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.

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 vary 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 “A” 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 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.

1941 (Founding) – Business foundation established during a period of rapid economic growth

1970 – Moved to diversify management to achieve stable growth

1990 – Rebuilt business during the period of deflation following the collapse of Japan’s economic bubble

2000 – Asset deflation convergence and advancing neighborhood creation

2010 – Advancing mixed-use neighborhood creation amid market maturity

Creating Mixed-Use Neighborhoods Fusing an Array of Functions

Overseas Development from the Early 1970s Onward

Since the early 1930s, 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.
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 swathe 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.

Mitsui Fudosan Group.

Going forward, we will continue to advance business with the aim of creating a profitable and growing

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

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 remodelling.

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 retail 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 our 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)

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Main Data</th>
<th>Main Group Subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Major cities nationwide</td>
<td>Rentable floor space**</td>
</tr>
<tr>
<td></td>
<td>U.S., U.K.</td>
<td>3,148 thousand m²</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of tenants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx. 3,000 companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Major cities nationwide</td>
<td>Rentable floor space**</td>
</tr>
<tr>
<td></td>
<td>U.S., China, Taiwan, Malaysia</td>
<td>2,193 thousand m²</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of tenants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx. 2,300 companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels &amp; Resorts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Nationwide</td>
<td>Number of condominiums delivered</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,283 units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of brokerage properties**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41,533 units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of detached houses units delivered</td>
</tr>
<tr>
<td></td>
<td></td>
<td>475 units</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Tokyo metropolitan area, Nagoya metropolitan area, Osaka metropolitan area, Chugoku area, Kyushu area</td>
<td>Number of project facilities**</td>
</tr>
<tr>
<td></td>
<td>Thailand</td>
<td>33 facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total floor space</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx. 2.9 million m²</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Nationwide</td>
<td>Rentable floor space*1</td>
</tr>
<tr>
<td></td>
<td>U.S. (Hawaii), Singapore</td>
<td>26 hotels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rentable floor space*1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,701 rooms</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office &amp; Logistics Properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Japan</td>
<td>Number of parking units managed by Mitsui Parking</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of parking units managed by Mitsui Parking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>245,511 spaces</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mega-solar business sites/</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approx. 54 sites</td>
</tr>
</tbody>
</table>

* All figures are as of the end of March 2019. ** 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.

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.

**Assets Invested**

- **Financial capital**
  - Solid financial position
    - Total assets: ¥6.8 trillion
    - Equity ratio: 34.4%
    - Debt 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

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

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

**Business Activity**

- **Securing business opportunities**
  - • Insight for identifying locations with growth potential
  - • The ability to offer solutions as an integrated developer
  - • Solid financial foundations and agile responsiveness to investment opportunities

- **Development**
  - • Optimal concept creation
  - • A constant spirit of innovation
  - • Advanced development and negotiation skills as evidenced by redvelopment projects

- **Leveraging the Group’s Collective Capabilities to Maximize Neighborhood Value**

- **Sales**
  - • Strong leasing capabilities based on Mitsui Fudosan’s own sales team
  - • Broad customer base in the property sales business
  - • The track record and reliability that comes from being No. 1 in Japan for the number of brokerage properties nationwide for the 33rd consecutive year

**Long-Term Vision**

**VISION 2025**

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

**Business Achievements**

- **Earnings expansion**
  - Revenue from operations
  - Total dividends (left axis)
  - Total dividends, total treasury stock, and total shareholder return ratio (right axis)
  - Total shareholder return ratio (right axis)
  - Total treasury stock (left axis)
  - Unrealized loss (Market value - Book value)

- **Business efficiency improvements**
  - RDA (P/E)
  - ROE (%)

- **Shareholder return enhancements**
  - Total dividends, total treasury stock, and total shareholder return ratio (right axis)
  - Total profits, total treasury stock, and total shareholder return ratio (left axis)

- **Accumulation of quality leased assets**
  - Rental property book value, market value and the difference

---

Mitsui Fudosan Co., Ltd.

Corporate Profile

6.8

(Billions of yen)

09
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.

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 × 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.

Basic Strategies

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

**Customer-centered management**

- Appropriately address changes in customers’ values
- Create markets by uncovering unmet needs
- Execute on a global level

**Business innovation**

- Innovate the real estate business
- Make extensive use of digital technology
- Establish new profit models

**Evolution of Group management**

- Strengthen Group synergies
- Promote Group collaboration globally
- Strengthen external collaboration and implement open innovation

**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

**Infrastructure to support initiatives**

- **Asset and financial strategy**
  - Appropriate 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

- **Consolidated operating income**
  - Around ¥350 billion

- **Of which: Overseas income**
  - Around 30%

- **ROA**
  - Around 5%
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.

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.

- 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.

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 ¥7,381.1 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.

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.

Operating income

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(bn)</td>
<td>186.0</td>
<td>202.4</td>
<td>232.6</td>
<td>245.9</td>
<td>¥262.1</td>
</tr>
</tbody>
</table>

Profit attributable to owners of parent

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(bn)</td>
<td>100.1</td>
<td>117.7</td>
<td>131.8</td>
<td>155.8</td>
<td>¥168.6</td>
</tr>
</tbody>
</table>

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 m², 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 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

Expanding the Mixed-Use Area of Nihonbashi

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 customers as a service rather than a thing. Based on this, we expect to have expanded the total area of our office buildings to 1.1 million m², about 1.5 times the area we had when VISION 2025 was announced last year.

Fiscal 2019 also saw the start of a new initiative, the Nihonbashi Smart Energy Project. This initiative 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.

Operating income

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(bn)</td>
<td>186.0</td>
<td>202.4</td>
<td>232.6</td>
<td>245.9</td>
<td>¥262.1</td>
</tr>
</tbody>
</table>

Profit attributable to owners of parent

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(bn)</td>
<td>100.1</td>
<td>117.7</td>
<td>131.8</td>
<td>155.8</td>
<td>¥168.6</td>
</tr>
</tbody>
</table>
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 AQUILS, 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 76% 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 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 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 projects 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 continue 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.

**Hotel and Resorts Business**
In fiscal 2018, we opened new Mitsui Garden Hotels in Otemachi, Gotanda, Nihonbashi, and Kanasawa, 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 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.

**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 rental 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.

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 backslowing 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 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 $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.
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.

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 ¥900 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.

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 people first aim 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.

Masaomi Tomoda
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.

Feature 1
Proceeding to Create While Retaining and Reviving

Evolving neighborhood creation in Nihonbashi

➤ P.23

Feature 2
Cultivating the World’s Largest Real Estate Market

The strategy of the North American business, which is at the core of the Group’s overseas business

➤ P.27

Feature 3
Mixed-Use Neighborhood Creation for London

Television Centre Redevelopment Project

➤ P.29
Proceeding to Create While Retaining and Reviving

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 1990s, 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 Tokyo 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 Fukukawa Mitsui Building (COREDO Muromachi 2) and Muromachi Chubagin 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 Edozaakura-dori, Muromachi-naka-dori, passageways running under Edozaakura-dori, and the like.

