

INTEGRATED  
REPORT

2019

Fiscal year ended March 31, 2019





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## Editorial Policy

For stakeholders, including shareholders and investors, to gain a correct understanding of the complete picture concerning the Mitsui Fudosan Group's management strategy and corporate activities, in addition to financial information such as financial results, review of operations and management strategies, it is also important to gain a systematic understanding of non-financial information relating to aspects such as society, the environment, human resources and governance. Based on this belief, our Annual Report features enhanced and integrated non-financial information. In editing the report, we referred to the International Integrated Reporting Framework, which was published by the International Integrated Reporting Council (IIRC) in December 2013. Moreover, the Group's activities have been selected and included based on their importance for stakeholders. For more information, please refer to the website (listed at the end of the Report) and various other forms of communication issued.

**Caution Concerning Forward-Looking Statements**  
 This report contains figures related to the future, which are included in results forecasts and so forth. These are based on judgements made using information obtained at the time of publication, and thus contain risks and uncertainties. Furthermore, Mitsui Fudosan makes no guarantee that these forecasts will be realized. Therefore, you should not rely on these forecasts alone when making investment decisions. You should be aware that business results arise through various important factors and actual results may vary greatly from forecasts. Important factors influencing actual results include the economic situation encompassing the Group's business domains, foreign currency exchange rates including yen-U.S. dollar cross rate, and the Japanese share market.

### About the Photos on the Cover and This Page

The photos show Nihonbashi Muromachi Mitsui Tower, which was completed in March 2019. This project is representative of the neighborhood creation the Nihonbashi Revitalization Plan is aiming to achieve. In addition to being equipped with offices, retail properties, and a hall that offer cutting-edge infrastructure technology, it will also provide creative working styles and a variety of experiences unique to Nihonbashi, thereby fulfilling its function as a platform for transmitting new culture. (▶ p.23)

## GROUP STATEMENT

# The Mitsui Fudosan Group aims to bring affluence and comfort to urban living.

The Group Statement, Vision, and Mission embody the Group management's basic philosophy and its vision for the future. Since their formulation in 1999, they have guided the Mitsui Fudosan Group as an integrated management policy.

## GROUP VISION

What we want to be

### Philosophy

Seeking to link diverse values and coexist in harmony with society, as symbolized by the Mitsui Fudosan “” logo, we will work to foster social and economic development as well as global environmental preservation. —Under “&EARTH,” we will aim for a society that enriches both people and the planet.

### Evolution and value creation

By advancing the real estate business we bring the dreams and excitement of a new age to people. By bringing knowledge and experience together in diverse ways, we create new value, both at home and abroad, proactively responding to global changes in social environments and market structures.

### A profitable and growing Mitsui Fudosan Group

We seek to create a profitable and growing Mitsui Fudosan Group, acting honestly and fairly to realize the capabilities of the entire organization.

## GROUP MISSION

What is expected of us

### Provide business and lifestyle-related solutions and services

- Maximize urban value creation by providing secure, safe and attractive urban spaces and soft services that bring enrichment and comfort to urban living
- Provide variable and innovative solutions that stimulate the real estate investment market

### Work in partnership with customers from a global perspective

- Treat customers as the business foundation on which to progress and develop the Company
- Propose and provide products and services by deploying the collaborative strength of the Group with a multidisciplinary approach that meets the real needs of customers
- Work in partnership with customers to raise brand value by continuously providing services that are highly valued by them

### Raise our corporate value

- Raise corporate value through sustainable profit growth and continual innovation
- Optimize the allocation and use of available resources and pursue efficient operations
- Conduct operations while closely monitoring and managing business risks

### Create strong corporate group by building the capabilities of individuals

- Seek to maintain a creative and pioneering spirit by integrating various skills and values
- Cultivate and institutionalize the professional capabilities of individuals to raise our creative ability for value-added products and services
- Maintain high awareness of ethical, disciplinary, and compliance issues, and act accordingly



# The History of the Mitsui Fudosan Group

Mitsui Fudosan has its origins in Echigo-ya, a clothing store opened in 1673 in what is now the Nihonbashi district of Tokyo. In 1941, the real estate division of Mitsui Company was separated from the parent and Mitsui Fudosan Co., Ltd. was established. Through multiple transitions in the Japanese economy and real estate markets, Mitsui Fudosan has always created new value that brings affluence and comfort to urban living.

## The Mitsui Fudosan Group's Roots

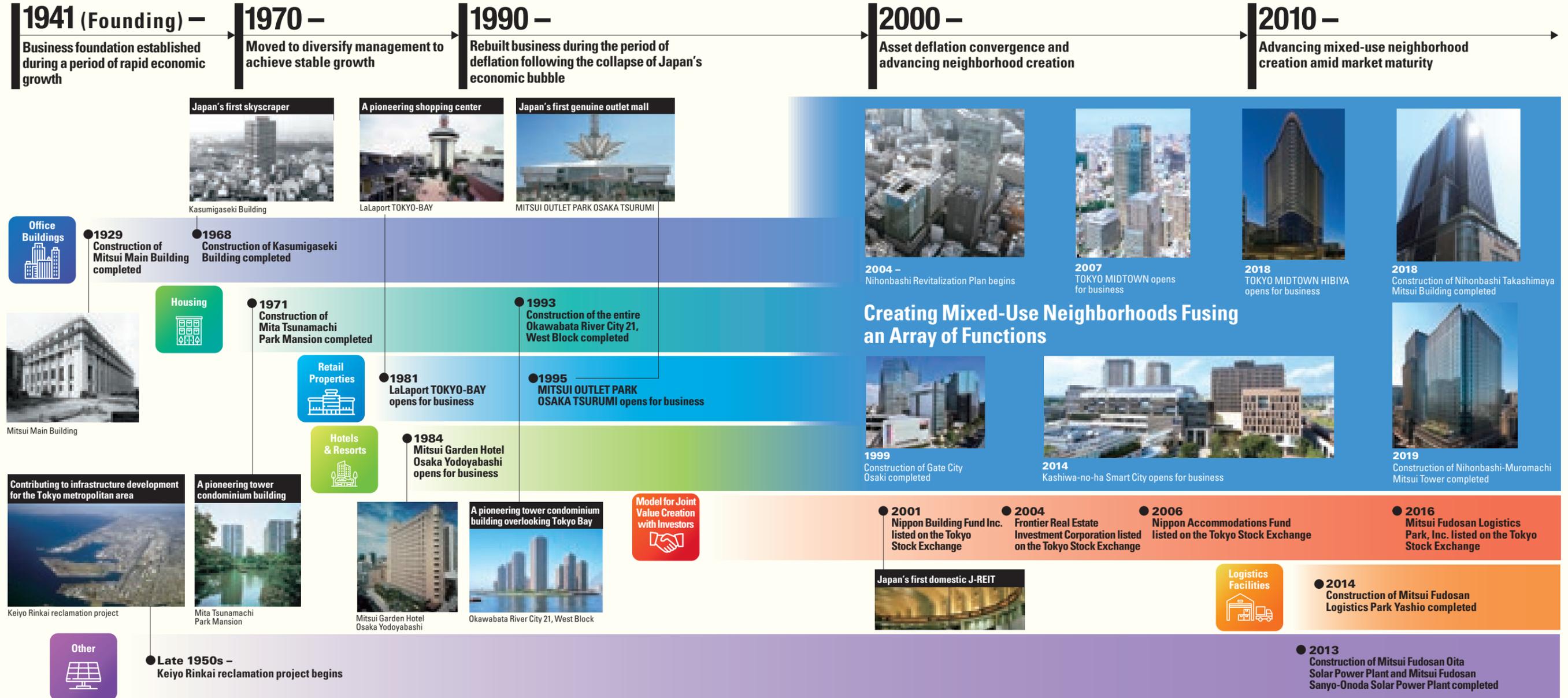
Around 350 years ago, Takatoshi Mitsui founded Echigo-ya, a clothing store in the Nihonbashi district of old Edo. The store's business developed rapidly based on the groundbreaking business philosophy of "cash only and fixed, low prices." This spirit of enterprise and focus on customers continues within the Mitsui Fudosan Group today. Echigo-ya's business continued to expand and it developed into Mitsui Company. In 1941, Mitsui Company's Real Estate Division, which managed the real estate held by the company, was spun off and became Mitsui Fudosan Co., Ltd.



Takatoshi Mitsui, the Company's founder (Photo provided by Mitsui Bunko)



Echigo-ya in Nihonbashi during the Edo period (Picture from the Mitsui Memorial Museum collection)



## Overseas Development from the Early 1970s Onward

Since the early 1970s, Mitsui Fudosan has been developing various businesses in locations around the world. In recent years, it has been leveraging neighborhood creation expertise cultivated in Japan to accelerate overseas development, including the launching of outlet malls in Malaysia and Taiwan, and participation in urban development projects in London and New York.



1984 HALEKULANI (Hawaii) opens for business



1986 1251 Avenue of the Americas (New York) acquired



2008 St. Regis Hotel & Residences (Singapore) opens for business



2014 Construction of 1200 17th Street (Washington D.C.) completed



2015 MITSUI OUTLET PARK KLIA SEPANG opens for business



2016 MITSUI OUTLET PARK LINKOU opens for business



2017 Construction of 1 Angel Court (London) completed

# Supporting Neighborhood Creation Through a Variety of Businesses

As one of Japan's leading real estate companies, the Mitsui Fudosan Group has expanded its business across a broad swath of the real estate industry. Going forward, we will continue to advance business with the aim of creating a profitable and growing Mitsui Fudosan Group.

To convey the expansion of our Group's business in an easily understandable manner, we are explaining business areas by classifications that differ from the reporting segments. For the classifications by reporting segments, please see p. 31, Reporting Segments and Business Details Correlation Table.



## Beyond the office

Under the slogan "Beyond the office," we continue to create ideal Mitsui offices, both at home and overseas. By reaching beyond the boundaries of traditional concepts of office design, we build offices that provide "sustainability and safety," "amenities and efficiency," and "expansion and innovation" to the individuals and companies that work or gather in them.



## Creating properties that grow with the city and people — places where people gather to relax

We seek a new form of retail property that is rooted in the local community and we grow them together with our customers. Under the "growing together" concept, we are working to develop a wide variety of retail properties specifically designed for regions and communities in Japan and overseas.



## Best partner for homes and living

By providing the full range of development sales, and post-sale services, we offer quality and products that meet the needs of our customers. By taking advantage of the comprehensive strengths of the Mitsui Fudosan Group, we continue to expand into areas such as new home construction contracting, and existing housing stock businesses including sales and remodeling.



## Providing appropriate spaces and services for each of our customers

Guided by the brand statement "creating new destinations," Mitsui Fudosan is dedicated to creating times and spaces worthy of being called "destinations" for customers, and operates a hotel business with Mitsui Garden Hotels and THE CELESTINE HOTELS in locations around Japan, and a resort business designed to answer the leisure needs of our customers.



## Development of advanced logistics facilities to respond to diversifying values

Backed by our mission statement of "tomoni, tsunagu. tomoni, umidasu (connecting values together with customers and creating new values together with customers)," Mitsui Fudosan has been leveraging its strong relationships with office and retail tenants while continuing to steadily expand this business since 2012.



## Contributing to growth in the real estate investment market

Mitsui Fudosan is also active in sales to investors, involving the development and sale of office buildings, retail properties, rental housing, logistic facilities and other income properties. The Group is not only working to contribute to the expansion of the real estate investment market, but to expand its own corporate earnings by offering post-sale asset management and other services.



## A wide-ranging real estate solutions business

To provide office and retail property tenants and other originators with a wide range of solutions, Mitsui Fudosan is engaged in a variety of real estate-related businesses.

## Results (As of March 31, 2019)

Revenue from operations	¥1,861.1 bn
Operating income	¥262.1 bn
Profit attributable to owners of parent	¥168.6 bn



Business Area	Main Data	Main Group Subsidiaries
<b>Japan</b> Major cities nationwide <b>Over-seas</b> U.S., U.K.	Rentable floor space*1 <b>3,148</b> thousand m <sup>2</sup> Number of tenants Approx. <b>3,000</b> companies	MITSUI FUDOSAN BUILDING MANAGEMENT MITSUI FUDOSAN FACILITIES
<b>Japan</b> Major cities nationwide <b>Over-seas</b> China, Taiwan, Malaysia	Rentable floor space*1 <b>2,193</b> thousand m <sup>2</sup> Number of tenants Approx. <b>2,300</b> companies	MITSUI FUDOSAN RETAIL MANAGEMENT MITSUI OUTLET PARK Mitsui Shopping Park LaLaport Mitsui Shopping Park Urban
<b>Japan</b> Major cities nationwide <b>Over-seas</b> U.S., U.K., China, Malaysia, Singapore, Thailand, Indonesia, Philippines	Number of condominiums delivered <b>3,283</b> units Number of brokerage properties*2 <b>41,533</b> sales Number of detached housing units delivered <b>475</b> units	MITSUI FUDOSAN RESIDENTIAL Mitsui Fudosan Reform MITSUI HOME 三井のリハウス Mitsui Rehouse MITSUI FUDOSAN RESIDENTIAL LEASE MITSUI FUDOSAN REALTY
<b>Japan</b> Nationwide <b>Over-seas</b> U.S. (Hawaii), Singapore	Mitsui Garden Hotels/ THE CELESTINE HOTELS <b>26</b> hotels <b>6,701</b> rooms	Mitsui Fudosan Hotel Management Co., Ltd. mitsui garden hotels THE CELESTINE HOTELS
<b>Japan</b> Tokyo metropolitan area, Nagoya metropolitan area, Osaka metropolitan area, Chugoku area, Kyushu area <b>Over-seas</b> Thailand	Number of project facilities*3 <b>33</b> facilities Total floor space Approx. <b>2.9</b> million m <sup>2</sup>	MFLP Mitsui Fudosan Logistics Park, Inc.
<b>Japan</b> Major cities nationwide <b>Over-seas</b> U.S., U.K.	Mitsui Fudosan Group assets under management Approx. <b>¥3.90</b> trillion	NBF Nippon Building Fund Nippon Accommodations Fund Mitsui Fudosan Investment Advisors, Inc.
<b>Japan</b> Nationwide <b>Over-seas</b> —	Number of parking units managed by Mitsui Repark <b>245,511</b> spaces Mega-solar business sites/amount generated <b>5</b> sites / Approx. <b>72</b> MW	Mitsui Car Park Leasing

\* All figures are as of the end of March 2019. \*1 Rentable floor space includes subleased areas. \*2 Figures represent the number of brokerages before the elimination of Mitsui Fudosan Realty Group. \*3 Includes existing facilities and facilities under development.

# Our Value Creation

As a comprehensive real estate company that oversees all aspects of real estate business, from securing business opportunities through to development, sales and management, the Mitsui Fudosan Group is leveraging its varied business expertise concerning office buildings, retail properties, housing, and hotels to advance the creation of neighborhoods. We will utilize the resources we have cultivated through long years of business to continue raising the value of neighborhoods for people and communities and continuously enhance corporate value.

\* All figures on this page are current as of the end of March 2019.

## Assets Invested

### Financial capital

**Solid financial position**  
Total assets: **¥6.8 trillion**  
Equity ratio: **34.4%**  
D/E ratio: **1.24 times**

### Manufacturing capital

**High quality real estate asset stock**  
Tangible and intangible assets: **¥3.5 trillion**  
Real property for sale: **¥1.6 trillion**

### Intellectual capital

**Expertise in large-scale neighborhood creation**  
**Products offering strong brand recognition**

### Human capital

**Diverse human resources**  
Group headcount: **19,081**

### Social capital

**Extensive customer base**  
Office tenants: approx. **3,000 companies**  
Retail property tenants: approx. **2,300 companies**  
Mitsui Shopping Park Card members: approx. **3.06 million**  
Mitsui Housing Loop members: approx. **210,000**  
Link-J members: approx. **330 companies**  
31VENTURES members: approx. **470**

### Natural capital

**Developing buildings with exceptional environmental performance**  
Facilities recognized as Outstanding Specified Anti-Global Warming Facilities  
Top-level facilities: **six**  
Semi top-level facilities: **eight**



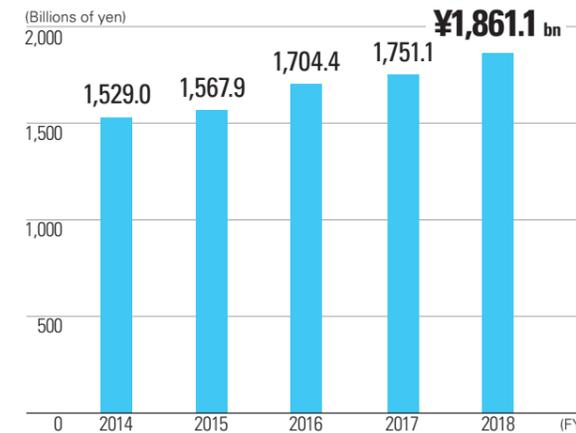
## Long-Term Vision VISION 2025

- Successfully establish a sustainable society through the creation of neighborhood
- Harness technology to innovate the real estate business
- Evolve into a global company

## Business Achievements

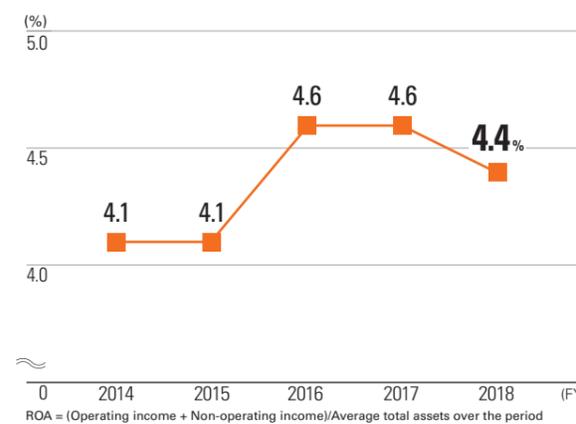
### Earnings expansion

#### Revenue from operations



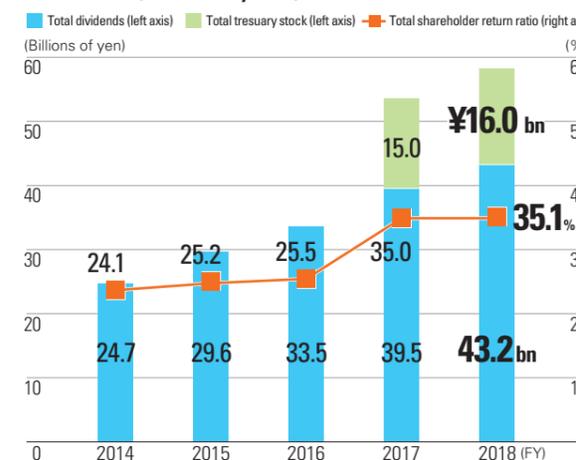
### Business efficiency improvements

#### ROA



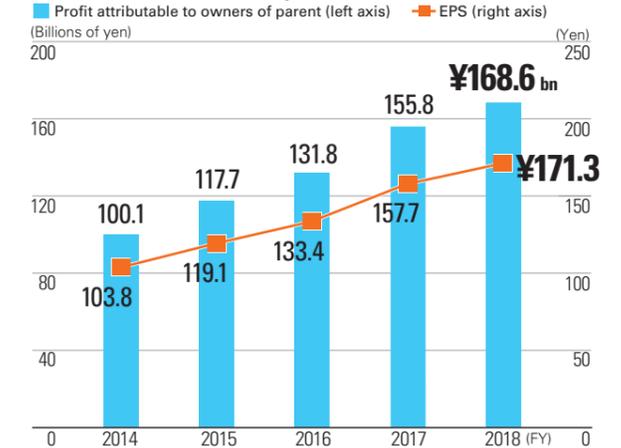
### Shareholder return enhancements

#### Total dividends, total treasury stock, and total shareholder return ratio

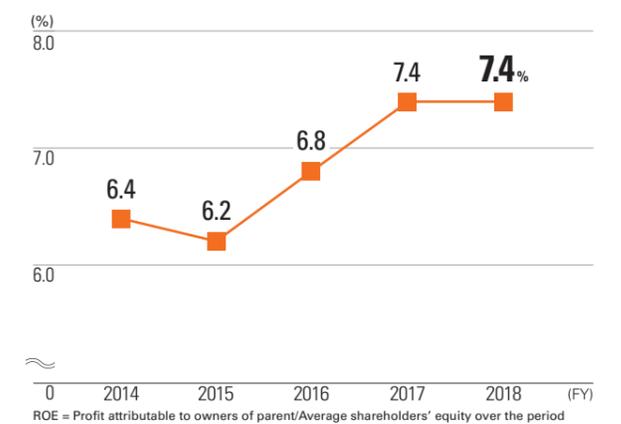


### Net profit and earnings per share (EPS) expansion

#### Profit attributable to owners of parent and EPS

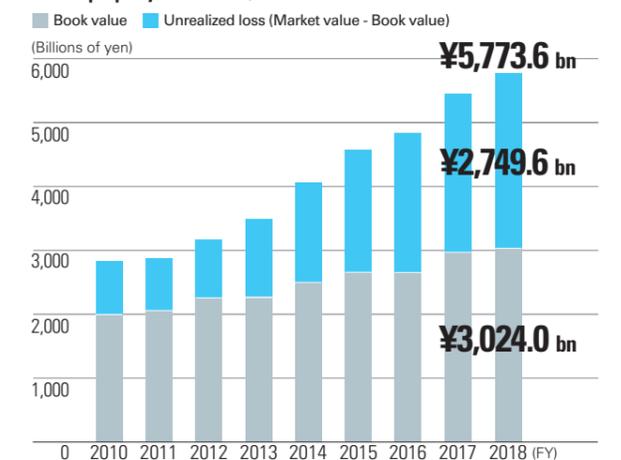


#### ROE



### Accumulation of quality leased assets

#### Rental property book value, market value and the difference



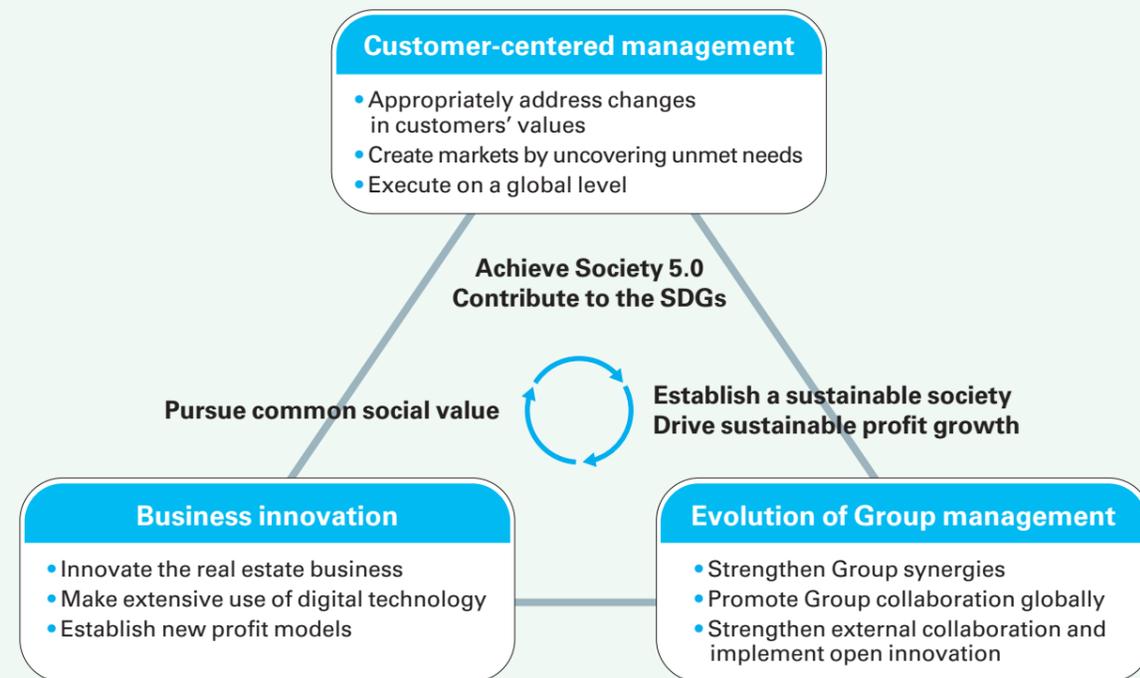
# Long-Term Vision

# VISION 2025

In May 2018, Mitsui Fudosan formulated VISION 2025, the Group's long-term vision, based on its existing Group Statement, Vision, and Mission. VISION 2025 calls on the Group to aim to innovate the real estate business and achieve further globalization, maintain robust growth and profitability, and contribute to establishing a sustainable society.

- **Successfully establish a sustainable society through the creation of neighborhoods**
- **Harness technology to innovate the real estate business**
- **Evolve into a global company**

## Basic Strategies



## Main Initiatives

### Drive evolution in the creation of neighborhoods

- Provide business and daily lifestyles to people, who are the centerpiece of the creation of neighborhoods.
- Realize the creation of neighborhoods that improve with age and develop smart cities that serve as platforms for ultra-smart societies.

### Innovate business models by harnessing real estate tech

- Enhance the competitiveness of existing businesses and create new businesses through Real Estate x ICT.
- Accumulate and utilize data from real physical spaces, such as offices, retail facilities, and residences.

### Dramatically grow the overseas business

- Expand business by leveraging the Mitsui Fudosan Group's strengths as a comprehensive and integrated developer.
- Promote further localization and expand neighborhood creation development projects overseas.

## Infrastructure to support initiatives

### Human resource strategies

- Promote further diversity
- Encourage higher workforce participation by women
- Recruit and train globally minded human resources and IT professionals

### Organization, systems and governance

- Enhance awareness of Group-wide optimization
- Establish organization and systems that encourage innovation
- Strengthen governance and strictly enforce compliance

### Asset and financial strategy

- Appropriately control the balance sheet
- Build an optimal portfolio
- Diversify fundraising methods as appropriate for various asset types

## Outlook

Realize sustainable growth of profits for around 2025

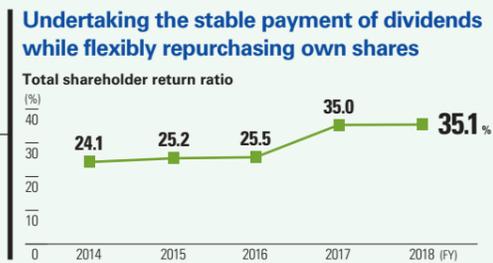
Around 2025		
Consolidated operating income	Of which: Overseas income	ROA
Around <b>¥350 billion</b>	Around <b>30%</b>	Around <b>5%</b>

## Shareholder Return Policy

- Mitsui Fudosan **reinvests earnings to increase shareholder value** over the medium to long term and **returns profits to shareholders** based on comprehensive consideration of such factors as the business environment and its performance and finances.
- In order to strengthen shareholder returns, Mitsui Fudosan undertakes the **stable payment of dividends** while **flexibly repurchasing its own shares** in a bid to enhance capital efficiency.
- Mitsui Fudosan has identified a total shareholder return ratio of around **35% of profit** attributable to owners of parent.

## Basic Capital Policy

The Company has a basic policy of continuously enhancing shareholder value and corporate value through well-balanced distribution of earnings every fiscal year for expanding returns to shareholders and investing in growth, while maintaining financial soundness.



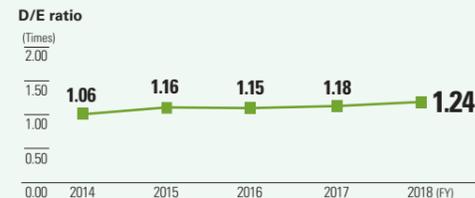
### Shareholder Return Enhancements

**Continuously Enhance Corporate Value, Increase Shareholder Value**



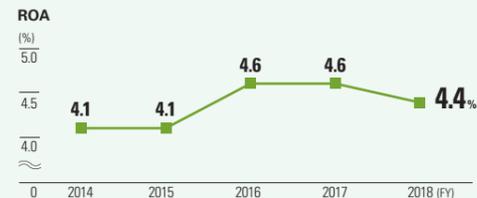
### Financial Soundness

**D/E ratio**  
Ensuring of appropriate D/E ratio level



### Investment for Growth and Building of Quality Based Asset Portfolio

**Reinvestment of profits in good investment opportunities**  
Building of quality-based asset portfolio



## ESG Management

At a summit held in September 2015, the UN adopted the Sustainable Development Goals (SDGs) and in Japan, the Japanese government proposed Society 5.0 in its 5th Science and Technology Basic Plan as a future society that the country should aspire to.

In order to realize continuous value creation within this kind of environment, the Mitsui Fudosan Group has positioned ESG (Environment, Society, and Governance) as a key management

issue, and established six priority goals for the area in the Group's VISION 2025 long-term vision formulated in May 2018.

By further evolving neighborhood creation through the pursuit of these goals, the Group aims to achieve a sustainable society and drive sustainable profit growth, while at the same time contributing to achieving the SDGs and realizing Society 5.0.



## Society 5.0

- IoT will connect all people and things, all sorts of knowledge and information will be shared, and totally new value will be born
- Social issues will be overcome and humans will be liberated from various types of constraints
- AI will free humans from the burdensome work of analyzing huge amounts of information
- The possibilities open to humans will expand through the use of robots, automatic-driving cars, etc.

