

# Business Segment IR Meeting

## Mitsubishi Corporation (MC)

### Urban Development Group



# Presenters from the Urban Development

Mitsumasa Icho, Group CEO, (concurrently) Division COO, Urban Infrastructure Div.

Takuya Kuga, General Manager, Group CEO Office

Yoshiaki Kamata, General Manager, Group Administration Dept.

Naoshi Ogikubo, Division COO, Urban Development Div.

Takuji Naruse, General Manager, Strategic Planning Office, Urban Infrastructure Div.

Hiroshi Nakanishi, Division COO, Asset Finance Div.

# Agenda items for today's meeting

## 1. Group overview

- Mission
- Ideals
- Organizational outline
- Investment plans and financial target
- Asset portfolio

## 2. Goals in the urban development business


- Establishment of a platform for multi-purpose urban development in Asia

## 3. Businesses overview

- Urban Development Div.
- Urban Infrastructure Div.
- Asset Finance Div.



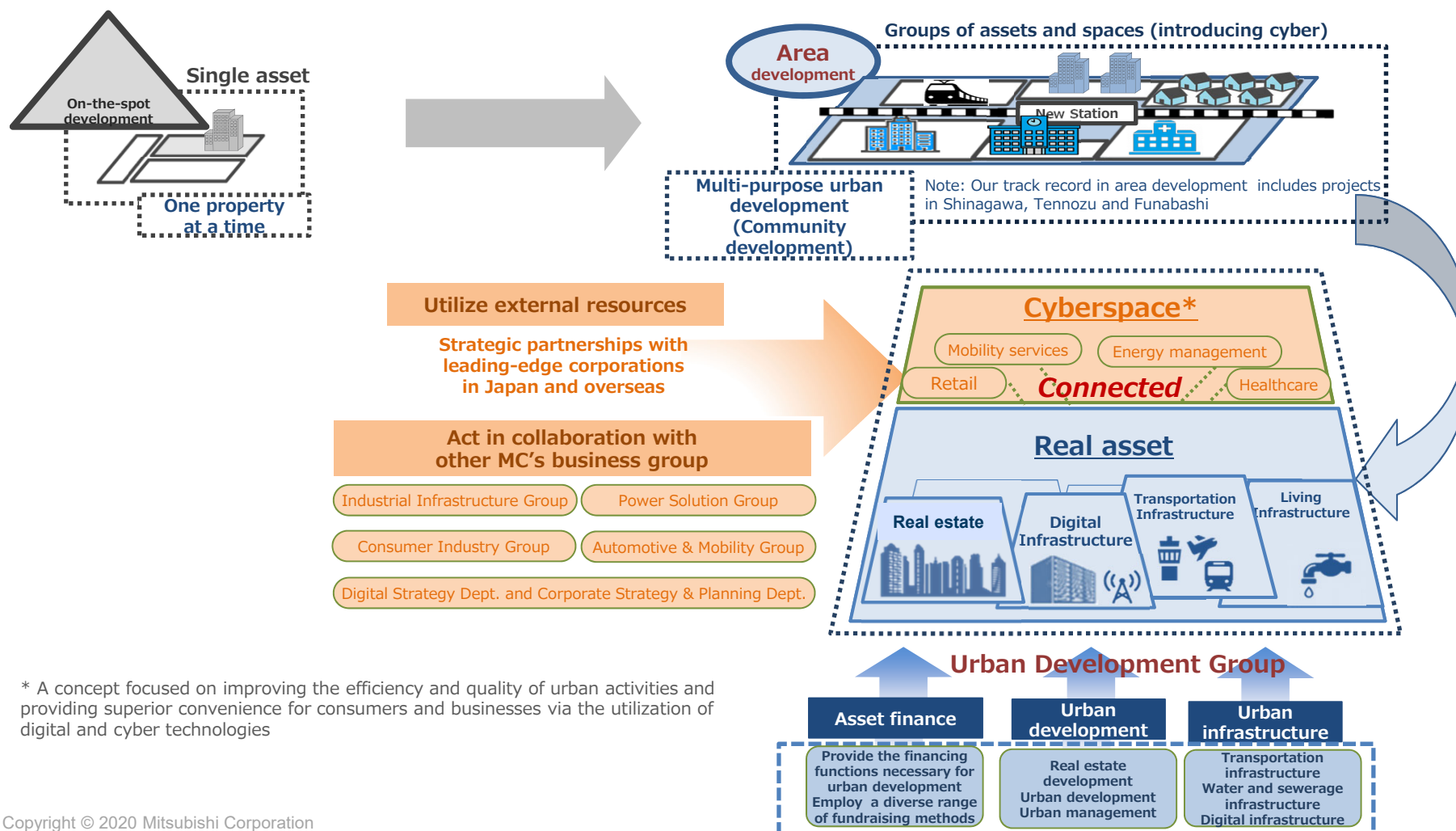
# 1. Group overview: Mission



**The mission is to establish highly value-added and large scale businesses, through the combination of MC's expertise in such areas as urban development, infrastructure development, asset finance and so on to meet the global needs in urbanization and reduction of carbon footprints.**

# 1. Group overview: Ideals

- Promote a shift to large-scale multi-purpose development covering a broad range of areas, thereby transcending the scope of conventional “on-the-spot” real estate projects (such as those handling residential housing) centered on developing a single property at a time
- Develop transportation infrastructure and utilities for the project area while securing comprehensive urban functions, such as offices, residential housing and hospitals
- Involvement from the early stages such as masterplan, with the aim of creating a highly functional and attractive town



# 1. Group overview: Organizational outline

Focusing on urban development, we are promoting large-scale, value-added projects aimed at meeting societal needs in countries around the world and to this end employing the combined comprehensive expertise that we have accumulated in various sectors, including real estate, infrastructure, leasing and private equity.

## Divisions

## Main Operations

### Urban Infrastructure

- Digital infrastructure including data centers
- Management of infrastructure funds
- Transportation infrastructure, including airports, roads and urban railways/metros
- Water supply, operation and service business



### Urban Development

- Urban development projects in ASEAN
- Real Estate development projects in emerging countries
- Real estate development in Japan, including retail and logistics facilities, hotels, etc.
- Investments in multifamily apartments, logistics facilities and other projects in North America
- Formation and management of real estate funds (both listed and private)



