

Special Feature

Generating value through the creation of neighborhoods that people want to visit

Environment surrounding the office market

Mitsui Fudosan Group's Five Strengths

Workers' perspective

Growing acceptance of remote work; era of work style diversification

Individuals choosing where and when to work, according to their own productivity and lifestyles

Changes in office demand

Generating value through the creation of neighborhoods that people want to visit

Potential to strengthen the survival of the fittest nature of the office market

Highly competitive cities and offices will become increasingly preferred as such survival of the fittest features as location, specifications, and services grow in strength

Management's perspective

Renewed recognition that real spaces possess value that cannot be replaced by digital models

(renewed recognition of the significance and importance of offices)

- ▶ Serve as a place to gather and create innovations by leveraging face-to-face interaction
- ▶ Facilitate corporate branding
- ▶ Help secure human resources

Update on the Elements Required of an Office:

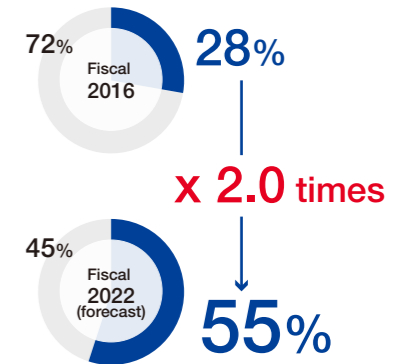
- ▶ Favorable locations
- ▶ High specifications (substantial common spaces, BCP / cyber security / pandemic capabilities)
- ▶ Substantial intangibles services
- ▶ Easy engagement with other companies

01 High-specification (mixed-use) asset development capabilities

Increasing ratio of favorably located, high specification, mixed-use assets in Central Tokyo



Central Tokyo mixed-use\*



\* Collated from the total building floor area data in the Status of Major Properties section of the Company's Financial Report.

02 Assets in favorable locations

03 Substantial intangibles services, etc.

**&WORK STYLING** MITSUI FUDOSAN: Multisite shared offices

**&well** MITSUI FUDOSAN: Health management support service

**Green Power Supply Services**: Provision of green electricity to tenanted spaces

**&BIZ** MITSUI FUDOSAN: Membership organization for businesspersons occupying Mitsui's Office

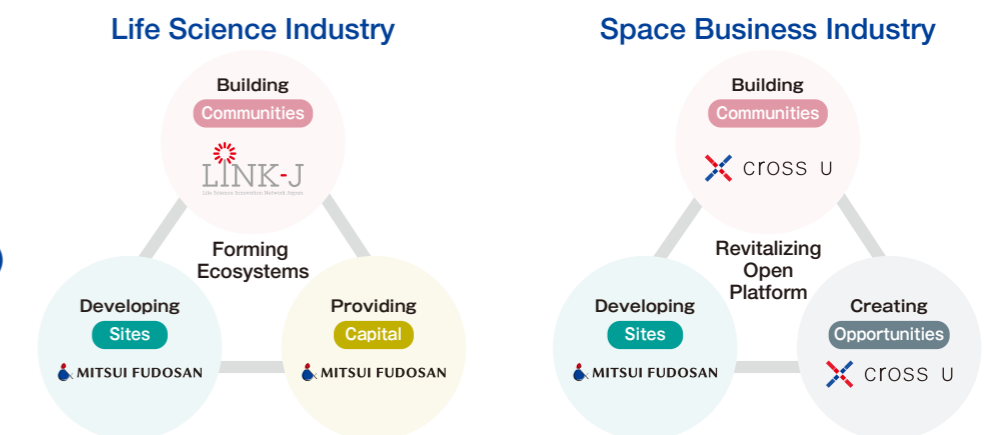
**&BIZ consulting** MITSUI FUDOSAN: Workstyle and workplace innovation support

**&BIZ conference** MITSUI FUDOSAN: Business support through diverse facilities

04 Substantial tenant company/institution network

- ▶ Office tenants: Over 3,000 companies
  - ▶ Diverse industries (business companies, academia, agricultural industry, medical corporations)
  - ▶ Substantial, deep, and robust relationships (business partners, joint research)
  - ▶ Cross-industry exchange mechanisms to create innovation (Mechanism to help provide opportunities for the exchange of information and interaction for large corporations, venture companies, NPOs, government agencies, etc.)
- &WORK STYLING** MITSUI FUDOSAN **BASE**

05 New demand creation capabilities (Business platform creation)



LINK-J, cross U: Both are general incorporated associations established mainly by the Company.

