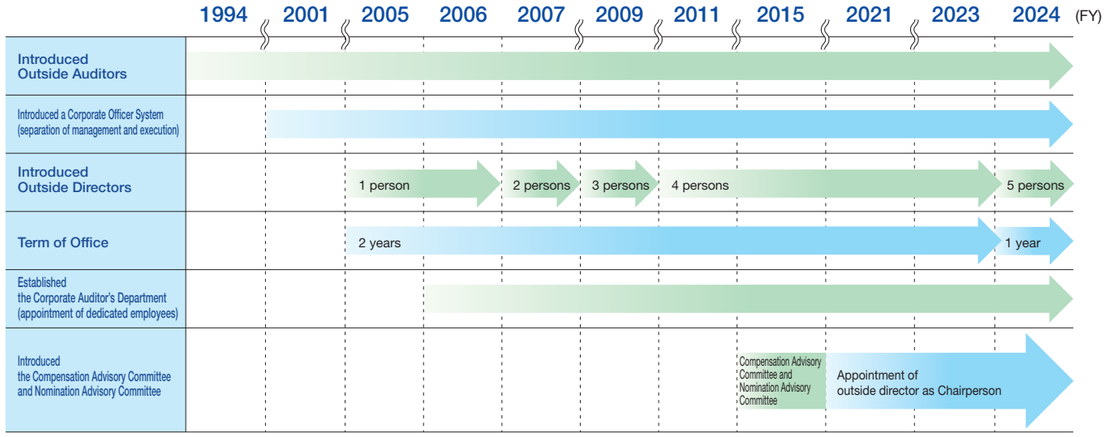
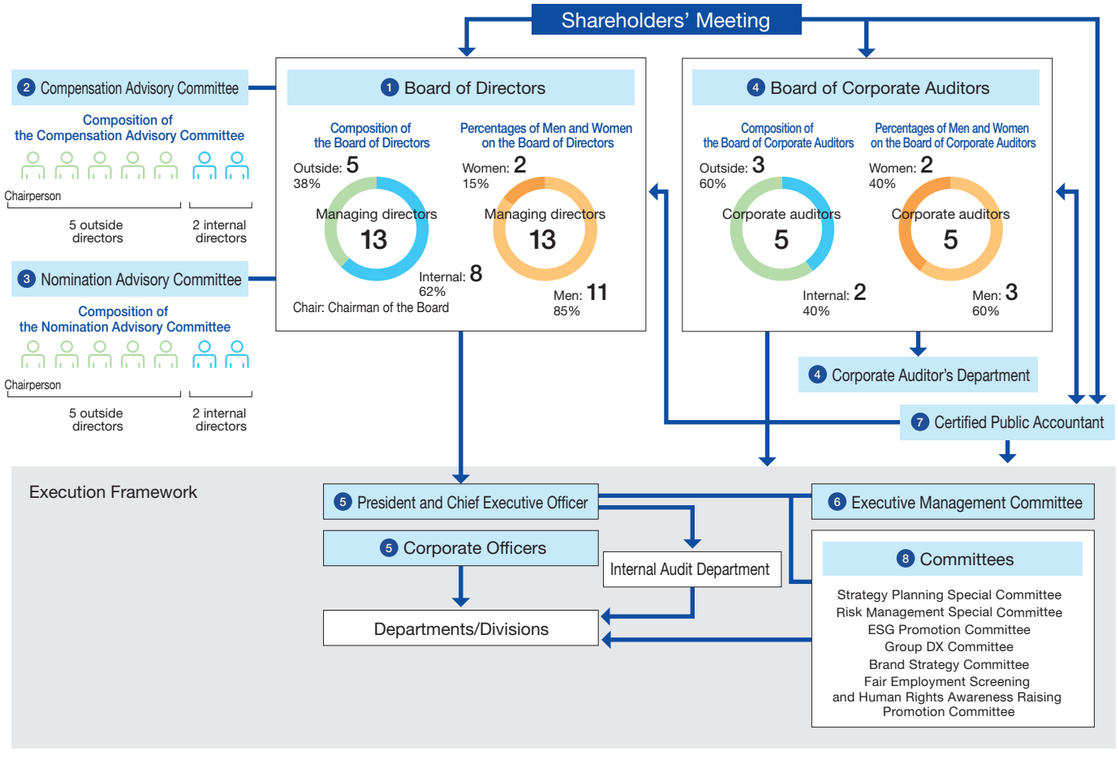
Corporate Governance

Initiatives for Enhancing Corporate Governance



Corporate Governance Structure



Organizations in the Corporate Governance Structure

1 Board of Directors

The Board of Directors, headed by Chairperson Masanobu Komoda and comprising 13 members, including eight internal directors (Masanobu Komoda, Takashi Ueda, Takashi Yamamoto, Shingo Suzuki, Makoto Tokuda, Hisashi Osawa, Yutaka Saito, and Nobuhiko Mochimaru) and five outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, Mami Indo, and Takashi Hibino), 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.

2 Compensation Advisory Committee

The Compensation Advisory Committee, headed by independent outside director Shinichiro Ito as Chairperson and comprising seven members, including five independent outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, Mami Indo, and Takashi Hibino), 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. Two meetings were held in fiscal 2023 with all committee members in attendance.