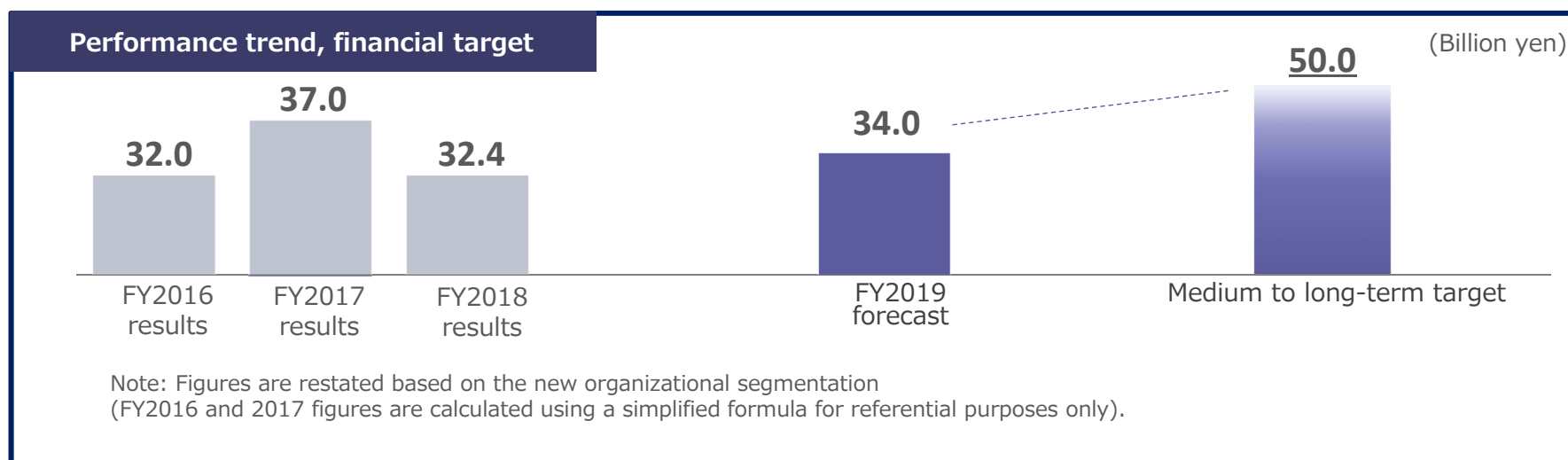
### Asset Finance

- Globally comprehensive leasing and asset finance business through MUL\*
- Aircraft and automobile leasing operations
- Private equity fund management business



# 1. Group overview: Investment plans and financial target

- Fiscal 2019 forecasts: A consolidated net income of ¥34.0 billion (aim to achieve ¥50.0 billion over the medium to long term)



**Investment plans**

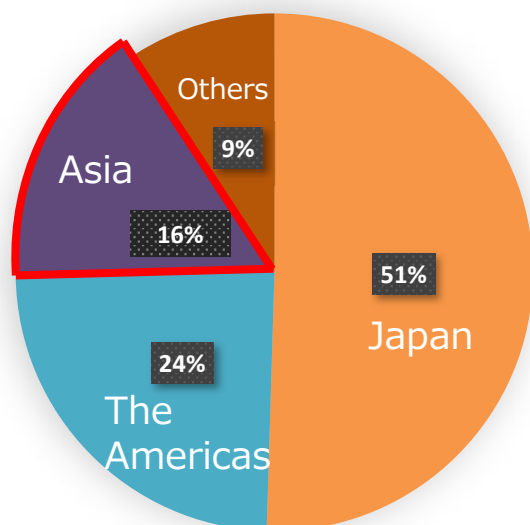
- Focus on investing in **urban development** in growth fields while maintaining a disciplined investment approach
- Execute investment totaling ¥200 billion, mainly in urban development projects, during the course of the current Midterm Corporate Strategy period
- Total assets worth ¥1.0 trillion to ¥1.1 trillion at the beginning of the upcoming Midterm Corporate Strategy period  
(¥870 billion as of September 30, 2019; of this, non-current assets account for approximately ¥650 billion)



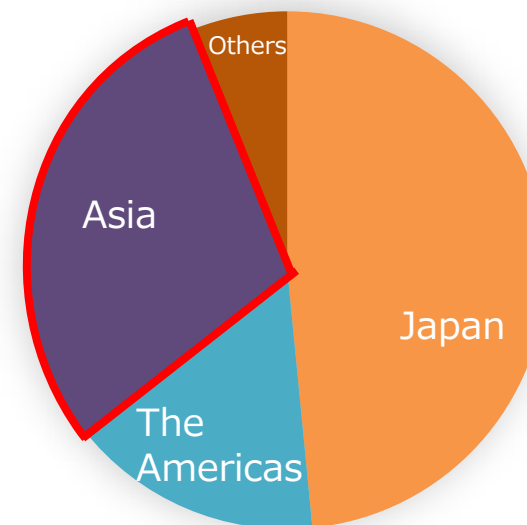
# 1. Group overview: Asset portfolio (by region)

- Aim to achieve organic growth in the developed countries (Japan and the United States) that currently serve as our revenue bases while maintaining a balanced approach both in investing and divesting
- Focus simultaneously on securing large-scale revenues over the medium to long term in Asia, particularly four ASEAN nations (Indonesia, Vietnam, the Philippines and Myanmar)

As of September 30, 2019



Future forecast





# Agenda

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## 2. Goals in the urban development business

