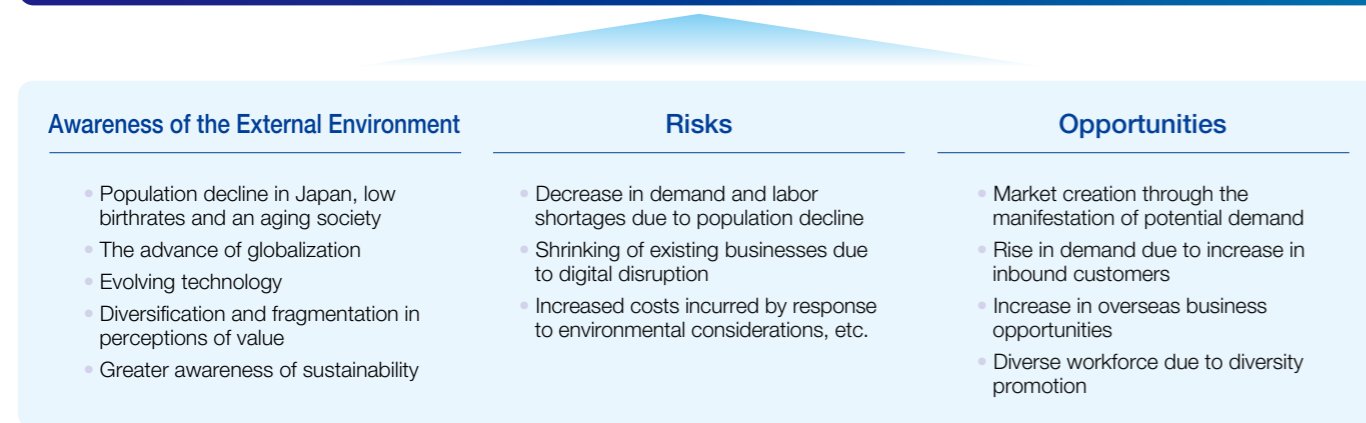


Long-Term Vision: VISION 2025

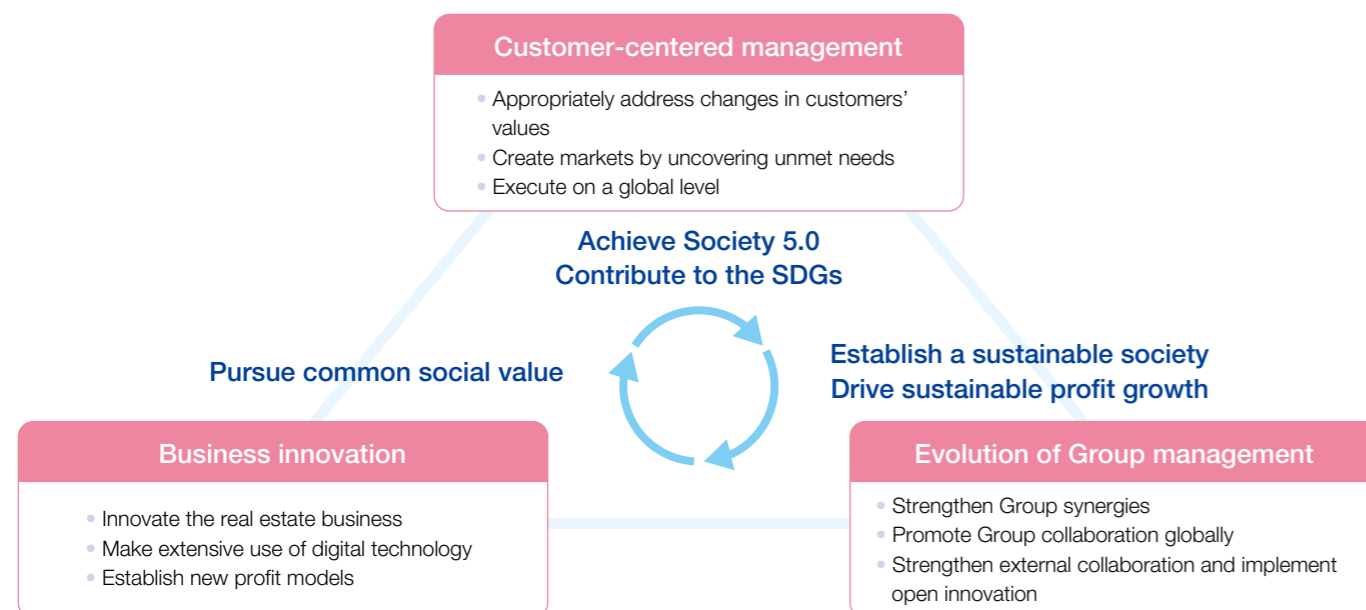
In May 2018, Mitsui Fudosan published VISION 2025, the Group's long-term vision, based on its existing Group Statement, Vision, and Mission. VISION 2025 calls on the Group to aim to innovate the real estate business and achieve further globalization, maintain robust growth and profitability, and contribute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

VISION 2025

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



Basic Strategies



Main Initiatives

Drive evolution in the creation of neighborhoods P.11

- 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 P.87

- 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 P.69

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

Infrastructure to support initiatives

Human resource strategies P.39	Organization, systems and governance P.89	Asset and financial strategy P.31 P.35
<ul style="list-style-type: none"> • Promote further diversity • Encourage higher workforce participation by women • Recruit and train globally minded human resources and IT professionals 	<ul style="list-style-type: none"> • Enhance awareness of Group-wide optimization • Establish organization and systems that encourage innovation • Strengthen governance and strictly enforce compliance 	<ul style="list-style-type: none"> • Appropriately control the balance sheet • Build an optimal portfolio • Diversify fundraising methods as appropriate for various asset types

Outlook

Around 2025

Consolidated operating income	Of which: Overseas income	ROA
Around ¥350 billion	Around 30%	Around 5%

Sustainability Management

In order to realize continuous value creation, the Mitsui Fudosan Group has positioned ESG (Environment, Society, and Governance) as a key management issue, and heralds six material issues for the area.

By further evolving neighborhood creation through the pursuit of these goals, the Group aims to achieve a sustainable society and drive sustainable profit growth.

Material issues (priority goals) and initiatives	Relevant SDGs
<p>Reduce environmental impact and generate energy P.73</p> <ul style="list-style-type: none"> Contribute to achieving a decarbonized society by reducing energy usage and greenhouse gas emissions Transition to renewable energy for electricity used in business operations Build rich natural environments that get better with time 	
<p>Create new industries through open innovation P.47</p> <ul style="list-style-type: none"> Form worldwide industrial clusters to pool various resources and drive innovation Constantly create new value from the customer's perspective through broad-based relations and collaborations 	
<p>Establish ultra-smart societies by creating neighborhoods P.87</p> <ul style="list-style-type: none"> Leverage technologies to solve individuals' and neighborhoods' problems by building communities and places for people to gather and support one another As a country facing issues earlier than others, build neighborhoods that will serve as international problem-solving models 	
<p>Achieve health, safety and security in people's daily lives P.53-72</p> <ul style="list-style-type: none"> Develop and operate resilient, safe, and secure facilities that protect people from threats such as disasters and infectious diseases 	
<p>Achieve a society where a diverse workforce can thrive P.77</p> <ul style="list-style-type: none"> Establish a foundation for everyone to live the life they choose, regardless of individual circumstances Provide products and services that expand people's potential and foster expectations and hope for the future Promote good mental and physical health and provide products and services to make active, happy lives possible 	
<p>Continuously improve compliance and governance P.89 P.103</p> <ul style="list-style-type: none"> Build a well-structured compliance system to win further trust from society Establish a strong and flexible governance system that achieves both growth and stability 	

Sustainable Society

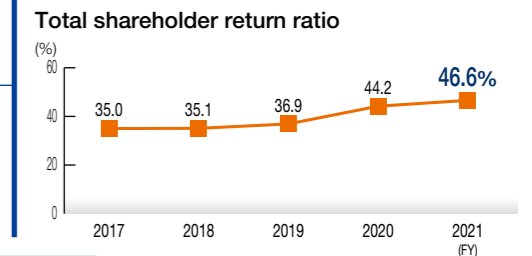
Sustainable Profit Growth

Medium- to long-term goals (main non-financial KPIs) P.37 P.39		
Greenhouse gas emissions	Share of renewables in power used for business activities	Female manager ratio (Mitsui Fudosan Co., Ltd. non-consolidated)
Achieve by FY2050	By FY2050	By FY2030
Net Zero	100%	20%

Basic Capital Policy

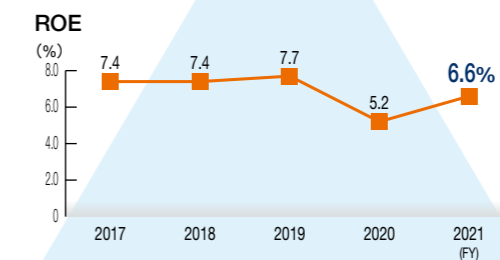
The Company has a basic policy of continuously enhancing shareholder value and corporate value through well-balanced distribution of earnings every fiscal year for expanding returns to shareholders and investing in growth, while maintaining financial soundness.

Undertaking the stable payment of dividends while flexibly repurchasing own shares



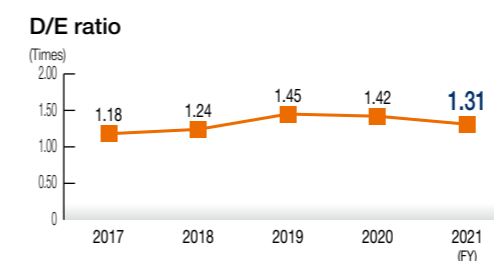
Shareholder Return Enhancements

Continuously Enhance Corporate Value, Increase Shareholder Value



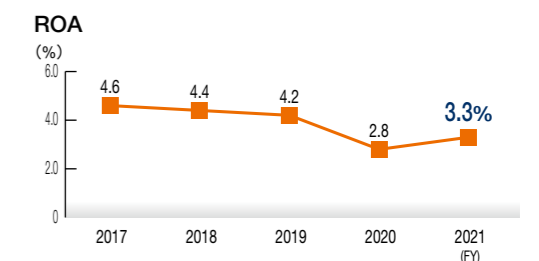
Financial Soundness

Ensuring an appropriate D/E ratio level



Investment for Growth and Building of Quality-Based Asset Portfolio

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



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 **45% of profit*** attributable to owners of parent.

