


## Message from the CEO

80 years after our founding, we are now seeking to achieve a sustainable society by returning to the principles symbolized by our “” logo and solving social issues through neighborhood creation.

### Masanobu Komoda

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



## Introduction

On July 15, 2021, we celebrated the 80th anniversary of the Company's founding.


The companies of our Group have achieved growth by creating neighborhoods that meet the needs of the times to enrich people's lives, constantly creating new value. Our path to the present has been made possible by the understanding and trust that people have extended to our corporate stance and initiatives, for which we are deeply grateful.

Entering into the Reiwa era (2019 onward) in Japan, the society in which we live still faces many challenges. The sustainability of humankind and of society has become more doubtful than ever in recent years, as seen in the intensification and normalization of natural disasters and the threat of pandemic.

As I noted in this space last year, a company's reason for existence and its corporate philosophy are vital keys to


surviving such an era of uncertainty. Now, in such an era, I believe that we must engage in Group management with firm convictions.


Fewer than 10 years remain until 2030, the target year for achieving the SDGs. Peering into the next decade, there can be no doubt that we are entering an era of increasing demands that companies go beyond merely generating economic profits to also create social value. I believe that contribution to a sustainable society through value creation is what will lead to sustainable growth for companies.

As we celebrate our 80th anniversary, we intend to return to Mitsui Fudosan's “” logo principles and to make every effort as a Group to address climate change, enhance the sustainability of humankind through neighborhood creation, and make people's lives safe, secure, and fulfilling.

## The “” Logo Principles, and the DNA and History of Mitsui Fudosan

### (1) The “” Logo Principles

The principles behind the “” mark do not seek to make “or” selections between diverse values, but rather to make these values compatible and coexisting in the spirit of “and.” Restated, our management philosophy is one of accepting diversity and, even when the common wisdom points to the presence of conflicting values, overcoming that conflict to open up new worlds together.

Even before keywords such as “SDGs,” “ESG,” and “sustainability” appeared in the world, our Company had set forth the principles of this “” logo and had sought to coexist in harmony with society, link diverse values, and achieve a sustainable society.

Under our Group statement of “The Mitsui Fudosan

Group aims to bring affluence and comfort to urban living,” we have addressed social issues consistently since our founding and have actively undertaken efforts to enhance coexistence with the global environment and the sustainability of society.

Our Group's business contributes to the construction and development of social infrastructure that supports the lifestyles of customers and the economic activities of companies through neighborhood creation—that is, it consists of sustainability activities that create social value. For this reason, I am convinced that the role to be played by our Group will become all the more important in the coming era.

### (2) The History and DNA of Mitsui Fudosan

So, how did the principles of this “” logo come about?

Let me take a look back on the history of our Group.

Mitsui Fudosan is the successor to the Mitsui Company that has been central to Mitsui's 348-year history and tradition, all the way back to 1673. Our history can be seen as one that, in step with the development of Japan's economy and society, has created new value by innovating our business in ways that meet the demands of the times and the voices of our customers.

Examples of this genealogy include landfill projects that supplied factory sites to the coastal area to strengthen the country as an industrial and trading nation; construction of Japan's first skyscraper (the Kasumigaseki Building) to tackle advanced use of space and cope with over-concentration of urban functions; residential development, residential business, and residential distribution business that address the influx of population into urban areas and pursue affluence in living; and the development of retail facilities and the hotel and resort business, which we entered in response to the growing demand for leisure.

Following the burst of the bubble economy in the 1990s, we took the industry lead in real estate securitization and fused the real estate market with financial and capital markets to create a new real estate investment market and play a role in breaking out of asset deflation.

We are now working to achieve ESG and the SDGs by spurring digital transformation in the real estate industry

and realizing smart cities that solve a variety of social issues through neighborhood creation.