From its starting point with COREDO Nihonbashi in 2004, development has followed a line connecting each project up following this line from its origin point is now being developed, contributing to the beautiful view through a unified skyline.

What progress has been made on Stage II?

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 3IVEVENTURES Clp 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 the Nihonbashi Life Science Building as a place for innovation. It is attracting life science companies, and experts, we enable users to reduce their environmental impact through the use of these facilities and the LINK-J Garden in 2016, a space for rest and enjoyment inspired by Edo-era roads, will once again be a neighborhood of water and greenery.

In this way, the Nihonbashi community, which has continued unbroken and is one of the strengths of the area, is providing a platform for the revitalization of the area and the creation of a more beautiful and prosperous community.
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 area metropolis, the cumulative number of tourists who have taken boat tours that use Nihonbashi Pier, which was established at Nihonbashi Minamiizu 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 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.

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 the indigenous pharmaceutical industry, will include 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 of March 2020, LINK-J was established in March 2016 and as of July 2019, it had 183 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 80 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.

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 onwards 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.
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.

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 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.

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. 800,000 m2) 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

Cultivating the World’s Largest Real Estate Market
Mixed-Use Neighborhood Creation for London

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 2009, 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 multiple projects, mainly focused on office buildings. 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.

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 2019. In addition to renovating the 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.

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.

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 our 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.

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 2009, 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 multiple projects, mainly focused on office buildings.

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 2019. In addition to renovating the 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.

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.

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 our 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.

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 2009, 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 multiple projects, mainly focused on office buildings.

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 2019. In addition to renovating the 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.

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.

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 our 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.
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.

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 office buildings 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.

**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)

**Analysis of Revenue from Operations**

<table>
<thead>
<tr>
<th>Office buildings</th>
<th>Retail properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥337.7 bn</td>
<td>56%</td>
</tr>
<tr>
<td>¥283.4</td>
<td></td>
</tr>
<tr>
<td>¥211.6</td>
<td></td>
</tr>
<tr>
<td>¥298.6</td>
<td></td>
</tr>
<tr>
<td>¥337.7</td>
<td></td>
</tr>
<tr>
<td>¥307.8</td>
<td></td>
</tr>
<tr>
<td>¥238.3</td>
<td>40%</td>
</tr>
</tbody>
</table>

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 office buildings 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)**

<table>
<thead>
<tr>
<th>Office buildings</th>
<th>Retail properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>133</td>
<td>87</td>
</tr>
</tbody>
</table>

**Rental Property Book Value and Market Value Trends**

- **Office buildings**
  - Book value
  - Unrealized loss (Market value - Book value)
  - ¥5,773.6 bn
- **Retail properties**
  - Book value
  - Unrealized loss (Market value - Book value)
  - ¥2,749.6 bn
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)

- 5 Wards of central Tokyo: 81%
- Other metropolitan Tokyo: 12%
- Other: 7%

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

<table>
<thead>
<tr>
<th>FY Completed</th>
<th>Project Name</th>
<th>Location</th>
<th>Total Floor Space</th>
<th>Site Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>G-BASE Tamachi</td>
<td>Minato-ku, Tokyo</td>
<td>≈18,200m²</td>
<td>≈18,200m²</td>
</tr>
<tr>
<td></td>
<td>Shinbashi M-SQUARE</td>
<td>Shinjuku-ku, Tokyo</td>
<td>≈11,800m²</td>
<td>≈11,800m²</td>
</tr>
<tr>
<td></td>
<td>Nihonbashi-Takashimaya Mitsui Building</td>
<td>Chuo-ku, Tokyo</td>
<td>≈148,100m²</td>
<td>≈148,100m²</td>
</tr>
<tr>
<td></td>
<td>Nihonbashi Muromachi Mitsui Tower</td>
<td>Chuo-ku, Tokyo</td>
<td>≈136,600m²</td>
<td>≈136,600m²</td>
</tr>
<tr>
<td></td>
<td>OVOL Nihonbashi Building</td>
<td>Minato-ku, Tokyo</td>
<td>≈28,500m²</td>
<td>≈28,500m²</td>
</tr>
<tr>
<td></td>
<td>Shinbashi M-SQUARE Bright</td>
<td>Minato-ku, Tokyo</td>
<td>≈28,500m²</td>
<td>≈28,500m²</td>
</tr>
<tr>
<td></td>
<td>Shinbashi M-SQUARE</td>
<td>Minato-ku, Tokyo</td>
<td>≈117,600m²</td>
<td>≈117,600m²</td>
</tr>
<tr>
<td></td>
<td>55 Hudson Yards</td>
<td>New York</td>
<td>≈93,900m²</td>
<td>≈93,900m²</td>
</tr>
<tr>
<td></td>
<td>50 Hudson Yards Project</td>
<td>New York</td>
<td>≈259,000m²</td>
<td>≈259,000m²</td>
</tr>
<tr>
<td></td>
<td>Nihonbashi Muromachi 1st District Project</td>
<td>Minato-ku, Tokyo</td>
<td>≈289,700m²</td>
<td>≈289,700m²</td>
</tr>
<tr>
<td></td>
<td>Nihonbashi 1st District Central Project</td>
<td>Minato-ku, Tokyo</td>
<td>≈418,000m²</td>
<td>≈418,000m²</td>
</tr>
<tr>
<td></td>
<td>Nihonbashi Revitalization Plan (Other Projects)</td>
<td>≈71,000m²</td>
<td>≈71,000m²</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nihonbashi Revitalization Plan (Other Projects)</td>
<td>≈24,600m²</td>
<td>≈24,600m²</td>
<td></td>
</tr>
</tbody>
</table>

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
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.

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.

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.

Multi-site shared offices for corporate clients

Flexible service offices for corporate clients

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.

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.