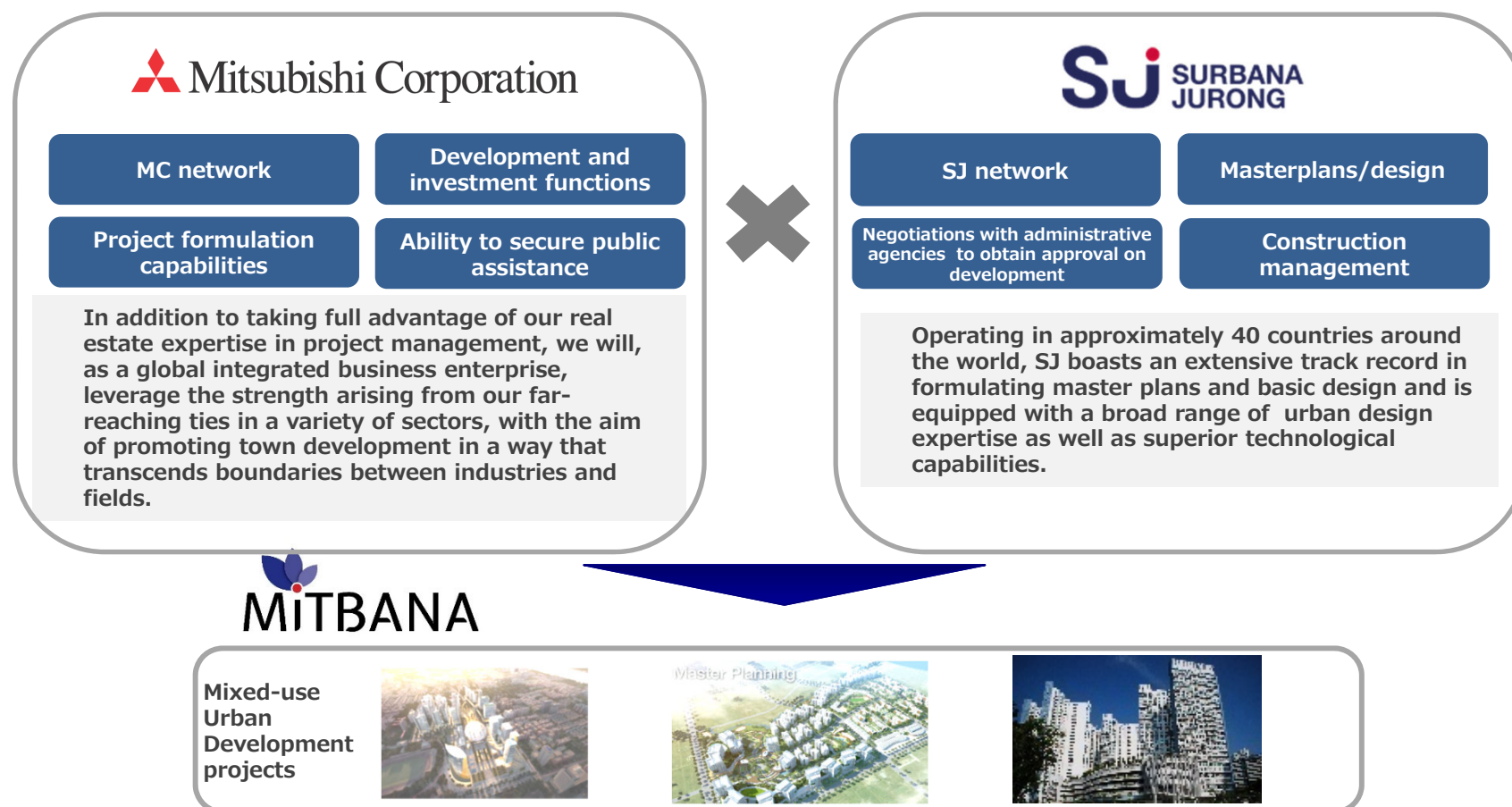
- Establishment of a platform for multi-purpose urban development in Asia