* Revised in May 2022

Message from the CEO

Conceptual Image of Value Creation
Mitsui Fudosan Aims For

We aim to address social issues through neighborhood creation, which will enable us to balance social and economic value in managing our business.

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

Nasanobu Komoda



Introduction

More than two years have passed since the COVID-19 pandemic began. Now, with the progress of vaccination, the world is feeling its way toward a society where we can live with COVID-19 and is rapidly shifting its focus to economic recovery. At the same time, inflation is on the rise around the world due to a worldwide surge in demand on the back of the recovery from COVID-19, rising energy prices, food shortages and supply constraints such as disruption of supply chains and logistics. In addition, the recent Russian invasion of Ukraine has caused disruption in the world. As a democratic nation, we cannot allow this; we must continue to stand by the Ukrainian people who are in extreme misery and do whatever we can to maintain world peace and the international order.

As I note in this space every year, focusing on corporate philosophy and universal values is a vital key to surviving in such an era of uncertainty. Looking back at our corporate roots to understand the ceaseless efforts and innovations of our predecessors which led to the creation of social values and sustainable growth upon which our current business is built can provide us with a guiding light toward our future path.

This time, I would like to revisit the roots of Mitsui Fudosan and its DNA and philosophy to clarify our purpose and social mission. I will then share my thoughts on what we must do for the global environment and the society in which we live and the corporate values needed to achieve this.

The Roots and DNA of Mitsui Fudosan, The “” Logo Principles

(1) The Roots and DNA of Mitsui Fudosan

This year marks the 400th anniversary of the birth of Takatoshi Mitsui, the founder of the Mitsui Group. Next year will be the 350th anniversary of Takatoshi Mitsui’s relocation from Ise-Matsusaka to Edo and the opening of a kimono store in the Nihonbashi district.

In 1673, Takatoshi Mitsui founded a kimono store called Mitsui Echigo-ya Draper’s Shop in the Nihonbashi district of old Edo. The store’s business expanded rapidly driven by its groundbreaking business philosophy of “cash only and fixed, low prices.” So what was groundbreaking about this?

Originally, kimonos were worn by samurai and were luxury items out of the reach of common people. Kimonos were bespoke garments, with merchants visiting feudal lords’ residences to take orders. The process was time-consuming and labor-intensive, with significant wasted fabric. Garments were sold on credit, with payments made in the summer at the time of the O-Bon festival and at year-end. Merchants had to bear the burden of interest, and there was default risk as well. This was the backdrop when Japan entered the Genroku period (1688 to 1704). Society had matured, and common people wanted better clothes.

Takatoshi Mitsui chose to take a different approach. He sold ready-made kimonos for cash at the store and through drastic streamlining of production, distribution, and billing, succeeded in significantly reducing cost. In addition to the traditional silk and linen fabrics, he used cotton fabrics which were produced in his

hometown of Ise-Matsusaka, and innovated to better match consumer tastes in terms of price and quality. As a result of these changes, kimono became affordable for common people, and Mitsui Echigo-ya became very prosperous. It was Takatoshi Mitsui who first practiced the “spirit of enterprise” which enabled a “customer orientation” in the Edo era. This has been passed down as the DNA of Mitsui Fudosan.

Mitsui Echigo-ya’s business continued to expand, and in 1909, the holding company of the Mitsui *zaibatsu* (corporate conglomerate), Mitsui Gomei Kaisha, was established. In 1941, taking over the core business of Mitsui Gomei, Mitsui Fudosan Co., Ltd. was founded. 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. (See page 5.)

A “customer orientation” that sincerely addresses customers’ needs and a “spirit of enterprise” that boldly tackles value creation and innovation in our business originated with Takatoshi Mitsui and has been inculcated into every one of our employees to this date as a part of our Group’s DNA.





Founder Takatoshi Mitsui
(Mitsui Bunko archives)
* Reproduction prohibited



Nihonbashi during the Edo period/The Echigo-ya in Surugacho on New Year’s Day, a woodblock print by Kiyonaga Torii (The Mitsui Memorial Museum collection)

(2) The “ The symbolic crystallization of this DNA is the management vision of the “” logo principles. Instead of making an “either-or” decision between conflicting concepts, we accept diversity even when the accepted wisdom suggests that some values are conflicting by nature. Our management philosophy is to make these values coexist in the spirit of “and” by overcoming conflict and to realize a sustainable society. This management vision was established on the 50th anniversary of our founding in 1991, long before keywords such as sustainability and ESG came into common use. I take great delight in this philosophy because it accurately indicates the direction the Company should aim for.

For example, real estate development used to be viewed as destroying nature. This is precisely why the Mitsui Fudosan Group has attached importance to coexistence with the global environment and local communities under the “” logo principles. The development concept—“Preserving and Revitalizing the Heritage while Creating the Future”—of Mitsui’s home base, Nihonbashi, Tokyo, symbolizes this principle.

While we have chosen to conserve historical assets which deserve to be preserved such as the Mitsui Main Building, the Bank of Japan, the Takashimaya Main Building and the bridge of Nihonbashi, we will create leading-edge high-rise buildings, while seeking harmony by restoring the waterfront and blue skies of the scenery of Nihonbashi River and Fukutoku Shrine, which had been relegated to a neglected corner of the city in the flow of the times. On the other hand, on a back street, we will create a lane that reproduces the townscape of Edo. These epitomize the neighborhood creation of the “” logo where “people and nature” and “tradition and innovation” coexist, and are the embodiment of our purpose.

I am convinced that the role of the Group will become more and more important for future socio-economic development and the preservation of the global environment; going forward, we will make every effort as a Group under the principles of “coexist in harmony with society,” “connect diverse values” and “achieve a sustainable society” which are symbolized by the “” logo.



* Preserving and Revitalizing the Heritage while Creating the Future

Recognizing Issues to Be Addressed by Mitsui Fudosan

Although companies have been assessed solely on financial factors, this is becoming a thing of the past. From here on out, the will and the execution ability of management to enhance corporate value from both financial and non-financial aspects will be valued. Looking back on history, it is clear that companies are required to create not only economic value but


also social value. Of course, these values are compatible, and I believe that contribution to a sustainable society through value creation is what will lead to sustainable growth for companies.

Now, I will discuss the issues the Group must proactively address to achieve further improvements in corporate value.


(1) Realization of a decarbonized society

Addressing climate change is a social responsibility for our Group, which undertakes the construction and development of social infrastructure. We position decarbonization initiatives as a top priority. Setting medium- to long-term goals for the reduction of greenhouse gas emissions is not enough; as a leader in the real estate industry, it is also important to have an action plan which outlines how we propose to achieve this. Based on repeated discussions involving the entire organization, we formulated a Group-wide action plan for the

achievement of a decarbonized society in November of last year. (See page 37.)

The achievement of a decarbonized society is an urgent issue that must be addressed by society as a whole, under the philosophy of “coexist in harmony with society” implicit in the “” logo. Together with our stakeholders, our Group will strengthen our activities to put our action plan into practice.

(2) Diversity and inclusion initiatives

Another idea behind the “” logo is “connect diverse values” or, in other words, “diversity and inclusion (D&I).” D&I has been an area of increased focus in recent years to ensure diversity in corporate management. One of the characteristics of the Group to this point has been our homogeneity, for better or worse. However, as values are maturing and diversifying, we will not be able to address changes of the times with homogeneity. Therefore, I can say that D&I is the biggest issue for the Group.


In particular, the real estate industry has long been considered to be a man’s job that requires physical strength, involving working in dangerous development sites and negotiating with local residents and governments day and night. I believe that women’s perspectives have a great influence on all aspects of our business, including housing, retail and hotels. In my view, this industry will eventually grind to a halt if we do not increase the number of female employees and support their active participation with a strong sense of

urgency. In addition, to truly promote the advancement of women, it is very important to change the mindset within the Company by eliminating the filter of gender, treating each employee as an individual, and being open and accepting.

Sparked by this, last year, our Group formulated a declaration on diversity and inclusion along with policies on related initiatives. We have set the promotion of the advancement of women as an important theme, and established quantitative and qualitative goals for the Group. (See page 39.)

Recognizing that the greatest driving force behind companies’ value creation is the asset of human resources, we will further expand diversity in terms of gender and global human resources, and will leverage the varied opinions and knowledge generated from this to create new business opportunities.

(3) Dissemination of information and dialogue with the market regarding Mitsui Fudosan’s value creation

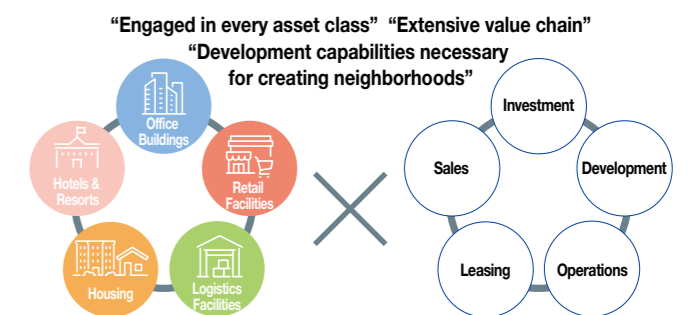
The third philosophy of the “” logo is “achieving a sustainable society.” I feel that the challenge here is to firmly communicate to the market our thoughts on our purpose, social mission, and value creation as we move toward realizing our vision, to promote better understanding among investors.