### The Mitsui Fudosan Group's Approach to ESG Management

#### Priority Goals



- Establish ultra-smart societies by creating neighborhoods
- Achieve a society where a diverse workforce can thrive
- Achieve health, safety and security in people's daily lives
- Create new industries through open innovation
- Reduce environmental impact and generate energy
- Continuously improve compliance and governance

#### Drive evolution in the creation of neighborhoods

- Create communities closely tied to localities and promote high-quality town management
- Proactively harness new technologies to develop smart cities that serve as platforms for ultra-smart societies

### Sustainable Society

### Sustainable Profit Growth

# Aiming to Drive Sustainable Profit Growth and Realize a Sustainable Society Based on the VISION 2025 Long-Term Vision



**Masanobu Komoda**  
President and Chief Executive Officer  
Mitsui Fudosan Co., Ltd.

## Q1 What is your assessment of the Company's business results for fiscal 2018?

In our consolidated business results for fiscal 2018, we saw increases in revenue and profit in each of the segments that make up the Mitsui Fudosan Group's core business – leasing, property sales, and management. These increases significantly exceeded initial plans and enabled us to achieve profit growth. As a result, we recorded revenue from operations of ¥1,861.1 billion, operating income of ¥262.1 billion, ordinary income of ¥254.1 billion and profit attributable to owners of the parent of ¥168.6 billion, setting a new record for revenue from operations for the seventh consecutive year and new records for each type of income and profit for the fifth consecutive year.

While a favorable real estate market played a part, I think this success is mainly the result of steadily implementing the strategies contained in the VISION 2025 long-term vision and efforts to enhance corporate value.

### Operating income



## Q2 Fiscal 2018 was the first year of the VISION 2025 long-term vision. What results have you seen?

The Group has been working to innovate the real estate business and achieve further globalization, and last year, we formulated our VISION 2025 in order to realize sustainable growth into the mid-2020s and beyond. We have three aspirations for the Mitsui Fudosan Group. These are "successfully establish a sustainable society through the creation of neighborhoods," "harness technology to innovate the real estate business," and "evolve into a global company." Below I will explain the results of initiatives working toward realizing these aspirations that were carried out during the first year of the vision.

### Profit attributable to owners of parent



### Office Building Business

Fiscal 2018 saw construction completed on the flagship properties of TOKYO MIDTOWN HIBIYA, the Nihonbashi Takashimaya Mitsui Building, and Nihonbashi Muromachi Mitsui Tower. Each of these projects has been progressing extremely smoothly, with all of them fully occupied by the time construction was completed. March 2019 marked one year since TOKYO MIDTOWN HIBIYA opened and it has been visited by 22 million customers, far exceeding the initial target of 12 million. The added value and resultant services

provided by the mixed-use neighborhood development we are advancing in the Nihonbashi area have been evaluated very highly by tenants and this has begun attracting overseas and IT companies, which there were previously few of in the area. Going forward, the Mitsui Fudosan Group has a full pipeline of office building projects and by around 2025, we expect to have expanded the total area of our office buildings to 1.1 million m<sup>2</sup>, about 1.5 times the area we had when VISION 2025 was announced last year.

We will continue to come together as a Group to further strengthen area branding and create new tenant demand.

Fiscal 2019 also saw the start of a new initiative, the Nihonbashi Smart Energy Project. This initiative is a first in Japan and provides a stable supply of electricity and heat to Nihonbashi's Muromachi area, including existing buildings, through the installation of a large-scale gas cogeneration system and networks of power lines and heat conduits that are managed by Mitsui Fudosan. This not only vastly enhances the area's disaster preparedness, it is also in line with the SDGs, which aim to realize a sustainable society. Going forward we hope to apply the initiatives from this project to other areas and build a pioneering model for smart cities that can be shared both in Japan and overseas.

Furthermore, in the Life Science Innovation Promotion Project, which aims to create new industries through open innovation in the life science domain, we were able to accelerate the building of an ecosystem by "building a community" and "creating a place." Last year we doubled the number of Life Science Bases in Nihonbashi from four to eight and started new initiatives such as establishing a city center urban shared wet lab and making full-scale LP investment in life science venture companies. Going forward we will further strengthen initiatives aimed at building an ecosystem in the life science domain and hope to contribute to making Japan more competitive in this field.

### Creating New Mixed-Use Neighborhoods in Central Tokyo



TOKYO MIDTOWN HIBIYA  
msb Tamachi (Tamachi Station Tower South)

- Offices
- Plaza
- Retail businesses
- Cinema complex
- Offices
- Retail businesses
- Hotel

### Expanding the Mixed-Use Area of Nihonbashi



Nihonbashi Muromachi Mitsui Tower  
Nihonbashi Takashimaya Mitsui Building

- Offices
- Plaza
- Retail businesses
- Offices
- Plaza
- Retail businesses

### Retail Property Business

In fiscal 2018, while we experienced temporary effects due to natural disasters such as earthquakes and heavy rains, the Mitsui Fudosan Group's retail properties successfully implemented measures to increase value for visiting



LaLaport NAGOYA minato AQUUS

customers, such as realizing an attractive tenant mix and holding events to attract customers. As a result, sales at existing retail properties exceeded levels recorded in the previous fiscal year. Additionally, Mitsui Shopping Park LaLaPort NAGOYA minato AQUUS, which opened in September, is continuing to record excellent sales that exceed initial forecasts.

We are responding to changes in consumer behavior brought about by the rise in e-commerce and an increase in the number of competing properties by continuing to create experience value that can only be realized at real facilities, such as substantial food and entertainment options and interaction with people. We are also further differentiating ourselves and enhancing competitiveness through interconnectivity with Mitsui Shopping Park &mall, the Group's E-commerce mall.

**Housing Business**

Currently, the housing market is seeing a trend of customers favoring convenient locations, such as city centers or areas close to a train station, due to an increase in households where both partners work and rising demand for homes to be close to workplaces. Within this environment, we have continued to see strong sales of high-value-added condominiums that demonstrate the Group's strengths of "large-scale and redevelopment," "city center," and "high-end," and contracts have been signed for 75% of the 3,400 units reported for sale during fiscal 2019. As well as recording high operating margins for fiscal 2018 of over 9%, our inventories remain low.

However, the land acquisition environment continues to be extremely competitive. We think that it is important that the Mitsui Fudosan Group does not aim to expand the volume of our land unnecessarily, but instead aims to maintain high levels of profit by continuing to invest selectively, particularly in areas where we can demonstrate



Park Court Akasaka Hinokicho The Tower



Park Court Aoyama The Tower

the Group's strengths of "large-scale and redevelopment," "city center," and "high-end."

**Logistics Business**

Of the logistics facilities being developed by the Mitsui Fudosan Group, the 19 completed as of March 31, 2019 were almost fully occupied, and we had 33 in total, including projects currently under development. Construction on many of our new properties is due to be completed in fiscal 2019 and the leasing of these is progressing well due to factors including advancements in supply chain management, the expansion of the e-commerce market, and movement toward omnichannel distribution. Going forward, we intend to consider expanding our business area, which currently comprises the Tokyo and Osaka metropolitan areas, to include areas such as the Nagoya metropolitan area and Kyushu.

Fiscal 2018 also saw us obtain a project involving the development of two logistic facilities in the Bangkok area of Thailand, the Mitsui Fudosan Group's first overseas logistics project. Going forward we will aim to seize opportunities in other overseas business areas.



MFIP Haneda (Construction completed in June 2019)

**Hotel and Resorts Business**

In fiscal 2018, we opened new Mitsui Garden Hotels in Otemachi, Gotanda, Nihonbashi, and Kanazawa, and the sales situation at each of these hotels is very good. Also, both hotel brands operated by the Group – Mitsui Garden Hotels and HOTEL THE CELESTINE – are being well received by large numbers of customers in both Japan and overseas. The occupancy rate was 90% for the sixth consecutive year and average daily rates have grown 4% compared to the previous fiscal year, both extremely high levels.

In fiscal 2019, HALEKULANI Okinawa is scheduled to open, which will be the Group's first directly managed luxury hotel, and we have many other new openings planned. We intend to realize further business growth by increasing the number of guest rooms in the entire hotel and resort business to approximately 15,000 by around 2025 and constantly enhancing the added value of both the hard and soft aspects of our properties.



Mitsui Garden Hotel Nihonbashi Premier



Mitsui Garden Hotel Kanazawa



Halekulani Okinawa



Television Centre Redevelopment Project



55 Hudson Yards



MITSUI OUTLET PARK TAICHUNG PORT

**Overseas Business**

In the US, contracts have been concluded for over 90% of 55 Hudson Yards, which was completed last year in Manhattan, New York, and rent levels are over 10% higher than planned. We also achieved high occupancy rates for rental housing properties. In the UK, although confusion continued regarding Brexit, offices in the Television Centre Redevelopment Project were operating at full occupancy, contracts were concluded for over 90% of condominiums at sales prices that were 7-8% higher than planned, and our

property sales (office building) business at 70 Mark Lane recorded significantly high profits. In China and Southeast Asia, business progressed smoothly as MITSUI OUTLET PARK TAICHUNG PORT, which opened in Taiwan last year, recorded sales of more than 120% compared to its budget. Other retail properties also recorded sales that exceeded annual budgets and large profits were realized from condominium sales in Bangkok, Thailand. As a result of all these efforts, profits increased significantly in fiscal 2018 and the overseas business accounted for 19.8% of consolidated operating profit.

We also established a Global Governance Group within the International Business Division. We recognize that as our overseas business expands, governance and the training of overseas staff are becoming increasingly important and it is crucial that we deal with this swiftly. In order to realize the "dramatic growth in overseas business" stipulated in VISION 2025, we will work to capture new business opportunities, steadily advance projects, and further strengthen our business base.

**Q3 Please tell us about the future growth of the overseas business.**

I will explain our overseas business growth scenario by dividing it into three phases.

First of all, we recognize that the overseas business has the capability to earn overseas income averaging about ¥35 billion per year in the three-year period from fiscal 2017 to fiscal 2019. Additionally, for fiscal 2019, we expect rental income to continue to grow due to factors such as the effects of the full-year operation of 55 Hudson Yards and MITSUI OUTLET PARK TAICHUNG PORT, and despite a decline in profits in the property sales business due to a backswing from the previous fiscal year.

Next, in the three-year period from fiscal 2020 to fiscal 2022, we can expect the stable growth of rental income from opening a succession of retail properties in Asia and from rental housing, particularly in the US. Furthermore, we have already secured a condominium pipeline centered on Thailand and Singapore, so when you factor in the income from these condominiums, we will have established a framework that can record overseas income averaging about ¥50-60 billion per year. Although we expect that income from property sales will fluctuate each fiscal year, in around 2025, projects such as 50 Hudson Yards will also be contributing considerable rental income, so in total we aim to realize overseas income of about ¥80-100 billion.

Going forward, we will continue to carefully consider the characteristics of each real estate product and the real estate market cycle in each area and strive to capture high quality business opportunities to further expand our overseas business.

### Q4 What is your outlook for business results in fiscal 2019?

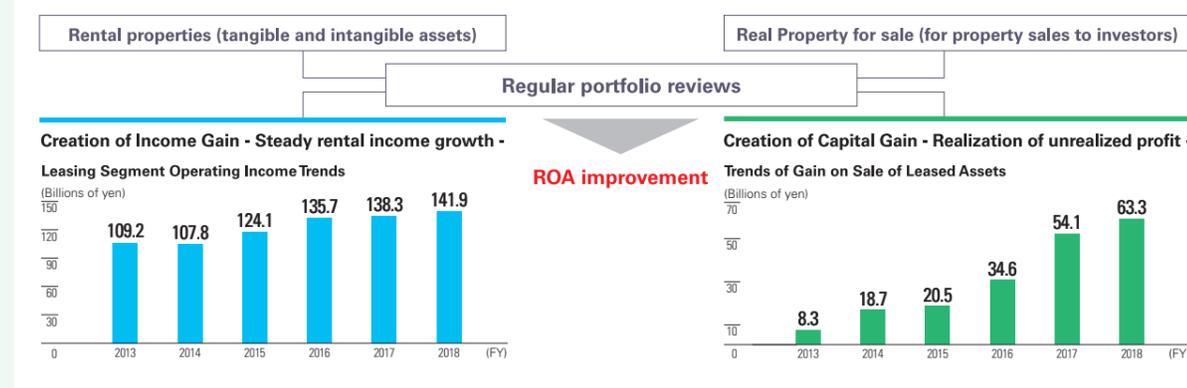
In our overall consolidated business results for fiscal 2019, we forecast that revenue from operations will increase ¥138.8 billion year on year to ¥2 trillion, operating income will climb ¥4.8 billion to ¥267.0 billion, and profit attributable to owners of parent will rise ¥1.3 billion to ¥170.0 billion. This revenue and these profits would realize new records. Within this, we expect that revenue and profits from the leasing business will rise, primarily due to the full-year operation of office buildings and retail properties completed and opened in the previous fiscal year. In the property sales business, we also forecast an increase in revenue and profits from both sales of condominiums and detached housing and property sales to investors.

### Q5 Please tell us about Mitsui Fudosan's portfolio strategy.

The Mitsui Fudosan Group's goal up to now has been to build an asset portfolio that both improves ROA and realizes sustained profit growth, and by regularly checking and reshuffling assets in accordance with market conditions, we have been able to consistently create income and capital gains. Also, as a result of capturing high quality business opportunities, we have managed to expand the scale of the Group's real property for sale, excluding condominiums and detached housing, to over ¥990 billion yen as well as achieve a full pipeline.

Going forward, we will keep a close eye on movement in the real estate markets and implement appropriate balance sheet controls in order to realize stable rental income growth and manifest unrealized gains through the continuous sale of pipeline properties.

#### Portfolio Strategies



### Q6 Please explain your capital and shareholder return policies.

The basic policy of the Mitsui Fudosan Group is to maintain financial soundness while continuously enhancing corporate value and increasing shareholder value by realizing a good balance of shareholder return enhancements and investment for growth each fiscal year. When we announced VISION 2025 last year, we set a goal for shareholder return based on this policy of a total shareholder return ratio of around 35% of profit attributable to owners of parent to be achieved by undertaking the stable payment of dividends while flexibly repurchasing own shares.

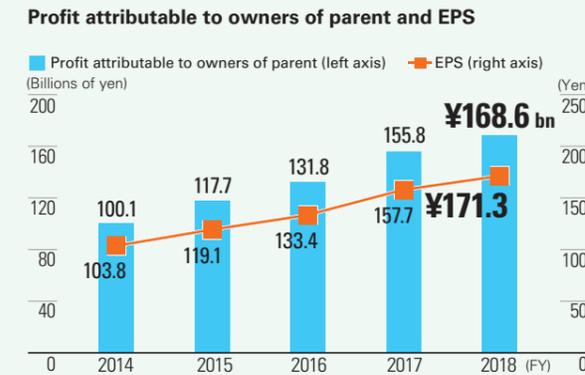
Taking into consideration factors such as strong business results achieved in fiscal 2018, we have decided to increase our annual dividend from ¥40 to ¥44 per share and repurchase ¥16 billion's worth of our own shares. We forecast that this will realize a total shareholder return ratio of around 35% of profit attributable to owners of parent.

The Group has been working to continuously improve ROA and ROE and over the last five years, we have managed to raise ROA from 4.1% to 4.4% and ROE from 6.3% to 7.4%. We have also been able to almost double EPS (net income per share) from ¥87 to ¥171. Going forward we think it is crucial that we raise EPS, as well as increase ROE by improving ROA, by striving for further growth through investment for growth and regular portfolio reviews that take into consideration the real estate market cycle.

### Q7 What is your message for shareholders and investors?

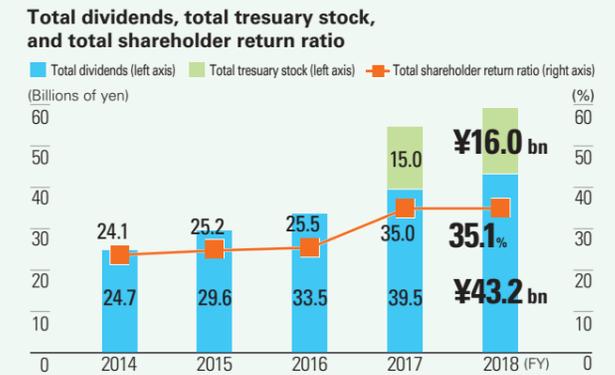
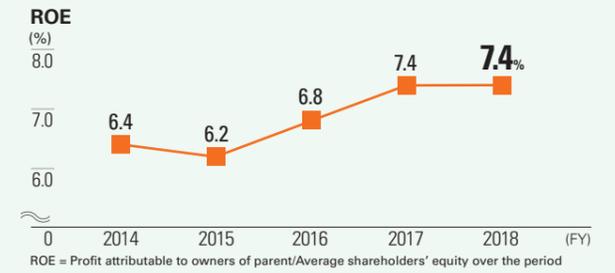
In order to realize the three aspirations aimed for in VISION 2025, the Mitsui Fudosan Group is constantly evolving our business and creating new added value.

In Japan, we are taking a "real estate as a service" approach, or in other words, providing real estate to customers as a service rather than a thing. Based on this, we are shifting from building facilities and spaces to providing



business and daily lifestyles to create neighborhoods that put people first and aiming to improve the productivity of workers and realize comfortable and healthy lifestyles. Also, we will create neighborhoods that get better with age by creating communities closely tied to localities and promoting high-quality town management, as well as proactively harnessing new technologies to develop smart cities that serve as platforms for ultra-smart societies.

Furthermore, when providing real estate as a service, we will engage in promoting the use of digital technology and enhancing the value of physical spaces. We will further increase the competitiveness of our business through the innovation of business models by harnessing real estate tech, including applying ICT to existing products and services, creating new businesses that blend real estate and ICT, and collecting and utilizing data from physical spaces such as office buildings, retail properties, and housing. At the same

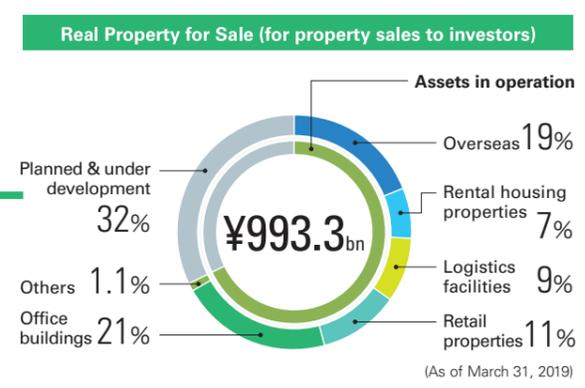


time, we will raise the value of physical spaces through aspects that cannot be generated by digital technology, such as meeting and interacting with people.

Overseas, we intend to create dramatic growth in overseas business by leveraging the Group's strengths as a comprehensive and integrated developer to capture business opportunities, expanding neighborhood creation development projects overseas, promoting further localization, and strengthening governance to a greater extent.

The Group will contribute to achieving Society 5.0 and the UN Sustainable Development Goals through realizing a sustainable society and sustainable profit growth by addressing ESG issues based on the philosophy of the Mitsui Fudosan "&" logo. We will also contribute to realizing a society where a diverse workforce can thrive by promoting further diversity within the Group through continuous initiatives for encouraging higher workforce participation by women, recruiting and training globally minded human resources and IT professionals, and engaging in workstyle reform.

Furthermore, we will strive even harder to increase corporate value by continuing to enhance corporate governance, including strengthening internal controls. We look forward to your continued understanding and support.



President and Chief Executive Officer  
Mitsui Fudosan Co., Ltd.

## Features

# Creating Value Through Neighborhood Creation

The Mitsui Fudosan Group is further evolving neighborhood creation and accelerating global development through its VISION 2025 long-term vision. It is providing enriching business and daily lifestyles, thereby creating neighborhoods that put people first. Furthermore, the Group is leveraging its collective capabilities as a real estate developer to apply the expertise it has cultivated in Japan to neighborhood creation projects around the world. By engaging in initiatives that create new value, the Group will pursue sustainable development for both the Mitsui Fudosan Group and society.



# NIHONBASHI

## Feature 1

### Proceeding to Create While Retaining and Reviving

Evolving neighborhood creation in Nihonbashi

▶ P.23

# NEW YORK

## Feature 2

### Cultivating the World's Largest Real Estate Market

The strategy of the North American business, which is at the core of the groups overseas business

▶ P.27

# LONDON

## Feature 3

### Mixed-Use Neighborhood Creation for London

Television Centre Redevelopment Project

▶ P.29

# Proceeding to Create While Retaining and Reviving



**Katsuhisa Nanao**  
Head of Nihonbashi Urban Planning and Development Department  
Mitsui Fudosan Co., Ltd.

Revitalization Plan, which has been underway since 2014. It promotes the spread of mixed-use facilities that combine a range of functions.

**Q What progress has been made on Stage II?**  
As a result of efforts to work together with local residents, the neighborhood is once again teeming with activity.

Development in Stage II has been proceeding based on the four key concepts of industry creation, neighborhood creation, community cohesion and renewal of an aqua metropolis.

We are engaging in industry creation by creating an open innovation ecosystem through industry-academia-government collaboration in the life science field (▶ P.58) and have established the incubation facility 31VENTURES Clip Nihonbashi to provide support for entrepreneurs and venture companies in a wide range of fields.

For neighborhood creation, we are creating atmospheric alleys and a thriving, scenic townscape that is pleasant to walk through and we have worked with local residents to create

**Q What is the background behind the Nihonbashi Revitalization Plan?**

An initiative launched about 20 years ago from the desire to bring prosperity back to Nihonbashi.

Since the Edo period, Nihonbashi has thrived as a hub for various facets of Japanese society, including economics, finance, business, and culture. However, its prosperity faded in the second half of the 1990's, following the collapse of Japan's economic bubble and a financial crisis. The Revitalization Plan was established by the coming together of Nihonbashi residents, businesses and local government with a shared sense of urgency and a desire to "bring prosperity back to Nihonbashi."

The project is being advanced under the concept of "proceeding to create while retaining and reviving," which means "continuing to value historic buildings, traditional old

stores, local culture, and a spirit of 'sophistication,' while revitalizing the scenery, the water and greenery, and the prosperity of streets, which have been lost due to changes in the times and environment, thereby creating a new neighborhood appeal for future generations."

In 2004, construction was completed on the Nihonbashi 1-chome Mitsui Building (COREDO Nihonbashi), built on the site of the former Tokyu Department Store Nihonbashi, and in 2005, the 39-story Nihonbashi Mitsui Tower was completed in Muromachi. The floors of this tower that are above the 31-meter line have been set back as part of the "31-meter rule," which has also been applied to the buildings redeveloped after it, reducing any oppressive effects upon Chuo-dori and contributing to the beautiful view through a unified skyline.

Following this, Mitsui Fudosan was a member of an association developing projects as part of the Nihonbashi Muromachi East District Development Project, developing

the Muromachi Higashi Mitsui Building (COREDO Muromachi 1) in 2010, and the Muromachi Furukawa Mitsui Building (COREDO Muromachi 2) and Muromachi Chibagin Mitsui Building in 2014 (COREDO Muromachi 3). Together with these initiatives, in 2014 we also worked with local residents to rejuvenate Fukutoku Shrine and performed maintenance on Edozakura-dori, Muromachinaka-dori, passageways running under Edozakura-dori, and the like.

From its starting point with COREDO Nihonbashi in 2004, development has followed a line connecting each project up to the completion of the Nihonbashi Muromachi East District Development Project in 2014.

The neighborhood creation that has resulted from following this line from its origin point is now being expanded outward in Stage II of the Nihonbashi



**2019**  
Nihonbashi Muromachi Mitsui Tower



**2018**  
Nihonbashi Takashimaya Mitsui Building



**2018**  
Mitsui Garden Hotel Nihonbashi Premier



**2014**  
Fukutoku Shrine



**2014**  
TOHO CINEMAS Nihonbashi



**2010-2014**  
COREDO Muromachi 1-3



**2005**  
Nihonbashi Mitsui Tower



**2004**  
COREDO Nihonbashi

**Nihonbashi Revitalization Plan Flow**



Stage II (2014-)

Creating Mixed-Use Neighborhoods, Industry Creation, Neighborhood Creation, Community Cohesion and Renewal of an Aqua Metropolis

Stage I (2004-) Proceeding to Create While Retaining and Reviving

**Feature:**  
Creating Value Through Neighborhood Creation  
**NIHONBASHI**

specific guidelines regarding the scenery in Chuo Ward.

Community cohesion is being achieved within the Fukutoku Shrine grounds, where we created Fukutoku Garden in 2016, a space for rest and enjoyment inspired by the Nihonbashi area's unique history. Furthermore, from a disaster-preparedness perspective, a highly efficient large-scale gas cogeneration system has been installed in Nihonbashi Muromachi Mitsui Tower, which was completed in March 2019, launching a "regional electricity and heat supply business" which means it will supply surrounding buildings with electricity and heat during times of disaster.

Finally, in regard to the renewal of an aqua metropolis, the cumulative number of tourists who have taken boat tours that use Nihonbashi Pier, which was established at Nihonbashi Minamizume in 2011, is over 500,000, and tours that enable tourists to feel the charm of central Tokyo are gradually becoming a fixture. In 2018, the decision was taken to move the raised expressway that runs through Nihonbashi underground, which when combined with the area's redevelopment, should massively transform Nihonbashi's scenery and environment.

Due to this advancement of the Nihonbashi Revitalization Plan together with local stakeholders over about 20 years, Nihonbashi is now one of the most popular office areas in central Tokyo. The number of various businesses active in the area has increased and the neighborhood receives a regular stream of visitors of all ages. The town is overflowing with vibrancy when it comes to work, living and leisure.

**Q What businesses are you developing in the life science area?**

**Contributing to the creation of new industries by building a life science ecosystem.**

Nihonbashi has been a hub for medicinal wholesalers since the Edo period and even now it houses the headquarters for many pharmaceutical-related companies. Mitsui Fudosan believes that vitalizing activities related to life science, which



Shared wet lab

includes the indigenous pharmaceutical industry, will contribute to creating new industries and result in further enhancing the value of the Nihonbashi area.

Also, as the life science industry shifts toward open innovation, we are building an ecosystem for creating new industries in the life science field in Nihonbashi, or in other words, a framework for generating new industries by gathering various companies and organizations in the area and fostering exchange, education, and collaboration. Through this, we aim to "enhance value by establishing a Nihonbashi brand," "use industry as an entry point for neighborhood creation," and "boost demand for office space."

As part of this, LINK-J was established in March 2016 and as of July 2019, it had 350 members, including both individual and corporate members, and it has implemented 443 events and programs over a year, including networking and collaboration events and training support programs.

Also, we have developed the Nihonbashi Life Science Building as a place for innovation. It is attracting life science-related companies, universities and organizations and has an occupancy rate close to 100%. We have continued to expand this initiative and now operate life science bases in 10 locations. Each base includes venture offices, shared offices, conference rooms, and lounges, among other facilities, and they have attracted 90 companies active in the life science field, especially venture companies.

We have also established a shared laboratory on the first basement floor of the Nihonbashi Life Science Building that can be used by life science venture companies for research and development. As well as providing an advanced research

environment, by promoting exchange between users, partner companies, and experts, we enable users to reduce their initial investment so that they can start business operations more quickly.

Going forward, we plan to develop new asset classes including rental laboratories and offices in areas other than Nihonbashi. By promoting open innovation in the life science industry through the use of these facilities and the LINK-J network, we will further advance the building of an ecosystem for creating new industries. We believe that these initiatives have great social significance as they contribute to the strengthening of Japan's industrial competitiveness.

**Q What are your plans for fiscal 2019 and beyond? Taking on the significant challenges presented by extensive redevelopment and difficult underground construction.**

As the Nihonbashi Takashimaya Mitsui Building, an integrated development project that included Nihonbashi Takashimaya, an important cultural asset, and Nihonbashi Muromachi Mitsui Tower have been completed, the development of the Nihonbashi is extending outwards to the north and south.

International companies and organizations in particular are setting up in the Nihonbashi redevelopment area, particularly companies that are at the cutting edge of areas such as life science and AI. Also, the eastern side is becoming a hub for startup companies and creators, and many condominium buildings are appearing.

In this way, the Nihonbashi community, which has continued unbroken and is one of the strengths of the area, is continuing to absorb a diverse assortment of new members, change, and grow. We will continue to advance the Nihonbashi Revitalization Plan together with these local partners.

Also, following the Tokyo 2020 Games, five redevelopment projects to the north and south of the Nihonbashi River and the construction to move the expressway underground are scheduled to begin in succession. This extensive redevelopment and a type of difficult underground construction that is unprecedented in the world present great challenges that will significantly transform the area's scenery and environment. We believe that a day will come when Nihonbashi, which once served as the starting point for five Edo-era roads, will once again be a neighborhood of water and greenery at the center of Japanese society.



**TOPICS**

**Construction Projects to be Completed in Fiscal 2019**

**A New Information Dissemination Base for the Nihonbashi Area**

**Construction of Nihonbashi Muromachi Mitsui Tower was completed in March 2019 and it will house tenants including a retail facility opening its first Japanese location and a leading-edge IT company.**

Nihonbashi Muromachi Mitsui Tower is the latest large-scale complex building that will become an information dissemination base for the Nihonbashi area. TRI-AD, a new company developing autonomous driving software for the Toyota Group, will be one of the key tenants in its state-of-the-art office space and it will become a hub for other spearheading companies that lead the world in various industries.

Also, the COREDO Muromachi Terrace retail facility on the lower floors of the building will have its grand opening in fall 2019 and its main tenant will be the eslite spectrum company from Taiwan, which is launching its first venture in Japan. The floors will be divided into four zones—an eslite bookstore zone, a stationery zone, a merchandising and workshop zone, and a restaurant and food sales zone—providing a platform for creatively communicating new lifestyle proposals.



COREDO Muromachi Terrace



Eselite spectrum Taichung Chungyo Store

The eslite spectrum company is a creator of cultural information dissemination bases originating from Taiwan which focuses on creating places that cultivate an interchange between reading and culture. It is creatively disseminating a wide range of information and has been selected as one of the "14 Coolest Department Stores in the World," and the "Best Bookstore in Asia."