In this way, our Company has viewed the discontinuous changes in society and economy in every era—that is, paradigm shifts—as opportunities, and has constantly opened up new value by bringing together diverse knowledge and senses of value. The birth of the “” logo principles was inevitable against this history. Under these principles, we have fostered a customer orientation that sincerely addresses customers' needs and a spirit of enterprise that boldly tackles value creation and the innovation of our own business. These have been inculcated into every one of our employees as a part of our Group's DNA.

The recent changes in the natural and social environments, the wave of digital transformation (DX), and the accompanying diversification of people's values are progressing at an unprecedented rate on a global scale. The past rules of thumb do not hold in such a turbulent era.

In every age, however, the key to growing a business can be found in dialog with customers. Seen from a different perspective, the varied challenges that face us in this age of uncertainty are also great business opportunities. I believe that step-by-step progress in solidly grasping customers' needs, which are an immutable principle in any age, and in solving these needs through a spirit of enterprise will eventually lead to immense growth.

## Promotion of Sustainability Management

Companies until now have mainly pursued improvements in growth, efficiency, and other financial metrics to increase their value. But the conventional era of assessing companies solely on financial aspects is becoming a thing of the past. From here on out, the will and the execution ability of management to enhance corporate value in both financial and non-financial aspects will be called into question.

Drawing on our “” logo principles, our Group formulated our VISION 2025 long-term vision in 2018, and set six material issues as key matters to tackle on a foundation of sustainability management. (See p. 21.)

In particular, addressing ongoing climate change on a global scale is a social responsibility of our Group, which undertakes the construction and development of social infrastructure. Positioning decarbonization initiatives as priority issues and executing on a solid action plan are crucial activities.

We endorsed the TCFD, joined the RE100 initiative, acquired certification under the SBT initiative, and set medium- to long-term goals for reduction of greenhouse gas emissions. We have further formulated a Group-wide action plan for the achievement of a decarbonized society, aimed at achieving net zero emissions by fiscal 2050. (See p. 31.)

Our Group improves environmental performance and promotes “green power” in common areas at our owned and operated properties. We also plan further measures to secure stable renewable energy and to work with construction companies and manufacturers toward the active use of low-carbon materials. In April 2021, our Group launched a service to supply green power to tenant spaces, in response to requests from office buildings and tenant companies. This initiative, which addresses

customers’ own decarbonization initiatives while differentiating our business, truly constitutes business development that links the social value of achieving a decarbonized society with the economic value of securing competitive advantage for companies.

As the world’s values diversify and the business environment undergoes drastic change, accurately grasping the needs of customers and the demands of society strongly necessitates that we ourselves embrace diversity. Restated, we must be a company in which people of varied backgrounds and values can share those values in neighborhood creation, show respect for one another, and realize their maximum potential to generate chemical reaction.

Recognizing that the greatest driving force behind companies’ value creation is the asset of human resources, our Group formulated a declaration on diversity and inclusion along with policies on related initiatives. We have set the promotion of advancement by women as an important theme, and established quantitative and qualitative goals for the Group. (See p. 37.)

The original aim of “diversity” is not the diversification of specific categories such as gender, age, or nationality, but rather the diversification of values. In our business, the perspectives of women have a great influence in the areas of housing, retail facilities, hotels, and more, and I believe the promotion of diversity would be difficult without the active participation of women. Through the measures I have noted, we will expand diversity in terms of women and global human resources more than ever, and will utilize the varied opinions and knowledge generated from this to create new business opportunities.

## Strategy for the Post-Coronavirus Period

The neighborhood creation that our Group aims to achieve is the realization of a future in which people gather in lively neighborhoods, diverse kinds of new value are created, and innovation arises through interactions among people.

In the post-coronavirus period, the direction of our Group will not change. Below, I would like to offer my own thoughts on necessary perspectives for neighborhood creation in the coming age.

### (1) Sustainable Neighborhood Creation

An indispensable factor in achieving a sustainable society will be the creation of neighborhoods that place leading roles on the diverse people who come and go in the neighborhoods, and that grow in appeal over time to become better with age, through the creation of

locally-rooted communities and high-quality town management. This is the source of our Group’s corporate value and our reason for existence.

