by a resolution at the meeting of the Board of Directors held on July 30, 2010, for the fiscal year under review resulted from the exercise of the share acquisition rights.
2. The decrease in the number of share acquisition rights, which were granted by a resolution at the meeting of the Board of Directors held on July 31, 2013, for the fiscal year under review resulted from the exercise of the share acquisition rights.
3. The decrease in the number of share acquisition rights, which were granted by a resolution at the meeting of the Board of Directors held on July 31, 2014, for the fiscal year under review resulted from the exercise of the share acquisition rights.
4. The decrease in the number of share acquisition rights, which were granted by a resolution at the meeting of the Board of Directors held on July 31, 2015, for the fiscal year under review resulted from the exercise of the share acquisition rights.

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. Matters relating to Financial Instruments

(1) Policies to approach to financial instruments

The Group raises the necessary funds (mainly bank borrowings and bond issues) in light of the capital investment plan. In terms of fund management, it makes every effort to avoid market risks by emphasizing liquidity and shortening the fund management period. As for derivative transactions, the Group makes it a policy not to engage in speculative transactions, focusing primarily on hedging exposures to fluctuation of interest rates, reducing interest expenses, and hedging the exposure to fluctuation risks in foreign currency exchange rates.

(2) Contents and risks of financial instruments

Trade notes and accounts receivable, which are trade receivables, are exposed to the credit risks of customers. Trade receivables in foreign currencies arising from overseas operations are exposed to risks of currency fluctuations.

Securities and investment securities include mainly held-to-maturity debt securities and shares of companies with which we have business relationships, and are exposed to risks of fluctuations in market prices.

Equity investments includes mainly preferred equity investments in special-purpose companies under the Law Concerning Liquidation of Assets, investments in investment units of real estate investment trusts, and investments in anonymous partnerships into special-purpose companies. They are exposed to credit risks of respective issuers, risks of changes in interest rates, and risks of fluctuations in market prices.

Leasehold and guarantee deposits for leased premises are exposed to credit risks of business partners.

Most of trade notes and accounts payable, which are trade payables, are due within one (1) year. Some of them in foreign currencies are exposed to risks of currency fluctuations.

Borrowings and bonds payable are intended to raise funds required mainly for capital expenditures, and their maturity dates and repayment dates are in a maximum of fifty nine (59) years after the closing date. Although some of them have floating rates and are exposed to interest rate risks, they are hedged through derivative transactions (interest rate swaps.)

Derivative transactions include interest rate swaps, currency swaps and forward exchange contracts. Interest rate swaps hedge exposures to interest rates by fixing interest rates for financing at floating interest rates. Some of the consolidated subsidiaries trade interest rate and currency swaps based on the same trading policies and for the same utilization purposes as the Company adopts.

(3) Risk management systems relating to financial instruments

(i) Management of credit risks (risks of contractual defaults by business partners)

The Group periodically monitors trade receivables, and leasehold and guarantee deposits of major business partners through the department in charge of each segment, manages the due date and the balance by business partner, and discovers promptly and reduces the risks of failures to collect money due to their deteriorating financial positions

(ii) Management of market risks (risks of fluctuations in foreign exchange rates and interest rates)

The Group capitalizes on interest rate swap and currency swap transactions to limit the risks of fluctuations in interest rates on borrowings and bonds payable. The Group also uses foreign currency borrowings to hedge the risk of foreign exchange rate fluctuations on its net investments in foreign subsidiaries. In terms of securities and investment securities, the Group assesses the market values and financial positions of issuers (business partners) on a regular basis. As for those excluding held-to-maturity debt securities, the Group continuously reviews positions in consideration of the market conditions and relationships with business partners.

(iii) Management of liquidity risks of financing (risks of failure to pay on the due date)

The Group in a timely way develops and updates the financing plans through departments in charge based on reports from each department, and manages liquidity risks by maintaining cash balances.

(4) Supplemental explanation for matters relating to market values, etc. of financial instruments

Since measurement of market values of financial instruments incorporate variable factors, the relevant values may vary depending on the assumptions adopted.

[Translation for Reference and Convenience Purposes Only]

2. Matters related to Market Values, etc. of Financial Instruments

Amounts stated on the consolidated balance sheet as of March 31, 2022, market values, and their differences are shown as follows.

(Millions of Yen)

	Reported Amounts on the Consolidated Balance Sheet	Market Value	Difference
(1) Securities and Investment securities (*2)			
(i) Held-to-maturity debt securities	180	184	4
(ii) Other securities	254,533	254,533	—
(2) Equity investments (*2)(*4)	24,150	24,150	—
Total assets	278,864	278,868	4
(1) Current portion of long-term borrowings	79,928	80,346	418
(2) Current portion of bonds payable	90,000	90,426	426
(3) Bonds payable	786,335	797,302	10,967
(4) Long-term borrowings	1,598,562	1,617,802	19,239
(5) Leasehold and guarantee deposits received	451,749	432,359	(19,389)
Total liabilities	3,006,575	3,018,237	11,662
Derivative transactions (*3)	(92)	(92)	—

(*1) Cash and items whose market value approximates their carrying amount due to their short maturities are omitted.

