MITSUI FUDOSAN

# INTEGRATED REPORT 2023

# 三井不動産 統合報告書



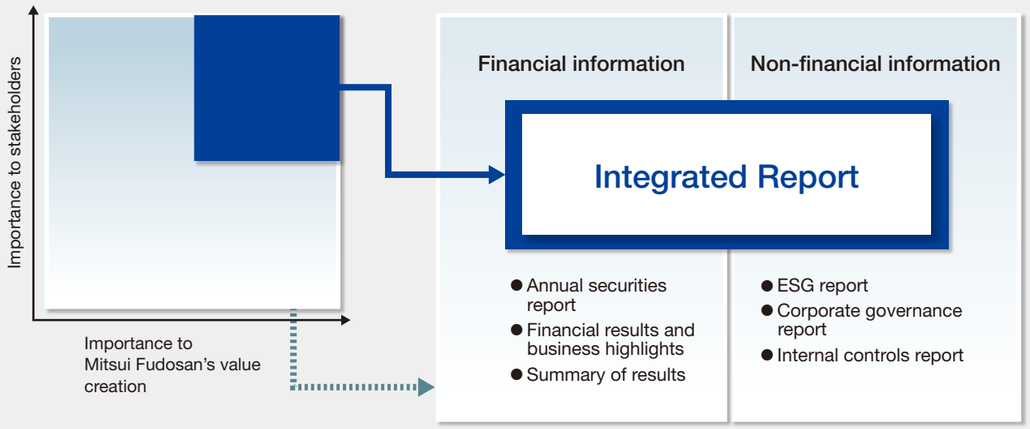
# Editorial Policy

For stakeholders, including shareholders and investors, to gain a correct understanding of the complete picture concerning the Mitsui Fudosan Group's management strategy and corporate activities, in addition to financial information such as financial results, review of operations and management strategies, it is also important to gain a systematic understanding of non-financial information relating to aspects such as society, the environment, human resources and governance. Based on this belief, our Integrated Report features enhanced and integrated non-financial information. In editing the report, we strived to incorporate the perspectives of all stakeholders by referring to the "International Integrated Reporting Framework," which was recommended by the IFRS Foundation, and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" advocated by Japan's Ministry of Economy, Trade, and Industry.

Moreover, the Group's activities have been selected and included in the report, based on their importance for stakeholders. For more information, please refer to the various other forms of communication given below.

Environment Social Governance
Guidance for Collaborative Value Creation

## Positioning of the Integrated Report




## About the Website

### Corporate Website

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




### Investor Relations

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




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

### ESG/Sustainability

https://www.mitsuifudosan.co.jp/english/esg_csr/




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

## Caution Concerning Forward-Looking Statements

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



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# Group Statement / Vision / Mission



## GROUP STATEMENT

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

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

## GROUP VISION

What we want to be

| | |
|---|---|
| **Philosophy** | Seeking to link diverse values, coexist in harmony with society and achieve a sustainable society, as symbolized by the Mitsui Fudosan "" logo, we will work to foster social and economic development as well as global environmental preservation.<br>Under "&EARTH" we will aim for a society that enriches both people and the planet. |
| **Evolution and value creation** | By bringing knowledge and experience together in diverse ways, we seek to advance the real estate business and create new value, both at home and abroad, proactively responding to global changes in social environments and market structures. |
| **A profitable and growing Mitsui Fudosan Group** | We seek to create a profitable and growing Mitsui Fudosan Group, acting honestly and fairly to realize the capabilities of the entire organization. |

## GROUP MISSION

What is expected of us

| | |
|---|---|
| **Provide business and lifestyle-related solutions and services** | • Maximize urban value creation by providing secure, safe and attractive urban spaces and soft services that bring enrichment and comfort to urban living.<br>• Provide variable and innovative solutions that stimulate the real estate investment market. |
| **Work in partnership with customers from a global perspective** | • Treat customers as the business foundation on which to progress and develop the Company.<br>• Propose and provide products and services by deploying the collaborative strength of the Group with a multidisciplinary approach that meets the real needs of customers.<br>• Work in partnership with customers to raise brand value by continuously providing services that are highly valued by them. |
| **Raise our corporate value** | • Raise corporate value through sustainable profit growth and continual innovation.<br>• Optimize the allocation and use of available resources and pursue efficient operations.<br>• Conduct operations while closely monitoring and managing business risks. |
| **Create a strong corporate group by building the capabilities of individuals** | • Seek to maintain a creative and pioneering spirit by integrating various skills and values.<br>• Cultivate and institutionalize the professional capabilities of individuals to raise our creative ability for value-added products and services.<br>• Maintain high awareness of ethical, disciplinary, and compliance issues, and act accordingly. |

50 Hudson Yards in Manhattan, New York (completed in June 2022)

# Mitsui Fudosan's DNA and the " " Logo Principles

1673



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)

Ingrained DNA




Nihonbashi today

2023

## Mitsui Fudosan's DNA

## "Spirit of Enterprise" and "Customer Orientation"

The roots of the Mitsui Fudosan Group can be traced back to Mitsui Echigo-ya Draper's Shop store (Echigo-ya), which was founded 350 years ago in 1673 by Takatoshi Mitsui in the Nihonbashi district of old Edo. Echigo-ya's business expanded rapidly because of a groundbreaking business philosophy of "cash only and fixed, low prices."

Originally, kimonos were worn by samurai and as luxury items were in any case completely beyond the means of the general populace. 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 were subject to interest and also ran the risk of unpaid bills. However, society was maturing, and even members of the general public were looking for better clothing.

Takatoshi chose to take a new approach. By selling ready-to-wear kimonos for cash at stores, he drastically rationalized production, distribution, and billing, while significantly reducing costs. With regard to fabrics, in addition to the conventional silk and linen, he used cotton cloth that was also produced in his hometown of Ise Matsusaka. He implemented innovations to better match the tastes of consumers in terms of price and quality. Kimonos became products that were within the reach of the general public, and the Echigo-ya business flourished.



Founder Takatoshi Mitsui
(Mitsui Bunko archives)
Note: Reproduction prohibited

Another key factor enabling the ready-to-wear business was what we would now refer to as marketing. Matsusaka is situated close to Ise Shrine. Takatoshi was able to learn about fashion trends from the clothes of people visiting Ise on pilgrimages. For example, he might observe that the number of people wearing cotton had recently increased, or gain insight into which patterns were considered fashionable in that year. Takatoshi made use of this kind of information in manufacturing merchandise.

It was entirely due to its "spirit of enterprise" and its "customer orientation" that Echigo-ya's business continued to expand thereafter, developing into Mitsui Gomei Kaisha. In 1941, Mitsui Gomei Kaisha's Real Estate Division, which managed the real estate held by the company, was spun off and became Mitsui Fudosan Co., Ltd. Echigo-ya's "spirit of enterprise" and "customer orientation" lives on in the Mitsui Fudosan Group's DNA.

## Connections with the " " Logo Principles

Based on the DNA of the "spirit of enterprise" and "customer orientation" handed down from Echigo-ya, the Mitsui Fudosan Group has, in step with the development of Japan's economy and society, created new value by innovating its business in ways that have met the demands of the times and the voices of its customers.

Examples of this genealogy include land reclamation projects to develop land for factory sites along bayside areas to strengthen the country's standing as an industrial and trading nation; construction of Japan's first skyscraper (the Kasumigaseki Building) through the adoption of advanced methods for the use of space to cope with the over-concentration of urban functions; and residential development as well as residential and residential distribution businesses that address the influx of population into urban areas and pursue affluence in living.

We are also working to help address social issues through neighborhood creation. These efforts have included the development of retail facilities and the hotel and resort business, which we entered in response to the growing demand for leisure. We also were industry leaders in real estate securitization following the bursting of the bubble economy in the 1990s. Today, we are working to realize smart cities by spurring digital transformation.

In this way, the Group has viewed paradigm shifts in society and the economy in every era as opportunities, and has been constantly creating new value by bringing together diverse knowledge and values. Rather than making "or" selections between conflicting values, this history of creating new value derives from staying true to our management vision of overcoming conflicts and coexisting in the spirit of "and" as well as with the principles behind the Group's " " logo.

> The Group regards its "spirit of enterprise" and "customer orientation" as DNA inherited from Echigo-ya. The Group will—as a company that has addressed customers' needs through the ages—strive to create further value in accordance with the principles embodied by its " " logo: to coexist in harmony with society, link diverse values and achieve a sustainable society.

# Value Creation Process

We have inherited the "spirit of enterprise" and "customer orientation" in our DNA, and in accordance with the principles embodied by the "&" logo—coexist in harmony with society, link diverse values and achieve a sustainable society—the Mitsui Fudosan Group views the paradigm shift of society and economy in every era as opportunities. Accordingly, we leverage our strengths of engagement in every asset class, an expansive value chain, and the development capabilities necessary for creating neighborhoods to solve social issues through neighborhood creation with the aim of achieving a sustainable society and driving sustainable profit growth.

## Management Resources P.9

### Extensive customer base
(as of the end of FY2022) PP.57-76

Office tenants: Approx. **3,000** companies

Retail tenants*2: Approx. **2,500** companies

Mitsui Housing Loop members*3: Approx. **320,000** etc.

*2 As of April 1, 2023 *3 As of the end of April 2023

### Diverse human resources
(as of the end of FY2022) P.83

Group headcount: **24,706**

Ratio of female employees*4: **42.9%**

Ratio of mid-career hires*5: **50.0%**

*4 Non-consolidated, as of April 1, 2023
*5 Non-consolidated, FY2022

### High-quality real estate asset stock
(as of the end of FY2022) P.21

Rental properties: Approx. **¥3.4 trillion**

Unrealized gain on real estate for rent: Approx. **¥3.2 trillion**

Real property for sale: Approx. **¥2.1 trillion**

### Solid financial position
(as of the end of FY2022) P.39

D/E ratio: **1.40 times**

Ratio of long-term debt (excl. non-recourse): **93.1%**

Unused commitment line: **¥400.0 billion**

## Solve social issues through neighborhood creation under the "&" logo principles*1 P.11

*1 Coexist in harmony with society, link diverse values and achieve a sustainable society


Before development The former Hibiya Mitsui Building


After development TOKYO MIDTOWN HIBIYA

### Our DNA P.5

- Spirit of enterprise
- Customer orientation

### Our Strengths

- Engaged in every asset class
  (Offices, retail, logistics, housing, hotels, etc.)
- Expansive value chain
  (Investment, development, management, leasing and sales)
- Development capabilities necessary for creating neighborhoods


Creating neighborhoods full of life


Support for diverse workstyles


Multi-site shared offices for corporate clients


E-commerce mall linked to real stores

### Material issues for value creation P.27 (established in VISION 2025, Group Long-Term Vision) P.25

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

### External Environment Recognition

- Population decline
- Low birthrates and an aging society
- Evolution of ICT
- Diversification and decentralization of values
- Increasing awareness of sustainability, among others

## What we want to be

[Group Statement]

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

P.3

## Establish a Sustainable Society

P.27 PP.41-44




## Drive Sustainable Profit Growth

P.28 P.39

Earnings and profit growth

Improvements in asset and capital efficiency

Shareholder return enhancements

# Value Creation Sources and Achievements

## Management Resources

Values without a noted time are as of the end of FY2022.

### Extensive customer base

PP.57–76

| Office tenants: | Retail tenants: |
|---|---|
| Approx. 3,000 companies | Approx. 2,500 companies (as of April 1, 2023) |
| **WORK STYLING members:** | **Mitsui Shopping Park point card members:** |
| Approx. 260,000 (as of the end of July 2023) | Approx. 13.5 million |
| **Mitsui Housing Loop members:** | **Mitsui Garden Hotel members:** |
| Approx. 320,000 (as of the end of April 2023) | Over 800,000 (as of the end of August 2023) |

### Full lineup of product brands

PP.57–76

Representative brands in each asset class

COLORFUL WORK MITSUI FUDOSAN
Operates over 100 office buildings, primarily in the Tokyo metropolitan area P.57

MFLP Mitsui Fudosan Logistics Park
Development and operation of over 60 logistics facilities in Japan and overseas P.63

三井のリパーク Mitsui Car Park Leasing
Operates car parks in over 16,000 locations across Japan (as of the end of January 2023) P.67

Mitsui Shopping Park LaLaport

MITSUI OUTLET PARK
Annual facility revenue of ¥1.4 trillion (FY2022) P.61

PARK CITY / PARK TOWER
Has achieved cumulative sales of approx. 240,000* condominiums P.67
* Before considering share of joint ventures

三井のリハウス Mitsui Rehouse
No. 1 in brokered deals for 37 consecutive years P.67

Mitsui Garden Hotels
Operates Company-owned hotels offering about 13,000 guest rooms in Japan and overseas P.69

### Diverse human resources

P.83

| Group headcount: | Ratio of women employees (non-consolidated): | Women in management positions ratio (non-consolidated): |
|---|---|---|
| 24,706 | 42.9% (as of April 1, 2023) | 7.7% (as of April 1, 2023) |
| **Women in general positions ratio (non-consolidated):** | **Ratio of mid-career hires (non-consolidated):** | **Ratio of employees returned from childcare leave (non-consolidated):** |
| 18.0% (as of April 1, 2023) | 50.0% | 100% (general positions) (as of the end of FY2022) |

### High-quality real estate asset stock

P.21

| Rental properties: | Unrealized gain on real estate for rent: | Real property for sale: |
|---|---|---|
| Approx. ¥3.4 trillion | Approx. ¥3.2 trillion | Approx. ¥2.1 trillion (For property sales to investors ¥1.4 trillion / For property sales to individuals ¥0.6 trillion) |

### Solid financial position

P.39

| D/E ratio: | Ratio of long-term debt: | Unused commitment line: |
|---|---|---|
| 1.40 times | 93.1% (excl. non-recourse) | ¥400.0 billion |

## Solving Social Issues through Neighborhood Creation

P.11


Creation of a New Urban Space during the Period of Rapid Economic Growth


An Initiative to Create a Multi-Generational Community


Tackling Regional Revitalization through Urban Waterfront Development


Enhancing Tokyo's Competitiveness as an International City


Creating Spaces Where People Can Enjoy a Rich and Fulfilling Time


Promoting Urban Revitalization through a Sound and Open New Real Estate Market

## Establish a Sustainable Society

### Promoting the Provision of Green Electricity to Mitsui Fudosan Properties

In cooperation with electric power companies, now we can provide green electricity in the three major metropolitan areas (as of the end of August 2023)

| Number of properties receiving green electricity | FY2030 cumulative planned capacity |
|---|---|
| Approx. 180 | Approx. 960 million kWh |

### Solar Power Generation Facility (Mega-Solar) Business

Ownership and operation of five solar power generation facilities (as of the end of August 2023)

| Annual power generation | Equivalent to the annual power needs of |
|---|---|
| Approx. 80 million kWh | Approx. 20,000 typical households* |

* Converted based on fiscal 2021 statistical data of Japan's Ministry of the Environment

### Ownership of About 5,000 Hectares of Forest in Hokkaido

(Usage in building materials, etc.)

Annual $CO_2$ absorption and fixation by forests

Approx. 21,315 t-$CO_2$/year

Note: This number is certified by the FORESTOCK Association as of January 1, 2023.

### Contribution to the realization of a decarbonized society not only by ourselves but also with tenants and owners




### Reduction of greenhouse gases through generation of green electricity



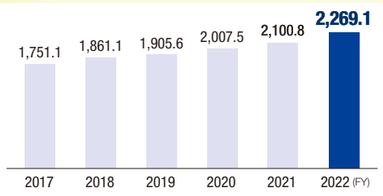
### Contribution to greenhouse gas reduction through maintenance of sustainable forests



## Drive Sustainable Profit Growth

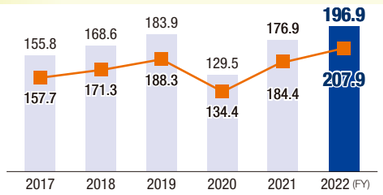
### Earnings Expansion

Revenue from operations (Billions of yen)



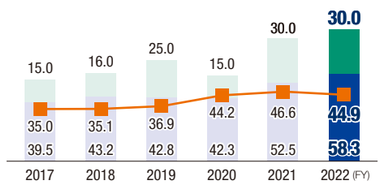

### Earnings per Share (EPS) and Profit Attributable to Owners of Parent

EPS (Yen)
Profit attributable to owners of parent (Billions of yen)




### Shareholder Return Enhancements

Total shareholder return ratio (%)
Total dividends (Billions of yen)
Total amount of treasury stock acquired (Billions of yen)



# Solving Social Issues through Neighborhood Creation

The Mitsui Fudosan Group has created new value by solving a broad array of social issues through neighborhood creation. Several examples are introduced below.

## Creation of a **New Urban Space** during the Period of Rapid Economic Growth

### Kasumigaseki Building

As a forerunner in making advanced use of urban space, we constructed Japan's first skyscraper, achieving effective use of land in a city center along with contribution to the community through the creation of open areas and green spaces.



## An Initiative to **Create a Multi-Generational Community**

### Suncity

By viewing a well-knit community of tenants and local residents as a new asset value and by creating a forest on the grounds of a condominium building, we achieved the formation of a multi-generational community connected by forest.



# Tackling **Regional Revitalization** through Urban Waterfront Development

## Okawabata River City 21

By redeveloping old factories, warehouses, and other assets into housing in the bay area of central Tokyo, which faces a shrinking residential population, we enhanced urban disaster readiness functions and achieved a population increase in the Bay area through providing new living spaces.















# Creating Spaces Where People Can Enjoy **a Rich and Fulfilling Time**

## LaLaport

In a mature consumer society, we created spaces where visitors can enjoy a rich and fulfilling time by providing retail facilities that serve as "places to prosper, eat, play, and gather."





# Promoting of **Urban Revitalization** through a Sound and Open New Real Estate Market

## Real Estate Securitization

We helped reenergize the real estate market, which had stalled following the burst of the bubble economy, by adding liquidity that combines real estate transactions with finance through the creation of a real estate investment trust market. We also supported urban revitalization efforts through increased development-type projects.





# Enhancing Tokyo's Competitiveness as an **International City**

## TOKYO MIDTOWN

By creating a brand-new type of mixed-use type neighborhood that closely integrates work, play, rest, and living, we sublimated a former Defense Agency site into our flagship site and enhanced the urban competitiveness of Tokyo through a concentration of diverse companies and an increase in visitors to the neighborhood.



# A History of Value Creation Unceasing Challenge in Our DNA

The Mitsui Fudosan Group's history can be seen as one that, in step with the development of Japan's economy and society, has created new value by innovating its business in ways that meet the demands of the times and the voices of customers.

| Business Direction | 1941 (Founding) – | 1970 – | 1980 – | 1990 – | 2000 – | 2010 – |
|---|---|---|---|---|---|---|
| | Business foundation established during a period of rapid economic growth | Moved to diversify management to achieve stable growth | Leveraged the Group's comprehensive strengths to realize "affluent lifestyles" | Rebuilt business during the period of deflation following the collapse of Japan's economic bubble | Asset deflation convergence and advancing neighborhood creation | Advanced mixed-use neighborhood creation amid market maturity |

## Creation of new value

### Late 1950s –
**Contributed to infrastructure development in the Tokyo metropolitan area**

**Transformed sea into land**

Keiyo Rinkai reclamation project



### 1968
**Japan's first skyscraper**

**Pioneered Japan's skyscraper era**

Kasumigaseki Building



### 1981
**A forerunner in shopping centers**

**Created new lifestyles**

LaLaport TOKYO-BAY



### 1993
**A forerunner in Tokyo Bay area tower condominium buildings**

**Resolved housing issues in the city center**

Okawabata River City 21, West Block



### 1995
**Japan's first genuine outlet mall**

**Created a new consumption style**

MITSUI OUTLET PARK OSAKA TSURUMI



### 2001
**Japan's first corporation listed on the J-REIT**

**Created new businesses in the real estate industry**

Nippon Building Fund Inc.



## Expansion of asset classes

**Office Buildings**

- **1929** Construction of Mitsui Main Building completed
- **1968** Construction of Kasumigaseki Building completed

**Housing**

- **1968** Construction of Yurigaoka Garden Mansion completed
- **1971** Construction of Mita Tsunamachi Park Mansion completed
- **1993** Construction of the entire Okawabata River City 21, West Block completed

**Retail Facilities**

- **1981** LaLaport TOKYO-BAY opens for business
- **1995** MITSUI OUTLET PARK OSAKA TSURUMI opens for business

**Hotels and Resorts**

- **1984** Mitsui Garden Hotel Osaka Yodoyabashi opens for business

### Leveraging Our Strengths to Create Mixed-Use Neighborhoods Fusing an Array of Functions



2004 –
Nihonbashi Revitalization Plan begins



2007
TOKYO MIDTOWN opens for business



2014
Kashiwa-no-ha Smart City opens for business



2018
TOKYO MIDTOWN HIBIYA opens for business



2023
TOKYO MIDTOWN YAESU opens for business

**Logistics Facilities**

- **2014** Construction of Mitsui Fudosan Logistics Park Yashio completed

## Expansion of overseas business areas

**North America**

- **1973** Mitsui Fudosan (USA) established
- **1984** HALEKULANI (Hawaii) opens for business
- **1986** Acquisition of 1251 Avenue of the Americas (New York)
- **2013** San Francisco Branch established

**Europe**

- **1990** Mitsui Fudosan (U.K.) Ltd. established



Hudson Yards



Television Centre

**Asia**

- **1972** TID Pte Ltd., a joint venture with Hong Leong Group in Singapore, established
- **2005** Shanghai Representative Office in China established
- **2013** Participation in housing business in Southeast Asia
- **2016** MITSUI OUTLET PARK Linkou opens for business in Taiwan
- **2020** Construction of RMZ Ecoworld 30 started in India

# Diverse Asset Classes and Global Expansion

As a Group of leading comprehensive real estate companies in Japan, the Mitsui Fudosan Group is developing a real estate business based on diverse asset classes.
Overseas, we are also expanding our business through the careful selection of asset classes matched to circumstances of the economies, cities, and other factors in the areas into which we expand.

Expansion of asset classes

## Diverse Asset Classes

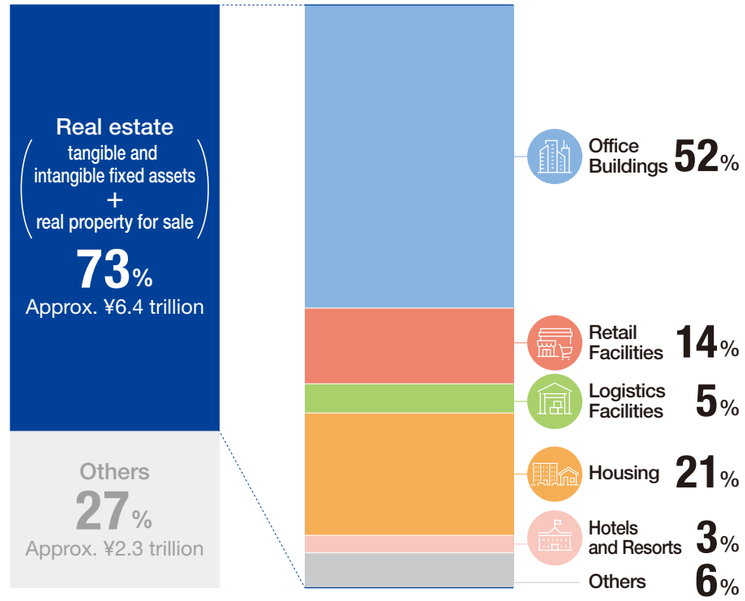
● Major Asset Classes and Their Percentages

| | Key data*1 | Sources of revenue | Main brands |
|---|---|---|---|
| Office Buildings | Leased Floor Space*2: Approx. 3,451,000m² / Number of Tenant Companies: Approx. 3,000 | ● Leasing revenue from tenants<br>● Income from property sales to REITs | &WORK STYLING, COLORFUL WORK, MITSUI LINK-Lab |
| Retail Facilities | Leased Floor Space*2: Approx. 2,524,000m² / Number of Tenant Companies: Approx. 2,500 (as of April 1, 2023) | ● Leasing revenue from tenants<br>● Income from property sales to REITs | Mitsui Shopping Park LaLaport, MITSUI OUTLET PARK, Mitsui Shopping Park Urban, &mall |
| Logistics Facilities | Total Number of Facilities*3: 64 (as of the end of August 2023) / Total Floor Space: Approx. 5,300,000m² (as of the end of August 2023) | ● Leasing revenue from tenants<br>● Income from property sales to REITs | MFLP Mitsui Fudosan Logistics Park |
| Housing | Number of Condominium Units Delivered: 3,196 / Number of Detached Houses Delivered: 420 / Number of Brokered Sales*4: 39,106 | ● Income from property sales to individuals/REITs<br>● Leasing revenue<br>● Broker commissions<br>● Management fees | PARK HOMES, PARK AXIS, MITSUI HOME, 三井のリハウス Mitsui Rehouse |
| Hotels and Resorts | Facilities Directly Operated by the Company: 53 / Approx. 13,300 rooms (as of the end of August 2023) | ● Accommodation fees | Mitsui Garden Hotels, Halekulani |

*1 Values without a noted time are as of the end of FY2022. *2 Includes subleased floor space.
*3 Includes existing facilities and facilities under development. *4 Number of Mitsui Fudosan Realty Group brokered sales prior to eliminations.

### Mitsui Fudosan Group Total Assets

Approx. ¥8.8 trillion
(as of the end of FY2022)

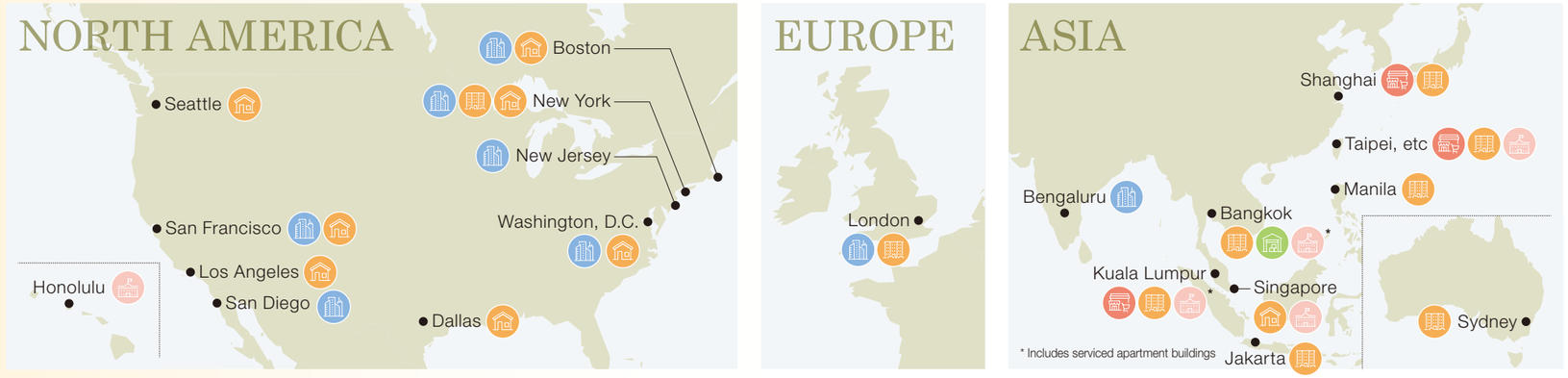



Expansion of overseas business areas

## Our Globally Expanding Assets

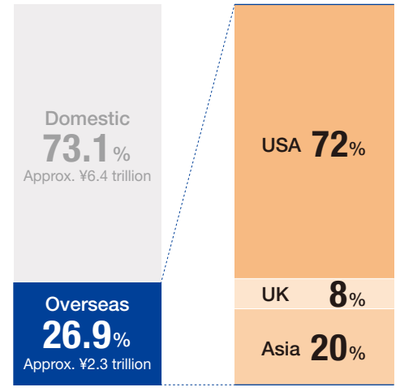
●The Company's Assets in Overseas Areas and Assets by Area

Office Buildings | Retail Facilities | Logistics Facilities | Condominiums | Rental Housing | Hotels and Resorts




### Mitsui Fudosan Group Total Assets

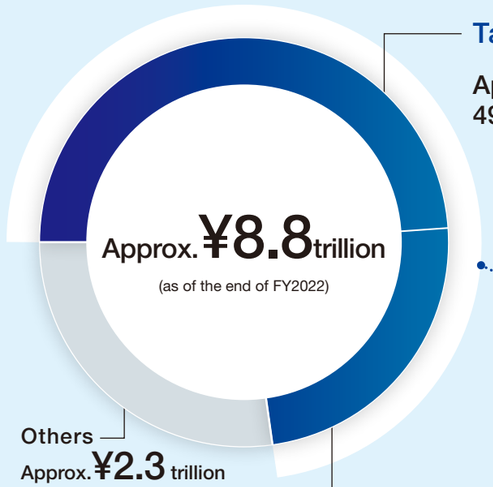
Approx. ¥8.8 trillion
(as of the end of FY2022)



# Business Model for Realizing Sustainable Growth

**Maximize Profits through an Optimal and Flexible Combination of Real Estate "Holding & Leasing," "Development & Sales," and "Management"**

## Mitsui Fudosan Group




**Tangible and intangible fixed assets**
Approx. ¥4.2 trillion
49%

**Others**
Approx. ¥2.3 trillion
27%

**Real property for sale**
Approx. ¥2.1 trillion
24%

Development and Sales Business

Property Sales

Sales Revenue

CashFlow

Holding and Leasing Business

Management Business

Leasing

Leasing Revenue

Mitsui Fudosan Group Total Assets Approx. ¥8.8 trillion

## Investors/Property Owners

Investors

Management Operation Brokerage, etc.

Commissions

Property Owners

- NBF Nippon Building Fund
- Nippon Accommodations Fund
- Frontier Real Estate Investment Corporation
- MFLP Mitsui Fudosan Logistics Park, Inc.
- MITSUI FUDOSAN INVESTMENT ADVISORS,INC. (Structures and manages private funds)
- MFPR Mitsui Fudosan Private REIT Inc.

Assets Under Management (AUM) Approx. ¥4.7 trillion

## Tenants

Tenants

Office tenants: Approx. 3,000 companies

Retail tenants: Approx. 2,500 companies
(as of April 1, 2023)

Note: Values without a noted time are as of the end of FY2022.

# Expanding Our Corporate Value

**This Integrated Report outlines the Mitsui Fudosan Group's efforts to expand its corporate value.**

## Expanding the Corporate Value of the Mitsui Fudosan Group

Group Statement/Vision/Mission (P.3)

Message from the CEO (P.29)

Long-Term Vision: VISION 2025 (P.25)

## Value Creation Based on Social Value and Economic Value

Value Creation Process (P.7)  Value Creation Sources and Achievements (P.9)

**Mitsui Fudosan's neighborhood creation approach**

Putting people first

Getting better with age

### Social Value

Solving Social Issues through Neighborhood Creation (P.11)

Strategies toward the Realization of a Decarbonized Society (P.41)

Main Environmental Initiatives (P.77)

Main Social Initiatives (P.83)

### Economic Value

Message from the CFO (P.30)

Business Model for Realizing Sustainable Growth (P.21)

Business Report (P.55)

Development and Sales Business

CashFlow

Holding and Leasing Business

Management Business

## Reducing Capital Costs

### Initiatives for Sustainable Growth

Strategies toward the Realization of a Decarbonized Society (P.41)

Main Environmental Initiatives (P.77)

Corporate Governance (P.95)

Risk Management (P.114)

Compliance (P.115)

Investor Relations Activities (P.129)



## Improving Growth Potential

### Initiatives for Further Growth

Diverse Asset Classes and Global Expansion (P.19)

Business Report (P.55)

Human Resource Strategies (P.43)

Main Social Initiatives (P.83)

Digital Transformation Strategy (P.45)

DX Promotion Initiatives (P.93)



# 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**

| Awareness of the External Environment | Risks | Opportunities |
|---|---|---|
| ● Population decline in Japan, low birthrates and an aging society<br>● The advance of globalization<br>● Evolving technology<br>● Diversification and fragmentation in perceptions of value<br>● Greater awareness of sustainability | ● Decrease in demand and labor shortages due to population decline<br>● Shrinking of existing businesses due to digital disruption<br>● Increased costs incurred by response to environmental considerations, etc. | ● Market creation through the manifestation of potential demand<br>● Rise in demand due to increase in inbound customers<br>● Increase in overseas business opportunities<br>● Diverse workforce due to diversity promotion |

## Basic Strategies

### Customer-centered management

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

Achieve Society 5.0
Contribute to the SDGs

Pursue common social value

Establish a sustainable society
Drive sustainable profit growth

### Business innovation

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

### Evolution of Group management

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

## 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 get better with age and develop smart cities that serve as platforms for ultra-smart societies.

### Innovate business models by harnessing real estate tech P.93

- 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.73

- 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.43

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

#### Organization,systems and governance P.95

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

#### Asset and financial strategy P.33 P.39

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

## Outlook

### Realize sustainable growth in profits by around 2025

**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 |
|---|---|
| **Reduce environmental impact and generate energy** P.77<br>● Contribute to achieving a decarbonized society by reducing energy usage and greenhouse gas emissions<br>● Transition to renewable energy for electricity used in business operations<br>● Build rich natural environments that get better with age | |
| **Create new industries through open innovation** P.31 P.48<br>● Form worldwide industrial clusters to pool various resources and drive innovation<br>● Constantly create new value from the customer's perspective through broad-based relations and collaborations | |
| **Establish ultra-smart societies by creating neighborhoods** P.93<br>● Leverage technologies to solve individuals' and neighborhoods' problems by building communities and places for people to gather and support one another<br>● As a country facing issues earlier than others, build neighborhoods that will serve as international problem-solving models | |
| **Achieve health, safety and security in people's daily lives** PP.57–76<br>● Develop and operate resilient, safe, and secure facilities that protect people from threats such as disasters and infectious diseases | |
| **Achieve a society where a diverse workforce can thrive** P.83<br>● Establish a foundation for everyone to live the life they choose, regardless of individual circumstances<br>● Provide products and services that expand people's potential and foster expectations and hope for the future<br>● Promote good mental and physical health and provide products and services to make active, happy lives possible | |
| **Continuously improve compliance and governance** P.95 P.115<br>● Build a well-structured compliance system to win further trust from society<br>● 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.41 P.43

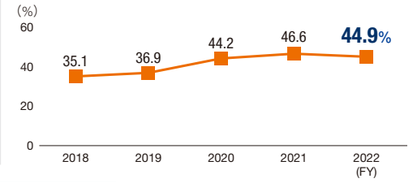
| Greenhouse gas emissions | Share of renewables in power used for business activities | Female manager ratio (Mitsui Fudosan Co., Ltd. non-consolidated) |
|---|---|---|
| Achieve by FY2050<br>**Net Zero** | By FY2050<br>**100%** | By 2030<br>**20%** |

# 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**

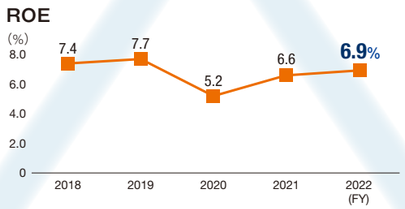
Total shareholder return ratio




**Shareholder Return Enhancements**

## Continuously Enhance Corporate Value, Increase Shareholder Value

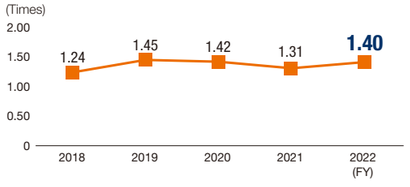
ROE




**Financial Soundness**

Ensuring an appropriate D/E ratio level

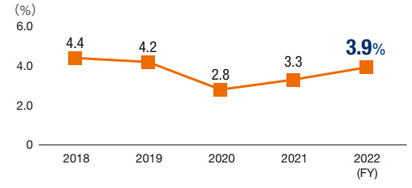
D/E ratio




**Investment for Growth and Building of Quality-Based Asset Portfolio**

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

ROA




# 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

## Pioneering a New Mitsui Fudosan

**As a platformer, we will help improve industrial competitiveness and create new industries by stimulating new demand through our pursuit of neighborhood creation.**



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

## Introduction

Since assuming the position of President and Chief Executive Officer on April 1, 2023, I have girded myself against the gravity of the Group's mission and weight of my responsibilities. At the same time, I am determined to help build a new future going forward in concert with all stakeholders who support the Mitsui Fudosan Group.

To begin, I would like to provide a brief overview of my career. Over an employment track record of roughly four decades, my work at the Company's head office in Nihonbashi began in 2009, just on a dozen or so years ago. Prior to this, I worked in a number of branch offices and was seconded to various Group companies. As such, I have had the opportunity to observe Mitsui Fudosan as a corporate Group from an outside perspective over an extended period.

My first assignment after joining the Company was to the Yokohama Branch which was comprised on only four employees. Thereafter, Japan experienced the bursting of its economic bubble and I spent the next six-plus years engaged in the disposal of non-performing loans at Mitsui Fudosan Finance Co., Ltd. This period was much like chewing sand and my memories are of an extremely harsh time.

With the dawn of real estate securitization, I then spent more than 10 years working at Mitsui Fudosan Investment Advisors, Inc. from 1999. My work over this period included setting up private funds in preparation for the establishment of Nippon Building Fund Inc. (NBF), Japan's first publicly listed real estate investment trust (J-REIT). As a part of the Group's efforts to engage in non-asset business activities, I was later involved in asset management operations. This entailed raising funds from investors. In specific terms, I participated in the winning bid for the Tokyo Midtown project. While maintaining my position as a real estate developer, I have found these experiences and the opportunity to gain an insight into the perspectives and mindsets of institutional investors to be illuminating. With this, I believe that I have played a part in promoting the Company's holding & leasing, development & sales, and management as well as joint value creation with investors business models.

Following the collapse of Lehman Brothers, I spent the next 14 years from 2009 in the Office Building Division. Here, I consistently took steps to capture business opportunities, engaged in new office planning, and participated in workstyle projects. I also worked to advance mixed-use developments in central Tokyo, including Hibiya, Nihonbashi, Otemachi, and Yaesu. Over the ensuing period, I was involved in the launch of the WORK STYLING business as well as the Nihonbashi Life Science Initiative. These endeavors are geared toward strengthening international competitiveness through the creation of neighborhoods and creating business platforms to stimulate new demand.

Looking back, I am convinced that the past 14 years have epitomized Mitsui Fudosan's neighborhood creation approach of getting better with age and putting people first.

## My Mission as President

### Passing on Mitsui Fudosan's DNA to the Next Generation

Shifts in the Group's operating conditions, including recent changes in the natural and social environments as well as the growing diversification of people's values are progressing at an astonishing rate on a global scale. Given this era of expanding uncertainty, I recognize the need to clearly identify my mission as President going forward. In light of the irreversible changes that continue to take place across the globe, my role is more than simply drawing a road map for the next era. Looking well beyond the boundaries of the conventional real estate business, I believe my mission is to decipher and understand the needs of people and companies and to help steer Mitsui Fudosan's transition into a company that creates new demand.

Throughout its history, the Mitsui Fudosan Group has consistently opened up new value and innovated its business by listening the needs of the times and voices of its customers while bringing together diverse knowledge and senses of value as the Japanese economy and society dedeveloped (see page 17).

Drawing on a track record of constant evolution, Mitsui Fudosan's customer orientation that sincerely addresses customers' needs and spirit of enterprise that boldly tackles value creation and innovation are integral to the Company's DNA, which continues to be inculcated into each and every employee and remains firmly entrenched through the Group today.

The world currently stands at a major turning point. From a period of COVID-19 recovery, we are transitioning to a period of change. While the rules of thumb that have been helpful in the past may no longer apply in times like these, the timing of each impending change may conversely serve as an opportunity. Against this backdrop, I am convinced that now is the time for us to evolve into a new Mitsui Fudosan by fully demonstrating our DNA and taking the initiative to secure the next stage of growth.

**Mitsui Fudosan's DNA: "spirit of enterprise" and "customer orientation"**

**Late 1950s –**
Contributed to infrastructure development in the Tokyo metropolitan area



**1968**
Japan's first skyscraper



**1981**
A forerunner in shopping centers



**1993**
A forerunner in Tokyo Bay area tower condominium buildings



**1995**
Japan's first genuine outlet mall



**2001**
Japan's first corporation listed on the J-REIT



## Becoming a Platformer That Supports Japan's Industry and Creates New Demand

During my time at Mitsui Fudosan Finance, Japan saw its economic bubble burst. At that time, I was deeply concerned that Japan would fall by the wayside compared with the rest of the world. Later, while seconded to Mitsui Fudosan Investment Advisors, I worked with others to bring the securitization of real estate to the domestic market. I still remember the passion and drive I held to somehow raise Japan's standing in the world.

Looking back, I would think about Japan's position in the world each and every working day.

Currently, there are concerns that Japan's growth has stalled and that its international competitiveness has deteriorated compared with other developed countries. My thoughts and aspirations therefore spring from the desire to help improve Japan's industrial competitiveness and growth while enriching the lives and lifestyles of its working populace.

When serving as General Manager of the Office Building Division, I was busily engaged in leasing activities. This included 200,000 tsubo of office space at several new large-scale buildings in Nihonbashi, Hibiya, and Otemachi, a first for the Company, in 2020, around the same time the Tokyo Olympics were originally scheduled. As a result of these endeavors, I came to the conclusion that our interests would be better served by finding ways to increase the size of the pie rather than compete for a portion of the small pie that exists today.

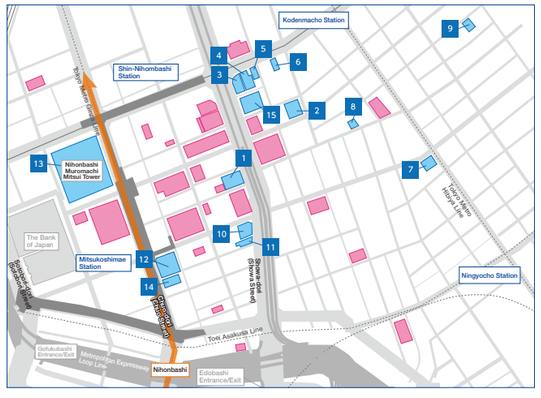
Accordingly, I have worked to link these experiences to mixed-use neighborhood creation and life science initiatives in Nihonbashi.

The Nihonbashi Life Science Hub initiative is a symbolic example of how the Mitsui Fudosan Group supports the life sciences industry in Japan, stimulates demand, and creates social value while increasing economic value by providing a platform for neighborhood creation from both the tangible and intangible perspectives.

In the first instance, Nihonbashi has consistently been positioned as an urban development initiative that allows the Mitsui Fudosan Group to spearhead efforts to create various functions, including offices, retail facilities, hotels, and halls, while also promoting efforts to revitalize the area with local residents. On another front, Nihonbashi has been a hub for drug discovery since the Edo period and home to many pharmaceutical-related companies.

Recognizing the growing importance of global-scale life science initiatives in the coming years, Mitsui Fudosan and interested members in academia established Life Science Innovation Network Japan, Inc. (LINK-J) with the aim of contributing to the solution of issues related to the health and longevity of people around the world, in 2016. LINK-J is charged with the tasks of building communities and developing sites as a part of efforts to put in place a life science ecosystem in Nihonbashi, and to roll out activities that help create new industries and transform Nihonbashi into a sacred place for life science. Today, LINK-J is comprised of 652 member organizations, and arranged a total of 834 events in 2022 that attracted over 200,000 attendees. Mitsui Fudosan has established a network of approximately 15 life science buildings in Nihonbashi occupied by 167 corporate tenants.

