

## Message from the CEO

### CEO message

Committed to  
improving corporate value,  
I will continue to spearhead efforts  
aimed at refining the Group's endeavors  
to enhance growth, efficiency,  
and shareholder returns as  
identified in our long-term vision  
“& INNOVATION 2030.”

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

*Takanashi Ueda*



## Message from the CEO

# 1. Looking Back on Fiscal 2024, a Fiscal Year of Record-High Profit

In fiscal 2024, the first fiscal year since formulating the Group long-term vision & INNOVATION 2030 in concert with stakeholders, Mitsui Fudosan reported record highs in each of its key revenue from operations, operating income, business income, ordinary income, and profit attributable to owners of parent performance indicators. At the same time, and from an efficiency perspective, we achieved our ROE target of 8%, set for around fiscal 2025, under our previous long-term vision "VISION 2025." Taking each of the aforementioned into consideration, I am convinced that the Group has made an excellent start in the first fiscal year of & INNOVATION 2030 and am filled with an unwavering sense of security in our ability to achieve the targets set for fiscal 2026.

Ravaged for three years by the novel coronavirus, two years have now passed since the pandemic came to an end.

People naturally long for real-life experiences that stimulate each of the five inherent senses. With the end of the pandemic, I am once again reminded of the importance and wonder of these types of tangible encounters.

Against this backdrop, Mitsui Fudosan has undertaken a broad array of asset and service initiatives to maximize the added value that can only be experienced in real-life settings. I believe that these initiatives underpin our success in achieving record-high results.

## Office Buildings

First, the role played by office buildings has evolved significantly since the pandemic. Far more than just a location for administrative tasks, office buildings are today viewed as places that help drive the creation of added value and innovation through real face-to-face communication that makes the most of the five senses. In this regard, managers look at office buildings not as a "cost," but as an "investment." While administrative tasks can be performed remotely, companies are calling for offices that employees voluntarily want to work in an effort to enhance their corporate value. For this to happen, office buildings must be located in cities that employees want to visit. To achieve each of these imperatives, Mitsui Fudosan has undertaken a number of developments, especially in the Nihonbashi

area under the Nihonbashi Revitalization Plan. Beginning with the opening of COREDO Nihonbashi in 2004, our development activities include mixed-use properties that integrate retail facility, office, hotel, residential, and other functions such as Nihonbashi Mitsui Tower as well as COREDO Muromachi 1, 2, and 3. Extending beyond property development, we have revitalized Fukutoku Shrine together with its back alleys. In collaboration with the local government and communities, we have also created a vibrant neighborhood of well-being that is bustling with people on weekdays and weekends, be it day or night. In an effort to position Nihonbashi as a sacred place for the life sciences and space, we are fostering a community that will serve as a hub for new industry creation, which dovetails with our goal of developing cities that people want to visit.  **PP.37-39**


At the same time, and as an addition to our fixed offices, we have strengthened our added-value proposals that combine tangible and intangible services. These include proposals for workplaces that incorporate flexible shared offices under the banner of "work styling" and services that help tenant companies in particular address such key management issues as added-value creation, human capital management, and decarbonization. Through these and other initiatives, I feel confident that our office buildings have distinguished themselves as places where people want to work in cities people want to visit. In fact, our office vacancy rate in the Tokyo metropolitan area of 1.3% as of the end of fiscal 2024 on a non-consolidated basis, which is significantly lower than the average for the Central Tokyo 5 wards of around the high 3% range has contributed substantially to our profit growth.

## Retail Facilities, Sports and Entertainment

In similar fashion to office buildings, the importance of real-world experiential value has once again been recognized following the end of the pandemic in retail facilities as well as sports and entertainment fields. Fans attending Major League Baseball games held at the Tokyo Dome in the spring of this year were likely overwhelmed by the sensory stimulation and emotional experience of watching the games live. After revamping the structure of our retail facilities and sports and

entertainment activities into a single integrated organization from fiscal 2024, synergies are already beginning to emerge.