<Specific Advisory Matters>

- Recent trends in executive compensation
- Review of the restricted stock compensation system
- Directors' basic compensation, bonuses, and restricted stock compensation paid

3 Nomination Advisory Committee

The Nomination Advisory Committee, headed by independent outside director Shinichiro Ito as Chairperson and comprising seven members, including five independent outside directors (Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, Mami Indo, and Takashi Hibino), 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 2023 with all committee members in attendance.

<Specific Advisory Matters>

- Division of duties of the executive directors
- Delegation of responsibilities, appointment, and dismissal of corporate officers
- Appointment and dismissal of executive corporate officers and corporate officers and the delegation of responsibilities
- Preliminary selection of director and corporate auditor candidates
- Appointment of Group senior officers and Group corporate officers

4 Board of Corporate Auditors

The Board of Corporate Auditors, comprising five corporate auditors, including two internal auditors (Wataru Hamamoto and Yoshihiro Hirokawa) and three outside auditors (Minoru Nakazato, Mayo Mita, and Michiko Chiba), 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.

5 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.

6 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.

7 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.

8 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, the Brand Strategy Committee, and the Fair Employment Screening and Human Rights Awareness Raising Promotion Committee have been established as advisory bodies to the President and Chief Executive Officer.

Corporate Governance

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 2023 (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

1 Interviews 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 (issues raised in the previous evaluation of Board of Directors' efficacy, Compensation Advisory Committee, Nomination Advisory Committee, meetings of outside directors and outside auditors, etc.)

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

(2) Issues identified and actions taken in FY2022 (previous year)

<Issues>	<Details of Improvements>
Report on the status of communication with investors	The status of communication with investors will continue to be reported at Board of Directors' meetings in a timely and appropriate manner, as there was an opinion in this efficacy evaluation that this initiative was appreciated.
Deepening the discussions at Board meetings	The discussion at the execution side was further shared during the explanation of each agenda item and the criteria for the agenda for the Board of Directors was changed so that the discussion time could be used more effectively for the discussion of more important topics.
Discussion on brand and PR strategies	Opportunities were set up at the Board of Directors to report on PR strategies, brand strategies, etc., and discussions at the Board of Directors were fed back to the execution side for action, etc.

(3) Issues identified and actions taken in FY2023 (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>
Monitoring of the Group's Long-Term Vision	The Board of Directors continuously monitors the progress of future plans and other aspects of both financial and business strategies from the perspective of achieving the goals of the Group's Long-Term Vision.
Discussion on priority areas of business strategies and infrastructure to support the strategies	In making progress on the Group's Long-Term Vision, discussions on necessary topics are held through Board of Directors and external officer meetings, etc., and the results are fed back to the execution side.

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 five times in FY2023)	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.
Project Tours (held four times in FY2023)	The Company holds site tours for outside officers as and when required to deepen their understanding of its projects. (Among a number of sites, outside officers toured the area around Minami-Funabashi and Mita Garden Hills.)

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
- Basic compensation, bonuses, and restricted stock compensation for directors
- Other important matters

(3) Matters related to the Company's structure

(4) Important matters related to compliance, etc.
- Formulating a risk management plan for the fiscal year
- Reporting on the results of risk management–related 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
- Basic compensation, bonuses, and restricted stock compensation 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

Corporate Governance

Expertise and Experience of Each Director and Corporate Auditor

In April 2024, the Group formulated its long-term vision "& INNOVATION 2030." Based on this policy, we have identified the following skills that the Board of Directors as a whole should possess to realize the Group's "ideal state": "Corporate management," "Treasury, accounting and finance," "Risk management," "Urban development (real estate development, etc.)," "Global," "Technology and innovation," "Human resources strategy," and "Sustainability."

Skills that the entire Board of Directors should include

The skills that the entire Board of Directors should include are broadly divided into the following three categories.

Management-related skills	Fundamental skills for managing the Company
Core competence	Skills related to urban development, which is the source of the Company's competitive advantage
Expert skills	Expert skills in other individual fields that officers are expected to demonstrate

Skills		Reason for selection of each item
Management-related skills	Corporate management	Having experience in management of companies, etc., is an important skill for supervising the management of the Group, which has diverse business fields.
	Treasury, accounting and finance	Applying appropriate controls on stable and continuous profit growth and efficiency improvement from a finance and accounting perspective is an important skill for achieving management targets.
	Risk management	Appropriately establishing risk management systems is an important skill for ensuring the continuity of business activities and realizing stable profit growth.
Core competence	Urban development (real estate development, etc.)	Urban development is at the heart of the Company's businesses and is the source of its competitive advantage. Decoupling (achieving high profitability regardless of the external environment through differentiation and market creation) is an important skill for realizing stable profit growth of the Company.
Expert skills	Global	The Company considers its overseas business to be one of its core businesses, and realizing stable profit growth in the overseas business is an important skill for achieving the Company's management targets.
	Technology and innovation	Utilizing knowledge of various technologies such as ICT, etc. and appropriately conducting management to realize the establishment of business models combining the real-world and digital and the creation of new industries are important skills for the Company's business strategies.
	Human resources strategy	The Company considers human resources to be the source of value creation. Acquiring and supporting diverse human resources to accelerate innovation and further developing the Group's One-Team organization are important skills for realizing management targets.
	Sustainability	The Company is promoting sustainability management to actively contribute to a sustainable society. Appropriately managing initiatives to realize a decarbonized society, etc. is an important skill required of the Company's managing directors.