(*2) Equity securities without market prices are not included in “(1) Securities and Investment securities” and “(2) Equity investments.” The carrying amounts of such financial instruments in the consolidated balance sheets are as follows.

Classification	Reported Amounts on the Consolidated Balance Sheet (Millions of Yen)
1) Unlisted stocks	48,972
2) Investments in capital	94

(*3) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in “().”

(*4) Investments in partnerships, etc., which are recorded on the consolidated balance sheet at the net amount of the Company’s equity interest, are not included in “(2) Equity investments.”

The amount of such financial instruments recorded on the consolidated balance sheet is 1,389 million yen.

[Translation for Reference and Convenience Purposes Only]

3. Matters concerning the breakdown of the market value of financial instruments by level, etc.

The market value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate the market value.

Level 1 market value: Market value calculated based on quoted market prices for assets or liabilities for which such market value is calculated that are formed in an active market among the inputs for the calculation of observable market value.

Level 2 market value: Market value calculated using inputs other than Level 1 inputs for the calculation of observable market value.

Level 3 market value: Market value calculated using inputs for calculating unobservable market value. When multiple inputs that have a significant impact on the calculation of market value are used, the market value is classified to the level with the lowest priority in the calculation of market value among the levels to which each of those inputs belongs.

(1) Financial instruments carried on the consolidated balance sheet at market value

Classification	Market value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Other securities				
Stocks	244,386	—	—	244,386
Corporate bonds	—	—	5,866	5,866
Other securities	4,280	—	—	4,280
Equity investment	19,629	—	4,521	24,150
Total assets	268,296	—	10,387	278,684
Derivative transactions (*)				
Interest-related	—	(92)	—	(92)
Total liabilities	—	(92)	—	(92)

(*) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in “().”

(2) Financial instruments other than those recorded on the consolidated balance sheets at market value

Classification	Market value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Held-to-maturity debt securities				
Government bonds	184	—	—	184
Total assets	184	—	—	184
Current portion of long-term borrowings	—	80,346	—	80,346
Current portion of bonds payable	—	90,426	—	90,426
Bonds payable	—	797,302	—	797,302
Long-term Borrowings	—	1,617,802	—	1,617,802
Leasehold and guarantee deposits received	—	432,359	—	432,359
Total liabilities	—	3,018,237	—	3,018,237

(Notes) 1. Explanation of valuation techniques used in the calculation of market value and inputs related to the calculation of market value

Securities and Investment securities

Listed stocks and government bonds with quoted market prices held by the Company and its consolidated subsidiaries are valued using quoted market prices and are classified as Level 1 market value. Non-marketable corporate bonds are valued using the discounted present value method based on the total principal and interest based on the remaining period and interest rate taking into account credit risk, and are classified as Level 3 market value because the effect of unobservable inputs on the market value is significant.

[Translation for Reference and Convenience Purposes Only]

Equity investment

Equity investments with market value held by the Company and its consolidated subsidiaries are valued using quoted market prices and are classified as Level 1 market value.

Non-marketable equity investments are valued using the adjusted net worth method, whereby real estate owned by the investee is marked to market, and are classified as Level 3 market value due to the significant impact of unobservable inputs on the market value.

Derivative transactions

The market values of interest rate swaps are calculated based on prices quoted by counterparty financial institutions, etc., and are classified as Level 2 market values.

Current portion of bonds payable and Bonds payable

The market value of bonds issued by the Company and its consolidated subsidiaries is based on the market price for bonds with market quotations and is classified as Level 2 market value. The market value of bonds issued by the Company and its consolidated subsidiaries with no quoted market price is calculated using the discounted present value method based on the total amount of principal and interest (for bonds that qualify for special treatment as interest rate swaps, the total amount of principal and interest based on the interest rate swap rate) and an interest rate that takes into account the remaining period of the bonds and credit risk, and is classified as Level 2 market value. (Certain bonds are subject to currency swaps, etc., and their market values are calculated as if they were yen-denominated bonds.)

Current portion of long-term borrowings and Long-term borrowings

The market value of long-term borrowings is calculated using the discounted present value method based on the sum of the principal and interest (or the principal and interest at the rate of the interest rate swap for loans that qualify for the special treatment of interest rate swaps), with interest rates taking into account the remaining term of the debt and credit risk, and is classified as Level 2 market value. (Certain borrowings are subject to currency swaps, etc., and their market value are calculated as if it were a yen-denominated debt.)

Leasehold and guarantee deposits received

The market value of leasehold and guarantee deposits received is determined using the discounted present value method based on the amount of the obligation to return the guarantee money and deposits, the period until the due date, and an interest rate that takes into account credit risk, and is classified as Level 2 market value.