Nihonbashi Life Science Building

**Nihonbashi Life Science Building Bases**



**90** life science-related companies and organizations are gathered in Nihonbashi

**Shared wet lab** established in Nihonbashi

Enhanced to **10** facilities

\* As of July 31, 2019  
 ■ Life science facilities already established  
 ■ Life science facilities to be newly established

**Q What are the characteristics of the North American business?**

Developing a business that has been growing roots in local markets for 40 years.

The Mitsui Fudosan Group is aiming to significantly grow its overseas business under "evolve into a global company," one of the goals of VISION 2025, the long-term vision. At Mitsui Fudosan America, Inc., we have been developing a business that has been growing roots in the US market for over 40 years.

Currently, we are advancing business in multiple North American cities, with our main business areas including New York, Washington, D.C., San Francisco, and Seattle. We are engaged in office building business (total floor area of approx. 800,000m<sup>2</sup>) and residence business (total of about 5,200 residences) in these cities and have built up a good portfolio\*.

Going forward we plan to build and strengthen relationships with business partners who have a strong track record of development in each market and seize new business opportunities.

\*As of the end of May 2019

**Q What is the business operational structure in North America?**

Staff are being localized, including at management level.

As you already know, at Mitsui Fudosan America most of the management level staff, including myself, are Americans and we are actively trying to localize our staff.

Also, in each area in which we are engaged, we are recruiting staff with various different backgrounds in order to develop businesses with localized cultures and abundant knowledge of business practices. Furthermore, in 2013 we



opened our San Francisco Branch which is collaborating with the New York Branch while looking to seize business opportunities on the US west coast.

For each business operation, including land acquisition, development, sales, operation and management, and corporate functions, we are collaborating with Japanese expat staff sent from Head Office to realize partnerships within the Group while further expanding the scope of business.

**Q What is your strategy and outlook going forward? Focusing on 50 Hudson Yards which has been positioned as the flagship project of Mitsui Fudosan's overseas business.**

Hudson Yards is a large-scale redevelopment project covering a total of 11 hectares in Manhattan's Midtown West, an area that has been experiencing a remarkable transformation in recent years. Mitsui Fudosan America is involved in developing two office buildings as part of this project—55 Hudson Yards and 50 Hudson Yards.

55 Hudson Yards was completed in October 2018 and in terms of total floor area, it is the largest office building



John Westerfield CEO, Mitsui Fudosan America, Inc.

development project ever to be developed by a Japanese company in Manhattan. Our total costs for this project were approximately ¥150 billion, and we own a share of about 90% of the business. Since construction was completed, sales to tenants have been progressing extremely smoothly, and contracts have been concluded for about 90% of the total units available. The main tenants include finance companies and major law firms.

50 Hudson Yards is scheduled for completion in 2022 and will become Manhattan's largest standalone office building in terms of total floor area. Our total costs for this project are over ¥400 billion, and we own a share of about 90% of the business. One of the anchor tenants for the project will be BlackRock, Inc., the world's largest asset management company. We have already concluded a lease contract with BlackRock, who will use the building as its head office.

These two projects have been positioned as the flagship projects that will be the core of the Mitsui Fudosan's Group's overseas business portfolio going forward. The Group will use this opportunity to expand its overseas business, as well as find applications in the US for mixed-use neighborhood creation expertise cultivated in Japan, realizing even greater added-value in local projects.



Hudson Yards, overall view

# Cultivating the World's Largest Real Estate Market





# Mixed-Use Neighborhood Creation for London

**Q What are the strengths of Mitsui Fudosan's business in the UK?**  
The collective capabilities offered by Mitsui Fudosan's ability to handle multiple product lines have become its strength.

Mitsui Fudosan (U.K.) Ltd. was established in 1990. As well as operating 20 Old Bailey, which had been acquired previously by Mitsui Fudosan, in 2008, we launched the 5 Hanover Square new construction project, beginning the development of an office building in central London. From this starting point, we then acquired shares in Stanhope PLC., a major London-based developer, and we have collaborated with the company to grow business through a variety of projects, mainly focused on office buildings. Accordingly, we have made major progress in the UK leading projects that are fitting for a comprehensive and integrated developer, including working on the Television Centre Redevelopment Project since 2012, and recently, adding the White City Place office building to our portfolio.

London has a history of businesses being segmentalized so a developer like Mitsui Fudosan (U.K.), which can handle multiple product lines, is a rare presence. By leveraging this strength, we are using the development methods and

knowledge cultivated by Mitsui Fudosan in Japan as a base for realizing synergies in the skills and strengths of both expat employees from Japan and locally-hired staff to advance development that is tailored to the characteristics of the region. Furthermore, our collaboration with Stanhope has given us the advantage of being able to provide project proposal strength paired with execution capabilities, particularly for mixed-use redevelopment.

Mitsui Fudosan (U.K.) will continue to strengthen its presence in the UK, particularly in the mature market of London, and expand business with a focus on developing into gateway cities in other major European countries. We will continue to grow going forward with the aim of becoming a core platform of the Mitsui Fudosan Group's overseas business.

**Q What progress has been made on the Television Centre Redevelopment Project?**  
Phase 1 has been completed and sales of residences, offices, and retail properties have been extremely good.

Phase 1 of the Television Centre Redevelopment Project was completed in November 2018. In addition to renovating the



A private area in a condominium



A condominium courtyard



An office lobby



Eiichiro Onozawa

Managing Director,  
Mitsui Fudosan (U.K.) Ltd.

building being used as the headquarters and studio of the BBC, multiple new buildings have been developed and reborn as mixed-use facilities containing condominiums, offices, hotels, restaurants, and the like.

Additionally, while the overall form and various details of buildings that have unique, highly memorable exteriors have been kept, new design features have also been incorporated, retaining British heritage while also creating new value and appeal.

Redevelopment has enhanced the appeal of the neighborhood, and the sales situation at each facility is good. Currently about 90% of the 432 condominiums have been sold and all offices are occupied. A hotel operated by tenant Soho House is also enjoying high occupancy rates.

Going forward, if the decision is made to advance the development of Phase 2, which will be connected to Phase 1 on the southern side, it will create a neighborhood that houses a total of around 950 households, which we believe will bring further life to the area.

## COMMENT A Word from a Business Partner

### Mitsui Fudosan Boasts World Class Development Capabilities



Stuart Grant  
Managing Director  
Stanhope PLC

#### Mitsui Fudosan's Characteristics and Strengths from Stanhope's Perspective

Throughout Stanhope's history, as one of London's leading developers, we have sought out partners who empathise with our values of high integrity, professionalism and trust. As a result Mitsui Fudosan are a perfect partner for our firm. Our relationship goes back to 2006 when Mitsui Fudosan invested into Stanhope and started to work on projects together. The partnership has been fruitful and has resulted in many successful developments. The most recent Television Centre mixed use scheme being a case in point which recently won Property Week's Residential Development of The Year Award.

As we got to know Mitsui Fudosan over the years we have come to admire the global pedigree and expertise of the organisation. The group combines a long standing history with an appreciation of modern day trends that impact the real estate industry around the world. The quality of their developments especially in Japan is truly iconic and world class.

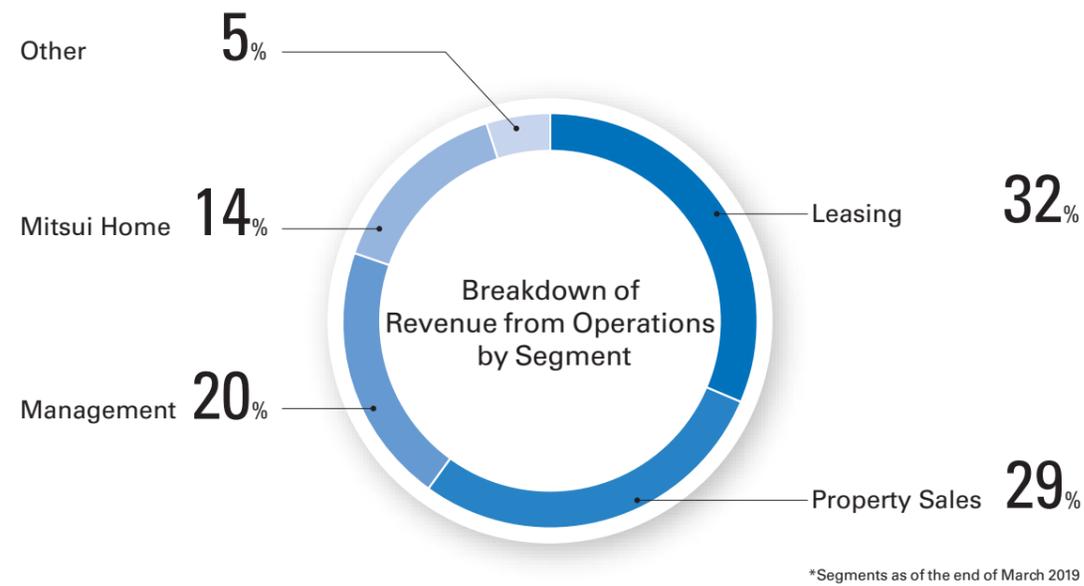
#### Future Development by Stanhope and Mitsui Fudosan

As we look ahead we see our relationship with Mitsui Fudosan strengthening. London's status as a global gateway city will continue and we see it as our job to help Mitsui Fudosan seek out future development and investment opportunities whenever possible. We are aware of Mitsui Fudosan's strategic objective of increasing its exposure to non-Japan markets over the coming years. As such we believe that we can work together to help grow the levels of your capital deployed in London.

On a final note it's important to mention the human element to real estate. Successful projects only happen if the chemistry between Stanhope and Mitsui Fudosan executives is friendly, respectful and collaborative. In this regard it is worth mentioning that our team enjoy working with the Mitsui Fudosan team and have achieved significant successes in London over the years. During this time great friendships have been formed, iconic projects have been delivered, memories have been created and close bonds have been established between both groups. We hope that this cooperative partnership will continue for many years to come.

# Business Report

The core businesses of the Mitsui Fudosan Group are its Leasing business, which generates revenue by holding and leasing office buildings and retail properties, its Property Sales business, which generates revenue by selling real estate to investors and housing, and its Management business, which manages and operates this real estate. These businesses form a balanced business portfolio which secures long-term, stable revenue for the Group.



## Breakdown of Businesses by Reporting Segment

Reporting Segment	Reporting Sub-Segment	Businesses
Leasing	Office Buildings	Office building leasing business
	Retail Properties	Retail property leasing business
	Others	Leasing of logistics facilities, rental housing and other properties
Property Sales	Property Sales to Individuals (Domestic)	Sales of condominiums and detached housing
	Property Sales to Investors and Individuals (Overseas), etc.	Sales of real estate for investment (offices, retail properties, logistics facilities, rental housing and other properties) and overseas properties
Management	Property Management	Facility operation and management, car park leasing, and others
	Brokerage, Asset Management, etc.	Brokerage of existing housing, management of assets of J-REITs, and others
Mitsui Home	-	Construction contracting of new homes and others
Other	Facility Operations	Hotels and resorts business, golf course management, and others
	Other	Housing remodel, mega-solar business, and others

## Business Report

# Leasing

Mitsui Fudosan owns and operates a wide range of quality office buildings, as well as shopping centers, outlet malls and other types of retail properties nationwide, primarily in the Tokyo metropolitan area. Many of the properties are located in prime urban areas, and welcome tenants from a diverse range of industries, tenants with which Mitsui Fudosan has built strong relationships.

Revenue from operations (FY ended March 2019)

**¥603,284 million**  
(YoY +¥45,119 million)

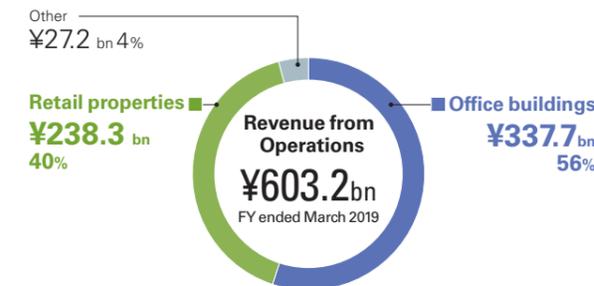
Operating income (FY ended March 2019)

**¥141,945 million**  
(YoY +¥3,607 million)



Mitsui Main Building/Nihonbashi Mitsui Tower

## Analysis of Revenue from Operations

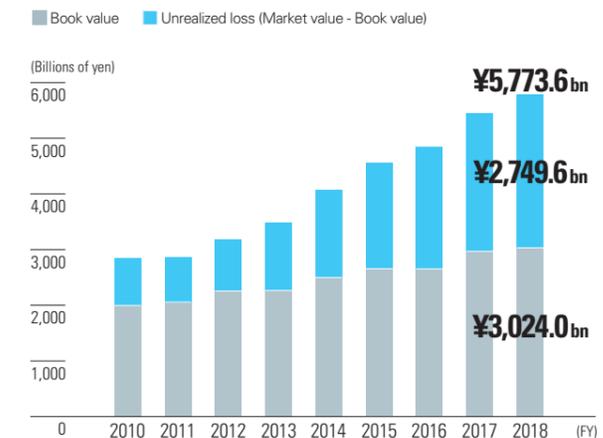


About 56% of the Leasing segment's overall revenue is derived from the highly reliable office buildings sector with its many industry-leading tenants and about 40% is derived from the retail properties business. These provide a stable foundation for earnings in the Leasing segment. In addition to offices and retail properties, Mitsui Fudosan is developing a wide range of asset types, including in the logistics facilities business and rental housing business that will further accelerate growth of the Leasing segment.

## Number of Buildings (FY ended March 2019; non-consolidated)

Office buildings: **133**  
Retail properties: **87**

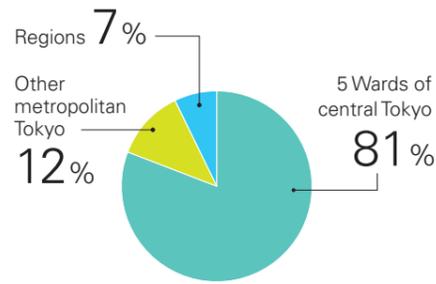
## Rental Property Book Value and Market Value Trends



# Office Buildings

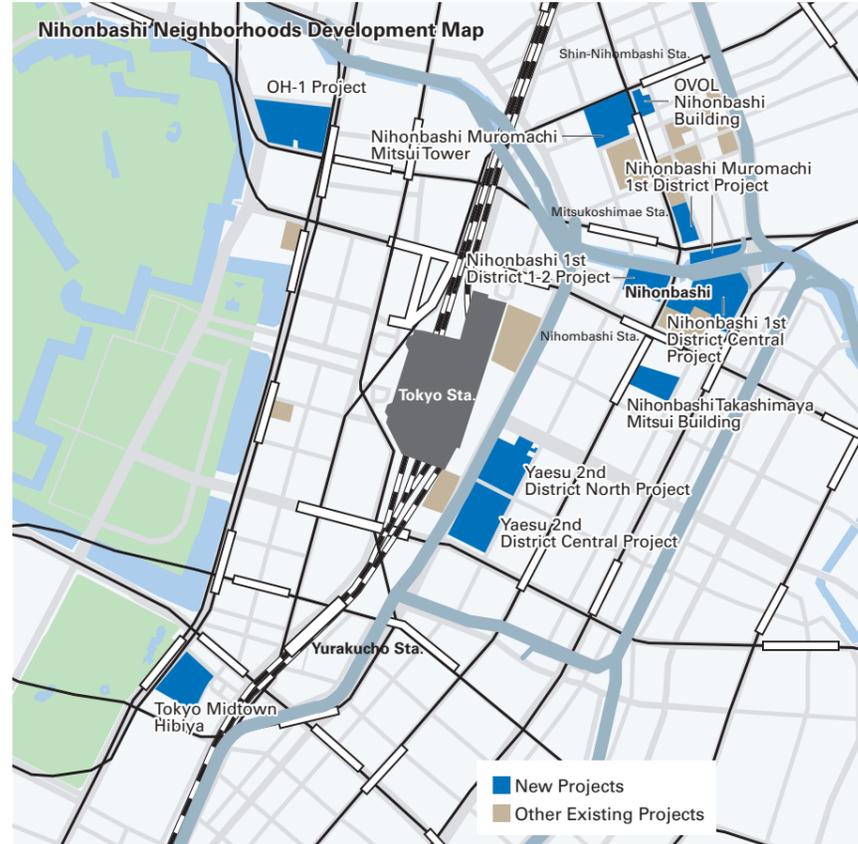
Approximately 81% of non-consolidated office building revenue comprises properties in the five wards of central Tokyo, where demand for office space is strongest. About 93% derives from the Tokyo metropolitan area as a whole. The office portfolio consists primarily of quality office spaces with outstanding business continuity planning (BCP) capabilities. The vacancy rate for Mitsui Fudosan office buildings in metropolitan Tokyo as of the end of March 2019 was 1.7% on a non-consolidated basis.

### Revenue by Area (FY ended March 2019; non-consolidated)



### Nihonbashi Revitalization Plan

Tokyo Nihonbashi district is the birthplace of Mitsui Fudosan and it has been positioned as an important area under our investment strategy. We are engaged in creating a mixed-use neighborhood including offices, retail properties, housing, hotels, and cultural facilities.



### Major New Projects

FY Completed	Project Name	Location	Total Floor Space (Site Area)
2017	G-BASE Tamachi	Minato-ku, Tokyo	≈18,200m <sup>2</sup>
	Shinjuku M-SQUARE	Shinjuku-ku, Tokyo	≈11,800m <sup>2</sup>
	TOKYO MIDTOWN HIBIYA (Hibiya Mitsui Tower)	Chiyoda-ku, Tokyo	≈189,000m <sup>2</sup>
2018	White City Place Redevelopment Project (Existing Buildings)	Wood Lane, London	≈143,000m <sup>2</sup>
	msb Tamachi (Tamachi Station Tower South)	Minato-ku, Tokyo	≈136,600m <sup>2</sup>
	Nihonbashi Takashimaya Mitsui Building	Chuo-ku, Tokyo	≈148,100m <sup>2</sup>
	OVOL Nihonbashi Building	Chuo-ku, Tokyo	≈28,500m <sup>2</sup>
	Shinbashi M-SQUARE Bright	Minato-ku, Tokyo	≈7,800m <sup>2</sup>
	55 Hudson Yards	New York	≈117,600m <sup>2</sup>
2019	2 Television Centre	Wood Lane, London	≈55,000m <sup>2</sup>
	Nihonbashi Muromachi Mitsui Tower	Chuo-ku, Tokyo	≈168,000m <sup>2</sup>
	OH-1 Project	Chiyoda-ku, Tokyo	≈357,700m <sup>2</sup>
2020	BUNKYO GARDEN GATETOWER	Bunkyo-ku, Tokyo	≈93,900m <sup>2</sup>
	Toyosu 2nd District 2-1 Project*	Koto-ku, Tokyo	≈259,000m <sup>2</sup>
	msb Tamachi (Tamachi Station Tower North)	Minato-ku, Tokyo	≈152,800m <sup>2</sup>
	Nagoya Mitsui Building (North) Project	Nagoya, Aichi	≈29,400m <sup>2</sup>
2022	50 Hudson Yards Project	New York	≈260,000m <sup>2</sup>
	Yaesu 2nd District North Project	Chuo-ku, Tokyo	≈289,700m <sup>2</sup>
	Yaesu 2nd District Central Project	Chuo-ku, Tokyo	≈418,000m <sup>2</sup>
2023 or later	Nihonbashi Muromachi 1st District Project	Chuo-ku, Tokyo	TBD (≈8,000m <sup>2</sup> )
	Nihonbashi 1st District 1-2 Project	Chuo-ku, Tokyo	TBD (≈7,000m <sup>2</sup> )
	Nihonbashi 1st District Central Project	Chuo-ku, Tokyo	TBD (≈24,600m <sup>2</sup> )
TBD	White City Place Redevelopment Project (New Buildings)	Wood Lane, London	≈71,000m <sup>2</sup>

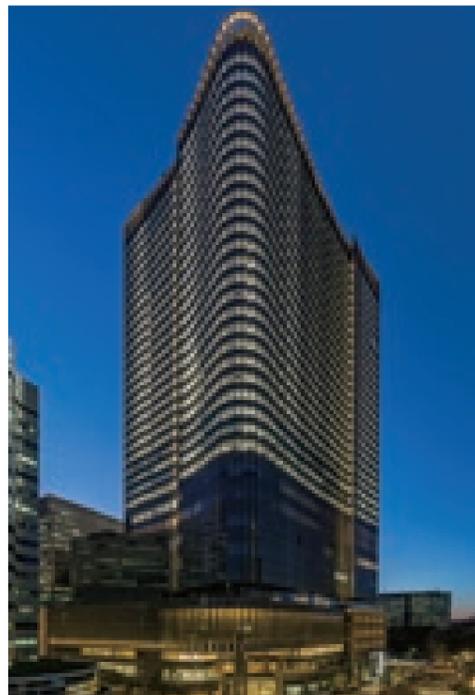
\* Construction to be completed on Buildings A and C: fiscal 2019/Building B: fiscal 2020  
Each FY completed, total floor space may change in the future. Some project names are tentative.

### Risks and Challenges

- Changes in the social environment (shrinking working population, working style reform, worsening of personnel shortages, etc.)
- Changing office needs, starting with office sharing
- Mass supply of class S and A buildings and manifestation of secondary vacancies

### Countermeasures

- Further strengthen neighborhood creation
- Strengthen and promote tenant leasing
- Strengthen engagement in WORKSTYLING business
- Provide new business infrastructure and utilize ICT to strengthen existing businesses
- Build a strategic asset portfolio including overseas assets



TOKYO MIDTOWN HIBIYA



TOKYO MIDTOWN



Nihonbashi Takashimaya Mitsui Building



OH-1 Project



Nihonbashi Muromachi Mitsui Tower



Yaesu 2nd District North Project

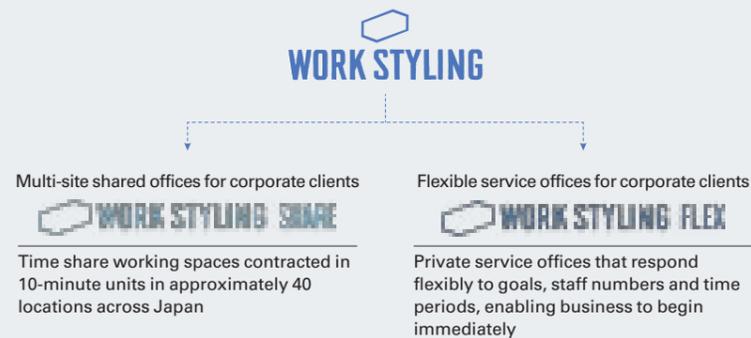


55 Hudson Yards

TOPICS

## Promoting the New WORK STYLING Service for Realizing New Working Styles

In order to realize new working styles, the shared office service WORK STYLING was established in April 2017, targeting corporate clients. Two services are being developed - WORK STYLING SHARE, which provides multi-site shared offices that are adaptable to workers' working styles and life stages, and WORK STYLING FLEX, which provides service offices that respond flexibly to goals, staff numbers and time periods to match diversifying management environments and business situations.

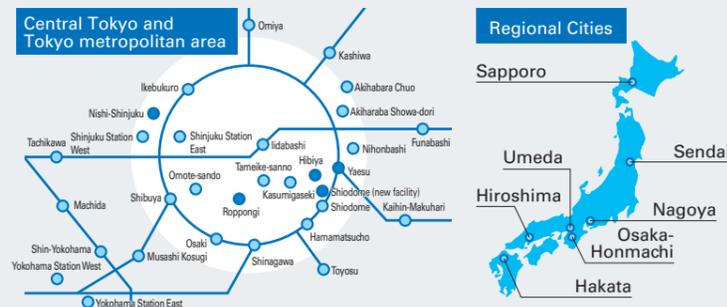


### A Network Spreading Across Japan

WORK STYLING has 350 member companies and approximately 60,000 users utilize its services each month.

Services are available at **40 different locations**

- WORK STYLING SHARE
  - WORK STYLING FLEX joint facility
- \*As of July 31, 2019



### Services that Generate Open Innovation

In order to make WORK STYLING a venue for creating connections between people and companies, in addition to providing member business matching and support for collaboration between companies, initiatives supporting open innovation are also being expanded, including the start of an intermediary service introducing members to leaders in specialist fields.



**Stylist** Personalized Member Matching Through a Business Stylist

WORK STYLING FLEX has an in-house business stylist who gauges the strengths of and issues facing each member company through daily communication with users in order to arrange personalized business matches. This provides opportunities to generate corporate innovation by connecting users.



**Events** Gain New Knowledge and Connections Through Collaboration Events

Occasional events are held with the business stylist at the center, including casual events aimed at enabling users to network and collaborative events between specialist companies and experts aimed at enhancing skills. These provide opportunities to discover knowledge and connections that meet each company's specific needs.



**Matching** Matching Service for Connecting with a Network of Experts in Cutting-edge Areas

Theme Expert is WORK STYLING's very own expert network. It is a collection of the foremost experts in more than 20 cutting-edge business areas, including futurism, space, fintech, media, and venture business. Business stylists can gauge the needs of a member company and match them with the most suitable expert.

#### Multi-site shared offices for corporate clients

### WORK STYLING SHARE

WORK STYLING SHARE provides multi-site shared offices adaptable to workers' working styles and life stages as an addition to the traditional working style of "a head office in one location." These shared working spaces are available to member companies as offices that can be used freely anytime, anywhere.

- 01 Multi-site shared offices at approximately 40 locations across Japan  
 Any location can be used freely by members



- 02 Designed for corporate clients with each location offering high security and a comfortable environment that fits any working style



- 03 Straightforward pay-per-use payment and attendance management systems



#### Flexible service offices for corporate clients

### WORK STYLING FLEX

WORK STYLING FLEX provides flexible service offices targeting corporate clients that match diversifying corporate management environments and business situations and respond flexibly to goals, staff numbers and time periods, enabling companies to realize new working styles.

- 01 High-grade offices directly accessible from train stations in central Tokyo.



- 02 High-grade, high-security spaces are available for holding meetings and hosting clients



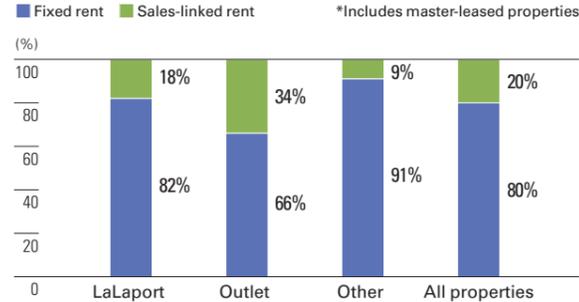
- 03 Members can use approximately 40 WORK STYLING SHARE locations across Japan



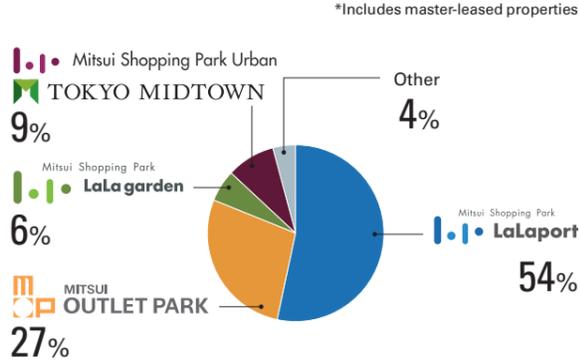
# Retail Properties

Located in major metropolitan and surrounding areas, the Company's shopping centers are key hubs for regional communities, offering functionality to meet the diverse lifestyles of a broad range of ages. At existing retail properties, meanwhile, further large-scale renovations and expansion in anticipation of future market needs ensures properties remain attractive, helping to maintain their high revenue-generating capacity and profitability.

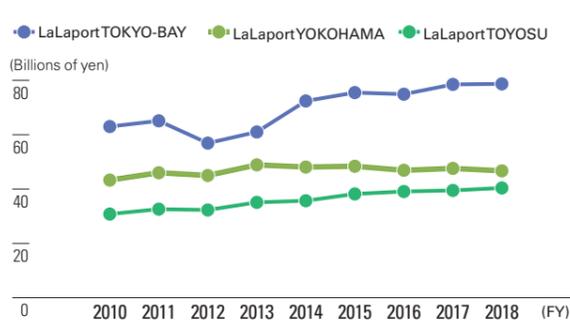
## Ratio of Fixed & Sales-Linked Rent by Category (FY ended March 2019)



## Retail Property Revenue by Category (FY ended March 2019)



## Sales at Mitsui Fudosan Retail Properties



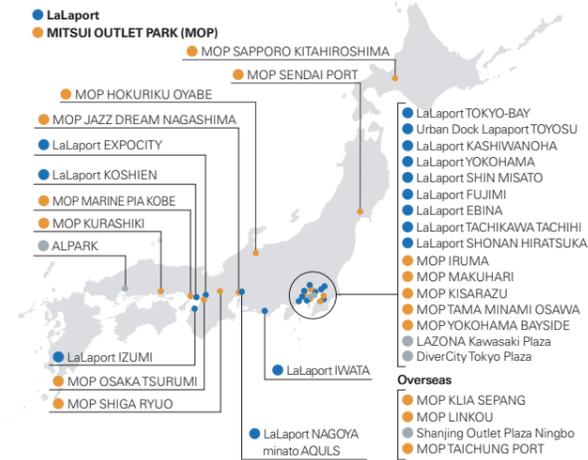
\* Revenue from operations derived from LaLaport TOKYO-BAY has declined during fiscal 2012 owing to the partial closure of properties.