In pursuing urban development that values people, the evolutionary direction that our Group seeks is mixed

use and a “Real Estate as a Service” approach that does not merely provide customers with real estate but combines tangible and intangible elements in the form of services.

Our Group has been involved in many mixed-use redevelopment projects in central Tokyo, including in the Nihonbashi, Hibiya, Otemachi, and Yaesu districts. The appeal of mixed-use neighborhoods, which integrate work, housing, play, entertainment, and relaxation at a high level in both tangible and intangible aspects, is a value that is universally accepted worldwide. Neighborhoods that have leveraged our value-creation power, such as

Hudson Yards in New York and the Television Centre that was the site of BBC’s headquarters and studios in the UK, are now undergoing major transformations into neighborhoods where diverse people come and go, have fun, and relax.

The completion of buildings marks the beginning, not the end goal, of the creation of these neighborhoods. Together with the Group, these neighborhoods will continue evolving as sustainable neighborhoods through services offered to the people and communities that gather there.

### (2) Distinguishing the Digital from the Real

With the COVID-19 pandemic providing opportunity, major changes are taking place in how customers live and work. We must keep in mind that some of these changes will be undone in the post-pandemic period while others will not, and must grasp which changes are irreversible.

In particular, while DX has made rapid progress amid the pandemic, it has also offered us opportunities to reaffirm real-world value that digital technology cannot replace. When the threat of the virus has subsided, those things that are better in the real world will naturally revert to that.

In short, I believe that two points will be critical in post-pandemic neighborhood creation: (1) thinking about

the optimal combination between the digital and the real, and (2) maximally enhancing the value of real spaces that digital technology cannot replace.

In the future, the environment surrounding the real estate industry is certain to see even greater diversification of lifestyles and working styles, and even greater demands on the fusion and selection of the digital and the real. Our Group will continue actively harnessing data usage and DX to raise the competitiveness of our products and services as we seek to achieve an ultra-smart society.

### (3) Capturing Business Broken Down by Customer Behavior

It seems to me that in today’s real estate industry, the boundary lines of conventional products such as office buildings and housing are disappearing. As an example, we can increasingly work in hotels and at home as well as in the office.

In the era to come, responding optimally to customers’ needs will require a perspective broken down by customer behavior, as opposed to conventionally grouping business by product. In other words, we will have to reconsider business from customers’ perspective of working, living, enjoying, and relaxing, rather than as business categories such as office buildings, housing, retail facilities, logistics facilities, and hotels, to provide environments and services that achieve higher customer satisfaction.

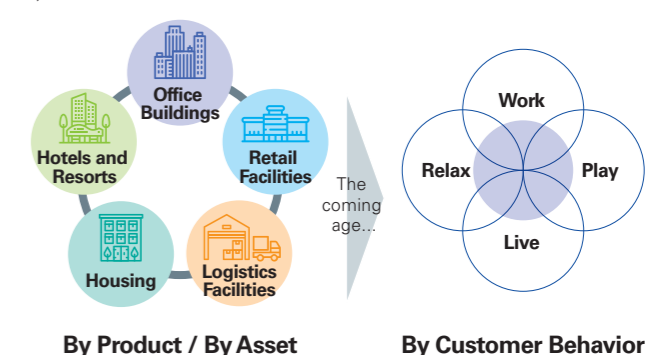
Today, increasing customer satisfaction requires companies to be capable of wide-ranging offerings that present every possibility and option.

In that respect, in the “products + functions + tangible goods + intangible services” concept that we have built over the years, our Group possesses collective capabilities not found in other companies. The strength of these collective capabilities equates to breadth in the choices we can offer to customers, and allows us to provide

the highest added value.

By divining new needs from customers’ behavior and by combining our collective capabilities with the diversity and inclusion that I noted, our Group will step beyond the boundaries of conventional vertical product divisions to create new products and services through internal and external collaboration that encompasses both divisions and the Group, and will spur the evolution of the real estate industry itself.