Skills matrix for managing directors and corporate auditors

Name / Position		Management-related related skills			Core competence	Expert skills			
		Corporate management	Treasury, accounting and finance	Risk management	Urban development (real estate development, etc.)	Global	Technology and innovation	Human resources strategy	Sustainability
Masanobu Komoda	Chairman of the Board	●	●	●	●	●		●	●
Takashi Ueda	President and Chief Executive Officer	●	●	●	●	●	●		●
Takashi Yamamoto	Managing Director and Executive Vice President	●		●	●	●			
Shingo Suzuki	Managing Director				●		●		●
Makoto Tokuda	Managing Director		●	●	●			●	
Hasashi Osawa	Managing Director		●		●	●			
Yutaka Saito	Managing Director				●			●	
Nobuhiko Mochimaru	Managing Director		●		●		●		●
Tsunehiro Nakayama	Outside Director	●	●	●		●			
Shinichiro Ito	Outside Director	●		●			●	●	
Eriko Kawai	Outside Director		●			●		●	●
Mami Indo	Outside Director	●	●	●					
Takashi Hibino	Outside Director	●	●	●		●			
Wataru Hamamoto	Senior Corporate Auditor		●		●		●		●
Yoshihiro Hirokawa	Senior Corporate Auditor			●	●			●	●
Minoru Nakazato	Outside Auditor		●	●		●			
Mayo Mita	Outside Auditor		●	●		●			
Michiko Chiba	Outside Auditor		●	●					

Note: ● represents an item in which the candidate is expected to demonstrate particular strengths based on their performance and experience inside and outside the Company. It does not represent all expertise and experience.

Corporate Governance

Executive Compensation

Breakdown of Compensation

Managing directors' compensation consists of basic compensation, bonuses as a short-term incentive approved by a resolution at the General Shareholders' Meeting after a comprehensive examination of performance, etc., for each fiscal year, and restricted stock compensation as a medium- to long-term incentive with the purpose of achieving continuous improvement of the Group's corporate value and encouraging the further sharing of value with shareholders. Compensation paid to outside directors is solely basic compensation. In addition, compensation paid to corporate auditors is solely basic compensation.

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

To increase the linkages between managing directors' compensation, performance, and shareholder value, indicators for bonuses and restricted stock compensation, and to strengthen directors' incentives toward increasing corporate value and achieving management targets, the following factors are taken comprehensively into consideration.

- Performance for the fiscal year under review (operating income and profit attributable to owners of parent)
- Status of ESG initiatives
- Return of profits to shareholders in accordance with the Company's shareholder return policy (actual results of dividends and repurchases of own shares)
- Progress of the Group's long-term vision, etc.

Executive Compensation Structure

Title	Basic compensation	Short-term incentives	Medium- to long-term incentives
		Bonus	Restricted stock compensation
Managing Directors (excluding outside directors)	○ Up to ¥90 million per month (including ¥10 million per month for outside directors)	○	○ Up to ¥2,000 million and 900,000 shares per year
Outside Directors		—	—
Corporate Auditors	○ Up to ¥20 million per month	—	—

Compensation by Title, Amount of Compensation by Type, and Number of Applicable Executives (FY2023)

Title	Total compensation (Millions of yen)	Amount of compensation by type (Millions of yen)			Number of applicable executives
		Basic compensation	Bonus	Restricted stock compensation	
Managing Directors (of which, outside directors)	1,685 (92)	737 (92)	596 (—)	351 (—)	17 (5)
Corporate Auditors (of which, outside corporate auditors)	162 (55)	162 (55)	—	—	8 (5)
Total (of which, outside officers)	1,847 (148)	900 (148)	596 (—)	351 (—)	25 (10)

Note: The number of persons and the amount of compensation above include five managing directors and three corporate auditors who retired at the conclusion of the 111th Ordinary General Shareholders' Meeting held on June 29, 2023.

Compensation of Executives Exceeding ¥100 million (FY2023)

Name	Title	Company	Amount of compensation by type (Millions of yen)			Total compensation (Millions of yen)
			Basic compensation	Bonus	Restricted stock compensation	
Masanobu Komoda	Chairman of the Board	Mitsui Fudosan Co., Ltd.	138	141	104	384
Takashi Ueda	President and Chief Executive Officer	Mitsui Fudosan Co., Ltd.	138	172	95	405
Takashi Yamamoto	Managing Director and Executive Vice President	Mitsui Fudosan Co., Ltd.	68	67	30	178
	Managing Director	Mitsui Fudosan Residential Co., Ltd.	11	—	—	
Takayuki Miki	Managing Director	Mitsui Fudosan Co., Ltd.	63	51	25	139
Yoshihiro Hirokawa	Managing Director	Mitsui Fudosan Co., Ltd.	47	51	19	118

Note: Executive officer data are for fiscal 2023.

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 ¥2 billion/900,000 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 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

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

The Company will strive to achieve stable and continuous improvement of ROE that exceeds the cost of capital by managing with an equal focus on the three key objectives: enhance growth, efficiency, and shareholder returns as follows. For details, please refer to Financial Strategies on page 053.