For example,

- we have commenced sales of merchandise at MIYASHITA PARK in Shibuya in conjunction with events held at the Tokyo Dome and are marketing tickets and merchandise through our online e-commerce site. While naturally enjoying sales growth, these initiatives have helped acquire roughly 10,000 new members in just a few hours. A large proportion of our members are from Generation Z, a demographic that was previously difficult to approach using traditional measures.
- Moreover, Mitsui Fudosan opened LaLa arena TOKYO-BAY in Funabashi City, Chiba Prefecture last year to kickoff its arena business activities.  **P.101** On a standalone arena basis, LaLa arena TOKYO-BAY has run at close to full capacity on weekends in its first fiscal year. Since its opening, the cross-traffic shopping and dining benefits with the Company's retail facilities, including the adjacent LaLaport TOKYO-BAY, have also become apparent. Depending on the event, we are seeing an upswing in the number of LaLaport visitors of as high as 130%.

The effects of this unique approach, which maximizes customers' experiential value through synergies with the sports and entertainment fields, are becoming increasingly evident. In fiscal 2024, for example, revenue from operations at the Group's nationwide network of retail facilities climbed 5% compared with the previous fiscal year.

## Domestic Condominiums

With an eye also on the housing sector, hybrid workstyles that combine office and remote work have become widely accepted in the wake of COVID-19. As a result, demand for homes close to the city center with good access to work locations and well-equipped common areas continues to expand. The Mitsui Fudosan Group has a proven track record and high market share in the construction and supply of properties centered on large-scale urban redevelopment projects. In reflecting this high market share and efforts to accurately grasp customer needs in its product planning, I believe we can



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differentiate ourselves from competitors. Buoyed by progress in the completion and handover of such high added value, city center large-scale redevelopment properties as Park Tower Kachidoki South and Mita Garden Hills, Mitsui Fudosan reported record-high profits and margins in fiscal 2024.



Park Tower Kachidoki South



Mita Garden Hills

## Hotels and Resorts

As far as hotels are concerned, we have focused on rebranding our portfolio in an effort to cater to a variety of scenarios, including business, leisure, and relaxation. In addition to maximizing value for, as an example, long-stay inbound travelers, by equipping rooms with such appliances as washing machines, we are strengthening our portfolio by opening new high-quality hotels in prime locations while renovating existing facilities. Mitsui Fudosan has successfully captured the global wave of travelers heading to Japan. In fiscal 2023, inbound guests as a proportion of total guests exceeded 80% in Tokyo and came in at around 80% in Kyoto. While maintaining a high occupancy rate of more than 80%, we achieved our highest ADR for a second consecutive year.  **P.99** Accounting for each of the aforementioned, we posted profits that far exceeded the fiscal 2026 business income target for the facility operations segment set under & INNOVATION 2030 in the first fiscal year.

With the pandemic coming to an end and people once again recognizing the importance and wonder of real-life experiences, I am convinced that our ability to anticipate future trends and to implement initiatives accordingly are the wellspring of our record-high results in fiscal 2024. Looking ahead to forecasts for fiscal 2025, we are projecting record highs in revenue from operations for a 14th

consecutive fiscal year, business income for a second consecutive fiscal year, and profit attributable to owners of parent for a fourth consecutive fiscal year. Moving forward, I am steering the Company toward the quantitative targets set under & INNOVATION 2030 with the utmost confidence.

## Our Understanding of the Share Price

Having said this, I remain disappointed with the current level of our share price. Taking into consideration our extremely strong performance as well as our growth potential, I believe there is still room for improvement. As a manager, I am committed to efficiently employing the capital entrusted to us by investors, promoting underlying sustainable growth, and expanding shareholder returns commensurate with that growth. Put another way, I place considerable importance on maintaining and improving the management approach that focuses equally in the three key objectives: enhance growth, efficiency, and shareholder returns in a stable and continuous manner. In this regard, my paramount mission is to ensure that our share price reflects the Company's potential through measures aimed at enhancing both corporate and shareholder value.