Real estate companies in other geographies are typically differentiated by function, focusing on property ownership or development and often with simple asset classes. Although they deal with real estate as we do, their business models are quite different from those of the Japanese comprehensive developers.

A company like our Group, which deals with all types of assets as a single corporate entity, fulfills all functions of Holding & leasing, Development & sales and Management, with the ability to promote neighborhood creation by leveraging its comprehensive strengths, is globally very rare. In addition, even compared with the time horizon of the investors who support us, neighborhood creation is a business that operates on very long time spans. As such, I had felt that it might be difficult to

sufficiently convey our corporate value with conventional financial indicators alone.

I wanted to find a solution to this problem. Through continued dialogue with many investors, I have been exploring the ideal image of value creation for us by listening to the voices of the market and, at times, receiving encouragement. I would like to express my thoughts below.



Conceptual Image of Value Creation Mitsui Fudosan Aims For

(1) Mitsui Fudosan's neighborhood creation approach

In the value creation which we aim for, we view "creation of social value" and "creation of economic value" as two halves of a whole. The social value that our Group creates is nothing less than "providing people with emotional experiences," "enriching people's lives" and "achieving a sustainable society," through neighborhood creation. The following two points are at the core of this neighborhood creation.

Create neighborhoods that "put people first"

To meet the increasingly diverse and sophisticated needs of our customers, we must change our business approach in accordance with the underlying idea of providing our customers with not only a tangible element in the form of space, but also "living" and "office life" including services, which are intangible elements. In other words, we provide our customers with real estate in the form of services, and not simply a physical property. We call this "Real Estate as

a Service." When pursuing this approach, the leading role in neighborhood creation is not *buildings* but *people*.

Create neighborhoods that "get better with age"

When pursuing neighborhood creation that "puts people first," what is required of the neighborhoods will also change. If the people who visit the neighborhoods change, or if what such people want changes even if they themselves do not change, the neighborhoods must evolve accordingly. In addition, neighborhoods develop a spirit of place over time and its natural elements such as the greenery grow. Creating a high-quality community rooted in the neighborhood and providing high-quality town management will add appeal to the neighborhoods, making them more attractive as time goes by. We refer to this as "improving with age." From this perspective, the completion of a building is not the goal but a starting point for our neighborhood creation.

Through neighborhood creation
 "Providing people with emotional experiences"
 "Enriching people's lives" "Achieving a sustainable society"

Mitsui Fudosan's Approach

Putting people first

"Real Estate as a Service"
 Belonging to a high quality community



Getting better with age

Responding to changing human needs and values, neighborhoods continue to evolve

(2) Impact on management indicators

Based on this approach, the neighborhood creation we aim for will continue to evolve and mature over a long period of time. As a result, there are also negative aspects when viewed only on a short-term time horizon with efficiency indicators. In viewing our Group, we would hope the unique characteristics of the assets of our Group, which plays the role of a long-term creator of neighborhoods, and how we create value through the utilization of such assets is given due consideration.

① Assets under development

First, there are assets under development on our balance sheet that have yet to generate profits. The ratio of assets under development to the total real estate assets of the Company is around 30%. Such assets do not generate

profits and because they only add to the denominator but ake no contribution to the numerator, they have a negative impact on efficiency indicators such as ROE and ROA.

However, the very existence of these assets under development is the root source of solutions to social issues. It is also the root source of growth that will generate future profits through development. To achieve a sustainable society by solving social issues through neighborhood creation and give emotional experiences by creating new value, simply following what others created is not sufficient. Therefore, it is necessary to create neighborhoods from scratch, including power systems and infrastructure. To do so, developers require a certain amount of assets under development in their balance sheets to fulfil their social mission and purpose.

② Existence of central urban assets

In addition, there are many so-called "central city assets" on our balance sheet. Including Tokyo and New York, the percentage of central city assets in our real estate assets is approximately 50%. Development in central cities has a unique characteristic because the efficiency indicator for properties is relatively low inevitably as the assessed land price is generally high.

However, assets in central cities are resistant to risks such as economic fluctuations and have stable cash flows, so they have the effect of stabilizing stock prices and reducing capital costs. There is also the advantage of being a source of large unrealized gains and realizing huge profits when sold.

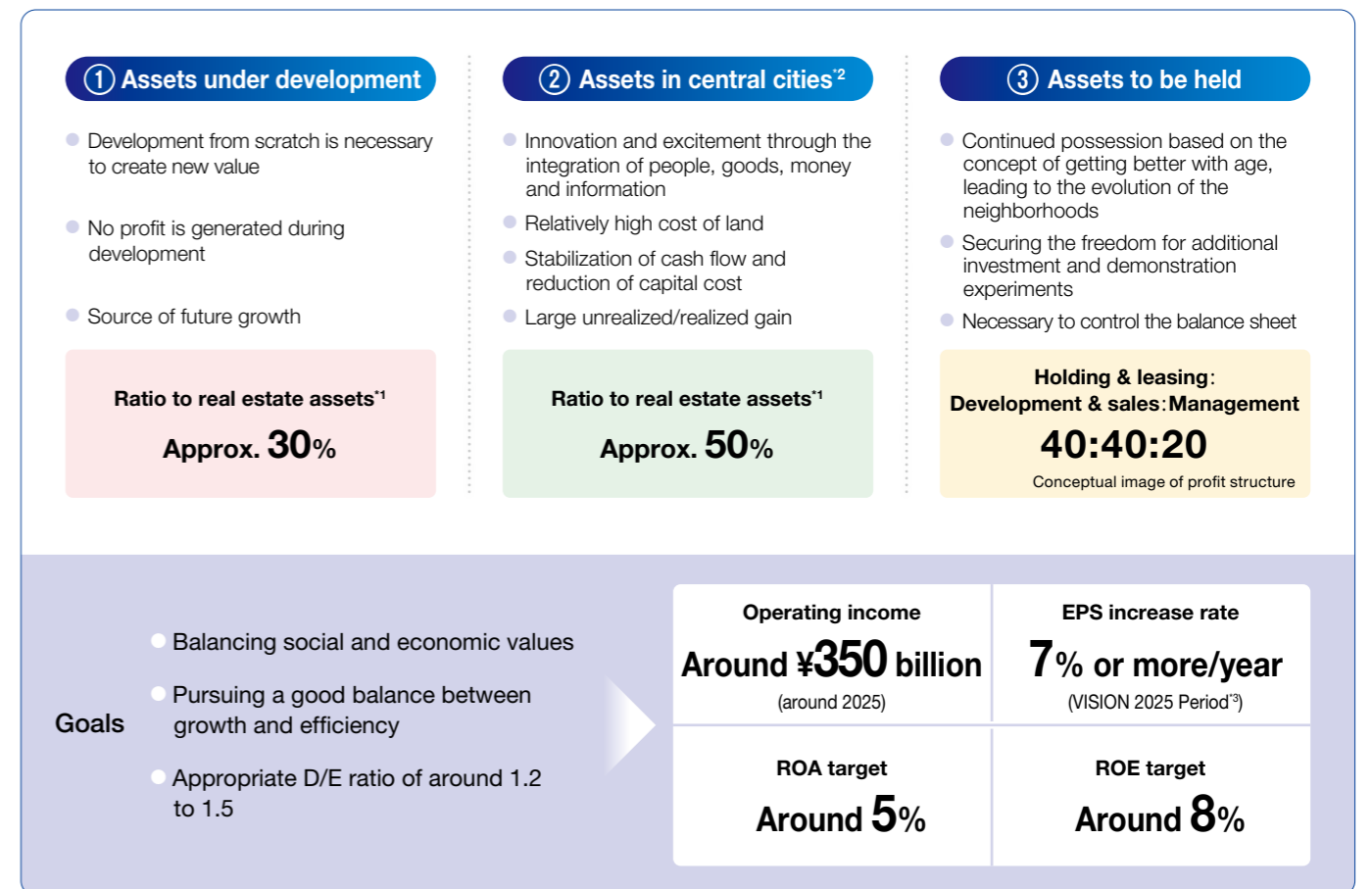
A city serves as a stage, where people and companies gather, innovation occurs, and new industries and values are created. Through entertainment and sports, many people get exciting experiences. From there, the competitiveness of the city will be enhanced, leading to economic and cultural development. In order to achieve these goals, it is essential to develop central cities where many people, goods, money, and information gather and intersect. I believe that this is also an important social mission for developers and the reason for our existence.

③ Existence of assets to be held

The Company's policy is to maintain a good balance between the three business models of "holding and leasing, development and sales, and management" as a way to aim for "profit growth" and "improved efficiency" while "maintaining a strong financial standing." I think that an appropriate image for the profit split between Holding & leasing, Development & sales and Management in our Company is about 40:40:20.

I am aware that there are those that argue that it is possible to improve efficiency indicators such as ROE and maintain assets under development and urban center assets on the balance sheet by reducing the scale of assets we hold and stepping up the scale of completed projects for sale. However, as I mentioned earlier, our neighborhood creation approach is to "put people first" and develop neighborhoods that "get better with age." This requires high-quality town management to promote evolution of the neighborhoods together with the people and communities. Also, to address social issues and present a vision of the future of the world through neighborhood creation, we must conduct field tests in the neighborhoods we have created. In other words, even after development, we need to maintain a system which allows us to take the lead and make additional flexible and agile investments. At the same time, we need to continue to hold a certain amount of property which can contribute to further increasing the value of the neighborhoods.

Characteristics of the Mitsui Fudosan Group's Assets




¹ Real estate assets = Fixed assets, real property for sale, etc. ² Central city assets = assets in the three wards of central Tokyo and New York, USA ³ Assumes the average of VISION 2025 periods after FY2021.