### Nihonbashi: A hub for drug discovery and home to many pharmaceutical-related companies




Mitsui Fudosan LINK-J Base (life science building)

Japan Pharmaceutical Manufacturers Association and Pharmaceutical Industry Association

### Life Science Creation of New Industries and Developing Life Science Centers

**Life science–related general incorporated association**

LINK-J
Life Science Innovation Network Japan

| | |
|---|---|
| Number of members | Approx. 652*1 |
| Number of events per year | 834 times*2 |
| Annual event participation (estimated) | More than 200,000*2 |

**Developing sites**

Life Science Building

| | |
|---|---|
| Number of life science buildings (Nihonbashi area) | Approx. 15 buildings*1 |
| Number of the life science–related Company tenants (Tokyo and Osaka areas) | Approx. 167 organizations*1 |

*1 As of February 2023 *2 Actual results for 2022

Moreover, a number of entities from outside the life science field, including WOVEN by Toyota and the Boston Consulting Group, have endorsed and sympathized with the Group's activities and endeavors and have moved to Nihonbashi as tenants. Urban diversification has led to the diversification of tenants, and Nihonbashi has now grown into one of the top rent-earning districts in Tokyo.

Currently, Mitsui Fudosan is collaborating with the Japan Aerospace Exploration Agency and initiating steps to transform Nihonbashi into a world-class mecca for the aerospace sector with the aim of creating the next industry. To this end, we are looking to extend Nihonbashi, which served as the starting point for Japan's five major roads in the Edo period to a sixth roadway to space.

Advances in space development have had an impact on the creation of industries in fields as diverse as mobility, green tech, robotics, data science, and life science, and the size of related businesses and markets continues to grow. Nihonbashi is already home to more than 30 space-related players from industry, government, and academia. This has in turn created a space-related ecosystem that gathers the latest knowledge and information.

Moving forward, we want to remain the developer of choice and a partner with a close affinity to people and companies. I would like to go beyond the conventional framework of a real estate developer and become an industrial developer platform through the creation of neighborhoods. My goal is to pioneer a new Mitsui Fudosan by positively engaging with various industries, gaining many insights and seeds of innovation, and creating new businesses and demand.

### cross U, a general incorporated association, established for the space business

cross U

| Providing spaces and creating opportunities | Example of a member and tenant company |
|---|---|
| X-NIHONBASHI | JAXA, SpaceBD |

cross U (general incorporated association):
Co-creation platform established with the Company at its core with the aim of expanding the space business

## Mitsui Fudosan's Competitive Advantage and Pending Issues

Moving on, I would like to elaborate on the Group's competitive advantage in creating neighborhoods and the challenges that we are likely to face in the future.

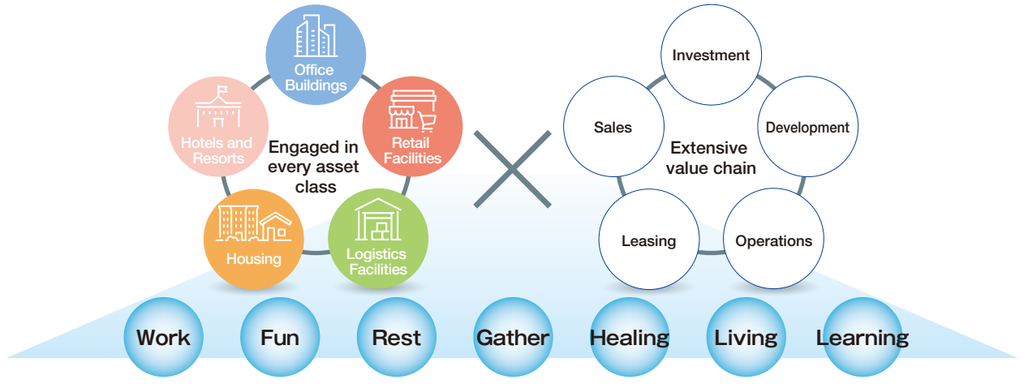
### Comprehensive Strengths

As a company, Mitsui Fudosan must possess the ability to put forward a broad range of proposals that present every possibility and option to meet the diversifying needs of customers. In this context, the Group is a single corporate entity that handles all types of assets while generating diverse earnings through leasing, sales, and management activities. As a result, we are one of the few companies in the world that can promote mixed-use urban development, drawing on a unique set of comprehensive capabilities. The strength of these collective capabilities equates to breadth in the choices we can offer to customers, and allows is to provide the highest added value.

Conversely, these comprehensive strengths also give rise to a host of inherent issues. The complexity of the Group's business, for example, makes it difficult to see risks from the outside. As such, there is the tendency for the markets to value the Group's assets at a conglomerate discount. Having said this, the very fact that we possess all types of assets and various ways to generate earnings provides us with the comprehensive strengths to demonstrate our tolerance to risk and resilience against abrupt changes in the external environment and markets.

It is important for the Group to eliminate information asymmetries so that investors do not factor in excessive risk and understand the strengths of the Group's comprehensive capabilities. In this sense, the Group's comprehensive strengths step beyond conventional boundaries becoming internal and external collaboration that encompasses product divisions and the Group. Moving forward, we will engage in sound and continuous dialogue with the capital markets so that all concerned can understand how the Group is connected to the evolution of the real estate industry.

### Engaged in every asset class Extensive value chain Development capabilities necessary for creating neighborhoods



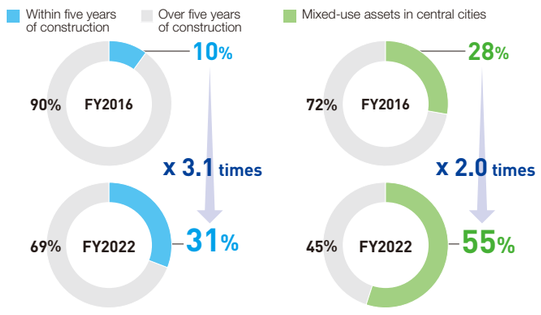
## Asset Portfolio and Customer Base Strengths

The COVID-19 pandemic that began in 2020 significantly altered the way in which people work. As a result, remote work and telecommuting became widespread throughout the world. At the same time, the significance and importance of office space was again reaffirmed, with favorably located, high-specification, multifunctional properties that contribute to increasing productivity, securing human resources, and promoting corporate branding becoming relatively popular. Taking into consideration these prevailing conditions, I anticipate seeing more winners and losers in cities and among office buildings.

The pie charts and data that follow outline the percentage of properties within five years of construction and the percentage of mixed-use properties in our asset portfolio. The Mitsui Fudosan Group has undertaken a succession of redevelopment projects in central Tokyo and New York, beginning with TOKYO MIDTOWN HIBIYA in 2018, as well as the replacement of assets. Compared with the past, the Group's asset portfolio has undergone a rejuvenation and the percentage of favorably located, high-specification, and multifunctional mixed-use assets is increasing.

### Rejuvenation of the portfolio and an increase in mixed-use assets in central cities

**Newly built properties**
(within five years of construction)




**Mixed-use assets in central cities***




* TOKYO MIDTOWN series, COREDO series, 50 Hudson Yards, 55 Hudson Yards, and five other large-scale properties

In addition, the Mitsui Fudosan Group is strengthening long-term relationships with tenants by providing a host of proprietary, intangible services. These services include the WORK STYLING shared office initiative, the provision of green power to the private areas of tenants, the &well service that contributes to companies' health and productivity management, and &BIZ consulting, a comprehensive service that in addition to providing office space offers new workstyle proposals.

### Full range of intangible services

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

**Green Power Supply Services**
Provision of green power to the private areas of tenants

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

**&BIZ consulting** MITSUI FUDOSAN
Support for work style and workplace innovation

In similar fashion to Nihonbashi, which as previously mentioned we have positioned as a center for life science, we are pushing forward unique proposals, including the development of ecosystems that lead to the creation of new businesses and demand by bringing together companies and academia through the provision of places and communities.

### Providing Places and Communities



LINK-J networking event

The value of real (brick and mortar) assets is being increasingly reaffirmed as the effects of the pandemic have continued to subside. Recognizing the need for cities to exhibit a variety of attributes, we are creating cities that people want to visit through the integration of work and life and the provision of various features based on our proprietary tangible and intangible strategies. From the very fact that our offices are located in these cities, I believe that we are creating offices that people will want to work in and spaces that corporate leaders will choose as a relocation destination.

Armed with its comprehensive real estate capabilities, Mitsui Fudosan also boasts a customer network cultivated through more than 80 years of business activities. This network is not limited to the corporate sector, but is wide-ranging. Mitsui Fudosan's customer network transcends industrial boundaries and encompasses academia as well as the agricultural, medical, and other domains. Moreover, relationships extend beyond those of landlords and tenants to include joint venture partners as required. In this regard, there are instances where we engage in joint research in a bid to give back to society. This in turn results in deep and robust relationships.

In this manner, the depth of the Group's asset portfolio and the strength of its customer base have been built up over a long history. This is not something that can be imitated by other companies and provides us with competitive advantages in the medium to long term.

The Mitsui Fudosan Group has always maintained an artisan-like corporate culture, confident that steady and painstaking efforts to provide high-quality products will be well received and highly appreciated. The Group has, however, failed to sufficiently showcase its appeal to the outside world and to highlight its differences from other companies and defining features. To work in concert with the capital markets, we recognize the need to externally communicate our strengths in a clear and quantitative manner. As President, I see this as one of my key responsibilities. Looking ahead, I welcome your expectations toward in the Mitsui Fudosan Group.

# Mitsui Fudosan's Neighborhood Creation

## Mitsui Fudosan's Neighborhood Creation Approach

Putting people first and getting better with age underpin the Mitsui Fudosan Group's efforts to create neighborhoods.

Our goals are to provide a neighborhood platform, build communities, and develop sites where various people and businesses gather. In creating ecosystems, the Group is working to stimulate innovation while creating new industries and values. As we achieve these goals, we expect new demand and needs to emerge, buildings and services to evolve, and neighborhoods to become more attractive, attracting even more people and businesses with the passage of time. This virtuous cycle will lead to the growth of industries and businesses, increase the competitiveness of cities, and promote economic development. I believe that this kind of value creation is the raison d'être and social mission of developers.

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

**Mitsui Fudosan's neighborhood creation 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




## Achieving Sustainability through the Creation of Neighborhoods

As a corporate citizen living on this planet, it is vital that we view environmental issues as our own while adopting a management approach that ensures that all stakeholders get better with age in the future.

Long before the terms sustainability and ESG became commonplace, the Mitsui Fudosan Group incorporated each aspect into its "" logo principles. The idea is not to choose between conflicting concepts by focusing on "or," but rather to pursue the qualities of compatibility and coexistence inherent in "." Based on the "" logo principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society, we are promoting efforts to coexist with the global environment and enhance the sustainability of society through the creation of neighborhoods.

Responding to climate change, which is progressing on a global scale, is an especially important social obligation of the Group as a builder and developer of social infrastructure. We have been actively pursuing the Group Action Plan to Realize a Decarbonized Society. Among a host of initiatives, we have endorsed the agenda of the Task Force on Climate-related Financial Disclosures (TCFD), joined the international initiative RE100, acquired the international Science Based Targets (SBT) initiative certification, and were selected for the Climate Change A List by the CDP for the second consecutive year. Moreover, we formulated the Mitsui Fudosan Group Biodiversity Policy, which includes our existing initiatives and vision for the future, in a bid to address growing requests for the disclosure of information on biodiversity initiatives (see page 79). Mitsui Fudosan has joined the 30by30 Alliance, which aims to effectively conserve at least 30% of the Earth's land and oceans by 2030 as a sound ecosystem, and is also involved in protecting natural forests with consideration toward biodiversity in the roughly 5,000 hectares of forest it owns in Hokkaido, and sustainable forestry. Additionally, in the Jingu Gaien redevelopment, plans are in place to preserve four rows of ginkgo trees and undertake diverse tree planting. In the future, we intend to increase the number of trees taller than three meters at the site from 1,904 to 1,998 trees, which will increase the ratio of greenery from the current level of approximately 25% to approximately 30%. Through these means, we will work on green circulation over the next 100 years.

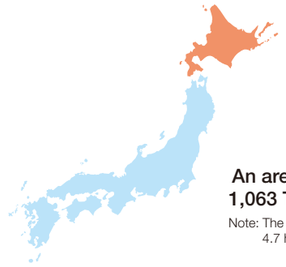
Meanwhile, the challenge and need to combat climate change continues to mount. Approximately 90% of the Group's greenhouse gas emissions are Scope 3 emissions. With this in mind, achieving net-zero $CO_2$ emissions by 2050 will require efforts not only by the Group, but also by the entire supply chain. Should the supply chain view this challenge as someone else's problem nothing will be achieved. We are now at a turning point that will determine the future of the planet 100 years from now. Our commitment, as a corporate sector, and management's will to take the initiative are being put to the test.

As far as supply chain downstream efforts to reduce $CO_2$ emissions are concerned, including those for tenants and homebuyers, steady steps are under way to improve the environmental performance of energy-efficient equipment in new and existing properties. We have already concluded contracts with more than 100 customers to supply green power to private areas in response to tenant requests.

In addition, we are working to procure real green power that does not rely solely on non-fossil fuel certificates. Accordingly, we are utilizing the power transmission and distribution network in the development and operation of mega-solar plants. Efforts to roll out initiatives are under way. This includes employing a self-consignment scheme to transmit the energy generated in-house to Company-owned properties. Looking ahead, we will continue to procure renewable energy by utilizing new technologies, including mega-solar and offshore wind power generation in order to achieve carbon neutrality not only for the Group, but also tenants.

Turning to upstream supply chain endeavors encompassing building material manufacturers and construction companies, we formulated the Manual for Calculating GHG Emissions Produced during Construction together with NIKKEN SEKKEI LTD. in March 2022. Taking full advantage of this initiative, steps were taken to establish a study group comprising experts as well as related ministries and agencies. Later in June, the Manual was officially released by the Real Estate Association of Japan as the industry standard. In transcending company boundaries, this tool and other measures are helping to reduce emissions across the industry as a whole.

### Mitsui Fudosan Group-Owned Forests



**Group-owned forests in Hokkaido:**
**Roughly 5,000 hectares**

An area of roughly 1,063 Tokyo Domes

Note: The Tokyo Dome is roughly 4.7 hectares.



## Creating Neighborhoods Is About Developing People

Despite the ability to help improve industrial competitiveness, create new industries as well as enrich and advance people and society through the creation of neighborhoods as a platformer, it is clear that much more than the wisdom of the real estate industry alone will be required in the future. In order to trigger innovation as a platformer in a variety of new fields such as the virtual space, aerospace, and green industries, it is vital that we acquire any and all information about the environment and people. With this in mind, it is important for people with wide-ranging values to play an active role. New ideas and businesses are born when people with different values and backgrounds battle each other's opinions and ideas. This in turn helps to enhance an organization's ability to respond to change. In other words, as a group that advocates the creation of neighborhoods that put people first, investments in human capital and human rights measures are critical to the development of people. Based on this awareness of issues, the Mitsui Fudosan Group is working diligently to promote priority measures for diversity & inclusion (D&I), the development of human resources and improvement of skills, diverse work styles, health management, and improvement of employee engagement (see page 83).

Meanwhile, we have positioned the promotion of women's active participation as an important theme of our D&I strategy. While many of our customers are women, we have long been recognized as a highly homogenous, male-dominated company. As such, we will first direct our energies toward the promotion of women. Building on these endeavors, we will then put in place an environment in which all employees can better demonstrate their abilities, regardless of age, nationality, disability, employment status, and length of employment with the Company, as well as their circumstances with respect to child and nursing care.

People serve as the greatest driving force behind the creation of corporate value. More than ever before, the Group will continue to integrate diverse values and capabilities and transform them into value-creating capabilities as a team. Utilizing the various opinions and insights that emerge from this process, we will then continue to provide new value to society.



## Shareholder Returns

Maintaining a long-term, stable, and continuous approach toward returns linked to sustainable growth is of the utmost importance to investors who support the Company over the long term.

Mitsui Fudosan has set a total shareholder return ratio target of 45% as part of its shareholder return policy. While working to stabilize the scale of its returns, the Company has continued to consistently maintain and increase its dividends over the past 20 years, even when net income has declined. We hope that you understand the message that management is attempting to convey to the capital markets through this corporate stance.

Even with its new management structure, this spirit remains unchanged.

As far as our dividend per share forecast is concerned, we will continue to progressively pay dividends as in the past. In fiscal 2023, we plan to pay an annual dividend of ¥68 per share, up ¥6 per share, with a target dividend payout ratio of 30% on net income of ¥210 billion. Despite adopting a flexible approach toward the buyback of shares, we recognize the need to consider implementing a continuous program at a certain scale in light of the current share price.

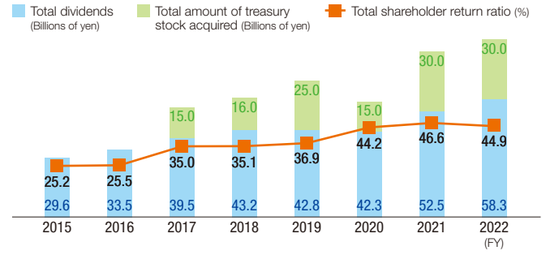
Shareholder returns also impact EPS growth while improving ROE. Working to realize our vision, we will look to further enhance returns by lifting the total shareholder return ratio from its current level of 45%. Within sight of achieving our long-term vision, VISION 2025, in advance, we will reassess our future beyond that point. Moving forward, we will work to announce details of a new long-term vision by next spring.

**A Stance of Maintaining Stable and Continuous Returns**

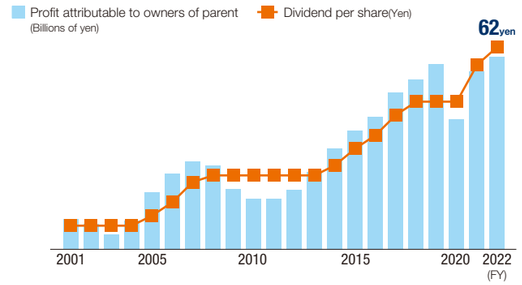
Stable dividends and flexible repurchases of our Company's shares while consistently maintaining and improving on the past

**Continuous and progressive dividends linked to profit growth**

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




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




## In Closing

Mitsui Fudosan's business entails the creation of value that contributes to the realization of a sustainable society. As an extension of the social value that we create, our track record to date provides a clear indication of our economic value.

Meanwhile, even compared to the time horizon of the investors who support us, the neighborhood creation that we target requires a considerable amount of time. As such, we recognize that difficulties in visualizing the effects of growth and efficiency are an issue. I recognize that an important part of my mission is to meet the expectations of investors who have taken the risk of investing in the Company. To this end, I will clearly lay out a direction and provide details of our track record while working to achieve established goals, including improvements in quantitative indicators.

Adopting a long-term perspective, the Mitsui Fudosan Group is committed to firmly communicating both its qualitative vision, including its raison d'être, social mission, and value creation, and its quantitative vision of sustainable growth, improved efficiency, sound financial position, and enhanced shareholder returns to achieve these goals.

I am extremely fond of the quote by the 19th century French science fiction novelist, Jules Verne, "What humans can imagine, humans can always achieve."

From past experience, I strongly believe that what can initially be considered an outlandish idea can take shape as a concept and come to fruition when underpinned by a cause that brings together like-minded people. I believe that the advantage of locality, advantage of time, and advantage of people through various encounters have made our Group what it is today.

We will continue to cherish our relationships with stakeholders and strengthen relationships of trust through more active dialogue.

As we work to achieve our established goals, I ask for the continued support and understanding of all stakeholders.

# Expectations from External Experts

Following the appointment of Takashi Ueda as Mitsui Fudosan's new President, here we present messages submitted from external experts.

## A leader who values connections and supports the life science industry with a fervent passion.



**Shinya Yamanaka**

Director Emeritus & Professor, Center for iPS Cell Research and Application (CiRA), Kyoto University
President, CiRA Foundation, Kyoto University

The first time I met Mr. Ueda was in San Francisco. It was at the symposium celebrating the first anniversary of my having been awarded the Nobel Prize, when I gave a speech in which I said that the prize had been won by an all-Japan team. Mr. Ueda, who had listened to my speech, was kind enough to convey his passion by saying, "We also want to be added to this all-Japan team." At that time, Mr. Ueda was also visiting someone with Kyoto roots, and so I remember feeling even more of a connection.

What surprised me after that was that the passion that I had heard at that time later bore fruit in the form of collaboration with LINK-J, Mitsui Fudosan's Lab & Office business, and venture capital (VC) as a life science business. Very impressed by Mr. Ueda's dynamism in having pushed ahead to take action to revitalize the life science industry, I am very grateful to him for having started a rental lab business in Japan like that in Boston, which is one of the world's leading life science industry clusters. In a variety of life science fields, LINK-J serves as a catalyst for creating unprecedented new industries. Believing that LINK-J will play an important role in accelerating the return of research results to society, I participated as a special member of the Steering Advisory Committee up until 2022.

Having had a wonderful chance encounter with Mr. Ueda, I was delighted to hear about his appointment as President. If there is someone like Mr. Ueda at the helm, someone who is passionate, youthful and values relationships between people, I am sure that employees will likely follow his lead with peace of mind. I have high hopes that Mitsui Fudosan will naturally continue to drive innovation in the life science field, from research to practical application.

### Shinya Yamanaka

Graduated from Kobe University School of Medicine, completed doctoral course at Osaka City University Graduate School. Doctor of Medicine. After working as a postdoctoral researcher at Gladstone Institutes in the United States and as an Assistant Professor (currently as an Associate Professor) at the Nara Institute of Science and Technology, he became a Professor at Kyoto University in 2004 (current position). Since 2007, he has also been a senior researcher at Gladstone Institutes. In 2010, he became Director (in 2022, Director Emeritus) of CiRA, Kyoto University. Since 2020, Dr. Yamanaka has also served as President of the CiRA Foundation, Kyoto University. In 2012, he shared the Nobel Prize in Physiology or Medicine with Dr. John Gurdon for the discovery that mature cells can be reprogrammed to become pluripotent. He is currently working on basic research with the aim of pioneering new life sciences at CiRA.



## Charm that attracts those around him × Driving force that brings ideas to fruition



**Hideyuki Okano**

Professor, School of Medicine,
Department of Physiology, Keio University
Chairman of the Board, LINK-J

"To create a forum where experts from various fields in the life sciences gather and interact"—The first time I heard Mr. Ueda's fervent passion was when I was fortunate enough to be seated next to him on a flight home from a business trip to San Francisco. At that time, Japan could boast of being one of the world's leading countries in terms of basic research in the life science field, but the problem that was pointed out was that those results were rather difficult to put into practical use. Industry-government-academia collaboration and a fusion of all walks of science are required in the commercialization process, and when I heard Mr. Ueda's story, I thought that was something I should definitely try. What impressed me most was his passion and inquiring mind with regard to the life science field—from the point of view of a real estate developer, which is an entirely different industry—and his personality that attracts people. Subsequently, we were both involved in the launch of LINK-J, and I have been working with Mr. Ueda for the past seven years and now as Chairman of the Board.

Ten years having passed since we first met, when I heard that Mr. Ueda had become President, I was very happy, as if it were me. At first, Mr. Ueda's stated desire to make Tokyo's Nihonbashi district a mecca for life sciences might have sounded like a flight of fancy. However, this fully demonstrated his innate unifying power and, in combination with LINK-J's activities, that flight of fancy was turned into a concept as a life science business that develops places such as rental laboratories and offices. LINK-J and Nihonbashi having naturally already become a presence that is attracting attention from around the world has led to a realization in which the concentration of laboratories and offices is progressing. Mr. Ueda, please do us the honor of demonstrating that immeasurable driving force in leading Mitsui Fudosan and LINK-J as well as Japanese industry in the years to come.

### Hideyuki Okano

Graduated from Keio University School of Medicine. Doctor of Medicine. After having held a series of positions—Assistant Professor at Keio University School of Medicine; Assistant Professor at the Institute for Protein Research, Osaka University; Research Fellow at Johns Hopkins University School of Medicine in the United States; Research Associate, Institute of Medical Science, The University of Tokyo; Professor at the Institute of Basic Medical Sciences, University of Tsukuba; and Professor in the Faculty of Medicine, Osaka University—Dr. Okano has been Professor at Keio University School of Medicine since 2001 (current position); Dean of Keio University School of Medicine (2015–2017), Dean of Keio University Graduate School of Medicine (2017–2021), and visiting Professor at Massachusetts Institute of Technology (current position).





# Message from the CFO

**In addition to maintaining a stronger awareness of bottom line (net income) growth, we will strive to increase corporate value by improving asset and capital efficiency through balance sheet control. In my capacity as the new CFO, I will actively engage in dialogue with investors.**

Executive Managing Officer Chiharu Fujioka

## Fiscal 2022 Business Results and Outlook for Fiscal 2023

In fiscal 2022, we recorded operating income of ¥305.4 billion, up 24.7% year on year, and profit attributable to owners of parent (hereinafter referred to as net income) amounted to ¥196.9 billion, up 11.3% year on year. Revenue from operations, operating income, ordinary income and net income all surpassed initial forecasts and set new record highs.

For fiscal 2023, we are taking into account factors that include contributions to earnings and profit from office buildings completed in the previous fiscal year and newly opened retail facilities, improvements in earnings and profit through favorable housing sales and the sale of assets while maintaining an awareness of balance sheet control, and further recovery of earnings and profit at hotels, resorts and Tokyo Dome. As a result, we forecast revenue from operations of ¥2,300 billion, operating income of ¥330 billion, ordinary income of ¥245 billion, and net income of ¥210 billion, all of which are expected to be record highs. The net interest burden has increased significantly due to the impact of rapid interest rate hikes in the United States, but as the pace of the U.S. policy interest rate hikes has slowed, we expect that the rate of increase in our interest rate burden will likewise follow a gentle curve.

Regarding shareholder returns, we plan to increase the annual dividend by ¥6 per share from the fiscal year ended March 31, 2023, to ¥68 per share.

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

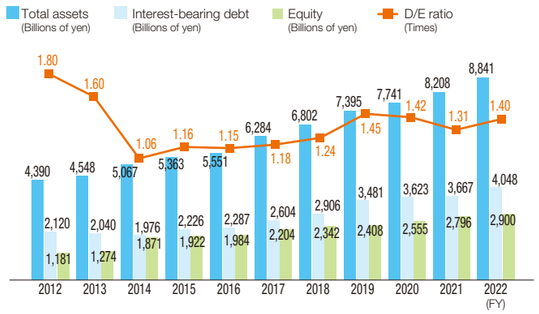
As the Group's main businesses of real estate development and neighborhood creation–oriented businesses are characterized by the heavy long-term use of the balance sheet, balance sheet control from a medium- to long-term perspective is extremely important to achieve future earnings and profit growth and improve efficiency. Specifically, we take a 5–10 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.

Comparing the balance sheet assets at the start of VISION 2025 (March 31, 2018) and March 31, 2023, total assets have increased approximately 1.4 times, from ¥6,284.7 billion to ¥8,841.3 billion. This was mainly due to the acquisition of excellent business opportunities and the favorable results of growth investments, such as the successive completion of large-scale, mixed-use projects—in Tokyo's Hibiya, Nihonbashi and Yaesu districts as well as in New York—and the inclusion of the Tokyo Dome Group in the Company's scope of consolidation as a subsidiary. While promoting growth investments, we have sold properties in recent years, including Shinjuku Mitsui Building, IIDABASHI GRAND BLOOM and TOYOSU BAYSIDE CROSS TOWER, to our sponsored REITs and have been making progress with asset replacement, such as the sale to investors of properties developed overseas, for example in the United States. With regard to investment securities, we have sold a total of ¥165.2 billion in shares under our policy of reducing strategic shareholdings as of the end of fiscal 2022 since fiscal 2018.

As a result of these efforts, we recognize that the current asset size has expanded more than expected, partly due to the impact of recent exchange rate fluctuations. However, since when the financial and real estate markets change is also a time to prepare high-quality assets that will be the source of future profit generation, we believe it is important to promote balance sheet control from a long-term perspective, without being influenced by the current short-term financial environment. While paying attention to the balance between future sustainable growth, efficiency and financial soundness, we would like to show an appropriate profit scale commensurate with the balance sheet scale and with a stronger awareness of ROE and ROA going forward. Likewise, we will continue to control those areas where management can make self-help efforts and, while not limiting asset replacement to real estate for sale, give consideration to the total, including fixed assets and marketable securities. Regarding the balance between debt and equity, we will consider the optimal cash allocation for growth investment, debt repayment and shareholder returns, based on such factors as ROE, the D/E ratio, and EPS growth rate.

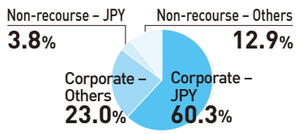
The external environment continues to be unstable, with inflation progressing around the world and concerns about future interest rate trends and economic recession, mainly in the United States.Under these circumstances, building and maintaining a sound financial position is important for the stable continuation of business. For this purpose, as a rule of thumb the Group manages its D/E ratio at a level of about 1.2–1.5. At the same time, to reduce risks related to financial market volatility while property development projects are under way, 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, (however, for new, dollar-denominated borrowings that are exposed to high interest rate risk and for the refinancing of existing floating interest rate borrowings, borrowings with floating interest rates or fixed interest rates with short maturities will be used in combination to respond to interest rate declines in the near future). 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 the autumn two years ago, we issued green bonds of ¥130 billion in May this year, following on from July last 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 the procurement of funds in local currencies.

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




### Fund Procurement and Credit Rating Situation

**Interest-Bearing Debt**

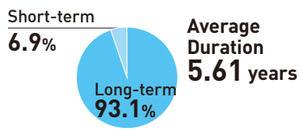



**Interest Rate Situation**

| | |
|---|---|
| Consolidated | 1.69% |
| Japanese currency | 0.62% |
| Foreign currency | 3.61% |

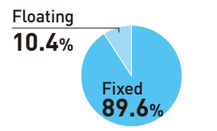
Note: As of the end of FY2022

**Ratio of Long-Term Debt**




Note: Excl. non-recourse, as of the end of FY2022

**Ratio of Fixed/Floating-Interest Debt**




Note: Excl. non-recourse, as of the end of FY2022

**Credit Rating**

| Rating agency | Long-term | Short-term | Outlook |
|---|---|---|---|
| Moody's | A3 | - | Stable |
| Standard & Poor's | A- | A-2 | Stable |
| R&I | AA- | a-1+ | Stable |
| JCR | AA | J-1+ | Stable |

Note: As of August 4, 2023

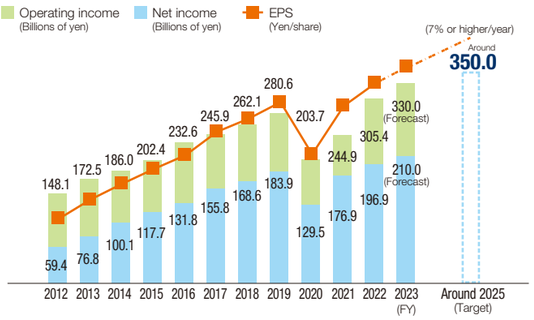
## Achieving Medium- to Long-Term Goals and Corporate Value

The Group's medium- to long-term growth targets are operating income of about ¥350 billion (around 2025) and an 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).

Of these, if the gain on sale of fixed assets (extraordinary income) expected this fiscal year is factored into the operating income target of ¥330 billion for fiscal 2023, I believe the operating income target is within sight of being achieved ahead of schedule. In the meantime, I also believe that there are still issues to be addressed in terms of improving efficiency. We are currently discussing how to improve efficiency with the goal of formulating the next long-term vision.

The Group is strongly aware of growth not only in the top line (revenue from operations) but also in the bottom line (net income). Toward the realization of future earnings and profit growth and to improve efficiency based on our long-term financial strategy of staying abreast of the real estate cycle and interest rate trends, in addition to carefully selecting investments with an awareness of collected cash flow, we will continue to achieve returns that exceed the cost of capital by promoting balance sheet control with a focus on growth and efficiency. Through dialogue with investors and the enhancement of disclosure information, I will reflect the opinions of our investors in our management as we strive to reduce capital costs and further increase corporate value.

### Outlook




**Growth target**

| | |
|---|---|
| Operating income | Around ¥350 billion (around 2025) |
| EPS growth rate | 7% or higher/year (average for VISION 2025 period*) |

**Efficiency target**

| | |
|---|---|
| ROA | Around 5% (around 2025) |
| ROE | Around 8% (around 2025) |
| D/E ratio | Around 1.2–1.5 times (VISION 2025 period*) |

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

# Strategies toward the Realization of a Decarbonized Society

Message from a Managing Director

## We will expand our horizons across the entire supply chain as a platformer working toward decarbonization.



Yoshihiro Hirokawa

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

Seeking to link diverse values, coexist in harmony with society and achieve a sustainable society, as symbolized by the Mitsui Fudosan "" logo, we have engaged in neighborhood creation. We not only build buildings but also create places where people gather and provide opportunities to create prosperity and new things. In addition, we create new value together with a diverse array of people to realize a sustainable society.

We believe that the philosophy symbolized by the Mitsui Fudosan "" logo is also important regarding the issue of climate change, which is a pressing issue for the Earth. The Mitsui Fudosan Group formulated its Decarbonization Action Plan in 2021 to achieve net-zero greenhouse gas (GHG) emissions by 2050 and is working to achieve this goal. Under the plan, we are improving environmental performance in new and existing properties, promoting the greening of power consumption in common areas of properties owned and areas used by the Group, and developing renewable energy sources.

TOKYO MIDTOWN YAESU had its grand opening in March 2023 is the largest ZEB Ready* certified office building in Japan. We are also working to obtain ZEB certification for our commercial and logistics facilities as part of our efforts to promote the creation of environmentally friendly facilities. In addition, all 1,002 units at MITA GARDEN HILLS to be completed in 2025 are on track to acquire ZEH-Oriented certification, and we will introduce medium-pressure carbon neutral city gas and electricity generated from virtually 100% renewable energy sources, enabling us to introduce services that feature virtually zero $CO_2$ emissions from both electricity and gas.

As a result of our sustainability efforts, including the above, we have been certified for the second year in a row following 2021 as a CDP2022 Climate Change A-List company—the highest rating in the climate change category—by CDP, a non-profit organization that conducts international environmental research and seeks information disclosure. In 2022, we also began participating in GRESB Real Estate Assessments, a benchmark evaluation that measures ESG performance in the real estate sector.

On the other hand, a large percentage of our GHG emissions are related to our supply chain. Based on the philosophy symbolized by the Mitsui Fudosan "" logo, we are working together with the builders and designers involved in building construction, as well as the tenant companies and residents who use urban spaces in order to reduce the overall urban impact on the earth.

We are providing the Green Energy Supply Service as an initiative with tenant companies. Utilizing our various green electricity platforms, this service provides electricity used in office buildings and other facilities as virtually renewable energy through the use of Non-fossil Fuel Energy Certificates. We actively encourage and support tenant companies in their efforts to address RE100 and ESG issues.

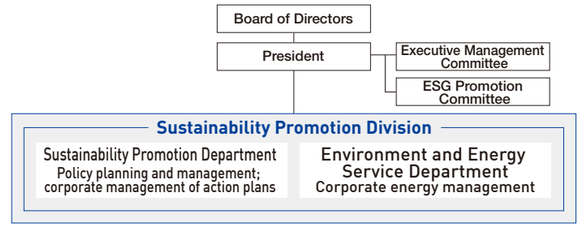
As part of our efforts with builders and designers, we have formulated a GHG Emissions Calculation Manual to calculate the amount of GHG emissions during construction. This initiative will enable us to visualize GHG emissions throughout the supply chain and encourage reductions in GHG emissions from building construction. The Company developed this manual in fiscal 2021 and collaborated with The Real Estate Companies Association of Japan to assist in developing its manual in fiscal 2023.

Reaching the lofty goal of net zero emissions in 2050 will be difficult simply through the initiatives that the Group is currently pursuing, and therefore will require dynamic innovation. To this end, it is essential to broaden our perspective not only within the Company but also throughout the supply chain. We therefore intend to leverage neighborhood creation to promote the development of new technologies and the creation of new industries in the field of decarbonization. We will continue to work with diverse stakeholders to solve the social issue of realizing a decarbonized society.

* Office-use portion of Yaesu Central Tower.

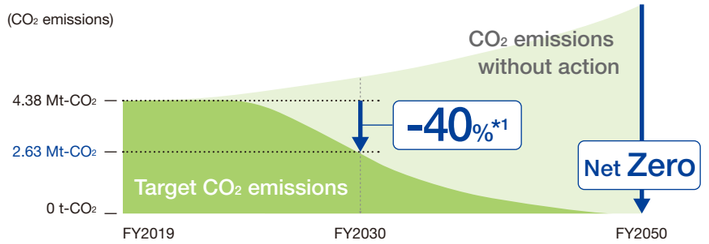
## Sustainability Promotion Framework

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 in fiscal 2022.




## Greenhouse Gas Emission Reduction Targets

See details of the Mitsui Fudosan Group's Reduction Targets for Greenhouse Gas Emissions here.
https://www.mitsuifudosan.co.jp/english/esg_csr/carbon_neutral/




**FY2022 results**

3-year average*2
+2%*3
(Comparison between FY2020 to FY2022 and FY2018 to FY2020)

Acquired SBT Initiative Certification for "1.5°C target" P.78

*1 Scope 1 + Scope 2: 46.2% reduction by FY2030 (vs. FY2019)
*2 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.
*3 Due to higher numbers of large properties completed in fiscal 2022 and properties sold compared with previous years.

## Progress of the Group Action Plan to Realize a Decarbonized Society

See here for details.
https://www.mitsuifudosan.co.jp/english/esg_csr/kpi_progress/

| Action plans | Major programs in fiscal 2022 |
|---|---|
| **Action Plan 1**<br>● New properties: Realize ZEB/ZEH-level environmental performance for all properties<br>● Existing properties: Create on-site renewable energy for the renovation of properties to improve the energy efficiency of properties | ○ New buildings: In principle, all new buildings constructed after the "Decarbonization Action Plan" achieved ZEB/ZEH-level environmental performance (e.g., TOKYO MIDTOWN YAESU* is Japan's largest project to acquire ZEB Ready certification) Office*-use portion of Yaesu Central Tower<br>○ Existing properties: Implemented renovation for improved energy-saving performance as needed (LED installation etc. at Sumitomo Mitsui Banking Corporation Head Office, Ginza Mitsui Building, etc.) |
| **Action Plan 2**<br>● 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<br>● By fiscal 2030, achieve greening of electricity consumption in common areas of properties and areas used by the Group | ○ Achieved the greening of electricity consumption in common areas of properties and areas used by the Group in 25 buildings in the Tokyo metropolitan area |
| **Action Plan 3**<br>● Provide a Green Menu to tenants and buyers | ○ Concluded an agreement for introducing green energy: A total of 62 cases |
| **Action Plan 4**<br>● Develop mega-solar with a total output of approximately 175,000 kW by fiscal 2030 | ○ Secured seven new mega solar development sites totaling 19,000 kw |
| **Action Plan 5**<br>● Develop tools to accurately grasp $CO_2$ emissions during construction<br>● Require submission of a reduction plan by construction companies, etc. | ○ Construction companies will be required to calculate $CO_2$ emissions during construction and submit reduction plans using the Company's GHG Emissions Calculation Manual during fiscal 2023 |
| **Action Plan (Other)**<br>● Acquire external certifications<br>● Introduce an Internal Carbon Pricing (ICP) System<br>● Establish a system for promoting action plans | ○ Participated in GRESB (existing property management) since fiscal 2022<br>○ A total of 84 properties acquired external certifications (acquired for 54 new properties in fiscal 2022)<br>(Key properties)<br>・TOKYO MIDTOWN YAESU: DBJ Green Building certification (plan certification) 5 Stars, CASBEE Smart Wellness Office certification (new building) S rank<br>・Nihonbashi Muromachi Mitsui Tower: DBJ Green Building certification 5 Stars |

# Human Resource Strategies

Message from a Managing Director

## We are pursuing five priority measures aimed at achieving growth for both the Company and employees.



Makoto Tokuda

Managing Director
Executive Managing Officers
(In Charge of Personnel)

Based on the belief that human resources are the driving force behind the continued creation of new value as a real estate developer, we have positioned our human resource strategies as important infrastructure to support the various initiatives set forth in our long-term vision, VISION 2025.

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. Our approach to human capital is to prepare an environment for action to enable the improvement of employees' professional knowledge and capabilities and enhancement of their ability to create added value and to bring together diverse values in a spirit of mutual respect while being a driving force as a team. Based on this approach, we are working on Diversity and Inclusion (D&I), Human Resource Development and the Improvement of Skills, Diverse Work Styles, Health and Productivity Management, and the Improvement of Employee Engagement as priority measures.

Starting with D&I, we believe it is important for us to be inclusive of diversity in order to continue to grow and develop our business by agilely identifying the changing values of our customers in a changing business environment. We have established the D&I Promotion Declaration and are promoting women's activities as a particularly important theme Group-wide. We are also committed to promoting other diversity and inclusion initiatives, such as the hiring and training of global and DX personnel, and the employment of people with disabilities.

Turning to Human Resource Development and the Improvement of Skills, we strive to develop the skills of each individual through a combination of four human resource development opportunities: (1) OJT, (2) annual interviews between the Personnel Department and each employee, (3) job rotation, and (4) training programs. The aim is to develop a diverse group of employees, who are able to make full use of their individual attributes, with both specialized and advanced business knowledge, and a broader perspective. In addition, we maintain extensive systems that include a leave system whereby employees can take time to study at graduate school and a side-job system.

As for Diverse Work Styles, we maintain remote work and super flextime work systems with no core hours for all employees that allows them to independently choose where and when they work in order to prepare an environment for action. In addition, the Company is working to support employees in balancing work with childcare and nursing care, maintaining a 100% return-to-work rate after maternity leave for 23 consecutive years.

As for Health and Productivity Management, we have established the Health and Productivity Management Declaration and are working to maintain and improve the health of our employees based on the belief that physical and mental health is a prerequisite for employee performance. In recognition of these efforts, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange selected Mitsui Fudosan as 2023 Health & Productivity Stock Constituent an exceptional enterprise with respect to its health and productivity management practices.

Lastly, Mitsui Fudosan undertakes measures towards the Improvement of Employee Engagement with the aim of fostering in individual employees a high degree of motivation while performing their duties. Engagement surveys indicate that more than 90% of employees are proud to work for the Company.

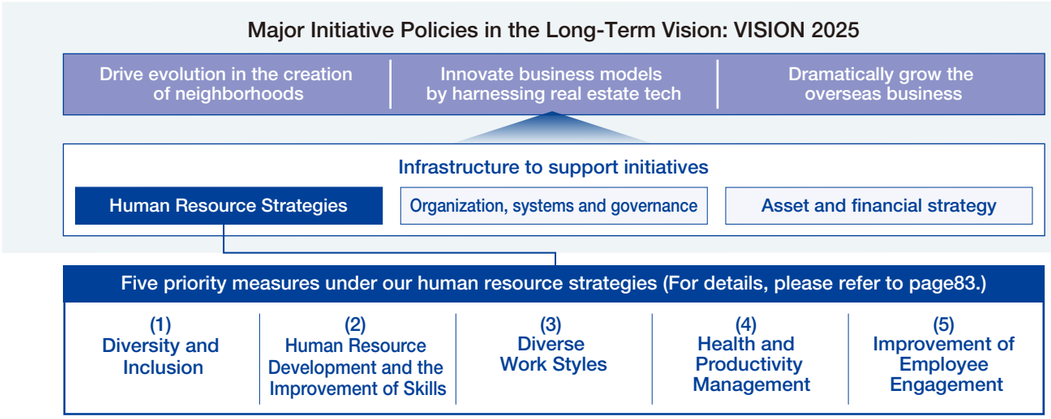
Consequently, we continue to treat each employee as an individual and create a stage for them to thrive in order to create new value and contribute to society as an unbeatable team, in which all employees with diverse values recognize and enhance each other. These initiatives are intended to enable the Company and employees to grow together.