[Translation for Reference and Convenience Purposes Only]

Notes on Leased Real Estate

The Company and some of its consolidated subsidiaries own office buildings for rent, commercial facilities for rent and others in Tokyo and other areas including overseas areas (the United States, United Kingdom, etc.) for the purpose of obtaining revenue from leases.

Some office buildings for rent in Japan are regarded as real estate including parts used as leased real estate since they are used by the Company and some of its consolidated subsidiaries.

The reported amounts on the consolidated balance sheet and the fair values of these leased real estate and real estate including parts used as leased real estate at the end of the fiscal year under review are as follows:

	Reported Amounts on the Consolidated Balance Sheet (Millions of yen)	Fair Value (Millions of yen)
Leased real estate	3,725,804	7,924,196
Real estate including spaces used as leased real estate	541,325	916,224

Notes:

1. The reported amounts on the consolidated balance sheet have deducted accumulated depreciation costs and accumulated impairment losses from the acquisition cost.
2. Fair values at the end of the fiscal year under review are based on the following:
 - (1) Fair values of real estate in Japan are calculated by the Company based mainly on the Real Estate Appraisal Standards.
 - (2) Fair values of real estate overseas are values appraised principally by local real estate appraisers.

[Translation for Reference and Convenience Purposes Only]

Notes on Revenue Recognition

1. Break-down of Revenue

The Company breaks down its operating revenues based on its business segments and further breaks down its commercial real estate and housing businesses by goods and services.

	For the fiscal year under review (Millions of yen)
Commercial property business	
Real estate leasing business (Note 1)	546,186
Real estate sales business	126,878
Others	87,593
Sub-total	760,658
Residential business	
Condominium sales business	212,335
Contracted residential property management services	56,664
Design and contract construction of custom-built houses	38,910
Others	73,049
Sub-total	380,959
International business (Note 1)	121,234
Investment management business	46,702
Architectural design & engineering and real estate services business	57,780
Other business	10,134
Total	1,377,469
Inter-segment transactions (Note 2)	(27,979)
Amount recorded in consolidated financial statements	1,349,489
Revenue from contracts with customers	716,005
Revenue from other sources (Note 1)	633,483

(Notes) 1. Operating revenues from real estate leasing in the commercial property business and from the international business are recognized mainly by applying “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) and other related standards. When financial statements of overseas consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) or U.S. GAAP, such financial statements are used in accordance with PITF No. 18.

2. The above revenue breakdown includes intersegment revenues and transfers.

2. Basis information for understanding revenues arising from contracts with customers

As described in Note “4 Matters related to Accounting Policies (8) Accounting for significant revenues and expenses” in the Notes on Important Matters for the Preparation of the Consolidated Financial Statements.

3. Information to understand the amount of revenue in the fiscal year under review and subsequent fiscal years

(1) Receivables, contract assets, and contract liabilities arising from contracts with customers

The balances of receivables, contract assets, and contract liabilities arising from contracts with customers at the beginning and end of the fiscal year under review are as follows. In the consolidated balance sheets, receivables and contract assets arising from contracts with customers are included in “Trade notes and accounts receivable, and contract assets,” and contract liabilities are included in “Other” under “Current liabilities,” respectively.

	Beginning of the fiscal year under review (Millions of yen)	End of the fiscal year under review (Millions of yen)
Receivables arising from contracts with customers	29,952	34,530
Contract assets	4,612	7,081
Contract liabilities	29,060	29,579

Contract assets consist mainly of the rights to the consideration based on the progress of the construction work at the end of the reporting period for design and engineering contracts and housing contracts, excluding receivables, which are transferred to receivables when the work is completed and the consideration is invoiced to the customer.

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Contract liabilities consist primarily of deposits received from customers under contracts for the sale of condominium units.

Of the contract liability balances at the beginning of the fiscal year under review, 18,090 million yen was related to condominium sales, of which 15,929 million yen was recognized as revenue in the fiscal year under review. Almost all of the contract liabilities other than those related to sales of condominiums were recognized as revenues during the fiscal year under review.

(2) Transaction price allocated to remaining performance obligations

The transaction value allocated to the residual performance obligation was 83,935 million yen at the end of the fiscal year, of which 12,409 million yen was allocated to the Commercial property business and 71,526 million yen to the Residential business. As of the end of the fiscal year under review, the estimated timing of performance of outstanding performance obligations is generally within two years for the Commercial property business and generally within three years for the Residential business. The notes apply the practical expedient method and do not include contracts with initial expected contract periods of one year or less and contracts for which revenue from satisfaction of performance obligations is recognized in accordance with Paragraph 19 of the Implementation Guidance.

Per-Share Information

Net assets per share	¥1,514.58
Earnings per share	¥116.45

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Other Notes

1. Impairment Loss

The impairment loss is recorded for the following asset groups for the fiscal year under review.