## 3. Businesses overview

- Urban Development Div.
- Urban Infrastructure Div.
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## 2. Goals in the urban development business:

- Established a 50-50 joint venture (Mitbana) in November 2018 in partnership with Surbana Jurong (SJ), a wholly owned subsidiary of Temasek, a government-affiliated corporation in Singapore, to promote multi-purpose urban development.
- Mitbana will begin by investing \$500 million to acquire assets of up to USD 2.5 billion in aggregate over the next five years. Investment in targeted countries and regions will be carried out in tandem with developers, land owners and other local partners



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# 3. Business overview:

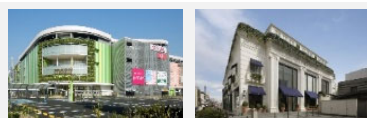
## Urban Development Div. (current business development areas)

### Real estate development in Japan



Real estate development associated with retail and logistics facilities, hotels, etc., via MCUD

### Real estate asset management in Japan



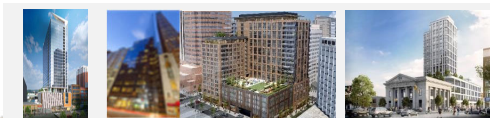
Management of REITs (public/private placement) and various real estate funds via MCUBS and DREAM

### Real estate development in North America



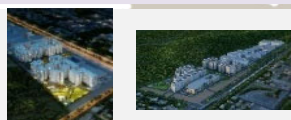
A robust track record in developing a total of 158 properties (as of March 31, 2019) via DRI, handling student housings, multi-family apartments and logistics warehouses in regions across the United States

### Real estate asset management in North America



Full-scale entry into the real estate asset management business in North America via the establishment of DRM in November 2018

### Real estate development in India



One ongoing condominium development project (Chennai)

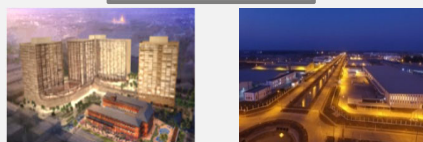
### Real estate development in China



Seven ongoing condominium development projects (Shenyang II and III, Dalian, Xuzhou I and II, Ningbo and Changzhou)

### Real estate development in ASEAN

#### Myanmar



Landmark PJ

Thilawa Industrial Park

Two ongoing development projects:  
Urban development: Landmark PJ  
Industrial park: Thilawa

#### Indonesia



Tokyu BSD

LIPPO OC

Vasanta

Five ongoing residential housing development projects (Tokyu BSD, Sinarmas ZORA, LIPPO OC, Vasanta and Fatmawati)

#### Vietnam

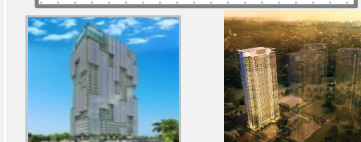


Manor Central Park

VSIP1

Three ongoing condominium development projects (Manor Central Park, VSIP1 and Phuc Khang)

#### The Philippines



CDT office

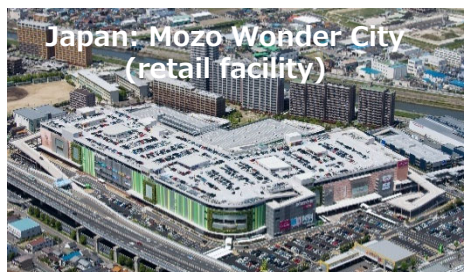
Portico

Eight ongoing development projects:  
Residential housing: Portico, Tanza and four projects with PPHI  
Office: CDT office  
Commercial facility: Glorietta



### 3. Business overview: Urban Development Div. (basic concept of multi-purpose urban development)

#### Examples of conventional real estate development projects



- A robust track record in developing broad range of properties such as residential housing, retail and logistics facilities as well as industrial parks through real estate development businesses in Japan, ASEAN, China, the United States and other regions around the globe
- Engaged mainly in “Build-and-Sell type” business that focuses on developing a single property at a time since making full-scale entries in the Chinese market in 2005 and ASEAN markets in 2013