- Profit growth achieved stable and continuous leasing income growth and realized development added value through the stable and continuous turnover of assets, and Enhancing cash-generating capabilities through business planning, property development, and management capabilities that are the source of the Company's competitive advantage.
- Balance sheet control, by enhancing the quality of the asset portfolio by considering and executing asset turnover reviewing not only real property for sale but also fixed assets and investment securities, and by controlling financial leverage appropriately.
- Expanding shareholder returns through a combination of the improved dividend payout ratio and the flexible and continuous repurchase of own shares.

Corporate Governance

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 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.

Attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings

Name/Position		Independent officer	Fiscal 2023 attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings
Masanobu Komoda	Chairman of the Board		Board of Directors Meetings: 12/12
Takashi Ueda	President and Chief Executive Officer		Board of Directors Meetings: 12/12
Takashi Yamamoto	Managing Director and Executive Vice President		Board of Directors Meetings: 12/12
Shingo Suzuki	Managing Director		Board of Directors Meetings: 10/10
Makoto Tokuda	Managing Director		Board of Directors Meetings: 10/10
Hisashi Osawa	Managing Director		Board of Directors Meetings: 10/10
Yutaka Saito*1	Managing Director		—
Nobuhiko Mochimaru*1	Managing Director		—
Tsunehiro Nakayama	Outside Director	○	Board of Directors Meetings: 12/12
Shinichiro Ito	Outside Director	○	Board of Directors Meetings: 12/12
Eriko Kawai	Outside Director	○	Board of Directors Meetings: 12/12
Mami Indo	Outside Director	○	Board of Directors Meetings: 10/10
Takashi Hibino*1	Outside Director	○	—
Wataru Hamamoto	Senior Corporate Auditor		Board of Directors Meetings: 9/10 Board of Corporate Auditors Meetings: 9/10
Yoshihiro Hirokawa*2	Senior Corporate Auditor		—
Minoru Nakazato	Outside Auditor	○	Board of Directors Meetings: 10/10 Board of Corporate Auditors Meetings: 10/10
Mayo Mita	Outside Auditor	○	Board of Directors Meetings: 9/10 Board of Corporate Auditors Meetings: 8/10
Michiko Chiba*1	Outside Auditor	○	—

*1 Newly appointed on June 27, 2024.
*2 Newly appointed on June 27, 2024. Attended 10/10 meetings of the Board of Directors as a Director in fiscal 2023.

Independence of Outside Directors and Outside Corporate Auditors

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.

For details, please refer to the Corporate Governance Report.
https://www.mitsuifudosan.co.jp/english/corporate/governance/download/governance_report.pdf

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.

Approach

In its business model, in addition to investing directly in real estate and benefiting from an increase in value, the Group might also invest in businesses in the form of equity capital and benefit from the increase in share value. Based on our actual business model, we define "investment stocks held for pure investment purposes" as "Stocks, as part of business investments, held for the purposes of benefiting from medium- to long-term increase in share value, etc."

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.

Investment stocks held for pure investment purposes

Under & INNOVATION 2030 (the Group's Long-Term Vision), reflecting our track record to date, we will continue to take a flexible and sustainable approach to selling those stocks over time, allocating proceeds to invest for future growth while also taking the share price into account.

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.

Mitsui Fudosan will accelerate efforts to reduce strategic shareholdings, reduce current holdings by 50% over the three-year period to fiscal 2026, and continue to actively reduce strategic shareholdings from fiscal 2026 onward.

Sales Results Related to Strategic Shareholdings

Since establishing this reduction policy in December 2018, the Company has sold 23 stocks totaling 18.86 million shares, amounting to ¥174.5 billion.
[Sales results] (Mitsui Fudosan Co., Ltd. Non-consolidated)

- FY2019: ¥20.3 billion (3.68 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)
- FY2023: ¥10.9 billion (3.34 million shares, 6 stocks)

Verification by the Board of Directors

When verifying the rationality of shareholdings, we verify whether 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 verify whether the holdings contribute to improving the medium- to long-term corporate value of the Group. At a meeting held on May 10, 2024, 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 FY2023)

Stockholdings	
Number of stocks owned:	119 (of which, 51 are shares of listed companies)
Amount recorded on balance sheet:	¥270.4 billion (of which, ¥260.3 billion is for shares of listed companies)

Corporate Governance

Outside Directors' Discussion

A roundtable discussion was held among Tsunehiro Nakayama, Shinichiro Ito, Eriko Kawai, and Mami Indo, all four of whom serve as outside directors, covering themes ranging from their review of the Long-Term Vision: VISION 2025 to their expectations and assessments of & INNOVATION 2030 as the Group's new long-term vision, the effectiveness of the Board of Directors, and the human resource strategies. Details are presented as follows.

Eriko Kawai
Member of the Nomination Advisory Committee
Member of the Compensation Advisory Committee

Shinichiro Ito
Chairperson of the Nomination Advisory Committee
Chairperson of the Compensation Advisory Committee

Mami Indo
Member of the Nomination Advisory Committee
Member of the Compensation Advisory Committee

Tsunehiro Nakayama
Member of the Nomination Advisory Committee
Member of the Compensation Advisory Committee

Toward Realizing the Group's Long-Term Vision

Looking Back on VISION 2025, the Group's Long-Term Vision

What are your thoughts on how Mitsui Fudosan has grown thus far through VISION 2025, the Group's Long-Term Vision?