For more detailed information about our human resources initiatives, please refer to the following link. (In Japanese only)
https://www.hrm.mitsuifudosan.co.jp/

For more detailed information about the promotion of active roles for women, please refer to the following link.
https://www.women.mitsuifudosan.co.jp/index_en.html

## Positioning of Human Resources in the Mitsui Fudosan Group

**We have positioned human resources as the driving force behind the continued creation of new value as a real estate developer. Accordingly, we are promoting human resource strategies as the infrastructure to support the various initiatives in our long-term vision, VISION 2025.**




## Priority Measure KPIs & Progress (Mitsui Fudosan non-consolidated)

| Priority measures | Non-consolidated KPIs | | | Progress status | | | Remarks |
|---|---|---|---|---|---|---|---|
| | Indicators | Period | Numerical target | FY2020 | FY2021 | FY2022 | |
| (1) Diversity and Inclusion | Women in management positions ratio*1 | 2025<br>2030 | 10%<br>20% | 5.7% | 6.8% | 7.7% | Selected as a Nadeshiko Brand by the Ministry of Economy, Trade and Industry as a company that ably promotes active roles for women (second consecutive year) |
| | Ratio of female hires | Annual | 40% | Target setting from FY2021 | 40.5% | 44.1% | |
| | Employment rate of people with disabilities*2 | Annual | 2.3% or above | 2.07% | 2.14% | 2.52% | 2.74% in fiscal 2023 |
| (2) Human Resource Development and the Improvement of Skills | Training time per employee*3 | Annual | Last year's level | Target setting from FY2023 | | 28.2 hours | |
| | Training expenses per employee*4 | Annual | Last year's level | Target setting from FY2023 | | ¥131,000 | |
| (3) Diverse Work Styles | Return rate from childcare leave | Annual | 100% | 100% | 100% | 100% | |
| | Percentage of male employees taking childcare leave*5*6 | Annual | 100% | Target setting from FY2022 | | 122.9% | |
| | Number of paid leave days taken | Annual | 14 days annually | 13.8 days | 15.0 days | 16.2 days | |
| (4) Health and Productivity Management | Health checkup and screening rate | Annual | 100% | 99.5% | 100% | 100% | Selected for the first time as a 2023 Health & Productivity Stock Constituent an exceptional enterprise with respect to its health and productivity management practices |
| (5) Improvement of Employee Engagement | Employee engagement*7 | Annual | 80% | Target setting from FY2023 | | 92% | |

*1 Figures for each fiscal year are those for the beginning of the fiscal year starting April 1 of the following year *2 Figures for each fiscal year are those for June 1 of the relevant fiscal year
*3 Calculated by dividing the total amount of training hours by the total number of permanent employees *4 Calculated by dividing the total amount of training expenses by the total number of permanent employees
*5 The denominator is the number of male employees whose partner gave birth in the relevant fiscal year, and the numerator is the number of male employees who used the leave system either as childcare leave at the time of their child's birth or childcare leave in the relevant fiscal year.
*6 Where there are male employees who take childcare leave, etc. in a different fiscal year from that of their child's birth, this rate might exceed 100%.
*7 The proportion who responded to the statement "I am proud to work for this company" with a 4 or 5 out of a five-point scale of agreement.

# Digital Transformation Strategy

## 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



## DX VISION 2025

### Business Transformation
<Customer orientation and solving social issues>

| Smart City/ Property | Omni Channel | Real Estate as a Service |
|---|---|---|
| Making towns and facilities comfortable and convenient by digitalization | Integrating real and digital customer contact points | Offering service provision beyond providing space |

Practical example: &Resilience that digitally streamlines and supports the strengthening of a company's BCP P.93

### Workstyle Reforms
<Improving productivity and employee satisfaction>

| ABW Activity-Based Working | BPR Business Process Re-engineering |
|---|---|
| Active ways of working that are not limited by location | Reforming existing business flow/systems |

Practical example: Promoting workstyle reforms through the use of RPA and low-code tools P.94

### Promotion Bases

| Cybersecurity | Data Utilization | Real Estate × Digital Human Resource Development | Advancement of Group Systems | Modern Development |
|---|---|---|---|---|
| Continuous evolution of group security | Utilization of customer and business data | Company-wide IT literacy and the driving force of the DX Division | Standardization/efficiency | Cheap, fast, good, and permanent development |

Practical examples
- Initiatives designed to generate business growth utilizing acquired and accumulated data P.94
- DxU, digital transformation (DX) training for all of the Company's employees P.87



## Key Perspectives in Promoting the Company's DX

**Positioning**

- **DX is diverse** — Specific strategies are critical in determining how best to advance DX
- **DX is a means to an end** — The ultimate goal is to provide value to customers; Clarifying the Who, What, and How
- **In combination with the real** — Combination with the Company's real strengths is important

### Real Estate as a Service
II
Grasping customers' overt and unmet needs with the aim of creating services that only Mitsui Fudosan can provide

**Providing real estate as a service rather than as a product**
- Viewing business by **customer behavior** rather than by product
- Aiming for **the optimal combination of the real and digital**

<What can be achieved digitally>
- Smarter customer processes
- Data application (acquisition and analysis)

**Key Perspectives in Promoting the Company's DX**

- **Customer perspective** — Adopt a thoroughgoing customer-oriented approach
- **Real and digital perspective** — Raise real value to its ultimate level through the most favorable combination
- **Data application perspective** — Define the quality and quantity of data required based on clear objectives

## 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**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Releasing new services | 5 | 11 | 14 |
| Main projects under development | 8 | 12 | 9 |
| Main demonstration experiment projects | 4 | 6 | 4 |

**Our main membership organizations**

| Oct. 2021 | Oct. 2022 |
|---|---|
| 13.64 million people | 15 million people |

Retail facilities: Approx. 13 million people
Housing: Approx. 300,000 people
Hotels: Approx. 690,000 people
Office buildings (WORK STYLING members): Approx. 250,000 people
Office buildings (& Life-Biz): Approx. 130,000 people
Tokyo Dome: Approx. 630,000 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**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Releasing new systems | 4 | 5 | 6 |
| Main projects under development | 6 | 7 | 13 |

**Work efficiency improvement time due to system renewal**

Aggregation for the period from April 2018 to March 2022

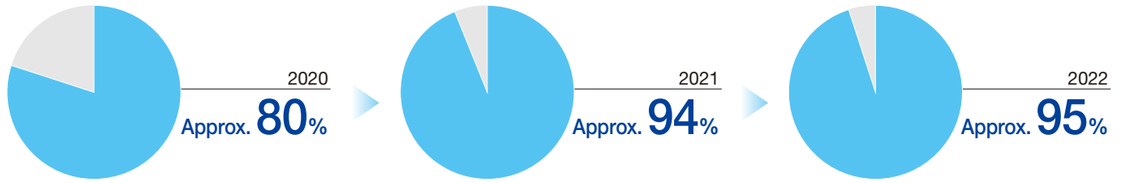
Approx. 270,000 hours, Approx. 138 people*

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

### Result 3 Promotion Bases

- Currently promoting cybersecurity 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**

**Received the DX Stocks 2022 award**
Evaluation points: DX promotion system and the ability to execute DX projects / KASHIWA-NO-HA DATA Platform initiatives

**Received the 2022 IT award (customer and business function areas)**
Evaluation points: Digital service innovation initiatives at LaLaport FUKUOKA

**Received the 2021 IT Promotion award (Social Issue Solution Area)**
Evaluation points: SMART LIFE PASS KASHIWA-NO-HA and Dot to Dot

Received the DX Stocks 2021 Digital × COVID-19-Countermeasures

**Received the DX Stocks 2021 Digital × COVID-19-Countermeasures Company (Resilience Category) award**
Evaluation points: Continuous operations under the COVID-19 pandemic

Special Feature

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

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

## Environment surrounding the office market

### 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**

→ **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

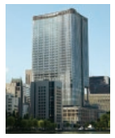
→ **Update on the Elements Required of an Office:**

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

## Mitsui Fudosan Group's Five Strengths

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

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

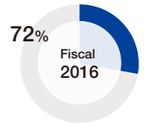

TOKYO MIDTOWN HIBIYA (Tokyo, 2018)


Nihonbashi Takashimaya Mitsui Building (Tokyo, 2018)

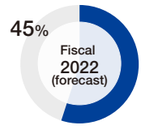

Nihonbashi Muromachi Mitsui Tower (Tokyo, 2019)


msb Tamachi (Tower S, Tower N) (Tokyo, 2018 / 2019)

Central Tokyo mixed-use*




x 2.0 times




* 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


TOYOSU BAYSIDE CROSS TOWER (Tokyo, 2020)


BUNKYO GARDEN GATE TOWER (Tokyo, 2020)


Otemachi One (Tokyo, 2020)


TOKYO MIDTOWN YAESU (Tokyo, 2020)

Note: TOKYO MIDTOWN series, COREDO series, 50 Hudson Yards, 55 Hudson Yards, and five other large-scale properties

### 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

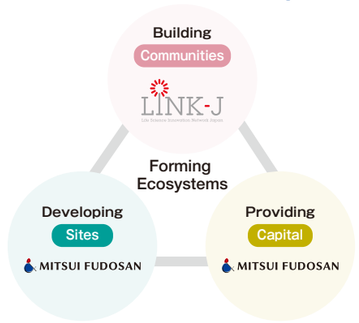
(Mechanism to help provide opportunities for the exchange of information and interaction for large corporations, venture companies, NPOs, government agencies, etc.)

&WORK STYLING MITSUI FUDOSAN BASE

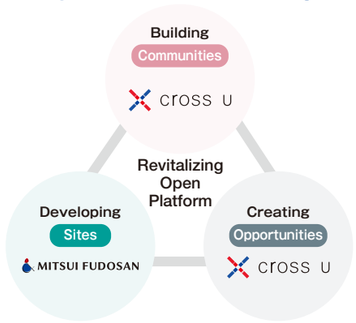
### 05 New demand creation capabilities

(Business platform creation)

**Life Science Industry**




**Space Business Industry**




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

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

# Output -The Company's Neighborhood Creation-

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

### Case Study TOKYO MIDTOWN YAESU




# Outcomes -Creating Value-

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

**Creating an office chosen by corporate leaders as a relocation destination**

(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 | Mitsui Fudosan (Tokyo metropolitan area; non-consolidated) |
|---|---|
| 6.48% | 3.2% |

Source: Miki Shoji Co., Ltd.

Note: As of June 30, 2023

**Improving market risk tolerance**



**Stable leasing cash flow**

## Creation of Social Value
(external perspective)

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

**Realizing innovation**

**Creating new businesses and demand**

**Improving Japan's industrial competitiveness and growth potential**



**Realizing people's prosperous lives**

Special Feature

Mitsui Fudosan DNA Alive and Well in the USA

# Mitsui Fudosan DNA Alive and Well in the USA

## The Mitsui Fudosan U.S. Business Today

### Purpose of Engaging in Overseas Business

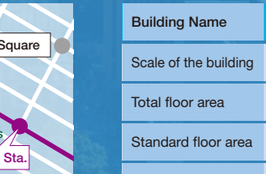
- Acquire new income opportunities
- Decentralize the portfolio

### Business Strategy

Real estate investment business

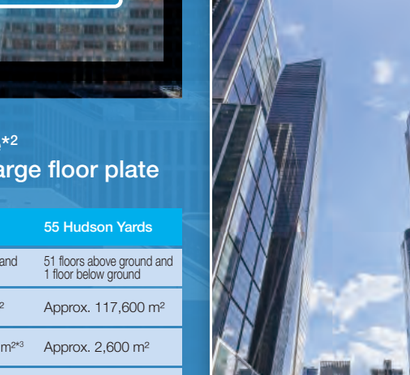
### Mitsui Fudosan's Strengths in the U.S. Business

- Developer × Institutional investor
  - Real estate connoisseur skills
  - Financing ability
- Approx. 50 years of experience in the U.S. × Promotion of Localization
  - Creditworthiness
  - Network
- Partnership Strategy
  - Close relationships with major U.S. developers and local developers specialized in each area



Recruitment that is conscious of the local business community

### Portfolio




### 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).

### Mixed-use (largest ever*1, 11 ha)

*1 In Manhattan




### Midtown Chelsea proximity Directly connected to 34th St. HY Sta.

(Only one in HY)

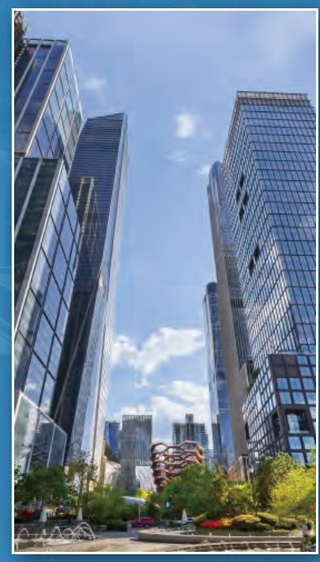



### Largest scale office*2 New construction large floor plate

*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 m² | Approx. 117,600 m² |
| Standard floor area | Approx. 4,600–7,400 m²*3 | Approx. 2,600 m² |
| Main use | Office | Office |
| Completion | June 2022 | October 2018 |
| Total project cost (¥145/$) | Over ¥600 billion | Approx. ¥200 billion |

*3 Varies by floor



Mitsui Fudosan DNA
Alive and Well in the USA

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
John Westerfield



Mitsui Fudosan America, Inc. President
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.

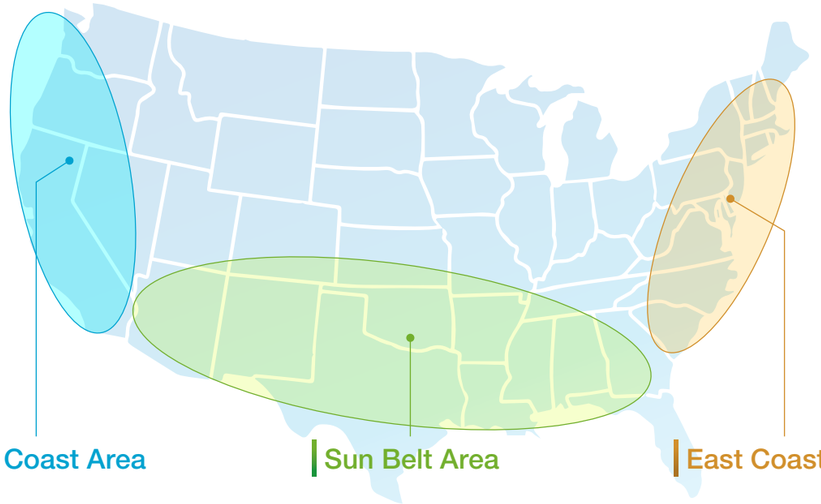
**Takeyoshi:** Unlike institutional investors, we are able to take risks involved in development, which can be broadly categorized into licensing approval, cost, and leasing. Mitsui Fudosan therefore possess an expansive abundance of experience in risk management accumulated through development projects 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<br>1251 Avenue of the Americas |
| Rental Housing | Gallery 64<br>525 West 52nd Street |


1251 Avenue of the Americas

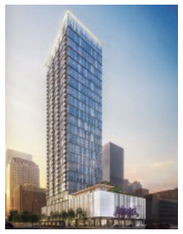

Gallery 64

### West Coast Area

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

| Asset class | Main properties |
|---|---|
| Office Buildings* | 270 Brannan<br>Torrey View |
| Rental Housing | Figueroa Eight<br>Vance |


Torrey View


Figueroa Eight

### Sun Belt Area

Dallas, etc.

| Asset class | Main properties |
|---|---|
| Rental Housing | Maple Terrace |


Maple Terrace

* Including lab & office

# At a Glance

The Mitsui Fudosan Group's main business activities are implemented through its leasing business, property sales business, management business, and facility operations business. In line with this structure, we have adopted the five accounting segments of Leasing, Property Sales, Management, Facility Operations, and Other from fiscal 2023.

Furthermore, revenues and profits generated by individual projects are classified into these segments and may be allocated to a single segment or multiple segments.

## Fiscal 2022 results (after reclassifying into the five accounting segments adopted from fiscal 2023)

Note: Totals not add up to 100% due to rounding.

**Revenue from Operations (consolidated)**
**¥2,269.1 billion**

| Leasing | Property Sales | Management | Facility Operations | Other |
|---|---|---|---|---|
| 33% ¥755.2 billion | 28% ¥641.6 billion | 20% ¥445.9 billion | 6% ¥144.5 billion | 12% ¥281.6 billion |

**Operating Income (consolidated)**
**¥305.4 billion**

| Leasing | Property Sales | Management | Eliminations or Corporate | Facility Operations | Other |
|---|---|---|---|---|---|
| 49% ¥149.7 billion | 48% ¥145.8 billion | 21% ¥63.3 billion | -16% -¥49.0 billion | -1% -¥3.6 billion | -0% -¥0.9 billion |

## Overview of Accounting Segments (Facility Operations segment established from fiscal 2023)

| | Leasing | Property Sales | Management | Facility Operations NEW | Other |
|---|---|---|---|---|---|
| Segment Explanation | Includes revenue gained from the leasing of real estate. | Includes revenue gained from real estate property sales to individuals and investors. | Includes revenue from fees gained through the management and operation of real estate, brokering deals, and other sources. | Includes revenue gained from facility operations, including hotels, resorts, and Tokyo Dome City. | Includes revenue gained from the new construction of wooden housing under consignment and the renovation business. |
| Sub-Segment | Office / Retail / Other | Property Sales to Individuals (Domestic) / Property Sales to Investors and Individuals (Overseas), etc. | Property Management / Brokerage, Asset Management, etc. | Hotels and Resorts / Sports / Entertainment | New Construction under Consignment / Reform, etc. / Other |

## Main Segment for Recording Revenue for Each Asset Class

✓:Category which is a main segment for recording revenue

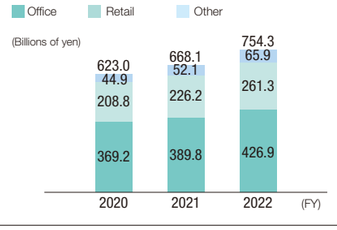
Note: The categories shown here are to give an idea of the segments for recording revenues and profits, however, the actual details might differ.

| Main Asset Classes | Leasing: Office | Leasing: Retail | Leasing: Other | Property Sales: To Individuals: Domestic | Property Sales: To Individuals: Overseas | Property Sales: To Investors | Management: Property Management | Management: Brokerage: To Corporations | Management: Brokerage: To Individuals | Management: Asset Management | Facility Operations: Hotels and Resorts | Facility Operations: Sports / Entertainment | Other: New Construction under Consignment / Reform, etc. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Office Buildings P.57 | ✓ | | | | | ✓ | ✓ | ✓ | | ✓ | | | |
| Retail Facilities P.61 | | ✓ | | | | ✓ | ✓ | | | ✓ | | | |
| Logistics Facilities P.63 | | | ✓ | | | ✓ | ✓ | | | ✓ | | | |
| Housing: Condominiums P.65 | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Housing: Detached Housing P.65 | | | | ✓ | | | | | ✓ | | | | ✓ |
| Hotels and Resorts P.69 | | | | | | | | | | | ✓ | | |
| Tokyo Dome P.71 | | | | | | | | | | | | ✓ | |

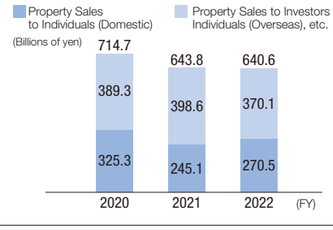
## Revenue from Operations and Operating Income by Segment (Four accounting segments of Leasing, Property Sales, Management, and Other for fiscal 2022 and earlier)

### Revenue from Operations by Segment and Sub-Segment Breakdown

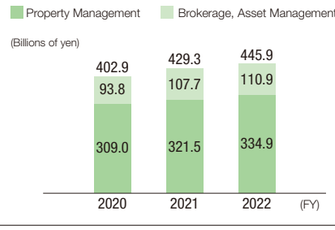
**Leasing**



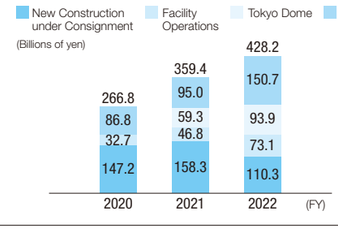

**Property Sales**




**Management**

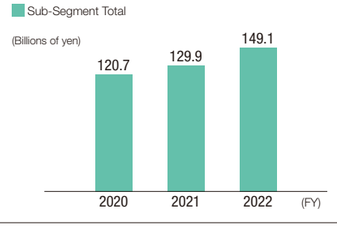



**Other***

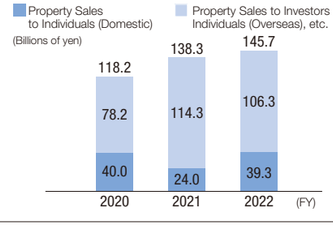



### Operating Income by Segment and Sub-Segment Breakdown

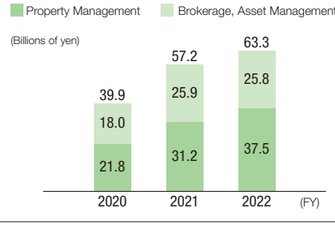
**Leasing**



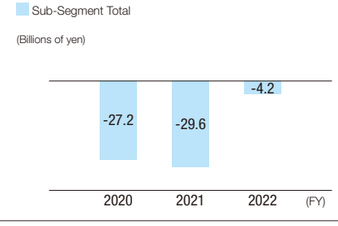

**Property Sales**




**Management**




**Other***




* Includes the Tokyo Dome Business since fiscal 2021

# Office

## Market Environment

### Risks

- Changes in office demand due to the spread of telework, etc.
- Increase in office supply and intensifying competition to attract tenants in 2023 and 2025

### Opportunities

- Heightened mindset toward productivity improvement among companies and workers
- Diversification of times, places, etc. for working associated with changes in working styles
- Renewed recognition of the value of offices that help realize real communication
- Expansion of corporate initiatives to achieve carbon neutrality

## Competitive Advantages

- Medium- to long-term relationships with about **3,000**[*1] tenant companies
- WORK STYLING members: Approx. **260,000**[*2]
  Number of office locations: Approx. **140** (nationwide)[*2]
- Mixed-use type neighborhood creation know-how that goes beyond offices
- Diverse non-physical services that contribute to solving tenants' management issues
- Highly competitive property portfolio (locations, product performance, etc.)
- Achievement of integrated safety and security that spans from development to operational administration under Group management, and disaster-resistant neighborhood creation

*1 As of the end of March 2023 *2 As of the end of July 2023

## Business Strategy

- **Creation of new value for improving productivity through the provision of assets and intangible services that meet the needs of diverse working styles (places, times, etc. of work)**
- **Creation of neighborhoods that people want to visit, not for their elements from the perspective of facilities alone, but for people's activities, including working, playing, and living, and the services provided**
- **Promotion of carbon neutrality through the improvement of environmental performance in office buildings, and the provision of office building services[*2] that contribute to tenants' decarbonization strategies**

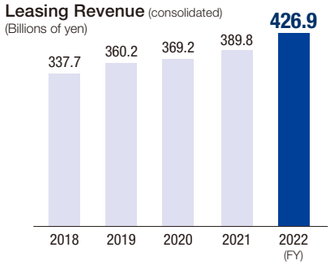
*2 Supply of green electricity to tenants, etc.

## An Excellent Portfolio

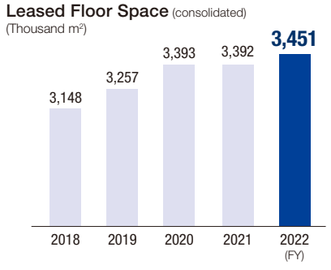
| Leasing Revenue (consolidated) | Leased Floor Space (consolidated) | Leased Floor Space Ratio of Tokyo Metropolitan Area (non-consolidated) |
|---|---|---|
| Approx. **¥426.9 billion** (FY2022) | Approx. **3,451,000 m²** (as of the end of FY2022) | Approx. **90%** (as of the end of FY2022) |

### Steady Expansion of Leasing Revenue and Leased Floor Space Mainly in Central Tokyo

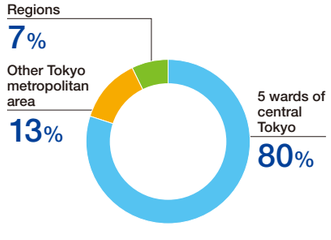
**Leasing Revenue** (consolidated)
(Billions of yen)




**Leased Floor Space** (consolidated)
(Thousand m²)

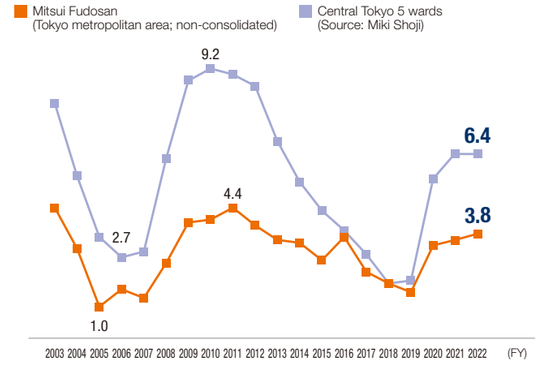



**Leasing Revenue Ratio** (by area, FY2022)



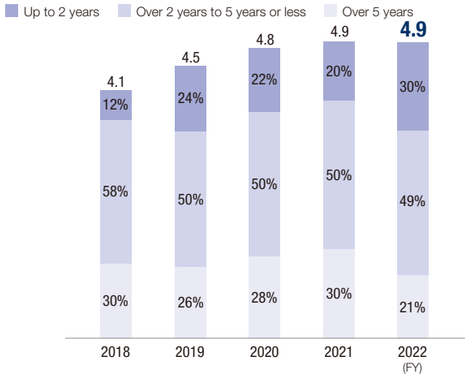

### Office Vacancy Rates Remain Below Market Levels

**Office Vacancy Rate**
**(vacancy rates as of March 31 of the relevant fiscal year)**
(%)




### Office Building Lease Contract Durations Are Steadily Increasing

**Change in Office Building Lease Contract by Duration**
(non-consolidated)
(Years)



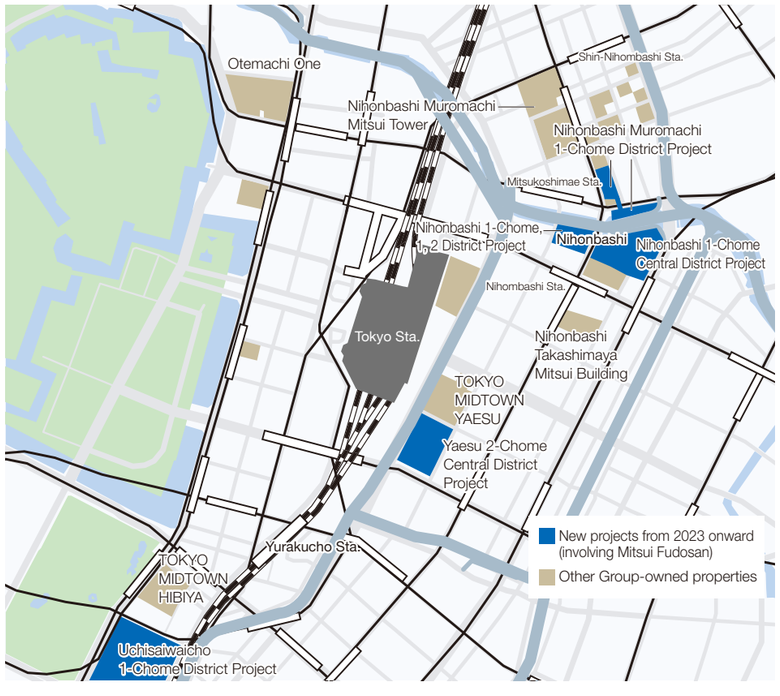

## Future Development Pipeline

Domestic projects **7** properties includes **6** redevelopment projects around Tokyo Station

Overseas projects **12** properties includes **10** in Europe and North America and **2** in Asia

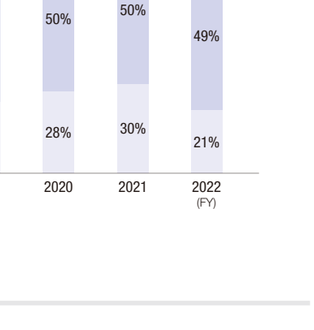
(as of the end of August 2023)

### Redevelopment Pipeline in the Yaesu and Nihonbashi Areas






TOKYO MIDTOWN YAESU (completed in Aug. 2022)



Nihonbashi 1-Chome Central District (completion scheduled for FY2025)

# Providing the Best Mix of Optimal Work Styles for Customers (Companies and Workers)

## Diversification of Customers' (Companies' and Workers') Needs

Concentration-Oriented Work Environment

Safety and Security (BCP)

Environmental Considerations

**Place for Collaborative Work**



Cybersecurity

Resilience

Convenience

## Our Group's Office Building Strategy

While remote work has made great inroads, the importance of face-to-face communication has also come to be newly appreciated. Our Group is combining a variety of assets and intangible services matched to the needs of diverse places and times for work and working styles, to provide new value aimed at productivity improvements.

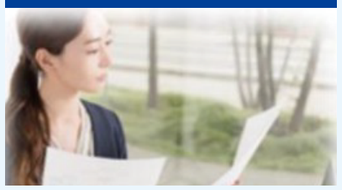
**Head Office (Site-Based Office)**



**Satellite Office**



**Home**



### Key Initiatives to Support the Strategy

**Intangible Services**

Members' website for our customers

&BIZ MITSUI FUDOSAN

Members' facility for our customers*1

&BIZ fitness MITSUI FUDOSAN

&BIZ conference MITSUI FUDOSAN

Consulting services to propose and provide new work styles

&BIZ consulting MITSUI FUDOSAN

Providing multisite shared offices that help expand work style options

&WORK STYLING MITSUI FUDOSAN

Comprehensive platform for one-stop support of health management

&well MITSUI FUDOSAN

**Community-building**

Aggregation, exchange, training/cooperation for companies and organizations

LINK-J Life Science Innovation Network Japan

cross U

**BCP**

Nihonbashi/Toyosu Smart Energy Projects



**Environmental considerations**

Provision of green power to tenants

*1 Lounge, gym, café conference rooms, etc.

## TOPICS Achieving diverse work styles through WORK STYLING multisite shared offices

Site-based office ←→ Work-from-home

&WORK STYLING MITSUI FUDOSAN

**Service Office for Corporate Clients**

**WORK STYLING FLEX**



Expansion of office functions
- As a BCP measure
- For project use

**Multisite Satellite Offices for Corporate Clients**

**WORK STYLING SHARE**



**WORK STYLING SOLO (specialized for single-person rooms)**



Expansion of workspaces
- As a workspace near home or business partners
- As a workspace for concentrating on work

**Number of sites nationwide**

139*2

**Number of member companies**

Approx. 1,000

**Number of members**

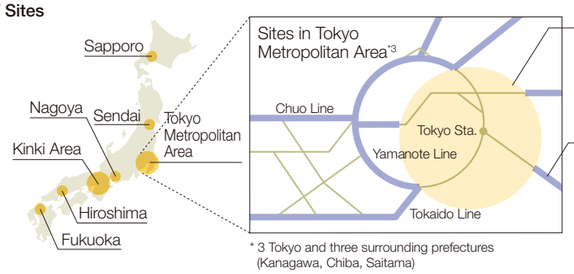
Approx. 260,000

(as of the end of July 2023)
*2 Tie-ups with Mitsui Garden Hotel, etc., included in these: 31 sites

**Distribution and Breakdown of Sites**

| | |
|---|---|
| Tokyo Metropolitan Area | 114 |
| Kinki Area | 11 |
| Other Areas | 14 |

(as of the end of July 2023)




* 3 Tokyo and three surrounding prefectures (Kanagawa, Chiba, Saitama)

**Three Wards in Central Tokyo (office aggregation area)**

36

**Other Than Three Wards in Central Tokyo (Terminal/ residential vicinity area)**

78

(as of the end of July 2023)

## TOPICS &well service to support the corporate issue of health management

Encompassing management as well as human resources and employees, &well is a service that supports corporate health management. According to a survey conducted in 2023, all of the companies that introduced &well reported that the service contributed to the promotion of health management, while 80% reported that employees' awareness toward health increased. Moreover, of the companies supported by &well that sought certification as a 2023 Health & Productivity Management Outstanding Organization, 30% were certified for the first time, 40% were selected as White 500 companies, and 50% saw their certification ratings increase.

In recognition of its various health-related initiatives, Mitsui Fudosan was selected as a 2023 Health & Productivity Stock Constituent and a company that practices health and productivity management with particular excellence.

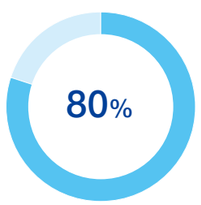
In an era in which calls for investment in human capital are reaching a crescendo, we will continue to support health management and well-being, a management issue for our customers, in both real and digital aspects.

**Survey Results of Companies That Introduced the &well Service** (FY2023)

Level of &well introduction satisfaction by responsible officers




Improvement in employees' awareness toward health following the introduction of &well




Contribution to the promotion of health management through the introduction of &well




**Selection as a 2023 Health & Productivity Stock Constituent**

2023 健康経営銘柄 Health and Productivity

# Retail

## Market Environment

### Risks

- Concerns about the impact of such factors as rising energy prices on consumer sentiment and tenant earnings
- Concerns about the impact of EC market growth on real retail facility sales

### Opportunities

- Increasingly established consumer behavior that properly distinguishes between and uses the real and digital
- Re-expansion of inbound demand

## Competitive Advantages

- Retail tenants: Approx. 2,500*1
  Tenant stores: Approx. 9,700*1
- Mitsui Shopping Park members: Approx. 13.5 million*2
- Over 40 years of expertise in retail facility planning, development, tenant sales, and operations
- Brand power and customer appeal through leading domestic brands including LaLaport and MITSUI OUTLET PARK
- Synergies with the logistics business, which meshes closely with retail facilities

*1 As of April 1, 2023 *2 As of the end of FY2022

## Business Strategy

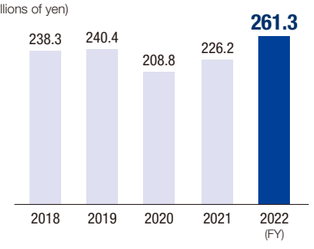
- **Maximization of the value of visits and experiences by providing unique real-life experiences from the perspectives of sports and entertainment, etc.**
- **Provision of a purchasing experience that combines the real and digital by upgrading and expanding communication not only through &mall, the Company's official online site, but also diverse channels, including apps and various social networking services**
- **Enhancement of customer loyalty by strengthening links not only with the Company itself, but also various customer bases in a bid to upgrade and expand points of customer contact while further increasing customer convenience**
- **Promotion of our unique tripartite model combining real facilities, EC sites, and logistics to provide consumers with a wide range of purchasing options and to improve the efficiency of tenants' inventory management**

## An Excellent Portfolio

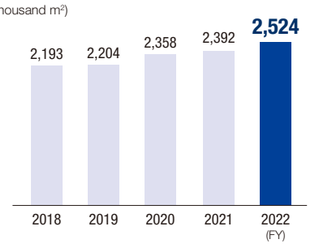
| Retail Facility Revenue (consolidated) | Leasing Revenue (consolidated) | Leased Floor Space (consolidated) |
|---|---|---|
| Approx. ¥1.4 trillion | Approx. ¥261.3 billion | Approx. 2,524,000 m² |
| (FY2022) | (FY2022) | (as of the end of FY2022) |

### Revenue Recovery on the Bank of Reopenings; Steady Increase in Leased Floor Space

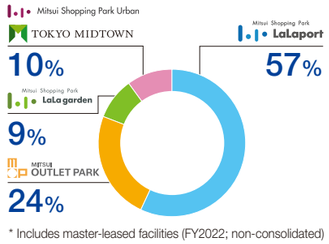
**Leasing Revenue** (consolidated)
(Billions of yen)




**Leased Floor Space** (consolidated)
(Thousand m²)




**Facility Revenue Ratio*** (by category)




* Includes master-leased facilities (FY2022; non-consolidated)

## Carefully Selected Store Openings in Tokyo Metropolitan Area and Other Major Metropolitan Areas in Japan

**Distribution of Store Openings (LaLaport, MITSUI OUTLET PARK)**




**Number of Stores by Area (LaLaport, MITSUI OUTLET PARK)**

| | Total | LaLaport | MOP |
|---|---|---|---|
| **Total** | **34** | **21** | **13** |
| Tokyo metropolitan area | 17 | 12 | 5 |
| Kinki area | 8 | 5 | 3 |
| Chukyo area | 4 | 3 | 1 |
| Other | 5 | 1 | 4 |

## Future Development Pipeline

**Domestic Projects**
5 properties

**Overseas Projects**
5 properties includes 4 in Taiwan and 1 in Malaysia

(as of the end of August 2023)

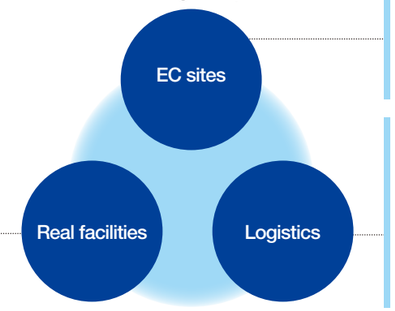
## Promotion through Our Tripartite Model of Real Facilities, EC Sites, and Logistics

Providing a wide range of purchasing options to consumers while improving the efficiency of tenants' inventory management

**Experiential Value Made Possible by Real Facilities Improvement of Customer Appeal**

| | |
|---|---|
| Retail Facility Revenue (FY2022) | Approx. ¥1.4 trillion |
| Mitsui Shopping Park point card members (as of the end of FY2022) | Approx. 13.5 million |
| Retail tenants (as of April 1, 2023) | Approx. 2,500 companies |
| Total tenant stores (as of April 1, 2023) | Approx. 9,700 |

**Promotion through Tripartite Model**




**Elimination of Time and Place Restrictions on Purchasing and Sales Activities**



Total number of stores: Approx. 420 (as of the end of August 2023)

**Centralized Management of Real Facilities and EC Inventory**



Mitsui Fudosan Logistics Park

Logistics sites: 64

Total floor space: Approx. 5.3 million m² (as of the end of August 2023)

## TOPICS KISARAZU CONCEPT STORE, a site for creating a new clothing cycle

The KISARAZU CONCEPT STORE opened in June 2023 on a site adjacent to MOP* KISARAZU as a trial to tackle issues faced by the fashion industry, including the need to reduce overstock and build supply chains that are easy on the environment. Through these and other means, Mitsui Fudosan will contribute to creating a sustainable society by selling irregular and dead stock products that have not reached customers through the retail distribution channel so far, introducing new materials, upcycling products, and new manufacturing technologies that are environmentally friendly while also engaging in such activities as the promotion of initiatives to recycle clothing into soil and eco-friendly fuel.

* MITSUI OUTLET PARK



# Logistics

## Market Environment

**Risks**
- Intensification of competition for land acquisition due to entry of new players
- Overheating of leasing competition due to high-volume supply of new properties

**Opportunities**
- Increased efficiency and consolidation of the logistics function in response to relocation needs from aging warehouses and growth in the e-commerce market
- Increased labor saving and the growing need for mechanization through DX against the backdrop of labor shortages

## Competitive Advantages

- Track record of advanced logistics facility development extending to 64 properties in Japan and overseas*1
- Close tenant relationships that enable provision of CRE solutions and direct sales to cargo owners
  (Office tenants: Approx. 3,000*2, Retail tenants: Approx. 2,500*3, etc.)
- Diverse collaboration and business methods including joint ventures with originators
- MFLP quality which realizes industry top class customer satisfaction
- Ability to propose logistics solutions that leverage DX
- Installation of solar power generators on the rooftops of new logistics facilities to the greatest extent possible

*1 As of the end of August 2023 *2 As of the end of FY2022 *3 As of April 1, 2023

## Business Strategy

- Providing a platform that helps to resolve logistics issues for customers and society as a whole by maximizing the resources of the Mitsui Fudosan Group
- Contributing to the resolution of issues in the logistics industry, such as labor shortages, by utilizing DX, and promoting MFLP brand differentiation
- Actively developing new products such as data centers, urban warehouses and freezer and refrigerated warehouses to meet diversifying customer needs by utilizing our know-how in the development of logistics facilities

## An Excellent Portfolio

### Cumulative Totals including Properties Previously Developed by the Company (as of the end of August 2023)

**Total facilities under development or operation in Japan and overseas**

64 properties
Of these, properties owned and operated by the Company: 19 properties

**Cumulative total investment**

Over ¥850 billion

**Total floor space**

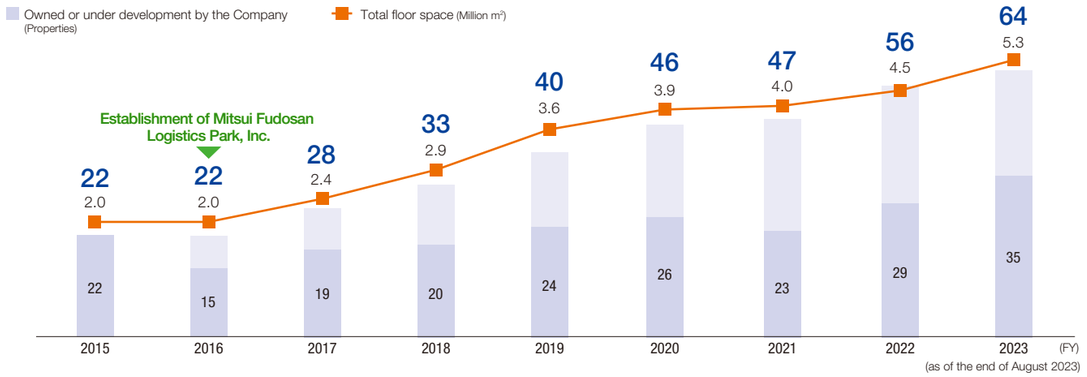
Approx. 5.3 million m²
Of this, floor space owned and operated by the Company: Approx. 1.9 million m²

**Major development areas**

Tokyo metropolitan area: 39 properties

## Stable Business Expansion

### Number of Facilities under Development/Operation and Total Floor Space at the End of Fiscal Years




## Future Development Pipeline

Projects 19 properties include 9 properties in Tokyo metropolitan area, 5 properties overseas

(as of the end of August 2023)

**TOPICS** MFLP EBINA I, ZEB certified environmentally conscious green energy logistics center

MFLP EBINA I is a green energy logistics center that can supply 100% of the electricity used in the facility as renewable energy and provide decarbonization support not only to Mitsui Fudosan but also to the tenant companies in accordance with their greening plans.