Major application	Category	Location
Leased assets, etc. (total 62 groups)	Land and buildings, etc.	Setagaya-ku, Tokyo; etc.

Asset grouping for the Group was made based on a minimum unit that generates cash flows, which is substantially independent from cash flows of other assets or asset groups. Company condominiums are regarded as shared assets.

As a result, the book values of sixty-two (62) asset groups, consisting of those for which the market prices fell considerably compared with the book values due to a decline of land prices and those for which profitability decreased considerably due to fallen rent levels or deteriorated market conditions, etc., were reduced to the respective recoverable amounts and such reduced amounts were recorded as an impairment loss (¥3,866 million) under extraordinary losses.

The breakdown of such impairment loss was ¥212 million in land and trusted land, and ¥3,653 million in buildings, structures and others. The recoverable amounts of asset groups are measured with net sale value or value in use, and the net sale value is principally expressed as an appraised value by a real estate appraiser. Future cash flows discounted at a rate of five (5) % are principally used to compute the value in use.

2. Asset Retirement Obligations

(1) Asset retirement obligations posted on the Consolidated Balance Sheet

1) Outline of the asset retirement obligations

These obligations include obligations to restore the original state related to periodically renewed land lease contracts and building lease contracts.

2) Computation method for the asset retirement obligations

Asset retirement obligations are computed regarding the remaining contract years as an expected use period and using a discount rate between 0.0% and 2.3%.

3) Increase (decrease) of asset retirement obligations for the fiscal year under review

Balance at the beginning of the fiscal year under review:	¥7,015	million
Increase due to the acquisition of property, plant and equipment:	¥425	million
Adjustments due to the elapse of time:	¥73	million
Decrease due to the fulfillment of asset retirement obligations:	¥(9)	million
<u>Increase (decrease) due to other reasons:</u>	<u>¥10</u>	<u>million</u>
Balance at the end of the fiscal year:	¥7,516	million

(2) Asset retirement obligations that are not posted on the Consolidated Balance Sheet

The following asset retirement obligations are excluded from the posted amounts:

1) Obligation to remove asbestos that is used for some property, plant and equipment at the time of removal of the property, plant and equipment in a particular way required by the Ordinance on Preventing Asbestos Hazards

For some of the property, plant and equipment of the Company, the demolition of a building involves an obligation to remove asbestos. However, no demolition has taken place yet other than demolition related to redevelopment or other projects that required arrangements with many business associates. It is difficult to estimate the timing to fulfill such obligation due to causes such as deterioration, based on the estimated physically usable period of the asset. We cannot estimate when to demolish the property, plant and equipment without relevant specific management plans.

To address the issue of asbestos, we have been voluntarily conducting asbestos removal work when tenants move out or when other opportunities allow us to do so. However, we cannot make a reasonable estimate of how such voluntary asbestos removal work will progress in the future based on the data such as how long past tenants stayed. Also, we cannot estimate the remaining amount of asbestos when such property, plant and equipment are demolished. Moreover, it is difficult to only estimate the asbestos removal cost separately from regular demolition costs. For these reasons, an asbestos removal-related probability assessment relative to the domain and amounts of asset retirement obligation is difficult. Therefore, an obligation to remove asbestos is excluded from the reported asset retirement obligations although we made a best estimate taking into account the evidence available as of the closing date.

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- 2) **Obligation to restore the original state based on some real estate rental agreements**
Periodically renewed land lease contracts for some commercial facilities require restoration to the original state when the contract term ends and the facility must be returned. In reality, however, it is possible to continue to use such facilities by renewing such contracts and some contracts set forth a special provision to reduce the possibility of performing such obligation to restore the original state, which makes the timing to fulfill the obligation somewhat vague. In terms of our business strategies and the business environment, we do intend to continue with our operations and therefore fulfillment of this obligation is not intended. For these reasons, a probability assessment relative to the domain and amounts of asset retirement obligation is difficult to ascertain. Therefore, an obligation to restore the original state is excluded from the reported asset retirement obligations although we made a best estimate taking into account the evidence available as of the closing date.

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Non-consolidated Statement of Changes in Net Assets
(From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Shareholders' equity											
	Share capital	Capital surplus		Retained earnings	Retained earnings					Total retained earnings	Treasury shares	Total shareholders' equity
		Capital reserve	Total capital surplus		Other retained earnings							
					Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	Reserve for open innovation promotion	General reserve	Earned surplus carried forward			
Balance at the beginning of current period	142,279	171,390	171,390	21,663	855	151,496	208	108,254	414,787	697,266	(105,216)	905,720
Changes in the fiscal year under review												
Issuance of new shares	135	135	135									270
Dividend from surplus									(46,774)	(46,774)		(46,774)
Profit									93,612	93,612		93,612
Purchase of treasury shares											(30,014)	(30,014)
Disposal of treasury shares									(0)	(0)	31	31
Change by share exchanges									(373)	(373)	2,715	2,342
Reversal of reserve for special depreciation					(426)				426			
Provision for reserve for advanced depreciation of non-current assets						3,482			(3,482)			
Reversal of reserve for advanced depreciation of non-current assets						(3,248)			3,248			
Provision for reserve for open innovation promotion							237		(237)			
Net changes in items other than those in shareholders' equity												
Total of changes in the fiscal year under review	135	135	135	—	(426)	234	237	—	46,418	46,464	(27,267)	19,467
Balance at the end of current period	142,414	171,526	171,526	21,663	429	151,731	446	108,254	461,205	743,730	(132,483)	925,187