(3) Aiming for management that fuses “social value” and “economic value”

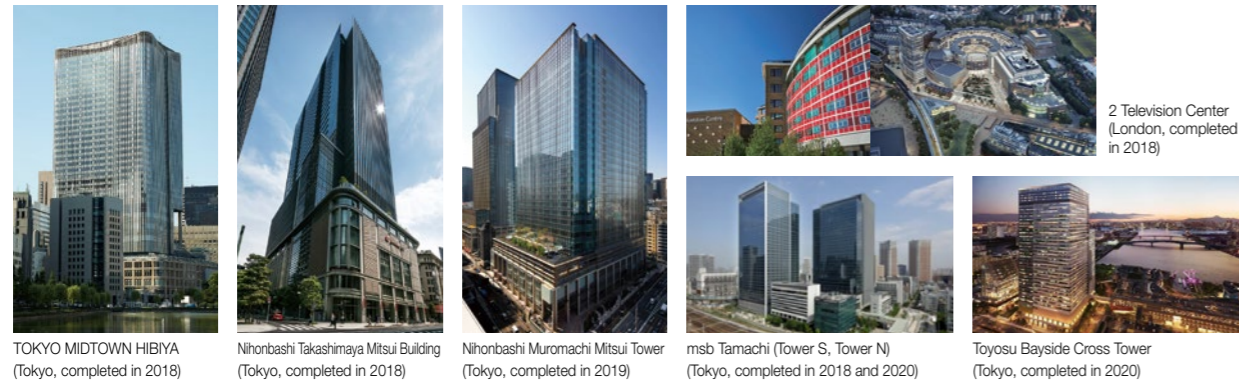
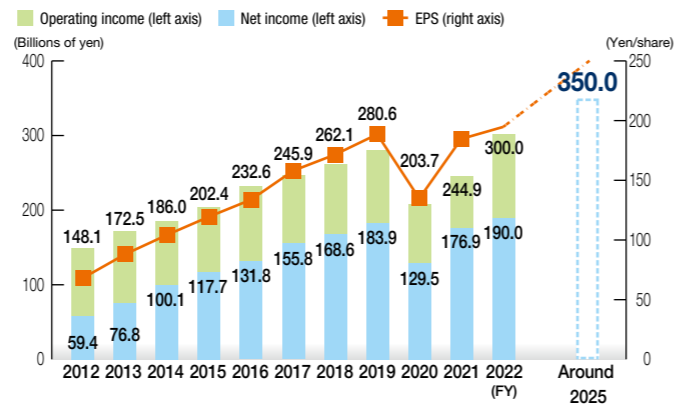
It is very important that we consistently meet the expectations of our investors who have taken risk in investing in the Company, through constant management efforts, including improvement of management metrics. However, I don't think it's a matter of simply showing positive numbers on our financial reports. In the age to come, it will be important to go beyond simply superficially tracking financial indicators, and to engage with investors on our corporate philosophy to ensure that they understand the underlying implications of the financial figures which are backed by our purpose and social mission.

Our Group will continue to promote management with a comprehensive view of “increasing social value,” “sustainable growth,” “improving efficiency,” and “maintaining financial soundness,” from a long-term perspective. Our social mission is “aiming to solve social issues through neighborhood creation to create a safe, secure and fulfilling society.” We define as elements necessary to achieve this: assets under development at a level of approximately 30%, urban center assets at approximately 50% and an appropriate debt/equity ratio of between 1.2 to 1.5 times. At these levels, ROA and ROE should be around 5% and 8% respectively. Based on the above, we aim to achieve an annual EPS growth ratio of 7% or more on a sustainable basis. With this framework, we will

manage the Company with the twin goals of creating both “Social Value” and “Economic Value.”

Under the “” logo principles the Group aims to create thriving neighborhoods that bring people together, where new values are created and where the interaction of people generates innovation. To achieve this, we must enhance our corporate value in fulfilling our purpose. We will continue to engage in dialogue with investors to share our long-term values, and to contribute to a sustainable society.

Outlook



Creating a mixed-use neighborhood in Japan and overseas



Social value
(Achieve a Sustainable Society)

Economic value
(Drive Sustainable Profit Growth)

Enhancing Shareholder Returns

As an executive of a business, I strongly recognize that clearly setting out a stance of ensuring stable and continuous returns is of the utmost importance to the shareholders who support the Company from a long-term perspective. This is evidenced by our track record of progressively maintaining and improving our dividends consistently over the past 20 years, even when net income declined. We are firmly committed to maintaining this stance.

Recently, we were able to confirm a recovery from COVID-19, an increased confidence in our ability to generate cash, the ability to maintain a good balance between equity and profit growth, and to maintain financial soundness while continuing to invest for growth. As a result, we chose to enhance shareholder returns, targeting a total shareholder return ratio of around 45%. Based on a dividend payout ratio of approximately 30%, we increased the annual dividend per share from ¥44 to ¥55. At the same time, we announced a share buyback program of ¥30 billion, bringing the total shareholder return ratio for fiscal year ended March 2022 to 46.6% of profit attributable to owners of parent. In addition, the forecast for the dividend per share was increased by ¥5 to ¥60 from ¥55 for the fiscal year ending March 2023, with a target dividend payout ratio of 30% against the net income target of ¥190 billion.

Compared with our peers, our Group has an abundant development pipeline in overwhelmingly diverse asset classes. Going forward, we will continue to pursue business growth based on a good balance of “Holding & leasing, Development & sales and Management” targeting ¥350 billion in operating income, as announced in VISION 2025. We will do this through the growth of leasing profits as a result of completing new properties, stable development profit contributions owing to asset turnover in each fiscal year, and increased profits from management over the medium to long term following property disposals. To ensure investors will continue to hold high expectations for the Group's growth and to reward them for their support, we aim for a stable and continuous increase in dividends linked to sustainable growth.

In Closing (Together with Our Stakeholders)

We are now in a transition period to a new post-COVID-19 era. At the same time, we are at a major turning point regarding global climate change, and a power struggle between democracy and authoritarianism. As environmental issues, supply chain challenges, financial markets and other factors are all intertwined, it is essential to have a management perspective that brings long-term benefits to all stakeholders on a global scale to address these issues.

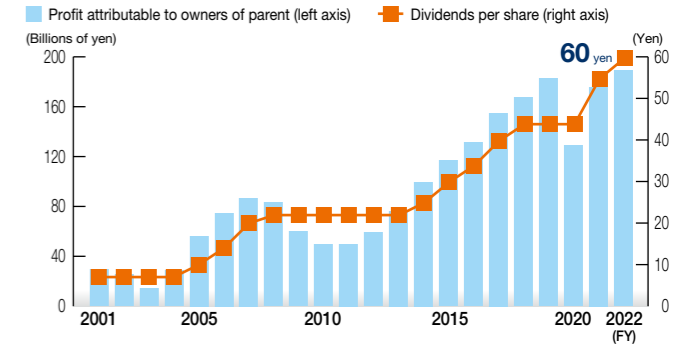
So far, through neighborhood creation, the Mitsui Fudosan Group has made every effort to improve the sustainability of humankind and make people's lives safe, secure and fulfilling.

Basic Approach to Shareholder Return

A Stance of Maintaining Stable and Continuous Returns

Stable dividends and flexible repurchases of our Company's shares and our record of having consistently maintained and improved dividends

Dividends per Share/Profit Attributable to Owners of Parent



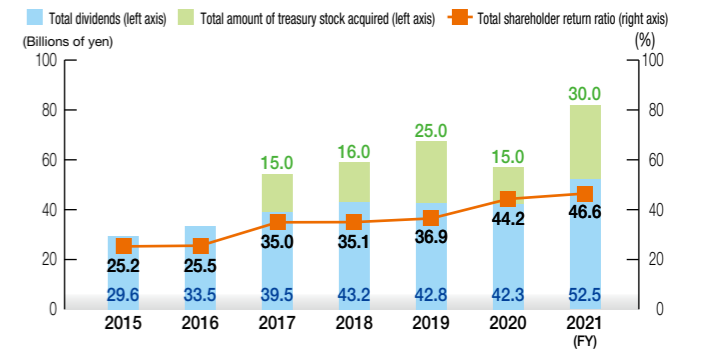
Strengthening Ratio of Total Shareholder Return*

Identifying a Total Shareholder Return Ratio of Around 45%

(In the past, a total shareholder return ratio of around 35% was targeted)

* Revised in May 2022

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



Message from the CFO

We aim to achieve both growth and efficiency and further increase corporate value via balance sheet control from a medium- to long-term perspective.



Wataru Hamamoto Managing Director, Senior Executive Managing Officer

Fiscal 2021 Business Results

In fiscal 2021, although the COVID-19 pandemic situation continued, compared with the previous fiscal year, there was a recovery in the retail facilities' leasing business, growth in property sales to investors and an increase in revenues and profits from the Repark car park leasing business and Rehouse (retail residential brokerage). For these and other reasons, we recorded revenue from operations of ¥2,100.8 billion, operating income of ¥244.9 billion, ordinary income of ¥224.9 billion and profit attributable to owners of parent of ¥176.9 billion. Total assets on the balance sheet were ¥8,208.0 billion, an increase of ¥466.0 billion from the end of the previous fiscal year. Consolidated interest-bearing debt was ¥3,667.2 billion and net assets were ¥2,913.7 billion. As a result, the debt/equity ratio was 1.31 times and the equity ratio was 34.1%. Regarding shareholder returns, the annual dividend per share was ¥55, and the total shareholder return ratio was 46.6% due to the decision to repurchase ¥15 billion worth of shares on top of the already acquired ¥15 billion in shares.

Outlook for Fiscal 2022 Business

In fiscal 2022, while social and economic activities have been increasingly normalized with infections under ongoing control, we continue to expect COVID-19 to have an impact on the hotel and resort business. However, taking into account the recovering business performance of retail facilities and Tokyo Dome and including contributions from newly completed office buildings, among others, we forecast revenue from operations of ¥2,200 billion, operating income of ¥300 billion, ordinary income of ¥260 billion and profit attributable to owners of parent of ¥190 billion, all of which are expected to be record highs. For shareholder returns, we are guiding for an increase to the annual dividend per share of ¥5 from fiscal year ended March 2022 to ¥60.