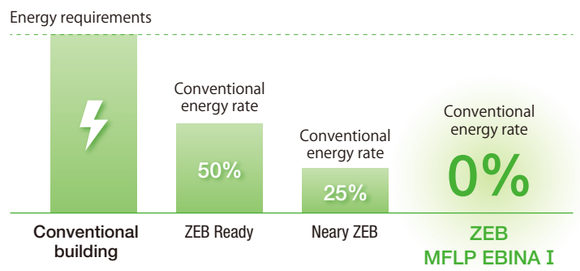


MFLP EBINA I

- Installation of solar power generators (Installed capacity: Approx. 2,000 kW; Power generation capacity: Approx. 2,200,000 kWh/year) and the supply of power to common and tenanted spaces
- Successful steps to achieve virtually zero $CO_2$ emissions across the facility as a whole in line with the use format through a green power supply service
- Obtained ZEB certification, the highest rank under the criteria set under Japan's Building Energy Conservation Act
- Received a Five-Star DBJ Green Building certification rating, a certification system established by the Development Bank of Japan to support environmentally and socially conscious real estate
- Active use of timber derived from forests owned by the Mitsui Fudosan Group as finishing materials at property entrances and lounges
- Steps to put in place green infrastructure as a biodiversity prevention measure, taking into consideration diversity and the surrounding environment



Solar panels installed on the rooftop



# Housing (Homes and Living)

## Market Environment

### Risks
- Decline in housing-related demand due to rising interest rates and worsening business sentiment
- Contraction of domestic housing-related market due to population decline

### Opportunities
- Heightened awareness concerning housing associated with diversification of customers' lifestyles
- Increased use of online business negotiations and electronic contracts by customers
- Focusing on environment-friendly product planning to realize a decarbonized society
- Focusing on the stock market due to a decrease in the number of new properties and aging buildings

## Competitive Advantages

- Condominium unit sales: Approx. **240,000**[*1]
- Mitsui Housing Loop members: Approx. **320,000**[*2]
- **Brand power** as **No. 1** in brokered deals for **37 consecutive years**
- A line-up of varied products and services related to housing (Leasing/sales, new/used, condominiums/detached houses, senior residences, management/operation/brokerage, etc.)
- Planning and development capabilities for realizing a product line-up of city center, large-scale, and redevelopment

*1 As of the end of FY2022 *2 As of the end of April 2023

## Business Strategy

- Enhancing the ability to capture business opportunities through strengthening of cooperation among Group companies and mutual customer referrals, etc.
- Provision of proposals and solutions for optimal "Homes and Living" for every life stage of diverse customers
- Deepening and expansion of loyal customers through the one-stop provision of diverse products and services
- Promoting the introduction of ZEH and ZEH-M to realize a decarbonized society
- Promoting business that leverages Group collaboration in such stock businesses as reconstruction and redevelopment

## Group Collective Capabilities That Offer One-Stop Accommodation for Varied "Homes and Living" Needs

| Buy | Sell | Lease/Rent | |
|---|---|---|---|
| MITSUI FUDOSAN RESIDENTIAL | 三井のリハウス Mitsui Rehouse | MITSUI FUDOSAN RESIDENTIAL LEASE | RESIDENT FIRST レジデントファースト株式会社 |
| 三井のリハウス Mitsui Rehouse | MITSUI HOME ESTATE | 三井のリハウス Mitsui Rehouse | MITSUI HOME ESTATE |

| Build | Renovate | Interior | Operate |
|---|---|---|---|
| MITSUI HOME | 三井のリフォーム | MITSUI DESIGNTEC | MITSUI FUDOSAN REALTY |

## Property Sales (Property Sales Segment)

### Representative Products and Brands

Condominiums (to individuals)




Condominiums (to investors)



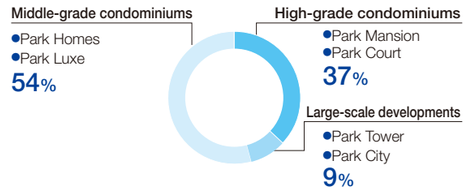

Detached Housing



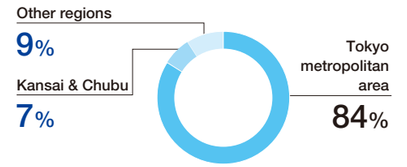

### Condominiums (to individuals)

Maintenance of high profit margins and contract rates through a product line-up centered on central Tokyo, large-scale projects, and redevelopment

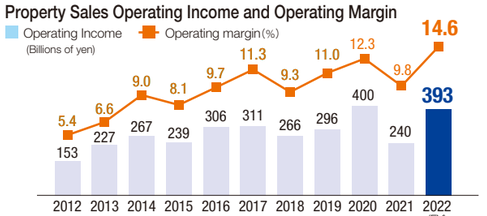
Sales by Brand (FY2022)



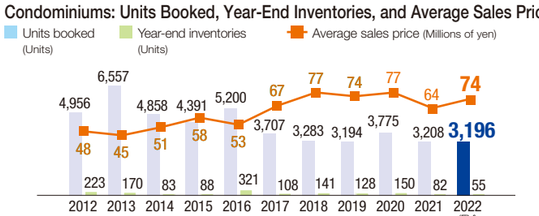

Sales by Region (FY2022)




Property Sales Operating Income and Operating Margin

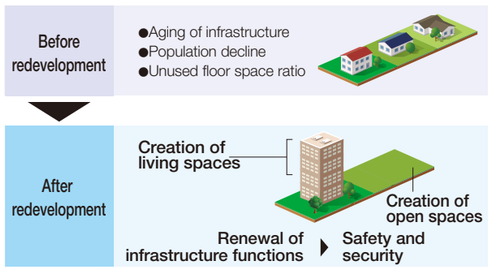



Condominiums: Units Booked, Year-End Inventories, and Average Sales Price




### Value Created by Large-Scale Redevelopment Projects in Urban Centers

Using redevelopment techniques for high-level utilization of low-utilization land and development of blocks creates new living spaces in urban centers, as well as new value that greatly enhances the appeal of neighborhoods, by creating prosperity, safety, security, and open spaces for people to relax.




Example of creation of value through large-scale redevelopment



Park Tower GranSky (Shinagawa Ward, Tokyo; completed in 2010)

## Future Development Pipeline

Large-Scale Projects **18** properties

Land Bank (Condominiums) Approx. **25,000** units

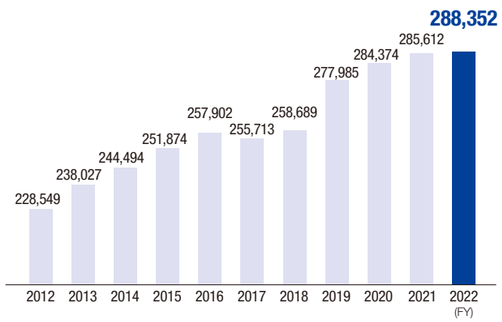
(as of the end of August 2023)

## Property Management (Management Segment)

**Condominium Units under Management** Approx. **290,000**

We leverage the Group's collective capabilities, as well as expertise cultivated through a track record spanning many years, to provide condominium management services.

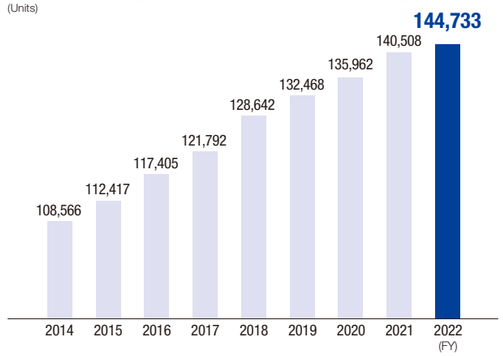
**Number of Condominium Units under Management**




**Number of Rental Housing Units for Lease under Management** Approx. **140,000**

We provide rental condominium operation and brokerage-related services that benefit both property owners and tenants.

**Rental Housing Units for Lease under Management**




### Car Park and Car Sharing Businesses That Support Enriching Lifestyles

**Number of Hourly Parking Facilities under Management** Approx. **250,000**

Since it was launched in 1994, Mitsui Car Park Leasing has developed a business operating car parks all over Japan. It has contributed to dynamic neighborhood creation by providing car park management support services that enable land to be used effectively.

三井のリパーク Mitsui Car Park Leasing

**Number of Car Sharing Members** (as of the end of April 2023) Approx. **380,000**

We are expanding the car sharing business, centered on Mitsui Car Park Leasing locations in the Tokyo metropolitan and Kansai areas. Careco features a full lineup of vehicles, including minivans and Mercedes-Benzes.



careco カレコ・カーシェアリングクラブ

## Brokerage (Management Segment)

**Number of Deals Brokered** Approx. **39,000**

**No. 1 for 37* consecutive years**

We are realizing safe and reliable deals that meet the needs of diverse customers in areas such as real estate sales, purchases, leasing, and usage.

* From FY1986 to FY2022

三井のリハウス Mitsui Rehouse　REALPLAN

**Brokerage Market** (FY2022)

| | | Fee/Revenue (Billions of yen) | Transactions (Units) | Transaction volume (Billions of yen) | Number of stores |
|---|---|---|---|---|---|
| 1 | Mitsui Fudosan Realty Group | 91.0 | 39,106 | 1,918.4 | 291 |
| 2 | Company A | 82.6 | 29,577 | 1,821.3 | 206 |
| 3 | Company B | 72.5 | 34,906 | 1,396.1 | 249 |
| 4 | Company C | 45.2 | 9,985 | 1,060.3 | 88 |
| 5 | Company D | 24.9 | 8,128 | 566.1 | 68 |

Source: "Fudousan Keizai Tsushin (The Real Estate Business Daily)," May 18, 2023, Real Estate Economic Institute Co., Ltd.

## New Construction under Consignment (Other Segment)

Using the 2x4 construction method, which excels in earthquake resistance, thermal insulation, and other areas of basic performance, Mitsui Home has delivered over 250,000 new buildings in 49 years, primarily made-to-order homes. In addition to homes, it is also actively taking on construction consignments for large-scale facilities and overseas projects.

**Buildings Delivered**

Approx. **250,000**

(cumulative total over the past 49 years)



**Wooden Facility Construction***

Over **5,700**

* Clinics, welfare, facility construction



## Other (Other Segment)

We offer space design, renovation, and renewal services for homes, offices, hotels, and more. Utilizing the design capabilities that are our strength, we provide wide-ranging support to all customers in every area, both individuals and corporations.





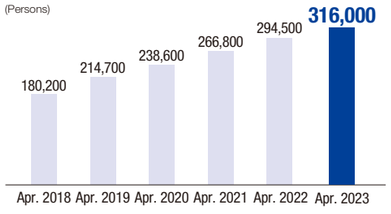
### TOPICS Mitsui Housing Loop——Providing one-stop solutions for homes and living

**Members**

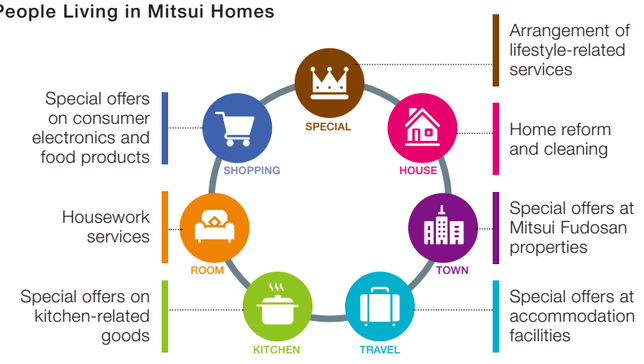
Customer base of Approx. **320,000 people***

* As of the end of April 2023

**Number of Mitsui Housing Loop Members**



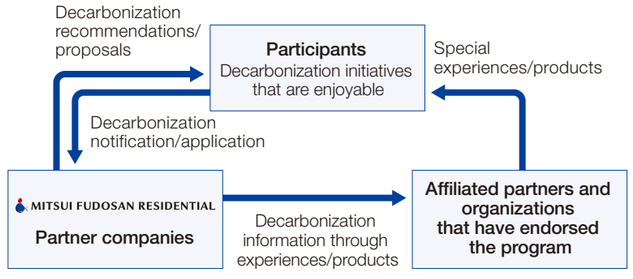

**Providing Comfortable and Economical Services for People Living in Mitsui Homes**




### TOPICS Launch of the Sustainable Living (Sus-Katsu) Program for the purpose of enjoyably engaging in sustainable decarbonization initiatives

Along with organizing decarbonization activities to do in homes and lifestyles, and recommending decarbonization activities to residents and tenants, Mitsui Fudosan Residential Co., Ltd. will introduce* at its properties a framework where data on the amounts of electricity and gas used by each residence is used to make $CO_2$ emissions and reductions visible on devices like smartphones and PCs, and perks are provided according to reductions. Every effort is being made to realize a decarbonized society by encouraging customers to embrace decarbonization activities and making them an enjoyable cycle that is sustainable.

* The program and systems are to be successively introduced at condominiums in the Tokyo metropolitan area for which planning commenced in fiscal 2022.



# Hotels and Resorts

## Market Environment

### Risks

- Incidence of over-tourism owing to the rapid inbound recovery
- Increase in operating costs due to upswings in various commodity prices and utility expenses

### Opportunities

- High evaluation of Japan's tourism resources from home and abroad
- Rapid recovery in the number of foreign visitors to Japan and expectations for further growth

## Competitive Advantages

- Mitsui Garden Hotel members: Over **800,000**[*1]
- Number of directly managed guest rooms: Approx. **13,300** (domestic and overseas)[*1]
- Development of 14 hotel and resort brands meeting diverse customer needs, from luxury to lodging-focused brands
- Demonstration of synergies through collaboration on products within the Group (collaboration with WORK STYLING shared offices, attraction of restaurant tenants by leveraging retail tenant relations, collaboration with each member organization of the Group, etc.)

*1 As of the end of August 2023

## Business Strategy

- Capturing new demand for working, living, etc.,[*2] by providing places to stay
- Expansion and deepening of loyal customers through the expansion of membership organization[*3] services
- Strengthening brand power by developing luxury facilities for high-net-worth individuals in Japan and overseas

*2 Need for telework, short-term residence, hospital treatment stays, stays for accompaniment of hospital patients, etc.
*3 MGH Rewards Club, etc.

## An Excellent Portfolio

**Hotels and guest rooms (including overseas)**

**53** hotels Approx. **13,300** rooms (as of the end of August 2023)

### Brands That Meet Diverse Customer Needs

**Lodging-focused hotels**

Mitsui Garden Hotels
THE CELESTINE HOTELS
sequence
TOKYO DOME HOTEL

**Resort and luxury hotels**

HOTEL THE MITSUI KYOTO
BVLGARI HOTEL TOKYO
FOUR SEASONS HOTEL TOKYO AT OTEMACHI
Halekulani On the Beach at Waikiki
Halekulani OKINAWA
Halepuna WAIKIKI by Halekulani
はいむるぶし Kohamajima
熱海後楽園ホテル
AMANEMU
NEMU RESORT
Isla Hotel INTERNATIONAL

## Development of Hotels and Resorts in Major Cities and at Tourist Destinations in Japan and Overseas (approx. 13,300 rooms)

### Our Company's Hotel and Resort Facility Development Areas

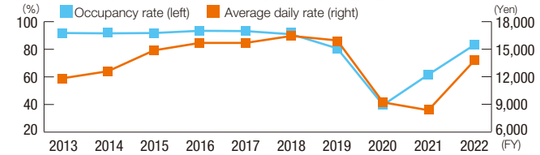
(as of the end of August 2023)




### Lodging-Focused Hotels: Number of Rooms by Area[*1]

| | No. of Rooms | Percentage |
|---|---|---|
| **Total** | **11,200** | **84%** |
| Tokyo | 5,400 | 41% |
| Tokyo metropolitan area (excluding Tokyo) | 1,400 | 11% |
| Kyoto | 1,300 | 10% |
| Osaka | 300 | 2% |
| Other | 2,800 | 21% |

### Occupancy Rate/Average Daily Rate (Lodging-focused hotels[*2])




### Resort and Luxury Hotels: Number of Rooms by Area[*1]

| | No. of rooms | Percentage |
|---|---|---|
| **Total** | **2,100** | **16%** |
| Tokyo | 300 | 2% |
| Okinawa | 500 | 4% |
| Other domestic | 600 | 5% |
| Honolulu | 700 | 5% |

*1 Rooms rounded to the nearest 100 (as of the end of August 2023)
*2 Excluding Tokyo Dome Hotel

## Future Development Pipeline

**Number of guest rooms (includes overseas)** Approx. **1,000** rooms — Of these, lodging-focused hotels: Approx. **800** rooms — Resort and luxury hotels: Approx. **200** rooms

(as of the end of August 2023)

## TOPICS Receives the highest rating of five stars in the 2023 Forbes Travel Guide for a second consecutive year

The Mitsui Fudosan Group's resorts and luxury hotels are committed to providing high levels of hospitality. Against this backdrop, every effort is being made to promote a wide range of ESG-, DX-, and other related initiatives. Recognized for these endeavors, the Group's Halekulani Okinawa and HOTEL THE MITSUI KYOTO received the highest rating of five stars in the hotel category of the Forbes Travel Guide, one of the world's most authoritative travel guides, for a second consecutive year. Going forward, the Mitsui Fudosan Group will continue to welcome customers in Japan and overseas with its world-class service and meticulous hospitality unique to Japan.

2023 Forbes TRAVEL GUIDE


HOTEL THE MITSUI KYOTO

## TOPICS Accelerating efforts to reduce food loss

The Mitsui Fudosan Group is successively introducing the TABETE food sharing service in a bid to reduce food loss at each of the hotels that it operates. The TABETE service is an initiative that promotes the sale of leftover food and bread from breakfast buffets that can be reheated in line with the Company's food hygiene management guidelines through the TABETE app operated by CoCooking Co., Ltd.

In addition, steps are being take to conduct educational activities and encourage restaurant patrons to take an appropriate amount of food at all restaurants that serve buffets.


Example of a lunchbox sold using the TABETE app

# Tokyo Dome

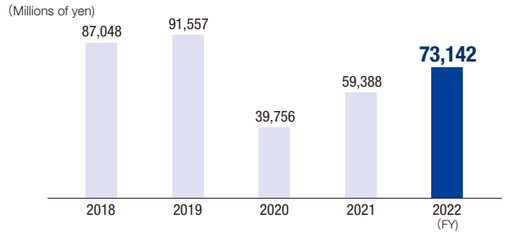
## Improving the Value of Tokyo Dome City by Creating Attractive Spaces



To further improve the appeal of Tokyo Dome City, which combines stadiums, retail facilities and hotels with its focus on sports and entertainment, we undertook the largest renovation ever of Tokyo Dome, the core facility. Starting with the renovation of the stadium, we will work on various measures to improve value, including renovating areas other than the stadium, to transform Tokyo Dome City as a whole into a more attractive neighborhood.

**<Reference> Tokyo Dome City business sales**

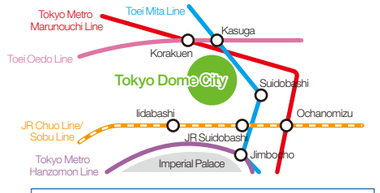
Note: Figures for FY2018 to FY2020 are prior to consolidation and figures for FY2021 are post consolidation in the Group.




## Strengths of Tokyo Dome City: Centrally Located, Convenient for Transportation × Collection of Varied Facilities with Customer Appeal

### Power of Location

A Spacious Site in the City Center with Convenient Transportation




**In central Tokyo**

A spacious site covering Approx. **13** hectares

**Adjacent to 3 stations on 4 lines, for convenience of transportation**

| | |
|---|---|
| Tokyo Station | Approx. **6** minutes |
| Haneda Airport | Approx. **45** minutes |
| Narita Airport | Approx. **50** minutes |

### Power of Facility

Plentiful Facilities That Meet the Needs of Diverse Visitors

**Tokyo Dome**
All-weather stadium with 55,000-person capacity



**LaQua**
Retail facilities, amusement park, spa



**Tokyo Dome Hotel**
Large-scale city hotel



### Power of Events

Attraction of Customers through Varied Events in the City Center




## Tokyo Dome City Business Sources of Revenue

Major sources of revenue for each Tokyo Dome City asset.

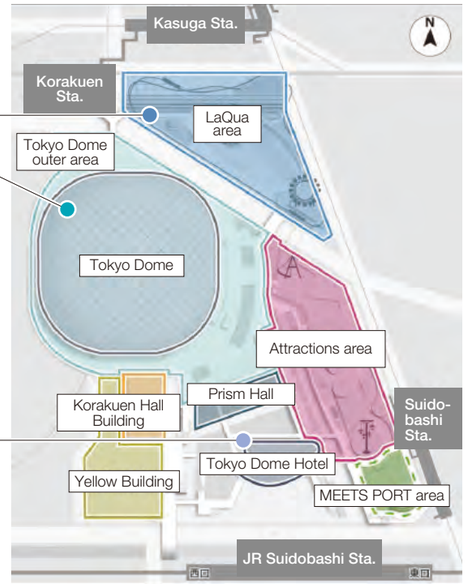
**Tokyo Dome**
- Revenue from events, including professional baseball games and music concerts
- Food and beverage/merchandise revenue
- Advertising revenue

**LaQua**
- Revenue from facility operations (attractions, hot baths, etc.)
- Retail tenant leasing revenue

**Tokyo Dome Hotel**
- Accommodation fees
- Food and beverage revenue
- Revenue from hall use

**Other***
- Revenue from facility operations (attractions, amusement facilities, etc.)
- Retail tenant leasing revenue
- Revenue from hall use

* Yellow Building, Korakuen Hall Building, Tokyo Dome City Attractions, MEETS PORT, PRISM HALL, etc.




## TOPICS Tokyo Dome City large-scale renovation

**1 Landscape redesign**
(space design/newly established LED displays)
Construction started sequentially from January 2023 and is scheduled for completion in the summer of 2024.



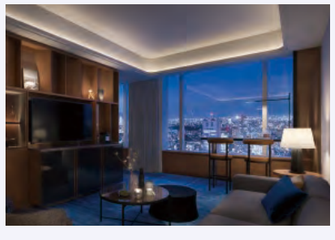
**2 LaQua 20th anniversary of opening renovation**
Renovation from March to May 2023



**3 Construction of a new theater by Tokyo Dome x YOSHIMOTO KOGYO HOLDINGS Group**
Scheduled to open in January 2024



**4 New concept floors created in Tokyo Dome Hotel**
Stays possible from February and March 2023



**5 Seating upgrades inside Tokyo Dome for the 2023 season**
Seating operations commenced from March 2023



# Dramatically Growing the Overseas Business

## Market Environment

### European and North American Market

**Risks**
- Changes in office and housing needs associated with remote work and other changes in working styles
- Accelerating inflation including building costs and interest rates continue to hover at a high level due to monetary tightening

**Opportunities**
- Preference for high-quality properties in favorable locations due to changes in the need for real venues
- Increase in demand for office properties with superior environmental performance
- Increase in demand for "Laboratory and Office" buildings associated with the growth of the life sciences industry

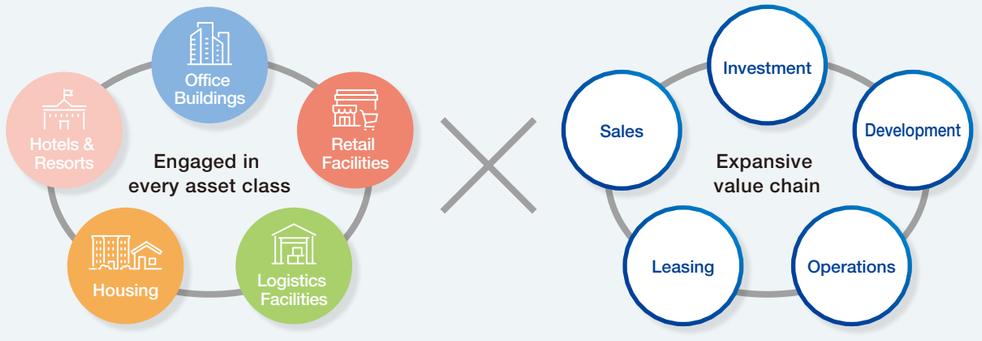
### Asian Market

**Risks**
- Changes in the need for real retail facilities associated with growth in E-commerce
- Geopolitical risks caused by such factors as mutual tension between the United States and China

**Opportunities**
- Expansion of demand for consumption of experiences, etc., unique to real retail facilities
- Firm personal demand due to economic growth, growth of the middle class and personal consumption, the advance of urbanization, etc.

## Competitive Advantages

### "Engaged in Every Asset Class," "an Expansive Value Chain," and "Development Capabilities Necessary for Creating Neighborhoods"

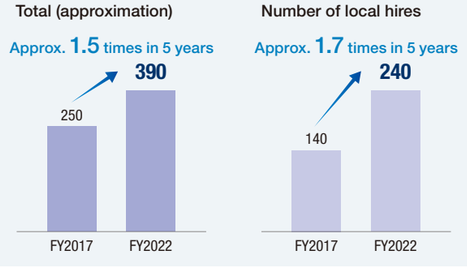



### A History of Over 50 Years in Overseas Business

| | |
|---|---|
| Mitsui Fudosan America, Inc. (Mitsui Fudosan (USA) established in 1973) | Approx. 50 years |
| Mitsui Fudosan (U.K.) Ltd. (established in 1990) | Approx. 30 years |
| Mitsui Fudosan (Asia) Pte. Ltd. (TID Pte. Ltd. established through joint venture in 1972) | Approx. 50 years |

### Promoting Localization by Recruiting and Promoting Excellent Local Employees

**No. of overseas business staff** (excluding facility management companies)




## Business Strategy

- **Capture outstanding business opportunities by combining partner strategies with Group strengths nurtured through domestic business**
- **In order to respond to changes in the market environment, promptly rework product planning to support area and product strategies, sustainability, etc., and maintain and strengthen competitiveness**

### Area Strategy

#### Europe and North America

Develop with a focus on office buildings and leasing housing in a mature, highly transparent and liquid real estate market.



#### Asia

Capture growth in the Asian market where consumer spending is expanding and urbanization is progressing; engage in development with a focus on condominiums and retail facilities.




### Overseas Partnership Strategy

- **Advancing business in each region with Approx. 60 partner companies**

**Major Partner Companies**

[Europe and North America]

| | |
|---|---|
| USA | Related (company name) |
| | Tishman Speyer, Hines |
| UK | Stanhope, EDGE Technologies |

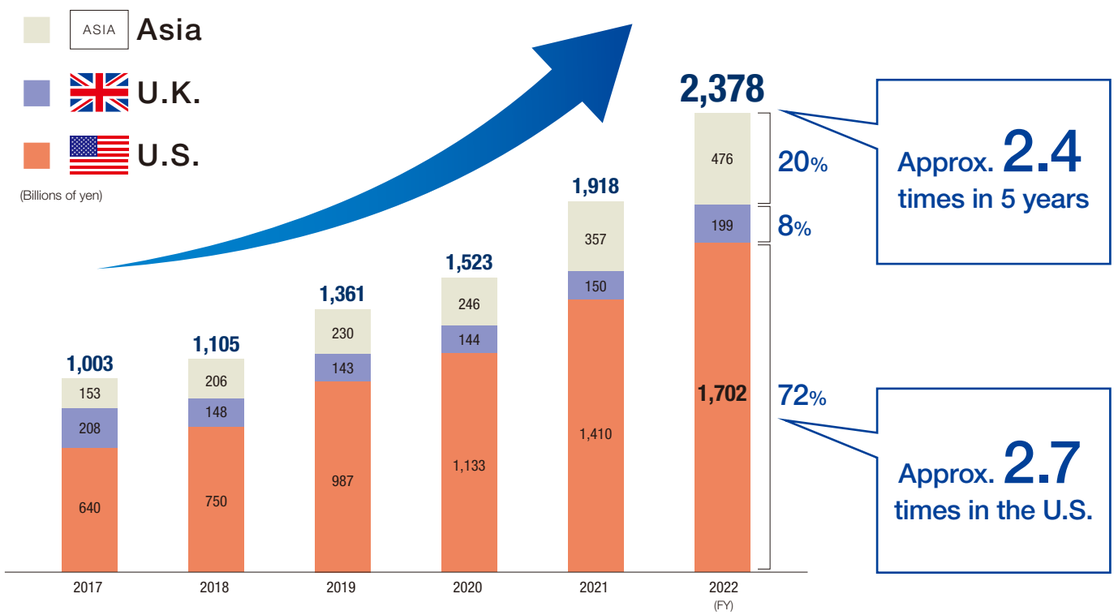
[Asia]

| | |
|---|---|
| Singapore | Hong Leong Group |
| China | Greentown Group |
| Taiwan | Cathay Real Estate Development Co., Ltd. |

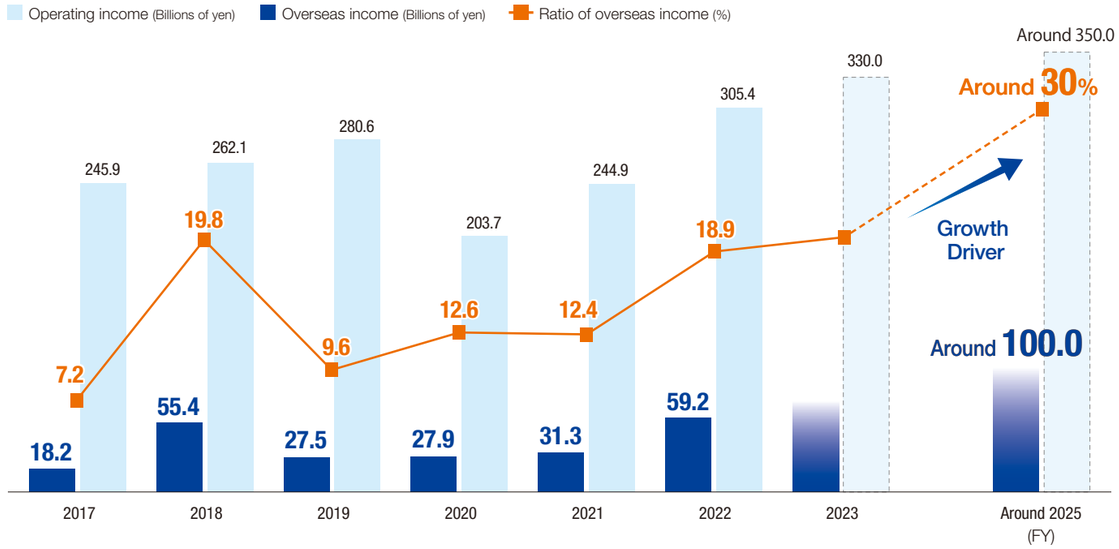
## Overseas Sites and Business Development Areas




## Growth of Overseas Assets




## Growth of Overseas Income*




* Total overseas income [a] ÷ (consolidated operating income + pro forma operating income of overseas affiliates [b]) × 100
[a] Total of overseas operating income and pro forma operating income of overseas affiliates.
[b] Total of overseas equity method affiliated companies' operating income or amount equivalent to operating income multiplied by Mitsui Fudosan's equity interest, and profit/loss on sales of stocks of overseas equity method subsidiaries and affiliates (for the purpose of real estate sales). The amount equivalent to operating income is the amount of profit calculated from net income on a simplified basis after taking into consideration the tax burden.

## Expansion of Projects Operating Overseas (future development pipeline)

### Number of properties in operation as of the end of Mar. 2023

| | | Europe and America | Asia |
|---|---|---|---|
| Office | Total 14 | (14) | (–) |
| Retail | Total 8 | (–) | (8) |
| Leasing Housing | Total 12 | (12) | (–) |
| Hotel/SA/Logistics | Total 10 | (2) | (8) |

### Future development pipeline*

| | | Europe and America | Asia |
|---|---|---|---|
| Office | Total +12 | (+10) | (+2) |
| Retail | Total +5 | (–) | (+5) |
| Leasing Housing | Total +20 | (+19) | (+1) |
| Hotel/SA/Logistics | Total +6 | (–) | (+6) |
| Condominiums | Total +16,800 | (+400) | (+16,400) |

* Plans for the next phase and expansion of existing properties are counted as one project.

(as of the end of June 2023)

# Main Environmental Initiatives

For details regarding the main initiatives being carried out, please refer to ESG Report 2023.
https://www.mitsuifudosan.co.jp/english/esg_csr/report/

## Responding to Climate Change

### Policy

The Mitsui Fudosan Group recognizes that responding to climate change is a key management issue. We create buildings and neighborhoods with low energy consumption and reduced emissions of greenhouse gases, and we aim to build a low-carbon society by taking steps together with our business partners, tenant companies and stores, and customers, to address global warming, such as conservation of energy.

### Participation in Initiatives Concerning Response to Climate Change

#### Climate-Related Financial Disclosure in Accordance with TCFD

**| TCFD and Mitsui Fudosan's Position**

Our Group endorses the agenda of the Task Force on Climate-related Financial Disclosures (TCFD), which encourages corporations and others to disclose information relating to climate-related risks and opportunities. To mitigate risk through our business activities, including risk of damage from abnormal weather patterns linked to climate change; preserve environments where people and other living creatures can flourish; and establish a sustainable decarbonized society, we are taking the TCFD recommendations as a point of departure to disclose our analysis and response to climate change–related business risks and opportunities, and other related information.

**| Scenario Analysis**

Our analysis is based on the 1.5°C and 4°C scenarios outlined in the Sixth Assessment Report issued by the United Nations Intergovernmental Panel on Climate Change. As the time axis for analysis, we considered the typical life cycle of real estate assets, and calculated the impact of climate change by approximately the year 2050. In our scenario analysis, we used our Housing, Office Buildings, and Retail Properties businesses as the object of analysis, since these three categories represent the principal focus of the commercial activities of our Group, and are also likely to be major recipients of climate change impact.

**| Analysis Result 1 | Principal Risks and Opportunities**

Based on external information, we identified risks and opportunities related to climate change, and gathered future projections for each risk and opportunity. With reference to the TCFD final report as well as other reports and sources relating to climate change, we considered risks and opportunities accompanying the transition to a decarbonized society (measures/regulations, industries/markets, technology) as well as physical risks and opportunities caused by climate change (chronic, acute), and identified significant risks and opportunities that may have an impact on our Group's three core businesses between now and 2050.

Under the 1.5°C Scenario, our Housing Business could be affected by an increase in carbon taxes, which would push up the price of raw materials and transport costs. While ZEH and energy conservation renovations would become more widespread, under the 4°C Scenario, an increase in the number of extremely hot days would have a variety of impacts, including reduced labor productivity, and the result could be higher new construction costs. Under the 1.5°C Scenario, our Office Buildings Business is also projected to see an increase in procurement costs. Costs may also rise due to higher GHG emission taxes and expanded ZEB construction. At the same time, in terms of business opportunities, we would expect increased lease income from properties with superior environmental performance. Under the 4°C Scenario, office air-conditioning costs and damage from high tides and flooding are a potential concern. Finally, in our Retail Business, the 1.5°C Scenario indicates higher costs of the same type as in the other business areas. Lower lighting and heating costs can be expected, thanks to more efficient and renewable energy use with AI-equipped air-conditioning and other systems, but under the 4°C Scenario, retail properties situated near the ocean may experience increased risk of damage from high tides and flooding.

**| Analysis Result 2 | Estimate of Business Impact**

We reviewed available quantitative data and the significance of risks and opportunities. For selected principal risks and opportunities, we estimated the financial impact on our Group's business in the year 2050. Under the 1.5°C Scenario, we projected a comparatively large negative impact on costs associated with higher carbon taxes, and the cost of meeting tightened energy conservation standards. At the same time, we estimated that these impacts would be fully offset by opportunities to construct more buildings with superior environmental performance, an area where our Group maintains a competitive advantage, and by reductions in heating and lighting costs made possible by advanced energy-conservation technology. Under the 4°C Scenario, we projected only limited actual losses from high tides and flooding, and overall, relative to the 1.5°C Scenario we estimated there would be fewer factors with a major financial impact.

### Significant Risks and Opportunities That May Affect the Three Core Businesses of the Mitsui Fudosan Group by 2050

| Classification | | Principal risks and opportunities | Projected future state |
|---|---|---|---|
| Transition | Measure | Major carbon tax increase | In addition to taxes on GHG emissions by the Group, we expect higher costs for raw materials (steel, cement, etc.), which are significant on a base unit basis, as well as for transport and air conditioning. At the same time, low-carbon structures and other properties with superior environmental performance will be better positioned to compete. |
| | | Energy conservation measures | Energy standards for new and renovated structures will be tightened, requiring additional capital investment. Furthermore, decarbonized energy sources and ZEH will become mandatory, more ZEB properties will be built, and more residential structures will be energy-efficient. |
| | Market | Customer conduct change | Products with superior environmental performance will be in greater demand and be more competitive. |
| | Technology | Propagation of technology for renewable energy and energy conservation | The propagation of energy conservation technology will lead to more renovations to enhance energy conservation. |
| Physical | Chronic | Average temperature increase | On-site operations will be hindered on extremely hot days, leading to higher operational costs and construction delays. In addition, increased use of air conditioning will push up facility management costs, but these will be offset to some degree by enhanced air-conditioning efficiency. |
| | Acute | Rising sea levels | Certain coastal structures will be damaged by typhoon-generated tidal surges accompanying sea level rise. |
| | | Intensification of abnormal weather patterns | Frequent heavy precipitation and flooding within the confines of levees can result in suspension of on-site operations and construction delays. In addition, customer safety may be threatened, and owned assets may be damaged. |

### Estimates of Financial Impacts on the Businesses of the Mitsui Fudosan Group in 2050

| Type | | Principal risks and opportunities | Factors with possible business impact | Results of financial impact estimate | |
|---|---|---|---|---|---|
| | | | | 4°C Scenario | 1.5°C Scenario |
| Risks | Transition | Major carbon tax increase | Tax applicable to company emissions | Minor | Moderate |
| | | | Major increase in raw materials costs | Minor | Moderate |
| | | Energy conservation measures | Increase in energy conservation renovation costs due to strengthened energy conservation requirements for buildings | Moderate | Large |
| | | | Increase in ZEH construction costs | Minor | Moderate |
| | Physical | Average temperature increase | Revenue reduction from construction delays due to greater number of extremely hot days | Moderate | Moderate |
| | | | Increase in air-conditioning load | Moderate | Moderate |
| | | Rising sea levels/intensification of abnormal weather patterns | Flood damage due to high tides and heavy precipitation accompanying sea level rise | Moderate | Minor |
| Opportunity | Transition | Major carbon tax increase | Cost control through introduction of low-carbon materials | Minor | Moderate |
| | | Energy conservation measures | Share expansion as a result of ZEH becoming a requirement | Minor | Moderate |
| | | | Creation and sales of carbon credits as a result of ZEH construction | Minor | Minor |
| | | Customer conduct change | Shift to buildings with superior environmental performance | Minor | Moderate |
| | | Propagation of technology for renewable energy and energy conservation | Expansion of energy conservation renovation business | Moderate | Moderate |
| | Physical | Average temperature increase | Reduced air-conditioning costs through AI | Moderate | Moderate |
| | | | Reduced lighting and heating costs due to increased energy conservation performance | Moderate | Moderate |
| Results derived from analysis | | | | Moderate | Moderate |

#### Affiliation with RE100

The Group is a member of RE100, a global initiative committed to utilizing 100% renewable energy. We are also proud to be fighting climate change as a recognized member of the JCLP (Japan Climate Leaders' Partnership), a local partner of RE100.

For more detailed information about RE100, please refer to the following link.
https://www.there100.org/re100-members

RE 100
THE CLIMATE GROUP CDP

#### Acquired SBT Initiative Certification for Greenhouse Gas (GHG) Emission Reduction Targets

Greenhouse gas (GHG) emission reduction targets for the whole Group have been set as the 1.5°C Target, which aims to limit the global average temperature increase to below 1.5°C compared to pre-industrial levels from the international Science Based Targets (SBT) initiative.

For more detailed information about the SBT initiative, please refer to the following link.
https://sciencebasedtargets.org/companies-taking-action

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## External Evaluations

We have been selected for inclusion by CDP, a nonprofit organization engaged in international environmental surveys and information disclosure, in the "CDP 2022 Climate Change A List" of top-ranking companies in the climate change category (for the second consecutive year following 2021). Through this, we have been recognized as a globally leading company in climate change activities. Specifically, we were recognized for our actions to reduce $CO_2$ emissions, reduce climate change risk, and advance the progress of a low-carbon economy, on the basis of data reported in the CDP's 2022 Climate Change Questionnaire. Approximately 15,000 companies worldwide were covered, of which 287 (including 75 Japanese companies) were selected for inclusion in the Climate Change A List.

CDP DISCLOSURE INSIGHT ACTION A LIST 2022 CLIMATE

### About CDP

Founded in 2000 in the United Kingdom, CDP is a nonprofit organization that seeks information disclosure and the promotion of initiatives by companies and local government to tackle climate change, water resource conservation, forest conservation, and other environmental issues. The organization collects, analyzes, and evaluates information on the environmental activities of major companies around the globe, and every year selects companies that excel in climate change initiatives and information disclosure for inclusion in the Climate Change A List.

CDP's annual environmental information disclosure and process for its evaluation are widely recognized as global standards for corporate environmental information disclosure. In 2022, a record number of approximately 18,700 companies disclosed information through the CDP.

# Biodiversity Conservation

## Policy

Coexistence with nature, which is home to a diverse range of living creatures, adds significant value to communities, such as by providing places of enrichment and relaxation. On the other hand, the development of real estate by the Group and the extraction of natural resources used as raw materials for building materials in the supply chain are altering ecosystems and impacting biodiversity. In light of this, we believe that consideration of the impact on biodiversity is one of the most important management issues, and have recently established the "Mitsui Fudosan Group Biodiversity Policy." Based on this policy and a separately established basic plan, we will promote a wide range of integrated environmental initiatives, including the conservation of biodiversity.

In addition, we will proactively disclose information while referring to the Taskforce on Nature-related Financial Disclosures (TNFD), a framework built for the disclosure of nature-related risks and opportunities.

### Policy and Basic Plan with Regard to Biodiversity (Formulated in Fiscal 2022)

"Mitsui Fudosan Group Biodiversity Policy"
"Biodiversity Conservation Basic Plan"

* For details on each policy and basic plan please refer to our website.
https://www.mitsuifudosan.co.jp/english/esg_csr/environment/06.html

## Major Initiatives

### Activities in Various Organizations

Keidanren Initiative for Biodiversity

The Company Joined the Keidanren Committee on Nature Conservation. The committee administers a fund that supports nature preservation activities in developing countries as well as Japan. We are also a member of the 30by30 Alliance for Biodiversity, an initiative driven by the Ministry of the Environment, which serves as secretariat, that aims to conserve and protect at least 30% of Japan's terrestrial and marine areas with the goal of halting and restoring biodiversity loss by 2030.

### Initiatives at Group-Owned Forests

The Group owns roughly 5,000 hectares of forest in Hokkaido, and every year cuts down a certain amount of timber to use in building materials for its real estate business. Around 40% of this total is natural forest and generally this remains untouched, and as such we believe that here there is minimal impact on the forest's ecosystems through our business activities. However, the remaining 60% is artificial forest, and here we recognize that the varying ages and types of trees, as well as other factors, are impacting ecosystems and biodiversity.

In line with the above, in March 2023 we formulated the "Biodiversity Conservation Basic Plan" for our Group-owned forests and disclosed information on the relationships between our forests and biodiversity as per the LEAP approach of the TNFD framework.