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

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

Flexible service offices for corporate clients

Any location can be used freely by members

 Straightforward pay-per-use payment and attendance management systems

Members can use approximately 40 WORK STYLING SHARE locations across Japan

Flexible service offices for corporate clients

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

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

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

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

Flexible service offices for corporate clients

Any location can be used freely by members

 Straightforward pay-per-use payment and attendance management systems

Members can use approximately 40 WORK STYLING SHARE locations across Japan

Flexible service offices for corporate clients

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

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

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

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

Flexible service offices for corporate clients

Any location can be used freely by members

 Straightforward pay-per-use payment and attendance management systems

Members can use approximately 40 WORK STYLING SHARE locations across Japan

Flexible service offices for corporate clients

High-grade offices directly accessible from train stations in central Tokyo.
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) (%)

- Fixed rent
- Sales-linked rent

Sales at Mitsui Fudosan Retail Properties

- LaLaport TOKYO-BAY
- LaLaport YOKOHAMA
- LaLaport TAIWAN

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

- Mitsui Shopping Park Urban
- Other

Retail Property Revenue by Category (FY ended March 2019) (Billion yen)

- Other

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*

Major New Projects

<table>
<thead>
<tr>
<th>FY</th>
<th>Project Name</th>
<th>Location</th>
<th>Store Floor Space (Total Floor Space)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>SAKAE GLOBE</td>
<td>Nagoya, Aichi</td>
<td>33,000m²</td>
</tr>
<tr>
<td>2018</td>
<td>LaLaport NAGOYA minato AQUIL</td>
<td>Nagoya, Aichi</td>
<td>58,000m²</td>
</tr>
<tr>
<td>2019</td>
<td>MITSUI OUTLET PARK TAIWAN (Phase 3)</td>
<td>Chishang, Taitung</td>
<td>35,000m²</td>
</tr>
<tr>
<td>2020</td>
<td>Morpho, Inc.</td>
<td>Osaka, Osaka</td>
<td>45,000m²</td>
</tr>
<tr>
<td>2021</td>
<td>MITSUI OUTLET PARK TAIWAN (Phase 4)</td>
<td>Chishang, Taitung</td>
<td>35,000m²</td>
</tr>
<tr>
<td>2022</td>
<td>LaLaport TAIWAN</td>
<td>Taichung City, Taiwan</td>
<td>60,000m²</td>
</tr>
<tr>
<td>2023</td>
<td>LaLaport TAIWAN</td>
<td>Taichung City, Taiwan</td>
<td>60,000m²</td>
</tr>
</tbody>
</table>

Large-Scale Renewal Projects

<table>
<thead>
<tr>
<th>Execution Period</th>
<th>Property Name</th>
<th>Location</th>
<th>No. of Store Renewal</th>
<th>Total Floor Space (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2019</td>
<td>LAZONA Kawasaki Plaza</td>
<td>Kawasaki, Kanagawa</td>
<td>103</td>
<td>820</td>
</tr>
<tr>
<td>June 2019</td>
<td>LAZONA Kawasaki Plaza</td>
<td>Kawasaki, Kanagawa</td>
<td>103</td>
<td>820</td>
</tr>
<tr>
<td>Oct 2019</td>
<td>LAZONA Kawasaki Plaza</td>
<td>Kawasaki, Kanagawa</td>
<td>103</td>
<td>820</td>
</tr>
<tr>
<td>March 2022</td>
<td>MITSUI OUTLET PARK YOKOHAMA BAYSIDE</td>
<td>Yokohama, Kanagawa</td>
<td>103</td>
<td>820</td>
</tr>
</tbody>
</table>

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

Major Renewal of the Mitsui Shopping Park &mall 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 offer customers more convenient shopping experiences 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 products by simply 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 for items that resemble an image taken by the customer, has been newly added. Additionally, 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 taking out a credit card.

Mitsui Fudosan Co., Ltd.
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)

Property Sales Segment: Operating Income
- Property sales to individuals (Domestic)
- Property sales to investors and individuals (Overseas), etc.

Property Sales to Individuals (Domestic)

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

The Company develops office buildings, retail properties, logistic 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 Investors and Individuals (Overseas), etc.

The Company develops offfice buildings, retail properties, logistic 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.

Economic Growth

- Use the Group’s capabilities to seize business opportunities such as rebuilding and conversion projects

Risks and Challenges

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

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
Planned & under development: 32% 
Rental housing properties: 7% 
Logistics facilities: 9% 
Retail properties: 11%

Multiple Exit Strategies and a Model for Joint Value Creation with Investors

To a diverse array of investors
Management contracts after sales

J-REITs managed by the Mitsui Fudosan Group

- NBF
- Nippon Accommodations Fund
- NBF
- NBF
- NBF
- NBF
- NBF

Private funds managed by the Mitsui Fudosan Group

- Mitsui Fudosan Investment Advisors Inc.
- Mitsui Fudosan Private REIT etc.

Total amount of AUM (in an approximated value basis) and properties owned as of March 31, 2019.

Risks and Challenges

- Chronic personnel shortages in the logistics industry
- Increasing supply of new advanced logistics facilities

Countermeasures

- Use group capabilities and ability to offer solutions to strengthen tenant leasing
- Develop a product strategy that anticipates customer needs
- Develop a location strategy that takes into account population and supply trends

Property Sales to Investors and Individuals (Overseas) etc.

Accelerated Development of Logistics Facility Projects

Mitsui Fudosan quality moves forward on advanced facility development against a backdrop of third-party logistics and E-commerce growth at all times when requirements for logistics facilities are diversifying. Since starting operations in 2012, we are currently developing and operating 33 facilities, of which 19 are operational and 14 are in development, for a total floor space of approximately 2.9 million m². We forecast total investment in this business on a cumulative basis to reach ¥500 billion or more.

Number of facilities under development and in operation

<table>
<thead>
<tr>
<th>Total facility floor space</th>
<th>Cumulative investment Over</th>
<th>Total properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. 2.9 million m²</td>
<td>¥500.0 billion</td>
<td>33 properties</td>
</tr>
</tbody>
</table>

Major New Projects

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Project Name</th>
<th>Location</th>
<th>Total floor space</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>MFLP Higashinakano</td>
<td>Kashiwa, Chiba</td>
<td>185,300m²</td>
</tr>
<tr>
<td>2018</td>
<td>MFLP Ibaraki</td>
<td>Ikeda, Osaka</td>
<td>204,300m²</td>
</tr>
<tr>
<td>2019</td>
<td>MFLP Kashiwa</td>
<td>Shinagawa-ku, Tokyo</td>
<td>200,300m²</td>
</tr>
<tr>
<td>2020</td>
<td>MFLP Shinagawa</td>
<td>Shinagawa, Tokyo</td>
<td>201,300m²</td>
</tr>
<tr>
<td>2021</td>
<td>MFLP Yokohama</td>
<td>Shinagawa, Tokyo</td>
<td>200,300m²</td>
</tr>
</tbody>
</table>

Based on a cumulative basis to reach ¥500 billion or more.
Business Report

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
(Year-on-year increase of ¥423,677 million)

Operating income (FY ended March 2019)
¥ 53,445 million
(Year-on-year increase of ¥4,718 million)

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.

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 Benz.

Partnership with Mitsui Car Park Leasing

We are partnering with Mitsui Car Park Leasing, which manages car parks in 151 locations across Japan. This expands the business, primarily in the Tokyo Metropolitan and Osaka areas.

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

* As of March 31, 2019

TOPICS

- synchronized
- comprehensive
- advantageous
- on-demand
**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)**

¥261,702 million  
(YoY +¥9,522 million)

**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.

While MITSUI HOME ESTATE Co., Ltd., another consolidated subsidiary, handles office and retail property remodeling projects, services for previously built homes, and enjoys an excellent domestic reputation and strong brand recognition. Mitiai 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.