#### Mixed-use urban development

#### TOD\* (area development centered on public transportation facilities)

\*Transit Oriented Development

Development of areas around stations

Area development centered on station facilities



Development of areas along railways

Development of areas along railways with installation of transportation infrastructure



#### Township

Area development with master plan formulation



- In addition to handling conventional “Build-and-Sell type” projects, we will take full advantage of our real estate development track record and expertise to take the initiative in “urban development” projects that require a long period of time (10 to 20 years or more) and areas with a large space of green field (100 ha or more). In the course of these initiatives, we will not only engage in the development of urban facilities such as retail, office and residential housing as well as hotels and hospitals, but also help enhance community attractiveness via town management. Moreover, we will help resolve issues specific to urban areas via the provision of services backed by big data analysis, AI and IoT. In these ways, we will aim for continuous improvement in the value of real estate in these areas.



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## 3. Business overview: Urban Infrastructure Div. (business overview)

- ✓ Meeting infrastructure needs by engaging in infrastructure projects in the digital, transportation and water sectors
- ✓ Creating opportunities to invest in infrastructure projects by establishing related funds

### Global Infrastructure

- Data center operations  
MC Digital Realty, Inc.
- Highways  
Cube Highways (India)
- Global alliances for strategic investment  
GSI Alliance
- Diversified infrastructure fund  
Marunouchi Infrastructure Inc.



### Transportation Infrastructure

- Airport operations  
Mandalay International Airport (Myanmar)  
New Ulaanbaatar International Airport (Mongolia)  
Fukuoka Airport and Hokkaido airports
- Railway operations  
Canberra LRT (Australia)
- Export of rolling stock and rail system  
Doha Metro (Qatar), etc.



### Water Business

- Total intelligent water management solutions  
Metito (the Middle East, Africa and Asia)  
Swing Corporation
- Privatized water services  
South Staffordshire Plc (U.K.)
- Seawater desalination  
Umm Al Houl Power (Qatar)

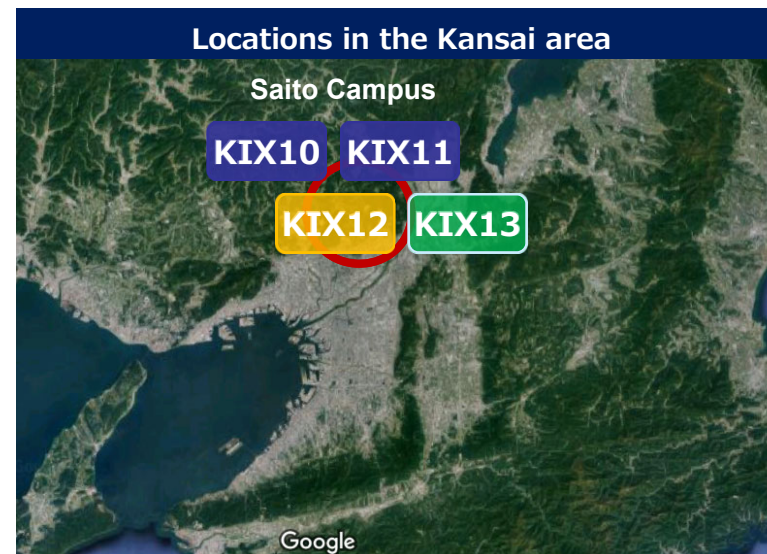


### 3. Businesses overview : Urban Infrastructure Div. (data center operations—MC Digital Realty)

- In 2017, MC established a joint venture, MC Digital Realty, with Digital Realty, a U.S.-based leading provider of data center, colocation and interconnection solutions, to deliver data center solutions in Japan.
- This joint venture engages in the development and operations of large-scale data centers in suburban areas comprised of multiple buildings in a campus-style format in the Greater Tokyo and Kansai areas.
- The interconnected buildings within a campus provide hyper-scale cloud and enterprise customers with high-value-added infrastructure services.
- The joint venture will continue to acquire lands and develop projects in the Greater Tokyo and Kansai areas.
- At KIX11, the second data center in Osaka, the joint venture is planning to launch colocation and interconnection services.