### Overview of the Mitsui Fudosan Group-Owned Forests

| | |
|---|---|
| Locations | 31 municipalities (70 forests*) *Forests: One grouping of trees |
| Area | 4,942.47 ha (including 63% that are artificial, 36% natural) |
| Usage situation | Every year, approximately 100 to 200 hectares of timber are harvested (including thinning, etc.).<br>This timber is used as building materials for the Group's real estate business and in office furniture. |
| External certifications | ・Sustainable Green Ecosystem Council (SGEC) certification for sustainable forest management, and is mutually recognized as a member of the Programme for the Endorsement of Forest Certification (PEFC).<br>・FORESTOCK certification |

### With Regard to the Relationship between Group-Owned Forests and Biodiversity

**Locate** The Importance of the Geographic Location of Group-Owned Forests

Of our 70 forests, those where biodiversity conservation requires particular attention due to the following four perspectives have been designated as priority forests
(1) Ratio of natural forest (2) Variation in tree age in artificial forests
(3) Position relative to nature reserves and protected forests (4) Level of contribution to forestry management

**Evaluate** Impact on Ecosystems and Biodiversity and Dependence

The impact and dependence of forestry operations on ecosystems and biodiversity in the Group's forest holdings are identified and analyzed based on the results of on-site surveys of flora and fauna and interviews with local authorities.

**Assess** Risks and Opportunities Related to Biodiversity

In line with the knowledge we have gained regarding our forests' impact on ecosystems and their mutual dependence, as well as international movements surrounding biodiversity, we have identified, on a trial basis, our biodiversity-related risks and opportunities.

| | Risks and opportunities related to biodiversity | Resulting economic impacts |
|---|---|---|
| Risks | Tree-cutting in forests near ridges could cause sediment runoff, and in turn lead to the loss of trees and other woodland ecosystems | The amount of timber production could fall as a result |
| | In artificial forests, if the simplification of tree species and forest layers and the disturbance of forest environments progress, it could lead to the loss of biodiversity | The resulting biodiversity imbalances could cause an increase in certain types of vermin, diseases, and pests, and in turn reduce the amount of timber produced |
| Opportunities | Market growth for wooden structures, which are said to have minimal environmental impact throughout their life cycle | Enhanced ability to respond to changes in consumer needs, improved competitive advantage, and higher revenue |
| | Introduction of financial incentives for nature conservation areas that have received OECM and other certifications | Possibility to lower operational costs |

Note: The risks and opportunities above are examples of those anticipated for Group-owned forests. We will continue to conduct detailed assessments (such as quantitative analyses) of potential risks and opportunities.

**Prepare** Implementation of Biodiversity Conservation Measures

Based on the analysis conducted to date, we performed surveys of all 25 of the forestry cooperatives to which we outsource forest management, investigating their implementation of biodiversity conservation measures. While many cooperatives are implementing the measures they can within small sections of their forest, relatively few have implemented initiatives in wide areas or taken initiatives that require a combination of efficiency and safety in operations, which will be improved in the future.

* For details regarding the content and results of the various analyses, please refer to our website. https://www.mitsuifudosan.co.jp/english/esg_csr/environment/06.html

# Water

## Policy

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

# Environmental Pollution and Resources

## Policy

We prevent environmental pollution by observing laws, regulations, and ordinances relating to air pollution, water pollution, soil contamination, and hazardous materials, and we also work hard to curb emissions of pollutants and contaminants that are not subject to regulation by laws, regulations, and ordinances. In addition, we take hazardous materials into consideration when acquiring land as well as in the building design stage. We also ensure appropriate management and disposal, and thereby prevent impacts due to hazardous materials on the environment or building users. Furthermore, when advancing construction, we strive to procure materials that lessen global environment load and reduce the amount of waste produced.

# Sustainable Finance

## Policy

As the international movement on environmental and social issues accelerates, further substantial efforts are required to achieve a decarbonized society. Sustainable finance to support the realization of such a society is becoming increasingly important. By proactively engaging in sustainable finance, we intend to raise more awareness of the Group's policy among a wide range of stakeholders and promote the diversification of financing and the realization of a decarbonized society.

## Features of the Framework

### Green Finance Framework

We have formulated the Green Finance Framework as we look to issue green bonds and execute green loans flexibly. The framework has set both domestic and global environmental certifications as eligibility criteria, allowing for investment in both domestic and global projects.

### Sustainability-Linked Loan Framework

The Sustainability Linked Loan (SSL) Framework is a comprehensive SLL framework that uniformly defines SLL requirements such as sustainability performance targets (SPTs), applicable interest rates, and reporting. This will allow us to universally apply the framework to each financial institution's standard loan agreements in individual transactions, making it easier for both us and financial institutions to engage SLL.

## Main Achievements of Sustainable Finance

We are aggressive in the use of sustainable finance to raise funds, and in fiscal 2022, of the approximately ¥320.0 billion* in yen amounts raised in Japan, 96%, or a total of ¥309.0 billion was procured through sustainable finance.

* Excluding non-recourse loans and short-term borrowings

### Green Finance

We proactively engage in green loans and green bonds by utilizing green projects that meet the eligibility criteria set forth in the Green Finance Framework.

#### | Fiscal 2022

**•Green loans**

| Project name | Procurement amount | Amount allocated | Amount unallocated |
|---|---|---|---|
| TOKYO MIDTOWN YAESU | ¥48.0 billion | ¥48.0 billion | — |
| TOKYO MIDTOWN HIBIYA | ¥92.5 billion | ¥92.5 billion | — |

**•Green bonds**

| Project name | Procurement amount | Amount allocated | Amount unallocated |
|---|---|---|---|
| TOKYO MIDTOWN YAESU | ¥80.0 billion | ¥80.0 billion | — |

#### | Prior to fiscal 2021

**•Green bonds**

| Year of procurement | Project name | Procurement amount | Amount allocated | Amount unallocated |
|---|---|---|---|---|
| 2021 | 50 Hudson Yards | $300 million | $300 million | — |
| 2019 | Nihonbashi Muromachi Mitsui Tower | ¥50 billion | ¥50 billion | — |

#### | Allocation Review

We obtain "Allocation Reviews" from an external reviewer with regard to our compliance with the eligibility criteria set forth in the framework for each use of funds and the status of the proceeds' appropriation.

#### | Green Project Case Study

**•TOKYO MIDTOWN YAESU**

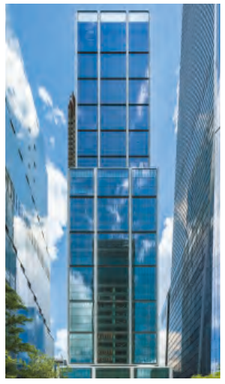
TOKYO MIDTOWN YAESU is a large-scale, mixed-use redevelopment project that will be the start of the ongoing redevelopment project in front of Tokyo Station. As for environmental certification, TOKYO MIDTOWN YAESU has received the highest (S) rating under Japan's CASBEE-architecture certification for new buildings and plans to obtain either the highest (Five-Star) or the second-highest (Four-Star) rating in the DBJ Green Building Certification. In addition, as a way to utilize green energy to realize a carbon-free society, Mitsui Fudosan will launch the "Green Energy Supply Service" in response to the needs of tenants. The service provides tenants a green energy environmental value of "Non-fossil Fuel Energy Certificates with Tracking," which means that the energy is derived from the five solar power generation facilities owned and developed by Mitsui Fudosan.



Overview of the property
Location: Yaesu 2-chome, Chuo-ku, Tokyo
Scale of the building:
•45 floors above ground and 4 floors below ground (Block A-1)
•7 floors above ground and 2 floors below ground (Block A-2)
Total floor space: Approx. 289,750 m² (total of 2 blocks)
Uses: Offices, retail facilities, hotel, elementary school, bus terminal, parking lots, etc.
Schedule: Completed in August 2022

**• 50 Hudson Yards**

50 Hudson Yards is an office building development project in Manhattan, New York in which we participated through our U.S. subsidiary Mitsui Fudosan America, Inc. The building has a prime location directly connected to the 34th Street–Hudson Yards Station on the subway's No. 7 Line, has a park in front of the building entrance, large-sized floor plates that are preferred by a wide range of tenants, multiple dedicated lobby areas for the headquarters needs of large tenants, and valet parking service and a fixed number of parking spaces, which are rare in Manhattan. It is also state-of-the-art in terms of environmental performance and is scheduled to receive LEED Gold certification.



Overview of the property
Location: 50 Hudson Yards, New York, NY
Scale of the building: 58 floors above ground and 3 floors below ground
Total floor space: Approx. 2,842,000 sf (approx. 264,000 m²)
Uses: Offices, retail facilities
Schedule: Completed in June 2022

### Sustainability-Linked Loans

For our sustainability-linked loans, which sets targets consistent with the ESG strategy of a borrower and for which the interest changes depending on the achievement of the targets, we execute loans based on our SLL Framework. In this, we have set a reduction target of 46.2% by fiscal 2030 in Scope 1 and 2 emissions (compared with fiscal 2019) announced in our "Group Action Plan to Realize a Decarbonized Society" formulated in November 2021. The following is a summary of our SLLs.

**•Fiscal 2022 Achievements**

| | | | |
|---|---|---|---|
| Number of executions | 7 | Total amount | ¥69.5 billion |

**•Fiscal 2021 Achievements**

| | | | |
|---|---|---|---|
| Number of executions | 12 | Total amount | ¥69.0 billion |

### Positive Impact Finance

In December 2022 the Company entered into an agreement with Sumitomo Mitsui Trust Bank, Limited for "Positive Impact Financing" to be provided by that company (amount covered: ¥19.0 billion).

Positive Impact Financing is a method of financing in which financial institutions comprehensively analyze and evaluate the environmental, social, and economic impacts (both positive and negative) of corporate activities in accordance with the Positive Impact Financing Principles proposed by the United Nations Environment Programme and Finance Initiative (UNEP FI), and provide loans to support such activities on an ongoing basis. This evaluation has obtained a third-party opinion from Japan Credit Rating Agency, Ltd. regarding the compliance of the procedures for the evaluation with the Positive Impact Financial Principles and the reasonableness of the evaluation indicators utilized.

# Main Social Initiatives

## Human Resource Strategies

For details regarding the main initiatives being carried out, please refer to ESG Report 2023.
https://www.mitsuifudosan.co.jp/english/esg_csr/report/

### Major Initiative Policies in the Long-Term Vision: VISION 2025

Drive evolution in the creation of neighborhoods | Innovate business models by harnessing real estate tech | Dramatically grow the overseas business

**Infrastructure to support initiatives**

Human Resource Strategies | Organization, systems and governance | Asset and financial strategy

**(1) Diversity and Inclusion**
- Promoting Active Roles for Women
- Recruiting and Training Global and DX Personnel
- Other Diversity Promotion and Inclusion Initiatives

As the pace of diversification regarding customer needs and the perception of values has further accelerated, social issues have arisen that cannot be solved solely within the conventional framework of the real estate business. We therefore recognize the importance of embracing diversity ourselves for the purpose of providing products and services that satisfy a diverse range of customers.

**(2) Human Resource Development and Improvement of Skills**

**(3) Diverse Work Styles**

**(4) Health and Productivity Management**

**(5) Improvement of Employee Engagement**

**Working as a strong team in which all our employees with their diverse values accept and better each other in order to create new value and provide products and services that are well-received by society**

Values without a noted time are as of FY2022.

## (1) Diversity and Inclusion P.85

### Women's Empowerment

| Ratio of female hires | Women in general positions ratio |
|---|---|
| 44.1% | 18.0%* |

| Women in management positions ratio |
|---|
| 7.7%* |

NADESHIKO BRAND 2023

**Practical examples**

**| An Environment Where People Want to Work for a Long Time**
- Unconscious bias training for all employees
- Supporting childcare and leave to care for others, etc.

**| Raising Motivation and Supporting Career Development**
- Group joint training (Get Connected and Grow Project)
- Diversity and inclusion training for organization heads
- Mentor system for female managers
- Development plan formulation for management positions and female manager candidates

### Recruiting and Training Global and DX Personnel

| Number of employees stationed overseas | Number of strategic technical staff hired |
|---|---|
| 70 employees (Persons)* | Cumulative total: 77* |

**Practical examples**

**| Dramatically Growing the Overseas Business**
- Active recruitment of foreign nationals and new Japanese graduates or mid-career employees with global experience
- Stints working overseas through job rotations
- Mandatory one-month language training for younger employees
- Specific language training for mid-level employees
- One-year overseas internship program

**| Innovate Business Models by Harnessing Real Estate Tech**
- Active recruitment of DX personnel
- DxU, digital transformation (DX) training for all of the Company's employees

DX銘柄2022 Digital Transformation

* As of April 1, 2023

### Other diversity promotion and inclusion initiatives

**Practical examples**
- Active recruitment of mid-career individuals from other industries
- System related to changing official duties
- System to allow contract employees to become regular employees
- System for re-employment
- Expanded employment of people with disabilities
- System for treating relationships as marriages regardless of gender if the Company acknowledges the relationship

| Percentage of mid-career hires among regular employees | Employment rate of people with disabilities* (Legally mandated: 2.30%) |
|---|---|
| 22.8% | 2.74% |

* As of June 1, 2023

## (2) Human Resource Development and Improvement of Skills P.89

**Practical examples**
- Personal statement system related to wishes to change department, etc.
- Leave system whereby employees can take time to study at graduate school
- Graduate school tuition fee subsidy system
- Business proposal system
- Side-job system

### Four opportunities for personnel development




| Training time per employee | Training expenses per employee |
|---|---|
| 28.2 hours | 131,000 yen |

## (3) Diverse Workstyles P.90

**Practical examples**

**| Flexible work locations and times**
- Remote work system for all employees
- Super flex-time work system with no core time
- WORK STYLING multisite satellite offices operated by Mitsui Fudosan available for use by all employees (approx. 140 sites)

| Number of paid leave days taken |
|---|
| 16.2 days |

**| Support**

| Return rate from childcare leave | Percentage of male employees taking childcare leave* |
|---|---|
| Achieved for 23 consecutive years 100% | 122.9% |

* The denominator is the number of male employees whose partner gave birth in the relevant fiscal year, and the numerator is the number of male employees who used the leave system either as childcare leave at the time of their child's birth or childcare leave in the relevant fiscal year. Where there are male employees who take childcare leave, etc. in a different fiscal year from that of their child's birth, this rate may exceed 100%.

## (4) Health and Productivity Management P.90

**Practical examples**
- Use of the &well health management support app (visualization of health conditions and health activity circumstances)
- Health events such as the Team Step Count Challenge
- Expense subsidies (smoking cessation, preventive dentistry, etc.)

2023 健康経営銘柄 Health and Productivity

Mitsui Fudosan Selected for the First Time Ever as a 2023 Health & Productivity Stock Constituent

2023 健康経営優良法人 Health and productivity ホワイト500

Certified as a 2023 Health & Productivity Management Outstanding Organization (White 500) for the Seventh Consecutive Year

| Health checkup and screening rate |
|---|
| 100% |

## (5) Improvement of Employee Engagement P.91

**Practical examples**
- Established various systems and environments to ascertain employees' circumstances and wishes through annual personal interviews conducted with all employees by Personnel Department staff

| Turnover rate (Full-time staff) | I am proud to work for this company |
|---|---|
| 0.66% | 92%* |

* The proportion who responded to the statement "I am proud to work for this company" with a 4 or 5 out of a five-point scale of agreement.

## Diversity and Inclusion

### Diversity and Inclusion Declaration

The "" logo adopted by the Group as a management philosophy represents the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society.

As a real estate developer, the driver of our efforts to continuously provide new value is a major asset of ours—our people. Therefore, we have positioned the promotion of diversity and inclusion as one of our most vital management strategies, and the Group is coming together as one to create an organization in which personnel with diverse values, capabilities, and lifestyles can demonstrate each to the best of their abilities.

### Policy

Our passionate, capable employees have a diverse range of skills, experiences, and values; as such, we are working to ensure an environment where they can demonstrate their individual abilities to the upmost, and recognize one another as individuals, evaluated fairly regardless of their race, nationality, religion, sex, age, presence or not of disability, gender identity, sexual orientation, or other characteristics. To this end, we are promoting workstyle reforms and enhancing our human resources system so as to raise organizational productivity and enhance our employees' work-life balance. We have made promoting female participation a key theme, and set ourselves Group-wide quantitative goals and qualitative action plans, and we will formulate various measures to promote this as a united Group.

### Promotion Framework

Under our management's commitment, the managing director in charge of personnel bears ultimate responsibility for ensuring diversity and inclusion-related initiatives are advanced, centralized in the Personnel Department's D&I Promotion Department, with knowledge input from inside and outside the Group.

Diversity and inclusion is a major theme in ESG activities. Reports on our activities, policies for each fiscal year, and other matters are discussed by the Board of Directors. Furthermore, we are promoting this topic as a united Group, and share policies at meetings at which Group company presidents are present, while periodically convening the Diversity and Inclusion Promotion Council.

### Priority Measures

#### | Promoting Active Roles for Women

**•An Environment Where People Want to Work for a Long Time**

To develop an environment where diverse personnel, whether male or female, can play an active role, we are working to change the awareness of the organization and our managers. To do this, we are implementing unconscious bias training and other measures for all our employees.

Through efforts by members of the Personnel Department, such as discussions and individual interviews with all employees, we will grasp the circumstances that employees face and their hopes, and develop an environment and various systems, including those that support childcare and caring for others, accordingly. Through improving the environment and actively hiring women (with a female recruitment ratio target of at least 40%), female employees are playing active roles in many departments as corporate officers, company staff, and business line staff in Japan and overseas. As of April 2023, we had a 7.7% ratio of women in management positions and a 23.4% ratio of women in sub-section manager or equivalent positions. We are working to increase the ratio of women in management positions to 10% by 2025 and 20% by 2030.

In recognition of our various initiatives, we were selected for the second consecutive year as a Nadeshiko Brand, a program in which Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly select companies that excel in the promotion of women's participation. Similarly, we were selected for the sixth consecutive year as a constituent stock in the MSCI Japan Empowering Women Index, an index composed of companies that excel in gender diversity practices.

NADESHIKO BRAND 2023

Selected as a Nadeshiko Brand

女性が活躍しています！

Eruboshi Certification

**2023** CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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

Selected for inclusion in the MSCI Japan Empowering Women Index (WIN)

**•Raising Motivation and Supporting Career Development**

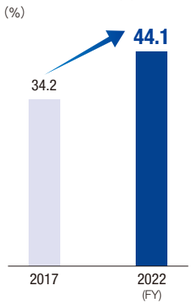
By conducting diversity and inclusion training, and other measures for organization heads, we are promoting female participation and advancing changes in awareness throughout the organization. We also offer female managers career development support via a mentor system and other initiatives, such as career development planning for female employees in management positions and female manager candidates. In addition, we work to enhance the motivation of female employees and support their career development through exchanges of opinions as part of D&I working groups composed of members openly recruited from within the Company, lectures and seminars by women in active roles, and exchange events within the Company.

**•Promoting Active Roles for Women in the Group**

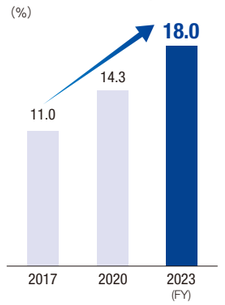
With the Mitsui Fudosan Personnel Department serving as secretariate, the Company established the Group Women's Participation Promotion Subcommittee to promote active roles for women as a unified group. Furthermore, we are promoting initiatives with the Group working in concert, including sharing policies and confirming progress at meetings at which Group company presidents are present, periodically convening the Diversity and Inclusion Promotion Council together with the departments in charge of D&I at each Group company, and implementing universal Group initiatives.

We have also set and manage the progress of targets for each Group company regarding indicators such as the ratio of women in management positions.

**Ratio of Female Hires (new graduates + mid-career hires) (non-consolidated)**




**Women in General Positions Ratio (non-consolidated)***




**Women in Management Positions Ratio (non-consolidated)***




* Figures for each fiscal year are those for the beginning of the fiscal year starting April 1 of the following year.



Diversity and inclusion training for organization heads





Exchanging opinions as part of working groups composed of members openly recruited from within the Company

### Mitsui Fudosan Group Get Connected and Grow Project

From fiscal 2022, we have been running 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.



Message from a managing officer at a seminar-style training



Discussion during a seminar-style training

- Gaining confidence in skills and abilities
- Building networks and information exchanges among female employees across companies
- Embodiment of role models and exchange
- Actively disseminate and share the implementation status

| | |
|---|---|
| 1 | Seminar for young female employees (Fostering career awareness, etc.) |
| 2 | Seminar for female manager candidates (One-step-higher viewpoint and understanding roles) |
| 3 | Female manager forums (Attaining the point of view of management positions, networking between female managers) |
| 4 | Seminar for managers (Management skills, etc.) |
| 5 | Roundtable discussion by theme (Embodiment of role models and exchange) |
| 6 | One-time training (Coaching skills, etc.) |
| 7 | e-learning (Diversity management, etc.) |

### | Recruiting and Training Global and DX Personnel

To innovate the real estate business in the way we outline in our Group's long-term vision, two of the main aspects of our initiative policy in VISION 2025 are to innovate business models by harnessing real estate tech and dramatically grow the overseas business. Our focus now is on recruiting and training global and digital transformation (DX) personnel who can support those goals.

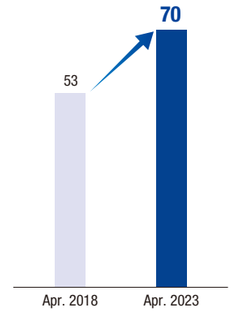
In an effort to expand the overseas business into a core driver of Group operating income by deploying the Group's strengths and business models developed in the domestic business on a global basis, we have been actively recruiting foreign nationals and Japanese new graduates or mid-career employees with global experience. Further, we are striving to create global-oriented staff through measures such as mandating a one-month language learning program for younger employees, conducting specific language training for mid-level employees, introducing a one-year overseas internship program, and having stints working overseas through job rotation.

We are also aware that digital transformation (DX) has had a major impact on conventional business, and to raise its real, applicable value, we are accelerating efforts to apply digital and real estate technologies. To do this, we are actively hunting down mid-career individuals possessing IT skills who will be an immediate asset to our information and communications technology (ICT). We are also applying their capabilities to each of our business domains to spur innovation. In recognition of this DX promotion structure, our DX project execution capabilities, and other DX activities, we were selected as a Digital Transformation Stock 2022 by Japan's Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan.

In our existing businesses, we are conducting various types of training under the belief that all employees need to further promote DX.

**Number of Employees Stationed Overseas**

(Persons)




**Number of Strategic Technical Staff Hired**

As of April 2023
Cumulative total: 77

DX銘柄2022
Digital Transformation

### | Other Diversity Promotion and Inclusion Initiatives

The Company is advancing initiatives intended to realize a corporate culture in which personnel with diverse values accept each other and actively engage with a high level of productivity, regardless of their race, nationality, religion, sex, age, presence or not of disability, gender identity, sexual orientation, or other characteristics.

VISION 2025, there is a wide range of knowledge sets that we will need to bring together. As such, we are proactively recruiting mid-career human resources who have no experience in our industry or who were previously working in different fields. We have put in place various training and mentoring systems that enable greater activity for diverse personnel with varied career histories and standpoints to demonstrate individuality based on their respective experiences and abilities.

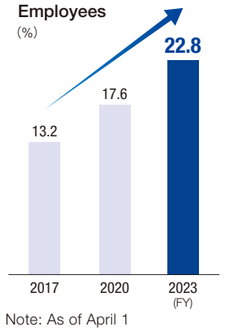
In addition, we have established a system related to changing official duties, as well as a system to allow contract employees to become regular employees, through which we encourage employees to further their careers within the Company. In addition, we have also introduced the Return Entry System for re-employing employees who have resigned for unavoidable reasons, such as the relocation of a spouse, childcare, or nursing care. As a means of enabling employees to choose from among a diverse range of workstyles and careers, we are creating an organization and systems that allow employees to fully demonstrate their abilities.

As far as the hiring of people with disabilities is concerned, we are continually working to employ these individuals based on such perspectives as corporate social responsibility and diversity, and have therefore established the Challenged Center in the Company's Personnel Department composed of employees with intellectual disabilities as well as full-time advisors. Moreover, during February 2023, in collaboration with Hakuhodo Incorporated we established SUPERYARD Co., Ltd., to expand employment at companies for people with mental disabilities and to support their career advancement after they have been employed.

From the perspective of diversity of sexual orientation, we have established internal regulations to enable employees with same-sex partners to apply for and use various Company programs that cover spouses, family members, etc.

**Percentage of Mid-Career Hires among Regular Employees**

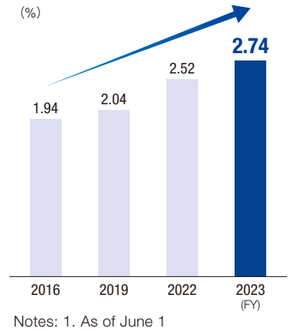
(%)




Note: As of April 1

**Employment Rate of People with Disabilities**

(%)




Notes: 1. As of June 1
2. Legally mandated rate: 2.30%

### Mitsui Fudosan Co., Ltd. DX Training for All Employees DxU

Mitsui Fudosan has established DxU, the new DX training program, targeting all employees. The training has been organized into six priority areas, designed to impart not only digital knowledge, but to offer a multifaceted improvement in skills. We have also prepared a road map for each employee tailored to their individual skill levels. In an effort to raise the base level of DX knowledge and skills on a Group-wide basis, for all employees we conduct STEP 1 to foster mindset literacy and STEP 2 to provide the required knowledge for DX. In aims of developing personnel with the excellent planning and digital tool implementation skills seen as the two drivers of successful DX, we conduct STEP 3 to provide a more applied level of knowledge and STEP 4 to help employees understand DX skills and knowledge as part of actual duties through hands-on experience.

Employees who have completed each step are certified as DX Masters who can promote and lead DX projects in their respective areas of responsibility and are awarded a corporate commendation.

**Training Road Map**

**Training Steps**

**STEP 1 Beginner** (mindset/literacy)
Personnel who understand the significance and purpose of DX for the Company
All general position and technical employees to **complete** by the end of fiscal 2021

**STEP 2 Trainee** (required DX knowledge)
Personnel who understand the required knowledge regarding DX that must be possessed as an employee of the Company
All general position and technical employees to **complete** by the end of fiscal 2022

**STEP 3 Associate** (knowledge of DX basics/applications)
Personnel who understand expert knowledge regarding DX specialized for their respective areas of responsibility
About 300 general position employees to complete by the end of fiscal 2022

**STEP 4 Specialist** (practical DX skills)
Personnel who understand the DX skills and knowledge required for DX projects in their respective areas of responsibility through hands-on experience
About 100 general position employees to complete by the end of fiscal 2025

**Goal DX Master Personnel**
Personnel who can promote and lead DX projects in their respective areas of responsibility

**Training Content**

Independent training, DX White Paper | E-Learning, Independent training | Workshop, business school, dispatch to academic institutions, etc. | OJT

**Priority Training**

| | |
|---|---|
| Introduction to DX | Understanding the importance of DX |
| Customer orientation | Providing value thoroughly envisioned from the user perspective |
| Understanding digital technology | Harnessing digital technology to advance real-world value to its highest level |
| Data utilization | Creating value through the utilization of customer and operational data |
| Process streamlining | Operational reforms to balance both productivity improvements and value creation |
| Project management and operation | Improving service implementation and system development success rates |

## Human Resource Development and Improvement of Skills

Individual employees hone their professional knowledge and abilities, and increase their ability to create added value. We transform team performance through the integration of diverse values and skills. Our basic approach to human resource management is to treat each employee as an individual and create a stage on which they can hone their professional knowledge and abilities. Mitsui Fudosan aims to develop a diverse group of employees, who are able to make full use of their individual attributes, with both specialized and advanced business knowledge, and a broader perspective. In order to achieve this goal, we have adopted a basic policy on personnel development that broadens the capabilities of each individual by combining four opportunities: 1) OJT, 2) annual interviews between the Personnel Department and each employee, 3) job rotation, and 4) training programs.

In addition, to support career visions based on employees' diverse values, we are putting in place a number of systems, including a personal statement system related to changing official duties or when someone wishes to change departments, and a system to allow contract employees to become regular employees. Going further, along with deepening the understanding of our businesses, we have established a side-job system that helps employees build experience in business domains separate from our existing businesses through a business proposal system. This side-job system also aims to help create innovation and make a social contribution. We have also established the Return Entry re-employment system, a leave system whereby employees can take time to study at graduate school, and a graduate school tuition fee subsidy system. In these ways, we will promote the fostering of issue-resolution capabilities and the ability to create added value in this very changeable business environment.




### Basic policy on personnel development that broadens the capabilities of each individual by combining four opportunities

**1 OJT**

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

**2 Annual interviews between the Personnel Department and each employee**

To provide support aligned with individual employees' visions for career development and skill development, we offer many opportunities for face-to-face discussions with the Personnel Department and department heads.

Annual interviews with the Personnel Department aid in grasping employee issues, an environment for development, and individual concerns, as well as serve the role of making fair evaluations through an understanding of the working circumstances of individual employees and those around them.

| Training time per employee | 28.2 hours |
|---|---|

**3 Job rotation**

We develop professionals with a wide range of specialties by job rotation. Our aim is to develop employees and an organization which can adapt to an ever-changing environment, and this is achieved by further deepening the experience and knowledge of each employee through work experience in multiple areas, while bolstering expertise through focusing on the work the employee is in charge of.

**4 Training programs**

Between level-based training and training that can be selected to cater to individual employees' personal roles, skills, or capabilities, and other measures, we have more than 100 diverse programs under way. So that everyone can voluntarily work to improve their own abilities, we are preparing application-based training that incorporates interaction between employees from different industries.

| Training expenses per employee | 131,000 yen |
|---|---|

## Diverse Work Styles

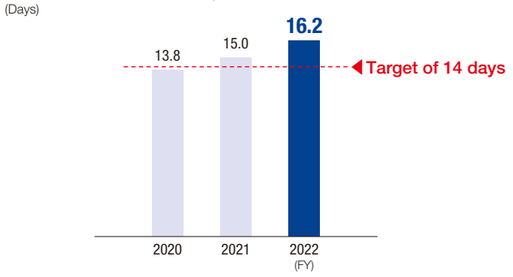
To respond to the dramatically changing needs of society and create new value, under the concept of workstyle reform, the Company believes in the importance of building organizations where human resources with diverse talents, lifestyles, and perceptions of value can maximize their respective abilities. For this reason, we are working to change mindsets and build infrastructure in a way that allows for flexibility in working locations and times. We also are striving to optimize a work-life balance by improving work efficiency, optimizing the allocation of work, and reducing employees' working hours in all departments.

It is our belief that an appropriate work-life balance carries great benefits including enhancement of employees' private lives, self-improvement, and achievement of childcare or nursing care, alongside work. We further view this balance as forming workplace environments where diverse employees maximize their individual abilities, leading to the creation of higher value and sustainable growth for the Group.

### Flexible work locations and times

| | |
|---|---|
| Reforming awareness | ● Foster awareness with continued communication of top management's message<br>● Utilize internal public relations magazines and e-mail newsletters to conduct educational activities and share expertise<br>● Establish yearly targets for use of annual paid leave (14 days per year) and promote use of leave<br>● Conduct training on health and safety for organizational heads<br>● Evaluate efficiency as a factor involved in personnel evaluation |
| Work reform in organizational units | ● Support departments' initiatives through the D&I Promotion Department<br>● Establish a customized workstyle in each department, and promote work efficiency improvements<br>● Support productivity improvements through the use of DX |
| Infrastructure improvements | ● Utilize the WORK STYLING Shared Office<br>● Introduce a work-at-home system for all employees<br>● Enable recording of PC usage hours and deploy a usage control system<br>● Establish a super flextime work system with no core time |

**Number of Paid Leave Days Taken**




### Balancing childcare and leave to care for others

| | |
|---|---|
| Childcare | ● **In-office nurseries**<br>Supports a diverse range of workstyles for employees by making in-office nurseries available. Can be used by any employee of the Company regardless of gender. Temporary childcare and other one-time usage options are also available.<br>● **Subsidy system for babysitter, day care/after-school childcare, and housekeeping service expenses**<br>Partially subsidizes the costs involved in hiring babysitters, day care/after-school childcare, and housekeeping services<br>● **Childcare leave**<br>Available for up to three years of use, longer than the legally mandated period<br>● **Childbirth and childcare interview system and training programs for those returning to work from maternity/childcare leave**<br>Conducts interviews between the employee, the manager, and the Personnel Department when returning to work. Also conducts training programs for the employee and manager when returning to work from maternity/childcare leave |
| Nursing care | ● **Nursing care consulting system**<br>Provides consulting for employees involved in nursing care<br>● **Subsidizing the cost of providing nursing care**<br>Partially subsidizes expenses for nursing care services<br>● **Family care leave**<br>Acquisition of this leave can be split for up to a total of one year, longer than legally mandated periods |
| Other | ● **Fertility treatment system**<br>Partially subsidizes expenses involved in fertility treatments |

| Return rate from childcare leave | 100% for 23 consecutive years |
|---|---|
| Percentage of male employees taking childcare leave* | 122.9% |

* The denominator is the number of male employees whose partner gave birth in the relevant fiscal year, and the numerator is the number of male employees who used the leave system either as childcare leave at the time of their child's birth or childcare leave in the relevant fiscal year. Where there are male employees who take childcare leave, etc. in a different fiscal year from that of their child's birth, this rate may exceed 100%.

## Health and Productivity Management

We view the health and safety of all employees as an important issue for management in strengthening the Company's competitiveness and achieving sustainable growth. Along with enacting a Health and Productivity Management Declaration and clarifying related policies, under this belief we have taken action to maintain and improve employees' health to create environments where employees can work energetically in ways suited to their individual lifestyles.

Specifically, we conduct consultations for employees by personnel staff, and provide health checkup expense subsidies for employees and their spouses. As a solution that contributes to the advancement of health management at companies, we conduct health promotion events, seminars, and step count challenges, as well as distribute articles via a mobile app, as part of the &well service offered by the Company. Moreover, we established a

### Health and Productivity Management Declaration

1. Our progressive spirit and attitude of flexibly tackling tough challenges forms the basis for our approach of supporting individual employees' efforts to create new value from the sidelines via health and productivity management, and we will tie that into the Company's sustainable growth.
2. We will actively invest in our employees' physical and mental well-being, and promote the creation of workplaces where diverse personnel are excited to work.
3. Through neighborhood creation, we will work to maintain and promote health in the region and in wider society. Equally, we will use health and productivity to resolve the issues that society is facing, to contribute to a healthier, richer future.

Values without a noted time are as of FY2022.

Health Management Center under the charge of the managing director in charge of personnel affairs as an organization dedicated to actively promoting initiatives that include planning and verifying the effects of measures to address health issues in consultation with the health insurance association.

In recognition of these initiatives, we were selected as a 2023 Health & Productivity Stock Constituent, a program in which Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly select companies that excel in health and productivity management practices. Among the listed companies on the TSE, enterprises deemed exceptional in terms of health and productivity management are selected as Health & Productivity Stock Constituents, with one enterprise generally selected per industry.

For seven consecutive years, we have also been certified under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500, Large Enterprise Category), jointly administered by Japan's Ministry of Economy, Trade, and Industry and Nippon Kenko Kaigi.

| Health checkup and screening rate | 100% |
|---|---|



Health promotion event "&well Festa"




Health management support service "&well"

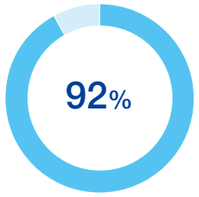
2023 健康経営銘柄 Health and Productivity

2023 健康経営優良法人 Health and productivity ホワイト500

## Improvement of Employee Engagement

In addition to conducting annual personal interviews between Personnel Department staff and all employees, we distribute engagement surveys to all employees for the purpose of measuring the coherency between the values and orientations of our employees and the organization as it currently stands. We believe that the fact that more than 90% of our employees are proud of working for the Company, possess the desire to independently contribute to their organization and work, and are able to engage in work of their own initiative is also a reason for the low turnover rate.

**I am proud to work for this company**




Note: Percentage of respondents who answered "4" or "5" on a 5-point scale for the "I am proud to work for this company" category.

**Turnover Rate (full-time staff)**

| 2020 | 2021 | 2022 |
|---|---|---|
| 0.51% | 0.81% | 0.66% |

# Human Rights Initiatives

For details regarding the main initiatives being carried out, please refer to our website.
https://www.mitsuifudosan.co.jp/english/esg_csr/society/03.html

## Policy

The Mitsui Fudosan Group respects basic human rights and complies with laws and regulations concerning workers' rights in each country where it conducts business.

### Basic Approach to Human Rights

The Mitsui Fudosan Group complies with laws and regulations of each country and region in which it conducts business activities.

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

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

### Initiatives for Raising Human Rights Awareness

Mitsui Fudosan has established a Code of Employee Conduct with regard to human rights. We are also building a Group-wide framework for respecting human rights by establishing the internal Fair Employment Screening and Human Rights Awareness Raising Promotion Committee and organizing Fair Employment Screening and Human Rights Awareness Raising Liaison Conferences with each Group company. Additionally, we are continuously working to improve understanding and awareness regarding human rights through initiatives such as holding human rights awareness training for all Mitsui Fudosan employees.

# Supply Chain Management

For details regarding the main initiatives being carried out, please refer to our website.
https://www.mitsuifudosan.co.jp/english/esg_csr/society/04.html

## The Mitsui Fudosan Group's Sustainable Procurement Standards

As a corporate group that supports the foundations of life such as offices and housing, the Group recognizes the need to fulfill its social responsibilities at a higher level. To this end, we believe that the entire supply chain should work together to promote sustainable procurement that contributes to the resolution of ESG issues. The Group has formulated the Sustainable Procurement Standards outlining the basic guidelines, and we published these standards on our website in December 2018 and have notified our main business partners. In February 2022, we revised these standards to prepare for human rights due diligence, and include basic guidelines on items to be complied with or actively promoted by both the Mitsui Fudosan Group and its business partners related to ordering.

We share these standards within the Group to build and operate an ordering and contract process in line with the nature of our business, and also notify and request the understanding of our business partners. We address the promotion of sustainable procurement throughout the supply chain to realize a sustainable society.

| | |
|---|---|
| 1.Compliance with Laws and Regulations, etc. | Companies doing business with the Mitsui Fudosan Group shall not only comply with the applicable laws and regulations in their home countries and the countries and regions where they conduct business, but shall also respect internationally recognized standards of conduct. |
| 2.Respect for Human Rights in Business Activities | In order to ensure the implementation of business activities with consideration for human rights, companies shall identify in advance the potential adverse impact of their business activities on the human rights of various people, including foreign populations and indigenous peoples, and take preventive measures and/or remediation measures, making reference to international human rights norms such as the Universal Declaration of Human Rights. |
| 3.Respect for Human Rights Related to Labor | Companies shall respect the human rights of workers, in line with international human rights standards, including the core labor standards established by the International Labour Organization (ILO), while also complying with relevant laws and regulations. |
| 4.Safe and Healthy Working Environment | In addition to complying with the relevant laws and regulations, companies shall also pay due attention to domestic and international guidelines on worker safety and health, and make efforts to provide a safe and healthy working environment that minimizes work-related injuries and physical and mental illness. |
| 5.Establishment of Business Ethics | Companies shall conduct business activities based on high ethical standards in addition to compliance with the law. |
| 6.Ensuring Quality | Companies shall ensure and strive to enhance the safety and quality of the products and services they provide. |
| 7.Consideration for the Environment | Companies shall proactively address global environmental issues such as resource depletion, climate change, and environmental pollution, while also considering local environmental issues to ensure the health and safety of the people in the communities involved. |
| 8.Information Security | Companies shall prevent leaks of confidential information and personal information and work to strengthen information security. |
| 9.Crisis Management and Business Continuity Plan | Companies shall take appropriate measures to ensure the safety of their employees and other stakeholders, and to resume business activities as soon as possible, in the event of a natural disaster or accident. |

## Supply Chain and Engagement

We conduct questionnaires and on-site surveys across the supply chain each year in order to identify any human rights risks that have a significant impact among those posed by the Group's business on the community, to properly grasp the impact on suppliers, and to investigate measures to prevent or minimize the impact. We will continue to expand the scope of companies and worksites subject to this effort, promote engagement on an ongoing basis, and strive to reduce human rights risks.

### Fiscal 2021

In regard to construction sites believed to have the highest degree of impact, we conducted a questionnaire regarding the overall ESG initiatives, including human rights, of six construction companies, and conducted an on-site survey at the construction sites of two companies. Alongside an external surveying company, we visited each worksite for one day and interviewed construction company staff, in particular confirming the specific initiatives mentioned in their answers to the questionnaire. We discovered no major problems, including any human rights or compliance infractions.

### Fiscal 2022

We carried out a questionnaire with six building operation and management contractors and conducted on-site inspections at two companies' operation sites.

We also conducted a questionnaire survey for about 200 tenants at commercial facilities operated by our Group. In addition to introducing our Group's initiatives such as sustainable procurement standards and engagement with suppliers on ESG issues, we actively encouraged our supply chain to address ESG issues by sharing tenants' initiatives.

# DX Promotion Initiatives

For details on major initiatives, please refer to the 2022 DX White Paper (In Japanese only).
https://www.mitsuifudosan.co.jp/dx/dx_hakusyo.pdf

## Further Accelerating Real Estate as a Service

As one of three visions in the Mitsui Fudosan Group's long-term vision, VISION 2025, the Group calls for harnessing technology to innovate the real estate business.

In an era of great changes and diversification in lifestyles, we advocate Real Estate as a Service, which provides real estate to customers as a service rather than a thing. This service is based on actions such as working, living, and enjoying, and we will further strengthen digital transformation (DX), which is a crucial and necessary means to realize this.

### Business Reforms

### Providing &Resilience Services to Streamline and Deliver Support for Stronger Corporate BCPs* Using Digital Tools

In order to meet the rapidly growing needs for assistance with BCP initiatives, Mitsui Fudosan began providing &Resilience services as a one-stop approach toward providing support for efforts aimed at strengthening the ability of customers to act in the event of disasters and other emergencies in 2022. Intended to achieve a more effective BCP 2.0, &Resilience is a fixed-rate membership consulting service that leverages digital tools to streamline initiatives for enhancing business continuity capabilities. BCP 1.0 to date has often gone no further than establishing plans. In contrast, BCP 2.0 is the unique concept in &Resilience that shines a light on the operational phase after planning. BCP 2.0 outlines measures that are more effective, mainly training, in strengthening the ability to act during times of a disaster.

By centralizing and leveraging various know-how and past experience, including Mitsui Fudosan's disaster response and training know-how, partner consultants provide support for the entire BCP management cycle, from visualizing issues to establishing and revising action plans and holding verification drills for BCP managers at member companies. Through ongoing, effective improvement support, &Resilience enables customers to achieve highly effective BCP measures.

#### Project Features

1. **Japan's first fixed-rate membership consulting service for BCP operations support**
   - Aims for more effective initiatives for the purpose of strengthening the ability to act in the event of a disaster
2. **Streamlined management cycle through the use of a dashboard**
   - Visualizes vulnerability assessment aggregation results and BCP measure implementation status
3. **One-stop progress status management for each phase using an app**
   - Centralizes management of each phase, including issue visualization and assessment, action plan formulation and revision, and drills
   - Enables real-time, secure information sharing

#### Customer Value

**For member companies**

- Streamlines the BCP management cycle by leveraging digital tools
- Partner consultants provide support for ongoing improvement activities
- Enables implementation of continuous, highly effective BCP measures




#### BCP2.0 Strengthening the ability to act via ongoing improvement




* Business Continuity Plan: Refers to a plan that establishes approaches to continuing business when natural disasters or other business continuity risks occur.