## Output -The Company's Neighborhood Creation-

## Outcomes -Creating Value-

Creating cities that integrate work and life and that people want to visit by meeting diverse needs and providing a host of appealing benefits

**Creation of Economic Value**  
(Mitsui Fudosan's perspective)

**Creation of Social Value**  
(external perspective)

**Case Study**  
**TOKYO MIDTOWN YAESU**

**Extraordinary Feeling of Being Special**

40th-45th floors  
BULGARI HOTEL TOKYO

**Amenity Productivity**

7th-38th floors Office floors

**Rest**

27th floor  
Tenant lounge  
Fitness gym

**Healing**

5th floor  
Rooftop terrace

**Health**

2nd-3rd floors  
Certified children's garden

**Impetus Awareness**

4th-5th floors  
Innovation Field Yaesu  
(Yaesu Academic Commons, The University of Tokyo)

**Raising children**

B1-3rd floors Retail zone

**Enjoyable Interesting Delicious**

B2 floor Bus terminal

**Convenient**



TOKYO MIDTOWN YAESU

Creating an office chosen by corporate leaders as a relocation destination

Creating communities through a collection of people, companies, goods, and information

(Nihonbashi area)

**No.1** popular location for office relocations

Source: Mori Building Co., Ltd. 2022 Survey of Office Needs in Tokyo's Core 23 Cities

(Asking rents in the Nihonbashi and Yaesu areas)

**Rose by over 5%**

(compared to the end of Jan. 2020)  
Source: Sanko Estate Co., Ltd. asking rent data.

(Mitsui Fudosan's office vacancy rate in the Tokyo metropolitan area)

**Relatively low and stable vacancy rate compared to the market**

Central Tokyo  
5 Wards

**6.48%**

Source: Miki Shoji Co., Ltd.

**Mitsui Fudosan**  
(Tokyo metropolitan area; non-consolidated)

**3.2%**

Note: As of June 30, 2023

Improving market risk tolerance



**Stable leasing cash flow**

Realizing innovation

Creating new businesses and demand

Improving Japan's industrial competitiveness and growth potential



**Realizing people's prosperous lives**



# The Mitsui Fudosan U.S. Business Today

## Purpose of Engaging in Overseas Business

- Acquire new income opportunities
- Decentralize the portfolio

### Business Strategy



### Mitsui Fudosan's Strengths in the U.S. Business

<b>Developer</b> Real estate connoisseur skills	×	<b>Institutional investor</b> Financing ability
<b>Approx. 50 years of experience in the U.S.</b> Creditworthiness	×	<b>Promotion of Localization</b> Network
<b>Partnership Strategy</b> Close relationships with major U.S. developers and local developers specialized in each area		
Recruitment that is conscious of the local business community		

### Portfolio



# Mitsui Fudosan DNA Alive and Well in the USA

## Business Model Evolution

Leasing revenue accumulation model

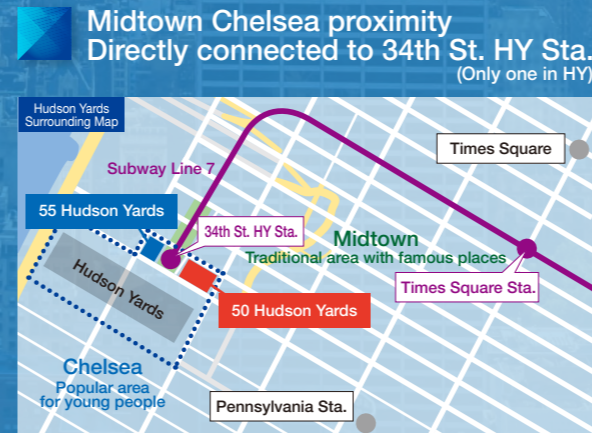
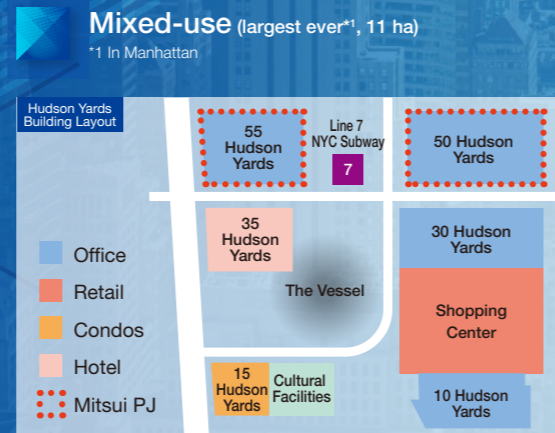
Hybrid model of leasing and property sales revenue