**Revenue**

- Rental Management and Property Management
- Lease Management and Property Management
- Housing-Related
- Lease Management and Property Management
- Lease Management and Property Management
- Revenue Total

**Orders**

- Overseas
- Japan

**Change**

- ¥9,522 million  
(YoY)

**Notes:**

- The wood used in newly-built homes is reinforced concrete, while it is also used in large-scale facilities such as medical and nursing care, welfare, education and retail properties.

- This facility is the largest in Japan to be built using the 2x4 construction method (as of June 2018).

**HOTEL THE CELESTINE GINZA**

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
- Approx. 15,000 rooms

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>15,000 rooms</td>
</tr>
</tbody>
</table>

**Facility Operations**

- Average Occupancy Rate (Left)  
- Average Daily Rate (Right)

<table>
<thead>
<tr>
<th>Year</th>
<th>Occupancy Rate (%)</th>
<th>Daily Rate (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>100%</td>
<td>8,795</td>
</tr>
<tr>
<td>2018</td>
<td>100%</td>
<td>7,865</td>
</tr>
<tr>
<td>2017</td>
<td>100%</td>
<td>7,185</td>
</tr>
<tr>
<td>2016</td>
<td>100%</td>
<td>6,701</td>
</tr>
<tr>
<td>2015</td>
<td>100%</td>
<td>7,226</td>
</tr>
</tbody>
</table>

**Ratio of Foreign Guests**

<table>
<thead>
<tr>
<th>Year</th>
<th>Average</th>
<th>Tokyo</th>
<th>Osaka/Kyoto</th>
<th>Other Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>100%</td>
<td>70%</td>
<td>30%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**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.
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.

**Major New Projects (North America & Europe)**

<table>
<thead>
<tr>
<th>Type</th>
<th>Project Name</th>
<th>Location</th>
<th>Expected Completion</th>
<th>Rentable Floor Space or Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>LaLaport Shanghai Jingan</td>
<td>Shanghai, China</td>
<td>2020</td>
<td>&gt; 80,000 m²</td>
</tr>
<tr>
<td>Retail</td>
<td>LaLaport Hong Kong</td>
<td>Hong Kong, China</td>
<td>2020</td>
<td>&gt; 15,000 m²</td>
</tr>
<tr>
<td>Retail</td>
<td>MITSUI OUTLET PARK</td>
<td>London</td>
<td>2018</td>
<td>35,000 m²</td>
</tr>
<tr>
<td>Retail</td>
<td>MITSUI OUTLET PARK</td>
<td>New Taipei, Taiwan</td>
<td>2020</td>
<td>44,000 m²</td>
</tr>
<tr>
<td>Retail</td>
<td>MITSUI OUTLET PARK</td>
<td>Nangang, Taiwan</td>
<td>2021</td>
<td>22,000 m²</td>
</tr>
<tr>
<td>Retail</td>
<td>MITSUI OUTLET PARK</td>
<td>Tainan</td>
<td>2020</td>
<td>34,000 m²</td>
</tr>
<tr>
<td>Retail</td>
<td>MITSUI OUTLET PARK</td>
<td>Tainan</td>
<td>2025</td>
<td>12,000 m²</td>
</tr>
<tr>
<td>Retail</td>
<td>MITSUI OUTLET PARK</td>
<td>Tainan</td>
<td>2025</td>
<td>10,000 m²</td>
</tr>
</tbody>
</table>

**Overseas Assets by Country**

- Overseas: 16.2%
- China & Asia: 19%
- Europe: 13%
- North America: 68%
- Domestic: 83.8%

* Total overseas income = (consolidated operating income + pro forma operating income of overseas affiliates) × 100
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.mitsuifudosan.co.jp/english/corporate/esg_csr/

<table>
<thead>
<tr>
<th>Priority Goal</th>
<th>Relevant SDGs</th>
<th>Theme of Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish ultra-smart societies by creating neighborhoods</td>
<td></td>
<td>Improving the Quality of Urban Development</td>
</tr>
<tr>
<td>Achieve a society where a diverse workforce can thrive</td>
<td>Labor Standards and Practices, Health and Safety, Human Rights</td>
<td></td>
</tr>
<tr>
<td>Achieve health, safety and security in people’s daily lives</td>
<td>Social Supply Chain, Safe and Secure Neighborhood Creation, Our Efforts to Improve Customer Satisfaction, CS</td>
<td></td>
</tr>
<tr>
<td>Create new industries through open innovation</td>
<td>Creating New Value and Markets through Neighborhood Creation</td>
<td></td>
</tr>
<tr>
<td>Reduce environmental impact and generate energy</td>
<td>Responding to Climate Change, Water, Environmental Pollution and Resources, Biodiversity Conservation, Environmentally Friendly Supply Chain</td>
<td></td>
</tr>
<tr>
<td>Continuously improve compliance and governance</td>
<td>Corporate Governance, Risk Management, Compliance</td>
<td></td>
</tr>
</tbody>
</table>

Example Initiatives at Kashiwa-no-ha Smart City

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

<table>
<thead>
<tr>
<th>Topics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Harmony City</td>
<td>Integrate management of regional energy use, promote energy conservation, production, and storage, local production and consumption of energy and food, promote energy efficiency in urban systems, secure, disaster-resistant lifelines</td>
</tr>
<tr>
<td>Health and Longevity City</td>
<td>Regional coordination of disease prevention and preventative health care for the elderly, active social participation by the elderly, a society of vibrant living for all, with ICT-facilitated multi-generational interaction</td>
</tr>
<tr>
<td>New Industry Creation City</td>
<td>Support for regional startup companies utilizing world-famous Japanese technological capacity, new industries support green economy, form international startup community</td>
</tr>
</tbody>
</table>

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 CO₂, 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.

For details regarding the main initiatives being carried out, please refer to ESG Report 2019. https://www.mitsuifudosan.co.jp/english/corporate/esg_csr/

Our Efforts for Diversity

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.

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

(1) Promoting workstyle reform to lay the groundwork for active participation by diverse personnel including women.
(2) 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 style for 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.

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.

Our Efforts to Support Care for Elderly

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.

Examples of Training/ Education for Employees’ Personal Development

- MIEET21 Training, Cross Expert Training
- Long-term temporary assignment training outside the company, Cross Expert Training, training to develop people, MIEET21 Training, assistance to pass the Information Technology Passport Examination
- Registered real estate broker training, financial accounting training, various types of distance learning courses
- Overseas training programs (English-speaking countries, Chinese-speaking countries), overseas management training, global training for young and midlevel employees
- Compliance training, human rights awareness training, CSR training, harassment training
- New employee training, new employee development instruction training, follow-up training in 1st and 2nd years after joining company, diversity management training for newly appointed executives

Human Resources Management

Mitsui Fudosan aims to be a business and lifestyle solutions partner. In order to do so, Mitsui Fudosan is targetting 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.