#### Business Development from Customers’ Perspective ► Real Estate as a Service



#### (4) Pillars of Post-Pandemic Growth (Stadium/Arena Business)

Under the COVID-19 pandemic, avoidance of contact, staying at home, prohibitions against going out drinking, and so on became the norm. People's lives came under considerable restrictions and became stressful. However, I find it very hard to see this situation as the "new normal." Humans are at heart animals that seek contact. Connections among people deepen through people sharing the same spaces, interacting with nature, enjoying sports and entertainment, and so on. These are timeless, universal values that are not going to change. Also, while the trend of the world is to seek convenience through the digital and the online, I am convinced that the more that digitalization progresses, the more that people will seek out higher added value in emotional experiences and real-world, sense-based experiences not obtainable digitally.

Under such thinking, the Group has been investigating the stadium and arena business as a component of new neighborhood creation. Setting our sights on the existential value of Tokyo Dome, which boasts a site potential on the scale of 13 hectares in the city center and about 40 million visitors a year, in 2020 we carried out a takeover of TOKYO DOME CORPORATION as a new step toward future growth. We recently welcomed the company as a new

member in the Mitsui Fudosan Group.

By making TOKYO DOME CORPORATION a consolidated subsidiary, we will achieve synergies among three companies, combining that company's sports and entertainment know-how, the neighborhood creation know-how of our company, and the powerful content of The Yomiuri Shimbun Holdings and the Yomiuri Giants baseball team. By linking this synergy to the strengthening of market competitiveness, we will turn the Tokyo Dome business into a new pillar of growth for our Group in the medium to long term.

For some time, TOKYO DOME CORPORATION has been studying future plans for Tokyo Dome City with the aim of neighborhood creation in the form of a new sports and entertainment city. The area falls under Tokyo's "metropolitan planning park" regulated zones, which involve a high degree of development difficulty. However, through synergies between the company and our Company, which has know-how in development integrated with parks as seen in Hinokicho Park in TOKYO MIDTOWN, Hibiya Park in TOKYO MIDTOWN HIBIYA, and Miyashita Park in Shibuya, we hope to realize redevelopment that maximizes site potential.

#### Asset/Financial Strategy

Our Group is executing a "holding, trading, management" tripartite business model that aims for profit growth and improvement of efficiency while maintaining a strong financial standing.

In other words, by not only holding and leasing but also regularly selling developed properties to increase asset turnover ratio, and by combining this after the sale with building management and other highly efficient non-asset management business, we have achieved profit growth while staying mindful of financial control and improvement of asset efficiency.

Over the past few years, our Group has completed large-scale redevelopment properties that offer high added value, particularly in Tokyo's Hibiya, Nihonbashi, and Otemachi districts and in New York. These have significantly expanded our balance sheet. In future phases, we intend to aggressively replace assets to improve the quality and resilience of our asset portfolio, and will solidly execute on an investor symbiosis model that will utilize the capital of other parties to expand long-term stable management profits.

As a part of this, we sold large-scale assets including Shinjuku Mitsui Building in fiscal 2020 and Iidabashi Grand Bloom in fiscal 2021. We will continue carrying out regular

replacement of assets with an awareness of asset quality, and engaging in appropriate balance sheet control.

Through this continuous asset replacement, we hope to uncover unrealized gains from high added-value development and display a stance of stably connecting the accumulated funds to a cycle of strengthening shareholder returns and further investment in growth.

Our management seeks to continuously improve shareholder value through the accumulation of individual efforts to improve ROE through ROA under balance sheet control.

#### Balancing Shareholder Returns and Growth Investment



#### To Shareholders and Investors (Capital and Shareholder Return Policies)

Our Group considers two goals—increasing corporate value through growth investment, and direct returns through a combination of stable dividend and flexible repurchases of our own shares—as key issues in management, which we have put into practice. Restated, rather than a choice between investments or returns, we seek to achieve both investments and returns, an approach grounded in thinking that truly embodies our "M" logo principles.