Ito I feel that the Company has steadily grown throughout this period. Even as the facility operations business, including retail facilities as well as hotels and resorts, struggled owing to the pandemic, which we failed to predict when initially formulating VISION 2025 in 2018, the office leasing and property sales businesses experienced steady growth and the logistics properties and other businesses witnessed robust trends. Meanwhile, the retail facilities and facility operations businesses enjoyed an extremely quick positive turnaround following the end of COVID-19, so in this sense, I feel the Company has grown steadily overall. I also believe VISION 2025 produced significant outcomes during this period in such areas as our evolution into a global company, particularly with the emergence of several large-scale projects in New York, London, and elsewhere that will underpin our bright future.

Nakayama I agree. I think the Company has fared well and has shown signs of achieving the aspirations of VISION 2025 well in advance. As Mr. Ito just mentioned, the businesses that struggled the most during the pandemic emerged as engines of growth quite rapidly after COVID-19 came to an end. I feel their ability to release the energy pent up over this time also benefited the Company. Moreover, having raised the key concepts of "getting better with age" and "real estate as a service" under VISION 2025, another key aspect of this growth was the Company's efforts to evolve its core business of real estate. One outcome of VISION 2025 that left a particularly deep impression on me is that the Mitsui Fudosan Group was able to clearly illustrate its message of keeping one step ahead of the industry.

& INNOVATION 2030, the Group's New Long-Term Vision

The Company formulated & INNOVATION 2030 as its new long-term vision.
What are your expectations and thoughts on such matters as the formulation process and hopes in putting the Vision in place?

Indo As Mr. Nakayama mentioned, the Company has achieved the targets it initially laid out under VISION 2025 in terms of numbers and has established the foundation for further evolution. The Board of Directors therefore formulated & INNOVATION 2030 in light of these achievements, particularly by involving us as outside directors in multifaceted discussions on how we will change going forward under the new long-term vision. Looking at both Japan and the world beyond, natural disasters, fluctuations in interest and exchange rates, the emergence of generative AI, and other changes in the external environment are having increasingly profound impacts on management. Against this backdrop, we thoroughly debated the long-term vision from the perspective of how the Company should grow in a manner that goes beyond the framework of a real estate company. Although it might appear that the real estate industry has changed in a relatively moderate way over its long history, the Company is now attempting to significantly transform the industry. And for this reason, we offered a broad range of opinions as outside directors with a diverse range of backgrounds.

Kawai I feel the same way. As far as the formulation process is concerned, I was impressed that the Board truly incorporated our opinions as outside directors, and I believe that this created a long-term vision that everyone could accept. While the vision under & INNOVATION 2030 is to contribute to the creation of added value for society as an industry developer, I feel the plan maintains a good balance in progressing toward this bigger picture under the two approaches of business strategies and financial strategies. Moreover, in a positive sense, I am also glad we were able to hammer out aggressive numerical targets.

Nakayama As soon as the outside directors became involved in the formulation process, the Company prepared an extensive array of materials, which allowed us to really debate the new vision. I heard the internal management team even lodged together during the process, and it was easy for us to join in the discussions.

Ito I believe we were fully prepared to proceed with our discussions from the perspective of deciding what path to take toward 2030, using VISION 2025 as the launchpad. The term "industry developer" includes the Mitsui Fudosan Group's policy of going beyond the bounds of a real estate developer in a way that allows it to undertake the challenge of entering into new industries. In this sense, I believe this term matches quite well with the new vision.

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 Chairperson 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.

Indo From & INNOVATION 2030, I strongly sense the Company's aspiration to drive innovation in a way that exceeds the framework of the real estate industry. We considered the approaches through which the Company can have a major impact on society, as well as how to create social value, in a manner that goes beyond the bounds of the real estate industry. We also raised the idea of exploring new business domains, as well as further developing and evolving as a platformer, as the methods for achieving these goals. But I feel the term "platformer" is also a central

Outside Directors' Discussion

keyword that must be considered in concert with the term "industry developer." Specifically, the reason for this is that the Company is not simply stating it will coordinate related parties for the purpose of developing industries, but that this combination of the two terms serves as the Company's declaration that it will become a platformer for this purpose. I believe this concept is extremely important as the Mitsui Fudosan Group transforms toward more innovative business models in the future.

What is your assessment of the financial strategies in & INNOVATION 2030?

Nakayama Going beyond simply creating social value through its business strategies, & INNOVATION 2030 also presents a path toward the creation of economic value through its financial strategies. As such, I believe the plan as a whole is firmly grounded. Discussions focused entirely on creating social value can without question, however, become somewhat detached. In this regard, the plan lays down concrete numerical targets and financial strategies from the perspective of creating economic value and looks beyond simple profit growth for these strategies, in particular, as a means of indicating ways of giving back the generated profits and improving efficiency. I feel the plan presents a more complete picture and is extremely important, in the sense that, as a private-sector operating company, Mitsui Fudosan has illustrated a cycle whereby it generates profits while contributing to society, and then returns these profits back to society, as well.