OJT

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

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 Department conducts individual interviews with each employee, and ascertain 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.

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.

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.
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

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.

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

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.

Social 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

3. (2) Information dispersion has been enhanced (digital signage for providing information has been installed)
4. Permanently installing Crisis Management Center functions that can act as control centers during disasters
   (1) Crisis Management Centers that can link to the employee information management system have been installed
   (2) They are fully equipped with multiple emergency communication devices, such as two-way communication systems with dedicated channels
   (3) Someone is on duty 24 hours a day, 365 days a year

5. Issuing a disaster-related handbook
   A Disaster Preparedness Handbook and a Guide to Preventing Office Incidents from Falling or Overturning have been issued to tenants 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.

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 rental properties is carefully monitored. These opinions and comments are used to improve operations in facilities and other areas, including store planning and design.

Commitment to Local Society
Disaster Area Information Transmission and Exchange Base “Watasu Nihonbashi”
“Watasu Nihonbashi” is a facility for transmitting and exchanging information created as the result of exchanges with the people of Minamisanriku 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.

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.

Commitment to Community Involvement
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 individual) has risen to 346 (as of June 29), 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.
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 invests in Axelspace

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, tenants and stores, and customers.

31VENTURES invests in Axelspace

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.

Investment in Axelspace Corporation, a Developer of Microsatellite Business

“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.

* 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.

Potential Areas

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

Main Companies Invested In (Examples)

• Sony
• Amazon Web Services
• GE Healthcare
• Canon

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-stage

31VENTURES Global Brain — Growth I Business

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

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.” “AxelKobe,” 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.

Changing the Living Environment by Open Innovation

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, tenants and stores, and customers.

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, tenants 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 drives 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.

TOPICS

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.mitsuifudosan.co.jp/english/corporate/esg_car/
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 m² of green space (greening rate 40%).

● Restoring Wildlife Habitats at Resort Hotels

The resort hotel NEMU RESORT (Shima City, Mie) is located in the Shima National Park, which overlooks Ago Bay. Large parts of the tidal wetlands and seaeweed beds in Ago Bay have been lost, and efforts to restore the tidal wetlands and seaeweed 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.

● 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 Sakhân 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.”

Carbon Dioxide Absorption and Fixation by Mitsui Fudosan Group Forests

The annual CO₂ 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. The Mitsui Fudosan Group owns a total of about 5,000 ha of forest in Hokkaido.

Environmental 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.

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.

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 Sakhân 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.”

Carbon Dioxide Absorption and Fixation by Mitsui Fudosan Group Forests

Approx. 5,343 t/year

*Annual CO₂ 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.

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 Sakhân 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

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 Sakhân 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.”

Carbon Dioxide Absorption and Fixation by Mitsui Fudosan Group Forests

Approx. 5,343 t/year

*Annual CO₂ 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.

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 Sakhân 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.”

Carbon Dioxide Absorption and Fixation by Mitsui Fudosan Group Forests

Approx. 5,343 t/year

*Annual CO₂ 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.
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.

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.

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.

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 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.

1) Matters related to shareholders’ meetings
2) Matters related to directors
- Preliminary evaluation of director candidates
- The appointment and dismissal of representatives of directors
- The appointment and dismissal of executive directors
- Compensation and bonuses for directors

(3) Matters related to the Company’s structure
- 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-ISO 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, executive corporate officers, and key employees

(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.

Evaluation methods
- 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.
- Other evaluations
- 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.)

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 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 directors, 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 that would make further contributions in making objective, fair and impartial judgments.

### Compensation of Executives Exceeding ¥100 million

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
<th>Amount of Compensation by Type (Millions of Yen)</th>
<th>Total Compensation (Millions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoshitaka Kato*</td>
<td>Corporate Auditor, Managing Director</td>
<td>Mitsui Fudosan Co., Ltd.</td>
<td>117</td>
<td>228</td>
</tr>
<tr>
<td>Masanori Komoto</td>
<td>President and Chief Executive Officer (Representative)</td>
<td>Mitsui Fudosan Co., Ltd.</td>
<td>117</td>
<td>228</td>
</tr>
<tr>
<td>Yoshikazu Kikuma</td>
<td>Managing Director (Representative)</td>
<td>Mitsui Fudosan Co., Ltd.</td>
<td>74</td>
<td>137</td>
</tr>
<tr>
<td>Katsumi Fujita*</td>
<td>Managing Director</td>
<td>Mitsui Fudosan Co., Ltd.</td>
<td>26</td>
<td>110</td>
</tr>
<tr>
<td>Yukimi Ozeki</td>
<td>Corporate Auditor (Representative)</td>
<td>Mitsui Fudosan Co., Ltd.</td>
<td>34</td>
<td>105</td>
</tr>
</tbody>
</table>

### 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.

### Risk Management System

- **Risk Management Committee**: President and CEO
- **Strategy Planning Special Committee (Business risk management)**
- **Risk Management Special Committee (Administrative risk management)**
- **System Risk Management Department**
- **Disaster Risk Management Department**
- **Clerical Risk Management Department**
- **Compliance Management Department**

### Major Risks

- **Major Risks Associated with Advancing Business**
  - Risk of natural disasters, man-made disasters, etc.
  - Risk associated with changes in social structure (aging of society, population decline, etc.)
  - Risk associated with fluctuations in the economy and real estate markets
  - Risk associated with interest rate rises
  - Risk accompanying business expansion into new areas
  - Risk accompanying exchange rate fluctuations
  - Risk accompanying rises in the cost of labor, raw materials, etc.
  - Risk accompanying changes in economic activity due to the proliferation of ICT, etc.

- **Major Risks Associated with Corporate Activity**
  - Information security risk
  - Risk of compliance violations
  - Risk associated with directors and employees related to illegal or improper conduct during the execution of duties, etc.
  - Risk of accidents, etc., which affect the safety of customers, business partners, or employees
  - Risk of defects in quality, etc., of products and services provided by the Group
  - Risk associated with factors affecting the health and safety of employees, such as long work hours

### 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 corporate auditors (outside directors) is solely basic compensation.