While the Group's business at present is feeling some effects of the COVID-19 pandemic, we will continue achieving long-term profit growth by steadily completing construction of the full pipeline of development projects and will maintain our approach of sustainably strengthening returns to shareholders.

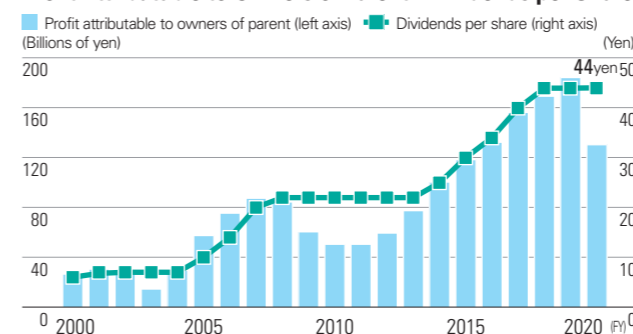
As a manager, I strongly recognize that a stance of stable and continuous returns is of utmost importance to the shareholders who support the Company from a long-term perspective. Accordingly, under the special circumstances of the fiscal year ended March 2021 in which profit declined due to the COVID-19 pandemic, we placed emphasis on the

sense of scale of returns to date without being bound by past shareholder return ratios, and made the decision to maintain the previous fiscal year's dividend of ¥44 per share and to repurchase ¥15 billion worth of our own shares (bringing the resulting total shareholder return ratio to 44.2%). For the same reason, we maintained a dividend forecast per share of ¥44 for the fiscal year ending March 2022.

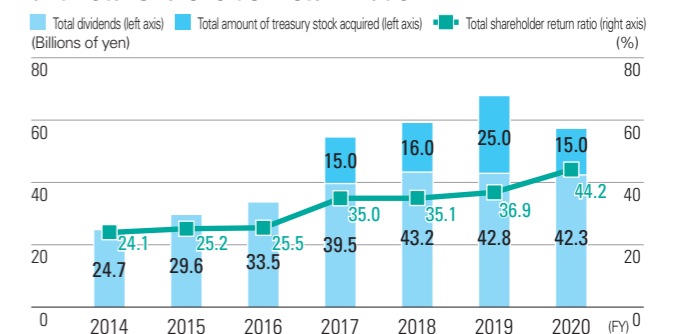
We hope that people will understand our management team's approach in terms of our corporate stance of having consistently maintained and improved dividends without implementing reductions, and our record of continued returns to shareholders with flexible repurchasing of our Company's shares every fiscal term.

Our stock price is still undergoing recovery, and shareholders remain concerned. To meet their expectations and earn further trust, we will work to achieve a full recovery from the pandemic and normalized profit growth as quickly as possible, and to further expand our total shareholder return ratio.

#### Profit Attributable to Owners of Parent / Dividends per Share



#### Total Dividends, Total Amount of Treasury Stock Acquired, and Total Shareholder Return Ratio



#### In Closing (Together with Our Stakeholders)

Companies must achieve further evolution by placing their own reason for existence and survival on the line and, rather than pursuing short-term profits, must ground their management in bringing about long-term benefits for all stakeholders.

Toward that end, companies need to incorporate sustainability into their corporate strategy from a global perspective and connect this to competitive advantage. I believe that continued growth from this perspective constitutes management that serves "stakeholder capitalism."

For 80 years from its founding to the present, the Mitsui Fudosan Group has enjoyed the support of its various stakeholders. With all of us continuing to support one another, I hope to create a new era together with our

stakeholders.

By sharing long-term values with stakeholders and by building stronger and better relationships, the Mitsui Fudosan Group will make every effort to earn stakeholders' support as a company that needed by society more than ever as the COVID-19 pandemic subsides.

I ask you for your continued support.

*Masanobu Tomoda*

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