### Workstyle Reforms

### Promoting Workstyle Reforms through the Use of RPA*1 and Low-Code Development Platforms

In order to further promote workstyle reforms, Mitsui Fudosan utilizes RPA and low-code development platforms to streamline operations.

#### RPA Usage Track Record

(totals for FY2020–2022)

**Number of departments introducing RPA**
11

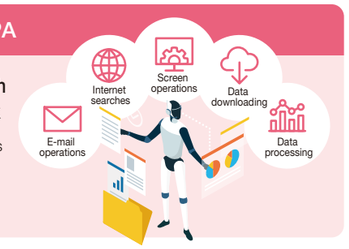
**Number of systems in operation**
171

**Total number of work hours reduced**
19,365

#### RPA

**Achieves streamlined operations through the automation of computer-based work**

- Automation of routine tasks and office work is in progress
- Used for aggregation work, document preparation, and list organization, etc.




#### Low-Code Development Platforms

**Used to streamline familiar tasks and to verify service MVP*2**

- Regular employees create apps that streamline everyday work to improve efficiency
- Some departments are using this approach to improve familiar tasks
- Currently being used for MVP verification in which low-code development platforms are used to create simple apps for verification purposes, and to allow test subjects to experience services

*1 RPA automates tasks and reduces labor by replacing computer-based tasks with software that automatically performs operations.

*2 Minimum Viable Product: A product designed with the minimum required functionality. RPA is used for MVP verification in a process that makes repeated improvements based on feedback acquired from users provided with the product.

### Promotion Bases

### Initiatives for Business Growth Leveraging Acquired and Accumulated Data

Based on various data sets accumulated within the Group, Mitsui Fudosan employs co-creation between operating departments (business human resources) and the DX Division (digital human resources) as a means of advancing projects that leverage various data sets. As part of Data Bootcamp, participants spend roughly 10 months planning and verifying projects before applying them as part of actual business activities, including sales promotion activities and new service planning. These projects have been implemented by a total of 19 operating departments over the past three years.

Moreover, as part of &Marketing, the DX Division leverages external knowledge to propose digital marketing improvement measures to each operating department in an effort that helps each business grow.

#### Data Bootcamp

**Three-year total**

52 participants from 19 operating departments

31 participants from the DX Division

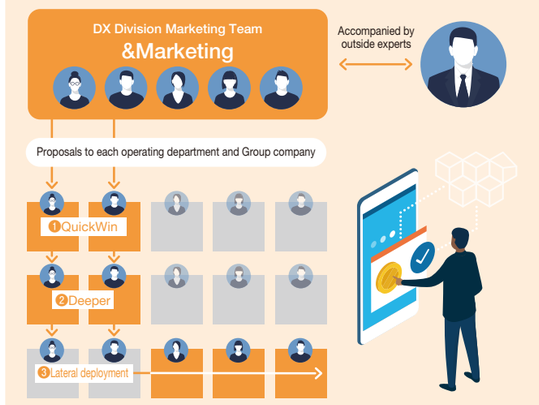
**Participants spend roughly 10 months planning and verifying projects before applying them to actual business activities**

April → June → January

Plan review → Activity plan presentation → Demonstration experiment → Final report

Sales promotion (MA*1) | Predictive and other forms of advanced analysis | New service planning | Dashboard BI*2

#### &Marketing

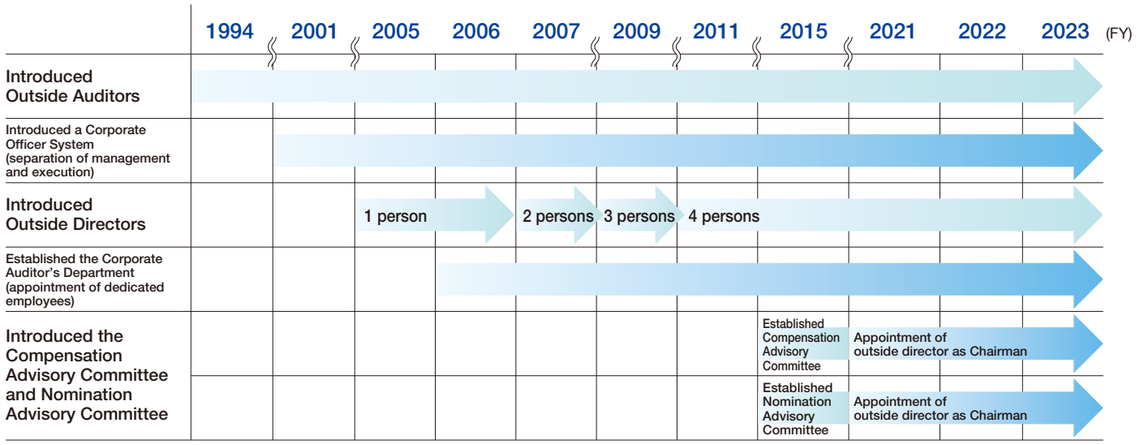



*1 Marketing Automation: Automatically identifies customer trends and preferences in real time, provides valid product information, and performs other marketing tasks.

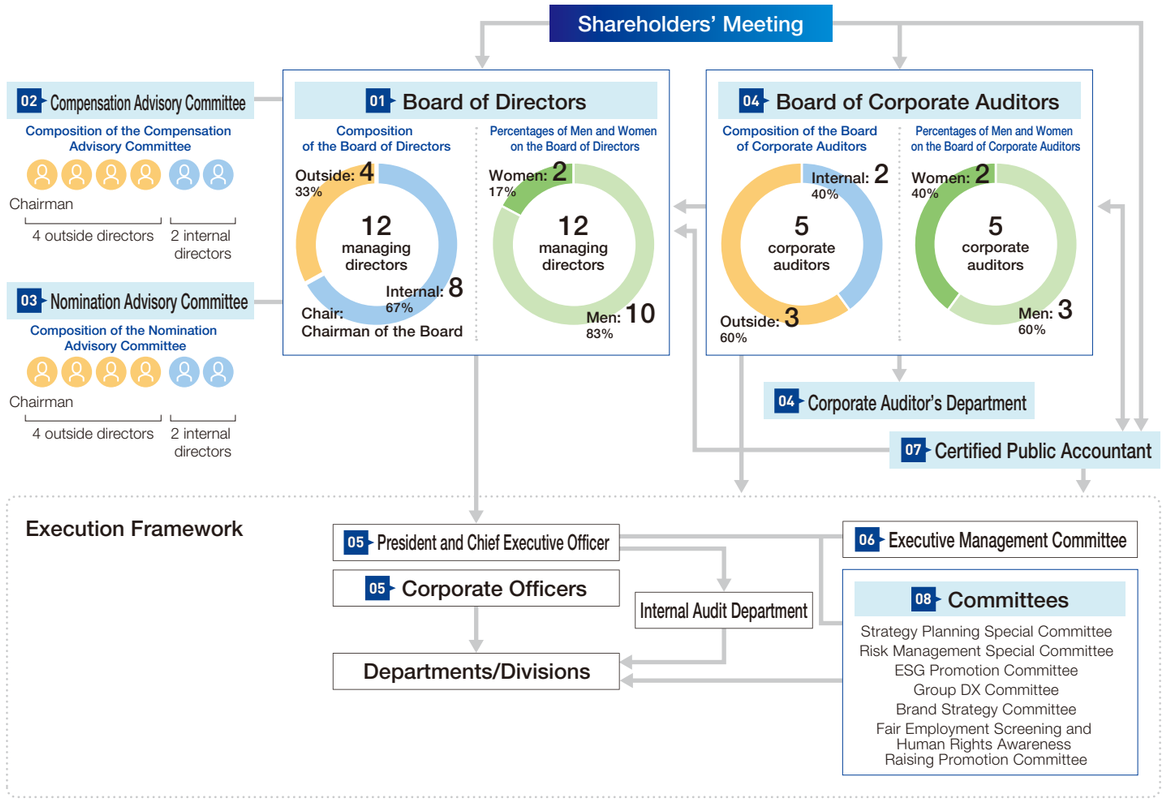
*2 Business Intelligence: A method that allows users to analyze and process the massive volumes of business data accumulated by a company's information systems, etc., on their own as necessary for application to business and management decision making.

# Corporate Governance

## Initiatives for Enhancing Corporate Governance




## Corporate Governance Structure




## Organizations in the Corporate Governance Structure

### 01 Board of Directors

The Board of Directors, headed by Chairman Masanobu Komoda and comprising 12 members, including eight internal directors (Masanobu Komoda, Takashi Ueda, Takashi Yamamoto, Takayuki Miki, Yoshihiro Hirokawa, Shingo Suzuki, Makoto Tokuda and Hisashi Osawa) and four outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, and Mami Indo), decides on issues material to Mitsui Fudosan and monitors the execution of business by managing directors. The corporate auditors also attend meetings of the Board of Directors and provide opinions as necessary.

### 02 Compensation Advisory Committee

The Compensation Advisory Committee, headed by independent outside director Tsunehiro Nakayama as Chairman and comprising six members, including four independent outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, and Mami Indo), President and Chief Executive Officer Takashi Ueda, and one internal director (Makoto Tokuda), advises on matters pertaining to the compensation of managing directors when the Board of Directors makes resolutions on such matters. Three meetings were held in fiscal 2022 with all committee members in attendance.

<Specific Advisory Matters>
- Changes in the amount of basic compensation paid to directors
- Partial revisions to the basic policy on directors' compensation
- Recent trends in and the direction of executive compensation considerations going forward
- Directors' basic compensation, bonuses, and restricted stock compensation paid

### 03 Nomination Advisory Committee

The Nomination Advisory Committee, headed by independent outside director Tsunehiro Nakayama as Chairman and comprising six members, including four independent outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, and Mami Indo), President and Chief Executive Officer Takashi Ueda, and one internal director (Makoto Tokuda), advises on matters pertaining to the nomination of managing directors and corporate auditors, as well as the appointment and dismissal of managers when the Board of Directors makes resolutions on such matters. Two meetings were held in fiscal 2022 with all committee members in attendance.

<Specific Advisory Matters>
- Certain changes in representative managing directors and selection of the President and Chief Executive Officer
- Partial revisions to the corporate regulations concerning the appointment of advisors and officers
- Certain changes in representative managing directors
- Division of duties of the executive directors
- Preliminary selection of representative managing director, executive director, director and corporate auditor candidates
- Appointment of executive corporate officers and corporate officers and the delegation of responsibilities
- Appointment of Group senior officers and Group corporate officers

### 04 Board of Corporate Auditors

The Board of Corporate Auditors, headed by senior corporate auditor Hiroyuki Ishigami and comprising five corporate auditors, including two internal auditors (Hiroyuki Ishigami and Wataru Hamamoto) and three outside auditors (Yukimi Ozeki, Minoru Nakazato, and Mayo Mita), formulates auditing policies and determines assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments. Note that the Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and each corporate auditor has been assigned two dedicated employees.

### 05 Corporate Officers

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

### 06 Executive Management Committee

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

### 07 Certified Public Accountant

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

### 08 Committees

Mitsui Fudosan has established committees headed by the President and Chief Executive Officer. The Risk Management Special Committee is an organization that manages work risks, while the Strategy Planning Special Committee is an organization that manages business risks. Through these, we identify and assess risk issues and draft countermeasures. In addition to these, the ESG Promotion Committee manages the Company's initiatives involving sustainability. Moreover, the Group DX Committee, Brand Strategy Committee, and Fair Employment Screening and Human Rights Awareness Raising Promotion Committee have been established as advisory bodies to the President and Chief Executive Officer.

# Enhancement of the Effectiveness of the Board of Directors

## Evaluation of Board of Director Effectiveness

Aiming to further enhance the functions of the Board of Directors, the Company analyzes and evaluates the efficacy of the Board of Directors every year to identify issues and respond to such issues. As a means of analysis and evaluation, the Company uses a third-party organization for preparation and analysis of questionnaires. The evaluation and improvement process for the effectiveness of the Board of Directors is as described in (1) below.

In the evaluation of the effectiveness of the Board of Directors in fiscal 2022 (current year), each evaluation item was generally highly evaluated, as shown in (2) below, and it was confirmed that the Board of Directors' efficacy was properly maintained.

In the future, we will continue to identify issues and formulate action policies as described in (3) below.

### (1) Evaluation and improvement process

Process of utilizing a third-party organization

①Interviews and free-form questionnaires targeting all managing directors and corporate auditors

■Evaluation items
- Board of Directors' structure (number of members, ratio of executive to non-executive members, diversity, etc.)
- Status of operation of the Board of Directors (number of meetings held, attendance rates, time spent for deliberation, number of items deliberated, provision of information, questions and answers, etc.)
- Others (responses to issues raised in the previous evaluation of Board of Directors' efficacy; the content of activities at the Compensation Advisory Committee and Nomination Advisory Committee, etc.)

→ ②Analysis and evaluation by the Board of Directors → ③Identifying issues → ④Improving identified issues

### (2) Issues identified and actions taken in FY2021 (previous year)

| <Issues> | <Details of Improvements> |
|---|---|
| Sharing of dialogue status with stakeholders and discussions | The status of dialogue with investors was reported to the Board of Directors, and the details of the explanation given at an analyst explanatory meeting, and the responses from the investors were shared and discussed. An employee engagement survey was conducted, and the results were shared and discussed at outside officer meetings. |
| Discussion, reporting and sharing of important issues | Geopolitical risks, changes in the economic environment and the impact of the spread of COVID-19 infection on overseas projects were reported to and discussed by the Board of Directors. |
| | The activities of our Corporate Communications Department were reported to the Board of Directors, where the results of our corporate brand survey were shared, and the brand strategy, including that of the Group companies, was discussed. |

### (3) Issues identified and actions taken in FY2022 (current year)

Generally, a high evaluation was given to each evaluation item. The improvement initiatives listed above are being implemented based on the findings of the previous evaluation of Board of Directors' efficacy and it was confirmed that the Board of Directors' efficacy was properly maintained.

| <Issues> | <Initiative Policy> |
|---|---|
| Report on the status of communication with investors | With regard to the report on the status of communication with investors, there was appreciation of the efforts made on the basis of the previous effectiveness evaluation. More opportunities to share such information will be provided at Board meetings. |
| Deepening the discussions at Board meetings | Discussions at Board meetings will be further deepened by sharing more of the discussion at the execution side and reporting on the comparisons to competitors when explaining each agenda item. |
| Discussion on brand and PR strategies | The Company's brand and PR strategies, including those of the Group companies, will be discussed more at meetings of the Board and meetings of the outside directors. |

## Initiatives Aimed at Holding Meaningful Discussions

To aid managing directors and corporate auditors in ably fulfilling their roles, the Company conducts orientations upon appointing new officers, performs regular executive training, and otherwise provides information necessary for the performance of duties.

In addition to creating opportunities for exchanges of opinions between outside officers and top management, assigning staff to support the Board of Directors and the Board of Corporate Auditors, and distributing materials and providing briefings to outside directors in advance of Board of Directors meetings, the Company bears expenses required by managing directors and corporate auditors in carrying out their roles.

### Practical example

| | |
|---|---|
| Outside Officer Meetings (conducted two times in FY2022) | We hold Outside Officer Meetings as appropriate to enable exchanges of opinions with corporate auditors, outside directors, and internal directors, including the President and Chief Executive Officer. These meetings address our business strategy and specific businesses. |

## Managing Directors' Expertise, Experience, and Attendance at Board of Directors Meetings

To ensure balance and diversity for the Board of Directors as a whole and to enable multifaceted and useful discussions in meetings, we take the capabilities and experience of managing directors into account in the selection of human resources, and maintain an appropriate scale for the Board of Directors that allows it to function effectively and efficiently.

| | Attendance at Board of Directors meetings (FY2022) | Areas of expertise and experience*1 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Corporate management | Treasury, accounting and finance | Compliance and risk management | Global | Technology and innovation | ESG and sustainability | Urban development (real estate development, etc.) |
| Masanobu Komoda<br>Chairman of the Board | 11／12 | ● | ● | ● | ● | ● | ● | ● |
| Takashi Ueda<br>President and Chief Executive Officer | 12／12 | ● | ● | ● | ● | ● | ● | ● |
| Takashi Yamamoto<br>Managing Director and Executive Vice President | 12／12 | ● | | ● | ● | | ● | ● |
| Takayuki Miki<br>Managing Director | 10／12*2 | | ● | | | ● | ● | ● |
| Yoshihiro Hirokawa<br>Managing Director | Newly appointed | | | ● | | ● | ● | ● |
| Shingo Suzuki<br>Managing Director | Newly appointed | | | | | ● | ● | ● |
| Makoto Tokuda<br>Managing Director | Newly appointed | | | ● | | | ● | ● |
| Hasashi Osawa<br>Managing Director | Newly appointed | | ● | | ● | | ● | ● |
| Tsunehiro Nakayama<br>Outside Director | 12／12 | ● | ● | ● | ● | | ● | |
| Shinichiro Ito<br>Outside Director | 12／12 | ● | | ● | ● | ● | ● | |
| Eriko Kawai<br>Outside Director | 12／12 | | ● | ● | ● | ● | ● | |
| Mami Indo<br>Outside Director | Newly appointed | ● | ● | ● | ● | | ● | |

*1 The above list does not contain all of the areas of expertise and experience of each individual.

*2 Managing director Takayuki Miki attended all 10 meetings of the Board of Directors held after his appointment on June 29, 2022.

## Board of Directors Decisions and Reports

The following matters are resolved by or reported to the Mitsui Fudosan Board of Directors as stipulated by laws and regulations, the Company's Articles of Incorporation, and Company rules such as those regarding the Board of Directors. Agenda items to be deliberated by the Board of Directors are, in principle, deliberated in advance by the Executive Management Committee, which is composed of executive corporate officers. Full-time corporate auditors also attend Executive Management Committee meetings to stay informed on important decision-making processes and the status of business execution, and provide opinions as necessary.

(1) Matters related to shareholders' meetings
(2) Matters related to managing directors
- Preliminary selection of director candidates
- The appointment and dismissal of the managing director and executive vice president
- The appointment and dismissal of executive directors
- Compensation and bonuses for managing directors
- Other important matters

(3) Matters related to the Company's structure
(4) Important matters related to compliance, etc.
- Formulating a compliance promotion plan for the fiscal year
- Reporting on the results of compliance promotion activities implemented during the fiscal year
- Formulating an audit plan for the fiscal year
- Reporting on audit activities implemented during the fiscal year
- Evaluating internal controls concerning financial reporting during the fiscal year and formulating audit-related policy (J-SOX activities)

(5) Important matters related to personnel
- The appointment and dismissal of corporate officers and executive corporate officers
- The appointment and dismissal of key employees
- Compensation and bonuses for corporate officers, etc.

(6) Important matters related to finance and assets
(7) Other matters that are especially important in regard to managing the Company or executing duties
- Fiscal year plan
- ESG plan
- Report on risk management
- Verification of stock holdings regarding strategic shareholdings
- Other important matters

# Executive Compensation

## Breakdown of Compensation

Managing directors' compensation consists of basic compensation; bonuses paid as short-term incentives that comprehensively take into consideration such things as business results achieved in each fiscal year which must be approved by resolution at the Ordinary General Shareholders' Meeting; and restricted stock compensation paid as medium- to long-term incentives for the purpose of sustainably increasing the corporate value of the Group and further sharing shareholder value with shareholders. Compensation paid to outside directors and corporate auditors is solely basic compensation.

The amount of compensation for managing directors is determined by the Board of Directors following consultation with the Compensation Advisory Committee. Corporate auditors' compensation is determined based on discussions among the corporate auditors.

## Breakdown of Managing Directors' Compensation

| | |
|---|---|
| Restricted stock compensation (medium- to long-term incentives) | Performance-based: About 50%–60%* (about 60%–70% for the President) |
| Bonuses (short-term incentives) | |
| Basic compensation | Non-performance-based: About 40%–50%* (about 30%–40% for the President) |

* Data for all internal directors.

## Performance-Based Compensation Indicators

Comprehensive consideration is given to the following factors, etc.:

- Performance for the current term
- Status of ESG-related initiatives
- Redistribution of profits among shareholders based on our returns policies
- Progress of our Group's long-term vision
- Economic climate
- Business environment

## Executive Compensation Structure

| Title | Basic compensation | Short-term incentives | Medium- to long-term incentives |
|---|---|---|---|
| | | Bonus | Restricted stock compensation |
| Internal directors | ○ | ○ | ○ |
| Internal corporate auditors | ○ | — | — |
| Outside directors and outside corporate auditors | ○ | — | — |

## Compensation by Title, Amount of Compensation by Type, and Number of Applicable Executives (FY2022)

| Title | Total compensation (Millions of yen) | Amount of compensation by type (Millions of yen) | | | Number of applicable executives |
|---|---|---|---|---|---|
| | | Basic compensation | Bonus | Restricted stock compensation | |
| Internal directors | 1,432 | 626 | 559 | 246 | 9 |
| Internal corporate auditors | 106 | 106 | — | — | 2 |
| Outside directors and corporate auditors | 131 | 131 | — | — | 7 |

Note: The number of persons and the amount of compensation above include one managing director who retired at the conclusion of the 110th Ordinary General Shareholders' Meeting held on June 29, 2022.

## Compensation of Executives Exceeding ¥100 million (FY2022)

| Name | Title | Company | Amount of compensation by type (Millions of yen) | | | Total compensation (Millions of yen) |
|---|---|---|---|---|---|---|
| | | | Basic compensation | Bonus | Restricted stock compensation | |
| Hiromichi Iwasa | Chairman of the Board | Mitsui Fudosan Co., Ltd. | 120 | 116 | 43 | 281 |
| Masanobu Komoda | President and Chief Executive Officer | Mitsui Fudosan Co., Ltd. | 120 | 140 | 62 | 323 |
| Kiyotaka Fujibayashi | Managing Director | Mitsui Fudosan Co., Ltd. | 79 | 60 | 27 | 166 |
| Yasuo Onozawa | Managing Director | Mitsui Fudosan Co., Ltd. | 74 | 60 | 27 | 162 |
| Takashi Yamamoto | Managing Director | Mitsui Fudosan Co., Ltd. | 52 | 45 | 21 | 129 |
| | Managing Director | Mitsui Fudosan Residential Co., Ltd. | 10 | — | — | |
| Takashi Ueda | Managing Director | Mitsui Fudosan Co., Ltd. | 60 | 45 | 21 | 127 |
| Takayuki Miki | Managing Director | Mitsui Fudosan Co., Ltd. | 47 | 45 | 17 | 109 |
| Wataru Hamamoto | Managing Director | Mitsui Fudosan Co., Ltd. | 63 | 45 | 21 | 129 |

Note: Executive officer data are for fiscal 2022.

## Restricted Stock Compensation System

The Group has introduced a restricted stock compensation system in lieu of stock options as compensation for managing directors, excluding outside directors with the aim of providing an incentive to achieve continuous improvement of the Company's corporate value and to encourage the further sharing of value with shareholders (resolved at the 108th Ordinary General Shareholders' Meeting held on June 26, 2020). Meanwhile, stock acquisition rights that have already been granted as stock options but have not yet been exercised will continue to exist. However, no new stock options will be granted.

**Purpose of introduction:** Providing incentives for eligible directors* to achieve continuous improvement of the Company's corporate value, and to encourage the further sharing of value with the shareholders.

**Maximum amount:** Up to ¥600 million/200,000 shares per year

**Restriction period:** For the duration of the period until the point immediately after the eligible director loses his or her position as the Company's managing director.

**Other:** In addition to the eligible directors, the Company also has introduced the system to managing officers and Group officers who do not concurrently serve as managing directors of the Company.

* Eligible directors: Directors excluding outside directors

# Appointment of Managing Directors/Corporate Auditors and Corporate Officers

## Appointment of Managing Directors and Corporate Auditors

Based on the Group's management philosophy and management strategy, the Company performs comprehensive evaluations of character, capabilities, insights, gender, and other factors to appoint persons considered suitable as managing directors and corporate auditors.

## Introduction of the Corporate Officer System

Mitsui Fudosan has introduced a corporate officer system with the aim of creating a business execution framework that best suits its operating environment and activities. By promoting the separation and reinforcement of the management and executive functions, a role that was previously undertaken by the managing directors, the system enhances management soundness and efficiency.

In addition, seeking to further reinforce the management of the Mitsui Fudosan Group, we have expanded the range of managers across the Group and introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

## Reasons for Appointment of Managing Directors and Corporate Auditors

| Name / Position | Independent officer | Reasons for appointment | Fiscal 2022 attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings |
|---|---|---|---|
| Masanobu Komoda<br>Chairman of the Board | | Masanobu Komoda served as President and Chief Executive Officer for 12 years from June 2011 to March 2023, during which time he gained a wealth of experience and insight related to the Group's general business operations as an executive. Since April 2023, he has led the Group's management as Chairman of the Board (Representative) and plays an appropriate role in contributing to the enhancement of the Company's corporate value. The Company re-selected Mr. Komoda as a managing director as he is expected to make further contributions going forward. | Board of Directors Meetings: 11/12 |
| Takashi Ueda<br>President and Chief Executive Officer | | Since joining the Company, Takashi Ueda has amassed abundant experience in various fields. As the Company's managing director, he is responsible for the building business, retail properties business, life science innovation business, and large-scale mixed-use development projects, among others. Since April 2023, he has led the Group's management as President and Chief Executive Officer (Representative) and plays an appropriate role in contributing to enhancement of the Company's corporate value. The Company re-selected Mr. Ueda as a managing director as he is expected to make further contributions going forward. | Board of Directors Meetings: 12/12 |
| Takashi Yamamoto<br>Managing Director and Executive Vice President | | Since joining the Company, Takashi Yamamoto has amassed abundant experience in various fields. As the Company's managing director, he is responsible for the overseas business and plays an appropriate role in contributing to the enhancement of the Company's corporate value. The Company re-selected Mr. Yamamoto as a managing director as he is expected to make further contributions going forward. | Board of Directors Meetings: 12/12 |
| Takayuki Miki<br>Managing Director | | Since joining the Company, Takayuki Miki has amassed abundant experience in various fields. As the Company's managing director, he is responsible for the logistics facility business, hotels/resorts business, new business development, support for capturing business opportunities, TOKYO DOME CORPORATION, and industrial government-academia collaboration and plays an appropriate role in contributing to the enhancement of the Company's corporate value. The Company re-selected Mr. Miki as a managing director as he is expected to make further contributions going forward. | Board of Directors Meetings: 10/12*1 |
| Yoshihiro Hirokawa*2<br>Managing Director | | Since joining the Company, Yoshihiro Hirokawa has amassed abundant experience in various fields. After assuming the position of managing officer, he has contributed to the enhancement of the Company's corporate value through the fulfillment of his duties as a managing officer such as by serving as manager of the retail properties business, personnel, and sustainability promotion. In light of this, the Company believes that he is capable of appropriately fulfilling his responsibilities and has therefore selected him as a managing director. | — |
| Shingo Suzuki*2<br>Managing Director | | Since joining the Company, Shingo Suzuki has amassed abundant experience in various fields. After assuming the position of a managing officer, he has contributed to the enhancement of the Company's corporate value through the fulfillment of his duties as a managing officer, such as by serving as a manager of the building business, life science innovation business, and large-scale mixed-use development projects, among others. In light of this, the Company believes that he is capable of appropriately fulfilling his responsibilities and has therefore selected him as a managing director. | — |
| Makoto Tokuda*2<br>Managing Director | | Since joining the Company, Makoto Tokuda has amassed abundant experience in various fields. After assuming the position of a managing officer, he has contributed to the enhancement of the Company's corporate value through the fulfillment of his duties as a managing officer, such as by providing support for capturing business opportunities for the Group and serving as manager of TOKYO DOME CORPORATION, industrial government-academia collaboration, and administration. In light of this, the Company believes that he is capable of appropriately fulfilling his responsibilities and has therefore selected him as a managing director. | — |
| Hisashi Osawa*2<br>Managing Director | | Since joining the Company, Hisashi Osawa has amassed abundant experience in various fields. After assuming the position of a managing officer, he has contributed to the enhancement of the Company's corporate value through the fulfillment of his duties as a managing officer, such as by serving as manager of strategy planning and cooperation in the housing business and as a managing director of Mitsui Fudosan Residential Co., Ltd. In light of this, the Company believes that he is capable of appropriately fulfilling his responsibilities and has therefore selected him as a managing director. | — |
| Tsunehiro Nakayama<br>Outside Director | ○ | Drawing on his experience and insight as an executive, Tsunehiro Nakayama has played an appropriate role as the Company's outside director aimed at reinforcing the supervision functions of the Board of Directors and ensuring transparency. He is expected to make further contributions going forward, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside director and independent officer. | Board of Directors Meetings: 12/12 |
| Shinichiro Ito<br>Outside Director | ○ | Drawing on his experience and insight as an executive, Shinichiro Ito has played an appropriate role as the Company's outside director aimed at reinforcing the supervision functions of the Board of Directors and ensuring transparency. He is expected to make further contributions going forward, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside director and independent officer. | Board of Directors Meetings: 12/12 |
| Eriko Kawai<br>Outside Director | ○ | Drawing on her experience overseas and insight, Eriko Kawai has played an appropriate role as the Company's outside director aimed at reinforcing the supervision functions of the Board of Directors and ensuring transparency. She is expected to make further contributions going forward, and because there is no possibility of conflicts of interest with general shareholders, she has been appointed as an outside director and independent officer. | Board of Directors Meetings: 12/12 |
| Mami Indo*2<br>Outside Director | ○ | Drawing on her experience working in a securities company and think tank as well as her wealth of experience and insight serving in such capacities as a commissioner of the Securities and Exchange Surveillance Commission, Mami Indo as the Company's outside director is expected to make contributions in reinforcing the supervision functions of the Board of Directors and ensuring transparency. Moreover, recognizing that there is no possibility of conflicts of interest with general shareholders, she has been appointed as an outside director and independent officer. | — |
| Hiroyuki Ishigami<br>Senior Corporate Auditor | | Since joining the Company, Hiroyuki Ishigami has amassed abundant experience in various fields. As a director of the Company, he has overseen wide-ranging work involving the retail facilities, hotels and resorts, and logistics businesses, and possesses abundant experience gained through these duties. Based on this, the Company has determined that he is able to appropriately audit the execution of duties by managing directors, and has appointed him as a corporate auditor. | Board of Directors Meetings: 12/12<br>Board of Corporate Auditors Meetings: 12/12 |
| Wataru Hamamoto*3<br>Senior Corporate Auditor | | Since joining the Company, Wataru Hamamoto has amassed abundant experience in various fields. While serving as a managing director of the Company, he has been responsible for a wide range of operations, including accounting, corporate planning, digital transformation, and sustainability promotion. The Company believes that he is capable of appropriately auditing the execution of business by managing directors with his abundant experience gained through these businesses, and has therefore selected him as a corporate auditor. | — |
| Yukimi Ozeki<br>Outside Auditor | ○ | Yukimi Ozeki is fulfilling appropriate roles as an outside auditor, sufficiently realizing her function of monitoring the execution of duties by the managing directors through the use of her professional knowledge and broad experience concerning the Companies Act. Going forward, Yukimi Ozeki is expected to make further contributions, and because there is no possibility of conflicts of interest with general shareholders, she has been appointed an outside auditor and independent officer. | Board of Directors Meetings: 12/12<br>Board of Corporate Auditors Meetings: 12/12 |
| Minoru Nakazato*2<br>Outside Auditor | ○ | Minoru Nakazato is expected to appropriately audit the execution of duties by the managing directors as an outside auditor through the use of his expert knowledge in taxation, legal affairs, and economics, and his wealth of experience serving as a scholar in universities. Moreover, because there is no possibility of conflicts of interest with general shareholders, he has been appointed an outside auditor and independent officer. | — |
| Mayo Mita*2<br>Outside Auditor | ○ | Mayo Mita is expected to appropriately audit the execution of duties by the managing directors through the use of her abundant experience as a securities analyst and her broad knowledge in observing and analyzing companies from an objective standpoint. Moreover, because there is no possibility of conflicts of interest with general shareholders, she has been appointed an outside auditor and independent officer. | — |

*1 Appointed on June 29, 2022. 100% attendance rate at Board of Directors meetings during the period of appointment.
*2 Newly appointed on June 29, 2023.
*3 Newly appointed on June 29, 2023. Attended 11/12 meetings of the Board of Directors as a Director in fiscal 2022.

# Outside Directors' Discussion

A roundtable discussion was held among three outside directors (Tsunehiro Nakayama, Shinichiro Ito, and Eriko Kawai) on such topics as the Board of Directors' efficacy, issues as they relate to sustainable growth, initiatives aimed at promoting decarbonization and D&I, and expectations toward the Company's new structure following a change in the President. Details are presented as follows.



**Shinichiro Ito**
Outside Director
Member of the Nomination Advisory Committee
Member of the Compensation Advisory Committee

**Tsunehiro Nakayama**
Outside Director
Chairman of the Nomination Advisory Committee
Chairman of the Compensation Advisory Committee

**Eriko Kawai**
Outside Director
Member of the Nomination Advisory Committee
Member of the Compensation Advisory Committee

## Evaluation of the Board of Directors' Efficacy / Vigorous Deliberations

### What are your thoughts on the Company's Board of Directors, the mood in which meetings are conducted, including deliberations?

**Ito** | Meetings of the Board of Directors are conducted in an extremely positive manner. Deliberations, in particular, are especially vigorous. This was also the case during COVID-19, and remains the same as the impacts of the pandemic continue to subside. As outside directors, we can ask questions easily and receive the right answers from the relevant executives. On the whole, the Board of Directors operates in an appropriate and effective manner.

**Nakayama** | Four years have now passed since I assumed the position of outside director, and I wholeheartedly concur with Mr. Ito's comments. Deliberations by the Board of Directors are indeed vigorous. Over and above the presenter of each agenda item and/or proposal, the President provides supplementary comments as required. In addition, the relevant department heads as well as the Chairman and President personally answer questions from outside directors. In this manner, every effort is made to provide outside directors with a better understanding of the Company. I believe it is this attitude toward Board meetings that has led to the lively exchange of opinions and stimulated discussions. Moreover, I feel that this atmosphere truly illustrates the Company's DNA.

**Ito** | There are indeed instances when the President himself takes the lead in explaining important issues and proposals. In each case, I have found his input to be impressive and compelling.

**Kawai** | I agree with you both. I have been a Board member for two years now. Opinions are freely exchanged and questions answered in a careful and detailed manner. All Board members can ask questions without hesitation, even in the case of newly appointed outside directors whose industry knowledge may be limited. Questions and comments always receive a firm and proper response. Moreover, the Secretariat provides detailed explanations prior to Board meetings. As such, we can grasp certain aspects of an agenda item in advance, and gain a better understanding of each issue. As a result, the Board of Directors is able to focus on more substantive questions in detail. This in turn helps to ensure that meetings are conducted in a more efficient and timely manner.

## Evaluation of the Board of Directors' Efficacy / Stakeholders' Opinions

### Based on your opinions pertaining to the Board of Directors' efficacy, how do you evaluate investors' comments and feedback from the employee engagement survey conducted last year?

**Nakayama** | As far as stakeholders are concerned, it is important for management to be attentive to the opinions of investors. In addition to addressing investors' concerns through various forums, including IR meetings, I believe the Company must pay close attention to what investors are keenly interested in, what aspects they are critical of, and how they view the Company's future. Clearly, a firm grasp of these issues and respect toward the opinions of investors are indispensable to management. With this in mind, I appreciate the feedback shared by the President from his frequent discussions with investors during Board of Directors' meetings held last year. I look forward to more feedback in the future. Turning to the employee engagement survey, Mitsui Fudosan has fostered an atmosphere in which people can speak freely. Having said this, I believe that the Company must periodically check each department to ensure that this culture continues to take root while reviewing the results of the survey.

**Kawai** | It is vital that the Company listens carefully to the opinions of investors and continues to engage in dialogue. In a sense, as outside directors, we represent the interests of shareholders. It is important that we maintain a deep understanding of the Company's management. At the same time, we must stay finely attuned to investors' opinions.

**Ito** | Mitsui Fudosan is itself currently conducting an employee engagement survey. While I recognize that this is an extremely positive initiative, the Company would be better served if it were to extend this survey to Group companies. This would help in confirming the status of Group companies and further increase engagement across the Group as a whole. I had previously asked that the content of discussions on important matters before the Board of Directors with frontline executives and staff be shared with outside directors. As a result, employees engaged in the executive function are now more willing to provide detailed explanations.

**Nakayama** | I agree. From the perspective of outside directors who are not from the real estate sector, it is important to receive the viewpoints of real estate professionals when it comes to, for example, issues regarding overseas projects. I appreciate the fact that the background, processes, and details of internal deliberations are immediately shared with outside directors.

## Evaluation of the Board of Directors' Efficacy / The Provision of Information to Outside Directors

### Site tours and outside officer meetings are held to promote understanding. How have these initiatives helped you to fulfill your role as an outside director?

**Ito** | The site tour at TOKYO MIDTOWN YAESU was an excellent opportunity to gain confidence in the Company's strengths and business direction. Against the backdrop of an increasingly competitive office building leasing market, the chance to see this large-scale property with all of its floors under contract, and the transformation of an entire city brought to fruition, helped to confirm in my mind the Company's strengths and its efforts to create neighborhoods that get better with age with an eye to the future.

**Nakayama** | I could not agree more. Initially, I found it difficult to grasp many of the Company's concepts, including the creation of neighborhoods, getting better with age, and real estate as a service. Visiting TOKYO MIDTOWN YAESU and Kashiwa-no-ha Smart City, and experiencing each property firsthand, allowed me to gain a deeper understanding while completely transforming the image I had of neighborhood creation. From personal experience, on-site visits are essential to understanding the Company's business concepts. The notions of getting better with age and real estate as a service have yet to gain widespread acceptance within society. For this reason, Mitsui Fudosan should ramp up its endeavors to promote each concept in the future.

**Kawai** | That's true. The concept of getting better with age accurately conveys the Company's goal of creating neighborhoods and embodies every facet of sustainability itself. In addition to TOKYO MIDTOWN YAESU, I visited the Nihonbashi area last year. Actually seeing the site and experiencing what kind of space was being developed and the thought that went into the development plans was far more rewarding than just looking at a map and learning about the project from my desk.

## Overview of the Company's Fiscal 2022 Financial Results and Issues

### How do you evaluate the Company's fiscal 2022 financial results, and are there any issues that you feel need to be addressed for the Company's future sustainable growth?

**Ito** | I believe the Company's fiscal 2022 financial results were impressive. Impacted by COVID-19, the Hotels and Resorts as well as Retail Properties businesses continued to face a harsh operating environment. Against this backdrop, Mitsui Fudosan should be commended for its success in placing each of these businesses on a recovery track and securing a certain degree of Group-wide profit growth. In relative terms, I believe the real estate sector is resilient to pandemics and is less susceptible to the rapid deterioration in financial results attributable to changes in the market environment. Although the first half of fiscal 2022 was still challenging, successful steps were taken to adjust positively to COVID-19. From fiscal 2023, I am confident that Mitsui Fudosan will demonstrate further growth and work positively toward achieving the numerical targets identified in its VISION 2025. Turning to the Company's overseas business, the external environment is undergoing wide-ranging change. In the United States, for example, this includes rising interest rates against the backdrop of rapid inflation. Despite this difficult operating environment, leasing at 50 Hudson Yards in New York continues to progress favorably free from any major negative factors. I believe this clearly differentiates this property and Mitsui Fudosan from the market. While geopolitical risks and future interest rate trends in Japan will require close attention, I am confident that the Company as a whole is more than capable of overcoming any hurdles.

**Nakayama** | Mitsui Fudosan's domestic Hotels and Resorts business as well as Mitsui Car Park Leasing have indeed struggled over the past two to three years. Over the long-term span of a decade, however, I believe these difficulties have helped strengthen the Company's business platform going forward. Historically, Mitsui Fudosan enjoyed steady growth in line with trends in its external environment. In contrast, the Company initiated steps to reform its business model and revise its earnings structure owing to COVID-19 with an eye on the post-pandemic period. Taking the aforementioned into consideration, results in fiscal 2022 reflect the fruits of these endeavors. Amid expectations of significant growth in inbound tourism, the fact that the Company took these steps to strengthen its management foundation in response to COVID-19 will hold it in good stead to capitalize on potential business opportunities as they arise. In this regard, I rate highly Mitsui Fudosan's ability to turn adversity into an opportunity for growth. Turning to mature real estate markets, focusing largely on Europe and the United States, the Company's decision to adopt a "when in Rome do as the Romans do" posture while pursuing collaboration with local blue-chip business partners when advancing development projects is an extremely safe approach. Drawing on its experience in Japan, Mitsui Fudosan is successively rolling out LaLaport and other types of retail properties in Asia. Looking at the Company's efforts to develop business in Europe, the United States, and Asia, coupled with the recent completion of such flagship properties as 50 Hudson Yards, I believe that successful steps have been taken to further strengthen the Group's overseas business. In setting its direction going forward, Mitsui Fudosan has set the goal of generating roughly 30% of the Group's consolidated profits overseas. As a result of its ongoing efforts to engage in business based on a relatively cautious approach, I am convinced that the Company is promoting sound overseas measures. This includes minimizing risks amid recent significant changes in the financial environment and adopting a conservative financial strategy that largely revolves around the procurement of funds on a long-term, fixed interest rate basis.

**Kawai** | I agree. Overseas companies that have expanded their real estate activities on the back of the low interest rate environment have been especially hard hit by the sharp increase in interest rates. As a result, companies have been forced to hold back on some of their investments. Conversely, we have seen an upswing in potential opportunities, and have, for example, received a growing number of inquiries due to our sound financial position. As interest rates in Japan continue to hover at a low level, I think it is important for the Company to take advantage of the favorable operating environment and prudently acquire business opportunities from a long-term perspective while properly managing risks. I recognize that Mitsui Fudosan has skillfully identified and carefully pursued business opportunities, including the flagship 50 Hudson Yards in New York and development projects focusing mainly on rental housing in the U.S. Sun Belt Area. Having said this, the Company must still pay close attention to the outlook for future interest rates, which remains uncertain. Taking into consideration any upswing in interest rates as well as real estate cap rate and other trends, it is vital that we postulate on various scenarios while keeping a close eye on the market environment.

**Nakayama** | Drawing on my banking background, I have always emphasized the importance of monitoring a company's cash management and cash flow. Within the real estate sector, Mitsui Fudosan is distinguished by its sound financial position and cash flow. Moreover, I am convinced that the Company's debt/equity ratio remains at a healthy level for an asset portfolio of approximately ¥8 trillion. However, recognizing that the global financial environment is likely to change drastically in the coming years, the Company should consider building a balance sheet that is appropriate for the times. For this reason, I see the need to engage in management with an even greater emphasis on balance sheet control, and would add there is room for improvement in the Company's PR strategy. As far as the Mitsui Fudosan Group's advertisements are concerned, they at best show the colors of each Group company. Conversely, these promotions fail to properly convey a unified brand concept to consumers. The question then is how the Mitsui Fudosan Group should build and communicate its brand strategy to the general public. I would argue that this is a key issue that the Group needs to explore in depth in the future.

**Kawai** | I couldn't agree more. It is a shame that some of the Group's PR activities are not more effective. While Mitsui Fudosan has been actively involved in several attractive projects, including Nihonbashi and Kashiwa-no-ha Smart City, the Company should more proactively communicate how its efforts to create neighborhoods as a developer add value not only in economic, but also social terms.