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

<table>
<thead>
<tr>
<th>Title</th>
<th>Total Compensation (Millions of Yen)</th>
<th>Total Compensation by Type (Millions of Yen)</th>
<th>Number of Applicable Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal directors</td>
<td>1,027</td>
<td>Basic Compensation 537 Stock Options 406</td>
<td>8</td>
</tr>
<tr>
<td>Internal corporate auditors</td>
<td>104</td>
<td>Basic Compensation 104 Stock Options -</td>
<td>2</td>
</tr>
<tr>
<td>Outside directors and corporate auditors</td>
<td>54</td>
<td>Basic Compensation 54 Stock Options -</td>
<td>2</td>
</tr>
</tbody>
</table>
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)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Target</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>New employee training</td>
<td>New employees</td>
<td>(April) * Implemented every month for dispatch and contract employees</td>
</tr>
<tr>
<td>New officer training</td>
<td>Newly appointed officers</td>
<td>Study sessions held on preventing bribery, organized crime, information security, preventing insider trading, etc. (March)</td>
</tr>
<tr>
<td>Officer compliance training</td>
<td>Directors, executive managing officers, full-time corporate auditors, etc.</td>
<td>(September)</td>
</tr>
<tr>
<td>Overseas compliance training</td>
<td>International Division employees assigned to overseas subsidiaries</td>
<td>Explanation of compliance violation case studies including cases involving overseas companies, as well as sharing of the importance of preventing bribery, etc. (December)</td>
</tr>
<tr>
<td>Training for local staff at overseas subsidiaries</td>
<td>Local staff at overseas subsidiaries</td>
<td>Training held on preventing bribery, protecting personal information, whistle-blowing systems, etc. (October, February)</td>
</tr>
<tr>
<td>Companywide compliance training (Kakunin)</td>
<td>All staff, including corporate officers</td>
<td>(June, November)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Awareness-Raising Activities</th>
<th>All directors and employees</th>
<th>Mitsui Fudosan Group Compliance Policy shared through internal bulletins and handbooks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance news</td>
<td>All employees</td>
<td>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)</td>
</tr>
</tbody>
</table>

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) Preventing Bribery and Handing 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
Management Team

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

### Chairman of the Board

**Hiromichi Iwasa**

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

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

**Masanobu Komoda**

#### Managing Director

**Kiyotaka Fujibayashi**

Shares in Company 3 thousand shares

- **Apr. 1981** Joined Company
- **Apr. 2012** President and Chief Executive Officer (Representative), Mitsui Fudosan Residential Co., Ltd. (current position)

**Significant positions currently held, etc.**

**Outside Director, Daiwa Corporation**

**Takashi Yamamoto**

Shares in Company 3 thousand shares

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

**Significant positions currently held, etc.**

**Executive Officer of Asset Management (Representative), Chief Operating Officer of Project Planning Division**

**Wataru Hamamoto**

Shares in Company 3 thousand shares

- **Apr. 1984** Joined Company
- **May 2008** General Manager of Development Planning Department and Toyota Project Development Planning Department

**Significant positions currently held, etc.**

**Executive Managing Officer, Chief Operating Officer of International Division**

**Shinichiro Ito**

Shares in Company 3 thousand shares

- **Apr. 1976** Joined Company
- **Jun. 2019** Managing Director, Executive Vice President, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD. (current position)

**Significant positions currently held, etc.**

**Representative Director, ALL NIPPON AIRWAYS CO., LTD.**

**Tsunehiro Nakayama**

Shares in Company 3 thousand shares

- **Apr. 1971** Joined the Industrial Bank of Japan, Ltd.

**Significant positions currently held, etc.**

**Outside Director, Tatsuya Foods Co., Ltd.**

**Shinichiro Itō**

Shares in Company 3 thousand shares

- **Apr. 1974** Joined ALL NIPPON AIRWAYS CO., LTD.

**Significant positions currently held, etc.**

**Executive Officer, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.**

**Masako Egawa**

Shares in Company 2 thousand shares

- **Apr. 1980** Joined Company
- **Dec. 1993** Joined S.G. Warburg & Co. Ltd.

**Significant positions currently held, etc.**

**Professor, Graduate School of Commerce and Management, Hitotsubashi University**

**Yasuo Onozawa**

Shares in Company 3 thousand shares

- **Jun. 2006** Representative Director, President, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.

**Significant positions currently held, etc.**

**Outside Director, ASAIC, Inc.**

**Mitsui Fudosan Co., Ltd.**

**4th Floor, 1-8-11 Toranomon, Minato-ku, Tokyo 105-0001, Japan**

**Executive Director, Morgan Stanley Tokyo Branch**

**Yoshikazu Kitahara**

Shares in Company 4 thousand shares

- **Apr. 1990** Joined Company

**Significant positions currently held, etc.**

**Executive Officer (Representative) of Mizuho Corporate Bank, Ltd.**

**Hiroki Ishigami**

Shares in Company 4 thousand shares

- **Apr. 1982** Joined Company
- **Jan. 2017** Managing Director, Executive Managing Officer, Chief Operating Officer of Real Properties Division

**Significant positions currently held, etc.**

**Chairman of the Board, ANA HOLDINGS INC., and Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.**

**Kiyotaka Fujibayashi**

Shares in Company 3 thousand shares

- **Apr. 1984** Joined Company

**Significant positions currently held, etc.**

**Outside Director, Tokei Tokyo Financial Holdings, Inc.**

**Takashi Yamamoto**

Shares in Company 3 thousand shares

- **Mar. 1990** Joined Company

**Significant positions currently held, etc.**

**Executive Vice President, Chairman, Astellas Pharma Inc.**

**Tsunehiro Nakayama**

Shares in Company 3 thousand shares

- **Apr. 1971** Joined the Industrial Bank of Japan, Ltd.

**Significant positions currently held, etc.**

**Outside Director, Tatsuya Foods Co., Ltd.**

**Shinichiro Ito**

Shares in Company 3 thousand shares

- **Apr. 1976** Joined Company

**Significant positions currently held, etc.**

**Executive Officer, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.**

**Masako Egawa**

Shares in Company 2 thousand shares

- **Apr. 1980** Joined Company
- **Dec. 1993** Joined S.G. Warburg & Co. Ltd.

**Significant positions currently held, etc.**

**Professor, Graduate School of Commerce and Management, Hitotsubashi University**

**Yasuo Onozawa**

Shares in Company 3 thousand shares

- **Jun. 2006** Representative Director, President, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.

**Significant positions currently held, etc.**

**Outside Director, ASAIC, Inc.**

**Mitsui Fudosan Co., Ltd.**

**4th Floor, 1-8-11 Toranomon, Minato-ku, Tokyo 105-0001, Japan**

**Executive Officer, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.**

**Tsunehiro Nakayama**

Shares in Company 3 thousand shares

- **Apr. 1971** Joined the Industrial Bank of Japan, Ltd.

**Significant positions currently held, etc.**

**Outside Director, Tatsuya Foods Co., Ltd.**

**Shinichiro Ito**

Shares in Company 3 thousand shares

- **Apr. 1976** Joined Company

**Significant positions currently held, etc.**

**Executive Officer, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.**

**Masako Egawa**

Shares in Company 2 thousand shares

- **Apr. 1980** Joined Company
- **Dec. 1993** Joined S.G. Warburg & Co. Ltd.

**Significant positions currently held, etc.**

**Professor, Graduate School of Commerce and Management, Hitotsubashi University**

**Yasuo Onozawa**

Shares in Company 3 thousand shares

- **Jun. 2006** Representative Director, President, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.