Balance Sheet Control from a Medium- to Long-Term Perspective

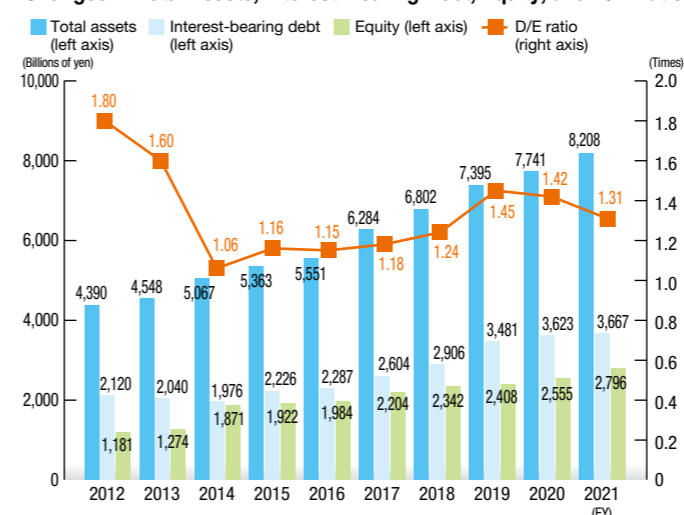
As the Group's main businesses of real estate development and neighborhood creation-oriented businesses are characterized by the heavy long-term use of the balance sheet, balance sheet control from a medium- to long-term perspective is extremely important to achieve future earnings and profit growth and improve efficiency. Specifically, we take a 5 to 10 year perspective, combining proactive growth investments with cost recovery through continuous asset replacement in a well-balanced manner. We manage the entire balance sheet from a high level, through measures such as maintaining financial soundness through appropriate management of outstanding interest-bearing debt and the debt/equity ratio.

Looking back on balance sheet assets over the five-year period from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2022, total assets increased approximately 1.5 times from ¥5,551.7 billion to ¥8,208.0 billion. This was mainly due to the successful conclusion of growth investments including successive completions of large-scale development projects in Hibiya and Nihonbashi, and the consolidation of the Tokyo Dome Group. While promoting growth investment, in recent years we also engaged in asset turnover, such as selling Shinjuku Mitsui Building, Iidabashi Grand Bloom and Nakanoshima Mitsui Building to our sponsored REITs. Also, under the policy of reducing strategic shareholdings, we are trying to maintain and improve ROA by building a resilient asset portfolio.

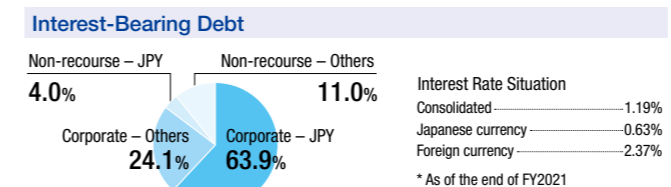
The future external environment is expected to remain increasingly uncertain, with inflation rising around the world due to factors such as supply chain and logistics disruptions and supply constraints, and emerging risks such as rising interest rates. In such an environment, maintaining and building a sound financial position is important for the stable continuation of business. For this purpose, the Group manages its balance sheet by keeping interest-bearing debt at about ¥4 trillion with a debt/equity ratio of about 1.2 to 1.5 times. At the same time, to reduce risks related to financial market volatility while property development projects are underway, we are taking measures such as raising the ratio of fixed interest rate borrowings and long-term borrowings, staggering repayment periods and maintaining our credit rating.

We have also secured commitment lines totaling ¥400 billion to maintain liquidity for emergencies. As part of funding actions in the "Group Action Plan to Realize a Decarbonized Society" that we formulated in last autumn, we issued green bonds of ¥80 billion in July this year, the largest amount ever issued by a domestic real estate company. As such we are striving to diversify funding sources as well. In addition, to prepare for exchange rate fluctuations, we work to offset and reduce risks by using natural hedges, mainly in overseas businesses via fund procurement in local currencies.

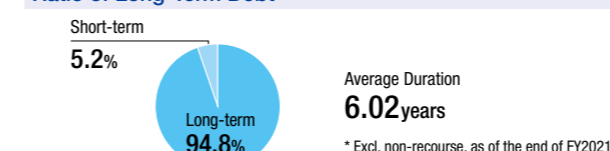
Changes in Total Assets, Interest-Bearing Debt, Equity, and D/E Ratio



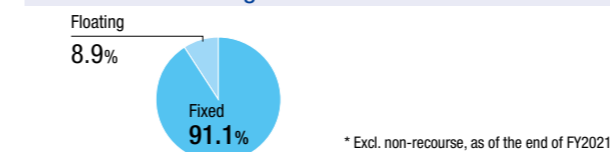
Fund Procurement and Credit Rating Situation



Ratio of Long-Term Debt



Ratio of Fixed/Floating-Interest Debt



Credit Rating

Rating agency	Long-term	Short-term	Outlook
Moody's	A3	-	Stable
Standard & Poor's	A	A-1	Negative
R&I	AA-	a-1+	Stable
JCR	AA	J-1+	Stable

* As of August 4, 2022

Achieving Medium- to Long-Term Goals and Enhancing Our Corporate Value

The Group's medium- to long-term growth targets are operating income of about ¥350 billion (around 2025), annual EPS growth rate of 7% or more (average up to 2025), and its efficiency targets are ROA of around 5% and ROE of around 8% (both around 2025).

Achieving these goals will not be easy in a rapidly changing external environment. However, we continue to see steady results from continuous investment in superior projects based on a solid financial position as well as progress on ongoing projects. As specific drivers of future profit growth, we expect to see a recovery from the impact of COVID-19, mainly at hotels and resorts and Tokyo Dome and normal operation and profit contributions from large-scale, mixed-use projects (TOKYO MIDTOWN YAESU and 50 Hudson Yards) which will be completed in fiscal 2022. In addition, assuming about 30% of assets under development and about 50% of central urban assets relative to total real estate assets, with a debt/equity ratio of about 1.2 to 1.5 times, we aim to further improve efficiency by promoting continuous balance sheet control. (See p. 33.)

We aim to achieve future earnings and profit growth and improve efficiency while staying abreast of the real estate cycle and interest rate trends. We will maintain our long-term financial strategy of investing selectively while being mindful of cost recovery and cash flow, and promoting balance sheet control with a focus on growth and efficiency. We believe this will allow us to consistently generate returns in excess of our cost of capital; we remain committed to further enhancing corporate value.

Outlook

- Growth target**
- Operating income** Around **¥350 billion** (around 2025)
- EPS increase rate** **7%** or higher/year (average for VISION 2025 period¹⁾)
- Efficiency target**
- ROA** Around **5%** (around 2025)
- ROE** Around **8%** (around 2025)
- D/E ratio** Around **1.2–1.5 times** (VISION 2025 period¹⁾)

¹ Assumed after FY2021 during the VISION 2025 period (announced in May 2022)

Strategies Toward Realization of Decarbonized Society

Message from a Managing Director

Aiming to achieve our goal of net zero emissions by fiscal 2050, we will steadily promote the “Group Action Plan to Realize a Decarbonized Society.”



Wataru Hamamoto

Managing Director
Senior Executive Managing Officer
(In charge of sustainability promotion-related activities)

In accordance with the principles embodied by the “” logo—“coexist in harmony with society,” “link diverse values” and “achieve a sustainable society”—the Company has actively undertaken efforts to enhance coexistence with the global environment and the sustainability of society through neighborhood creation. We believe that promoting our Company’s business will lead to sustainability initiatives which create social value.

Having society as a whole address climate change is a pressing issue and a social responsibility of our Group, which undertakes the construction and development of social infrastructure. Positioning decarbonization initiatives as priority issues, in VISION 2025, our Group’s long-term vision, we place “Reducing environmental impact and generating energy” as one of goals to be focused on.

In addition to initiatives to address climate change such as setting greenhouse gas reduction targets, our endorsement of the TCFD, joining the RE100 initiative and receiving certification under the SBT international initiative, in November 2021 we boosted the Group’s reduction target and formulated the “Group Action Plan to Realize a Decarbonized Society” aimed at the achievement of our long-term goal.

Under our Group Action Plan, our Group improves environmental performance and promotes “green

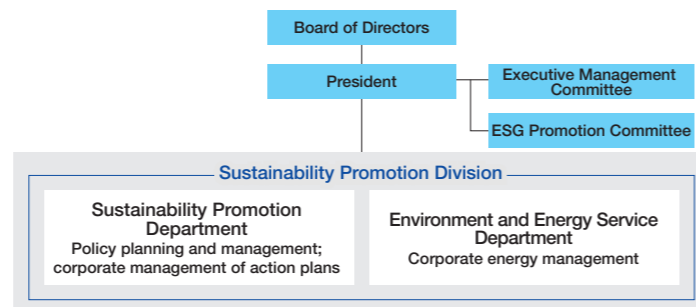
electricity” in common areas at our owned and operated properties. We also promote initiatives such as stably securing renewable energy, and reducing CO₂ emissions during construction by working with construction companies and other manufacturers. We also provide green electricity supply services to meet the requests of tenants. 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 a competitive advantage for companies.

In April 2022, the Sustainability Promotion Division¹ was established to accelerate ESG and SDGs initiatives, including action plans. In fiscal 2021, the first year of the Group Action Plan, we achieved an average reduction in greenhouse gas emissions of 6% for three years from fiscal 2019 to fiscal 2021 (compared with fiscal 2018 to fiscal 2020) and a 4% reduction for a single year (compared with fiscal 2019). Also, we have been selected for the CDP 2021 Climate Change A List of top-ranking companies in the climate change category.

Based on the Group Action Plan, combining our strength with that of various stakeholders, we will contribute to efforts aimed at the decarbonization of society as a whole.