- ☑ Tokyo 1 Data Center **Mitaka** : In operation
- ☑ Tokyo 2 Data Center **NRT10** : Commencement of development (expected 2020)
- ☑ New land acquisition (September 2019): **NRT11** **NRT12**  
**NRT13**



- ☑ Osaka 1 Data Center **KIX10** : In Operation
- Osaka 2 Data Center **KIX11** : In Operation
- ☑ Osaka 3 Data Center **KIX12** : Commencement of development (expected 2020)
- ☑ New land acquisition (April 2019): **KIX13**

**In both the Greater Tokyo and Kansai areas, the joint venture has acquired land needed to build data center campuses that can each deliver up to 120 megawatts of total IT capacity.**



## 3. Business overview: Urban Infrastructure Div. (airport operations)

- From April 2015, MC is participating in the operation of Mandalay International Airport in Myanmar through MC-Jalux Airport Services Co., Ltd.
- MC is also participating in Fukuoka Airport, through Fukuoka International Airport Co., Ltd., which commenced airport operation in April 2019, as well as the Seven airports in Hokkaido, Japan, and the New Ulaanbaatar International Airport in Mongolia, both commencing operation in 2020.
- MC, through its seconded personnel, supports the management of airport operators. At the same time, MC, leveraging its global network and experience at Mandalay International Airport, assists the growth of the airport operators, by attracting carriers to introduce service to these airports.

### Mandalay International Airport (Myanmar)

MC-Jalux Airport Services Co., Ltd.

Commencement of MC's involvement in operation:  
April 2015

Contract period: 30 years (2015 to 2045)

Annual number of passengers: 1.4 million (of those,  
36% use international flights)

MC

JALUX

YOMA  
(Myanmar)



- ☑ Renovated airport facilities and conducted marketing activities to airlines. After five years of operation, annual number of passengers is expected to double (from 0.9 million to 1.8 million)

### Fukuoka Airport

Fukuoka International Airport Co., Ltd.

Commencement of MC's involvement in operation:  
April 2019

Contract period: 30 years (2019 to 2049)

Annual number of passengers: 25 million (of those,  
28% use international flights)

MC

Fukuoka Airport  
Holdings

Changi Airports  
International

Nishi-Nippon  
Railroad

Kyushu  
Electric Power

Fukuoka  
Prefecture



Photo provided by Fukuoka  
International Airport Co., Ltd.

- ☑ Expanded tax-free shop facilities in the international passenger terminal, and re-developed the domestic passenger terminal (e.g. the establishment of new shops selling Kyushu's specialty sweets and souvenirs)

### Seven airports in Hokkaido

Hokkaido Airports Co., Ltd.

Commencement of MC's involvement in operation:  
June 2020

Contract period: 30 years (2020 to 2050)

Annual number of passengers: 29 million (of those,  
14% use international flights)

MC

Hokkaido Airport  
Terminal

Mitsubishi  
Estate

Tokyu  
Corporation

DBJ

Other 12  
companies



- ☑ Promoting Hokkaido-wide tourism through the safe and secure operation of the seven airports as international gateways

### New Ulaanbaatar International Airport (Mongolia)

New Ulaanbaatar International Airport LLC

Commencement of MC's involvement in operation:  
July 2020

Contract period: 15 years (2020 to 2035)

Annual number of passengers: 1.4 million (of those,  
72% use international flights)

MC

Narita International  
Airport Corporation

Japan Airport  
Terminal

JALUX

Government  
of Mongolia



- ☑ Collaborative efforts involving Mongolian government and Japanese corporations are under way to ensure the smooth relocation of Mongolia's capital airport.