**Significant positions currently held, etc.**

**Outside Director, ASAIC, Inc.**

**Mitsui Fudosan Co., Ltd.**

**4th Floor, 1-8-11 Toranomon, Minato-ku, Tokyo 105-0001, Japan**

**Executive Officer, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.**

**Tsunehiro Nakayama**

Shares in Company 3 thousand shares

- **Apr. 1971** Joined the Industrial Bank of Japan, Ltd.

**Significant positions currently held, etc.**

**Outside Director, Tatsuya Foods Co., Ltd.**

**Shinichiro Ito**

Shares in Company 3 thousand shares

- **Apr. 1976** Joined Company

**Significant positions currently held, etc.**

**Executive Officer, Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.**
Corporate Auditors (As of June 27, 2019)

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. 2013: Executive 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.

Masatoshi Sato
- Shares in Company: 13 thousand shares
- Apr. 1980: Joined Company
- Jun. 2015: Managing Director, Executive Managing Officer
- Jun. 2019: Senior Corporate Auditor (current position)

Yukimi Ozeki
- Shares in Company: 0 shares
- Apr. 1978: Joined 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
- Jun. 2015: Corporate Auditor, Mitsui Fudosan Co., Ltd. (current position)

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

Corporate Officers (As of June 27, 2019)

Masanobu Komoda
- Managing Officer

Yoshikazu Kitahara
- Managing Officer

Kiyotaka Fujibayashi
- Managing Officer

Senior Executive Managing Officer

Yasuo Onozawa
- Managing Officer

Hiroyuki Ishigami
- Managing Officer

Takashi Yamamoto
- Managing Officer

Shoichiro Kawamoto
- Managing Officer

Wataru Hamamoto
- Managing Officer

Akihiko Funaoa
- Managing Officer

Takashi Ueda
- Managing Officer

Takayuki Miki
- Managing Officer

Yoshihiro Hirokawa
- Managing Officer

Satoshi Hironaka
- Managing Officer

Group Officers (As of June 27, 2019)

Yasuhiko Yamashiro
- Group Senior Officer

Toru Inoue
- Group Senior Officer

Hideki Moriya
- Group Senior Officer

Shuji Tomikawa
- Group Officer

Yosuke Seko
- Group Officer

Akira Ikeda
- Group Officer

Takao Yamada
- Group Officer

Yasushi Endo
- Group Officer

Takashi Kamura
- Group Officer

Hisashi Osawa
- Group Officer

Mitsuhiro Kodama
- Group Officer

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>3,710,423</td>
<td>3,780,699</td>
<td>3,868,411</td>
<td>4,399,074</td>
<td>4,548,822</td>
<td>5,067,187</td>
<td>5,363,477</td>
<td>5,551,751</td>
<td>6,284,723</td>
<td>6,802,731</td>
</tr>
<tr>
<td>Real property for sale</td>
<td>682,536</td>
<td>634,479</td>
<td>643,809</td>
<td>815,222</td>
<td>861,449</td>
<td>1,031,080</td>
<td>1,167,745</td>
<td>1,334,167</td>
<td>1,524,863</td>
<td>1,630,555</td>
</tr>
<tr>
<td>Tangible and intangible assets</td>
<td>2,105,822</td>
<td>2,352,287</td>
<td>2,304,809</td>
<td>2,519,577</td>
<td>2,526,139</td>
<td>2,788,633</td>
<td>2,988,675</td>
<td>2,967,788</td>
<td>3,318,929</td>
<td>3,500,482</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>61,971</td>
<td>229,394</td>
<td>111,755</td>
<td>72,255</td>
<td>148,255</td>
<td>273,487</td>
<td>207,172</td>
<td>173,745</td>
<td>440,752</td>
<td>390,514</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>50,586</td>
<td>52,954</td>
<td>53,231</td>
<td>59,022</td>
<td>56,020</td>
<td>61,242</td>
<td>67,460</td>
<td>75,167</td>
<td>79,934</td>
<td>78,564</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>1,746,719</td>
<td>1,748,048</td>
<td>1,742,411</td>
<td>2,120,225</td>
<td>2,040,071</td>
<td>1,976,150</td>
<td>2,236,216</td>
<td>2,287,489</td>
<td>2,604,656</td>
<td>2,906,610</td>
</tr>
<tr>
<td>Shareholders’ equity and accumulated other comprehensive income</td>
<td>1,007,811</td>
<td>1,019,941</td>
<td>1,078,182</td>
<td>1,181,174</td>
<td>1,274,355</td>
<td>1,871,922</td>
<td>1,922,305</td>
<td>1,984,635</td>
<td>2,204,882</td>
<td>2,342,512</td>
</tr>
</tbody>
</table>

Cash Flows

| Cash Flows from operating activities | 94,389 | 185,055 | 148,161 | 99,684 | 189,903 | 30,343 | 32,154 | 227,432 | 30,143 | 216,709 |
| Cash Flows from investing activities | (64,034) | (170,562) | (124,353) | (71,132) | (44,056) | (261,640) | (239,719) | (210,583) | (365,464) | (388,895) |
| Cash Flows from financing activities | (19,762) | (20,403) | (18,649) | (7,944) | (123,713) | 221,508 | 201,110 | 289,150 | 231,238 |
| Cash and cash equivalents at year-end | 62,739 | 56,675 | 61,726 | 101,588 | 127,337 | 118,960 | 109,966 | 149,546 | 100,708 | 157,682 |

Indicators per Share

| 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 | 171.3 |
| 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 | 2,384.8 |
| Dividends (¥) | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 25.0 | 30.0 | 34.0 | 40.0 | 44.00 |
| 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 | 991,424 |

Financial Indicators

| ROA (%) | 3.41 | 3.39 | 3.55 | 3.66 | 4.07 | 4.10 | 4.14 | 4.59 | 4.58 | 4.64 |
| ROE (%) | 6.05 | 4.92 | 4.78 | 5.27 | 6.26 | 6.37 | 6.20 | 6.75 | 7.44 | 7.42 |
| Debt/Equity ratio (Times) | 1.73 | 1.71 | 1.62 | 1.80 | 1.60 | 1.06 | 1.16 | 1.15 | 1.18 | 1.24 |
| Equity ratio (%) | 27.2 | 27.0 | 27.9 | 26.9 | 28.0 | 36.9 | 35.8 | 35.7 | 35.1 | 34.4 |
| Total shareholder return ratio (%) | 32.2 | 38.7 | 38.5 | 32.5 | 25.1 | 24.1 | 25.2 | 25.5 | 35.0 | 35.1 |