Sustainability Promotion Framework^{*1}

To accelerate ESG and SDG initiatives, including further strengthening the framework for promoting the “Group Action Plan to Realize a Decarbonized Society,” the Sustainability Promotion Division was established.



Greenhouse Gas Emission Reduction Targets

See details of Mitsui Fudosan Group’s Reduction Targets for Greenhouse Gas Emissions here.
https://www.mitsui-fudosan.co.jp/english/esg_csr/carbon_neutral/

Mitsui Fudosan Group’s Targets

40% reduction by FY2030 (vs. FY2019)
Acquired SBT Initiative Certification for “1.5°C target”

^{*2} Scope 1 + Scope 2: 46.2% reduction by FY2030 (vs. FY2019)

P.74

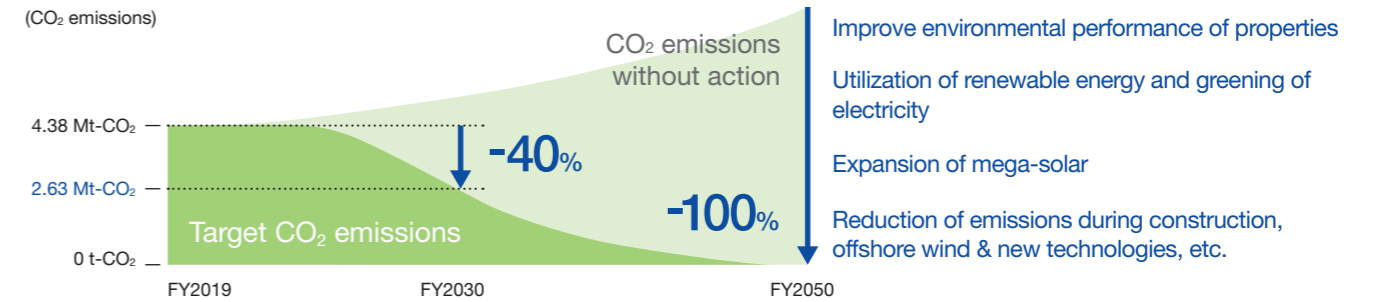
Net Zero
by FY2050

FY2021 results

3-year average^{*3}

-6%

(Comparison between FY2019 to FY2021 and FY2018 to FY2020)



^{*3} The majority of our Group’s greenhouse gas emissions (total of Scope 1, 2, and 3) are from the emissions at the time of construction (Scope 3-1, 3-2), which are recorded at the time of completion of buildings for lease and at the time of sale of buildings for sale, as well as emissions from future operations until the demolition of buildings for sale (Scope 3-11). These emissions vary greatly depending on the increase or decrease in the number of properties completed or sold in each fiscal year, so it is not possible to verify the reduction effect only by the emissions in a single fiscal year. Therefore, our Group has decided to verify the progress of emission reductions by comparing the average emissions over a three-year period, not just a single year.

Progress of the Group Action Plan to Realize a Decarbonized Society

See here for details.
https://www.mitsui-fudosan.co.jp/english/esg_csr/kpi_progress/

Action Plans	Major Progress in Fiscal 2021
Action Plan 1 <ul style="list-style-type: none"> ● New properties: Realize ZEB/ZEH-level environmental performance for all properties ● Existing properties: Create on-site renewable energy for renovation of properties to improve energy efficiency of properties 	<ul style="list-style-type: none"> ● New buildings: In principle, all new buildings constructed after the “Decarbonization Action Plan” achieved ZEB/ZEH-level environmental performance ● Existing properties: Implemented renovation for improved energy-saving performance as needed (LED adoption work at Kasumigaseki Building, Grand Tokyo North Tower, etc.)
Action Plan 2 <ul style="list-style-type: none"> ● By fiscal 2022, achieve greening of electricity consumption in common areas of properties owned and areas used by the Group in 25 properties in the Tokyo metropolitan area ● By fiscal 2030, achieve greening of electricity consumption in common areas of properties and areas used by the Group 	<ul style="list-style-type: none"> ● Concluded a comprehensive agreement with electricity retailers in three major metropolitan areas of TEPCO, Chubu Electric Power, and Kansai Electric Power
Action Plan 3 <ul style="list-style-type: none"> ● Provide Green Menu to tenants and buyers 	<ul style="list-style-type: none"> ● Concluded an agreement for introducing green energy: A total of 20 cases
Action Plan 4 <ul style="list-style-type: none"> ● Develop mega-solar with a total output of approximately 175,000 kW by fiscal 2030 	<ul style="list-style-type: none"> ● Five power plants are in operation (Tomakomai, Hachinohe, Sanyo-Onoda, Oita, and Omuta)
Action Plan 5 <ul style="list-style-type: none"> ● Develop tools to accurately grasp CO₂ emissions during construction ● Require submission of a reduction plan by construction companies, etc. 	<ul style="list-style-type: none"> ● Formulated “GHG Emissions Calculation Manual” to calculate the amount of CO₂ emissions during construction based on the “method of accumulating actual results of materials used” (News Release on March 31, 2022)
Action Plan (Other) <ul style="list-style-type: none"> ● Acquire external certifications ● Introduce Internal Carbon Pricing (ICP) System ● Establish system for promoting action plans 	<ul style="list-style-type: none"> ● Prepared to participate in the GRESB (for the operations of existing properties) ● A total of 30 properties acquired external certifications (7 properties in FY2021) (Main properties) <ul style="list-style-type: none"> • MFLP Funabashi III: CASBEE - Building (New) S Rank • Nihonbashi Takashimaya Mitsui Building: DBJ Green Building Certification 5-Star ● Introduced ICP in newly developed properties ● Newly established Sustainability Promotion Division¹

Diversity and Inclusion Strategy

Message from a Managing Director

Based on the Diversity and Inclusion Declaration, the entire Group promotes the initiative.



Yasuo Onozawa

Managing Director,
Executive Vice President
(in charge of personnel)

A human resource strategy is vital in promoting initiatives set forth under our VISION 2025 long-term plan and creating values. The asset of human resources is the force that drives us to continue creating new value as a real estate developer.

Since our founding, we at Mitsui Fudosan have demonstrated a “spirit of enterprise” and willingness to flexibly and tenaciously take on challenges that we have inherited and nurtured as our DNA and have been offering varied and innovative solutions and services for business and living.

We improve employees’ professional knowledge and capabilities through giving them diverse on-site experience, enhancing their ability to create added value. Through this, diverse values come together in a spirit of mutual respect, transforming into a driving force as a team. Within this process, addressing every individual employee and preparing an environment for action forms the foundation of our human resource management.

Customer-centered management is an immutable basic strategy in our VISION 2025. The business environment surrounding our Company is changing at an ever-faster pace and the diversity and individuality of the customers to whom we provide services is widening. Accompanying changes in the environment are emerging social issues that cannot be solved simply within the framework of the conventional real estate industry.

To respond flexibly to such drastic changes and continue to develop and grow our business by quickly reading changes in customers’ lifestyles and values and by proposing solutions, it is vital that we ourselves accept diversity. We face demands to achieve active roles for diverse human resources by accepting various values and ideas, having mutual respect among individual employees and embracing diversity while nurturing ingenuity that is rich in a pioneering spirit.

Based on this thinking, we positioned the promotion of diversity and inclusion as a key management strategy and formulated our Diversity and Inclusion Declaration and Initiative Policy, which we are implementing throughout the Group. The Group has also set the active participation of women as an important theme in its diversity and inclusion initiatives, and is undertaking varied related measures under quantitative and qualitative activity plans.

From fiscal 2022, we have started the “Mitsui Fudosan Group Get Connected and Grow Project,” which holds Group joint training and networking events. In addition to gaining confidence in their skills and abilities, by holding joint events within the Group, creating networks and role models among female employees across companies are also aimed for.

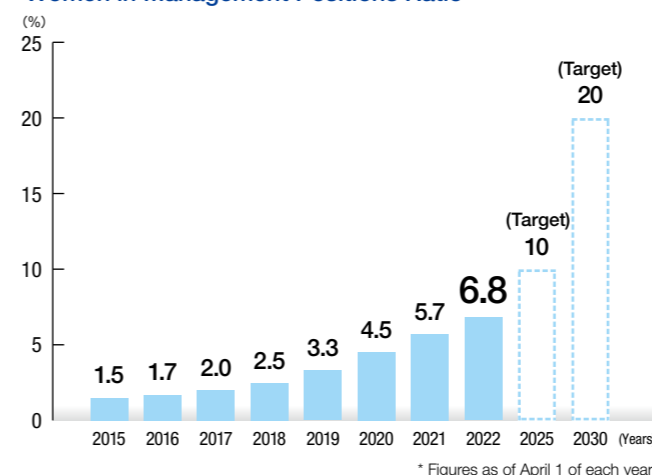
For more detailed information about the Company’s Diversity and Inclusion, refer to the following link.
https://www.mitsui-fudosan.co.jp/english/esg_csr/society/02-5.html

For more detailed information about the Company’s Promotion of Active Roles for Women, refer to the following link.
<https://www.mitsui-fudosan.co.jp/corporate/hrm/women/>
(Only available in Japanese)

Mitsui Fudosan Group’s Quantitative Goals for and Progress in Female Participation

Mitsui Fudosan Co., Ltd. (non-consolidated)

Women in Management Positions Ratio



Other Quantitative Targets

Ratio of female hires	Quantitative Goal 40%	FY2021 40.5%
Return rate from childcare leave	Quantitative Goal 100%	FY2021 100%
Number of paid leave days taken (per year)	Quantitative Goal 14	FY2021 15

Model Companies for the Promotion of Active Roles for Women

	Quantitative Goal(s)	FY2021
Sunlife Creation Co., Ltd.	Women in management positions ratio	—
	Ratio of female hires	—
	Return rate from childcare leave	100%
	Ratio of paid leave taken	70%
Mitsui Fudosan Retail Management Co., Ltd.	Women in management positions ratio	FY2025 20% FY2030 25%
	Ratio of female hires	—
	Return rate from childcare leave	100%
	Ratio of paid leave taken	80%
Mitsui Fudosan Hotel Management Co., Ltd.	Women in management positions ratio	FY2025 15% FY2030 20%
	Ratio of female hires	—
	Return rate from childcare leave	100%
	Ratio of paid leave taken	70%

* Women in management positions ratio is as of April 1, 2022

External Evaluation: Selected as a Nadeshiko Brand for the First Time as a company that has outstanding initiatives to promote women’s active participation in the workplace

The Company’s various efforts to promote women’s active participation in the workplace such as the initiatives for reforming managers’ attitudes and mindset and establishing a promotion system were recognized. And in fiscal 2021, the Company was selected for the first time as a Nadeshiko Brand, an award that is jointly hosted by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange, as a company that has outstanding initiatives to promote women’s active participation in the workplace.