In specific terms, we will continue to deepen and evolve the Company's ability to create added value in accordance with the three growth strategy paths identified under & INNOVATION 2030. This will allow us to:

- achieve continuous and stable profit growth, which is the numerator for ROE, and
- control shareholders' equity, the denominator for ROE, through various measures, including the sale of investment securities and return of profits based on a total payout return ratio of 50% or higher. Moving forward, we will work to continuously improve ROE in a bid to achieve the target of 8.5% or higher in fiscal 2026 and 10% or higher around 2030 (Diagram A).

## ■ Diagram A: Initiatives aimed at improving ROE

$$\text{ROE} = \frac{\text{Profit attributable to owners of parent (a)}}{\text{Shareholders' equity (b)}}$$

### Net income (a)

**Profit growth** by steadily implementing the three business strategy paths

 **PP.33-36**



### Shareholders' equity (b)

**Control** through the

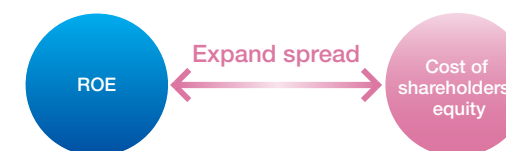
- Sale of investment securities, and a
- Total shareholder return ratio 50% or higher

In addition, we will endeavor to deepen investors' understanding and confidence in the Company's growth potential and profit growth while upgrading and expanding our disclosure of information as well as dialogue to prevent factoring in excessive risk to ensure that the cost of shareholders' equity from our investors' perspective does not increase even in a rising interest rate environment.

As far as governance is concerned, we will continue to push forward a variety of measures, including steps to augment and improve the governance function. For example, we increased the number of female directors and revised our executive compensation system.

Through these endeavors, we are enhancing our corporate value by expanding the equity spread between our ROE and cost of shareholders' equity (Diagram B).

## ■ Diagram B: Enhancing corporate value by expanding the equity spread



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## 2. Progress of the Three Paths Identified under & INNOVATION 2030

Having outlined details of the three paths aimed at securing continuous and stable profit growth identified under & INNOVATION 2030, I would now like to elaborate on recent progress.

### (1) Path 1: Promote further core business growth (develop and evolve)

#### ① Decouple from the market

Turning to the first path and efforts to promote further core business growth (develop and evolve), we are looking to decouple from the market. As I mentioned a moment ago, we are already witnessing the effects of these efforts as initiatives continue to progress.

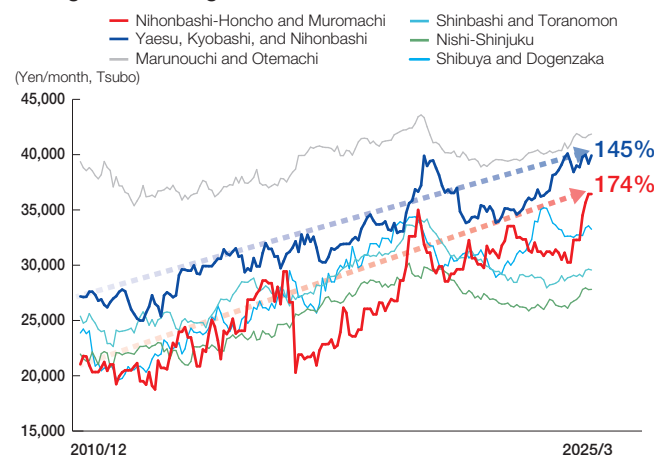
#### Office Buildings Business

The effects of our neighborhood creation endeavors in the Nihonbashi and Yaesu areas are beginning to emerge in the asking rents for office buildings as a whole, which are exhibiting an upward trend. As indicated by the office asking rent data by area disclosed by Sanko Estate Co., Ltd. (Diagram C), while levels remain essentially unchanged in the Marunouchi and Otemachi areas, office asking rents in Nihonbashi-Honcho and Muromachi as well as Yaesu, Kyobashi, and Nihonbashi are experiencing a sharp rise. Since opening COREDO Muromachi 1 in 2010, our neighborhood creation activities have helped enhance the value of each neighborhood leading to upswings in the asking rents for office buildings in the surrounding areas. In its declaration of coexistence with the environment in neighborhood creation, "& EARTH for Nature," formulated and announced the other day, Mitsui Fudosan provided a comparison of green spaces before and after redevelopment. At six representative properties in the Nihonbashi area, the amount of greenery has increased 4.4 times compared with the amount prior to development. In line with my earlier comments, we are also engaged in the revitalization of shrines. I strongly believe that these endeavors and our efforts to provide prosperous environments through neighborhood creation that enriches nature, people, and the local

community are prime examples of how our contributions to enhancing social value are beginning to manifest as economic value.