## Tsunehiro Nakayama

Outside Director

After serving for many years in top management positions in the financial industry, including Representative Director and Deputy President of Mizuho Corporate Bank, Ltd. and Representative Director and Chairman of Merrill Lynch Japan Securities Co., Ltd., Mr. Nakayama was appointed a director of Mitsui Fudosan in June 2019. He also serves as a member of the Company's Nomination Advisory Committee and Compensation Advisory Committee.

## Evaluation of the Group's ESG and Sustainability Initiatives

### Mitsui Fudosan has identified diversity and inclusion (D&I) as well as decarbonization as key management issues and has pushed forward a host of ESG and sustainability initiatives to date. How would you evaluate these initiatives and what are your thoughts on the issues the Company continues to face?

**Kawai** | Looking at the Group's D&I gender initiatives, Mitsui Fudosan has added Mami Indo as an outside director and Mayo Mita as an outside auditor. The Company's efforts to promote diversity over a short period of time is a reflection of the stance adopted by top management. In setting the direction for the entire Group, Mitsui Fudosan has identified D&I as one of the Company's most important management issues. As such, every effort is being made to increase the ratio of women among internal officers. Indicative of its steady progress, Mitsui Fudosan was selected as a Nadeshiko Brand for the second consecutive year. In this regard, I believe the Company is moving in the right direction in a positive and timely manner. In addition to putting forward a specific road map in its bid to achieve net zero emissions in fiscal 2050, Mitsui Fudosan formulated the Mitsui Fudosan Group Biodiversity Policy in March 2023 and reaffirmed its commitment. As a commitment to the outside world, the Company's policy and specific targets as well as the strong will of top management are to be highly commended.

**Nakayama** | Once again, I agree. As far as D&I is concerned, it is important that the Company has set clear numerical targets for the ratio of women in management positions at 20% and the ratio of female hires at 40% by 2030. To be honest, the real estate industry is not conducive to increasing the ratio of women, much like the construction industry. Since the number of past hires greatly influences the number of future candidates for management positions, the only way to increase the ratio of women in management positions is to increase the number of female mid-career hires at this time. Even under these circumstances, it is significant that the Company has clearly set out numerical targets. The same can be said of efforts aimed at achieving decarbonization. In addition to announcing numerical targets, 2022 has been identified as the first year for implementing the decarbonization action plan. I am impressed by how far the Company has come in such a short period of time. With the President taking the lead, top management convey their unwavering commitment, cognizant that deliberations by the Board of Directors and other meetings should not end simply with the establishment of the necessary structure and systems, but also extend to implementation plans. With this in mind, I believe Mitsui Fudosan's commitment to the outside world is of the utmost importance.

**Ito** | Looking back around four years ago, I was adamant in

## Shinichiro Ito

Outside Director

After serving for many years in top management positions, including President & Chief Executive Officer, Representative Director and Chairman of the Board, Representative Director of ALL NIPPON AIRWAYS CO., LTD. and ANA HOLDINGS INC., Mr. Ito was appointed a director of Mitsui Fudosan in June 2019. He also serves as a member on the Company's Nomination Advisory Committee and Compensation Advisory Committee.



expressing my opinion on the empowerment of women, asking why the number of female employees was so low. Recently, the Company has adopted a more proactive approach toward increasing the number of female mid-career hires, and I feel that they have been earnest in their implementation. In its efforts to promote decarbonization, Mitsui Fudosan is also to be commended for its serious endeavors, including the use of wind power and mega solar power generation. Despite the difficulties in addressing Scope 3 emissions, I am impressed by the Company's efforts to move forward.

**Nakayama** | Nationality is a topic of increased discussion when it comes to D&I. Rather than limit these discussions to an individual's country of birth, I feel there is a need to adopt a more comprehensive approach and to look at such factors as experience and skills. Earlier in my career, I worked for a U.S. company. At that time, we were very aggressive in our D&I endeavors. Diversity is not an automatic process, and requires each company's strong commitment. With this in mind, there are those who believe Japan's current efforts toward gender equality are belated. Other countries already boast a substantial track record and a high level of awareness. I am confident that Japan too can rapidly change in its efforts to promote gender equality in the future. From the perspectives of nationality and gender, deliberations should not be undertaken as a mere formality. Mitsui Fudosan must deliberate in depth on exactly what form of diversity it should pursue over the long term and take gradual steps toward achieving its goals.

**Ito** | As far as corporate governance is concerned, it is important that Mitsui Fudosan ascertain the structure and systems that best fit the Company rather than pursue the most advanced institutional design. From a positive perspective, Japanese-style management is deeply instilled in Mitsui Fudosan. In fact, the Company should have no qualms about this fact.

**Kawai** | The manner in which a company implements corporate governance is of the utmost importance. In this sense, I believe that Mitsui Fudosan is intuitively implementing the form of corporate governance that is best suited to it.

## Expectations toward the New President

### In closing, what are your expectations toward Mr. Ueda following his appointment as President and Chief Executive Officer?

**Nakayama** | As a company that engages in long-term projects, it is important that Mitsui Fudosan adopt a commensurate long-term perspective toward management and refrain from replacing its President on a short-term basis. I hope that as the Company's new President, Mr. Ueda will put forward a new path when outlining his next management policy and work diligently to definitively and steadily implement various strategies and measures. Mr. Ueda has a sound track record as a developer that supports Japan's industry and has actively promoted a significant number of projects in the past. Based on his wealth of experience, I have complete confidence in his ability to manage the Company in concert with Mr. Komoda in his role as Chairman. Mitsui Fudosan has recently renewed its management structure replacing four directors on its Board of Directors and three corporate auditors. Under the stewardship of the new President, Mr. Ueda, I look forward to the next stage of the Company's transition.

**Ito** | Mr. Ueda has commented that imagination, initiative, and implementation have provided the impetus for the Company's ongoing growth. He has gone on to say that Mitsui Fudosan will continue to move forward as an industrial developer or platformer, so to speak, beyond the boundaries of a real estate facilitator. Embodying Mr. Ueda's vision and passion, the Nihonbashi Revitalization Plan, which is currently under way, aims to revitalize the city as an open platform for aerospace-related industries. Drawing on his past experience and various hardships as well as his transfer outside the Company to an investment advisory firm, Mr. Ueda boasts a broad perspective. Taking these factors into consideration, I look forward to his leadership.

**Kawai** | I believe Mr. Ueda has leveraged his various experiences outside the Company to generate new value through creative thinking. Guided by a renewed Board of Directors from the current fiscal year, I am confident Mitsui Fudosan will continue to exhibit generational diversification. Through reenergized communication with this younger generation and efforts to promote innovation grounded in diversity, amid an open corporate culture, I hold high expectations that Mitsui Fudosan will generate new business.



## Eriko Kawai

Outside Director

Ms. Kawai serves as Professor Emeritus of Kyoto University. Active overseas for many years, and with a wealth of experience as a management consultant at various international organizations, including the Bank for International Settlements (BIS) and the Organization for Economic Cooperation and Development (OECD), Ms. Kawai was appointed a director of Mitsui Fudosan in June 2021. She also serves as a member on the Company's Nomination Advisory Committee and Compensation Advisory Committee.





# Message from Newly Elected Outside Director



Outside Director **Mami Indo**

Having worked as an analyst and consultant at Daiwa Securities Co. Ltd. and Daiwa Institute of Research Ltd. and as a member of the Securities and Exchange Surveillance Commission, Ms. Indo has a wealth of experience and broad insight. Appointed as a director of the Company from June 2023, she is a member of the Nomination Advisory Committee and Compensation Advisory Committee.

**——Ms. Indo, please tell us about your career to date.**

Prior to my recent appointment as an outside director, I joined a securities company as one of the first generation of female career-track employees. As such, I possess experience in corporate management and capital market–related work in the private sector as, for example, an analyst, in investment banking and consulting as well as in financial and economic research. I also have experience in working as an official as a member of various councils in ministries and agencies as well as a member of the Securities and Exchange Surveillance Commission. During the course of this career, I have broadened my management-related knowledge through opportunities to meet with many managers irrespective of their industry and with people from academia. I believe that I can contribute to the Group based on my experience in both the private and public sectors as well as on the three-dimensional knowledge I have cultivated there.

**——What are your thoughts on the Company's management?**

In today's world, environment, society and governance (ESG) concerns are attracting increased attention, and the creation of new value in cooperation with other stakeholders to address a variety of issues is in demand. In the case of the Mitsui Fudosan Group, however, I believe that it is a company that is itself capable of leading the way and putting these aspects into effect while involving industry as a whole. What started me thinking that way was when I attended a briefing held when Kashiwa-no-ha Smart City opened for business, more than 10 years ago. At Kashiwa-no-ha Smart City, Mitsui Fudosan had collaborated with a variety of companies and academia, promoted neighborhood creation and implemented a variety of demonstration experiments to resolve social issues. Through this, I gained the feeling that co-creation of value was certainly taking place. I expect the Company to take on more challenges like this in the years to come.

In addition, innovation is an extremely important factor for companies to remain competitive and grow in a sustainable manner. Usually, innovation tends to refer to visible changes and distinct factors, but I believe that innovation comes in a variety of forms, including innovation that takes a long time to take shape. In particular, the Company's business model comprises a variety of stages, such as holding and leasing, development and sales, and management, and the business model as a whole is intricately intertwined. Therefore, comprehensive thought must be given to those parts of the busines where innovation should be brought about, and it is necessary to proceed in a steady manner from a longer-term perspective. It is my belief that innovation in the real estate industry calls for an approach that is different from that of other, more general companies.

Furthermore, while the term *real estate* seems like something fixed and akin to infrastructure, I think it is important to give flexibility to neighborhood creation. What people demand from a city changes with the times. The Mitsui Fudosan Group has a phrase, "getting better with age," and I believe that there is a need for neighborhood creation that is capable of evolving in conformity with changes in demographics and in the composition of industry. Recognizing the paramount importance that people live, work and enjoy themselves in good health, I think it is important to promote the real estate business and neighborhood creation with a view to resolving social issues, including these.

**——Please tell us about your aspirations for the future.**

Due to the nature of the neighborhood creation business, it is my belief that the Mitsui Fudosan Group has more stakeholders than other companies, not only customers, business partners and employees, but also visitors to the neighborhoods developed by the Company and the people in the surrounding areas. I would like to utilize the experience I have gained up to now, to monitor the Group's management not only from the perspective of the capital markets, but also from the standpoint of the various stakeholders.

With regard to the risks that are necessary in management, I also believe that fulfilling the role of encouraging executives to take those risks is demanded of outside directors. Of course, this does not mean that risks should be taken in a haphazard manner. After having confirmed whether the Company's risks have been analyzed from a variety of aspects and whether they have been classified into those that can and those that cannot be managed, I believe that it is important to proactively take on the risks necessary for the sustainable growth of the Group and the maximization of stakeholder profits. I would like to do my best together with the management team toward bringing to fruition the dreams and ambitions that should be realized and fulfilled by the Mitsui Fudosan Group.

# Management Team

## Members of the Board (as of June 29, 2023)



### Masanobu Komoda
Chairman of the Board
Shares in Company: 89 thousand shares

Apr. 1978 Joined the Company
Apr. 2008 Executive Managing Officer, General Manager of Investment Dept.
Jun. 2009 Executive Managing Director, Executive Managing Officer, General Manager of Investment Dept.
Jul. 2010 Senior Executive Managing Director, Senior Executive Managing Officer, General Manager of Investment Dept.
Apr. 2011 Senior Executive Managing Director, Senior Executive Managing Officer
Jun. 2011 President and Chief Executive Officer (Representative)
Apr. 2023 Chairman of the Board (Representative) (current position)

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



### Takashi Ueda
President and Chief Executive Officer
Shares in Company: 39 thousand shares

Apr. 1983 Joined the Company
Apr. 2015 Executive Managing Officer, Deputy Chief Operating Officer of Office Building Division
Apr. 2016 Executive Managing Officer, Chief Operating Officer of Office Building Division
Jun. 2020 Managing Director, Executive Managing Officer, Chief Operating Officer of Office Building Division
Apr. 2021 Managing Director, Senior Executive Managing Officer
Apr. 2023 President and Chief Executive Officer (Representative) (current position)



### Takashi Yamamoto
Managing Director and Executive Vice President
Shares in Company: 28 thousand shares

Apr. 1982 Joined Sony Corporation
Mar. 1990 Joined the Company
Apr. 2013 Executive Managing Officer, Chief Operating Officer of Accommodation Division
Apr. 2016 Executive Managing Officer, Deputy Chief Operating Officer of International Division
Apr. 2017 Executive Managing Officer, Chief Operating Officer of International Division
Jun. 2017 Managing Director, Executive Managing Officer, Chief Operating Officer of International Division
Apr. 2019 Managing Director, Senior Executive Managing Officer, Chief Operating Officer of International Division
Apr. 2023 Managing Director, Executive Vice President, Chief Operating Officer of International Division (Representative) (current position)



### Makoto Tokuda
Managing Director
Shares in Company: 11 thousand shares

Apr. 1987 Joined the Company
Apr. 2022 Executive Managing Officer, Chief Operating Officer, Solution Partner Division
Apr. 2023 Executive Managing Officer
Jun. 2023 Managing Director, Executive Managing Officer (current position)

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



### Hisashi Osawa
Managing Director
Shares in Company: 15 thousand shares

Apr. 1987 Joined the Company
Apr. 2023 Executive Managing Officer, Chief Operating Officer of Homes and Lifestyle Promotion Division
Jun. 2023 Managing Director, Executive Managing Officer, Chief Operating Officer of Homes and Lifestyle Promotion Division (current position)



### Tsunehiro Nakayama
Managing Director
Outside
Independent
Shares in Company: 3 thousand shares

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

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



### Takayuki Miki
Managing Director
Shares in Company: 28 thousand shares

Apr. 1984 Joined the Company
Apr. 2017 Senior Executive Managing Officer, Chief Operating Officer of Logistics Properties Business Division
Apr. 2021 Senior Executive Managing Officer, Chief Operating Officer of Logistics Properties Business Division
Jun. 2022 Managing Director, Senior Executive Managing Officer, Chief Operating Officer of Logistics Properties Business Division (current position)



### Yoshihiro Hirokawa
Managing Director
Shares in Company: 23 thousand shares

Apr. 1984 Joined the Company
Apr. 2017 Executive Managing Officer, Deputy Chief Operating Officer of Retail Properties Division
Apr. 2020 Executive Managing Officer, Chief Operating Officer of Retail Properties Division
Apr. 2021 Senior Executive Managing Officer, Chief Operating Officer of Retail Properties Division
Apr. 2023 Senior Executive Managing Officer, and Chief Operating Officer of Sustainability Promotion Division
Jun. 2023 Managing Director, Executive Managing Officer, and Chief Operating Officer of Sustainability Promotion Division (current position)



### Shingo Suzuki
Managing Director
Shares in Company: 19 thousand shares

Apr. 1987 Joined the Company
Apr. 2021 Executive Managing Officer, Chief Operating Officer of Office Building Division
Jun. 2023 Managing Director, Executive Managing Officer, Chief Operating Officer of Office Building Division (current position)



### Shinichiro Ito
Managing Director
Outside
Independent
Shares in Company: 3 thousand shares

Apr. 1974 Joined ALL NIPPON AIRWAYS CO., LTD.
Jun. 2003 Member of the Board of Directors, Corporate Executive Officer, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2004 Executive Vice President, Corporate Executive Officer, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2006 Executive Vice President, Corporate Executive Officer, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2007 Senior Executive Vice President, Representative Director, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2009 President & Chief Executive Officer, Representative Director, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2013 President & Chief Executive Officer, Representative Director, ANA HOLDINGS INC., and Chairman of the Board, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2015 Chairman of the Board, Representative Director, ANA HOLDINGS INC.
Apr. 2017 Chairman of the Board, ANA HOLDINGS INC.
Jun. 2019 Managing Director (current position)
Apr. 2022 Special Senior Advisor, ANA HOLDINGS INC. (current position)

**Significant positions currently held, etc.**
Special Senior Advisor, ANA HOLDINGS INC.
Outside Independent Officer (Audit & Supervisory Committee Member), Fuji Media Holdings, Inc.



### Eriko Kawai
Managing Director
Outside
Independent
Shares in Company: 0 shares

Oct. 1981 Joined Nomura Research Institute, Ltd.
Sep. 1985 Joined McKinsey & Company's Paris Branch
Oct. 1986 Joined Mercury Asset Management/SG Warburg plc
Nov. 1995 Director and Chief Investment Officer (CIO) of Yamaichi Regent ABC Polska
Jul. 1998 Senior Pension Funds Administrator of Bank for International Settlements (BIS)
Oct. 2004 Senior Pension Funds Administrator of Organization for Economic Cooperation and Development (OECD)
Mar. 2008 Representative of Kawai Global Intelligence
Apr. 2012 Professor of Kyoto University
Apr. 2021 Professor Emeritus of Kyoto University (current position)
Jun. 2021 Managing Director (current position)

**Significant positions currently held, etc.**
Outside Director, Daiwa Securities Group Inc.
Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd.
Outside Director of DMG MORI Co., Ltd.



### Mami Indo
Managing Director
Outside
Independent
Shares in Company: 0 shares

Apr. 1985 Joined Daiwa Securities Co., Ltd.
Apr. 2009 Executive Officer, Daiwa Institute of Research Ltd.
Apr. 2013 Executive Managing Director, Daiwa Institute of Research Ltd.
Apr. 2016 Senior Executive Director, Daiwa Institute of Research Ltd.
Dec. 2016 Resigned from Daiwa Institute of Research Ltd.
Dec. 2016 Commissioner, Securities and Exchange Surveillance Commission
Dec. 2019 Resigned from Securities and Exchange Surveillance Commission
Jun. 2023 Managing Director (current position)

**Significant positions currently held, etc.**
Outside Director, Tokyo Gas Co., Ltd.
Outside Director, Ajinomoto Co., Inc.

## Corporate Auditors (as of June 29, 2023)



**Hiroyuki Ishigami**
Senior Corporate Auditor
Shares in Company: 6 thousand shares

| | |
|---|---|
| Apr. 1982 | Joined the Company |
| Apr. 2013 | Executive Managing Officer, Chief Operating Officer of Retail Properties Division |
| Jun. 2017 | Managing Director, Executive Managing Officer, Chief Operating Officer of Retail Properties Division |
| Apr. 2019 | Managing Director, Senior Executive Managing Officer, Chief Operating Officer of Retail Properties Division |
| Apr. 2020 | Managing Director |
| Jun. 2020 | Senior Corporate Auditor (current position) |

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



**Wataru Hamamoto**
Senior Corporate Auditor
Shares in Company: 33 thousand shares

| | |
|---|---|
| Apr. 1984 | Joined the Company |
| Apr. 2017 | Executive Managing Officer, General Manager of Corporate Planning Department |
| Apr. 2019 | Executive Managing Officer, |
| Jun. 2019 | Managing Director, Executive Managing Officer |
| Apr. 2020 | Managing Director, Executive Managing Officer, Chief Operating Officer of DX Division |
| Apr. 2021 | Managing Director, Senior Executive Managing Officer, Chief Operating Officer of DX Division |
| Apr. 2022 | Managing Director, Senior Executive Managing Officer, Chief Operating Officer of Sustainability Promotion Department |
| Apr. 2023 | Managing Director |
| Jun. 2023 | Senior Corporate Auditor (current position) |



**Yukimi Ozeki**
Corporate Auditor
Outside
Independent
Shares in Company: 0 shares

| | |
|---|---|
| Apr. 1999 | Full-time Lecturer, Nagasaki University Faculty of Economics |
| Aug. 2000 | Research Scholar, University of Michigan Law School |
| Apr. 2004 | Associate Professor, Komazawa University Faculty of Law |
| Apr. 2010 | Professor, Seikei University Law School |
| Sep. 2015 | Visiting Scholar, University of California, Berkeley, School of Law |
| Jun. 2016 | Corporate Auditor (current position) |
| Apr. 2021 | Professor, Chuo Law School, Chuo University (current position) |

**Significant positions currently held, etc.**
Outside Director, Bourbon Corporation



**Minoru Nakazato**
Corporate Auditor
Outside
Independent
Shares in Company: 0 shares

| | |
|---|---|
| Apr. 1978 | Research Assistant, University of Tokyo Faculty of Law |
| Apr. 1983 | Research Assistant, Hitotsubashi University Faculty of Law |
| Nov. 1984 | Assistant Professor, Hitotsubashi University Faculty of Law |
| Jul. 1987 | Visiting Scholar, Harvard Law School |
| Jan. 1989 | Visiting Professor, University of California, Los Angeles, School of Law |
| Mar. 1989 | Associate Professor, Hitotsubashi University Faculty of Law |
| Apr. 1995 | Associate Professor, University of Tokyo Graduate Schools for Law and Politics Associate Professor, Hitotsubashi University Faculty of Law |
| Jan. 1997 | Professor, University of Tokyo Graduate Schools for Law and Politics Associate Professor, Hitotsubashi University Faculty of Law |
| Apr. 1997 | Professor, University of Tokyo Graduate Schools for Law and Politics |
| Aug. 2004 | Visiting Professor, Harvard Law School |
| Apr. 2020 | Director, Nishimura Institute of Advanced Legal Studies |
| Jun. 2020 | Emeritus Professor, The University of Tokyo (current position) |
| Dec. 2020 | Registered as Lawyer, Daiichi Tokyo BAR Association |
| Aug. 2022 | Head, Director, Nishimura Institute of Advanced Legal Studies (current position) |
| Jun. 2023 | Corporate Auditor (current position) |



**Mayo Mita**
Corporate Auditor
Outside
Independent
Shares in Company: 0 shares

| | |
|---|---|
| Apr. 1983 | Joined Morgan Stanley Japan Securities Co., Ltd. |
| Dec. 2000 | Managing Director, Morgan Stanley Japan Securities Co., Ltd. |
| Dec. 2013 | Senior Advisor, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |
| Dec. 2019 | Resigned from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |
| Jun. 2023 | Corporate Auditor (current position) |

**Significant positions currently held, etc.**
Outside Director, Otsuka Holdings Co., Ltd.

Note: Figures for shares held by directors and corporate auditors are as of March 31, 2023.

## Corporate Officers (as of April 1, 2023)

**Takashi Ueda**
President and Chief Executive Officer

**Takashi Yamamoto**
Executive Vice President

**Takayuki Miki**
Senior Executive Managing Officer

**Yasuki Kaibori**
Senior Executive Managing Officer

**Yoshihiro Hirokawa**
Senior Executive Managing Officer

**Shingo Suzuki**
Executive Managing Officer

**Yutaka Kawamura**
Executive Managing Officer

**Retsu Togashi**
Executive Managing Officer

**Makoto Tokuda**
Executive Managing Officer

**Motoyasu Kato**
Executive Managing Officer

**Kazunori Yamashita**
Executive Managing Officer

**Hisashi Osawa**
Executive Managing Officer

**Chiharu Fujioka**
Executive Managing Officer

**Yutaka Saito**
Executive Managing Officer

**Nobuhiko Mochimaru**
Executive Managing Officer

**Mizuho Wakabayashi**
Executive Managing Officer

**Takashi Furuta**
Managing Officer

**Yugo Ono**
Managing Officer

**Tatekazu Nakamura**
Managing Officer

**Mitsuhiro Kodama**
Managing Officer

**Atsumi Kanaya**
Managing Officer

**Jiro Ueda**
Managing Officer

**Tetsuya Matsufuji**
Managing Officer

**Ken Aoki**
Managing Officer

**Mikiko Utsunomiya**
Managing Officer

**Hiroyuki Shinozuka**
Managing Officer

**Hirotaka Uematsu**
Managing Officer

**Kyosuke Hosoda**
Managing Officer

**Akiko Kaito**
Managing Officer

## Group Officers (as of April 1, 2023)

| | |
|---|---|
| **Hideki Moriya** | Group Senior Officer [Mitsui Fudosan Residential Co., Ltd.] |
| **Yasushi Endo** | Group Senior Officer [Mitsui Fudosan Realty Co., Ltd.] |
| **Toru Kamura** | Group Senior Officer [Mitsui Fudosan Residential Co., Ltd.] |
| **Hiroki Saito** | Group Senior Officer [Mitsui Fudosan Investment Advisors, Inc.] |
| **Akira Ikeda** | Group Senior Officer [Mitsui Home Co., Ltd.] |
| **Yosuke Seko** | Group Officer [Mitsui Fudosan Residential Services Co., Ltd.] |
| **Osamu Obayashi** | Group Officer [Mitsui Fudosan Retail Management Co., Ltd.] |
| **Takao Yamada** | Group Officer [Mitsui Fudosan Residential Co., Ltd.] |
| **Hiroshi Murakami** | Group Officer [Mitsui Fudosan Building Management Co., Ltd.] |
| **Takao Sakiyama** | Group Officer [Mitsui Fudosan Residential Co., Ltd.] |
| **Kazuyuki Hiruta** | Group Officer [Mitsui Fudosan Residential Co., Ltd.] |
| **Tomoo Nakamura** | Group Officer [Mitsui Fudosan (U.K.) Ltd.] |

## Independence of Outside Directors and Outside Corporate Auditors

See the Corporate Governance Report for details.
https://www.mitsuifudosan.co.jp/english/corporate/governance/download/governance_report.pdf

Mitsui Fudosan appoints its outside directors with the expectation that they will contribute their extensive experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the audit function of the Board of Directors and ensuring transparency. The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the directors in the performance of their duties, based on their expert knowledge and extensive experience. Note that, in line with Tokyo Stock Exchange requirements for judging the independence of independent officers, the Company uses the following standards for judging said independence: whether there is a risk of conflict of interest with any of the Company's general shareholders; whether any special interests exist with the Company; and whether in working to enhance the soundness and transparency of the Company's management, the individual is capable of making objective, fair and impartial judgments. See pages 101 and 102 for information on reasons for appointment of outside directors and outside corporate auditors.

## Strategic Shareholdings

### Concept and Standard for the Classification of Investment Stocks

**Standard (established February 2023)**

**Investment stocks held purely for investment purposes**

Stocks held as part of business investments for the purposes of benefiting from a medium- to long-term increase in share value, etc.

**Investment stocks held for purposes other than purely investment purposes (strategic shareholdings)**

Stocks held for purposes other than above

Note: Stocks considered effective in management strategy from a medium- to long-term perspective to improve the Group's corporate value by comprehensively taking into account business strategy, relationships with clients, and other factors.

**Concept**

In its business model, in addition to investing directly in real estate and benefiting from an increase in value, the Group may also invest in businesses in the form of equity capital and benefit from the increase in share value. We have reorganized the classification of investment stocks based on our actual business model, and set the standard for investment stocks held purely for investment purposes as stocks, as part of business investments, held for the purposes of benefiting from a medium- to long-term increase in share value etc. As a result of applying this classification concept to the investment stocks we currently hold, one stock issue (Oriental Land Co., Ltd.) has been reclassified from investment stocks held for purposes other than purely investment purposes [strategic shareholdings] to investment stocks held purely for investment purposes.

**About our investment in Oriental Land Co., Ltd.**

Involved in the establishment of Oriental Land Co., Ltd., in 1960, Mitsui Fudosan invested in a form of equity capital for the purpose of developing urban resorts and engaging in entertainment business activities. This investment was made as part of our core business, real estate investment, and we hold these shares for the purpose of benefiting from a medium- to long-term increase in share value etc.

### Policy Regarding the Reduction of Strategic Shareholdings

Mitsui Fudosan continuously reviews the status of its strategic shareholdings. Upon confirming the significance of shareholdings based on the quantitative rationality of holdings and relationships with business partners, we have decided to reduce our shareholdings. Meanwhile, in overall consideration for business strategy and relationships with business partners, to improve the Group's corporate value, Mitsui Fudosan holds shares considered effective for management strategies as shares for purposes other than net investments (strategic shareholdings) from a medium- to long-term perspective.

### Sales Results Related to Strategic Shareholdings

Since establishing this reduction policy in December 2018, the Company has sold 20 stocks totaling 16.67 million shares, amounting to ¥165.2 billion.

[Sales results] (Mitsui Fudosan Co., Ltd. Non-consolidated)

- FY2019: ¥20.3 billion (3.57 million shares, 13 stocks)
- FY2020: ¥45.9 billion (5.06 million shares, 3 stocks)
- FY2021: ¥50.7 billion (3.65 million shares, 4 stocks)
- FY2022: ¥46.5 billion (3.10 million shares, 3 stocks)

### Verification by the Board of Directors

When verifying the rationality of shareholdings, we verify whether or not the benefit, risk, etc., associated with the shareholdings are commensurate with the capital cost. Furthermore, in addition to confirming the significance of shareholdings from the perspectives of transaction performance, stable funding, and creation of business opportunities, we also verify whether or not the holdings contribute to improving the medium- to long-term corporate value of the Group. At a meeting held on May 10, 2023, the Board of Directors verified appropriateness with regard to the significance of strategic shareholdings based on the quantitative rationality of holding and relationships with business partners for each stock brand. As a result, for stocks for which the rationality of holding or significance of holding has decreased, we will examine selling by considering factors such as impact on the stock market.

### Standard for Exercising Voting Rights

In exercising voting rights, Mitsui Fudosan makes comprehensive decisions based on viewpoints including whether it will lead to improved shareholder returns or enhanced corporate value of the company invested in over the medium to long term. In addition, regarding important matters such as those indicated below, Mitsui Fudosan conducts individual examinations based on internal standards and appropriately determines the approval/disapproval of each matter. (Appropriation of surplus, appointment/dismissal of managing directors and corporate auditors, director compensation and retirement benefits, changes to the Articles of Incorporation, etc.)

### Strategic Shareholdings (as of the end of FY2022)

| Stock holdings | |
|---|---|
| Number of stocks owned | 123 (of which, 55 are shares of listed companies) |
| Amount recorded on balance sheet | ¥190.6 billion (of which, ¥180.3 billion is for shares of listed companies) |



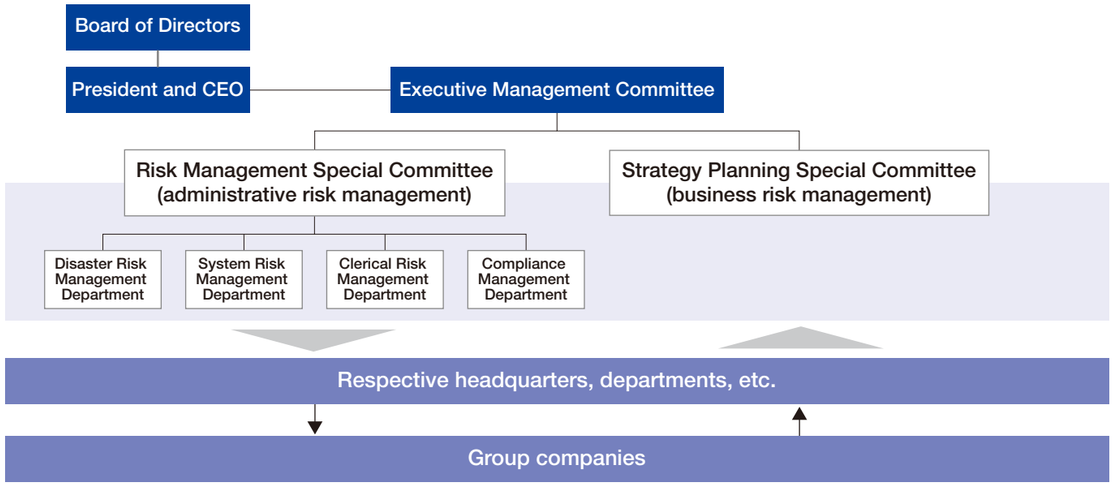


# Risk Management

The Executive Management Committee supervises overall risk management for the Group, and the President and Chief Executive Officer, who chairs the Executive Management Committee, supervises risk management. Under their supervision, the Strategy Planning Special Committee and the Risk Management Special Committee manage business risk and administrative risk, respectively.

The Risk Management Special Committee meets in principle once a month to identify and delineate risk issues and evaluate and propose preventive and response measures. Where required, the committee shares information and/or communicates in other ways with the Mitsui Fudosan Group.

### Risk Management System




### Major Risks (Please refer to the Securities Report* for the countermeasures being taken against each risk.)

**Business Risk: Business risk is primarily risk associated with advancing business and earning profits.**

| Name of risk | Overview |
|---|---|
| Risk due to change in the business environment | ●Changes in business environment in general (exchange rate fluctuations, rising interest rates, declining birthrate and aging population, etc.)<br>●Changes in customer needs (lifestyle changes following the spread of the coronavirus infection, etc.) |
| Risk associated with market interest rates | ●Rising fund procurement costs associated with rising interest rates<br>●Deterioration in the Company's performance associated with rising interest rates (falling housing sales prices, rising investor yield expectations) |
| Risk associated with exchange rate fluctuations | ●Cost fluctuations through import prices<br>●Impact of the inclusion of the PL/BS statements of overseas business<br>●Decrease in rent revenues due to the impact of tenant companies' performance |
| Risk associated with climate change | ●Large-scale climate change<br>●Changes in needs that take climate change risks into account |
| Geopolitical risk | ●Impact of countries/areas concerned<br>●Impact of supply chain disruptions, etc. |
| Risk associated with the spread of infectious diseases | ●Business restrictions due to the spread of the coronavirus infection<br>●Decrease/change in customer needs due to the spread of the coronavirus infection |
| Risk from competition in the real estate industry | ●Competition with other companies in each business<br>●Disruptive innovation |
| Risk associated with rental income | ●Decrease in rental income due to tenant cancellations/rent reductions, contract cancellations, tenant bankruptcies, etc. |
| Risk of changes in asset values | ●Falling asset values due to declining demand for housing/rising investor yield expectations |
| Cost fluctuations risk | ●Price fluctuations in costs for construction, energy, labor, etc. |
| Fund procurement risk | ●Increase in funding costs due to changes in the lending attitudes of financial institutions, etc.<br>・Rise in market interest rates<br>・Financial market turmoil<br>・Downgrading of the Company's credit rating, etc. |

| Name of risk | Overview |
|---|---|
| Real estate development risk | ●Cost increases and schedule delays due to a variety of circumstances during development (weather, disasters, buried objects, soil contamination, etc.) |
| Risk associated with overseas business | ●Business environments in overseas countries (inflation, exchange rates, civil wars/conflicts, impact of geopolitical risks on countries/areas concerned, etc.)<br>●Financial status, etc. of local partner companies |
| Risk related to property portfolio location | ●Occurrences of natural disasters, man-made disasters or acts of terrorism (earthquakes, typhoons, missiles, etc.) that cause damage to areas where our assets are concentrated |
| Risk associated with changes to laws, regulations, and government policy | ●Changes to business structure and fund procurement methods in response to changes in laws and regulations |
| Risk associated with securing diverse human resources | ●Insufficient human resource development and recruitment to respond to changes in the business environment and changing needs |

**Administrative Risk: Operational risk associated with administrative duties**

| Name of risk | Overview |
|---|---|
| Disaster risk | ●Natural disasters (earthquakes, wind and flood damage, etc.)<br>●Man-made disasters (war, acts of terrorism, etc.) |
| System risk | ●Systems failures and data leaks due to cyberattacks, etc.<br>i IT systems<br>ii Control systems |
| Compliance risk | ●Violations of laws, company rules, social norms, etc.<br>i Violations of laws and regulations in business execution<br>ii Violations of laws and regulations for employee personal gain |
| Quality risk | ●Caused by product/service/operation quality<br>i Properties/real estate<br>ii Management and operation business<br>iii Other business |

* See our annual securities report for details (In Japanese only).
https://www.mitsuifudosan.co.jp/corporate/ir/library/fs/pdf/YUHO_2303.pdf

# Compliance

## Basic Policy

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

## Compliance Structure

Mitsui Fudosan has made the officer in charge of general administration the person responsible overall for compliance. In this role, the officer receives reports from the Compliance Management Department and others, and particularly important matters are reported to or submitted for discussion by the Board of Directors or the Executive Management Committee. Said officer is also responsible for formulating a compliance-related action plan each fiscal year, including the enactment, revision, or abolition of Company rules; the implementation of training regarding laws, regulations, or Company rules; and the surveying and reporting of the situation regarding compliance with laws, regulations, or Company rules. Said officer is also responsible for implementing compliance activities based on this plan. Group companies are also required to formulate and implement compliance promotion plans, and this is reported to and confirmed by the Company at the end of the fiscal year.

## Internal Consultation Service

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

## Compliance Training

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

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

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

## Preventing Improper Conduct

### In Interactions between the Company and Society and the Economy

#### | Eliminating Interactions with Organized Crime

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

#### | Ensuring Fair Transactions and Competition

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

#### | Preventing Corruption

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

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

#### | Other

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

### In Interactions between the Company and Its Employees

#### | Respecting Human Rights

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

#### | Managing Company Information Appropriately

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

#### | Other

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

# Financial Highlights

(Millions of yen)

| (FY) | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management Results | Revenue from operations | ¥1,445,644 | ¥1,515,252 | ¥1,529,036 | ¥1,567,969 | ¥1,704,416 | ¥1,751,114 | ¥1,861,195 | ¥1,905,642 | ¥2,007,554 | ¥2,100,870 | **¥2,269,103** |
| | Operating income | 148,184 | 172,567 | 186,074 | 202,482 | 232,698 | 245,902 | 262,147 | 280,617 | 203,770 | 244,978 | **305,405** |
| | Leasing | 104,352 | 109,205 | 107,863 | 124,112 | 135,774 | 138,338 | 141,945 | 145,893 | 120,777 | 129,983 | **149,153** |
| | Property Sales | 23,059 | 27,099 | 45,493 | 44,525 | 65,285 | 83,010 | 98,037 | 123,745 | 118,213 | 138,343 | **145,711** |
| | Management | 41,579 | 49,945 | 49,317 | 52,446 | 53,838 | 48,727 | 53,445 | 55,670 | 39,969 | 57,205 | **63,383** |
| | Other | 481 | 7,263 | 9,203 | 11,888 | 10,901 | 12,312 | 10,890 | 2,291 | -27,215 | -29,641 | **-4,239** |
| | Eliminations or Corporate | -21,287 | -20,947 | -25,804 | -30,490 | -33,102 | -36,487 | -42,171 | -46,982 | -47,974 | -50,912 | **-48,603** |
| | Ordinary income | 123,066 | 144,587 | 163,373 | 182,521 | 219,607 | 240,341 | 254,106 | 258,510 | 168,865 | 224,940 | **265,358** |
| | Profit attributable to owners of parent | 59,451 | 76,843 | 100,185 | 117,722 | 131,815 | 155,874 | 168,661 | 183,972 | 129,576 | 176,986 | **196,998** |
| Financial Position | Total assets | 4,390,074 | 4,548,822 | 5,067,187 | 5,363,477 | 5,551,751 | 6,284,723 | 6,802,731 | 7,395,359 | 7,741,972 | 8,208,012 | **8,841,396** |
| | Real property for sale | 915,222 | 961,449 | 1,031,080 | 1,167,745 | 1,334,167 | 1,524,863 | 1,630,558 | 1,907,839 | 1,930,528 | 2,051,704 | **2,163,634** |
| | Tangible and intangible fixed assets | 2,503,977 | 2,526,139 | 2,788,633 | 2,968,975 | 2,967,788 | 3,318,928 | 3,500,482 | 3,753,141 | 3,796,800 | 3,914,135 | **4,293,130** |
| | Capital expenditures | 72,355 | 148,255 | 273,487 | 207,172 | 173,745 | 440,752 | 390,514 | 379,279 | 565,266 | 272,389 | **386,592** |
| | Depreciation and amortization | 59,022 | 56,030 | 61,242 | 67,460 | 71,357 | 70,167 | 79,034 | 91,434 | 98,196 | 111,500 | **125,298** |
| | Interest-bearing debt | 2,120,225 | 2,040,071 | 1,976,150 | 2,226,236 | 2,287,489 | 2,604,656 | 2,906,610 | 3,481,117 | 3,623,438 | 3,667,234 | **4,048,531** |
| | Shareholders' equity and accumulated other comprehensive income | 1,181,174 | 1,274,355 | 1,871,922 | 1,922,305 | 1,984,635 | 2,204,882 | 2,342,512 | 2,408,679 | 2,555,885 | 2,796,474 | **2,900,726** |
| Cash Flows | Cash flows from operating activities | 99,684 | 189,903 | 30,343 | 32,154 | 227,432 | 30,143 | 216,709 | 87,094 | 187,862 | 271,469 | **297,708** |
| | Cash flows from investing activities | -71,132 | -44,056 | -261,640 | -239,719 | -201,583 | -365,464 | -388,895 | -532,806 | -131,035 | -210,057 | **-422,034** |
| | Cash flows from financing activities | -7,944 | -123,713 | 221,508 | 201,110 | 15,071 | 289,150 | 231,238 | 467,751 | -66,565 | -139,600 | **111,448** |
| | Cash and cash equivalents at year-end | 101,588 | 127,337 | 118,960 | 109,966 | 148,546 | 100,708 | 157,682 | 179,472 | 187,723 | 142,682 | **132,310** |
| Indicators per Share | Earnings per share (EPS) (Net income per share) (¥) | 67.6 | 87.5 | 103.8 | 119.1 | 133.4 | 157.7 | 171.3 | 188.3 | 134.4 | 184.4 | **207.9** |
| | Book value per share (BPS) (Net assets per share) (¥) | 1,344.9 | 1,451.1 | 1,894.3 | 1,945.4 | 2,008.4 | 2,231.1 | 2,384.8 | 2,480.3 | 2,656.4 | 2,942.1 | **3,107.3** |
| | Dividend (¥) | 22.00 | 22.00 | 25.00 | 30.00 | 34.00 | 40.00 | 44.00 | 44.00 | 44.00 | 55.00 | **62.00** |
| | Number of outstanding shares (Thousands of shares) | 881,424 | 881,424 | 991,424 | 991,424 | 991,424 | 991,424 | 991,424 | 979,250 | 965,281 | 959,474 | **948,451** |
| Financial Indicators | ROA (%) | 3.66 | 4.07 | 4.10 | 4.14 | 4.59 | 4.58 | 4.44 | 4.18 | 2.84 | 3.31 | **3.86** |
| | ROE (%) | 5.27 | 6.26 | 6.37 | 6.20 | 6.75 | 7.44 | 7.42 | 7.74 | 5.22 | 6.61 | **6.92** |
| | Debt/Equity (D/E) ratio (Times) | 1.80 | 1.60 | 1.06 | 1.16 | 1.15 | 1.18 | 1.24 | 1.45 | 1.42 | 1.31 | **1.40** |
| | Equity ratio (%) | 26.9 | 28.0 | 36.9 | 35.8 | 35.7 | 35.1 | 34.4 | 32.6 | 33.0 | 34.1 | **32.8** |
| | Total shareholder return ratio (%) | 32.5 | 25.1 | 24.1 | 25.2 | 25.5 | 35.0 | 35.1 | 36.9 | 44.2 | 46.6 | **44.9** |

Notes:
1. Real property for sale = Real property for sale + real property for sale in progress + land for development + advances paid for purchase
2. Interest-bearing debt = Short-term debt + non-recourse short-term debt + commercial paper + bonds redeemable within one year + non-recourse bonds redeemable within one year + corporate bonds + non-recourse bonds + long-term debt + non-recourse long-term debt
3. ROA = (Operating income + non-operating income)/average total assets over the period
4. ROE = Profit attributable to owners of parent/average shareholders' equity over the period
5. Debt/Equity ratio = Interest-bearing debt/shareholders' equity