## Risks and Challenges

- Further expansion of the E-commerce market
- Diversifying customer needs, including sharing and reuse
- Shrinking and aging populations, particularly in regional Japanese cities

## Countermeasures

- Continuously increase value for customers visiting existing properties
- Deepen inbound strategy
- Intensify marketing strategy using ICT
- Promote fashion E-commerce mall "&mall"



LaLaport SHONAN HIRATSUKA



## Major New Projects

FY Opened	Project Name	Location	Store Floor Space (Total Floor Space)
2017	SAKAE GLOBE	Nagoya, Aichi	≈ 3,300m <sup>2</sup>
	KICHIJOJI SQUARE	Musashino, Tokyo	≈ 6,600m <sup>2</sup>
	MITSUMI OUTLET PARK JAZZ DREAM NAGASHIMA (Phase 5)	Kuwana, Mie	≈ 6,300m <sup>2</sup>
	MITSUMI OUTLET PARK KLIA SEPANG (Phase 2)	Selangor, Malaysia	≈ 9,800m <sup>2</sup>
2018	LaLaport NAGOYA minato AQULS	Nagoya, Aichi	≈ 59,500m <sup>2</sup>
	MITSUMI OUTLET PARK KISARAZU (Phase 3)	Kisarazu, Chiba	≈ 9,300m <sup>2</sup>
	Shinsaibashi MG Building	Osaka, Osaka	(≈ 2,000m <sup>2</sup> )
	MITSUMI OUTLET PARK TAICHUNG PORT	Taichung City, Taiwan	≈ 35,000m <sup>2</sup>
2019	Yomiuri Namiki-dori St. Building <small>sublease</small>	Chuo-ku, Tokyo	(≈ 14,200m <sup>2</sup> )
	LaLaport NUMAZU	Numazu, Shizuoka	≈ 64,000m <sup>2</sup>
2020	LaLaport SHANGHAI JINQIAO <small>sublease</small>	Pudong Jinqiao, Shanghai	≈ 60,000m <sup>2</sup>
	Lianhua Road Station Building Retail Facilities <small>sublease</small>	Minhang District, Shanghai	≈ 16,500m <sup>2</sup>
	MITSUMI OUTLET PARK YOKOHAMA BAYSIDE Reconstruction Plan	Yokohama, Kanagawa	(≈ 54,000m <sup>2</sup> )
	LaLaport AICHI TOGO	Aichi-gun, Aichi	≈ 63,900m <sup>2</sup>
2021	MITSUMI OUTLET PARK KLIA SEPANG (Phase 3)	Selangor, Malaysia	≈ 10,200m <sup>2</sup>
	LaLaport Kuala Lumpur	Kuala Lumpur, Malaysia	≈ 82,600m <sup>2</sup>
2022	LaLaport NANGANG <small>sublease</small>	Taipei City, Taiwan	≈ 70,000m <sup>2</sup>
	Fukuoka Seikaichiba Project	Fukuoka, Fukuoka	TBD
	MITSUMI OUTLET PARK TAINAN (Phase 1)	Tainan City, Taiwan	≈ 33,000m <sup>2</sup>
	Osaka Sakai Project	Sakai, Osaka	TBD
2023	Osaka Kadoma Project	Kadoma, Osaka	TBD
	LaLaport TAICHUNG	Taichung City, Taiwan	≈ 67,000m <sup>2</sup>
TBD	HARUMI FLAG District 7 Project	Chuo-ku, Tokyo	TBD
	MITSUMI OUTLET PARK TAINAN (Phase 2)	Tainan City, Taiwan	≈ 12,000m <sup>2</sup>
TBD	Miyashita Park Project	Shibuya-ku, Tokyo	TBD

## Large-Scale Renewal Projects

Execution Period	Property name	Location	No. of Stores Renewed / Total No. of Stores
March-April 2018	LAZONA Kawasaki Plaza	Kawasaki, Kanagawa	≈ 103/330
March-May 2018	LaLaport SHIN MISATO	Misato, Saitama	≈ 34/180
Nov 2018-	DiverCity Tokyo Plaza	Koto-ku, Tokyo	≈ 48/160
March-April 2019	LaLaport YOKOHAMA	Yokohama, Kanagawa	≈ 53/270
March 2019-	LaLaport TOKYO-BAY	Funabashi, Chiba	≈ 51/440
March 2019-	LaLaport KASHIWANOHA	Kashiwa, Chiba	≈ 29/180

Each FY opened and store floor space may change in the future. Some project names are tentative.



MITSUMI OUTLET PARK TAICHUNG PORT



LaLaport NAGOYA minato AQULS



LaLaport NUMAZU



MITSUMI OUTLET PARK YOKOHAMA BAYSIDE

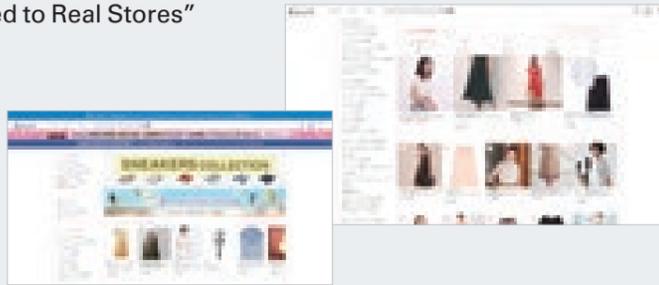


LaLaport Kuala Lumpur

TOPICS

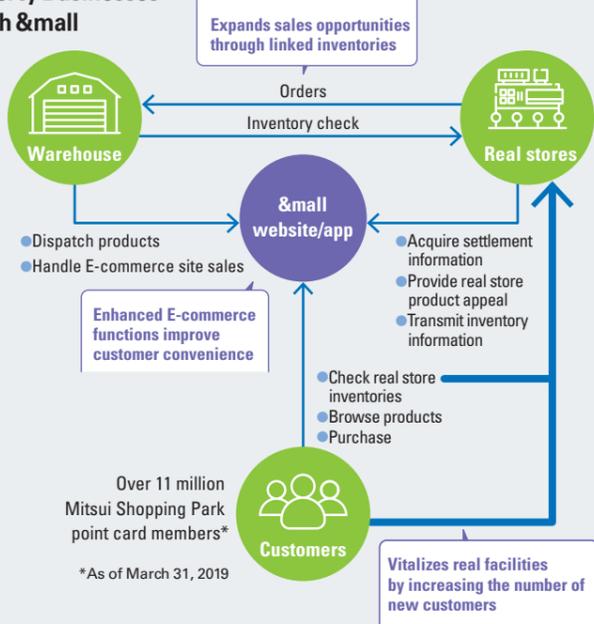
**Mitsui Shopping Park &mall Evolution of an “E-Commerce Mall Linked to Real Stores”**

In November 2017, the Mitsui Fudosan Group established &mall, an E-commerce mall based on a new concept that provides customers with the enjoyment of shopping at both online and real stores simultaneously. It is aiming to further expand earnings by providing new shopping experiences at both real stores and online with the goal of becoming a retail property business that is the first choice for customers.



**Realizing Synergetic Effects with Retail Property Businesses — Attracting customers to real stores through &mall**

In October 2018, &mall DESK was established as a hub for connecting real stores to the E-commerce mall, launching a new service that enables customers to receive products purchased through &mall and try them on there and then. It will offer even greater convenience going forward as an E-commerce mall that differentiates from other conventional online shopping sites by enabling customers to “try out the real thing.”



**Major Renewal of the Mitsui Shopping Park App and Realization of Seamless Shopping Through ICT**

In June 2018, the Mitsui Shopping Park service underwent a first major renewal since it was launched in 2014. In addition to existing functions that enable it to transmit information about bargains from real stores, it now provides new shopping experiences that are more convenient than ever before.

**“Order by Smartphone” Function**

At Lalaport EBINA, a service has been launched at the “EVVIVA!” food court in which customers can order alcohol, food, and snacks, and settle their bills through their smartphones without needing to queue. Settlement is made simple by linking the app to a credit card, and the customer also receives points. The app is also equipped with functions that call the customer when their food is ready and provides them with coupons that can be used at stores, providing a more convenient shopping experience.

**Image Search Function Added**

The “Coordination Search” function, which searches Mitsui Shopping Park &mall for items that resemble an image taken by the customer, provides a more intuitive and fun shopping experience, even online. Also, the use of image analysis technology creates an environment which enables easy shopping through the app.

**“Pay by App” Function**

The “Pay by App” function has been newly added which enables settlement by just reading a QR code through the app screen. Customers can pay by simply holding their smartphones up to a special device and enjoy smooth, “wallet-less” shopping without even needing to take out a credit card.

TOPICS

**Mitsui Fudosan Group Develops PARK WELLSTATE, a serviced senior residence brand**

Mitsui Fudosan is focusing on the new life stage that has developed in recent years among older generations due to factors such as low birthrates and aging societies, and the decline in multi-generation households. In order to realize more personalized and enriching lifestyles for active seniors, the Company has developed a new type of home called “serviced senior residences,” and these have been launched as the dedicated brand PARK WELLSTATE.



In February 2019, construction was completed on the first of these residences, PARK WELLSTATE Hamadayama and the PARK WELLSTATE Kamogawa Project and PARK WELLSTATE Nishiazabu Project are currently under development.

**PARK WELLSTATE vision**

**PARK WELLSTATE**

To realize a new form of residence and lifestyle for people in a new life stage that allows them greater personal freedom and choice

Value provided by PARK WELLSTATE

- A Safe Home**  
A safe home that protects you 10 or 20 years ahead, and in times of emergency such as natural disasters
- A Comfortable and Quality Lifestyle**  
A comfortable lifestyle that keeps you healthy in body and mind, in a quality environment conducive to a sense of abundance
- Freedom**  
An ability to live freely as you want to live, maintaining your current lifestyle, including habits and preferences
- Lifelong Security**  
Be liberated from worry about what happens when you are all alone, become ill, or need long-term care, and live with lifelong security

**Fully Utilizing the Development and Operations Expertise Cultivated by the Group to Provide Quality Products and Services**

The Mitsui Fudosan Group is fully utilizing the expertise it has cultivated over long years of developing and operating residences, hotels, retail properties, and the like, to realize a serviced senior residence that supports a free and full lifestyle for each individual.

Property name	Location	Scheduled opening
PARK WELLSTATE Hamadayama	Suginami-ku, Tokyo	FY2019
PARK WELLSTATE Kamogawa	Kamogawa, Chiba	FY2021
PARK WELLSTATE Nishiazabu	Minato-ku, Tokyo	TBD

Each FY completed, may change in the future. Some project names are tentative.



PARK WELLSTATE Hamadayama



PARK WELLSTATE Kamogawa

**Service Features**

- A serviced residence for healthy seniors
- Extensive range of communal facilities such as a dining room, communal bath, and fitness room
- A safe home for life in a high-level care environment (care services and coordination with medical care) that provides security in case of need

# Property Sales

Mitsui Fudosan's Property Sales segment consists of "Property sales to individuals (Domestic)," which enjoys strong brand recognition domestically, and "Property sales to investors and individuals (Overseas), etc.," which involves overseas properties sales and the sale of income properties, including offices, retail properties, logistics facilities, rental housing, etc., to outside investors.

## Revenue from operations (FY ended March 2019)

**¥530,766 million**

(YoY +¥31,158 million)

## Operating income (FY ended March 2019)

**¥ 98,037 million**

(YoY +¥15,026 million)

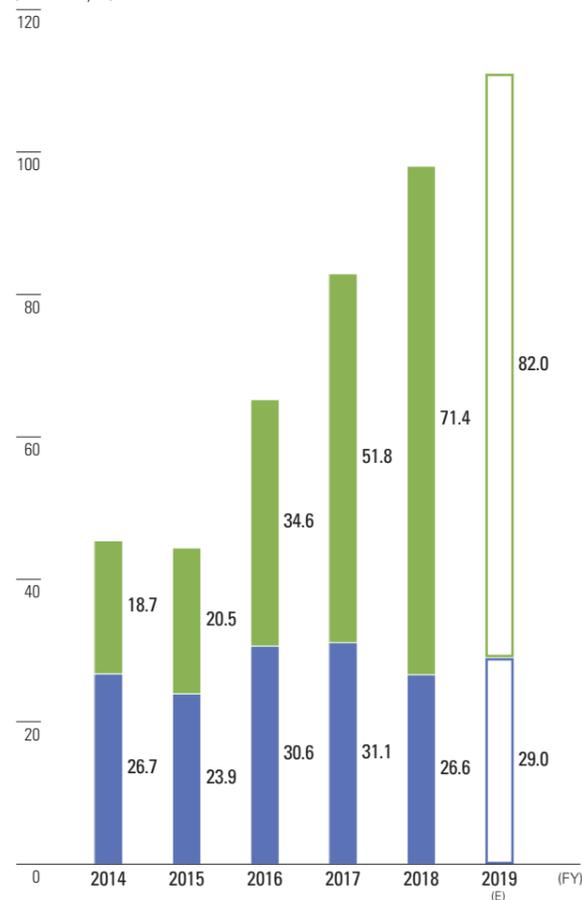


Azabu Kasumicho Park Mansion

## Property Sales Segment: Operating Income

■ Property sales to individuals (Domestic)  
■ Property sales to investors and individuals (Overseas), etc.

(Billions of yen)



## Property Sales to Individuals (Domestic)



Park Court Akasaka Hinokicho The Tower

Park Court Aoyama The Tower

Mitsui Fudosan is engaged in the development and sale of high-value-added condominiums and detached housing on a nationwide scale. As represented by its development of condominiums, the Company is particularly strong in large-scale urban redevelopment projects, where it enjoys significant brand recognition.

## Property Sales to Investors and Individuals (Overseas) etc.



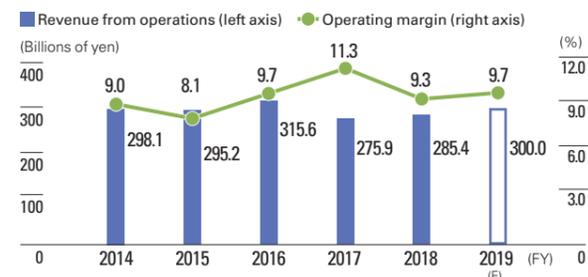
70 Mark Lane

MFLP Atsugi II

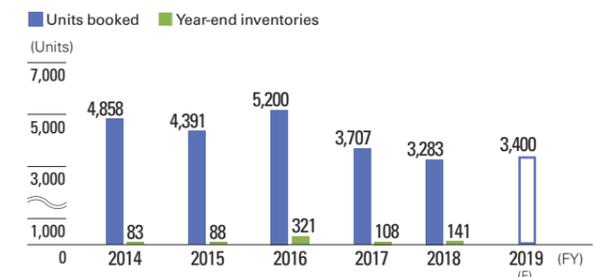
The Company develops office buildings, retail properties, logistics facilities, rental housing and other income property both in Japan and overseas for sale to diverse investors including J-REITs, private funds and institutional investors.

# Property Sales to Individuals (Domestic)

## Property Sales: Revenue from Operations and OP Margin



## Condominiums: Units Booked and Year-End Inventories



## Land Bank (Condominiums)

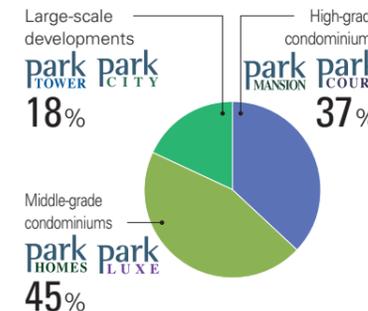
(incl. redevelopment projects in the planning phase)

As of March 31, 2019

Approx. **26,000** units

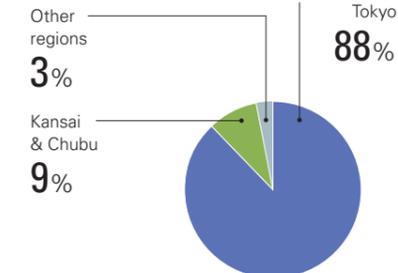
## Sales by Brand (Condominiums)

(FY ended March 2019)



## Sales by Region (Condominiums)

(FY ended March 2019)



## Major Large-Scale Projects / Higher-end Projects

FY to be Reported	Project Name	Location	Total No. of Units Sold	
2018	Park Court Akasaka Hinokicho The Tower	Minato-ku, Tokyo	≈ 160	
	Park Court Aoyama The Tower	Minato-ku, Tokyo	≈ 160	
	Park City Musashikosugi The Garden Towers West	Kawasaki, Kanagawa	≈ 610	
2019	MAKHARI BAY-PARK CROSS TOWER & RESIDENCE	Chiba, Chiba	≈ 500	
	Park Court NOGIZAKA The Tower	Minato-ku, Tokyo	≈ 40	
	Park Tower Harumi	Chuo-ku, Tokyo	≈ 1,100	
2020	Park Court Hamarikyu The Tower	Minato-ku, Tokyo	≈ 360	
	Park City Musashi-Koyama The Tower	Shinagawa-ku, Tokyo	≈ 500	
	The Tower Yokohama Kitanaka	Yokohama, Kanagawa	≈ 1,100	
	MID TOWER GRAND	Chuo-ku, Tokyo	≈ 390	
	THE COURT Jingu-Gaien	Shibuya-ku, Tokyo	≈ 180	
	Kosugi 3rd Avenue The Residence	Kawasaki, Kanagawa	≈ 460	
	Park Court SHIBUYA The Tower	Shibuya-ku, Tokyo	≈ 350	
2021	Park Court BUNKYO KOISHIKAWA The Tower	Bunkyo-ku, Tokyo	≈ 400	
	2022 or later	Shirokane 1-chome EAST Northern District Project	Minato-ku, Tokyo	≈ 770
		Shibuya-ku Sendagaya 4-chome Project	Shibuya-ku, Tokyo	≈ 400
	HARUMI FLAG	Chuo-ku, Tokyo	≈ 4,150	
	KACHIDOKI Eastern District Project	Chuo-ku, Tokyo	≈ 2,250	
2022 or later	Minato-ku Mita 1-chome Project	Minato-ku, Tokyo	TBD	
	5-Chome Nishishinjuku Central South District Project	Shinjuku-ku, Tokyo	≈ 450	

FY to be reported and total number of units sold may change in the future. Some project names are tentative.

## Risks and Challenges

- Shrinking and aging populations
- Diversifying customer needs in regard to property sales, rental properties, and reforms
- Increasing competition for site purchasing

## Countermeasures

- Offer broader range of housing options that anticipate customer needs
- Strengthen coordination between Group housing companies
- Use the Group's capabilities to seize business opportunities such as rebuilding and conversion projects



# Management

The Management segment consists of the "Property management," centered on operation and management of office buildings, retail properties and residential properties, as well as car park leasing, and "Brokerage, asset management, etc." which includes brokerage services for individuals such as those provided under the Mitsui Rehouse brand name and asset management services for J-REITs, etc. Both are fee-based businesses that do not involve investment and are therefore highly profitable and growing steadily.

Revenue from operations (FY ended March 2019)

**¥377,490 million**

(YoY +¥23,677 million)

Operating income (FY ended March 2019)

**¥ 53,445 million**

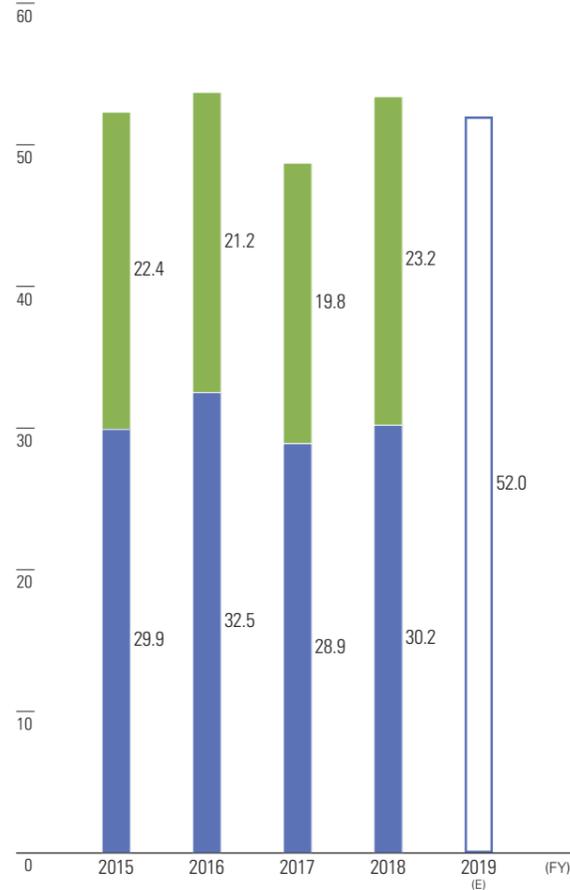
(YoY +¥4,718 million)



## Management Segment: Operating Income

■ Property Management ■ Brokerage, Asset Management, etc.

(Billions of yen)



## Property Management



This business provides contracted services such as management and operation for diverse assets including office buildings, retail properties, and housing, as well as construction work to prepare for new tenants. We also operate a car park business under the Mitsui Repark brand.

## Brokerage, Asset Management, etc.



In the brokerage business, we provide existing housing brokerage for individual customers through Mitsui Rehouse and commercial real estate brokerage for corporate customers and others. In the asset management business, we provide high-quality investment opportunities such as J-REITs and private funds, along with reliable asset management services.

## Property Management



### Office buildings

MITSUI FUDOSAN BUILDING MANAGEMENT  
Number of Buildings under Management **382**



### Retail properties

MITSUI FUDOSAN RETAIL MANAGEMENT  
Number of Buildings under Management **69**



### Housing

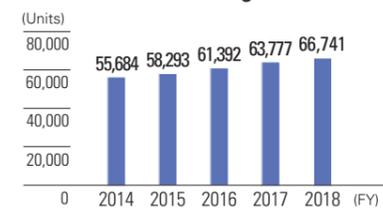
MITSUI FUDOSAN RESIDENTIAL LEASE  
Number of Rental Housing Units for Lease **66,741**  
MITSUI FUDOSAN RESIDENTIAL SERVICE GROUP  
Number of Condominium under Management **258,689**



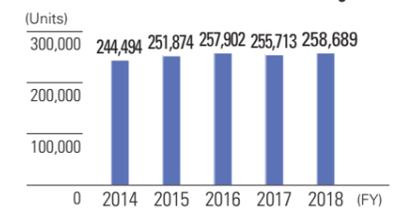
### Car park leasing Parking lots (hourly/monthly)

三井のリパーク Mitsui Car Park Leasing  
Number of Car Parking Units under Management **245,511**  
(As of March, 31, 2019)

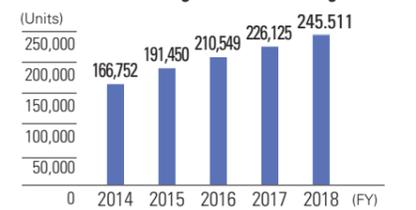
Mitsui Fudosan Residential Lease Co., Ltd.  
Number of Rental Housing Units for Lease



Mitsui Fudosan Residential Service Group  
Number of Condominium Units under Management



Mitsui Fudosan Realty Co., Ltd.  
Number of Car Parking Units under Management



## Brokerage, Asset Management, etc.

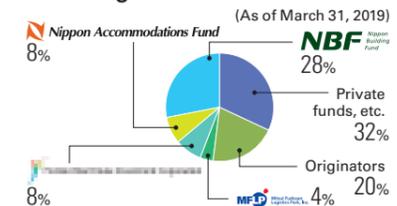
Mitsui Fudosan Realty Group  
Number of Real Estate Sales Brokered Nationwide  
FY2018

**41,533**

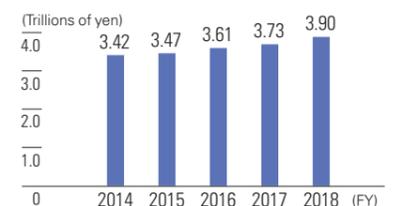


From fiscal 1986 to 2018, the Group was No. 1 in Japan for the number of brokered sales nationwide for 33 consecutive years.

Assets under Management: Percentages



Assets under Management: Track Record



## TOPICS

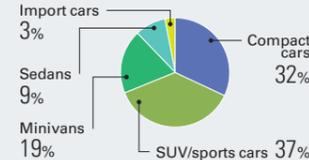
### Mitsui Fudosan Group's "careco" Car Sharing Business Shifts "Owning" to "Using"

Mitsui Fudosan is developing "careco" stations as part of a car sharing business centered on Mitsui Car Park Leasing locations in the Tokyo metropolitan and Kansai areas. We will leverage the resources of our car park leasing business to provide customers, especially individuals, with a service that enables them to enjoy using a car.



#### An Extensive Lineup of Cars

The appeal of careco is an extensive lineup of vehicles, from compact cars to minivans and even luxury cars such as Mercedes-Benzes.



#### Partnership with Mitsui Car Park Leasing

We are partnering with Mitsui Car Park Leasing, which manages car parks in 15,194 locations\* across Japan, to expand the business, primarily in the Tokyo Metropolitan and Kansai areas.

Number of stations\* **2,102**  
Number of vehicles\* **3,629**



\* As of March 31, 2019

# Mitsui Home

Mitsui Home Co., Ltd., a contractor of newly-built homes, leverages the warmth of wood using the "2x4 (two by four)" method with little load on the environment and superior quality and design. This method has attracted attention for economic reasons such as comparatively lower construction costs and timeframes and its depreciation and amortization period when compared to using reinforced concrete, while it is also used in large-scale facilities such as medical and nursing care, welfare, education and retail properties.

Revenue from operations (FY ended March 2019)

**¥261,702 million**

(YoY +¥9,522 million)

Operating income (FY ended March 2019)

**¥ 6,208 million**

(YoY +¥745 million)



Hanahata Asuka-En (special nursing care home for senior citizens)\*  
\*This facility is the largest in Japan to be built using the 2x4 construction method (as of June 2018)

## Analysis of Revenue from Operations

Mitsui Home provides design, supervising construction and sub-contracting construction of newly-built homes, as well as renovation and remodeling services for previously built homes, and enjoys an excellent domestic reputation and strong brand recognition. Mitsui Designtec Co., Ltd. a consolidated subsidiary, handles office and retail property remodeling projects, while MITSUI HOME ESTATE Co., Ltd., another consolidated subsidiary, offers rental housing intermediary and property management services.

Note: The revenue figures below differ from those disclosed by Mitsui Home, because sales to the Mitsui Fudosan Group are deducted from Mitsui Home's consolidated revenue from operations.

(Millions of yen)		FY Ended March 2019	FY Ended March 2018	Change
New Construction	Revenue	168,173	168,579	(405)
	Orders	166,077	152,988	13,089
Reform/Renewal	Revenue	42,381	37,196	5,185
	Orders	52,959	45,094	7,865
Lease Management	Revenue	26,855	25,321	1,534
	Revenue	24,291	21,083	3,207
Revenue Total		261,702	252,180	9,522



# Other

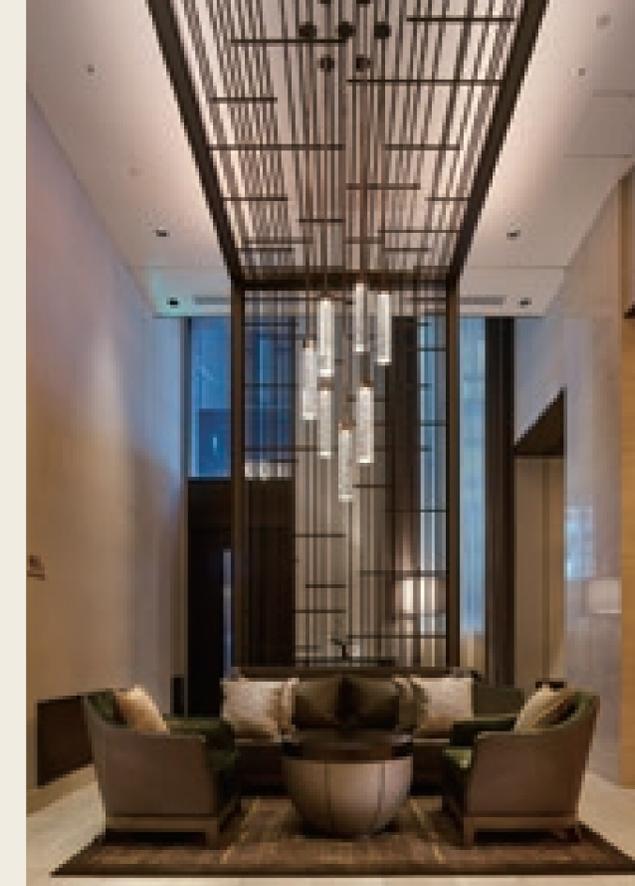
The Other segment consists of hotel and resort business, including the development of hotel facilities, starting with Mitsui Garden Hotels, and resort facilities such as AMANEMU and HAIMURUBUSHI, the remodeling business covered by Mitsui Fudosan Reform Co., Ltd., as well as other businesses such as golf course management and mega-solar.

Revenue from operations (FY ended March 2019)    Operating income (FY ended March 2019)

**¥87,950 million**    **¥4,681 million**

(YoY +¥603 million)    (YoY -¥2,168 million)

(Millions of yen)	FY Ended March 2019	FY Ended March 2018	Change
Facility Operations	63,949	60,120	3,828
Others	24,001	27,226	(3,224)
<b>Total</b>	<b>87,950</b>	<b>87,346</b>	<b>603</b>



HOTEL THE CELESTINE GINZA

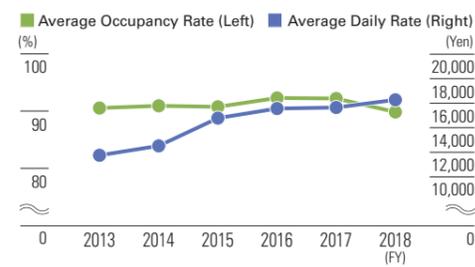
## Facility Operations

We are currently developing our Japanese hotel and resort operations and will have more than 10,000 guest rooms in fiscal 2020, and are aiming for further expansion.

