



Urban Development Group



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Summary

- Urban development and urban management business, real estate development business, real estate fund management, and other real estate-related businesses
- Digital infrastructure business such as data centers, and airport and toll road operation business
- Merchant banking (private equity, infrastructure) business, and global leasing business

Group Strengths

- Project management skills based on real estate knowledge, and business management expertise grounded in development track records
- Long-standing relationships and networks with leading developers and companies in many regions, especially in ASEAN countries
- Management of urban infrastructure projects based on rich experience in infrastructure development and wide network with the industry players
- Finance business that leverages MC's long-term industry expertise and assets accumulated through trading and project investment



Relevance of Material Issues to the Business

Focused Material Issues	Details/Action Plans
<p>Contributing to Decarbonized Societies</p>	<p>Decarbonizing of real estate</p> <ul style="list-style-type: none"> • Adopting environment-friendly design and construction methods, and introduction of energy conservation and renewable energy, etc.
<p>Promoting Stable, Sustainable Societies and Lifestyles</p>	<p>Promoting decarbonization through renewable energy and EV leasing etc.</p> <ul style="list-style-type: none"> • Promoting growth strategies of MC's affiliates, such as strengthening domestic and international renewable energy businesses and increasing the ratio of eco-friendly vehicles out of all leased vehicles
<p>Utilizing Innovation to Address Societal Needs</p>	<p>Contributing to the realization of a carbon-neutral society through EX funds</p> <ul style="list-style-type: none"> • Identifying and supporting the development of companies owning advanced climate tech solutions
<p>Addressing Regional Issues and Growing Together with Local Communities</p>	<p>Developing and operating high-quality, environmentally sustainable urban infrastructure</p> <ul style="list-style-type: none"> • Developing and operating sustainable data centers using low-carbon power sources and energy-saving technologies <p>Developing and managing self-sustaining decentralized communities and smart cities for a sustainable society</p> <ul style="list-style-type: none"> • Promoting urban development and introducing urban services to help solve regional challenges, and to improve convenience and comfort

Awareness of the External Environment

Risks	Opportunities
<ul style="list-style-type: none"> • Decline in population and industrial competitiveness in Japan • Changes in market conditions due to inflation and interest rates increase • Heightened geopolitical risks such as US-China tensions and the Ukraine conflict 	<ul style="list-style-type: none"> • Increasing demand for urban development and urban services to address societal and environmental challenges associated with decarbonization and the diversification of consumer needs • Expansion of new technologies and solutions to achieve a carbon-neutral society • Urbanization due to economic and population growth, particularly in developing countries • Increase in demand for digital infrastructure as digitalization accelerates

Strategies Under Midterm Corporate Strategy 2024

- High-value-added, solution-providing urban development and management
Solve regional issues and strengthen industrial competitiveness through attractive urban development
- Strengthen financial businesses that contribute to decarbonization and "Creating a New Future"
Promote decarbonization and future creation by providing funds and finance-related services
- Expansion of sustainable urban development and infrastructure businesses
Provide a platform for strengthening industrial competitiveness through the development of high-quality infrastructure with low environmental impact

Progress Under Midterm Corporate Strategy 2024

Establishment of the Marunouchi Climate Tech Growth Fund L.P.

In April 2023, MC, together with two partner companies, launched the Marunouchi Climate Tech Growth Fund L.P. through Marunouchi Innovation Partners Co., Ltd. (MIP), which invests primarily in companies dedicated to decarbonization through the development of climate technology. MIP plans to continue raising new investment through additional rounds of funding and aim to increase the size of this fund to between 800 million and one billion US dollars.

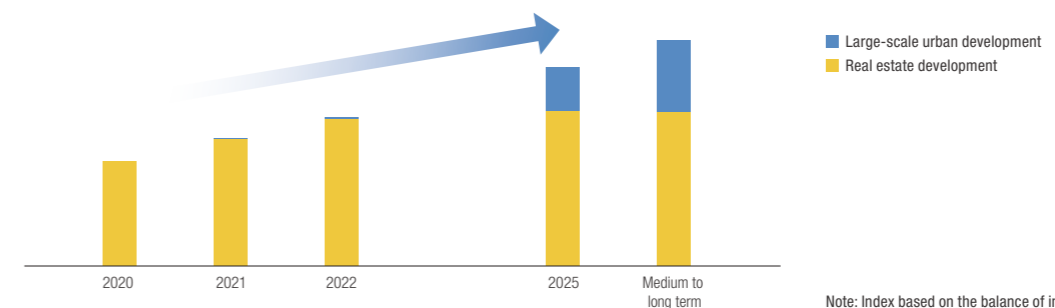
To realize a carbon-neutral society, it is crucial to invest in developing and expanding the application of a wide range of cutting-edge climate technologies and solutions. With more funding crucial to meeting those expectations, the demand for climate tech investments is likely to grow over the medium to long term. By taking advantage of the MC Group's broad industry expertise, business network, and collective capabilities, MC aims to boost the corporate value of investees by identifying blue-chip investment opportunities and helping to commercialize and scale up investees' cutting-edge technologies, which would lead to promoting decarbonization and the realization of a carbon-neutral society.



Major Growth Drivers

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

Scope of business initiatives



Note: Index based on the balance of investments and loans for FY2020