Kawai The financial strategies are also easy to understand and stand firmly. They serve to strengthen shareholder returns through consistent, sustained profit growth, as well as improvements in asset efficiency based on BS control, for a company like Mitsui Fudosan that is involved in long-term projects.

Indo I wholly agree. I feel that working out financial strategies from this kind of overall perspective also helps put the capital markets at ease, yet the quantitative ROE target level of at least 10% for the period around fiscal 2030 is not one the Company will necessarily be able to easily achieve. Even so, I feel the capital markets have high expectations for the Company.

What are your expectations in terms of expanding into new asset classes and exploring new business domains as worked out in the business strategies?

Shinichiro Ito | Outside Director

After serving for many years in top management positions, including President & Chief Executive Officer, Representative Director and Chairperson 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 chairs the Company's Nomination Advisory Committee and Compensation Advisory Committee.

Nakayama I feel there is significant room for growth in regard to creating neighborhoods that harness the power of sports and entertainment, which was raised as a new asset class.

Indo I think so, too. After I toured the completed LaLa arena TOKYO-BAY in Funabashi, Chiba, I gained a completely new perspective on the value I had placed on arenas up until that point. The jumbotrons that show the arena can be seen comfortably from any seating level, regardless of where you sit, thereby creating the sense of a live performance. In this regard, the facility offers a lot of added value.

Ito I think the impacts of the Tokyo Dome coming under the umbrella of the Mitsui Fudosan Group have also shown up in a major way in these kinds of facilities.

Nakayama That makes sense. In addition, the new asset classes covering the rental labs and office buildings, as well as data centers, are domains in which the Company has introduced its intention of demonstrating its abilities as an industry developer and platformer.

Indo The rental labs and office buildings businesses will go beyond providing social value to create economic value as well. In fact, the Company has already established a track record in creating aerospace business-related networks such as LINK-J and cross U.

Ito I believe these areas fully leverage the President's message, which link the dreams and visions of each individual to reality, as well as the Company's culture. I think President Ueda's leadership here has been particularly impressive.

Indo I agree. From a laboratory perspective, Japan and the world beyond are aiming to create new value in the life science and other scientific fields, so these areas readily attract capital. Which is exactly why I feel the Company will be able to demonstrate its full functionality as an industry developer. I have high expectations for the Company here because, in one sense, the term "industry developer" holds the same meaning as creator of industry frontiers. In regard to the data center business, the arrival of the era of AI will drive increased power consumption and give rise to major changes in the very design methods for semiconductors. Against this backdrop, the key points will be how the Company aligns the new assets possessed by the Mitsui Fudosan Group with this era and whether it can lead the world.

Nakayama As far as these new challenges for the next generation, including new business domains, are concerned, there is no need to achieve the same profit margins in the same time frame for each new domain. Although this approach requires calm, calculated monitoring, I think it would be interesting for the Company if all goes well.

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.

Effectiveness of the Board of Directors and Dialogue with Capital Markets

Please tell us about your future roles as outside directors.

Indo One of our roles as outside directors is to thoroughly monitor the Company and ensure that it does not exceed risk tolerances while observing the progress in the business strategies we have discussed thus far. I feel that one of the obligations of the Board of Directors, and of us as the outside directors in particular, is to observe whether the Company remains on-balance even as it creates social value through the long reach of the Mitsui Fudosan Group.

Nakayama I feel the same way. Our stance as outside directors is to make sure the discussions on the executive side remain on track and are sustainable from the viewpoint of socially accepted common sense. Thoroughly monitoring management is therefore the role of the outside directors. The current Board of Directors includes an additional outside director, which means that five of the 13 directors are now outside directors. Yet I think we must also continue discussing this composition based on the perspective of the skills matrix for the entire Board of Directors. At the same time, we must also listen closely to feedback from the capital markets, where the standpoint of investors will serve as an opportunity for us to gain a new awareness. Moreover, I feel it is important for us as outside directors to share the feedback of the capital markets at Board of Directors' meetings and to deepen our discussions based on this feedback.

Ito Mitsui Fudosan has raised lofty targets for fiscal 2030, so I feel that society is watching with interest as to whether the Company will be able to clearly indicate its progress in numbers as it moves toward these goals in the future. I also hope that we can spend much more time discussing these themes further at the Board of Directors.

Kawai I agree. In addition to our discussions at the Board of Directors, we use the Outside Officer Meeting to take up themes that we have deemed important. This gives us more time to spend on debate, after which we provide the results of our discussions as feedback to the executive side. I feel this also serves as an effective form of monitoring, and as a good opportunity to reflect in management the various areas of knowledge possessed by the outside officers. I am convinced that the responsibilities of the outside directors are only going to grow more important over time.

Outside Directors' Discussion

What are your thoughts on the initiatives for ensuring the effectiveness of the Board of Directors?

Nakayama I believe that the changes we made to some of the debate criteria for the current Board of Directors was a positive move in terms of further enhancing discussions. Naturally, for the Company, deciding whether to debate a topic at the Board of Directors is not simply an issue of money. And, obviously, I think the Company should raise topics that it feels are important in terms of management at the Board of Directors. So, I believe the Board should have this kind of flexibility. In this respect, I think we need to continue studying both the debate criteria and the necessary format for Board of Director discussions.