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(Millions of yen)

	Valuation, translation adjustments and others				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation, translation adjustments and others		
Balance at the beginning of current period	118,090	(1,431)	529,822	646,482	231	1,552,434
Changes in the fiscal year under review						
Issuance of new shares						270
Dividend from surplus						(46,774)
Profit						93,612
Purchase of treasury shares						(30,014)
Disposal of treasury shares						31
Change by share exchanges						2,342
Reversal of reserve for special depreciation						—
Provision for reserve for advanced depreciation of non-current assets						—
Reversal of reserve for advanced depreciation of non-current assets						—
Provision for reserve for open innovation promotion						—
Net changes in items other than those in shareholders' equity	12,718	1,373		14,091	(30)	14,060
Total of changes in the fiscal year under review	12,718	1,373	—	14,091	(30)	33,527
Balance at the end of current period	130,809	(58)	529,822	660,573	201	1,585,962

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Notes to the Non-consolidated Financial Statements

Notes on Matters Related to Significant Accounting Policies

1. Valuation Basis and Method for Securities

Held-to-maturity debt securities:	Carried at amortized cost (straight-line method)
Shares of subsidiaries and affiliates:	Stated at cost determined by the moving-average method
Other securities:	
Securities other than shares, etc., that do not have a market price:	Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined mainly by the moving-average method.)
Shares, etc., that do not have a market price:	Stated at cost determined mainly by the moving-average method
Equity investments:	
Securities other than shares, etc., that do not have a market price:	Stated at the market value (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of equity investments sold is determined mainly by the moving-average method.) For investments in limited partnership for investment and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company's equity interest.
Shares, etc., that do not have a market price:	Stated at cost determined mainly by the moving-average method

2. Valuation Basis and Method for Derivatives Stated at market values

3. Valuation Basis and Method for Inventories

Real estate for sale:	Stated at cost determined by the identified cost method (The amount posted in the Non-consolidated Balance Sheets was computed by writing down the book value with regard to the inventories for which profitability was clearly declining.)
Real estate for sale in process:	The same as above
Real estate for development:	The same as above

4. Depreciation Method of Non-current Assets

Property, plant and equipment:	Depreciation is computed by the declining-balance method at fixed rates. However, the straight-line method is adopted for the Yokohama Landmark Tower and buildings (excluding building improvements) acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016.
Intangible assets:	The amortization of intangible assets is computed by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

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5. Accounting Policies for Reserves

Allowance for doubtful accounts:

An allowance for doubtful accounts is provided, for possible losses from uncollectible loans and receivables, at the amount calculated based on the actual rate of losses from the bad debt for ordinary receivables, and on the estimated recoverability for specific receivables such as doubtful receivables.

Reserve for retirement allowances:

A reserve for retirement allowances is provided at the amount calculated based on the projected amounts of retirement benefit obligations and plan assets at the end of the fiscal year under review for ordinary employees, and at 100% of the amount that would be required at the end of the fiscal year under review in accordance with internal regulations for executive officers.

To calculate the Company's liability for retirement allowances to employees, the method of benefit formula basis is adopted to attribute the estimated retirement allowances to accounting periods up to the end of the fiscal year under review.

Prior service cost is amortized, starting from the time of its occurrence, on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of its occurrence. Actuarial gains or losses are amortized, starting from the following fiscal year, on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their occurrence.

Reserve for accepting the fulfillment of obligations:

A reserve for accepting the fulfillment of obligations is provided at the estimated amount of losses that may be caused by accepting the fulfillment of obligations.

Provision for environmental measures:

An estimated amount of loss that could be caused along with environmental measures including treatment of PCB (Polychlorinated biphenyl) waste is provided.

6. Accounting for Deferred Assets

The costs are fully charged to income when disbursed.

7. Accounting for significant revenues and expenses

The Company measures revenue from contracts with customers based on the consideration stipulated in the contract with the customer. The main performance obligations in the main business relating to contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized) are as follows.

The promised consideration for contracts with customers in our major businesses is usually paid within one year from the time the performance obligation is satisfied, and since the amount of the promised consideration does not include a significant financial component, there are no contracts with customers for which we have adjusted the consideration for this effect.

The Company is primarily engaged in the business of leasing office buildings and commercial facilities developed and owned, and in the business of selling office buildings and commercial facilities developed and owned.

