URBAN DEVELOPMENT GROUP

Our Vision

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Executive Vice President
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Urban Development Group

In line with our vision to "Create cities, create societies, create the future", our mission is to establish high value-added, large-scale businesses by combining infrastructure and urban development, asset finance, and other businesses to meet societal and environmental needs, such as urbanization and lowering environmental impact. We aim to address societal and regional challenges through highly functional and attractive urban development that maximizes our collective capabilities.

Urban Development Group

Urban Infrastructure Division	Urban Development Division	Asset Finance Division
Development and management of infrastructure projects that form urban foundations, including data centers, airports and roads.	Development and management of domestic and overseas urban development projects, real estate development projects, real estate management, and other real estate-related businesses	Merchant banking (private equity, infrastructure) business, domestic and international leasing business

Materiality (Material Issues)

Related Material Issues

Addressing Regional Issues and Growing Together with Local Communities

Relevance of Material Issues to the Business

The explosive expansion of the middle class and rapid urbanization, particularly in emerging economies, has increased the need for development and management of social infrastructure projects that take into account social and environmental value.

In the midst of such changes in the external environment, our Group aims for triple-value growth by promoting the development and management of large-scale, high-value-added urban development projects to sustainably create high-quality living, working, medical, educational, logistics, and transportation environments. In doing so, we will contribute to the economic growth of the countries in which we operate, while also helping to reduce environmental impacts. For example, in the urban development project in BSD City, Indonesia, which is currently underway, we have started proof-of-concept trials for the implementation of urban services such as urban portal/urban OS, autonomous driving, and digital marketing, and are working to improve urban convenience and reduce environmental impacts by materializing and implementing smart city-related technologies.

We will also work to address societal and regional challenges by collaborating with other Business Groups within the Company, such as initiatives to introduce self-sustained decentralized energy, electrification and efficiency of transportation, and decarbonization of industries.

Group Strengths and Strategy

Group Strengths

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Summary of Midterm Corporate Strategy 2021

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Strategies Under Midterm Corporate Strategy 2024

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Forecast for Future Growth

- Management of urban infrastructure projects based on many years of infrastructure-sector development expertise and industry networks
- Project management based on real estate knowledge, and business know-how grounded in proven track records in development
- Long-standing relationships of trust and networks with leading developers and companies in many regions, especially in ASEAN countries
- A finance business that leverages MC's long-term industry expertise and network gained through trading and business investment

We participated in a large-scale urban development project covering over 100 hectares of land within BSD City in the suburbs of Jakarta, Indonesia, and launched urban facility management initiatives, such as the start of autonomous driving proof-of-concept trials in BSD City and in the Kamakura area in Japan. We also made steady progress in strengthening individual businesses, such as data centers, real estate development, corporate investment, and asset finance, which form the foundation of our operations for sustainable urban value enhancement.

From the perspective of cyclical growth, we will promote actions such as the movement of management resources into the development and management of urban development projects. Based on our expertise in digital infrastructure, real estate, and financial services, we will also promote initiatives to realize self-sustaining decentralized communities and smart cities in Japan and ASEAN countries. Additionally, we will focus on realizing a decarbonized society by promoting investment under the theme of energy transformation, promoting the introduction of electric vehicles, and providing related services.
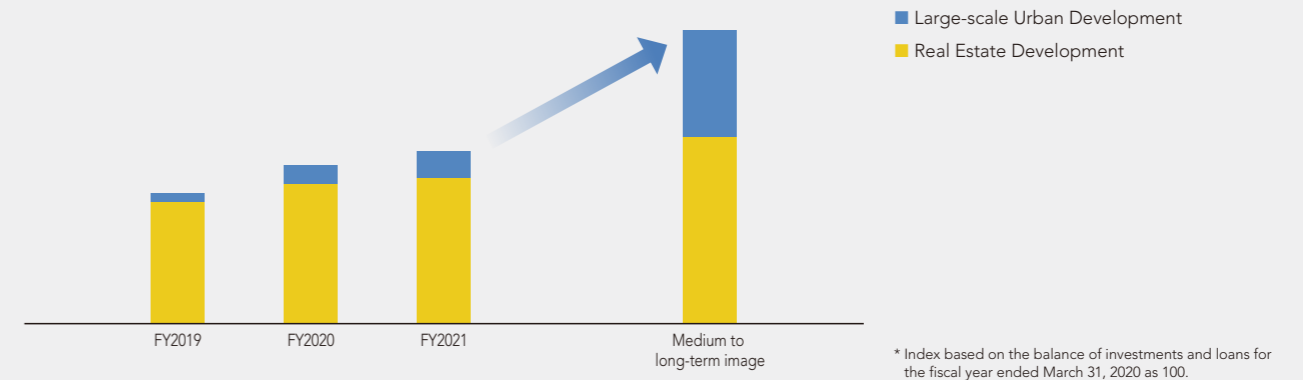
In response to societal and environmental challenges such as global urbanization and lowering environmental impact, we will maximize real estate development revenue by increasing urban value through the continuous promotion of the development and management of high-value-added urban development projects on a significant scale that achieves convenience and low environmental impact.

Major Growth Drivers

In addition to steady growth in development and management of real estate projects through asset replacement, we will accelerate our efforts in the development and management of large-scale, multi-use urban development projects, mainly in Japan and the ASEAN region.

Scope of Business Initiatives

■ Large-scale Urban Development
■ Real Estate Development

FY2019   FY2020   FY2021   Medium to long-term image

* Index based on the balance of investments and loans for the fiscal year ended March 31, 2020 as 100.

Business Examples

Development and management of high-value-added urban development projects that achieve convenience and low environmental impact

Main Services and Content

Retail | Mobility | Entertain-ment | Renewable energy | Electronic payments | Security

Office buildings, commercial complexes, housing, hotels, schools, hospitals, etc.

Component of Urban Development

Concepts

Large scale

Long term

Multi use

Multi-phase development

MC aims to develop high quality urban areas and enhance sustainable urban value.
- Promote and participate in highly functional and attractive urban development from the initial phase of development
- Create sustainable value by taking a hands-on approach in developing and managing urban areas
- Maximize use of extensive MC Group expertise and networks to enhance urban services and content

Case study: Management of a smart city project in the Jakarta suburb of BSD, Indonesia

Together with Sinar Mas Land Ltd. (SML), one of the largest real estate developers in Indonesia, we started an autonomous electric vehicle proof-of-concept trial in BSD City, a suburb of Jakarta, Indonesia in May of this year. In the trial, autonomous electric vehicles will travel around the central area of the city to assess needs and other factors.

MC has signed a MOU with SML to enhance the urban value of the district and will also work on the construction of data linkage infrastructure for all of BSD City, as well as digital marketing, etc., to promote the transformation of BSD into a smart city.

By introducing digital technology, we will also contribute to addressing social and environmental challenges in Indonesia, such as by taking measures to alleviate traffic congestion.

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Value Creation by the Business Groups