Human Resource Strategies for Realizing the Vision

Finally, what are your thoughts on the human resources who will support the Company's drive for innovation as it aims to realize its vision?

Kawai My impression is that Mitsui Fudosan presents a sense of stability through management policies based on long-term perspectives, values its people, and sincerely engages in efforts to develop human resources. It is therefore an excellent company at which all employees can work with abandon. So, I am glad to see the Company striving through work style reforms in recent years in an attempt to create stress-free work environments for women as well.

Ito It seems so to me, as well. The Company has a high level of employee engagement, and, under the leadership of President Ueda and his banner of dream, vision, reality, I think it has cultivated the soil to nurture vibrant employees.

Kawai On the other hand, I think the Company might need to further enhance its flexibility in regard to human affairs, particularly in terms of better attracting innovative personnel. The innovative class beyond the walls of the Company is highly fluid in terms of manpower. Even so, I think that Mitsui Fudosan should leverage its currently high level of engagement and aspire to be a company that balances these two aspects of fluidity and engagement.

Nakayama I have heard from employees that President Ueda has gone directly to the offices and sites where they work to explain the new long-term vision. And these employees have also commented that this action by the President is highly refreshing and felt it was good that his thoughts reached them directly.

Indo Human resource strategies tend to focus on the viewpoint of where and how to assign employees. I feel, however, that it is extremely important that these strategies take the fundamental perspective of how to ensure employees are satisfied with their work and become part of a team while working without stress.

Ito I fully agree. On another point, many of the workplaces at the Company's facilities are led by employees from Group companies, so I also think these strategies must incorporate the perspective of strengthening engagement across the entire Group.

Mami Indo | Outside Director

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.

Message from a Newly Elected Outside Director

Takashi Hibino

Outside Director

After serving as President and Chairperson of Daiwa Securities Group Inc., Mr. Hibino was appointed as outside director of Mitsui Fudosan in June 2024. He possesses a broad range of knowledge and extensive experience in finance, the capital markets, and management in general.

Please tell us about your career to date.

After joining Daiwa Securities in 1979, I established a career centered on the market departments for both bonds and stocks, as well as the corporate planning department, which also included a five-year stint in the United Kingdom. Looking back, from the time I began working professionally in 1979 through around 2012, when Abenomics got its start, the financial industry transitioned through a period of change that went beyond securities to engulf both banks and insurance companies. Following the collapse of its bubble economy at the start of the 1990s, Japan experienced a financial crisis with the implosion of one major domestic financial institution after another, as well as the Asian financial crisis. Over this period, I was responsible for addressing many aspects of this crisis working together with the management team. After being appointed as a director at Daiwa Securities Group in 2004, I continued to face a succession of critical phases, including the Lehman shock in 2008. Against this backdrop, I aimed to transition Daiwa Securities to a more stable management structure that would be resistant to changes in the market. Throughout this process, as a manager I engaged in various efforts to reorganize the earnings structure, transition to a company with a nominating committee, and release the first medium-term management plan for a securities company in Japan, among others. Based on this store of experience, I hope to contribute to the management of the Company.

What is your impression of the Company?

I feel that one of the factors that sets the Company apart from its competitors in the real estate industry is its strengths in neighborhood creation, including the MIDTOWN series and Kashiwa-no-ha Smart City, for example. And as mentioned in the Group's new long-term vision, & INNOVATION 2030, I have experienced the Company's culture of going beyond simple real estate development to create social and industrial infrastructure itself. As experts in neighborhood creation, the Company has advanced its business under the unwavering concept of creating neighborhoods that include sports, commercial facilities, and other aspects that allow people to enjoy fruitful lives. It seems to me that this approach is just now starting to spread.

Daiwa Securities Group also relocated its head offices to GRANTOKYO NORTH TOWER, which the Company developed in 2009. Relocating the major part of Daiwa Securities along with its group companies to a centralized location served to create synergy and helped strengthen consolidated group management. And the excellent location, being directly connected to Tokyo Station, and the ability to work in a high-spec office environment have naturally bolstered the motivation of its employees, as well as led to other positive outcomes, including attracting talented personnel. This experience clearly revealed to me the Company's extensive property development strengths.

Please tell us about your aspirations for the future.

Although the financial and real estate industries border each other, I am very excited to have the opportunity to become involved in the Company's management as it engages in real-world projects on the huge scale of neighborhood creation. Starting at the first Board of Directors' meeting I attended the other day, I have witnessed the Company's careful approach to studying discussion proposals and sensed the well-balanced nature of its management. Under the Company's long-term management vision, energies will be directed toward firmly grasping its core businesses and focusing on initiatives that will nurture new industries as an industry developer, even as the Company further expands and develops the sports, entertainment, and other domains. In this manner, I feel the Company is working to enhance economic and social value in a well-balanced manner. Meanwhile, as the attention of investors in Japanese companies grows to unprecedented levels worldwide, calls for management to pay closer attention to the perspectives of investors are similarly mounting. From the perspective of the capital markets built on my past experience and the viewpoint of stock and bond investors, I will monitor the Company's management and work alongside the executive team so that it can engage in business with confidence.