In the real estate leasing business, office buildings and commercial facilities developed and owned are leased, and revenue is recognized for lease transactions in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, March 30, 2007, hereinafter referred to as "Lease accounting standards") and other standards.

In the real estate sales business, office buildings and commercial facilities developed and owned are sold, and revenue is recognized when the real estate is delivered to the customer.

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Recognition of revenues from operating leases:

Revenue is recognized based on the monthly lease payments to be received under the lease contracts over the elapsed term of the leases.

Recognition of revenues from finance lease transactions:

The Company recognizes net sales and cost of sales related to finance lease transactions at the time of receipt of the lease payments.

8. Hedge Accounting

(1) Hedge accounting:

The Company adopts the deferral hedge accounting, in principle. For interest rate swaps, the preferential treatment is applied to the swaps which satisfy the requirements of such preferential treatment. For currency swaps and forward exchange contracts, the appropriation treatment is applied to the contracts which satisfy the requirements of such appropriation treatment.

(2) Hedging instruments and hedged items:

<u>Hedging instruments:</u>	<u>Hedged items:</u>
Interest rate swaps	Borrowings
Currency swaps	Borrowings and corporate bonds

(3) Hedging policy:

The risk hedging transactions of the Company are intended to hedge its exposure to fluctuation risks in interest rates and foreign currency exchange rates, in accordance with the Company's internal regulations such as "Market Risk Management Rules" and "Management Guideline by Risk."

(4) Method of Assessing Hedge Effectiveness

The Company compares the cumulative amounts of fluctuations in the rates or in the cash flows of the hedged items with the cumulative amounts of fluctuations in the rates or in the cash flows of the hedging instruments, and assesses the effectiveness of hedging transactions based on the ratio between the two amounts.

However, the assessment of hedge effectiveness is omitted for interest rate swaps to which special treatment is applied.

(Hedge transactions to which "Treatment of Hedge Accounting for Financial Instruments Referring to LIBOR" is applied)

Among the above hedge transactions, all hedge transactions included in the scope of application of "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Revised Practical Solution No.40, March 17, 2022) are subject to the exceptional treatment prescribed in the Revised Practical Solution. The details of hedging transactions to which the Revised Practical Solution is applied are as follows.

Hedge accounting method:	Deferred hedge accounting, exceptional accounting for interest rate swaps
Hedging instruments:	Interest rate swaps and currency swaps
Hedged items:	Borrowings and corporate bonds
Types of hedging transactions:	Fixing cash flows

9. Accounting for Consumption Taxes

Transactions subject to the consumption tax and local consumption tax are recorded at amounts exclusive of consumption taxes. Non-deductible consumption tax and local consumption tax are charged to income for the fiscal year under review.

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Notes on Changes in Accounting Policies

1. Application of Accounting Standard for Revenue Recognition

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. However, the effect of the application of the Revenue Recognition Standard on profit and loss, retained earnings at beginning, and per share information for the fiscal year under review was immaterial.

Furthermore, “Accounts payable,” which was presented under “Current assets” in the Non-consolidated Balance Sheet of the previous fiscal year, has been included under “Accounts receivable and contract assets” from the fiscal year under review.

2. Application of Accounting Standard for Fair Value Measurement

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc., in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

Accordingly, for corporate bonds, which were previously considered to be financial instruments whose fair value was extremely difficult to determine, the acquisition cost was used as the Non-consolidated balance sheet amount, however, even if observable inputs are not available, the fair value calculated using unobservable inputs based on the best available information is used as the Non-consolidated balance sheet amount.

[Translation for Reference and Convenience Purposes Only]

Notes on Accounting Estimates

1. Valuation of Property, Plant and Equipment

(1) Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of yen)
Property, plant and equipment	2,972,020
Impairment losses	—

(2) Other Information

1) Calculation Method for the Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year under Review

The Company mainly owns real estate properties such as office buildings, commercial facilities, hotels, logistics facilities as property, plant and equipment. For property, plant and equipment owned by the Company, if the total undiscounted future cash flows from an asset or asset group, for which events or changes in circumstances indicate that the book value of the asset or asset group may not be recoverable, are less than the book value, the book value is reduced to the recoverable amount, and such reduced amount is recorded as an impairment loss, in accordance with the Accounting Standard for Impairment of Fixed Assets.

When grouping assets in order to judge whether to recognize impairment losses or to perform the measurement of impairment losses, a unit for asset grouping shall be the smallest unit that generates cash flows that are largely independent of the cash flows of other assets or groups of assets.

The higher of net sale value and value in use is used as recoverable amount. While the net sale value is expressed as an appraised value by a real estate appraiser or estimated trading price, the discounted future cash flows are used to measure the value in use.

2) Major Assumptions

In principle, the Company estimates rents, capital expenditures, and discount rates for each individual property. The estimation is made based on major assumptions by each asset class, taking into account the condition of individual properties.