Outside Director Dialogue



Masafumi Nogimori

Outside Director

Compensation Advisory Committee Chairperson
Nomination Advisory Committee Chairperson

Eriko Kawai

Outside Director

Compensation Advisory Committee member
Nomination Advisory Committee member

We hope that Mitsui Fudosan will continue to drive society and the economy through the real estate business, as a company that anticipates contemporary needs.

Issues and initiatives to improve the effectiveness of the Board of Directors

What are your impressions regarding the atmosphere and effectiveness of the Board of Directors?

Nogimori My impression is that the Board of Directors has an open atmosphere, but is also well disciplined. It has been effectively developed as a forum for highly transparent and lively debate, but also with an appropriately tense and serious attitude toward management. I, myself, have been able to speak plainly and openly with the other members.

Kawai I became an outside director in June 2021. Although I had no prior experience in the real estate industry at the time of my initial appointment, I have been able to deepen the level of my understanding thanks to the clear and careful advance explanations given before Board meetings. The Board ensures sufficient time for Q&A, and questions are answered with sincerity, not only by those

with responsibility for each specific area, but also by the President, Chairman and other key members of the Company. Having an atmosphere of seriously accepting the objective opinions of outside directors is also key in terms of ensuring the Board's effectiveness. With regard to redevelopment projects and other projects reviewed at Board of Directors meetings, we have been given sufficient opportunities to inspect development areas and properties, allowing us to deepen our understanding of Mitsui Fudosan's urban development efforts. Through these inspections, I have come to feel that Mitsui Fudosan's approach to urban development is an innovative one that combines both real and the digital methods. It is an exciting business that sparks our interest because it is aligned

closely with our everyday lives, and makes us feel that there is a bright future ahead.

Nogimori When I was appointed as an outside director in 2017, I was surprised to see that—in contrast with the real estate agency and sales activities that I had experienced myself—Mitsui Fudosan works together with a wide range of stakeholders to conduct business based on large-scale urban development. I also feel that there is a culture of actively attempting new challenges. This is also reflected in the Company's corporate governance. From the time I was initially appointed, I already had the impression that it was an open company, but I feel that the degree of openness has progressed even further in the past few years. In addition to his role as chairperson at Board meetings, the Chairman of the Board of Directors conducts proceedings in such a way as to enable active discussions, such as by asking questions himself and encouraging other directors to ask questions. There are also many occasions where the President gives a supplementary explanation after the initial explanation of a proposal, which also shows that senior management is taking responsibility in working to enhance corporate governance.

Kawai I think that the opinions of outside directors are also well represented in the agenda items discussed at Board meetings. We work actively to make improvements in responding to opinions raised in evaluations for improving the Board's effectiveness, and I think that we have created a positive cycle in this regard. The



opinions of outside directors are incorporated into the Company's management activities, as opinions given from the perspectives of experts and objective management. I think that all of the outside directors—myself included—are sufficiently fulfilling their roles and functions as members of the Board.

Nogimori Yes, as you say, improvements with regard to effectiveness evaluations are definitely progressing. We also sincerely approach social trends, as well as requests and opinions from external organizations, with the attitude of changing what is necessary within the Company.

Kawai Mitsui Fudosan has a stance of ensuring that any matters which should be dealt with—such as requests for disclosure of its corporate governance code or non-financial information—are handled appropriately, even in the long term, after properly considering the necessity of its responses, and I rate Mitsui Fudosan highly in this respect

Issues and initiatives relating to decarbonization

In November of last year, we formulated the “Group Action Plan to Realize a Decarbonized Society.” How do you rate this initiative and the discussions that took place during its formulation process?

Nogimori With growing interest surrounding decarbonization, Mitsui Fudosan has also been working quickly to work toward achieving decarbonization. When formulating the “Group Action Plan to Realize a Decarbonized Society,” the Board of Directors held numerous discussions on its contents, and promptly announced details of the plan to the public. Since then, we have been rapidly implementing various measures, such as in acquiring third-party certifications relating to decarbonization and establishing a dedicated headquarters on sustainability, with the aim of enhancing the Company's internal structure for driving its efforts toward decarbonization. We have also been actively communicating details of these measures to the outside, and I think that the Company has been successful in driving its approach to initiatives on decarbonization.

Kawai In the early 2000s, when I myself was in Switzerland, I had the impression that Japan was lagging behind Europe with regard to environmental initiatives. But now there are very urgent calls for commitment and corporate response to decarbonization. Mitsui Fudosan's decarbonization initiatives—including aspects of decarbonization that are unique to the real estate business—were explained in a very careful, clear and easily understandable manner at Outside Officer Meetings, before subsequent discussion by the Board of Directors. Through our discussions, I have also been able to deepen my understanding of extremely complex future forecasts.

Nogimori We have set proper numerical targets, but especially within the major theme of urban development we need to involve stakeholders from outside the Company. As a real estate company, Mitsui Fudosan is in a key position as the central driving force for projects in the field of urban development. But as a wide range of stakeholders from the construction industry and its contractors work together as a team to implement such projects, it is not easy for the Company to instill and implement its approach to decarbonization among all stakeholders.

Kawai While I believe that the construction industry and others are also working actively to resolve environmental issues, if they make efforts to achieve Mitsui Fudosan's decarbonization targets then there are some parts that will also lead to cost increases, and there is a possibility that those increases may be passed on to end users. It is a difficult problem. Will the Japanese people, who have a tendency to emphasize economic rationality, see their way to paying extra for the added value of care and consideration for the environment? But I regard Mitsui Fudosan highly for its efforts in this area.

Nogimori It is true that in Japan there is a strong sense of pursuing economic rationality, but I think in the end it is necessary for us all to recognize the value of consideration for the environment, even if it takes time. I think that it is necessary, not for Mitsui Fudosan to do this alone, but to take it in the direction of creating a social trend.

Issues and initiatives regarding women's empowerment/female participation

Mitsui Fudosan has made a “Diversity and Inclusion Declaration.” In terms of initiatives to promote empowerment and active participation for women, we have set targets for increasing the percentage of female employees in managerial positions to 10% by 2025 and 20% by 2030, and for increasing percentage recruitment of women to 40%.

How do you rate the progress of this initiative?

Kawai I do rate the fact that Mitsui Fudosan's top-level management is committed to promoting diversity and inclusion and has set numerical targets. In particular, they have positioned female participation and advancement in the workplace as a key initiative and are developing various strategies. For example, working groups composed of female employees are identifying issues relating to female participation, and I get the impression that the Company is responding to the issues identified properly, such as conducting training sessions on unconscious bias aimed at raising the awareness of superiors and the workplace as a whole. The Company is also engaged in other initiatives such as encouraging male employees to take childcare leave, and I believe that in promoting diversity and inclusion they will focus not only on women, but work toward creating a working environment where it is easy for all employees to work, regardless of gender. Work at Mitsui Fudosan also requires employees to enjoy life as consumers, and to be creative. Everyday experiences such as raising children, traveling, shopping and dining out at restaurants can lead to a greater understanding of consumer needs, and creative ideas may take shape in various scenes and situations in daily life. Thinking about it that way, in the real estate industry—which provides places for people to live their daily lives—it is also very important

to consider things from a female perspective, and it's not unusual for more women to be playing an active role. As we continue to advance various measures related to women's empowerment, I would like Mitsui Fudosan to meet its numerical targets.

Nogimori Even within the real estate business, the kind of urban development projects that Mitsui Fudosan is involved with are wide-ranging, so I think that there must be many opportunities for women to play an active role. At the same time, the number of female employees in mid-level positions within the Company is quite low, due to the fact that the number of women being hired in the real estate industry in the past was low in general. Given these circumstances, I do not think that Mitsui Fudosan's target for percentage of female employees in managerial positions is low by any means. But in order to achieve it, I do believe that it will be necessary to continue to reform awareness regarding female participation. With regard to the target for female recruitment ratio, the image of the industry as a whole and of Mitsui Fudosan has improved in comparison with the past, and the Company is relatively popular among students seeking employment. So, I believe that it will not be difficult to achieve the target ratio for recruitment of female employees while hiring good human resources.

Kawai Support for female employees is also generous, and it seems that female managers now also have division heads (aside from their own direct superiors) of divisions that relate to them as mentors or sponsors who follow up with consultations and advice, and take them to places that lead to opportunities for growth as human resources, such as exchanges with other companies.

Nogimori Regardless of gender, I think that it is necessary to have diverse experiences, including exchanges with those outside the Company, in the sense of investing in people. When we talk about diversity, the focus tends to fall on women, but we must also work to promote diversity in the same way, from perspectives other than gender. Mitsui Fudosan is a company where employees get along well together. In one sense, there is an aspect of uniformity among employees, and I think that there are many situations in which work is carried out based on mutual chemistry or unspoken understanding. There is no need to eliminate this, but to promote diversity and inclusion I think it is necessary to change the way in which we communicate.

Kawai By improving communication among employees, problems such as failure of mutual understanding will decrease. In terms of management, a uniform organization may be more efficient, but creating innovation requires employees who have grown up in different environments, with different and diverse opinions and ways of thinking.