Corporate Governance

Management Team

Members of the Board (as of June 27, 2024)

Masanobu Komoda
Chairman of the Board

Shares in Company: 397 thousand shares

Apr. 1978 Joined the Company
Apr. 2023
Chairman of the Board (Representative)

Takashi Ueda
President and Chief Executive Officer

Shares in Company: 247 thousand shares

Apr. 1983 Joined the Company
Apr. 2023
President and Chief Executive Officer (Representative)

Takashi Yamamoto
Managing Director and Executive Vice President

Shares in Company: 121 thousand shares

Mar. 1990 Joined the Company
Apr. 2023 Managing Director (Representative)

Shingo Suzuki
Managing Director

Shares in Company: 78 thousand shares

Apr. 1987 Joined the Company
Jun. 2023 Managing Director

Makoto Tokuda
Managing Director

Shares in Company: 55 thousand shares

Apr. 1987 Joined the Company
Jun. 2023 Managing Director

Hisashi Osawa
Managing Director

Shares in Company: 66 thousand shares

Apr. 1987 Joined the Company
Jun. 2023 Managing Director

Yutaka Saito
Managing Director

Shares in Company: 90 thousand shares

Apr. 1990 Joined the Company
Jun. 2024 Managing Director

Nobuhiko Mochimaru
Managing Director

Shares in Company: 59 thousand shares

Apr. 1990 Joined the Company
Jun. 2024 Managing Director

Tsunehiro Nakayama
Managing Director

Shares in Company: 14 thousand shares

Outside Independent

Jun. 2019 Managing Director

Shinichiro Ito
Managing Director

Shares in Company: 12 thousand shares

Outside Independent

Jun. 2019 Managing Director

Eriko Kawai
Managing Director

Shares in Company: 0 shares

Outside Independent

Jun. 2021 Managing Director

Mami Indo
Managing Director

Shares in Company: 900 shares

Outside Independent

Jun. 2023 Managing Director

Takashi Hibino
Managing Director

Shares in Company: 0 shares

Outside Independent

Jun. 2024 Managing Director

Corporate Auditors (as of June 27, 2024)

Wataru Hamamoto
Senior Corporate Auditor

Shares in Company: 99 thousand shares

Apr. 1984 Joined the Company
Jun. 2023 Senior Corporate Auditor

Yoshihiro Hirokawa
Senior Corporate Auditor

Shares in Company: 98 thousand shares

Apr. 1984 Joined the Company
Jun. 2024 Senior Corporate Auditor

Minoru Nakazato
Corporate Auditor

Shares in Company: 0 shares

Outside Independent

Jun. 2023 Corporate Auditor

Mayo Mita
Corporate Auditor

Shares in Company: 0 shares

Outside Independent

Jun. 2023 Corporate Auditor

Michiko Chiba
Corporate Auditor

Shares in Company: 0 shares

Outside Independent

Jun. 2024 Corporate Auditor

Corporate Officers (as of April 1, 2024)

President and Chief Executive Officer	Takashi Ueda
Executive Vice President	Takashi Yamamoto
Senior Executive Managing Officers	Yasuki Kaibori
	Shingo Suzuki
	Makoto Tokuda
Executive Managing Officers	Yutaka Kawamura
	Retsu Togashi
	Motoyasu Kato
	Kazunori Yamashita
	Hisashi Osawa
	Chiharu Fujioka
Executive Managing Officers	Yutaka Saito
	Nobuhiko Mochimaru
	Mizuho Wakabayashi
	Tetsuya Matsufuji
Managing Officers	Takashi Furuta
	Yugo Ono
	Tatekazu Nakamura
	Atsumi Kanaya
	Jiro Ueda
	Takao Sakiyama
	Mikiko Utsunomiya
Managing Officers	Hiroyuki Shinozuka
	Hirotaka Uematsu
	Kyosuke Hosoda
	Akiko Kaito
	Tomoo Nakamura
	Hideaki Takanami
	Tadahiro Murata
	Masakazu Hida
	Tomohiko Okuue

Group Officers (as of April 1, 2024)

Group Senior Officers	Yasushi Endo	[Mitsui Fudosan Realty Co., Ltd.]
	Toru Kamura	[Mitsui Fudosan Residential Co., Ltd.]
	Hiroki Saito	[Mitsui Fudosan Investment Advisors, Inc.]
	Akira Ikeda	[Mitsui Home Co., Ltd.]
Group Officers	Yosuke Seko	[Mitsui Fudosan Residential Services Co., Ltd.]
	Osamu Obayashi	[Mitsui Fudosan Retail Management Co., Ltd.]
	Takao Yamada	[Mitsui Fudosan Residential Co., Ltd.]
	Mitsuhiro Kodama	[Mitsui Fudosan Realty Co., Ltd.]
	Ken Aoki	[Mitsui Fudosan Residential Co., Ltd.]
	Hiroshi Murakami	[Mitsui Fudosan Building Management Co., Ltd.]
	Kazuyuki Hiruta	[Mitsui Fudosan Residential Co., Ltd.]
	Hidetoshi Nojima	[Mitsui Home Co., Ltd.]
	Daijiro Eguchi	[Mitsui Fudosan (Asia) Pte. Ltd.]

Note: The Company conducted a 3-for-1 stock split of its common shares on April 1, 2024; therefore, the number of the Company's shares owned is based on the shares after the stock split.