- Expand leasing revenue as the foundation of the overseas business following the completion of 50 Hudson Yards
- Actively capture new development projects in a market with remarkable growth
- Increase property sales with a focus on rental housing that has achieved stable occupancy, and rapidly realize income through development

### TOPICS

## 50 Hudson Yards completed

50 Hudson Yards completed in Manhattan, New York City. This is the second building in which we have participated (90% business share), following "55 Hudson Yards" (completed in 2018).



**Largest scale office\*2**  
New construction large floor plate  
\*2 In Manhattan

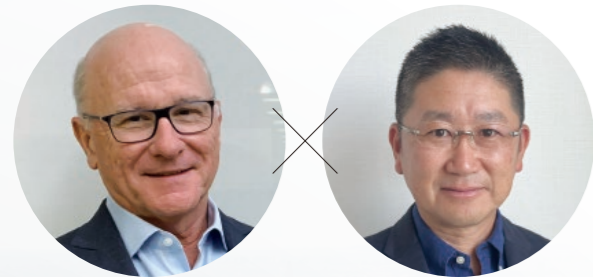
Building Name	50 Hudson Yards	55 Hudson Yards
Scale of the building	58 floors above ground and 3 floors below ground	51 floors above ground and 1 floor below ground
Total floor area	Approx. 269,000 m <sup>2</sup>	Approx. 117,600 m <sup>2</sup>
Standard floor area	Approx. 4,600-7,400 m <sup>2</sup> *3	Approx. 2,600 m <sup>2</sup>
Main use	Office	Office
Completion	June 2022	October 2018
Total project cost (¥145/\$)	Over ¥600 billion	Approx. ¥200 billion



\*3 Varies by floor

Conversation between  
the CEO and President  
of Mitsui Fudosan America

# The U.S. Market Today and Mitsui Fudosan's U.S. Presence



Mitsui Fudosan America, Inc. CEO

Mitsui Fudosan America, Inc. President

John Westerfield

Takeyoshi Sugimoto

## 1 History of Mitsui Fudosan America

**Takeyoshi:** The predecessor of Mitsui Fudosan America (MFA) was originally founded in 1973, which means we will welcome our 50th year in business in 2023. The major areas of business at the time of our founding included business park development, as well as in-use office building acquisition and management, among others. In 1986, we acquired 1251 Avenue of the Americas, where MFA's head offices are located today. And I see this move as a turning point that allowed MFA to grow to our current business scale.

**John:** Following our acquisition of 1251 Avenue of the Americas, MFA vigorously acquired office buildings in New York, Washington D.C., San Francisco, Los Angeles, and other cities throughout the 1990s and 2000s, during which time we also engaged in development projects in Los Angeles. Over the past decade, we have focused on developing office buildings and rental housing, and have more recently developed life science-related related properties.

## 2 Reading the Needs of Society and Entering New Markets

**John:** As I mentioned a few moments ago, the core of MFA's business activities has shifted from property acquisition to property development. And what we aim to achieve today are developments that help create communities and build neighborhoods. More recently we completed construction of several large-scale office buildings like 50 Hudson Yards and 55 Hudson Yards. And in addition to making investments in rental housing in the Sun Belt Area over the past few years, we have also entered new markets, such as life science facilities like Torrey View in San Diego, in response to growing demand for research and development facilities.