PP.62-64

#### ■ Diagram C: Asking rents in the Nihonbashi and Yaesu areas



Note: Prepared based on data from Sanko Estate Co., Ltd. Asking rent including common service fees for large buildings of at least 200 tsubo per floor. (1 tsubo is equivalent to approx. 3.3 m<sup>2</sup>)

Meanwhile, all of the office space in the Nihonbashi 1-Chome Central District Project, which is scheduled for completion next year, has already been fully leased. I am pleased to announce that this space has been leased at premium rents that equate to levels in the areas immediately surrounding Tokyo Station and far exceed asking rents in the Yaesu, Kyobashi, and Nihonbashi areas mentioned a moment ago, which in turn is a clear indication of decoupling. Despite the presence of a number of competing properties, I am convinced that tenants have decided to take up space in office buildings within the Nihonbashi 1-Chome Central District Project because they see the transformation and development of the Nihonbashi area as a reflection of their own growth and aspiration to evolve alongside the neighborhood. Looking ahead at the Nihonbashi and Yaesu areas, the leasing of certain office space in the Yaesu 2-Chome Central District Category-I Urban Redevelopment Project has already begun despite its scheduled completion in fiscal

2028 with numerous other redevelopment projects underway.

These efforts to provide prosperous environments through various means, including redevelopment, are indicative of a shift in the office building market from a "Mount Fuji-type" characteristic that focuses on a single, prominent landmark like Mount Fuji, which in this case is the Marunouchi and Otemachi area, to a "Yatsugatake mountain range-type" characteristic that showcases greater diversity much like the Yatsugatake mountains with their many peaks and valleys representative of Nihonbashi, Yaesu, and other areas. Mitsui Fudosan will work diligently to transform the Nihonbashi and Yaesu areas into neighborhoods that people want to visit while creating offices in which people want to work through a combination of intangible and tangible services. In doing so, we will increase rents to levels that lead all other areas while ensuring that tenants understand the added value of our offices.



Nihonbashi 1-Chome Central District Project



Yaesu 2-Chome Central District Project



Nihonbashi 1-Chome Blocks 1 and 2 District

#### Retail Facilities Business

Turning now to retail facilities, Mitsui Fudosan launched the Fuchu City Asahicho Project in October last year. As a part of efforts to secure similar business opportunities, the Company acquired and included

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TOYOTA AUTOMALL DEVELOPMENT CORPORATION (TAC), a subsidiary of Toyota Motor Corporation, in its scope of consolidation as a subsidiary in July 2024, and as a result secured ownership over TAC's interest in TRESSA YOKOHAMA and COLORFUL TOWN GIFU. I believe that each of these successful efforts to capture business opportunities in strategic areas and mainly in the Tokyo metropolitan area is a testament to our inherent strengths. In the Fuchu City, Tokyo, project, our plans entail a large-scale retail facility development that incorporates the elements of sports and entertainment. I am convinced that the synergies generated among the retail facility, sports, and entertainment functions are of unlimited potential, and am looking to accelerate the pace of activities in this field. Amid the growing trend toward "experience-centered consumption," needs in the sports and entertainment fields can be expected to expand going forward. In light of the shortage of arenas to accommodate these needs and the more than ample room for growth, we have broken ground on minato AQUUS, a new arena in a redevelopment district of Nagoya. Looking ahead, we will integrate the operations of this arena with LaLaport NAGOYA minato AQUUS to provide visitors with a new immersive spectator experience and maximize synergistic effects.