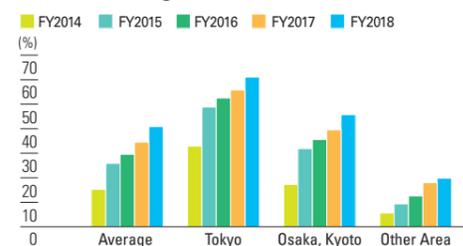
### Number of Group-Operated Hotel Guest Rooms

As of March 31, 2019: **6,701 rooms**    2025: **Approx. 15,000 rooms**

### Occupancy Rate/Average Daily Rate



### Ratio of Foreign Guests



## Major New Projects

FY Opened	Project Name	Location	No. of Rooms
2017	HOTEL THE CELESTINE KYOTO GION	Kyoto, Kyoto	≈ 160
	HOTEL THE CELESTINE GINZA	Chuo-ku, Tokyo	≈ 100
2018	Mitsui Garden Hotel Otemachi	Chiyoda-ku, Tokyo	≈ 190
	Mitsui Garden Hotel Gotanda	Shinagawa-ku, Tokyo	≈ 370
	Mitsui Garden Hotel Nihonbashi Premier	Chuo-ku, Tokyo	≈ 260
	Mitsui Garden Hotel Kanazawa	Kanazawa, Ishikawa	≈ 160
2019	Mitsui Garden Hotel Fukuoka Gion	Fukuoka, Fukuoka	≈ 300
	Halekulani Okinawa	Kunigami-gun, Okinawa	≈ 360
	Mitsui Garden Hotel Kyoto Station Front	Kyoto, Kyoto	≈ 140
	Mitsui Garden Hotel Ginza-gochome	Chuo-ku, Tokyo	≈ 340
	Mitsui Garden Hotel Jingugaien Tokyo Premier	Shinjuku-ku, Tokyo	≈ 360
	Roppongi 3-Chome Hotel Project	Minato-ku, Tokyo	≈ 260
	The Sapporo (N5W6) Hotel Project	Sapporo, Hokkaido	≈ 170
2020	Nakasu 5-Chome Hotel Project	Fukuoka, Fukuoka	≈ 260
	Four Seasons Hotels and Resorts	Chiyoda-ku, Tokyo	≈ 190
	Mitsui Garden Hotel Kyoto Shijo Extension Plan	Kyoto, Kyoto	≈ 70
	Kyoto Gojo Karasumacho Hotel Project	Kyoto, Kyoto	≈ 220
	Toyosu 2nd District 2-1 Project	Koto-ku, Tokyo	≈ 230
	Kyoto Nijo Hotel Project	Kyoto, Kyoto	≈ 160
	Suidobashi Station Front Hotel Project	Chiyoda-ku, Tokyo	≈ 120
	Zhongxiao Xinsheng Hotel Project	Taipei City, Taiwan	≈ 300
	Kyoto Jokyo-ji Temple Hotel Project	Kyoto, Kyoto	≈ 170
	Zhongshan Zhongxiao Hotel Project	Taipei City, Taiwan	≈ 350
2021 or later	The Bvlgari Hotel Tokyo (Yaesu 2nd District North Project)	Chuo-ku, Tokyo	≈ 100
	Dunhua North Road Bridge Project	Taipei City, Taiwan	≈ 180
TBD	Hakone Project	Ashigarashimo-gun, Kanagawa	TBD
	Miyashita Park Hotel Project	Shibuya-ku, Tokyo	≈ 200

FY to be opened and number of rooms may change in the future. Some project names are tentative.

## Other

The Other segment includes the remodeling business, which primarily provides remodeling across a wide range of areas from private homes through to asset regeneration projects, and the Company's five domestic mega-solar projects, which have been brought online successively since fiscal 2013.

TOPICS

Overseas Business, the Driver of Growth

Since the beginning of the 1970s, Mitsui Fudosan has expanded its overseas business, continuing to grow until now through offices, retail properties, condominiums and rental housing. Combining its strengths as a general developer with the strengths of business partners with thorough understanding of each country's market, the Company will build portfolios that leverage the different characteristics of North America, Europe, and China & Asia to provide stability and growth.

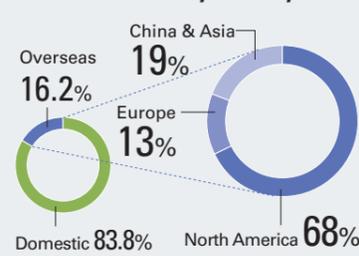


Overseas Income



\* Total overseas income ÷ (consolidated operating income + pro forma operating income of overseas affiliates) × 100

Overseas Assets by Country



Major New Projects (North America & Europe)

Type	Project Name	Location	Expected Completion	Rentable Floor Space or Units	
Office	270 Brannan Street	San Francisco	2016	≈ 16,900m <sup>2</sup>	
	Waterfront Corporate Center III	New Jersey	Acquired in 2016	≈ 47,500m <sup>2</sup>	
	55 Hudson Yards	New York	2018	≈ 133,200m <sup>2</sup>	
	50 Hudson Yards Project	New York	2022	≈ 272,000m <sup>2</sup>	
	1 Angel Court	City, London	2017	≈ 28,700m <sup>2</sup>	
	White City Place Redevelopment Project	Wood Lane, London	2017~	—	
	Television Centre Redevelopment Project (Phase 1)	Wood Lane, London	2018	—	
	Rental	O&M	San Francisco	2017	≈ 120 units
		525 West 52nd Street	New York	2017	≈ 390 units
	Housing	West Edge Tower	Seattle	2018	≈ 340 units
The Landing (former 22 Texas)		San Francisco	2019	≈ 260 units	
J-SOL (former 4000 North Fairfax Drive)		Arlington	2020	≈ 330 units	
Walnut Creek Transit Village		(Block 1) Walnut Creek	Walnut Creek	2020	≈ 360 units
		(Block 2) Walnut Creek	Walnut Creek	TBD	≈ 240 units
1630 Columbia Road		Washington, D.C.	2021	≈ 180 units	
290 Revolution Drive		Washington, D.C.	2021	≈ 330 units	
Denargo Market III		Denver	2021	≈ 340 units	
Condo-Minium		200 Amsterdam Avenue Project	New York	2020	≈ 110 units
		Robinson Landing	Alexandria	2020	≈ 90 units
		Television Centre Redevelopment Project	(Phase 1) Wood Lane, London	2017~	≈ 900 units
			(Phase 2) Wood Lane, London	TBD	(Phase 1: 432 units)

Each expected completion, rentable floor space and total number of units may change in the future. Some project names are tentative. The total number of units is before taking into account the Company's share.



50 Hudson Yards Project (New York)



55 Hudson Yards (New York)



White City Place Redevelopment Project (London)



Television Centre Redevelopment Project (London)



West Edge Tower (Seattle) 1 Angel Court (London)



Ideo Q Chula-Samyang (Bangkok, Thailand)



Zhongxiao Xinsheng Hotel Project (Taipei, Taiwan) Ideo Q Sukhumvit 36 (Bangkok, Thailand)

Major New Projects (China & Southeast Asia)

Type	Project Name	Location	Completion/Expected Opening	Store Floor Space/Rooms Total Floor Space/Units
Retail	LaLaport Shanghai Jinqiao <sup>sublease</sup>	Shanghai, China	2020	≈ 60,000m <sup>2</sup>
	Lianhua Road Station Building Retail Facilities <sup>sublease</sup>	Shanghai, China	2020	≈ 16,500m <sup>2</sup>
	MITSUI OUTLET PARK Linkou	New Taipei, Taiwan	2016	≈ 45,000m <sup>2</sup>
	MITSUI OUTLET PARK TAICHUNG PORT	Taichung, Taiwan	2018	≈ 35,000m <sup>2</sup>
	LaLaport TAICHUNG	Taichung, Taiwan	2023	≈ 67,000m <sup>2</sup>
	LaLaport Nangang <sup>sublease</sup>	Taipei, Taiwan	2021	≈ 70,000m <sup>2</sup>
	MITSUI OUTLET PARK TAINAN	(Phase 1) Tainan, Taiwan	2022	≈ 33,000m <sup>2</sup>
		(Phase 2) Tainan, Taiwan	2025	≈ 12,000m <sup>2</sup>
		(Phase 3) Selangor, Malaysia	2021	≈ 10,200m <sup>2</sup>
	LaLaport Kuala Lumpur	Kuala Lumpur, Malaysia	2021	≈ 82,600m <sup>2</sup>
Hotel	Zhongxiao Xinsheng Hotel Project <sup>sublease</sup>	Taipei, Taiwan	2020	≈ 300 rooms
	Zhongshan Zhongxiao Hotel Project <sup>sublease</sup>	Taipei, Taiwan	2022	≈ 350 rooms
	Dunhua North Road Hotel Project <sup>sublease</sup>	Taipei, Taiwan	2024	≈ 180 rooms
Logistics	Bangpakong Project	Bangkok, Thailand	*1	≈ 160,000 m <sup>2</sup>
	Wangnoi Project	Bangkok, Thailand	*1	≈ 90,000 m <sup>2</sup>
Condo-minium	Haoshi Fengxiang Yuan	Shanghai, China	*2	≈ 1,700 units
	Ming Yue Lan Ting	Suzhou, China	2021	≈ 940 units
	Sanchong Zhongxing Bridge Project	New Taipei, Taiwan	2021	≈ 130 units
	THE MEWS	Kuala Lumpur, Malaysia	2017	≈ 260 units
	GEO RESIDENCES	Petaling Jaya, Malaysia	2017	≈ 470 units
	Conlay Place	Kuala Lumpur, Malaysia	2020	≈ 370 units
	Bartley Ridge	Singapore	2016	≈ 870 units
	The Brownstone	Singapore	2017	≈ 640 units
	The Criterion	Singapore	2018	≈ 500 units
	Forest Woods	Singapore	2019	≈ 520 units
	Ideo Q Chula-Samyang	Bangkok, Thailand	2016	≈ 1,600 units
	Ideo Thaphra Interchange etc.	Bangkok, Thailand	2017	≈ 3,190 units
	Ideo O <sub>2</sub> etc.	Bangkok, Thailand	2018	≈ 5,000 units
Elio Del Moss etc.	Bangkok, Thailand	2019	≈ 5,040 units	
Ashton Asoke-Rama 9 etc.	Bangkok, Thailand	2020	≈ 1,400 units	
Citra Garden City, Citra Lake Suites	Jakarta, Indonesia	2018	≈ 470 units	
Citra Raya subdivision in the Ecopolis Block	Tangerang, Indonesia	2024	≈ 1,880 units	
The Arton	Quezon, Philippines	2025	≈ 1,710 units	

\*1 Phase 1:2020 / Phase 2:2021 / Phase 3:2022 \*2 Phase 1:2015 / Phase 2:2017  
Each expected completion or opening, store floor space, number of rooms, total floor space, and total number of units may change in the future. Some project names are tentative. The total number of units is before taking into account the Company's share.



LaLaport Kuala Lumpur MOPTAICHUNG PORT (Taichung, Taiwan)

# ESG Management

In order to realize continuous value creation, the Mitsui Fudosan Group has positioned ESG (Environment, Society, and Governance) as a key management issue. Six priority goals for the area have been established in the VISION 2025 long-term vision with the aim of achieving a sustainable society and driving sustainable profit growth. Additionally, the Group supports and has added its signature to the UN Global Compact, a global initiative that is pursuing these goals and ideals.



For details regarding the main initiatives being carried out, please refer to ESG Report 2019. [https://www.mitsui-fudosan.co.jp/english/corporate/esg\\_csr/](https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/)

Priority Goal	Relevant SDGs	Theme of Engagement
<b>E</b> <b>S</b> Establish ultra-smart societies by creating neighborhoods	1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	Improving the Quality of Urban Development → <b>P.52</b>
<b>S</b> Achieve a society where a diverse workforce can thrive	1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS	Labor Standards and Practices → <b>P.53</b> Health and Safety → <b>P.55</b> Human Rights → <b>P.55</b>
<b>E</b> <b>S</b> Achieve health, safety and security in people's daily lives	1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS	Social Supply Chain → <b>P.56</b> Safe and Secure Neighborhood Creation → <b>P.56</b> Our Efforts to Improve Customer Satisfaction (CS) → <b>P.57</b> Community Involvement → <b>P.57</b>
<b>E</b> <b>S</b> Create new industries through open innovation	7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS	Creating New Value and Markets through Neighborhood Creation → <b>P.58</b>
<b>E</b> Reduce environmental impact and generate energy	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND	Responding to Climate Change → <b>P.60</b> Water → <b>P.60</b> Environmental Pollution and Resources → <b>P.61</b> Biodiversity Conservation → <b>P.61</b> Environmentally Friendly Supply Chain → <b>P.61</b>
<b>G</b> Continuously improve compliance and governance	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Corporate Governance → <b>P.63</b> Risk Management → <b>P.66</b> Compliance → <b>P.67</b>

## Establish Ultra-Smart Societies by Creating Neighborhoods

The Mitsui Fudosan Group aims to contribute to solving social issues by creating new markets that capture changes in industries through neighborhood creation and to realize ultra-smart societies that generate new value.

For details regarding the main initiatives being carried out, please refer to ESG Report 2019. [https://www.mitsui-fudosan.co.jp/english/corporate/esg\\_csr/](https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/)

### Improving the Quality of Urban Development



#### Example Initiatives at Kashiwa-no-ha Smart City

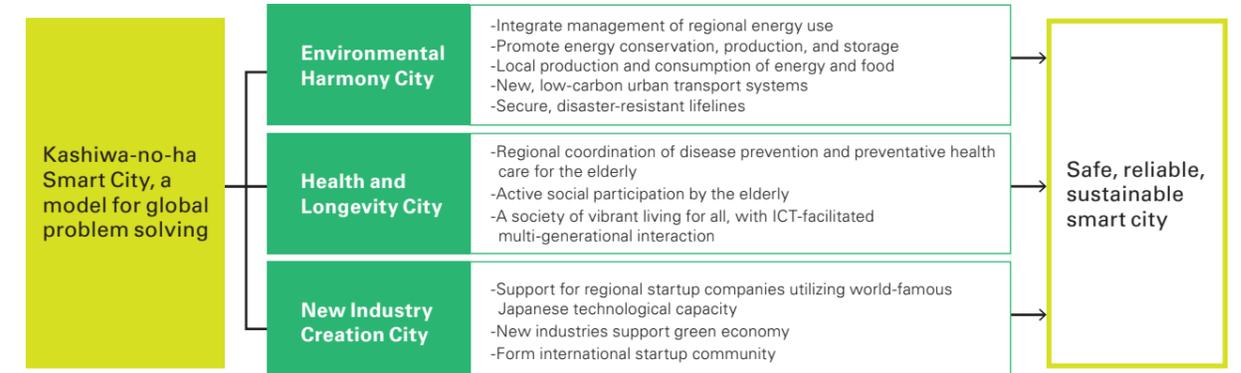
**Development Concept**  
Kashiwa-no-ha Smart City is a neighborhood creation project that focuses on providing solutions for social issues. It has been developed in Kashiwa City, Chiba Prefecture by the Company since 2005. Currently, initiatives are being advanced based on collaboration between the public, private, and academic sectors with

the aim of realizing environmental harmony, health and longevity, and the creation of new industries.

**Urban Design Center Kashiwa-no-ha (UDCK)**  
UDCK is operated through collaboration between seven public, private, and academic organizations, together with contributions from cooperating organizations including relevant public institutions and various specialist companies. The flexible collaboration between these groups enables the implementation of comprehensive neighborhood creation.



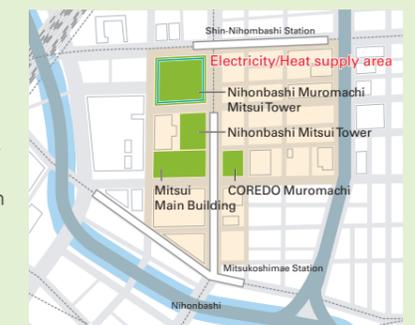
#### Approach to Kashiwa-no-ha Smart City



#### TOPICS

#### Renewing the Entire Nihonbashi Neighborhood's Energy Through the Nihonbashi Smart Energy Project and Moving Toward an Urban-Style Smart City

In April 2019, Mitsui Fudosan and Tokyo Gas collaborated to start the Nihonbashi Smart Energy Project. This is the first initiative in Japan to build an energy network that supplies electricity and heat to existing buildings and retail properties surrounding the tower during both ordinary times and times of emergency through an energy plant that has been installed inside Nihonbashi Muromachi Mitsui Tower. This effective energy use not only realizes energy savings and reduced CO<sub>2</sub>, but also enhances energy resilience throughout the whole area, moving it toward becoming an urban-style smart city that is highly prepared for disasters.



# Achieve a Society Where a Diverse Workforce Can Thrive

The Mitsui Fudosan Group sees our people as an asset and the most important drivers in creating new value. The Group's basic approach to human resource management is to treat each employee as an individual and create a stage on which they can sharpen their professional knowledge and abilities, increase their ability to create added-value, and transform team performance through the integration of diverse values and skills.

For details regarding the main initiatives being carried out, please refer to ESG Report 2019. [https://www.mitsuifudosan.co.jp/english/corporate/esg\\_csr/](https://www.mitsuifudosan.co.jp/english/corporate/esg_csr/)

## Labor Standards and Practices



### Our Efforts for Diversity

The "&" logo embodies the Mitsui Fudosan Group's management philosophy and represents the principles of linking diverse values, coexisting in harmony with society, and realizing sustainable societies. In order to respond to dramatically changing social needs and realize new value creation, we are building an organization that allows personnel with diverse values, talents, and lifestyles to fully realize their capabilities, with workstyle reform at the core.

### Our Efforts to Promote Active Roles for a Diverse Range of Personnel

We have established an environment and institutional systems which allows each person to work with respect for their individual values and lifestyles, regardless of sex, life events, or the existence of time constraints.



### Goals for Promoting Active Roles for Women

- Promoting workstyle reform to lay the groundwork for active participation by diverse personnel including women.
- Aiming to raise the number of women in management positions to more than 3 times the level in fiscal 2015 by 2020.

### Our Efforts to Support Childcare

To support work balance for employees involved in childcare, Mitsui Fudosan goes beyond legally mandated programs and strives to put in place an environment where it is easier to work, and employees can more fully realize their capabilities with peace of mind. We also focus on cultivating a consciousness and understanding among members of each workplace regarding childcare. As a result, we have continually maintained a 100% return rate

from childcare leave for more than 20 years among regular Mitsui Fudosan employees. Mitsui Fudosan has acquired "Kurumin" certification from the Minister of Health, Labour and Welfare as a company that supports childcare.



### Our Efforts to Support Family Care

To support work balance of employees engaged in family care, we are committed to providing an environment including a work-at-home system and a system for subsidizing the costs of family care. In collaboration with the Personnel Department and our Care Design Department that provides support for elderly lifestyles, we also hold family care seminars for employees and their families, and provide family care consultations with qualified care managers.

### Encouraging the Employment of Seniors

We are actively working to offer a setting where employees over 60 can continue working and stay active, and many employees are still leveraging their wealth of experience to contribute to business performance.

### Promoting Borderless Human Resource Activity

We encourage the recruitment of local staff at our overseas subsidiaries and the providing of internships to and recruitment of foreign exchange students.

### Encouraging the Employment of People with Disabilities

We are continually working to employ people with disabilities, based on perspectives such as corporate social responsibility and diversity. Also, a special subsidiary, First Facilities Challenged proactively promotes employment of people with disabilities and provides them with work experience opportunities.

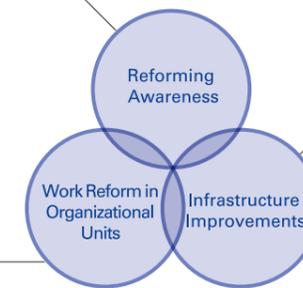
### Initiatives for Workstyle Reform

Mitsui Fudosan aims to be an organization encouraging active participation by personnel with diverse values and talents, and we believe it is essential for the sustained growth of our entire group that employees select workstyles suited to their life stages, and fully realize their capabilities by exploiting their individual experiences.

To achieve these goals and build a foundation enabling participation by diverse human resources, we are promoting workstyle reform. We aim to achieve outstanding value creation by changing mindsets to boost workstyle quality in limited working hours, and improving institutional systems and the workplace environment to support that.

### Mitsui Fudosan's Workstyle Reform Activities

- Utilize internal publicity/broadcasting and a portal site on workstyle reform to conduct educational activities and share expertise, including messages from top management
- Allow fathers to take continuous leave through the establishment of a new system for childrearing-father training leave
- Encourage employees to use vacation days, including paid leave, and provide opportunities to transform awareness regarding this among individuals and entire workplaces
- The Workstyle Innovation Department supports each department's initiatives, establishes customized workstyles, and promotes work efficiency improvements.



- Utilize the WORK STYLING Shared Offices
- Introduce work-at-home system
- Utilize daycare centers inside worksites
- Lend laptops, smartphones, tablets, and other devices to employees
- Use a PC use time control system

### Human Resources Management

Mitsui Fudosan aims to be a business and lifestyle solutions partner. In order to do so, Mitsui Fudosan is targeting the development of a diverse group of employees, who are able to make full use of their individual attributes, with both specialized and advanced business knowledge, and a broader perspective. In order to achieve this goal, we have adopted a basic policy on personnel development that broadens the capabilities of each individual by combining four opportunities for personnel development.

Department conducts individual interviews with each employee, and ascertains information on their problems, development environment, work situation, worries, and other issues. In this way we develop and support capabilities in accordance with the hopes and vision of each employee.

#### 1 OJT

We provide on-the-job training through work on-site as the basis for personnel development. Through specific jobs in the workplace and communication between employees, we develop the capabilities necessary for job performance in a planned, continuous fashion.

#### 3 Job rotation

In order to cultivate professionals who possess an even broader range of expertise, we conduct job rotation every few years. Our aim is to develop employees and an organization which can adapt to an ever-changing environment, and this is achieved by further deepening the experience and knowledge of each employee through work experience in multiple areas, while bolstering expertise through focus on work the employee is in charge of.

#### 2 Interviews with employees

We emphasize face-to-face communication with each individual. As part of our system, we provide employees with numerous opportunities to consult/discuss their career and capability development with the Personnel Department or their department manager. Every year, the Personnel

#### 4 Training programs

We have systematic, diverse training programs, in areas ranging from basic abilities as a working adult to specialized skills and sharing of management awareness, in accordance with the respective role and capabilities of each employee, their personal progress in capability growth, and other factors.

### Examples of Training/Education for Employees' Personal Development

Training programs that involve the sharing of management awareness and corporate culture	MEET21 Training, Cross Expert Training
Broadening/growth of capabilities and perspectives	Long-term temporary assignment training outside the company, Cross Expert Training, training to develop people, MEET21 Training, assistance to pass the Information Technology Passport Examination
Improving work execution capability and specialization	Registered real estate broker training, financial accounting training, various types of distance learning courses
Broadening basic abilities as global personnel	Overseas trainee programs (English-speaking countries, Chinese-speaking countries), overseas management training, global training for young and midlevel employees
Fostering the mindset needed as a working adult	Compliance training, human rights awareness training, CSR training, harassment training
Deepening understanding as a member of an organization	New employee training, new employee development instructor training, follow-up training in 1st and 2nd years after joining company, diversity management training for newly appointed executives

## Health and Safety



### Health and Safety

Mitsui Fudosan regards the health and safety of our employees as an important issue essential for the sustained growth of our company, and we are actively working to maintain and promote the health of employees while striving for a workplace environment where employees can work energetically in accordance with their respective lifestyles. As a company actively engaged in health management, Mitsui Fudosan was certified as an Excellent Enterprise of Health and Productivity Management 2019 (White 500) in the large enterprise category.



### Health Committee and Health Management Center Established

Mitsui Fudosan has established a Health Committee and Health Management Center-specialized organizations for maintaining and improving employee health-and we are working to achieve goals such as improving the rate at which employees undergo periodic health checkups. We have also set up a Health Consultation Service where employees can freely discuss health issues, and in partnership with the Personnel Department, industrial physicians, public health nurses, and counselors, we are

striving to improve the working environment and the physical and mental health of employees.

### Health Management Support for Employees and Their Spouses

In addition to carrying out yearly health checkups, we also offer thorough health screening for all employees over 35 and their spouses, gynecological exams for female employees and the spouses of male employees, and leave to undergo thorough health screening.

### Individual Interviews with All Employees

We are also working to ascertain the working situation and health status of employees through yearly personal interviews between Personnel Department staff and all employees, stress checks, interviews with an industrial physician for overworked employees, and other programs.

### Providing Facilities Where Employees Can Reenergize

To help employees recover from fatigue and maintain physical/psychological balance, we have established Refre, a facility where a massage specialist is always on duty and they can refresh themselves with a massage or a nap.

## Human Rights



### Basic Policy

The Mitsui Fudosan Group respects basic human rights and complies with the laws and regulations concerning worker's rights of each country in which we conduct business activities.

#### Basic Approach to Human Rights

The Mitsui Fudosan Group complies with the laws and regulations of each country and region in which we conduct business activities.

- (1) We will eliminate all discrimination on the grounds of race, nationality, religion, sex, age, disability, or sexual orientation.
- (2) We will not tolerate any form of harassment, including sexual harassment or abuse of power.
- (3) We will not permit child labor or forced labor.
- (4) We respect freedom of association and the right to collective bargaining.

We also support and respect the basic rights for workers set out in the-ILO Declaration on Fundamental Principles and Rights at Work and the UN's Guiding Principles on Business and Human Rights. Furthermore, we pursue methods to ensure that basic human rights are respected in countries and regions that do not adhere to internationally-recognized basic human rights.

### Initiatives for Raising Human Rights Awareness

Mitsui Fudosan has established a Code of Employee Conduct with regard to human rights. We are also building a Group-wide framework for respecting human rights by establishing the internal Fair Employment Screening and Human Rights Awareness Raising Promotion Committee and organizing Fair Employment Screening and Human Rights Awareness Raising Liaison Conferences with each Group company.

Additionally, we are continuously working to improve understanding and awareness regarding human rights through initiatives such as holding human rights awareness training for all Mitsui Fudosan employees.

# Achieve Health, Safety and Security in People's Daily Lives

In order to enable workers and other members of society to pass their time in health, safety, and security, the Mitsui Fudosan Group is enhancing the quality of usage of each facility that makes up the infrastructure necessary for daily life, such as offices, housing, and retail properties, as well as preparing disaster countermeasures in case the worst should happen and working to coexist in harmony with local societies.



For details regarding the main initiatives being carried out, please refer to ESG Report 2019. [https://www.mitsuifudosan.co.jp/english/corporate/esg\\_csr/](https://www.mitsuifudosan.co.jp/english/corporate/esg_csr/)

## Social Supply Chain



### Quality Control in Procurement

As a corporate group supporting offices, housing, and other infrastructure necessary for daily life, we at the Mitsui Fudosan Group recognize that it is our duty to fulfill our social responsibility at an even higher level. To accomplish this, we believe efforts should be made throughout the entire supply chain to promote sustainable procurement and thereby help resolve ESG issues. We have formulated Sustainable Procurement Standards summarizing basic guidelines in this area. We published these standards on our website in December 2018, and have notified our main business partners.

As items to be complied with or actively promoted by

both the Mitsui Fudosan Group and its suppliers, our Sustainable Procurement Standards incorporate basic guidelines on (1) Compliance with Laws and Regulations, etc.; (2) Respect for Human Rights Related to Labor; (3) Secure Corporate Ethics; (4) Ensuring Quality; (5) Consideration for the Environment; (6) Information Security; and (7) Risk Management. The idea is to share these standards within the Group, build and operate an ordering and contract process in line with the nature of our business, and also notify and request the understanding of our business partners. To realize a sustainable society, we will work to promote sustainable procurement throughout our supply chain.

## Safe and Secure Neighborhood Creation



### Disaster Countermeasures and BCP Initiatives

Since the Great East Japan Earthquake in 2011, the needs of tenant companies regarding safety, security, and business continuity planning (BCP) have been increasing. In addition to implementing improvement works to make the disaster

preparedness and BCP functions of existing buildings equal with those of new buildings, the Mitsui Fudosan Group has also been working on strengthening both the hard and soft aspects of BCP countermeasures, such as strengthening operation and management structures.

#### Main Initiatives at Mitsui Office

- ① **Securing electrical capabilities and maintaining key functions for 72 hours after an infrastructure shut-down**
  - (1) Emergency power generation equipment that can operate for 72 hours has been made into standard equipment in key buildings (also enabling exclusive power supply for specific areas)
  - (2) Ability to maintain and quickly restore key functions (such as elevators, toilets, and ventilation systems) has been strengthened
  - (3) The introduction of building damage evaluation systems has been expanded
- ② **Strengthening capacity to aid people unable to return home after a disaster**
  - (1) Deployment of disaster stockpiles has been enhanced
    - A set amount of food and water for people unable to return home has been secured
    - One day's worth of food and water per employee is provided to tenants free of charge

- (2) Information dispersal has been enhanced (digital signage for providing information has been installed)
- ③ **Permanently installing Crisis Management Center functions that can act as control centers during disasters**
  - (1) Crisis Management Centers that enable unified information management during disasters have been permanently installed
  - (2) They are fully equipped with multiple emergency communication devices, such as new video communication systems with dedicated channels
  - (3) Someone is on duty 24 hours a day, 365 days a year

- ④ **Issuing a disaster-related handbook**

A Disaster Preparedness Handbook and a Guide to Preventing Office Fixtures from Falling or Overturning have been issued to tenant companies to communicate the Company's disaster preparedness initiatives and the importance of measures for preventing the falling and overturning of office fixtures

**Quality Management**

The Mitsui Fudosan Group works diligently to ensure the quality management of its buildings as well as every other facet of its business operations, including products and services, as the foundation for providing safety, security, and comfort to its customers.