Note: Except for the figure for New Ulaanbaatar International Airport, which is based on passengers recorded at the existing Chinggis Khaan International Airport, number of passengers represents fiscal 2018 results.

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## 3. Business overview: Asset Finance Div. (business overview)

- ✓ The mission of the Asset Finance Division is to leverage its access to MC's wide-ranging industries and extensive global network to develop MC's asset finance business throughout the world. This access is provided by way of MC's partners in Japan and overseas, including MUL.
- ✓ The Asset Finance Division engages in private equity fund management business in Japan, ASEAN, US and other parts of the world, working with its partners to address challenges faced by business enterprises and helping them enhance their corporate value over the mid to long term.

### Asset finance

- Globally comprehensive leasing and asset finance business through MUL
- Aircraft leasing operations via joint venture with CK Asset Holdings
- Automobile leasing businesses in collaboration with MUL

### Private Equity

- Private equity fund management business in Japan, ASEAN and US

#### MUFG Mitsubishi UFJ Lease & Finance

The Mitsubishi Group's core leasing company. MUL provides comprehensive financing services, including leases, installment payments, loans and investment products.

<Ownership>

MC: 20.0%; Mitsubishi UFJ Financial Group: 13.4%; MUFG Bank, Ltd.: 6.1%

**AMCK**  
AVIATION

A global aircraft leasing platform with CK Asset Holdings Limited in Hong Kong. Headquartered in Dublin, Ireland with regional offices in Tokyo, Japan and Irvine, US.

<Ownership>

MC: 40.0%; Cheung Kong: 50.0%; Li Ka Shing Foundation: 10.0%

Joint venture between MC and MUL that conducts multi-brand auto leasing.

 Mitsubishi Auto Leasing Corporation

<Ownership>

MC: 50.0%; Mitsubishi UFJ Lease & Finance: 50.0%

 Marunouchi Capital

Japan-based corporate buy-out fund, established as a joint venture between MC and MUFG. Provides solutions to companies with succession, carve-out and other management related challenges.

<Ownership>

MC: 85.1%; MUFG: 14.9%

**AIGF**

Singapore-based growth capital fund established as a joint venture between MC and CIMB (Malaysia). Provides solutions to well-established growing companies in the ASEAN region.

<Ownership>

MC: 50.0%; CIMB: 50.0%

 ONE ROCK  
CAPITAL PARTNERS

NY-based controlled buy-out fund focused on middle-market companies, mainly in US. Differentiates itself from other PE firms by leveraging MC's business expertise and broad industry networks to raise the value of its portfolio companies.

<Ownership>

MC: 40.0%; fund managers: 60.0%

**GEODESIC**

Silicon Valley-based venture capital fund focused on transformative technology companies. Founded by Mr. John Roos, former US Ambassador to Japan, Mr. Ashvin Bachireddy, a former partner of Andreessen Horowitz, and MC.

### 3. Business overview: Asset Finance Div. (Private Equity)

- Utilizing MC Group's industrial expertise and industry network as our core competence, we pursue our global private equity investment business with a strategy that suits each market needs and MC Group's capabilities mainly in Japan, as well as in the ASEAN region and the US. We also have partnerships with leading fund managers in emerging countries along with those in specialized fields.

#### Marunouchi Capital

A buyout fund targeting mid/large-cap companies mainly in Japan



An investee example  
(Supermarket operator in Japan)



#### One Rock Capital Partners

A buyout fund targeting mid/large-cap companies in North America



Portfolio Company  
(Paper Company, US)

#### AIGF Advisors

A growth capital fund targeting small/mid-cap companies in ASEAN



Portfolio Company  
(Flexible Office Operator, Philippines)

#### Tata Capital (Partner)



A buyout fund targeting mid-cap companies mainly in India

#### GEODESIC Geodesic Capital

A venture capital fund targeting transformative technology companies in US

(Forward-Looking Statements)

This release contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the Company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices. Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.