The major assumptions used when making estimations in the fiscal year under review are as follows.

■ Offices

Average rents have recently been on a steady positive trend, which is expected to continue in the next fiscal year. The vacancy rate is higher than before the spread of the novel coronavirus infection (COVID-19) because it is taking time to backfill vacancies, but we expect that the time required to backfill vacancies will gradually improve to the normal level from the next fiscal year.

■ Commercial facilities

As commercial rents include variable rents that are linked to tenant sales, there is a correlation between rents and tenant sales at the relevant commercial facilities. As in the previous fiscal year, the effects of COVID-19 remained in the fiscal year under review, and tenant sales decreased compared to before the impact of COVID-19. However, they are currently on an improving trend, so we assume that this effect on sales will be limited in the next fiscal year and beyond.

■ Hotels

Currently, occupancy rates have stayed at low levels due to the impact of COVID-19 and it is expected to take a certain period of time for occupancy rates to recover to the level we had before being affected by COVID-19. For our estimates, we assumed that hotel demand would recover to the pre-COVID-19 levels in around 2024, taking into account the overall outlook for global air demand and tourism demand.

■ Logistics facilities

Logistics facilities have not been affected by COVID-19, and the market has been favorable. Therefore, we assume that performance of logistics facilities will continue to be steady in the next fiscal year and beyond as is expected for the market trend.

■ Redevelopment projects

The Company is engaged in multiple redevelopment projects. Redevelopment projects have potential risks entailing that their profitability will be lower than initially estimated as a result of delays or changes in plans. Such risks include the risk of not obtaining agreement from other landowners in the area planned for redevelopment, and the risk of not obtaining development permission from local governments.

The Company comprehensively assesses these various risks for redevelopment projects. However, the redevelopment projects currently underway are not in any situation that would decrease their profitability from the initial estimates. We therefore assume that these redevelopment projects will progress while maintaining their profitability.

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- 3) Impact on the Non-consolidated Financial Statements for the Next Fiscal Year
The estimation of impairment losses is made based on the descriptions of 2) Major Assumptions. Therefore, if major assumptions used for estimating impairment losses worsen, additional impairment losses may be recognized in the next fiscal year.

2. Valuation of Equity Investments

(1) Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year under Review

	Amount (Millions of yen)
Equity investments	369,205

(2) Other information

- 1) Calculation Method for the Amount Recorded in the Non-consolidated Financial Statements for the Fiscal Year under Review

If the effective market value of equity investments without market price declines significantly, the Company reduces the book value by a reasonable amount, and records such reduced amount as an impairment loss on equity investments, in accordance with the Accounting Standard for Financial Instruments.

In calculating the effective market value, the Group performs valuations of assets held by investees for each purpose of holding.

- 2) Major Assumptions

For assets held by investees, major assumptions are determined according to the purpose of holding such assets. For the details of assumptions made for the relevant assets, please refer to 1. Valuation of Property, Plant and Equipment and 2. Valuation of Inventories in the Notes on Accounting Estimates in the Notes to the Consolidated Financial Statements.

- 3) Impact on the Non-consolidated Financial Statements for the Next Fiscal Year

The estimation for impairment losses on equity investments is made based on assumptions described in 2) Major Assumptions. Therefore, if there are changes in these major assumptions, it may result in additional impairment losses on equity investments in the next fiscal year.

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Notes to the Non-consolidated Balance Sheet

1. Accumulated Depreciation for Property, Plant and Equipment: ¥1,202,990 million
The accumulated depreciation above includes the accumulated impairment loss.

2. Assets Subject to Collateral

Investment securities	¥4,586 million
Shares of affiliated companies	¥11,130 million
Other	¥840 million
Total	¥16,557 million

The above assets are pledged as collateral for debts of affiliated companies.

3. Contingent Obligations

(1) Guarantee Obligations

Warrantee	Amount of Obligation	Substance of Obligation
Mitsubishi Estate London Limited	¥119,418 million (GBP666,750 thousand, SEK918,000 thousand)	Borrowings from financial institutions
MITSUBISHI ESTATE NEW YORK Inc.	¥37,573 million (US\$307,000 thousand)	Borrowings from financial institutions
MEC Global Partners Holdings LLC	¥32,914 million (US\$188,900 thousand, GBP8,200 thousand, €62,000 thousand)	Borrowings from financial institutions
Lendlease OSH Residential A Pty Ltd	¥20,706 million (AU\$225,069 thousand)	Borrowings from financial institutions
Lendlease OSH Residential B Pty Ltd	¥9,690 million (AU\$105,332 thousand)	Borrowings from financial institutions
RML548Co., Ltd.	¥4,499 million (THB1,223 million)	Borrowings from financial institutions
Meeyahta Development, Ltd.	¥2,065 million (US\$16,875 thousand)	Borrowings from financial institutions
Takamatsu Airport Co., Ltd.	¥1,500 million	Borrowings from financial institutions
Ryoei Life Service Co., Ltd.	¥159 million	Deposits for repayment obligation to residents
Total	¥228,528 million	

(2) Keep-well agreement

Warrantee	Amount of Obligation	Substance of Obligation
MEC Finance USA, Inc.	¥10,403 million (US\$85,000 thousand)	Borrowings from financial institutions
Total	¥10,403 million	

The Company signed keep-well agreement to complement the credit for funding by MEC Finance USA, Inc.