We are convinced that the delivery of quality-based security, safety, and comfort is a prerequisite for realizing customer satisfaction (CS).

**Quality Management in Each Business**

Each business draws up its own design guidelines, manuals, etc. on quality management and puts them into practice to ensure quality is managed thoroughly. The guidelines, manuals, etc. are also reviewed and revised as needed to reflect customer feedback, problems that have taken place, etc. Reviews of safety-related matters are carried out from time to time and following a disaster.

TOPICS

**Latest Seismic Structural Control System Installed at Nihonbashi Muromachi Mitsui Tower**

HiDAX-R, the latest high-performance structural control oil damper, has been installed at Nihonbashi Muromachi Mitsui Tower. This device can cover a major earthquake up to magnitude 7 on the Japanese seismic scale and is highly effective for locations with a high frequency of earthquakes up to magnitudes 4 and 5 plus as well as over long periods of seismic activity. In the event of an earthquake equivalent to the Great East Japan Earthquake of 2011, the equipment used in this project will, in comparison with ordinary seismic structural devices, reduce the amplitude by about half and the length of time before the building stops shaking after an earthquake has subsided by around one-tenth, thereby contributing to the safety and security of facility users.



HiDAX-R, the structural control oil damper

**Our Efforts to Improve Customer Satisfaction (CS)**



**Communication with Our Customers**

The Mitsui Fudosan Group works diligently to improve the quality of its customer-oriented products and services while consistently promoting communication as a part of efforts to satisfy each and every customer. Each business undertakes a variety of activities as a part of efforts to listen to customers' comments. CS surveys are conducted encompassing a wide area including tenant companies of

office buildings, residents of condominiums and detached housing as well as hotel guests. The feedback gained through these surveys is helpful in improving the Group's initiatives. Customer feedback received through boxes placed for this purpose at some retail properties is carefully monitored. These opinions and comments are used to improve operations in facilities and other areas, including store planning and design.

**Community Involvement**



**Commitment to Local Society**

● Disaster Area Information Transmission and Exchange Base "Watsu Nihonbashi"

"Watsu Nihonbashi" is a facility for transmitting and exchanging information created as the result of exchanges with the people of Minamisnriku following the Great East Japan Earthquake. A variety of activities take place at the facility including the operation of a bar and restaurant, and workshops and lectures.

● The Nihonbashi "Hashi-Arai" Cleaning Event

Every year in July, people with a connection to Nihonbashi, such as local neighborhood associations and companies that operate in the area, gather and carry out cleaning activities. Mitsui Fudosan also participates.



Cleaning the famous Nihonbashi bridge (carried out every July)

**Commitment to Culture and Education**

● Sports Sponsorship

Since 2016, Mitsui Fudosan has supported the Japan Wheelchair Rugby Federation as an official partner. We also offer support as official sponsors of the Japan women's basketball team and of sports climbing.

**Commitment to International Exchange**

● &EARTH Clothing Support Project

Since 2008, unused clothing items have been collected from retail properties operated by the Mitsui Fudosan Group, and donated around the world through an NPO to refugees and other people affected by disasters.

**Create New Industries through Open Innovation**

The Mitsui Fudosan Group is engaged in initiatives aiming to create new value through neighborhood creation, including realizing industry-academia collaborations both in Japan and overseas and supporting venture companies that have innovative technology and services that solve social issues.



For details regarding the main initiatives being carried out, please refer to ESG Report 2019. [https://www.mitsui-fudosan.co.jp/english/corporate/esg\\_csr/](https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/)

**Creating New Value and Markets through Neighborhood Creation**



**Innovation Field Kashiwa-no-ha A Demonstration Platform for Government-Industry-Academia Collaboration**

In February 2019, Mitsui Fudosan launched Innovation Field Kashiwa-no-ha in Kashiwa city as a joint venture with Kashiwa city and Urban Design Center Kashiwa-no-ha with the aim of building a platform for running test demonstrations of initiatives for solving social issues and creating new industries within neighborhood creation. The platform uses the Kashiwa-no-ha Campus as a testing ground that can act as base for simultaneously incorporating multiple demonstration projects from private companies and other organizations involving new products and services that are ready to be trialed in society. Leveraging its key feature of having neighborhood functions

concentrated within a 3km radius, it realizes close government-industry-academia collaborations to provide comprehensive support such as coordination with relevant contacts from the government and cooperating companies, technical consultation, and mentoring. As it is also the location of the National Institute of Advanced Industrial Science and Technology Kashiwa, a research laboratory that brings together industry, academia, and government with a focus on researching human augmentation technology, and the National Cancer Center Hospital East, one of Japan's best hospitals specializing in cancer treatment, it is first of all soliciting projects that focus on the two fields of "AI and IoT" and "life science and medicine," with the goal of creating new industries in Kashiwa-no-ha.



**Nihonbashi Life Science Innovation Promotion Project**

In Nihonbashi, where many pharmaceutical companies have their offices, we continue to develop the Nihonbashi Life Science Innovation Promotion Project, which works to encourage and revitalize cooperation among industry, government and academia, both domestic and overseas, in the life science domain. In March 2016, we founded Life

Science Innovation Network Japan, Inc. (LINK-J) to support the creation of open innovation.

In the three years since the project was established, the number of LINK-J members (corporate and individuals) has risen to 345 (as of June 28,) and 443 events are being held at associated facilities in Nihonbashi. We will continue to expand this network with the aim of building a life-science ecosystem in Nihonbashi.

TOPICS

Promoting Open Innovation in the Life Science Domain Through a Rental Lab and Office Business

In May 2019, the Company launched a rental lab and office business that provides integrated facilities featuring a full-fledged wet lab\* and office area in locations in the vicinity of central Tokyo. In addition to advanced facilities that can cater for a wide range of research activities, units also include spaces that encourage communication between tenants, such as meeting rooms and lounges, providing a service that brings together both the hard and soft aspects of business. Furthermore, the business also contributes to boosting open innovation by leveraging the vast network the Company has built with LINK-J in the life science domain to support joint research with universities, medical institutions, and various types of companies that are concentrated in central Tokyo.



\*Lab facilities that are used to conduct experiments using liquids, gases, and the like by researchers in fields such as drug development and regenerative medicine.

A Range of Support for the Venture Community

We are developing 31VENTURES, an initiative that encourages the co-creation of new industries with venture companies by operating venture offices, providing funding, and leveraging Mitsui Fudosan's broad trading area and wide range of business areas. At the end of 2015, we established a corporate venture capital (CVC) fund worth ¥5.0 billion and since then we have invested in dozens of companies in Japan and overseas, primarily in early-stage venture companies. We have also launched a venture investment business worth a total of ¥30.0 billion that targets growth-stage venture companies that

possess revolutionary technologies and services. Going forward, we aim to create new innovation through venture support built around the three pillars of community, support and funding.



31VENTURES Office



Holding events or networking parties to accelerate new projects and business

31VENTURES

Mitsui Fudosan's venture co-creation project

31VENTURES Global Innovation Fund I

Fund size: **¥5.0 billion** (10-year management period)  
Target stage: From seeding period to middle-stage, but especially early-stages

31VENTURES Global Brain — Growth I Business

Fund size: **¥30.0 billion** (10-year management period)  
Target stage: Growth-stage venture companies, etc.

Potential Areas

- Real estate tech • Cybersecurity • E-commerce
- Energy and environment • AI and big data • IoT
- Sharing economy • FinTech • Robotics • Healthcare

Main Companies Invested In (Examples)



TOPICS

The First "Growth I Project" Investment in Axelspace Corporation, a Developer of Microsatellite Business

In December 2018, Mitsui Fudosan invested in Axelspace Corporation, a company that develops space-based business technology using microsatellites, as the first "Growth I Project." "AxelGlobe," a global Earth observation infrastructure envisioned by the company, is a project that will be able to capture daily images of virtually all of the areas where humans are economically active, accumulating and analyzing image data to produce forecasts. This is highly compatible with neighborhood creation and as a result, the Company believes it will contribute to creating new industries.



31VENTURES invests in Axelspace

Reduce Environmental Impact and Generate Energy

Contributing to the building of a society that realizes the sustainable development of human life is our corporate mission, and we consider this an important business challenge directly related to increasing corporate value. We endeavor to create urban environments of enrichment and comfort and contribute to the global environment while cooperating with communities to reduce environmental burden and improve security, safety, and comfort.



For details regarding the main initiatives being carried out, please refer to ESG Report 2019. [https://www.mitsui-fudosan.co.jp/english/corporate/esg\\_csr/](https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/)

Responding to Climate Change



Climate Change Awareness and Engagement Policy

Since the Industrial Revolution, an increase in energy consumption has heightened the concentrations of greenhouse gases, such as carbon dioxide (CO<sub>2</sub>), in the atmosphere, and global warming is progressing. If warming continues without taking any effective countermeasures, there will be major changes in the earth's climate. This will cause phenomena such as rising sea levels and abnormal weather patterns, and have a great impact on the living environments of people and other organisms. Abnormal weather patterns will also increase the risk of damage to the business activities of the Mitsui Fudosan Group.

We create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases, and we aim to build a low-carbon society by taking steps together with our business partners, tenant companies and stores, and customers, to address global warming, such as conservation of energy.

Example Energy Conservation, Energy Creation, and Energy Storage Initiatives

● Excellent Designated GHG Office Certification by the Tokyo Metropolitan Government Renewed  
Since fiscal 2010, we have been acquiring and renewing certification for office buildings in the Tokyo metropolitan

area based on the standards established by the Tokyo Metropolitan Government for Excellent Designated GHG Offices. As of March 31, 2019, Mitsui Fudosan had six office complexes (six buildings) designated as Top Level Offices and eight office complexes (11 buildings) as Semi-Top Level Offices under the Excellent Designated GHG Offices program.

● Megasolar Projects

Mitsui Fudosan engages in megasolar power projects. As of the end of fiscal 2019, we operate five megasolar power stations.

Planned total generating capacity for the five stations is 72 MW, with approximately 70 million kWh generated in a year, equivalent to the annual power needs of approximately 20,000 typical households.

● Energy Management System

The Mitsui Fudosan Group is installing optimal energy management systems at each type of property: office buildings, retail facilities, condominiums, and detached housing. We are also introducing area energy management systems to link the energy management systems of individual buildings, and manage energy over an entire block.

Water



Policy

We develop buildings and create neighborhoods that help preserve the water environment through measures like effective utilization of water and replenishment of subterranean aquifers. We also preserve water resources through water conservation and effective use of water resources together with our business partners, tenant companies and stores, and customers.

Major Initiatives

The Mitsui Fudosan Group installs water-saving equipment in newly constructed buildings. We have also been switching to water-saving equipment in existing buildings when they are renovated, and are making efforts to

conserve water during routine building management and operations together with our business partners, tenants, stores, and customers.

In addition to this, Mitsui Fudosan aims to effectively use water resources by taking advantage of rainwater and grey water (processed wastewater) at its office buildings, retail facilities and built-for-sale condominium buildings, and strives to direct rainwater underground by utilizing water-permeable paving for parking lots, walkways, on-site roads, and external sections of the building. We also aim to preserve the water environment and prevent flooding with temporary storage tanks and flow adjustment ponds to prevent rainwater runoff in large volumes.

## Environmental Pollution and Resources



### Policy

We prevent environmental pollution by observing laws, regulations, and ordinances relating to air pollution, water pollution, soil contamination, and hazardous materials, and we work hard to curb emissions of pollutants and contaminants that are not subject to regulation by laws, regulations, and ordinances. In addition, we take

hazardous materials into consideration when acquiring land as well as in the building design stage. We also ensure appropriate management and disposal, and thereby prevent impacts due to hazardous materials on the environment or building users.

## Biodiversity Conservation



### Implementation of Biodiversity Risk Assessments

When carrying out a new development project, the Mitsui Fudosan Group confirms the presence of trees, forests, and other elements of the natural environment that should be preserved on development sites, and we preserve, transplant, or conserve trees, forests and other natural features when needed. In developing regions with many natural areas, we assess environmental impact on plants, animals, and ecosystems based on laws, regulations, and ordinances relating to environmental impact assessments and protection of the natural environment.

### Example Biodiversity Conservation Initiatives

#### Creation and Conservation of Green Space in TOKYO MIDTOWN HIBIYA

At TOKYO MIDTOWN HIBIYA (Chiyoda-ku, Tokyo), the planted foliage incorporates the same local varieties of trees as the adjacent Hibiya Park located across the road, to ensure harmony with the park's lush greenery. The Parkview Garden (sixth floor), Sky Garden (ninth floor) and other amenities provide approximately 2,000 m<sup>2</sup> of green space (greening rate 40%).



Parkview Garden



Sky Garden

#### Restoring Wildlife Habitats at Resort Hotels

The resort hotel NEMU RESORT (Shima City, Mie) is located in Ise-Shima National Park, which overlooks Ago Bay. Large parts of the tidal wetlands and seaweed beds in Ago Bay have been lost, and efforts to restore the tidal wetlands and seaweed beds, and thereby rejuvenate a flourishing ocean, are moving forward through a joint project by industry, government, academia, and the local community.

At the NEMU RESORT, a project has been underway since fiscal 2012 to restore a roughly two-hectare coastal plot of open land in the park (abandoned agricultural land) as a tidal wetland, and after restoration we are checking habitation by wildlife such as Flathead Grey Mullet, Japanese Black Seabream, and Japanese Intertidal Crab.

At AMANEMU (Shima City, Mie) which opened in March 2016, a pre on-site vegetation survey was carried out based on the REFOREST development concept (reclaiming nature on land damaged in the past by repeated development and deforestation). Based on the results, we selected the principal trees of existing forests on the site, and carried out priority planting starting from locations artificially developed with no trees, such as lawns. In this way, we worked to restore the forest in harmony with the natural environment of the region.

## Environmentally Friendly Supply Chain



### Policy

As a corporate group supporting offices, housing, and other infrastructure necessary for daily life, we at the Mitsui Fudosan Group recognize that it is our social responsibility to reduce our environmental impact and conserve the environment to an even higher standard. To accomplish this, we believe efforts should be made

throughout the entire supply chain to promote environmentally friendly, sustainable procurement. We have formulated Sustainable Procurement Standards summarizing basic guidelines in this area. We published these standards on our website in December 2018, and have notified our main business partners.

## TOPICS



### Mitsui Fudosan Group Forest Conservation Activities

We provide housing and offices that use timber taken from our Group-owned forests, all of which have acquired forest management certification from the Sustainable Green Ecosystem Council (SGEC). Using the gifts from these "endless forests" in neighborhood creation further increases the sustainability of the forests and contributes to conserving the environment and Japanese landscape and supporting the Japanese forestry industry.



The Group owns a total of about 5,000 ha of forest in Hokkaido

### Cultivating — Appropriate Management of Hand-Planted and Natural Forests

The Mitsui Fudosan Group owns roughly 5,000 hectares of forest (equivalent to 1,063 Tokyo Domes) in 31 cities, towns and villages in Hokkaido. Less than 40% is natural forest of trees such as Mongolian oak, and more than 60% is hand-planted Sakhalin fir and other varieties. In our natural forests, management is kept to a minimum so they can be preserved in their natural state, and in our hand-planted forests, we conduct planned tree-planting and provide appropriate management and care. In this way, we create "never-ending forests."



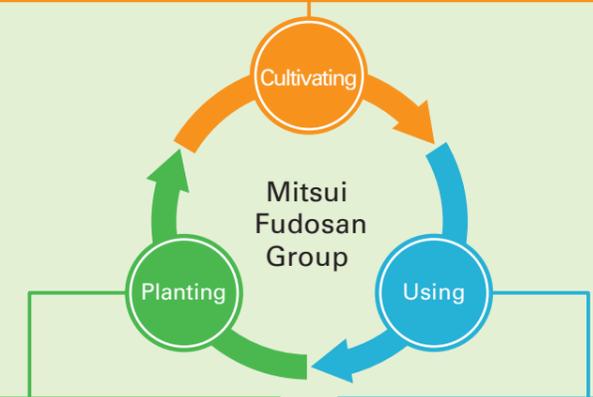
Planted forest



Natural forest

Carbon Dioxide Absorption and Fixation by Mitsui Fudosan Group Forests **Approx. 5,343t / year**

\*Annual CO<sub>2</sub> absorption and fixation by Group-owned forests is calculated using a formula stipulated by Hokkaido Prefecture in which the biomass yield of new growth is multiplied by the ratio of carbon content.



### Planting — Afforestation Training for Group Employees

Planned tree-planting is needed to create a "never-ending forest." After felling, we strive to renew the forest through tree planting. Also, every year, afforestation training for Group employees is held in Group-owned forests. This is a setting where they can think about the "never-ending forest" and the global environment by planting seedlings with their own hands.



Tree-planting by group employees

### Using — Using Timber from Group-Owned Forests

The Mitsui Fudosan Group uses timber from the forests it owns to make building materials, fixtures and other products for use in our group's residential houses, offices, commercial facilities and other properties. By using wood from forestry management (FM) certified, Group-owned forests, we create a sustainable forest cycle, and promote the creation of "never-ending forests." We also help to support the Japanese forestry industry.



Flooring material



A retail property interior

# Continuously Improve Compliance and Governance

The Mitsui Fudosan Group aims to build and maintain optimum corporate governance from the standpoint of improving the soundness, transparency and efficiency of management in order to earn the trust of all stakeholders.

For details regarding the main initiatives being carried out, please refer to ESG Report 2019. [https://www.mitsui-fudosan.co.jp/english/corporate/esg\\_csr/](https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/)

## Corporate Governance



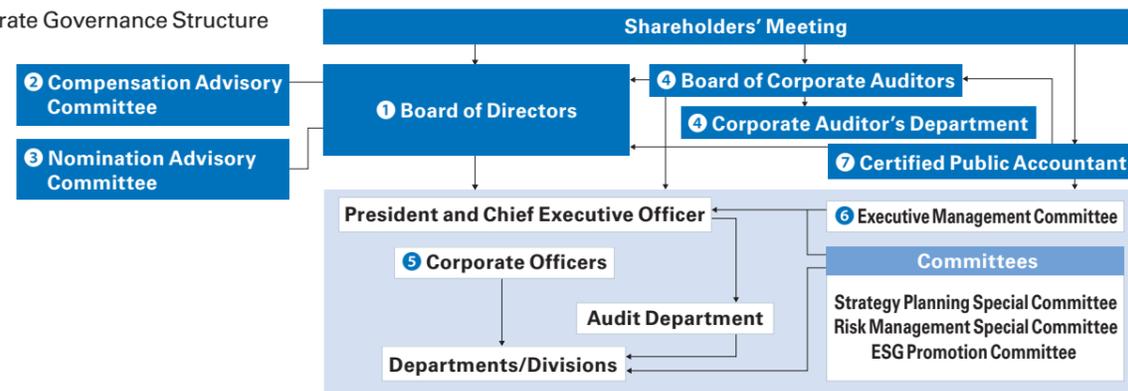
### Basic Policy

Mitsui Fudosan has both a Board of Directors and a Board of Corporate Auditors and has also established a Compensation Advisory Committee and Nomination Advisory Committee to enhance management transparency regarding compensation for managing directors and nomination of managing directors and corporate auditors. It has also adopted a corporate officer system to enhance the soundness and efficiency of management by separating and strengthening management and executive functions. Mitsui Fudosan also invites and appoints outside directors to strengthen

the oversight functions of the directors and enhance management transparency.

In addition, corporate auditors conduct audits to evaluate the status of business execution by managing directors while coordinating with the Audit Department, which serves as the Company's internal auditing department, as well as with the certified public accountant. Moreover, steps have been taken to put in place the Mitsui Fudosan Group Compliance Policies, as well as a structure that will ensure that Group directors and employees engage in business activities in an appropriate manner.

### Corporate Governance Structure



#### 1 Board of Directors

The Board of Directors is chaired by Chairman of the Board (Representative) Hiromichi Iwasa and consists of 12 members, including eight internal directors (Hiromichi Iwasa, Masanobu Komoda, Yoshikazu Kitahara, Kiyotaka Fujibayashi, Yasuo Onozawa, Hiroyuki Ishigami, Takashi Yamamoto, and Wataru Hamamoto) and four outside directors (Masako Egawa, Masafumi Nogimori, Tsunehiro Nakayama, and Shinichiro Ito). It makes decisions on material issues of Mitsui Fudosan and monitors the business execution status of directors. In addition, under Article 373 (1) of the Companies Act, Mitsui Fudosan has designated a special managing director who may pass judgment on the urgent acquisition of assets via bidding, etc., when so empowered by the Board of Directors under Article 362 (4) of the Companies Act. The corporate auditors also attend meetings of the Board of Directors and provide opinions as necessary.

#### 2 Compensation Advisory Committee

The Compensation Advisory Committee is chaired by President and Chief Executive Officer Masanobu Komoda and consists of six directors, including one internal director (Yasuo Onozawa) and four outside directors (Masako Egawa, Masafumi Nogimori, Tsunehiro Nakayama, and Shinichiro Ito). It meets on matters pertaining to the compensation of managing directors.

#### 3 Nomination Advisory Committee

The Nomination Advisory Committee is chaired by President and Chief Executive Officer Masanobu Komoda and consists of six directors, including one internal director (Yasuo Onozawa) and five outside directors (Masako Egawa, Masafumi Nogimori, Tsunehiro Nakayama, and Shinichiro Ito). It meets on matters pertaining to the nomination of managing directors and corporate auditors and the appointment or dismissal of senior management.

#### 4 Board of Corporate Auditors / Corporate Auditor's Department

The Board of Corporate Auditors is chaired by Senior Corporate Auditor Kenji Iino and comprises five corporate auditors, including two internal auditors (Kenji Iino and Masatoshi Sato) and three outside auditors (Yoshitaka Kato, Yasushi Manago, and Yukimi Ozeki). It formulates auditing policies and determines assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments. Note that the Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and it has been assigned two dedicated employees.

#### 5 Corporate Officer System

Mitsui Fudosan has introduced a corporate officer system with the aim of creating a business execution framework that best suits its operating environment and activities. By promoting the separation and reinforcement of the management and executive functions, which were previously the responsibility of the directors, the system enhances management soundness and efficiency. In addition, seeking to further reinforce the management of the Mitsui Fudosan Group by increasing the breadth and depth of management personnel across the entire Group, we have also introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

#### 6 Executive Management Committee

The Executive Management Committee, consisting of executive corporate officers, has been formed to deliberate and report on important matters related to business execution and supervises internal control and risk management. Full-time corporate auditors also attend meetings to stay informed of important decision-making processes and the status of business execution, and provide opinions as necessary.

#### 7 Financial Auditing

Mitsui Fudosan has concluded an auditing contract with KPMG AZSA LLC as its certified public accountant, which conducts audits. There is no shared interest between the auditor and the Company, nor between employees conducting operations for the auditor and the Company.

### Initiatives for Corporate Governance

	1994	2001	2005	2006	2007	2008	2009	2010	2011	2012	2015	2016	2017	2018	2019
Introduced Outside Auditors	●														
Introduced Corporate Officer System		●													
Introduced Outside Directors															
Established Nomination Advisory Committee															
Established Compensation Advisory Committee															
Established Corporate Auditor's Department															

### Board of Director Decisions and Reports

The following matters shall be resolved by or reported to the Mitsui Fudosan Board of Directors as stipulated by laws and regulations, the Company's Articles of Incorporation, and company rules such as those regarding the Board of Directors.

- (1) Matters related to shareholders' meetings
- (2) Matters related to directors
  - Preliminary selection of director candidates
  - The appointment and dismissal of representative directors
  - The appointment and dismissal of executive directors
  - Compensation and bonuses for directors
  - Other important matters
- (3) Matters related to the Company's structure
- (4) Important matters related to compliance, etc.
  - Formulating a compliance promotion plan for the fiscal year
  - Reporting on the results of compliance promotion activities implemented during the fiscal year
  - Formulating an audit plan for the fiscal year
  - Reporting on audit activities implemented during the fiscal year
  - Evaluating internal controls concerning financial reporting during the fiscal year and formulating audit-related policy (J-SOX activities)
- (5) Important matters related to personnel
  - The appointment and dismissal of corporate officers and executive corporate officers
  - The appointment and dismissal of key employees
  - Compensation and bonuses for corporate officers, etc.
- (6) Important matters related to finance and assets
- (7) Other matters that are especially important in regard to managing the Company or executing duties

### Analysis and Evaluation of Board of Director Effectiveness

Each year, the Company analyzes and evaluates the efficacy of the Board of Directors, aiming to further enhance its functions. An overview and results of our evaluation of the Board of Directors' efficacy are provided below.

- (1) Evaluation method
 

The Company conducted interviews with all directors and corporate auditors and asked them to complete free-response questionnaires regarding Board of Directors' efficacy, conducting an analysis and evaluation at the Board of Directors meeting held on May 24, 2019.
- (2) Evaluation items
  - Board of Directors structure (number of members, ratio of executive to non-executive members, diversity, etc.)
  - Status of operation of the Board of Directors (number of meetings held, attendance rates, time spent for deliberation, number of items deliberated, provision of information, questions and answers, etc.)
  - Other (issues raised in the previous evaluation of Board of Directors' efficacy; Compensation Advisory Committee; Nomination Advisory Committee; meetings of outside directors and outside corporate auditors; etc.)
- (3) Evaluation results and future response
 

To achieve sustained increases in the Group's corporate value, it was confirmed that the Board of Directors efficacy was properly maintained. The results of this evaluation will be used to further improve the functioning of the Board of Directors.

**Outside Directors and Outside Auditors**

Mitsui Fudosan appoints its outside directors with the expectation that they will contribute their extensive experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the audit function of the Board of Directors and ensuring transparency.

The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the directors in the performance of their duties, based on their expert knowledge and extensive

experience. Note that, in line with Tokyo Stock Exchange requirements for judging the independence of independent officers, the Company uses the following standards for judging said independence: whether there is a risk of conflicts of interest with any of the Company's general shareholders; whether any special interests exist with the Company; and whether in working to enhance the soundness and transparency of the Company's management, the individual is capable of making objective, fair and impartial judgments.

Name	Reasons for the Appointment	Fiscal 2018 Attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings
Managing Director Masako Egawa	As a current outside director of the Company, Masako Egawa has properly fulfilled her duty of strengthening supervisory functions and ensuring the transparency of the Board of Directors. The Company has reappointed her as an outside director and independent officer as it sees no risk of conflicts of interest with any of the Company's general shareholders and expects that she will make further contributions in this role.	13/13
Managing Director Masafumi Nogimori	As a current outside director of the Company, Masafumi Nogimori has properly fulfilled his duty of strengthening supervisory functions and ensuring the transparency of the Board of Directors. The Company has reappointed him as an outside director and independent officer as it sees no risk of conflicts of interest with any of the Company's general shareholders and expects that he will make further contributions in this role.	13/13
Managing Director Tsunehiro Nakayama*	The Company has appointed Tsunehiro Nakayama as an outside director and independent officer as it sees no risk of conflicts of interest with any of the Company's general shareholders and expects that he will draw on his extensive experience as a corporate manager and broad knowledge to provide various opinions regarding the management of the Company towards strengthening supervisory functions and ensuring the transparency of the Board of Directors.	—
Managing Director Shinichiro Ito*	The Company has appointed Shinichiro Ito as an outside director and independent officer as it sees no risk of conflicts of interest with any of the Company's general shareholders and expects that he will draw on his extensive experience as a corporate manager and broad knowledge to provide various opinions regarding the management of the Company towards strengthening supervisory functions and ensuring the transparency of the Board of Directors.	—
Corporate Auditor Yoshitaka Kato	As a current outside corporate auditor of the Company, Yoshitaka Kato has demonstrated sufficient ability to audit the directors' execution of their duties. The Company has reappointed him as an outside corporate auditor and independent officer as it sees no risk of conflicts of interest with any of the Company's general shareholders and expects that he will make further contributions in this role.	Board of Directors Meetings: 12/13 Board of Corporate Auditors Meetings: 11/12
Corporate Auditor Yasushi Manago	As a current outside corporate auditor of the Company, Yasushi Manago has demonstrated sufficient ability to audit the directors' execution of their duties. The Company has reappointed him as an outside corporate auditor and independent officer as it sees no risk of conflicts of interest with any of the Company's general shareholders and expects that he will make further contributions in this role.	Board of Directors Meetings: 13/13 Board of Corporate Auditors Meetings: 11/12
Corporate Auditor Yukimi Ozeki	As a current outside corporate auditor of the Company, Yukimi Ozeki has demonstrated sufficient ability to audit the directors' execution of their duties. The Company has reappointed her as an outside corporate auditor and independent officer as it sees no risk of conflicts of interest with any of the Company's general shareholders and expects that she will make further contributions in this role.	Board of Directors Meetings: 13/13 Board of Corporate Auditors Meetings: 12/12

\*Newly appointed as an outside director on June 27, 2019.

**Executive Compensation**

Managing directors' compensation consists of basic compensation in an amount within the scope set and approved by resolution of the 106th General Meeting of Shareholders, bonuses paid as short-term incentives that comprehensively take into consideration such things as business results achieved in each fiscal year which must be approved by resolution at the General Meeting of Shareholders, and stock options paid as medium-term incentives in an amount within the scope set and approved by resolution of the 95th General Meeting of Shareholders. Compensation paid to managing directors (outside directors) is solely basic compensation.

Compensation paid to corporate auditors is solely basic compensation in an amount within the scope set and approved by resolution of the 106th General Meeting of Shareholders.

In addition, the Company has established the Compensation Advisory Committee comprising two internal directors and a majority of four independent outside directors, which the Board of Directors consults on managing directors' compensation prior to decisions made at the Board of Directors.

Compensation for the Company's directors and corporate auditors for fiscal 2018 was as shown below.