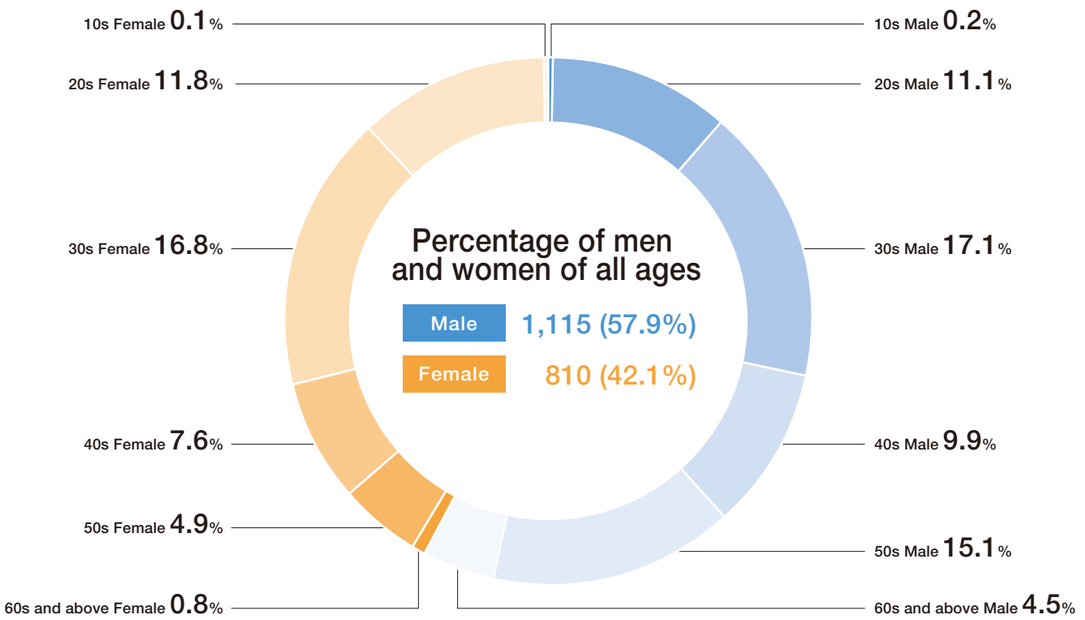
# Non-Financial Highlights

For details, please refer to ESG Report 2023.
https://www.mitsuifudosan.co.jp/english/esg_csr/report/

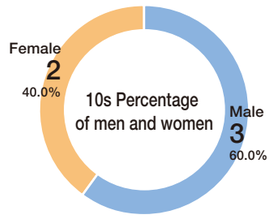
(FY)

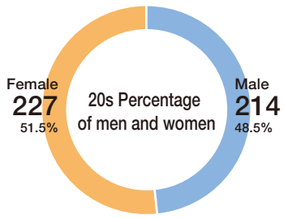
| Item | | Unit | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|
| Environmental Indicators *1 | Greenhouse gas (GHG) emissions (based on SBT standards) | Thousand t-$CO_2$ | 5,076 | 4,383 | 4,690 | 4,199 | **5,503** |
| | Of these, Scope 1 | Thousand t-$CO_2$ | 90 | 104 | 115 | 140 | **183** |
| | Of these, Scope 2 | Thousand t-$CO_2$ | 395 | 413 | 363 | 438 | **457** |
| | Of these, Scope 3 | Thousand t-$CO_2$ | 4,591 | 3,865 | 4,211 | 3,621 | **4,863** |
| | Energy usage*2 | MWh | 1,454,755 | 1,488,256 | 1,433,237 | 3,653,327 | **3,935,352** |
| | Water usage (intake volume)*2 | Thousand $m^3$/year | 5,407 | 5,726 | 5,365 | 11,849 | **14,210** |
| | Water usage (discharge volume)*2 | Thousand $m^3$/year | 5,595 | 5,539 | 4,711 | 10,445 | **12,545** |
| | Waste emissions volume*2 | t/year | 47,271 | 47,188 | 38,080 | 112,375 | **127,369** |
| Human Resources Indicators | No. of employees (Consolidated) | Persons | 19,081 | 20,864 | 23,992 | 24,408 | **24,706** |
| | Of these, Mitsui Fudosan Co., Ltd. (non-consolidated) | Persons | 1,577 | 1,678 | 1,776 | 1,898 | **1,973** |
| | Women in management positions ratio (non-consolidated)*3 | % | 3.3 | 4.5 | 5.7 | 6.8 | **7.7** |
| | Women in general positions ratio (non-consolidated)*3 | % | 11.0 | 12.5 | 14.3 | 16.5 | **18.0** |
| | Ratio of hires of women (non-consolidated) | % | 41.3 | 39.5 | 37.5 | 40.5 | **44.1** |
| | Employment rate of people with disabilities (non-consolidated)*4 | % | 1.77 | 2.04 | 2.07 | 2.14 | **2.52** |
| | Training time per employee (non-consolidated)*5 | Hours | 16.9 | 20.0 | 19.8 | 21.8 | **28.2** |
| | Training expenses per employee (non-consolidated)*6 | Yen | — | — | — | — | **131,000** |
| | Number of paid leave days taken | Days | 14.1 | 14.9 | 13.8 | 15.0 | **16.2** |
| | Number (percentage) of persons taking childcare leave, men (non-consolidated)*7 | Persons | 27 (84.4%) | 25 (61.0%) | 28 (70.0%) | 38 (79.2%) | **59 (122.9%)** |
| | Number (percentage) of persons taking childcare leave, women (non-consolidated) | Persons | 15 (100.0%) | 10 (100.0%) | 13 (100.0%) | 20 (95.2%) | **22 (100%)** |
| | Return rate from childcare leave (Mitsui Fudosan Co., Ltd.) | % | 100.0 | 100.0 | 100.0 | 100.0 | **100.0** |
| | Health checkup and screening rate (Mitsui Fudosan Co., Ltd.) | % | 99.5 | 99.8 | 99.5 | 100.0 | **100.0** |
| | Full-time employee voluntary turnover rate (Mitsui Fudosan Co., Ltd.) | % | 0.77 | 0.53 | 0.51 | 0.81 | **0.66** |
| | Employee engagement (non-consolidated)*8 | % | — | — | — | — | **92** |

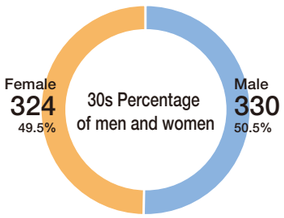
## Mitsui Fudosan Co., Ltd. (non-consolidated) Employee Composition by Age (as of April 1, 2022)

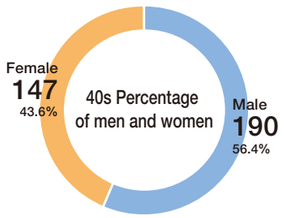


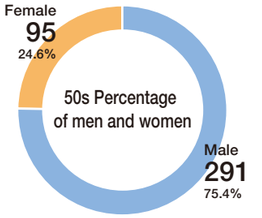

**Composition by Age Group** (Due to the method of aggregation, there are differences between the totals below and the totals above.)

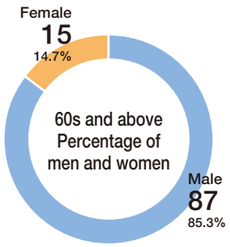



*1 Among Mitsui Fudosan and its consolidated subsidiaries, for facilities owned by companies holding buildings or companies with 100 or more employees. Values are subject to change due to revisions to the aggregation range and methods.
*2 FY2018–FY2020: In principle, the applicable scope is facilities that are obliged to report based on the Act on the Rational Use of Energy. However, some facilities are excluded.
*3 Figures for each fiscal year are those for the beginning of the fiscal year starting April 1 of the following year.
*4 Figures are those for the relevant fiscal year as of June 1. FY2023: 2.74%.
*5 Calculated by dividing the total amount of training hours by the total number of permanent employees.
*6 Calculated by dividing the total amount of training expenses by the total number of permanent employees.
*7 Data prior to FY2021 is the percentage of persons taking leave intended for childcare. FY2022 data is calculated based on the number of male employees whose partner gave birth in the relevant fiscal year, and the number of male employees who used the leave system to take time off work during that fiscal year at the time of their child's birth, as childcare leave, or other time off for the purpose of spending time with their child. Where there are male employees who take childcare leave, etc. in a different fiscal year from that of their child's birth, this rate might exceed 100%.
*8 The proportion who responded to the statement "I am proud to work for this company" with a 4 or 5 out of a five-point scale of agreement.

# Financial Analysis (Fiscal 2022)

## Operating Environment and an Overview of Results

In fiscal 2022, the Japanese economy continued to recover gradually, owing to progress both in keeping COVID-19 infections down and economic activities. However, uncertainties surrounding the future were further exacerbated by political risks including Russia's prolonged incursion into Ukraine, strained U.S.-China relations, cross-strait issues between Taiwan and China, increased energy and raw material prices, and global monetary tightening.

In the real estate sector, trends in the office building leasing market remained firm centered on properties in prime city center locations. While there were some consolidations and downsizing of offices following changes in workstyles, there were also efforts to increase floor space within buildings and relocate for expansion based on an awareness of the importance of facilitating real communication. Despite sluggish sales and customer numbers mainly in the first half of the year due to COVID-19, the retail facility leasing market remained in a recovery trend from autumn mainly due to increased visitors as people's awareness toward the pandemic changed.

The hotel operation market continued to confront challenging conditions in the first half of the year for lodging-focused as well as resort hotels mainly due to the impact of entry restrictions. However, this market recovered rapidly from autumn mainly in the Tokyo metropolitan area driven by the easing of entry restrictions, the return of inbound demand thanks to the yen's depreciation, and the revitalization of domestic travel through the National Travel Assistance program. Turning to the logistics facility leasing business, the scale of the market continued to expand on the back of such factors as the upswing in new supply. This largely reflected the rising demand for logistics facilities associated with growth in E-commerce. In the property sales market, trends were strong as purchase demand among customers remained high due to growing interest and the diversification of needs concerning living environments, as well as continued low interest rates.

In this business environment, the Mitsui Fudosan Group opened TOKYO MIDTOWN YAESU (Chuo-ku, Tokyo) as the third TOKYO MIDTOWN property following those in Roppongi and Hibiya under the vision of transmitting JAPAN'S VALUES to the world. This property received high marks from tenant companies for recognizing the irreversible changes in work styles caused by COVID-19 and proposing an office you want to go to in the post-pandemic era that supports optimal work styles to meet diverse needs and comfortable, premium business lifestyles. 50 Hudson Yards (New York, USA), which is positioned as the flagship property for the Group's overseas business, received high marks from companies that strategically view offices as spaces that encourage collaboration, providing value to both companies and employees, and was completed amid favorable leasing conditions. In addition, the newly opened Mitsui Shopping Park LaLaport SAKAI (Sakai City, Osaka) got off to a good start by attracting many customers based on the creation of a facility centered on sports and entertainment. Furthermore, through precise marketing centered on luxury hotels such as FOUR SEASONS HOTEL TOKYO OTEMACHI (Chiyoda-ku, Tokyo), we have identified strong accommodation needs with the return of inbound travel from autumn in order to differentiate ourselves from competing facilities.

In addition, we recognize that contributing to the building of a sustainable society through the resolution of various social issues is the social mission of the Group, which upholds the "&" logo principles. In particular, we position the realization of a decarbonized society and diversity and inclusion initiatives as our most important issues and are actively working on them.

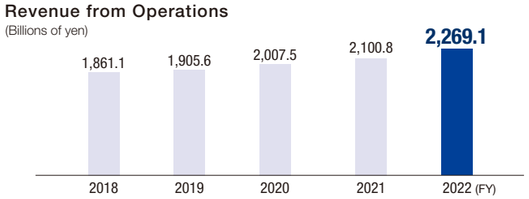
Regarding the realization of a decarbonized society, based on the Group Action Plan to Realize a Decarbonized Society formulated in November 2021, we have steadily promoted various measures, such as achieving Net Zero Energy Building (ZEB)/Net Zero Energy House (ZEH) level environmental performance in all of our new properties, actively utilizing renewable energy sources such as green power in all our facilities in Japan, and expanding the mega solar business. We have also raised funds through sustainable finance, including the issuance of a record amount of green bonds among Japanese real estate companies to fund the development of TOKYO MIDTOWN YAESU. As a result of these efforts, Mitsui Fudosan was selected for the CDP 2022 Climate Change A List, the highest ranking in the climate change category, for the second consecutive year by the CDP, a nonprofit organization that performs environmental surveys and disclosure.

In promoting diversity and inclusion, based on the Diversity and Inclusion Declaration and Initiative Policy, we have designated promoting active roles for women as a particularly important theme, and in turn promoted Group-wide initiatives such as providing opportunities to learn about diverse management styles by holding roundtable discussions with role models from outside the Company, created mechanisms for each division and department to discuss and formulate measures to promote women's activities and then proactively implement them, and formulated and implemented road maps for the promotion of women's activities at each Group company. As a result of these initiatives, the Mitsui Fudosan Group was selected as a Nadeshiko Brand, an initiative where METI and TSE jointly select enterprises that are industry leaders for their outstanding efforts in encouraging women's success.

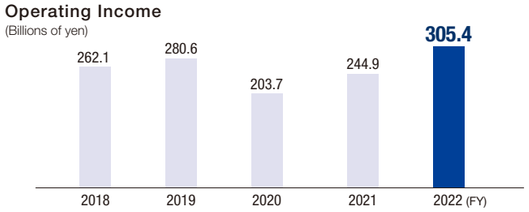
In addition, the entire Mitsui Fudosan Group has been working on important ESG issues by promoting its Business and Human Rights initiatives, such as making the Sustainable Procurement Standards known Group-wide and among its suppliers, and expanding the scope of its due diligence efforts for human rights, as well as formulating the Mitsui Fudosan Group Biodiversity Policy, which states that the entire Group will conduct business activities with consideration for biodiversity and will also pay attention to the impact of its supply chain on biodiversity.

Revenue from operations, operating income, ordinary income, and profit attributable to owners of parent exceeded consolidated business results forecasts announced during the fiscal year under review on the back of these various measures.

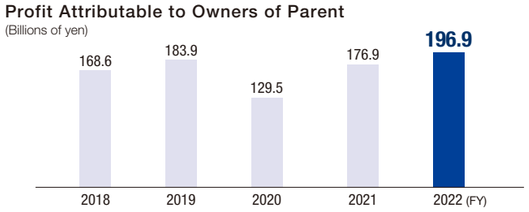
**Revenue from Operations**
(Billions of yen)




**Operating Income**
(Billions of yen)




**Profit Attributable to Owners of Parent**
(Billions of yen)

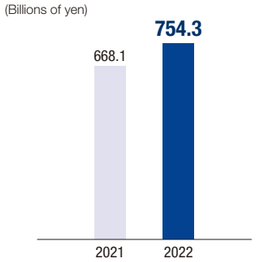



## Segment Information

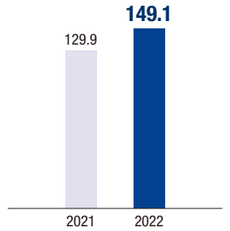
### Leasing

In overall terms, both revenue from operations and operating income in this segment reached record highs climbing ¥86.1 billion and ¥19.1 billion, respectively. In addition to growth in revenue and profit from 50 Hudson Yards (USA/office), this is mainly due to the year-on-year recovery for existing retail facilities and contributions from the opening of LaLaport FUKUOKA (Retail) and LaLaport SAKAI (Retail). Meanwhile, the office vacancy rate in the Tokyo metropolitan area was 3.8% on a non-consolidated basis as of the end of the fiscal year under review (a 2.6-percentage-point improvement from 6.4% at the end of the third quarter).

**Revenue from Operations**
(Billions of yen)



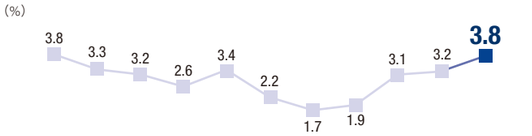

**Operating Income**
(Billions of yen)




(Millions of yen)

| (FY) | | | 2021 | 2022 |
|---|---|---|---|---|
| Office Buildings and Retail Facilities | Revenue | Office Buildings | ¥389,811 | **¥426,928** |
| | | Retail Facilities | 226,218 | **261,394** |
| | Total Leased Floor Space (1,000 m²) | | 5,788 | **5,975** |
| | Office Buildings | Owned | 1,894 | **1,960** |
| | | Managed | 1,502 | **1,491** |
| | Retail Facilities | Owned | 1,758 | **1,873** |
| | | Managed | 634 | **651** |
| Other | Revenue | | 52,137 | **65,984** |
| Total Revenue | | | 668,167 | **754,306** |
| Total Operating Income | | | 129,983 | **149,153** |

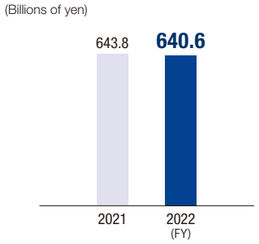
**Vacancy Rate for Tokyo Metropolitan Area Office Buildings (non-consolidated)**
(%)



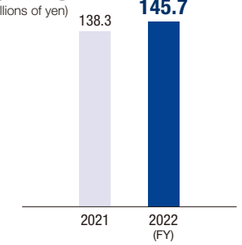

### Property Sales

Revenue and earnings in the Property Sales to Individuals (Domestic) category increased mainly owing to progress in PARK COURT CHIYODA YONBANCHO unit deliveries. In the Property Sales to Investors and Individuals (Overseas), etc. category, we promoted the sale of domestic and overseas properties to investors through ongoing asset turnover, and posted operating income of over ¥100 billion, the same as in the previous fiscal year. In overall terms, revenue from operations in the Property Sales segment decreased ¥3.1 billion. In contrast, operating income reached a record high climbing ¥7.3 billion. The contract completion rate was 77.5% for the 3,350 new condominium units in Japan planned for sale in the next fiscal year.

**Revenue from Operations**
(Billions of yen)




**Operating Income**
(Billions of yen)




**Fiscal Year-End Inventories (Property Sales to Individuals [Domestic])** (Units)

| (FY) | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Condominiums | 141 | 128 | 150 | 82 | **55** |
| Detached Housing | 30 | 58 | 17 | 7 | **0** |
| Total | 171 | 186 | 167 | 89 | **55** |

(Millions of yen)

| (FY) | | | 2021 | 2022 |
|---|---|---|---|---|
| Property Sales to Individuals (Domestic) | Condominiums | | | |
| | Tokyo Metropolitan Area | Revenue | ¥180,674 | **¥196,655** |
| | | Units | 2,539 | **2,324** |
| | Other | Revenue | 25,995 | **38,983** |
| | | Units | 669 | **872** |
| | Subtotal | Revenue | 206,669 | **235,638** |
| | | Units | 3,208 | **3,196** |
| | Detached Housing | | | |
| | Tokyo Metropolitan Area | Revenue | 36,149 | **34,787** |
| | | Units | 467 | **418** |
| | Other | Revenue | 2,335 | **104** |
| | | Units | 40 | **2** |
| | Subtotal | Revenue | 38,485 | **34,892** |
| | | Units | 507 | **420** |
| | | Revenue | 245,155 | **270,530** |
| | | Units | 3,715 | **3,616** |
| | | Operating Income | 24,028 | **39,368** |
| Property Sales to Investors and Individuals (Overseas), etc. | | Revenue | 398,696 | **370,132** |
| | | Operating Income | 114,315 | **106,342** |
| Total Revenue | | | 643,851 | **640,662** |
| Total Operating Income | | | 138,343 | **145,711** |

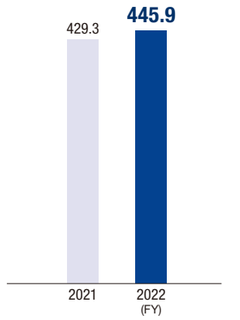
# Segment Information

## Management

In the Property Management category, revenue and earnings increased owing to a variety of factors, including successful efforts to reduce costs and the year-on-year increase in occupancy rates in the Repark (car park leasing) business. While revenue rose, earnings declined slightly in the Brokerage, Asset Management, etc. category. The upswing in revenue was largely due to the increase in project management fees. The slight downturn in earnings mainly reflected the increase in expenses in the Rehouse (brokerage for individuals) business. In overall terms, both revenue from operations and operating income in the Management segment reached record highs climbing ¥16.5 billion and ¥6.1 billion, respectively.

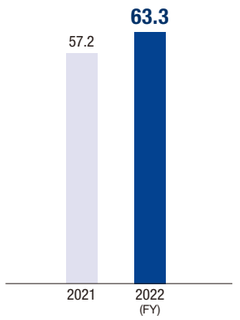
### Revenue from Operations

(Billions of yen)




### Operating Income

(Billions of yen)




(Millions of yen)

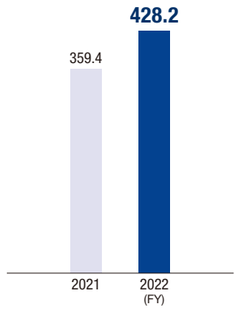
| (FY) | | 2021 | 2022 |
|---|---|---|---|
| Property Management | Revenue | ¥321,572 | **¥334,973** |
| | Operating Income | 31,296 | **37,547** |
| Brokerage, Asset Management, etc. | Revenue | 107,777 | **110,950** |
| | Operating Income | 25,909 | **25,836** |
| Total Revenue | | 429,350 | **445,924** |
| Total Operating Income | | 57,205 | **63,383** |

## Other

Overall revenue from operations in the Other segment increased ¥68.7 billion, while the operating loss contracted ¥25.4 billion, with net sales hitting a record high, on the back of a substantial improvement in RevPAR at hotels and resorts as well as upswings in the number of operating days and visitors at TOKYO DOME.

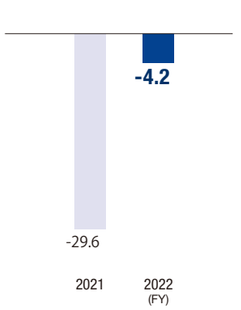
### Revenue from Operations

(Billions of yen)




### Operating Loss

(Billions of yen)




(Millions of yen)

| (FY) | 2021 | 2022 |
|---|---|---|
| New Construction Revenue | ¥158,307 | **¥150,741** |
| Facility Operations Revenue | 46,803 | **93,930** |
| TOKYO DOME Revenue | 59,388 | **73,142** |
| Other Revenue | 95,000 | **110,394** |
| Total Revenue | 359,499 | **428,209** |
| Total Operating Loss | -29,641 | **-4,239** |

# Consolidated Financial Position

## Assets

As of March 31, 2023, total assets stood at ¥8,841.3 billion, an increase of ¥633.3 billion from the end of the previous fiscal year. This was mainly due to such factors as the increase of ¥111.9 billion in real property for sale (including real property for sale in progress, land for development and advances paid for purchases), the upswing of ¥378.9 billion in tangible and intangible fixed assets largely as the result of new investments, and the increase of ¥41.1 billion due to the fair market valuation of investment securities. Capital expenditures were ¥386.5 billion and depreciation and amortization was ¥125.2 billion.

## Liabilities

Interest-bearing debt (the total of short-term debt, non-recourse short-term debt, commercial paper, bonds redeemable within one year, non-recourse bonds redeemable within one year, corporate bonds, non-recourse bonds, long-term debt, and non-recourse long-term debt) stood at ¥4,048.5 billion on an overall consolidated basis as of March 31, 2023, an increase of ¥381.2 billion from the end of the previous fiscal year. Mitsui Fudosan has established committed lines of credit totaling ¥400.0 billion with several financial institutions to ensure access to funds and adequate liquidity. The Company had not accessed these lines of credit. The current ratio (current assets/current liabilities) as of March 31, 2023, was 183%, a decrease compared with 201% as of March 31, 2022.

## Net Assets

Total net assets as of March 31, 2023, stood at ¥3,031.2 billion, an increase of ¥117.4 billion compared with the end of the previous fiscal year. This increase was mainly attributable to upswings of ¥109.0 billion in retained earnings and ¥57.2 billion in foreign currency translation adjustment, and despite a ¥44.8 billion decrease in net unrealized holding gains on securities. The equity ratio as of March 31, 2023, fell to 32.8% from 34.1% as of the end of the previous fiscal year, while the debt/equity ratio increased to 1.40 times from 1.31 times. Net assets per share increased to ¥3,107.37 from ¥2,942.11 as of the previous fiscal year-end.

### Total Assets

(Billions of yen)



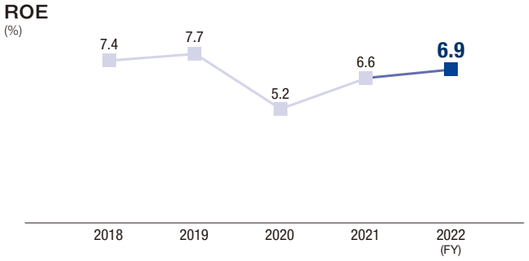

### ROA

(%)



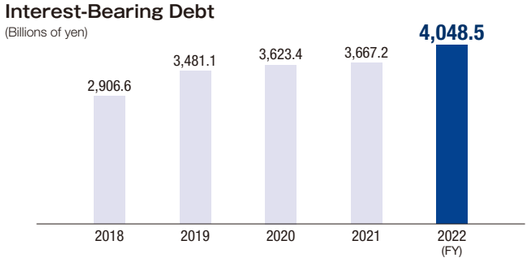

### ROE

(%)



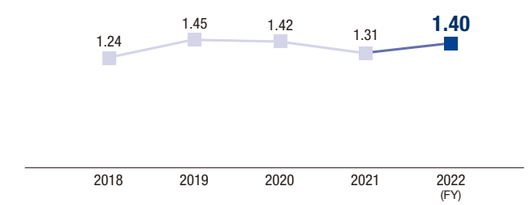

### Interest-Bearing Debt

(Billions of yen)



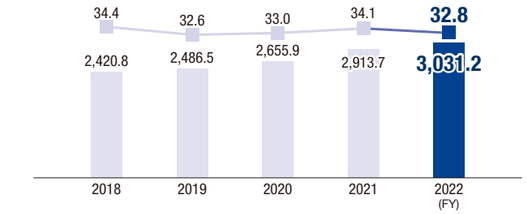

### Debt/Equity Ratio

(Times)




### Net Assets and Equity Ratio

Net Assets (Billions of yen) — Equity ratio (%)



# Consolidated Cash Flows

## Consolidated Cash Flows

As of March 31, 2023, cash and cash equivalents totaled ¥132.3 billion, a decrease of ¥10.3 billion from the end of the previous fiscal year.

## Cash Flows from Operating Activities

Net cash provided by operating activities came to ¥297.7 billion. Principal cash inflows included income before income taxes of ¥295.9 billion and depreciation and amortization of ¥125.2 billion. Major cash outflows included ¥109.8 billion in income taxes paid and refunded.

## Cash Flows from Investing Activities

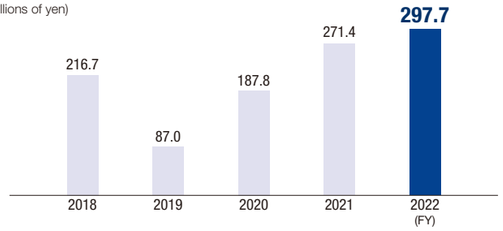
Net cash used in investing activities was ¥422.0 billion. Cash outflows included the purchase of tangible and intangible fixed assets of ¥362.7 billion and the purchase of investment securities of ¥94.8 billion. Cash inflows included proceeds from deposits from tenants of ¥51.7 billion and proceeds from sale of investment securities of ¥50.5 billion.

## Cash Flows from Financing Activities

Net cash provided by financing activities was ¥111.4 billion. The principal cash inflow came from the procurement of debt.

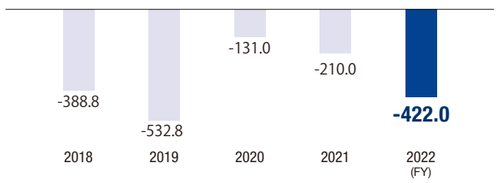
**Cash Flows from Operating Activities**

(Billions of yen)



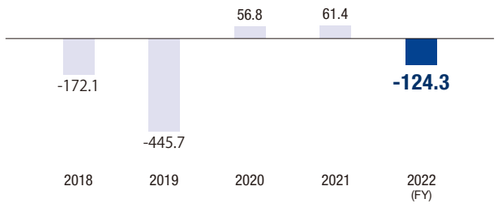

**Cash Flows from Investing Activities**

(Billions of yen)




**Free Cash Flows**

(Billions of yen)




Note: Free cash flow = Cash flow from operating activities + cash flow from investing activities

# Rental Properties

Mitsui Fudosan and some of its consolidated subsidiaries have rental properties including office buildings and retail facilities in the Tokyo metropolitan area and other areas. In fiscal 2021, profit on such properties amounted to ¥127,249 million (with leasing revenue recorded in revenue from operations and leasing expenses recorded in cost of revenue from operations). An impairment loss of ¥8,048 million and a gain on sale of property and equipment of ¥6,682 million were recorded (with impairment loss recorded as an extraordinary loss and the gain on sale of property and equipment recorded as extraordinary income). In fiscal 2022, profit on such properties amounted to ¥146,478 million (with leasing revenue recorded in revenue from operations and leasing expenses recorded in cost of revenue from operations), and loss on retirement of non-current assets was ¥2,204 million (loss on retirement of non-current assets recorded as an extraordinary loss). The carrying amount recorded on the consolidated balance sheets, the change during the fiscal year, and the market value of these properties are as shown on the right.

(Millions of yen)

| (FY) | 2021 | 2022 |
|---|---|---|
| Rental Properties Carrying Amount Recorded on the Consolidated Balance Sheets | | |
| Balance as of the Beginning of the Period | ¥3,029,628 | **¥3,106,54** |
| Increase (Decrease) during the Period | 76,920 | **326,650** |
| Balance as of the End of the Period | 3,106,548 | **3,433,199** |
| Market Value at the End of the Period | 6,136,879 | **6,695,820** |
| Difference | 3,030,331 | **3,262,621** |

Notes: 1. The carrying amount recorded on the consolidated balance sheets was calculated by deducting accumulated depreciation and amortization and accumulated impairment losses from acquisition costs.
2. Market value at the end of the fiscal year is calculated by the Company's own appraisal team and was based, in principle, on Japan's Real Estate Appraisal Standards.
3. The main increases and decreases in the balance sheet during fiscal 2021 were an increase in real estate acquisition (¥183,902 million) and decreases due to transfers to real property for sale (¥41,166 million) and real estate sales (¥37,626 million).
4. The main increases and decreases in the balance sheet during fiscal 2022 were an increase in real estate acquisition (¥319,630 million) and decreases due to transfers to real property for sale (¥9,850 million).

# Shareholder Returns

The Company strives to increase shareholder value by boosting corporate value through the reinvestment of earnings over the medium to long term, and likewise returns profits to shareholders based on comprehensive consideration of such factors as the business environment and its performance and finances. With regard to the reinvestment of earnings, based on the recognition of the importance of stable and continuous shareholder returns, the Company strives to undertake the stable payment of dividends while also flexibly repurchasing its own shares in a bid to enhance capital efficiency. As far as the total shareholder return ratio is concerned, the Company is targeting a ratio of around 45% of net income attributable to shareholders of the parent company.

| | |
|---|---|
| Annual dividend per share for fiscal 2022 | **¥62** |
| Own shares being repurchased<br>From February 15, 2023, to March 20, 2023 | **¥30.0 billion** |
| Total shareholder return ratio of profit attributable to owners of parent | **44.9%** |

# Outlook for Fiscal 2023 (Year Ending March 31, 2024)

In fiscal 2023, Mitsui Fudosan is expected to report revenue from operations of ¥2,300.0 billion, up ¥30.8 billion year on year. Operating income is estimated to increase by ¥24.5 billion to ¥330.0 billion and ordinary income is estimated to decrease by ¥20.3 billion to ¥245.0 billion. Profit attributable to owners of parent is forecast to increase by ¥13.0 billion to ¥210.0 billion.

## Segment Forecasts

As a result of partially revising the method of performance management within the Group, we established a new reportable segment, Facility Operations, from fiscal 2023, while the previous four segments (Leasing, Property Sales, Management, and Other) have been reclassified into five segments: Leasing, Property Sales, Management, Facility Operations, and Other segments. With the establishment of a new segment, the Facility Operations and a part of the Tokyo Dome categories included in the Other segment until fiscal 2022 have been consolidated into the Facility Operations segment, and the Facility Operations business has been renamed Hotels and Resorts, while the Tokyo Dome business has been renamed Sports and Entertainment. In addition, the New Construction under Consignment business, which is included in the Other segment, has been consolidated with the Renovation business and Component Material Sales business, which are also included in the Other segment, and has been renamed the New Construction under Consignment and Reform, etc.

Leasing: Both revenue and earnings are projected to increase owing to a variety of factors including contributions from TOKYO MIDTOWN YAESU, 50 Hudson Yards, and LaLaport SAKAI, completed during the fiscal year under review, and the recovery in facility sales at retail facilities.

Property Sales: Overall earnings are forecast to rise against a decline in revenue owing to an improvement in operating margins and increase in the number of units sold in the Property Sales to Individuals (Domestic) category and the ongoing replacement of assets in the Property Sales to Investors category.

Management: Revenue is expected to increase and earnings decrease. In similar fashion to the fiscal year under review, this largely reflects continued firm trends in the brokerage for individuals and Repark (car park leasing) businesses and in contrast increases in DX-related and personnel expenses at each Group company.

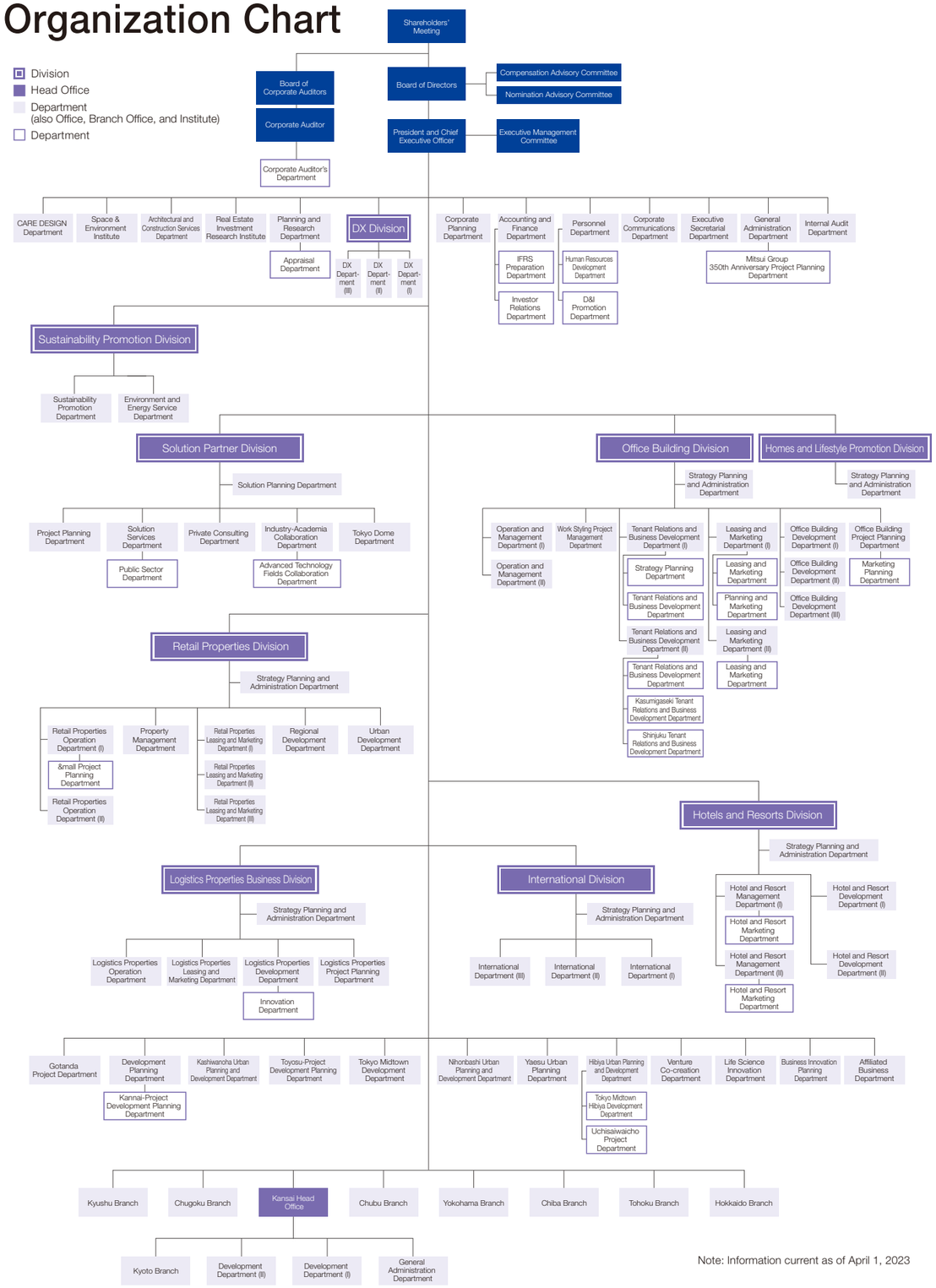
Facility Operations: Overall revenue and earnings are projected to increase and the segment to return to the black. This takes into account successful efforts to capture domestic and overseas travel demand in the hotels and resorts category and factors in the Group's ability to attract customers in its TOKYO DOME business as well as a recovery in food, beverage, and merchandise demand.

Other: Overall revenue and earnings are projected to increase and the segment to return to the black. This reflects a recovery in domestic and overseas orders in the New Construction under Consignment business.

## Dividends

Taking into consideration a comprehensive range of factors including earnings for fiscal 2022 and the aforementioned shareholder returns policy, the Company paid a cash dividend of ¥62 per share (interim and year-end dividends of ¥30 and ¥32 per share, respectively) for the fiscal year ended March 31, 2023. (The annual dividend for the fiscal year ended March 31, 2022 was ¥55 per share (interim and year-end dividends of ¥22 and ¥33 per share, respectively).)

# Organization Chart



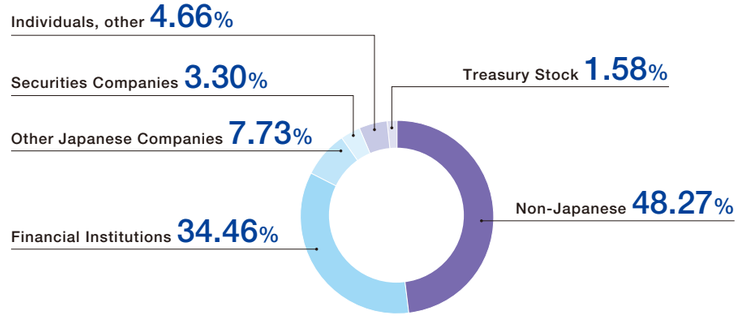

Note: Information current as of April 1, 2023

# Corporate Data/Shareholders' Information (as of March 31, 2023)

## Corporate Data

| | |
|---|---|
| **Trade Name** | Mitsui Fudosan Co., Ltd. |
| **Head Office** | 1-1 Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan<br>TEL. +81-3-3246-3131 |
| **Date of Establishment** | July 15, 1941 |
| **Capital** | ¥340,552 million |
| **Listing** | Tokyo Stock Exchange (Ticker: 8801) |
| **Number of Shares** | Authorized: 3,290,000,000<br>Issued and outstanding: 948,451,327 |
| **Number of Shareholders** | 53,464 |
| **Transfer Agent** | Sumitomo Mitsui Trust Bank, Limited |
| **Number of Employees** | 1,973 (consolidated 24,706) |
| **Website** | https://www.mitsuifudosan.co.jp/english/ |

## Shareholder Composition (Shareholding Ratio)




## Major Shareholders

| Shareholder | Number of shares held (Thousand) | Percentage of total shares issued (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 163,599 | 17.53 |
| Custody Bank of Japan, Ltd. (Trust account) | 70,837 | 7.59 |
| SSBTC CLIENT OMNIBUS ACCOUNT<br>(Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch Custody Service) | 19,843 | 2.13 |
| STATE STREET BANK WEST CLIENT - TREATY 505234<br>(Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department) | 16,609 | 1.78 |
| KAJIMA CORPORATION | 13,362 | 1.43 |
| JP MORGAN CHASE BANK 380072<br>(Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department) | 13,000 | 1.39 |
| BNYM AS AGT/CLTS 10 PERCENT<br>(Standing proxy: MUFG Bank, Ltd.) | 12,808 | 1.37 |
| JP MORGAN CHASE BANK 385635<br>(Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department) | 12,640 | 1.35 |
| JP MORGAN CHASE BANK 385781<br>(Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department) | 12,509 | 1.34 |
| NSL DTT CLIENT ACCOUNT 1<br>(Standing Proxy: Nomura Securities Co., Ltd.) | 12,508 | 1.34 |
| Total | 347,719 | 37.25 |

# Investor Relations Activities

## Engagement Policy

### Basic Approach

In an attempt to realize sustainable growth and enhance corporate value over the medium to long term, Mitsui Fudosan proactively engages in constructive dialogue with shareholders in an effort to further enhance corporate value. We also make an effort to build long-term relationships of trust through the accurate disclosure of information and constructive dialogue with shareholders and investors.

### Constructive Dialogue System Improvement and Engagement Policy

The Investor Relations Department is the point of contact with regard to the promotion of constructive dialogue with shareholders, which is supervised by the managing director in charge. Furthermore, in addition to complete information disclosure trusted by shareholders, each relevant department exchanges information appropriately. If necessary, the details of dialogue with shareholders are shared with senior management, directors including outside directors, and auditors, and provided as feedback during Executive Management Committee meetings and to the Board of Directors as appropriate.

## Major IR Activities

### Shareholders' Meeting

| | Fiscal 2020 results | Fiscal 2021 results | Fiscal 2022 results |
|---|---|---|---|
| Total no. of shareholders (as of March 31) | 39,243 | 38,787 | 53,464 |
| Percentage of agenda items resolved | 100% | 100% | 100% |

### Track Record of Dialogue with Shareholders and Investors

| Activity details | Fiscal 2020 results | Fiscal 2021 results | Fiscal 2022 results |
|---|---|---|---|
| Individual meetings for institutional investors | 345 | 290 | 320 |
| Financial results briefings for investors and analysts | 6 | 6 | 6 |
| Small meetings with the President | 2 | 2 | 2 |
| Individual business briefings and property tours | 3 | 4 | 21 |
| Overseas road shows*1 | 0 | 0 | 0 |
| Briefings for individual investors*2 | 0 | 0 | 0 |

*1 To prevent the spread of COVID-19, these activities were not implemented from November 2019.
*2 To prevent the spread of COVID-19, these activities were not implemented from January 2020.

Shareholders' Meeting



Financial results briefings for investors and analysts




# International Initiatives That We Support

The Mitsui Fudosan Group supports and has signed the United Nations Global Compact and other international initiatives that align with its philosophy and goals.

- United Nations Global Compact
- Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- RE100
- Sustainable Development Goals (SDGs)
- ILO Declaration on Fundamental Principles and Rights at Work
- Japan Business Federation Charter of Corporate Behavior
- Task Force on Climate-related Financial Disclosures (TCFD)

# External Assessments

## Status of Inclusion in ESG Indexes (as of the end of August 2023)

FTSE4Good
FTSE Blossom Japan
FTSE Blossom Japan Sector
S&P/JPX Carbon Efficient Index
2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
2023 MSCI ESG Leaders Indexes Constituent

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

## Sustainability-Related Assessments and Certifications (as of the end of August 2023)

Note: Platinum Kurumin certification was acquired by Mitsui Fudosan Residential Co., Ltd.