4. Monetary Receivables/Payables due from/to Affiliated Companies

Short-term receivables due from affiliated companies	¥13,799 million	Long-term receivables due from affiliated companies	¥40,532 million
Short-term payables due to affiliated companies	¥180,375 million	Long-term payables due to affiliated companies	¥15,149 million

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5. Revaluation of Land

The Company revalued the land used for its business in accordance with the “Act on Revaluation of Land” (Act No. 34, March 31, 1998) and the “Act Partially Amending the Act on Revaluation of Land” (Act No. 19, March 31, 2001). The revaluation difference has been included in “Net assets” as “Revaluation reserve for land,” net of the related tax that is included in “Liabilities” as “Deferred tax liabilities for land revaluation.”

Revaluation method: The value of land is determined based on the assessed value of the fixed property tax adjusted reasonably, as stipulated in Article 2, Item 3, of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998).

Date of revaluation: March 31, 2002

6. Equity Investments

Of the equity investments projects, the total amount of investments in anonymous partnership and preferred equity investments, etc. into anonymous partnerships and special-purpose companies that fall under the category of affiliated companies is ¥343,313 million.

Notes to the Non-consolidated Statement of Income

Transactions with Affiliated Companies

Operating revenue:	¥37,254 million
Operating costs:	¥72,917 million
Transactions other than operating transactions:	¥35,575 million

Notes to the Non-consolidated Statement of Changes in Net Assets

Class and Number of Treasury Shares at the End of the Fiscal Year under Review

Common stock:	68,852,376 shares
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Note on Tax-effect Accounting

The significant components of deferred tax assets and liabilities are summarized as follows:

Deferred tax assets:	(Millions of yen)
Reserve for retirement allowances	3,595
Accrued bonus	1,173
Loss on devaluation of investment securities	3,567
Loss on devaluation of inventories	343
Loss on devaluation of golf memberships	207
Loss on devaluation of non-current assets	41,728
Revaluation reserve for land	22,727
Impairment loss on equity investments	1,303
Transfer of business due to reorganization	8,899
Other	41,557
<u>Subtotal deferred tax assets</u>	<u>125,104</u>
Valuation reserve	(69,872)
<u>Total deferred tax assets</u>	<u>55,231</u>
Deferred tax liabilities:	
Reserve for advanced depreciation of non-current assets	66,964
Gain on establishing a trust for retirement benefits	7,393
Revaluation reserve for land	265,595
Valuation difference on available-for-sale securities	57,143
Non-current assets valuation difference	53,242
Other	21,216
<u>Total deferred tax liabilities</u>	<u>471,556</u>
<u>Net deferred tax liabilities</u>	<u>416,324</u>

[Translation for Reference and Convenience Purposes Only]

Notes on Revenue Recognition

Since the basic information for understanding revenue from contracts with customers is identical in the Notes (“Notes on Revenue Recognition”) to the Consolidated Financial Statements, the notes are omitted.

Notes on Transactions with Related Parties

Subsidiaries and Affiliates, etc.

Category	Name of Company, etc.	Ownership Percentage of Voting Rights, etc.	The Company’s Relationship with the Related Party	Description of Transactions	Transaction Amount (Millions of yen)	Account Item	Fiscal Year-end Balance (Millions of yen)
Subsidiary	Mitsubishi Estate London Limited	Indirectly holding (100%)	Guarantee obligation Interlocking directors	Guarantee obligation ¹	119,418	—	—
Subsidiary	Mitsubishi Estate Residence Co., Ltd.	Directly holding (100%)	Provision of loans Interlocking directors	Provision of loans ² Collection of loans Interest income ²	516,000 554,000 1,875	Short-term loans of affiliated companies —	461,000 —
Subsidiary	Mitsubishi Jisho Property Management Co., Ltd.	Directly holding (100%)	Building operation and management consignment Provision of loans Interlocking directors	Cash management system transactions ³	4,489	Deposit received ³	52,092

Transaction conditions and decision policy thereof, etc.:

Notes:

1. The amount represents guarantee obligation to secure bank borrowings (GBP666,750 thousand, SEK918,000 thousand) of Mitsubishi Estate London Limited.
2. Interest rates on loans are determined in consideration of market interest rates.
3. Deposits received are related to the cash management system provided by the Company to its group companies and represent the balance at the end of the fiscal year under review.

Per-share Information

Net assets per share	¥1,198.95
Earnings per share	¥70.26