In addition to the arena business, we recognize that the entertainment industry is comprised of a variety of layers and therefore offer a host of revenue opportunities. As we explore each of these opportunities through wide-ranging collaboration, we will further develop and evolve our activities in the sports and entertainment fields while welcoming your expectations.

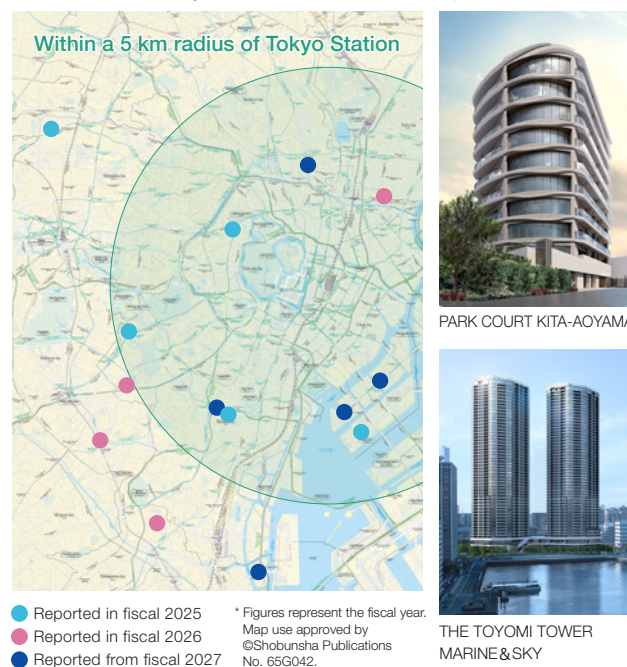


Nagoya Arena (tentative name)

## Property Sales to Individuals (Domestic) Business

In the property sales to individuals (domestic) business, the number of condominiums supplied has dwindled from over 80,000 in the early 2000s to less than one-third (23,000) in 2024. Moreover, successive supply in such prime locations as the Tokyo metropolitan area has triggered an increase in condominium prices. Under these circumstances, I believe that competition will intensify, with winners and losers determined by the ability to balance such key factors as location, area, products, and price. The Mitsui Fudosan Group holds a majority share of the high-end condominium market (priced at ¥200 million or higher), which not only reflects our deep relationships with affluent customers but also the reliability of our brand that we have cultivated over many years. Looking ahead, the Group has secured development sites for approximately 26,500 units as part of its pipeline from fiscal 2025. As indicated in Diagram D, a large portion of this projected supply is in the Tokyo metropolitan area. These properties are expected to attract firm demand not only from affluent

### ■ Diagram D: Planned supply of medium- to high-rise condominiums by the Mitsui Fudosan Group



customers but also dual-income households (power couples), who are likely to benefit from the positive cycle of wages and consumer prices. While added value is never properly recognized during periods of deflation, it is important that we as suppliers together with consumers shift our mindsets to the notion that added value is reflected in the price. With this in mind, we will work to enhance our competitive advantage in the housing market.

## Hotels and Resorts Business

As far as the Group's hotels business is concerned, we opened hotels in areas with strong inbound demand, including Tsukiji and Kyoto, last year. Looking ahead, plans are in place to open a PREMIER series Mitsui Garden Hotel in Osaka, where robust inbound demand is expected, by fiscal 2030. In the luxury hotel segment, we are also looking to open HOTEL THE MITSUI HAKONE, a top-tier luxury brand in Hakone, and the Waldorf Astoria Tokyo Nihonbashi, Hilton's premium brand, in Nihonbashi. Focusing not only on expanding the scale of our operations but also enhancing quality, we will work to secure further growth by broadening the demand base.

By delivering diverse added value across every category of asset and service, we will work to decouple from the market and express this value through pricing. In this manner, we will achieve both top-line revenue and profit growth.

## ② Accelerate asset turnover

In fiscal 2024, we were successful in recovering approximately ¥610 billion in costs through the sales of certain properties. This included Otemachi One Tower, an S-class building, the partial sale of Yokohama Mitsui Building, a fixed asset, and MFIP TAMA, a data center, to external investors.