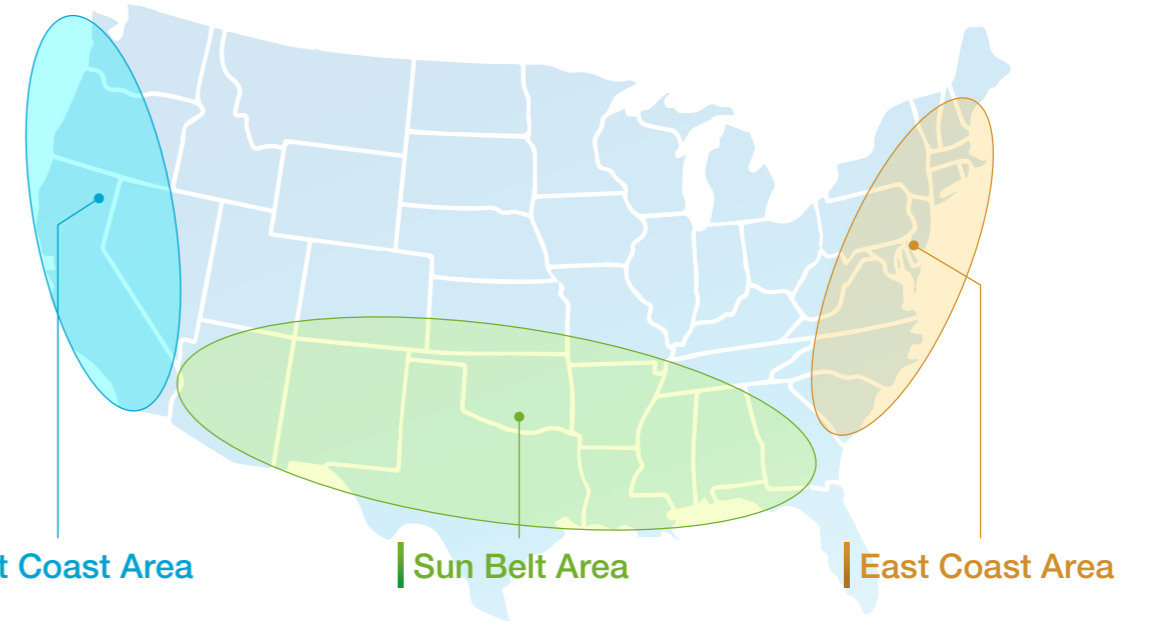
**Takeyoshi:** Unlike institutional investors, we are able to take risks involved in development, which can be broadly categorized into licensing approval, cost, and leasing. Mitsui Fudosan therefore possess an expansive abundance of experience in risk management accumulated through development projects in Japan. And I feel that our power of judgement regarding investment properties is also emerging as a strength on the U.S. market. Moreover, the growth potential of the U.S. economy has also arisen as a tailwind for our business. Specifically, the U.S. economy is anticipated to grow steadily against the backdrop of an increasing population and strong personal consumption. Although inflation remains at a high level and we intend to carefully ascertain how this will impact our business in the near term, nevertheless the U.S. economy is expected to maintain an annual potential growth rate of 2%–3%.

## 3 New Possibilities in the U.S. Market

**John:** The United States is definitely seeing continued growth in both population and the economy. At the same time, an accelerating population influx to the Sun Belt Area, the advancement of urbanization, expansion of knowledge-intensive and tech industries in major cities, and other recent trends will all also work to the benefit of our business. Moreover, the increase in demand for rental housing development due to housing shortages throughout the United States will also help to expand business opportunities for MFA.

**Takeyoshi:** As stated in VISION 2025, our long-term vision, the Mitsui Fudosan Group intends to further develop the overseas business over the future. And the goal of this policy is to increase income from the overseas business to a point where it accounts for 30% of total operating income by 2025. In order to ensure that MFA serves as the driving force for this growth, we intend to continue investing carefully, yet aggressively, for the purpose of contributing to the advancement of the Mitsui Fudosan Group.

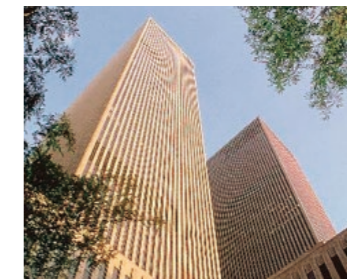
## Business deployment in the U.S. (office buildings and rental housing)



### East Coast Area

New York, Washington D.C., Boston, New Jersey, etc.

Asset class	Main properties
Office Buildings*	50•55 Hudson yards 1251 Avenue of the Americas
Rental Housing	Gallery 64 525 West 52nd Street



1251 Avenue of the Americas



Gallery 64

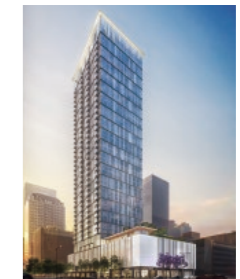
### West Coast Area

San Francisco, Los Angeles, San Diego, Seattle, etc.

Asset class	Main properties
Office Buildings*	270 Brannan Torrey View
Rental Housing	Figuroa Eight Vance



Torrey View



Figuroa Eight

### Sun Belt Area

Dallas, etc.

Asset class	Main properties
Rental Housing	Maple Terrace



Maple Terrace

\* Including lab & office