**Compensation by Title, Amount of Compensation by Type and Number of Applicable Executives**

Title	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Applicable Executives
		Basic Compensation	Bonus	Stock Options	
Internal directors	1,027	537	406	83	8
Internal corporate auditors	104	104	-	-	2
Outside directors and corporate auditors	94	94	-	-	7

**Compensation of Executives Exceeding ¥100 million**

Name	Title	Company	Amount of Compensation by Type (Millions of Yen)			Total Compensation (Millions of Yen)
			Basic Compensation	Bonus	Stock Options	
Hirokichi Iwasa	Chairman of the Board and Chief Executive Officer (Representative)	Mitsui Fudosan Co., Ltd.	117	93	17	228
Masanobu Komoda	President and Chief Executive Officer (Representative)	Mitsui Fudosan Co., Ltd.	117	93	17	228
Yoshikazu Kitahara	Managing Director (Representative)	Mitsui Fudosan Co., Ltd.	74	52	10	137
Kiyotaka Fujibayashi	Managing Director	Mitsui Fudosan Co., Ltd.	26	39	8	110
	President and Chief Executive Officer (Representative)	Mitsui Fudosan Residential Co., Ltd.	34	-	-	
Yasuo Onozawa	Managing Director	Mitsui Fudosan Co., Ltd.	57	39	8	105

**Risk Management**



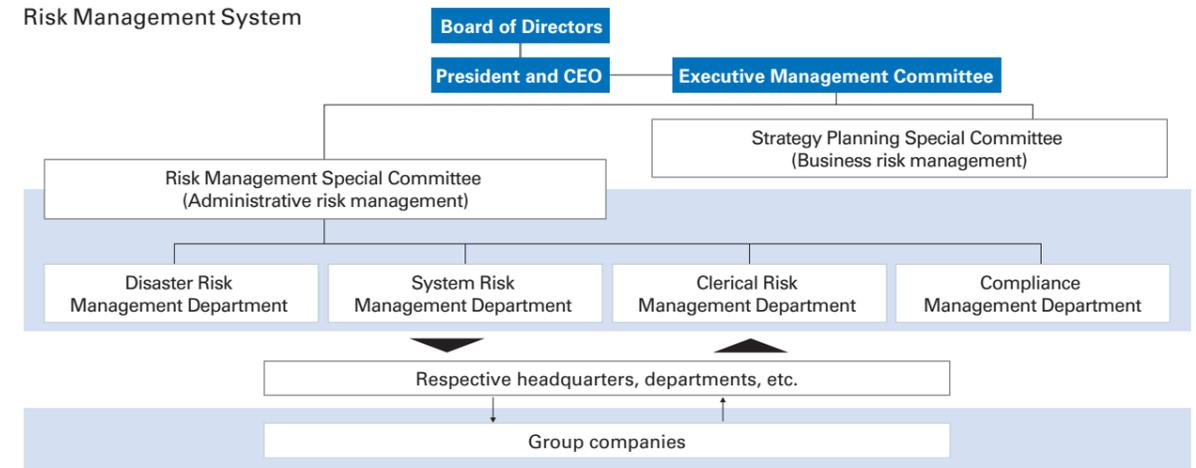
Under the Executive Management Committee, which supervises overall risk management for Mitsui Fudosan and the Mitsui Fudosan Group, the Strategy Planning Special Committee and the Risk Management Special Committee manage business risk\*1 and administrative risk\*2 respectively.

The Risk Management Special Committee meets in principle once a month to identify and delineate risk

issues and evaluate and propose preventative and response measures. Where required, the committee shares information and/or communicates in other ways with the Mitsui Fudosan Group.

\*1 Business risk: Business risk is primarily risk associated with advancing business and earning profits, including development risk, leasing risk, and market risk.  
\*2 Administrative risk: Administrative risk is operational risk associated with administrative duties, including disaster risk, system risk, clerical risk, and compliance risk.

**Risk Management System**



**Major Risks**

Major Risks Associated with Advancing Business	Major Risks Associated with Corporate Activity
<ul style="list-style-type: none"> <li>- Risk of natural disasters, man-made disasters, etc.</li> <li>- Risk associated with changes in social structure (aging of society, population decline, etc.)</li> <li>- Risk associated with fluctuations in the economy and real estate markets</li> <li>- Risk associated with interest rate rises</li> <li>- Risk accompanying business expansion into new areas</li> <li>- Risk accompanying exchange rate fluctuations</li> <li>- Risk accompanying rises in the cost of labor, raw materials, etc.</li> <li>- Risk accompanying changes in economic activity due to the proliferation of ICT, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Information security risk</li> <li>- Risk of compliance violations</li> <li>- Risk associated with directors and employees related to illegal or improper conduct during the execution of duties, etc.</li> <li>- Risk of accidents, etc., which affect the safety of customers, business partners, or employees</li> <li>- Risk of defects in quality, etc., of products and services provided by the Group</li> <li>- Risk associated with factors affecting the health and safety of employees, such as long work hours</li> </ul>

## Compliance



### Basic Policy

Based on the Mitsui Fudosan Group Compliance Policies, the Mitsui Fudosan Group has positioned compliance as a key issue in Group management and works to comply with laws, regulations, and social norms, and implement fair and highly transparent corporate activities in accordance with corporate ethics.

### Compliance Structure

Mitsui Fudosan has made the officer in charge of general administration the person responsible overall for compliance. In this role, the officer receives reports from the Compliance Management Department and others, and particularly important matters are reported to or submitted for discussion by the Board of Directors or the Executive Management Committee.

Said officer is also responsible for formulating a compliance-related action plan each fiscal year, including the enactment, revision, or abolition of company rules, the implementation of training regarding laws, regulations, or company rules, and the surveying and reporting of the situation regarding compliance with laws, regulations, or company rules. Said officer is also responsible for

implementing compliance activities based on this plan. Group companies are also required to formulate and implement compliance promotion plans, and this is reported to and confirmed by the Company at the end of the fiscal year.

### Internal Consultation Service

Mitsui Fudosan has established two points of contact providing consultation for employees of the Company, an internal contact and an external law firm. These contacts can provide consultation on issues regarding compliance with laws and regulations, as well as matters pertaining to the work environment.

### Compliance Training

Mitsui Fudosan provides compliance training to new employees and various directors and management-level employees of the Company, including newly appointed Group managers and officers, with the aim of improving compliance awareness. It also implements e-learning-based training for all directors and management-level employees.

### Main Training and Awareness-Raising Initiatives (Mitsui Fudosan)

	Initiative	Target	Content
Internal training	New employee training	New employees	(April) * Implemented every month for dispatch and contract employees
	New officer training	Newly appointed officers	Study sessions held on preventing bribery, organized crime, information security, preventing insider trading, etc. (March)
	Officer compliance training	Directors, executive managing officers, full-time corporate auditors, etc.	(September)
	Overseas compliance training	International Division, employees assigned to overseas subsidiaries	Explanation of compliance violation case studies including cases involving overseas companies, as well as sharing of the importance of preventing bribery, etc. (December)
	Training for local staff at overseas subsidiaries	Local staff at overseas subsidiaries	Training held on preventing bribery, protecting personal information, whistle-blowing systems, etc. (October, February)
Awareness-Raising Activities	Companywide compliance training (e-learning)	All staff, including corporate officers	(June, November)
	Internal bulletins	All directors and employees	Mitsui Fudosan Group Compliance Policy shared through internal bulletins and handbooks
	Compliance news	All employees	Information provided on topics and subjects that should be considered in regard to the execution of operations, such as "eliminating organized crime," and "a warning regarding ransomware." (April, July, October, February)

## Preventing Improper Conduct

In interactions between the Company and society and the economy

### ● Eliminating Interactions with Organized Crime

Mitsui Fudosan strictly forbids any kind of connection to organized crime and as a company, takes a firm stance in dealing with such groups. Each division of the Company also investigates and confirms that a transaction partner is not involved in organized crime before the transaction begins. Should the unlikely situation occur that forces the Company to face unwarranted demands or violent behavior from such organizations, it will contact the relevant police department and take any other action necessary, including legal measures.

### ● Ensuring Fair Transactions and Competition

Mitsui Fudosan will comply with all relevant laws, such as the Antimonopoly Act, and will avoid any conduct that could result in unfair transactions or unjust competition. We will engage with business connections sincerely as an equal partner and handle the procurement of goods and services based on fair standards.

### ● Preventing Corruption

(1) Prohibiting Bribery and Handling of Gifts and Entertainment

Mitsui Fudosan has prohibited the illicit provision of benefits to public officials and other individuals in similar positions. Also, in dealings with business connections and affiliates, etc., a rule has been established preventing the giving or receiving of excessive gifts, entertainment, and the like. Also, the Company has established a structure and rules to be followed to prevent bribery and has formulated and is implementing Regulations for Preventing Bribery with the aim of preventing such conduct before it occurs.

(2) Donations to Politicians and Political Organizations

Mitsui Fudosan does not provide donations for political activities to any parties other than official political parties and political fund-raising organizations. Furthermore, support for activities by political organizations is conducted appropriately in accordance with the Political Funds Control Law, laws and regulations connected to the Public Offices Election Law, and other relevant laws and regulations.

### ● Other

- (1) Personal information protection
- (2) Consumer protection
- (3) Environmental conservation
- (4) Protection of and respect for intellectual property rights
- (5) Prohibition of insider trading

In interactions between the Company and its employees

### ● Respecting Human Rights

Mitsui Fudosan does not discriminate due to sex, age, birthplace, nationality, race, ethnicity, creed, religion, disability, or any other grounds. The Company respects human rights and strives to maintain fair workplaces.

### ● Managing Company Information Appropriately

Mitsui Fudosan recognizes the importance of managing documents and information and strives to implement appropriate management based on its Information Management Rules, Document Rules, Information System Management Rules, and the like.

### ● Other

- (1) Decision-making according to rules
- (2) Prohibition of sexual and power harassment
- (3) Separation of public and private

# Management Team

## Members of the Board (As of June 27, 2019)



### 1 Chairman of the Board (Representative)

#### Hiromichi Iwasa

Shares in Company 64 thousand shares

Apr. 1967 Joined Company  
 Jun. 1995 Managing Director, General Manager of Project Planning Division, Project 1st Planning Dept., General Manager of Project Planning Division, Construction Dept.  
 Apr. 1996 Executive Managing Director, Chief Operating Officer of Project Planning Division  
 Jun. 1997 Senior Executive Managing Director (Representative), Chief Operating Officer of Project Planning Division  
 Apr. 1998 Senior Executive Managing Director (Representative), Chief Operating Officer of Asset Management Division  
 Jun. 1998 President (Representative)  
 Apr. 2001 President and Chief Executive Officer (Representative)  
 Jun. 2011 Chairman of the Board and Chief Executive Officer (Representative)  
 Apr. 2019 Chairman of the Board (Representative) (current position)

**Significant positions currently held, etc.**  
 Outside Director, TV TOKYO Holdings Corporation

### 2 President and Chief Executive Officer (Representative)

#### Masanobu Komoda

Shares in Company 30 thousand shares

Apr. 1978 Joined Company  
 Jun. 2009 Executive Managing Director, Executive Managing Officer, General Manager of Investment Dept.  
 Jul. 2010 Senior Executive Managing Director, Senior Executive Managing Officer, General Manager of Investment Dept.  
 Apr. 2011 Senior Executive Managing Director, Senior Executive Managing Officer  
 Jun. 2011 President and Chief Executive Officer (Representative) (current position)

### 3 Managing Director (Representative)

#### Yoshikazu Kitahara

Shares in Company 4 thousand shares

Apr. 1980 Joined Company  
 Jun. 2011 Executive Managing Director, Executive Managing Officer, Chief Operating Officer of Office Building Division  
 Apr. 2013 Managing Director, Senior Executive Managing Officer, Chief Operating Officer of Office Building Division  
 Apr. 2016 Managing Director, Senior Executive Managing Officer  
 Apr. 2017 Managing Director, Executive Vice President  
 Jun. 2017 Managing Director (Representative), Executive Vice President (current position)

### 4 Managing Director

#### Kiyotaka Fujibayashi

Shares in Company 5 thousand shares

Apr. 1981 Joined Company  
 Apr. 2012 President and Chief Executive Officer (Representative), Mitsui Fudosan Residential Co., Ltd. (current position)  
 Jun. 2013 Managing Director, Executive Managing Officer  
 Apr. 2017 Managing Director, Senior Executive Managing Officer, Chief Operating Officer of Homes and Lifestyle Promotion Division (current position)

### 7 Managing Director

#### Takashi Yamamoto

Shares in Company 9 thousand shares

Mar. 1990 Joined Company  
 Jun. 2017 Managing Director, Executive Managing Officer, Chief Operating Officer of International Division  
 Apr. 2019 Managing Director, Senior Executive Managing Officer, Chief Operating Officer of International Division (current position)

### 5 Managing Director

#### Yasuo Onozawa

Shares in Company 15 thousand shares

Apr. 1981 Joined Company  
 Jun. 2016 Managing Director, Executive Managing Officer  
 Apr. 2017 Managing Director, Senior Executive Managing Officer (current position)

**Significant positions currently held, etc.**  
 Outside Director, Imperial Hotel, Ltd.

### 8 Managing Director

#### Wataru Hamamoto

Shares in Company 15 thousand shares

Apr. 1984 Joined Company  
 Apr. 2008 General Manager of Development Planning Department and Toyosu-Project Development Planning Department  
 Apr. 2013 Managing Officer, General Manager of Development Planning Department of Corporate Planning Department  
 Apr. 2015 Managing Officer, General Manager of Corporate Planning Department  
 Apr. 2017 Executive Managing Officer, General Manager of Corporate Planning Department  
 Jun. 2019 Managing Director, Executive Managing Officer (current position)

### 6 Managing Director

#### Hiroyuki Ishigami

Shares in Company 6 thousand shares

Apr. 1982 Joined Company  
 Jun. 2017 Managing Director, Executive Managing Officer, Chief Operating Officer of Retail Properties Division  
 Apr. 2019 Managing Director, Senior Executive Managing Officer, Chief Operating Officer of Retail Properties Division (current position)

### 9 Managing Director (Outside Director)

#### Masako Egawa

Shares in Company 2 thousand shares

Apr. 1980 Joined Citibank, N.A. Tokyo Branch  
 Sep. 1986 Joined Salomon Brothers Inc. New York Head Office  
 Jun. 1988 Joined Salomon Brothers Asia Limited Tokyo Branch  
 Dec. 1993 Joined S.G. Warburg & Co. Ltd. Tokyo Branch  
 Nov. 2001 Executive Director, Harvard Business School Japan Research Center  
 Apr. 2009 Executive Vice President, The University of Tokyo  
 Jun. 2015 Managing Director, Mitsui Fudosan Co., Ltd. (current position)  
 Sep. 2015 Professor, Graduate School of Commerce and Management, Hitotsubashi University  
 Aug. 2018 Professor, Hitotsubashi University Business School (current position)

**Significant positions currently held, etc.**  
 Outside Director, AGC Inc.  
 Outside Director, Tokio Marine Holdings, Inc.

### 10 Managing Director (Outside Director)

#### Masafumi Nogimori

Shares in Company 0 shares

Apr. 1970 Joined Fujisawa Pharmaceutical Co., Ltd.  
 Jun. 1997 Director, Fujisawa Pharmaceutical Co., Ltd.  
 Jun. 2000 Corporate Executive, Fujisawa Pharmaceutical Co., Ltd.  
 Jun. 2001 Managing Corporate Executive, Fujisawa Pharmaceutical Co., Ltd.  
 Jun. 2003 Director and Managing Corporate Executive, Fujisawa Pharmaceutical Co., Ltd.  
 Apr. 2005 Representative Director and Executive Vice President, Astellas Pharma Inc.  
 Jun. 2006 Representative Director, President and Chief Executive Officer, Astellas Pharma Inc.  
 Jun. 2011 Representative Director and Chairman, Astellas Pharma Inc.  
 Jun. 2017 Managing Director (current position)

**Significant positions currently held, etc.**  
 Outside Director, Daicel Corporation  
 External Director, Linical Co., Ltd.

### 11 Managing Director (Outside Director)

#### Tsunehiro Nakayama

Shares in Company 0 shares

Apr. 1971 Joined the Industrial Bank of Japan, Ltd.  
 Apr. 2004 Representative Director, Vice President of Mizuho Corporate Bank, Ltd.  
 Apr. 2007 Advisor, Merrill Lynch Japan Securities Co., Ltd.  
 May 2007 Representative Director, Chairman, Merrill Lynch Japan Securities Co., Ltd.  
 Nov. 2008 Representative Director, Chairman, and President, Merrill Lynch Japan Securities Co., Ltd.  
 Mar. 2009 Representative Director, Chairman, and President, Merrill Lynch Japan Securities Co., Ltd., and Representative in Japan, Bank of America Group  
 Jul. 2010 Representative Director, Chairman, Merrill Lynch Japan Securities Co., Ltd.  
 Jun. 2017 Director, Merrill Lynch Japan Securities Co., Ltd.  
 Jul. 2017 Special Advisor, Merrill Lynch Japan Securities Co., Ltd.  
 Sep. 2017 Retired from Merrill Lynch Japan Securities Co., Ltd.  
 Jun. 2019 Managing Director (current position)

**Significant positions currently held, etc.**  
 Outside Director, Tokai Tokyo Financial Holdings, Inc.

### 12 Managing Director (Outside Director)

#### Shinichiro Ito

Shares in Company 0 shares

Apr. 1974 Joined ALL NIPPON AIRWAYS CO., LTD.  
 Jun. 2003 Member of the Board of Directors, Corporate Executive Officer, ALL NIPPON AIRWAYS CO., LTD.  
 Apr. 2004 Executive Vice President (jomu torishimariyaku), Corporate Executive Officer, ALL NIPPON AIRWAYS CO., LTD.  
 Apr. 2006 Executive Vice President (senmu torishimariyaku), Corporate Executive Officer, ALL NIPPON AIRWAYS CO., LTD.  
 Apr. 2007 Senior Executive Vice President, Representative Director, ALL NIPPON AIRWAYS CO., LTD.  
 Apr. 2009 President & Chief Executive Officer, Representative Director, ALL NIPPON AIRWAYS CO., LTD.  
 Apr. 2013 President & Chief Executive Officer, Representative Director, ANA HOLDINGS INC., and Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.  
 Apr. 2015 Chairman of the Board, Representative Director, ANA HOLDINGS INC.  
 Apr. 2017 Chairman of the Board, ANA HOLDINGS INC. (current position)  
 Jun. 2019 Managing Director (current position)

**Significant positions currently held, etc.**  
 Chairman of the Board, ANA HOLDINGS INC.

\* Figures for shares held by directors and corporate auditors are as of March 31, 2019.

## Corporate Auditors (As of June 27, 2019)



### 1 Senior Corporate Auditor

#### Kenji Iino

Shares in Company 12 thousand shares

Apr. 1978 Joined Company  
Apr. 2009 Executive Managing Officer, General Manager of Personnel Dept.  
Apr. 2011 Executive Managing Officer  
Jun. 2011 Executive Managing Director, Executive Managing Officer  
Apr. 2013 Managing Director, Executive Managing Officer  
Apr. 2016 Managing Director  
Jun. 2016 Senior Corporate Auditor (current position)

**Significant positions currently held, etc.**  
Outside Auditor, Imperial Hotel, Ltd.

### 2 Senior Corporate Auditor

#### Masatoshi Sato

Shares in Company 13 thousand shares

Apr. 1990 Joined Company  
Jun. 2015 Managing Director, Executive Managing Officer  
Jun. 2019 Senior Corporate Auditor (current position)

### 3 Corporate Auditor (Outside Auditor)

#### Yoshitaka Kato

Shares in Company 0 shares

Nov. 1974 Joined Tetsuzo Ota & Co.  
Sep. 1978 Registered as Certified Public Accountant  
Jun. 2006 Executive Director, Ernst & Young ShinNihon LLC  
Aug. 2008 CEO, Ernst & Young ShinNihon LLC  
Jun. 2014 Retired from Ernst & Young ShinNihon LLC  
Jun. 2015 Corporate Auditor (current position)  
Certified Public Accountants

**Significant positions currently held, etc.**  
Outside Auditor, Sumitomo Chemical Co., Ltd.  
Outside Auditor, SUMITOMO CORPORATION

### 4 Corporate Auditor (Outside Auditor)

#### Yasushi Manago

Shares in Company 0 shares

Apr. 1978 Joined Ministry of Finance  
Jul. 2009 Deputy Vice Minister, Ministry of Finance  
Jul. 2010 Director-General of the Budget Bureau, Ministry of Finance  
Aug. 2012 Administrative Vice Minister, Ministry of Finance  
Feb. 2014 Registered as Lawyer, Daiichi Tokyo BAR Association  
Feb. 2014 Of Counsel, Nishimura & Asahi LPC (current position)  
Jun. 2015 Corporate Auditor, Mitsui Fudosan Co., Ltd. (current position)

**Significant positions currently held, etc.**  
Outside Director, Nippon Television Holdings, Inc.

### 5 Corporate Auditor (Outside Auditor)

#### Yukimi Ozeki

Shares in Company 0 shares

Apr. 1999 Full-time Lecturer, Nagasaki University Faculty of Economics  
Aug. 2000 Research Scholar, University of Michigan Law School  
Apr. 2004 Associate Professor, Komazawa University Faculty of Law  
Apr. 2010 Professor, Seikei University Law School (current position)  
Sep. 2015 Visiting Scholar, University of California, Berkeley, School of Law  
Jun. 2016 Corporate Auditor, Mitsui Fudosan Co., Ltd., (current position)

**Significant positions currently held, etc.**  
Professor, Seikei University Law School

\* Figures for shares held by directors and corporate auditors are as of March 31, 2019.

## Corporate Officers (As of June 27, 2019)

President and Chief Executive Officer	<b>Masanobu Komoda</b>	Managing Officer	<b>Hiroki Saito</b>
Executive Vice President	<b>Yoshikazu Kitahara</b>	Managing Officer	<b>Osamu Obayashi</b>
Senior Executive Managing Officer	<b>Kiyotaka Fujibayashi</b>	Managing Officer	<b>Shingo Suzuki</b>
Senior Executive Managing Officer	<b>Yasuo Onozawa</b>	Managing Officer	<b>Ikuo Mori</b>
Senior Executive Managing Officer	<b>Hiroyuki Ishigami</b>	Managing Officer	<b>Yutaka Kawamura</b>
Senior Executive Managing Officer	<b>Takashi Yamamoto</b>	Managing Officer	<b>Makoto Tokuda</b>
Senior Executive Managing Officer	<b>Shoichiro Kawamoto</b>	Managing Officer	<b>Motoyasu Kato</b>
Executive Managing Officer	<b>Wataru Hamamoto</b>	Managing Officer	<b>Retsu Togashi</b>
Executive Managing Officer	<b>Akihiko Funaoka</b>	Managing Officer	<b>Kazunori Yamashita</b>
Executive Managing Officer	<b>Takashi Ueda</b>	Managing Officer	<b>Takashi Furuta</b>
Executive Managing Officer	<b>Takayuki Miki</b>	Managing Officer	<b>Yugo Ono</b>
Executive Managing Officer	<b>Yoshihiro Hirokawa</b>	Managing Officer	<b>Tatekazu Nakamura</b>
Executive Managing Officer	<b>Satoshi Hironaka</b>		

## Group Officers (As of June 27, 2019)

Group Senior Officer	<b>Yasuhiko Yamashiro</b>	[Mitsui Fudosan Realty Co., Ltd.]
Group Senior Officer	<b>Toru Inoue</b>	[Mitsui Fudosan Reform Co., Ltd.]
Group Senior Officer	<b>Hideki Moriya</b>	[Mitsui Fudosan Residential Co., Ltd.]
Group Officer	<b>Shuji Tomikawa</b>	[Mitsui Fudosan Investment Advisors, Inc.]
Group Officer	<b>Yosuke Seko</b>	[Mitsui Fudosan Residential Service Co., Ltd.]
Group Officer	<b>Akira Ikeda</b>	[Mitsui Home Co., Ltd.]
Group Officer	<b>Takao Yamada</b>	[Mitsui Fudosan Residential Co., Ltd.]
Group Officer	<b>Yasushi Endo</b>	[Mitsui Fudosan Realty Co., Ltd.]
Group Officer	<b>Toru Kamura</b>	[Mitsui Fudosan Residential Co., Ltd.]
Group Officer	<b>Hisashi Osawa</b>	[Mitsui Fudosan Residential Co., Ltd.]
Group Officer	<b>Mitsuhiro Kodama</b>	[Mitsui Fudosan Residential Co., Ltd.]

# Performance Highlights

(Millions of yen)

(FY)		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Management Results</b>	Revenue from operations	¥1,384,806	¥1,405,269	¥1,338,102	¥1,445,644	¥1,515,252	¥1,529,036	¥1,567,969	¥1,704,416	¥1,751,114	<b>¥1,861,195</b>
	Operating income	120,585	120,092	126,038	148,184	172,567	186,074	202,482	232,698	245,902	<b>262,147</b>
	Ordinary income	93,901	96,204	102,509	123,066	144,587	163,373	182,521	219,607	240,341	<b>254,106</b>
	Profit attributable to owners of parent	60,084	49,909	50,129	59,451	76,843	100,185	117,722	131,815	155,874	<b>168,661</b>
<b>Financial Position</b>	Total assets	3,710,423	3,780,699	3,868,411	4,390,074	4,548,822	5,067,187	5,363,477	5,551,751	6,284,723	<b>6,802,731</b>
	Real property for sale	682,536	634,479	642,809	915,222	961,449	1,031,080	1,167,745	1,334,167	1,524,863	<b>1,630,558</b>
	Tangible and intangible assets	2,105,822	2,252,287	2,304,809	2,503,977	2,526,139	2,788,633	2,968,975	2,967,788	3,318,928	<b>3,500,482</b>
	Capital expenditures	61,971	229,394	111,755	72,355	148,255	273,487	207,172	173,745	440,752	<b>390,514</b>
	Depreciation and amortization	50,286	52,954	53,231	59,022	56,030	61,242	67,460	71,357	70,167	<b>79,034</b>
	Interest-bearing debt	1,746,719	1,740,048	1,743,411	2,120,225	2,040,071	1,976,150	2,226,236	2,287,489	2,604,656	<b>2,906,610</b>
	Shareholders' equity and accumulated other comprehensive income	1,007,811	1,019,941	1,078,182	1,181,174	1,274,355	1,871,922	1,922,305	1,984,635	2,204,882	<b>2,342,512</b>
<b>Cash Flows</b>	Cash flows from operating activities	84,389	185,055	148,161	99,684	189,903	30,343	32,154	227,432	30,143	<b>216,709</b>
	Cash flows from investing activities	(64,834)	(170,552)	(124,353)	(71,132)	(44,056)	(261,640)	(239,719)	(201,583)	(365,464)	<b>(388,895)</b>
	Cash flows from financing activities	(19,762)	(20,400)	(18,649)	(7,944)	(123,713)	221,508	201,110	15,071	289,150	<b>231,238</b>
	Cash and cash equivalents at year-end	62,739	56,675	61,726	101,588	127,337	118,960	109,966	148,546	100,708	<b>157,682</b>
<b>Indicators per Share</b>	Earnings per share (EPS) (Net income per share) (¥)	68.3	56.8	57.0	67.6	87.5	103.8	119.1	133.4	157.7	<b>171.3</b>
	Book-value per share (BPS) (Net assets per share) (¥)	1,147.2	1,161.2	1,227.5	1,344.9	1,451.1	1,894.3	1,945.4	2,008.4	2,231.1	<b>2,384.8</b>
	Dividends (¥)	22.00	22.00	22.00	22.00	22.00	25.00	30.00	34.00	40.00	<b>44.00</b>
	Number of outstanding shares (Thousands of shares)	881,424	881,424	881,424	881,424	881,424	991,424	991,424	991,424	991,424	<b>991,424</b>
<b>Financial Indicators</b>	ROA (%)	3.41	3.39	3.55	3.66	4.07	4.10	4.14	4.59	4.58	<b>4.44</b>
	ROE (%)	6.05	4.92	4.78	5.27	6.26	6.37	6.20	6.75	7.44	<b>7.42</b>
	Debt/Equity (D/E) ratio (Times)	1.73	1.71	1.62	1.80	1.60	1.06	1.16	1.15	1.18	<b>1.24</b>
	Equity ratio (%)	27.2	27.0	27.9	26.9	28.0	36.9	35.8	35.7	35.1	<b>34.4</b>
	Total shareholder return ratio (%)	32.2	38.7	38.5	32.5	25.1	24.1	25.2	25.5	35.0	<b>35.1</b>
<b>Non-Financial Data</b>	Consolidated companies	130	135	140	174	181	201	211	216	242	<b>255</b>
	Companies accounted for by the equity method	42	44	45	47	52	56	64	67	71	<b>78</b>
	No. of employees (Consolidated)	15,922	16,288	16,666	16,377	16,585	16,799	17,205	17,713	18,625	<b>19,081</b>
	Energy usage (Crude oil equivalent 1,000 kl/year)	241.2	240.7	209.3	210.1	217.7	226.6	241.4	252.4	257.2	<b>268.7</b>
	CO <sub>2</sub> emissions (Thousands of tons)	411.6	392.6	340.1	393.5	448.4	469.2	486.5	502.3	501.6	<b>508.6</b>
	Water usage (Thousand m <sup>3</sup> )	5,256	5,332	4,931	4,683	5,176	4,719	5,044	5,074	4,659	<b>5,942</b>

\* Real property for sale = Real property for sale + real property for sale in progress + land for development + advances paid for purchases

\* Interest-bearing debt = Short-term debt + non-recourse short-term debt + commercial paper + bonds redeemable within one year + non-recourse bonds redeemable within one year + corporate bonds + non-recourse bonds + long-term debt + non-recourse long-term debt

\* ROA = (Operating income + non-operating income)/average total assets over the period

\* ROE = Profit attributable to owners of parent/average shareholders' equity over the period

\* Debt/Equity ratio = Interest-bearing debt/shareholders' equity

\* The figures for energy usage are calculated with the conversion factor 9.97GJ/1,000 kWh.