Masafumi Nogimori

Graduated from the Faculty of Pharmaceutical Sciences, The University of Tokyo, then joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.). Served as President and CEO of Astellas Pharma Inc. from 2006, and Chairman from 2011. Served as Chairman of The Federation of Pharmaceutical Manufacturers' Associations of Japan (FPMAJ) from 2014 to 2016, then retired from Astellas Pharma Inc. in June 2016. Was appointed as an outside director of Mitsui Fudosan in June 2017.

Nogimori Even looking at internal PR, there are articles where the President stands at the forefront, boldly committing to the Company's diversity and inclusion declaration. I think that employees seeing such content will feel the importance of the issue, so it is

important to send out such messages from the top.

Kawai Of course, I agree that the attitude of top management is important. In addition, the awareness of the Company as a whole—including middle management—must also change.

Further breakthroughs as a global corporation

In VISION 2025, we set the goal of increasing the percentage of consolidated operating income accounted for by overseas business operations to around 30%. What is your assessment of the Company's current state of global expansion?

Nogimori I get the impression that Mitsui Fudosan's global expansion is progressing steadily. “Global” is not as easy as it sounds. The real estate business is rooted in the land. Just because a company is a heavyweight in Japan, it does not mean that it can suddenly engage in business from greenfield sites overseas. In real estate transactions and real estate development, we often cooperate with partners. At the same time, however, in development projects that require our own unique know-how—such as LaLaport—we may proceed internally, without partnering with local partners. I think this is a very good strategy.

Kawai I also approve of this strategy. When collaborating with overseas partners, we can also expect to absorb know-how—such as environmentally friendly construction expertise—from advanced overseas developers into the Company.

Nogimori From the perspective of overseas expansion areas, there should be business opportunities rolling around in every country in the world. But different countries pose different risks, so I don't think there is any need for the Company to rush out into every part of world.

Kawai In contrast with securities investments, investments in the real estate business cannot be withdrawn immediately, so it is necessary to firmly assess the geographical, political and economic stability of the region, and invest from a long-term perspective. Given that the global situation changes in various ways, as exemplified by the invasion of Ukraine by Russia, I think it is safer and more sensible to expand into developed countries with low risks, even if the profit margin is a little lower. Emerging countries are expected to experience economic turmoil due to issues such as food problems, interest rates and currency depreciation. Even if the returns are high, the risks are also correspondingly high, so expansion into such countries calls for difficult management decisions.

Nogimori As you say, many of Mitsui Fudosan's business operations are in developed countries. Whatever countries we expand into,



Eriko Kawai

Obtained her bachelor's degree from Harvard University (USA) and her MBA from INSEAD (France) before working at several corporations in Europe, including the Paris branch of McKinsey & Company. After subsequently working at international organizations such as The Bank for International Settlements (BIS) and the Organisation for Economic Co-operation and Development (OECD), she now holds positions as Professor Emeritus at Kyoto University and specially appointed professor to the Social Innovation Center (SIC), Graduate School of Advanced Integrated Studies in Human Survivability (GSAIS), Kyoto University. She became an outside director of Mitsui Fudosan in June 2021.

I think that the target cities will be mainly the capitals of those countries. There are not many overseas examples of development based on concepts such as those seen in Mitsui Fudosan's urban development projects. I think that if we proceed with overseas expansion then in the future overseas real estate developers will actually begin to approach us themselves.

Expectations for Mitsui Fudosan

Kawai Although Mitsui Fudosan is a private company, it is also a company that engages in large-scale urban development from a long-term perspective, and I believe that it has a great impact on Japanese society. I have high hopes and expectations for Mitsui Fudosan as a company that is ahead of its time, actively incorporating new technologies such as high-rise buildings made of wood and working to create urban environments that are also friendly to the global environment.

Nogimori I also believe that the urban development projects in which Mitsui Fudosan engages are works of national development. In that sense, I think that we are doing a very rewarding job. Further, I believe that we have the power to actualize a large-scale vision of how to move the world through the real estate business, with an eye on the future.

Note: This interview was conducted while taking COVID-19 infection prevention measures.

CLOSE UP

Digital Transformation Strategy of Mitsui Fudosan Group

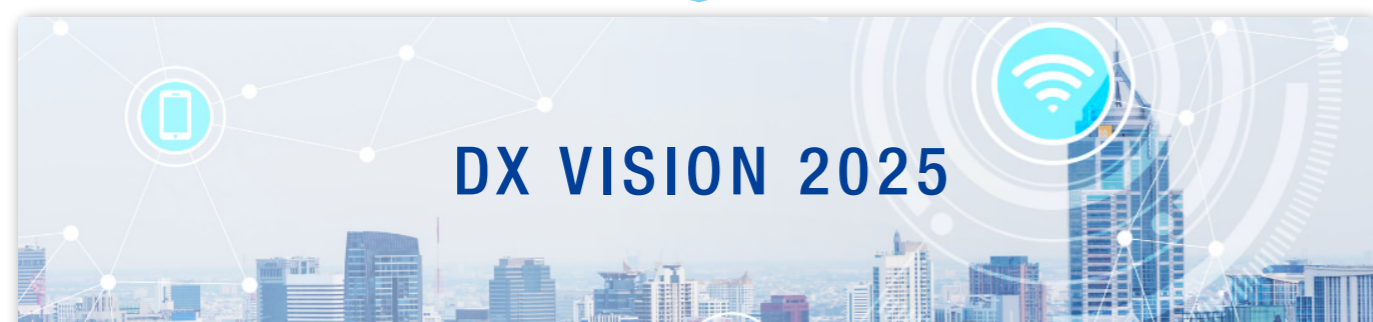
Positioning of DX promotion plan in our Company

Long-Term Vision: VISION 2025

Building a sustainable society through neighborhood creation

Using technology to innovate the real estate industry itself

Evolving into a global company



Business Transformation

<Customer orientation and solving social issues>

Smart City/Property

Making towns and facilities comfortable and convenient by digitalization

Omni Channel

Integrating real and digital customer contact points

Real Estate as a Service

Offering service provision beyond providing space

Practical example Using robots at TOKYO MIDTOWN YAESU

Workstyle Reforms

<Improving productivity and employee satisfaction>

ABW Activity Based Working

Active ways of working that are not limited by location

BPR Business Process Re-engineering

Reforming existing business flow/systems

Practical example Realizing operational efficiency and mobile work by migrating mission-critical systems to full cloud computing

Promotion Bases

Cyber Security

Continuous evolution of group security

Data Utilization

Utilization of customer and business data

Real Estate x Digital Human Resource Development

Company-wide IT literacy and the driving force of the DX Division

Advancement of Group Systems

Standardization/efficiency

Modern Development

Cheap, fast, good and permanent development

Successful Examples of DX promotion

Result 1 Business Transformation

- Simultaneously promoting DX in all businesses with the aim of improving customer satisfaction and solving social issues
- Releasing new businesses that go beyond the boundaries of existing businesses one after another

Major business transformation projects

	2019	2020	2021
Releasing new services	2	5	11
Main projects under development	4	8	12
Main demonstration experiment projects	4	4	6

Our main membership organizations

2020 **13.14** million people

Oct. 2022 **13.64** million people

Retail facilities: Approx. 12.49 million people
Hotels: Approx. 540,000 people
Housing Loop members: Approx. 280,000 people
Office buildings (Work Styling members): Approx. 220,000 people
Office buildings (& Life-Biz): Approx. 110,000 people

Result 2 Workstyle Reforms

- Promotion of system renewal and business reforms are ongoing so as to encourage diverse work styles and make customers and our process smart

Main projects for workstyle reform

	2019	2020	2021
Releasing new systems	4	4	5
Main projects under development	7	6	7

Work efficiency improvement time due to system renewal

Total for last 3 years

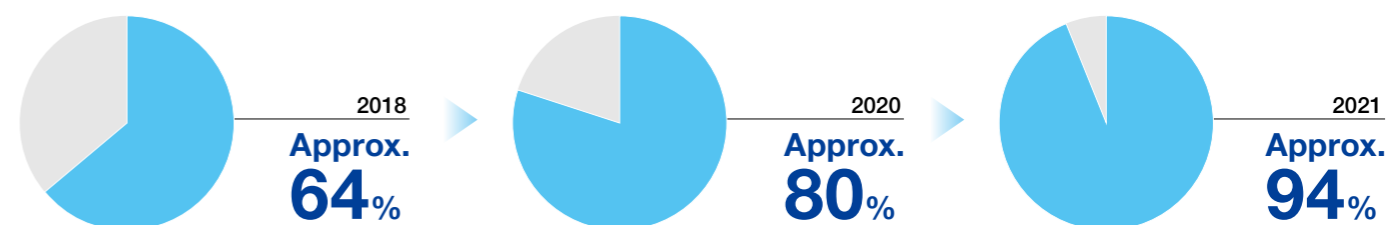
Approx. **230,000** hours,
Approx. **120** people*

* Converted to 1,920 hours/person per year (8 hours x 20 days x 12 months)

Result 3 Promotion Bases

- Currently promoting cyber security measures essential for promoting DX and facilitating smooth system operations, etc.

In-house system cloud rate (for Mitsui Fudosan Co., Ltd.)



External Evaluations

Awards received

Selected as DX Stocks 2022

Evaluation point: Building a DX promotion system, deepening the services of existing businesses accordingly and creating new services and new businesses



DX Stocks 2021

Winning "Digital x COVID-19-Countermeasures Company (Resilience Category)"

Evaluation point: "Ensuring ongoing operations by utilizing DX" under the COVID-19 pandemic

Winning "2021 IT Promotion Award (Social Issue Solution Area)"

Evaluation point: Kashiwa-no-ha Data Platform Initiative



Winning "2020 IT Award (Management Area)"

Evaluation point: Promoting work style reforms by renovating the decision-making and accounting systems via full cloud computing