Non-Financial Indicators

| Consolidated companies | 130 | 135 | 140 | 174 | 181 | 201 | 211 | 216 | 242 | 255 |
| Companies accounted for by the equity method | 42 | 44 | 45 | 47 | 53 | 56 | 64 | 67 | 71 | 79 |
| No. of employees (Consolidated) | 15,922 | 16,288 | 16,866 | 16,277 | 16,585 | 16,799 | 17,205 | 17,713 | 18,625 | 19,081 |
| Energy consumption (Crude oil equivalent 1,000 kl/year) | 241.2 | 240.7 | 209.3 | 210.1 | 217.7 | 226.6 | 241.4 | 252.4 | 257.3 | 268.7 |
| CO₂ emissions (Thousands of tons) | 411.6 | 392.6 | 340.1 | 393.5 | 468.4 | 469.2 | 486.5 | 502.3 | 501.6 | 508.6 |
| Water usage (Thousand m³) | 5,256 | 5,332 | 4,931 | 4,689 | 5,176 | 4,719 | 5,044 | 5,074 | 4,695 | 5,942 |

* Real property for sale = Real property for sale = real property for sale in progress = land for development = advance paid for purchases
* Interest-bearing debt = Short-term debt = non-recourse short-term debt = commercial paper = 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 and shareholders’ equity over the period
* Debt/Equity ratio = Interest-bearing debts/shareholders’ equity
* The figures for energy usage are calculated with the conversion factor 1,000,000 kWh
* Early application of accounting standards for special purpose companies from fiscal 2012 onward enabled SPEs 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 2010

Consolidated Financial Statements
**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 Europe and China had an impact on corporate earnings, and increased uncertainty about the future.

In the real estate sector, the office building leasing market saw an increase in leasing contracts 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 rose, and 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 rose, and 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 rose, and 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 rose, and 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 rose, and 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 rose.

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 low-carbon ESG 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 developing 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 ¥1,010.0 billion, or 110.3%, year-on-year. Operating income was ¥626.1 billion up ¥416.2 billion, or 200.0%. Ordinary income was ¥524.1 billion up ¥313.7 billion, or 150.0%. As a result of these gains and improvements, the Group was able to achieve record operating income and profit attributable to owners of parent for a fifth consecutive year.

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 Europe and China had an impact on corporate earnings, and increased uncertainty about the future.

In the real estate sector, the office building leasing market saw an increase in leasing contracts 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 rose, and 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 rose, and 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 rose, and 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 rose, and 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 rose, and 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 rose.

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 low-carbon ESG 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 developing 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 ¥1,010.0 billion, or 110.3%, year-on-year. Operating income was ¥626.1 billion up ¥416.2 billion, or 200.0%. Ordinary income was ¥524.1 billion up ¥313.7 billion, or 150.0%. As a result of these gains and improvements, the Group was able to achieve record operating income and profit attributable to owners of parent for a fifth consecutive year.
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 "Repark" 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.

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.

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.

Consolidated Financial Position
As of March 31, 2019, total assets were ¥7,802.7 billion, an increase of ¥181.0 billion from the end of the previous fiscal year.

Mitsui Fudosan has established committed lines of credit totaling ¥290.0 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 ¥96.3 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 ¥2,321.15 as of the previous fiscal year-end.

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 ¥7,983 million and a loss on disposal of property and equipment of ¥6,250 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.

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 ¥242.0 billion and depreciation and amortization of ¥79.0 billion. Management of operating income from operations is projected to improve by ¥65.9 billion, while operating income is forecast to decrease by ¥1.1 billion. Although the 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.

Oner. In the “Other” segment as a whole, revenue from operations is anticipated to increase by ¥72.7 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.

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.

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 ¥1388.8 billion on year. Operating income is estimated to climb ¥42.8 billion to ¥207.6 billion and operating profit is estimated to decrease ¥61.1 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 of the New Construction, Lease Management, Reform/Renewal and Housing-Related Materials Sales will all be incorporated into the “Others” segment.

Mitsui Fudosan Co., Ltd. 2019

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. 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 and suspension of a project. Accordingly, unforeseen circumstances may exert a material impact on the Mitsui Fudosan Group’s performance.

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

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.

Mitsui Fudosan Co., Ltd.
### Corporate Data/Shareholders’ Information
(Parent company, as of March 31, 2019)

#### Shareholder Composition

<table>
<thead>
<tr>
<th>Shareholder Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institutions</td>
<td>37.58%</td>
</tr>
<tr>
<td>Non-Japanese</td>
<td>47.94%</td>
</tr>
<tr>
<td>Other Japanese Companies</td>
<td>7.57%</td>
</tr>
<tr>
<td>Securities Companies</td>
<td>1.95%</td>
</tr>
<tr>
<td>Treasury Stock</td>
<td>0.93%</td>
</tr>
<tr>
<td>Individuals, other</td>
<td>4.03%</td>
</tr>
</tbody>
</table>

#### Status of Large Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares Held (Thousands)</th>
<th>Percentage of Total Shares Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust account)</td>
<td>91,237</td>
<td>9.90</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust account)</td>
<td>78,207</td>
<td>7.96</td>
</tr>
<tr>
<td>SORIT CLIENT OUMBUUS ACCOUNT</td>
<td>28,253</td>
<td>2.88</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust account 6)</td>
<td>20,533</td>
<td>2.09</td>
</tr>
<tr>
<td>J.P. Morgan Bank Luxembourg S.A.</td>
<td>19,296</td>
<td>1.96</td>
</tr>
<tr>
<td>State Street Bank, West Client-Pony</td>
<td>17,777</td>
<td>1.71</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>14,837</td>
<td>1.51</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust account 7)</td>
<td>14,731</td>
<td>1.50</td>
</tr>
<tr>
<td>BNYM AS ASPECTS 10 PERCENT</td>
<td>14,724</td>
<td>1.50</td>
</tr>
<tr>
<td>JPMorgan Chase Bank 3805151</td>
<td>14,667</td>
<td>1.49</td>
</tr>
<tr>
<td>Total</td>
<td>320,257</td>
<td>32.60</td>
</tr>
</tbody>
</table>

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

#### External Assessments

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

<table>
<thead>
<tr>
<th>Index</th>
<th>Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE4Good</td>
<td>Included</td>
</tr>
<tr>
<td>FTSE Blossom Japan</td>
<td>Included</td>
</tr>
<tr>
<td>SAP/CP</td>
<td>Included</td>
</tr>
<tr>
<td>Carbon Index</td>
<td>Included</td>
</tr>
<tr>
<td>MSCI Japan ESG Select Leaders Index</td>
<td>Included</td>
</tr>
<tr>
<td>MSCI Japan ESG Index</td>
<td>Included</td>
</tr>
<tr>
<td>MSCI Japan Empowering Women Index (WIN)</td>
<td>Included</td>
</tr>
<tr>
<td>MSCI Japan ESG</td>
<td>Included</td>
</tr>
<tr>
<td>MSCI Japan ESG</td>
<td>Included</td>
</tr>
</tbody>
</table>

*The inclusion of MSCI ESG Indexes, as well as the use of MSCI logos, tradenames, service marks or trademarks, does not constitute a sponsorship or endorsement of MSCI by MITSUI FUDOSAN 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.