\* Early application of accounting standards for special purpose companies from fiscal 2012 onward enabled SPCs in which Mitsui Fudosan invests to be newly eligible for consolidation.

\* Group and environmental data is subject to change due to changes in aggregation method, etc. For details, please refer to ESG Report 2019.

# Financial Analysis

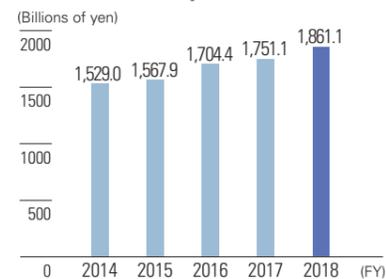
## Operating Conditions and an Overview of Results

In fiscal 2018, the year ended March 31, 2019, the Japanese economy continued to recover gradually, supported by an upturn in consumer spending driven by steady improvement in the employment and wage environment and an increase in capital investment. However, factors such as trade friction between the US and China, the U.K.'s decision to withdraw from the European Union, and economic slowdowns in China and Europe had an impact on corporate earnings, and increased uncertainty about the future.

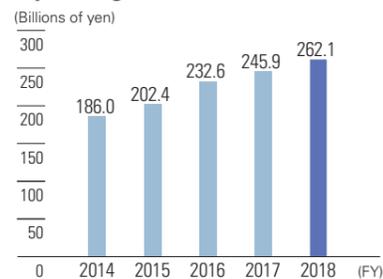
In the real estate sector, the office building leasing market saw low levels of vacancy rates in central Tokyo and major regional cities and asking rents continued to increase. There was also an increase in share offices that cater for a diverse range of workstyles. The retail property leasing market performed steadily overall amid movement toward catering for diversifying consumer styles, such as the growing popularity of E-commerce and increased spending on experiences, and despite the effect of climate and other factors in slowing growth of clothing sales, a decrease in purchasing by inbound customers, and the impact of natural disasters and the like on sales. In regard to property sales in the housing business, as the polarization of sales driven by rising house prices became more defined, customer demand for quality, convenient, high-added-value housing continued its firming trend, underpinned by factors such as the continued availability of low-interest financing and the effects of government policy, particularly regarding the tax system. In the real estate investment market, the J-REIT market saw the listing of four new J-REITs and REITs acquired a variety of real estate assets as the Bank of Japan eased its monetary policy. This drove the asset value of Japan's 63 listed J-REITs to exceed ¥18.3 trillion as of March 31, 2019. Meanwhile, the asset value of Japan's 29 open-ended private placement REITs surpassed ¥3.1 trillion. As a result, the total asset value of J-REITs and open-ended private placement REITs continued its smooth growth, reaching ¥21.5 trillion.

In this operating environment, to continue to grow sustainably from the mid-2020s onwards, the Mitsui Fudosan Group is aiming to (1) successfully establish a sustainable society through the creation of neighborhoods, (2) harness technology to innovate the real estate business, and (3) evolve into a global company, and to achieve these goals, it has formulated the long-term vision VISION 2025.

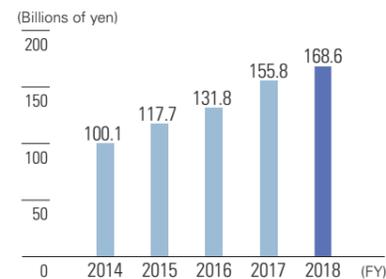
### Revenue from Operations



### Operating Income



### Profit Attributable to Owners of Parent



Based on this vision, the Group has been working to create value by carrying out the three basic strategies of (1) customer-centered management, (2) business innovation, and (3) evolution of Group management.

Also, based on the philosophy symbolized by the “&” logo, the Group has engaged in solving ESG issues and achieving SDGs by creating neighborhoods that are in harmony with the environment and get better with age, thereby contributing to the building of sustainable societies. It has been advancing a wide range of neighborhood creation, including Kashiwa-no-ha Smart City, which aims to realize environmental harmony, the creation of new industries, and health and longevity; TOKYO MIDTOWN in Roppongi, which realizes urban revitalization and environment creation through a mixed-use concept that brings together various functions; and TOKYO MIDTOWN HIBIYA, which engages in new business creation and delivering art and culture. In addition to this, as part of the “Nihonbashi Revitalization Plan” which seeks to unite government, business and the local community to energize and bring about new attraction to Nihonbashi, the Group completed construction on Nihonbashi Muromachi Mitsui Tower in March 2019, which included the building of an energy plant to engage in the Nihonbashi Smart Energy Project, Japan's first project for supplying electricity and heat to surrounding areas, including existing buildings, thereby advancing the creation of a sustainable neighborhood boosting high environmental performance and resilience to disasters.

Through these various initiatives, the Group was able to achieve record operating income and profit attributable to owners of parent for a fifth consecutive year.

As for the Mitsui Fudosan Group's consolidated business results for the period, revenue from operations was ¥1,861.1 billion up ¥110.0 billion, or 6.3%, year-on-year. Operating income was ¥262.1 billion up ¥16.2 billion, or 6.6%. Ordinary income was ¥254.1 billion up ¥13.7 billion, or 5.7%. As a result of extraordinary gains of a ¥1.4 billion gain on sales of investment securities and extraordinary losses including an ¥11.4 billion impairment loss of property and equipment and a ¥2.1 billion loss on disposal of property and equipment, profit attributable to owners of parent was ¥168.6 billion, an increase of ¥12.7 billion, or 8.2%.

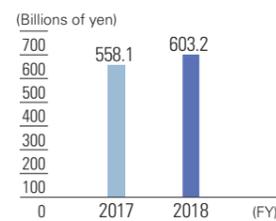
## Segment Information

### Leasing

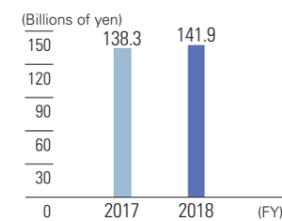
In fiscal 2018, the year ended March 31, 2019, overall revenue from operations rose ¥45.1 billion compared with the previous fiscal year, and operating income increased ¥3.6 billion year on year. This was mainly due to the upward revision in rents at existing office buildings in Japan followed by full-term contributions from such properties as TOKYO MIDTOWN HIBIYA that was completed during the previous fiscal year. In addition, other properties including Mitsui Shopping Park LaLaport NAGOYA minato AQUUS and MITSUI OUTLET PARK TAICHUNG PORT as well as 55 Hudson Yards in the US, which were completed during the fiscal year under review, also contributed to earnings.

The vacancy rate for the Company's office buildings located in the Tokyo Metropolitan Area was 1.7% on a non-consolidated basis as of March 31, 2019.

### Revenue from Operations



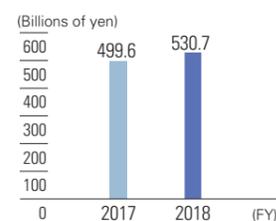
### Operating Income



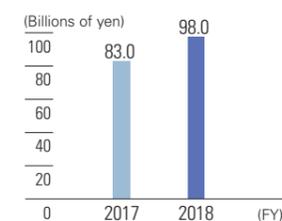
### Property Sales

While revenue in the “Property Sales to Individuals (Domestic)” category increased due to continued progress with the handover of high priced properties, earnings declined owing to corrections to the high profit margin properties of the previous fiscal year. Results in the “Property Sales to Investors and Individuals (Overseas)” category were positively impacted by contributions from such factors as the sale of properties to investors including J-REITs and the sales of properties in the UK. Taking each of these factors into consideration, overall revenue from operations in the “Property Sales” segment climbed ¥31.1 billion compared with the previous fiscal year, and operating income increased ¥15.0 billion year on year.

### Revenue from Operations



### Operating Income

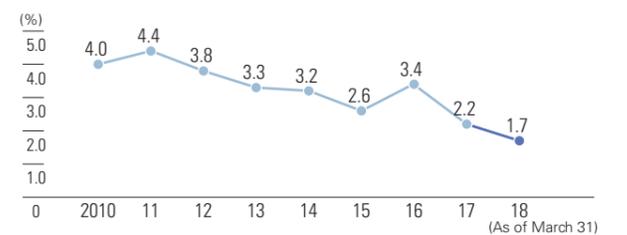


### Fiscal Year-End Inventories

(FY)	2014	2015	2016	2017	2018
Condominiums	83	88	321	108	141
Detached Housing	100	127	69	40	30
Total	183	215	390	148	171

		(Millions of yen)	
(FY)		2017	2018
Revenue	Office Buildings	¥307,840	¥337,733
	Retail Properties	229,335	238,345
Office Buildings and Retail Properties	Total Leased Floor Space (1,000 m <sup>2</sup> )	5,025	5,341
	Office Buildings	Owned 1,748 Managed 1,162	1,969 1,179
Retail Properties	Owned	1,536	1,593
	Managed	580	600
Other	Revenue	20,989	27,205
Revenue		558,165	603,284
Operating Income		138,338	141,945

### Vacancy Rate for Tokyo Metropolitan Area Office Buildings (Non-Consolidated)

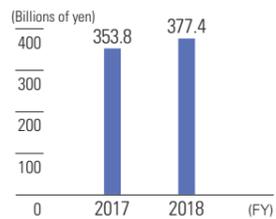


		(Millions of yen)	
(FY)		2017	2018
Condominiums	Tokyo Metropolitan Area	Revenue ¥219,800 Units 3,098	¥223,412 2,729
	Other	Revenue 27,188 Units 609	28,817 554
Subtotal		Revenue 246,989 Units 3,707	252,230 3,283
Property Sales to Individuals (Domestic)	Detached Housing	Tokyo Metropolitan Area	Revenue 27,778 Units 479
	Other	Revenue 1,220 Units 22	- -
Subtotal		Revenue 28,998 Units 501	33,202 475
Revenue		275,988	285,432
Units		4,208	3,758
Operating Income		31,167	26,604
Property Sales to Investors & Individuals (Overseas)	Revenue	223,619	245,333
	Operating Income	51,843	71,433
Total		499,607	530,766
Operating Income		83,010	98,037

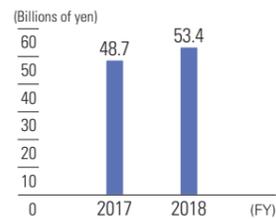
Management

In addition to a variety of factors including an increase in the number of managed contracts in the "Property Management" business and growth in the number of managed units in the "Repair" business (car park leasing business), the incidence of large-scale corporate brokerage transactions in the "Brokerage and Asset Management, etc." business and the number of brokerage units handled in the "Mitsui Rehouse" business (brokerage business for individuals) increased in the fiscal year under review. As a result, overall revenue from operations in the "Management" segment as a whole climbed ¥23.6 billion compared with the previous fiscal year and operating income increased ¥4.7 billion year on year.

Revenue from Operations



Operating Income

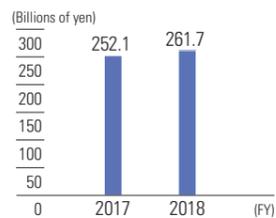


		(Millions of yen)	
(FY)		2017	2018
Property Management	Revenue	¥263,420	¥275,338
	Operating Income	28,914	30,243
Brokerage, Asset Management, etc.	Revenue	90,393	102,152
	Operating Income	19,813	23,202
Total	Revenue	353,813	377,490
Total	Operating Income	48,727	53,445

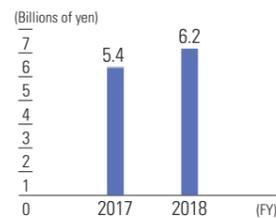
Mitsui Home

For the fiscal year under review, revenue from operations climbed ¥9.5 billion compared with the previous fiscal year and operating income increased ¥0.7 billion year on year for the segment as a whole. This was mainly due to growth in housing reform and office building as well as retail facility renewal orders in the "Reform/Renewal" category.

Revenue from Operations



Operating Income

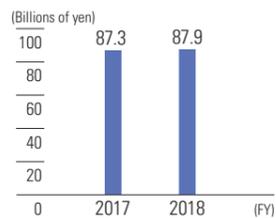


		(Millions of yen)	
(FY)		2017	2018
New Construction	Revenue	¥168,579	¥168,173
	Orders	152,988	166,077
Reform/Renewal	Revenue	37,196	42,381
	Orders	45,094	52,959
Lease Management	Revenue	25,321	26,855
	Orders	21,083	24,291
Housing-Related Material Sales	Revenue	21,083	24,291
	Orders	21,083	24,291
Total	Revenue	252,180	261,702
Total	Operating Income	5,463	6,208

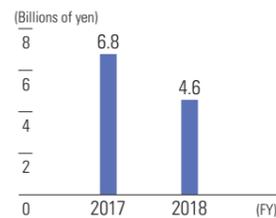
Other

In the fiscal year under review, revenue from operations in the "Other" segment as a whole increased ¥0.6 billion compared with the previous fiscal year. Operating income, on the other hand, decreased ¥2.1 billion year on year. While trends in the existing "Hotel" business were firm, this downturn in earnings was mainly due to the new opening expenses of Mitsui Garden Hotel Nihonbashi Premier and Mitsui Garden Hotel Kanazawa.

Revenue from Operations



Revenue from Operations



		(Millions of yen)	
(FY)		2017	2018
Facility Operations	Revenue	¥60,120	¥63,949
	Operating Income	27,226	24,001
Other	Revenue	27,226	24,001
	Operating Income	6,849	4,681
Total	Revenue	87,346	87,950
Total	Operating Income	6,849	4,681

Consolidated Financial Position

Assets

As of March 31, 2019, total assets were ¥6,802.7 billion, an increase of ¥518.0 billion from the end of the previous fiscal year.

This was mainly due to an increase of ¥105.6 billion in real property for sale (including real property for sale in progress, land for development and advances paid for purchases). There was an increase of ¥181.5 billion in tangible and intangible assets mainly due to new investments.

Capital expenditures were ¥390.5 billion and depreciation and amortization was ¥79.0 billion.

Liabilities

Interest-bearing debt (the total of short-term debt, non-recourse short-term debt, commercial paper, bonds redeemable within one year, non-recourse bonds redeemable within one year, corporate bonds, non-recourse bonds, long-term debt, and non-recourse long-term debt) stood at ¥2,906.6 billion on an overall consolidated basis as of March 31, 2019, an increase of ¥301.9 billion from the end of the previous fiscal year.

Mitsui Fudosan has established committed lines of credit totaling ¥280.0 billion with several financial institutions to ensure access to funds and adequate liquidity. The Company had not accessed these lines of credit as of the balance sheet date.

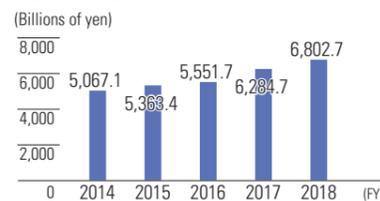
The current ratio (current assets/current liabilities) as of March 31, 2019, was 191%, an increase compared to 178% on March 31, 2018.

Net Assets

Total net assets as of March 31, 2019 were ¥2,420.8 billion, an increase of ¥133.1 billion compared with the end of the previous fiscal year. This increase was mainly attributable to increases of ¥127.6 billion in retained earnings and ¥36.3 billion in net unrealized holding gains on securities.

The equity ratio as of March 31, 2019 fell to 34.4% from 35.1% at the end of the previous fiscal year, while the debt/equity ratio increased to 1.24 times from 1.18 times. Net assets per share had increased to ¥2,384.87 from ¥2,231.15 as of the previous fiscal year-end.

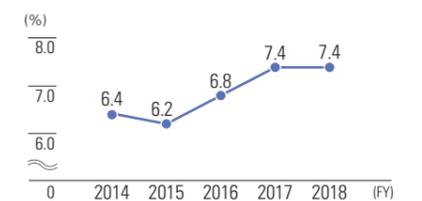
Total assets



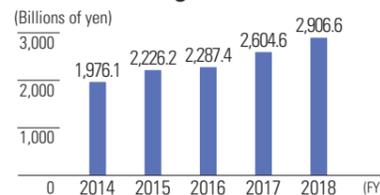
ROA



ROE



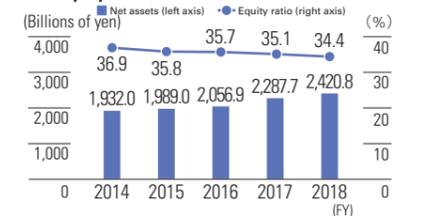
Interest-Bearing Debt



Debt/Equity Ratio



Net Assets (Other than Non-Controlling Interests) and Equity Ratio



Rental Properties

Mitsui Fudosan and some of its consolidated subsidiaries have rental properties including office buildings and retail properties in the Tokyo metropolitan area and other areas. Profit on such properties amounted to ¥131,013 million in fiscal 2017 (rental revenue is reported in revenue from operations and rental expenses are reported in cost of revenue from operations) and there was an impairment loss of ¥7,583 million and a loss on disposal of property and equipment of ¥6,350 million (loss on disposal of property and equipment and impairment loss are reported as other expenses). In fiscal 2018, profit on such properties amounted to ¥136,200 million and there was an impairment loss of ¥964 million and a loss on disposal of property and equipment of ¥1,020 million.

(Millions of yen)

(FY)	2017	2018
Rental Properties Carrying Amount Recorded on the Consolidated Balance Sheets		
Balance as of the Beginning of the Period	¥2,645,056	¥2,960,708
Increase (Decrease) During the Period	315,651	63,319
Balance as of the End of the Period	2,960,708	3,024,028
Market Value at the End of the Period	5,436,150	5,773,672
Difference	2,475,441	2,749,643

The carrying amount recorded on the consolidated balance sheets, the change during the fiscal year, and the market value of these properties are as shown above.

## Consolidated Cash Flows

As of March 31, 2019, cash and cash equivalents were ¥157.6 billion, an increase of ¥56.9 billion from the end of the previous fiscal year.

### Cash Flows from Operating Activities

Operating activities provided net cash of ¥216.7 billion. Cash provided included income before income taxes of ¥242.0 billion and depreciation and amortization of ¥79.0 billion. This more than offset cash used, including an increase in real property for sale and advances paid for purchases, which used net cash of ¥31.8 billion.

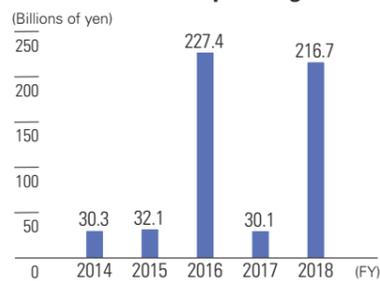
### Cash Flows from Investing Activities

Investing activities used net cash of ¥388.8 billion. The main use of cash was purchases of property and equipment of ¥338.3 billion.

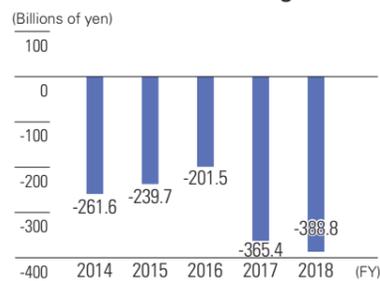
### Cash Flows from Financing Activities

Financing activities provided net cash of ¥231.2 billion. Cash was mainly provided by proceeds from debt.

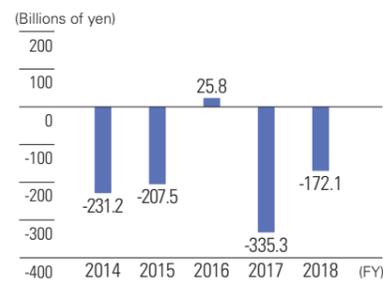
### Cash Flows from Operating Activities



### Cash Flows from Investing Activities



### Free Cash Flows



\* Free cash flow = Cash flow from operating activities + cash flow from investing activities

## Shareholder Returns

Mitsui Fudosan reinvests earnings to increase shareholder value over the medium to long term and returns profits to shareholders based on comprehensive consideration of such factors as the business environment and the Company's performance and finances. To strengthen shareholder returns, it undertakes the stable payment of dividends while also flexibly repurchasing its own shares in a bid to enhance capital efficiency. It is aiming for a total shareholder return ratio of around 35% of profit attributable

to owners of parent.

Taking into consideration a comprehensive range of factors including the Company's strong performance in fiscal 2018 and the aforementioned dividend policy, Mitsui Fudosan has decided to pay an annual dividend of ¥44 per share, an increase of ¥4 per share compared to the initial announcement of ¥40. This comprises the ¥20 interim dividend already paid, and a fiscal year-end dividend of ¥24.

## Outlook for Fiscal 2019 (Year Ending March 31, 2020)

In fiscal 2019, Mitsui Fudosan is expected to report revenue from operations of ¥2000.0 billion, up ¥138.8 billion year on year. Operating income is estimated to climb ¥4.8 billion to ¥267.0 billion and ordinary income is estimated to decrease ¥8.1 billion to ¥246.0 billion. Profit attributable to owners of parent is forecast to increase ¥1.3 billion to ¥170.0 billion.

### Segment Forecasts

In fiscal 2018, Mitsui Home was made into a wholly-owned subsidiary with the aim of strengthening coordination within the Group. Accordingly, from the next fiscal year onward, the previous five segments of Leasing, Property Sales, Management, Mitsui Home, and Other will be converted into four segments - Leasing, Property Sales, Management, and Other. Regarding the categories of New Construction, Lease

Management, Reform/Renewal and Housing-Related Materials Sales which until this fiscal year were included within the Mitsui Home segment, New Construction, Reform/Renewal, and Housing-Related Materials Sales will be incorporated into the Other segment while Lease Management will be incorporated into the Management segment.

Leasing: Increases in overall revenue from operations of ¥26.7 billion and operating income of ¥2.0 billion are forecast, mainly due to full-term contributions from the Nihonbashi Takashimaya Mitsui Building and msb Tamachi Station Tower South, which both finished construction in fiscal 2018.

Property Sales: Overall revenue from operations is expected to increase by ¥69.2 billion and operating income by ¥12.9 billion as a result of increases in revenue and income,

mainly due to property sales to investors and individuals (overseas) and an increase in reported number of units for property sales to individuals (domestic).

Management: Overall revenue from operations is projected to improve by ¥5.6 billion, while operating income is forecast to decrease by ¥3.1 billion. Although the Mitsui Rehouse business (a "brokerage" business for individuals) is forecast to continue performing strongly, a decrease in commissioned sales of housing by Mitsui Fudosan Residential Co., Ltd is expected.

Other: In the "Other" segment as a whole, revenue from operations is anticipated to increase by ¥37.2 billion but

operating income is expected to decrease by ¥5.1 billion. While existing Hotel & Resorts business is forecast to remain strong, this decline in operating income largely reflects the impact of expenses associated with the opening of new hotels and resorts.

### Dividends

Taking into consideration a comprehensive range of factors including the outlook for fiscal 2019 and the aforementioned dividend policy, the Company plans to pay a cash dividend of ¥44 per share for the fiscal year ending March 31, 2020, including an interim dividend of ¥22 per share.

## Risk Information

The operations of the Mitsui Fudosan Group are subject to a number of risks, some of which are outlined below along with issues that may not necessarily constitute risk factors but may still influence investor decisions. These risk factors and issues are identified from among matters that may have a bearing on the Group's business performance and operating conditions, as well as financial position and other aspects. The forward-looking statements in this report were determined by the Group as of March 31, 2019.

### Trends in Economic Conditions

Trends in economic conditions influence demand for the office buildings and retail properties that the Group owns and manages in Japan and overseas, while employment and economic conditions also influence demand among individuals for housing. Other factors include trends in real estate market conditions, which can trigger a slump in land and other property prices. A downturn in economic conditions in Japan or overseas may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets. Moreover, a drop in the value of investment securities held may cause the Group's financial condition to deteriorate.

### Interest Rates

Higher interest rates in the future could increase the Mitsui Fudosan Group's funding costs, raise the returns investors expect from real estate investments and reduce demand among individuals for housing, and may therefore exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets. Moreover, the interest rates applicable to interest-bearing debt may be affected by changes in the Group's credit ratings.

### Changes in Real Estate Taxes

Future changes in real estate taxes that increase the cost of owning, acquiring or selling real estate or reduce consumer willingness to purchase housing may exert a material impact on the Mitsui Fudosan Group's performance and the value of its assets.

### Changes in Real Estate and Finance Laws

Future changes in laws or regulations relevant to Mitsui Fudosan's businesses, including the Building Standard Law, the City Planning Act and the Financial Instruments and Exchange Law, could have consequences such as producing new obligations, increasing costs and limiting asset ownership rights. These factors may exert a material impact on the Mitsui Fudosan Group's performance by reducing the value of its assets and limiting the scope of its operations.

### Natural Disasters, Environmental Issues and Other Extraordinary Phenomena

Natural disasters, environmental issues, soil contamination and other factors, including any defect in real estate and property, may lead to the damage of assets held by the Mitsui Fudosan Group or give rise to a performance warranty obligation. This in turn may affect the Group's performance and the value of its assets.

### Real Estate Development and Other Related Activities

Instances where the Mitsui Fudosan Group engages in real estate development and other activities, excluding those cases where the Group's directors and employees are directly involved, may be affected by many factors outside of our control including contracting with third parties with specialized skills such as construction companies, increases in the price of land and development costs, and inadequacies relating to such key activities as construction. These factors may then lead to an unexpected substantial increase in expenditure or give rise to the delay or suspension of a project. Accordingly, unforeseen circumstances may exert a material impact on the Mitsui Fudosan Group's performance.

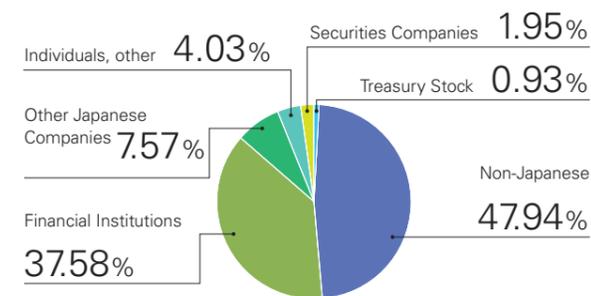
# Corporate Data/Shareholders' Information

(Parent company; as of March 31, 2019)

## Corporate Data

<b>Trade Name:</b> Mitsui Fudosan Co., Ltd.	<b>Listing:</b> Tokyo Stock Exchange (Ticker: 8801)
<b>Head Office:</b> 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan	<b>Number of Shares:</b> Authorized: 3,290,000,000 Issued and outstanding: 991,424,727
<b>Date of Establishment:</b> July 15, 1941	<b>Number of Shareholders:</b> 30,595
<b>Capital:</b> ¥339,766 million	<b>Transfer Agent:</b> Sumitomo Mitsui Trust Bank, Limited
	<b>Number of Employees:</b> 1,577 (Consolidated 19,081)
	<b>Website:</b> <a href="https://www.mitsuifudosan.co.jp/english/">https://www.mitsuifudosan.co.jp/english/</a>

## Shareholder Composition (Shareholding Ratio)



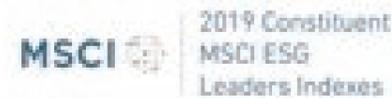
## Status of Large Shareholders

Shareholder	Number of Shares Held(Thousands)	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust account)	97,237	9.90
Japan Trustee Services Bank, Ltd. (Trust account)	78,207	7.96
SSBTC CLIENT OMNIBUS ACCOUNT	28,253	2.88
Japan Trustee Services Bank, Ltd. (Trust account 5)	20,533	2.09
J.P. Morgan Bank Luxembourg S.A. 384500	19,286	1.96
State Street Bank West Client-Treaty 505234	17,777	1.81
Sumitomo Mitsui Banking Corporation	14,837	1.51
Japan Trustee Services Bank, Ltd. (Trust account 7)	14,731	1.50
BNYM AS AGT/CLTS 10 PERCENT	14,724	1.50
JPMorgan Chase Bank 385151	14,667	1.49
Total	320,257	32.60

\* The percentage of total shares issued is calculated after subtracting treasury stock.

## External Assessments

### Status of Inclusion in ESG Indexes (As of July 2019)



THE INCLUSION OF MITSUI FUDOSAN CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MITSUI FUDOSAN CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

## About the Website

Mitsui Fudosan Group activities have been selected and included based on their importance for stakeholders. For more information, please refer to the website and various other forms of communication issued.

### Corporate Website

<https://www.mitsuifudosan.co.jp/english/>



### Financial

#### Shareholder and Investor Information

Contains materials related to financial results, audio and video versions of results briefings and information for shareholders and investors.

<https://www.mitsuifudosan.co.jp/english/corporate/ir/>



### Non-Financial

#### ESG Management/ CSR Activities

Introduces initiatives for society and the environment based on the Mitsui Fudosan Group's Group Vision. More detailed information on ESG can be found in the Group's ESG Report.

[https://www.mitsuifudosan.co.jp/english/esg\\_csr?id=global](https://www.mitsuifudosan.co.jp/english/esg_csr?id=global)



#### Financial Data

<https://www.mitsuifudosan.co.jp/english/corporate/ir/finance/>

#### Financial Results Materials

<https://www.mitsuifudosan.co.jp/english/corporate/ir/library/er/>

#### IR News

<https://www.mitsuifudosan.co.jp/english/corporate/ir/library/news/>

#### Corporate Governance Report

[https://www.mitsuifudosan.co.jp/english/corporate/about\\_us/governance/download/governance\\_report.pdf](https://www.mitsuifudosan.co.jp/english/corporate/about_us/governance/download/governance_report.pdf)

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