Indicative of the steady progress being made, this amount represents roughly 30% of the approximate ¥2 trillion cash allocation asset turnover target identified under & INNOVATION 2030. In fact, contracts have progressed for around 80% of the ¥80 billion forecast business income in the Property Sales to Investors and Property



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Otemachi One Tower

Yokohama Mitsui Building

Sales to Investors and Individuals (Overseas), etc. segments, including the gain/loss on sales of fixed assets and equity in earnings/losses of affiliates for fiscal 2025. Recently, we decided to transfer a portion of the rights to our office space in the Yaesu 2-Chome Central District Category-I Urban Redevelopment Project to Honda Motor Co., Ltd. (Honda). At the same time, the decision was made for Mitsui Fudosan Residential Co., Ltd. to acquire certain rights to the Honda Aoyama Building, owned by Honda and located in Minami-Aoyama, Minato-ku, Tokyo, and to jointly rebuild the building. This transaction will occur at an early stage and will enable us to secure future profits from sales, improve asset efficiency, and gain future business opportunities. We are increasingly confident this will accelerate asset turnover.

Meanwhile, from an asset turnover acceleration perspective, we have fielded concerns that the current upswing in interest rates in Japan will lead to an increase in cap rates, thereby reducing sales profit. However, cap rates for offices in prime locations as of the end of June 2025 have remained unchanged since before December 2024 according to Real Estate Economic Institute Co., Ltd. Despite an upswing in interest rates, cap rates remain unchanged largely owing to (1) strong demand for income-generation real estate in Japan, which are in limited supply, (2) abundant dry powder, namely idle funds awaiting investment in Japanese real estate, and (3) progress

in factoring rent increases into real estate prices, which we are working diligently to achieve.

Turning to conditions in the United States and the United Kingdom, which experienced sharp interest rate hikes prior to Japan, areas and asset classes that maintained high occupancy rates as well as stable cash flows saw relatively modest increases in cap rates compared with substantial upswings in interest rates (Diagram E, Diagram F).

The properties we own predominantly offer high-spec features in scarce locations. Vacancy rates are low and cash flows extremely stable. As such, I am confident that our properties will continue to attract robust demand, as evidenced by the strong interest we have received in previous transactions. By association, I believe that our properties are unlikely to be impacted to any significant degree by an increase in cap rates.

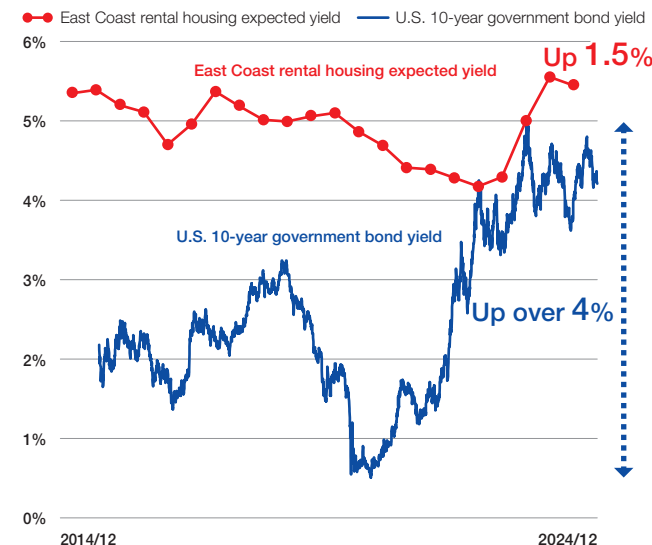
Even in the event of an approximate 10 basis points increase, the impact on unrealized gains would total around ¥150 billion. This is considered insignificant given the current level of unrealized gains of approximately ¥3.7 trillion.

As outlined, I believe that any increase in cap rates attributable to an upswing in interest rates will be limited. Should cap rates, however, rise, I am confident that the impact on the Company's unrealized gains will be nominal and accordingly would ask that our stakeholders feel at ease.

Looking outside Japan, both interest and cap rates overseas continue to hover at a high level. As a result, the volume of transactions is yet to return to pre-pandemic levels. As a result, we will continue to adopt a global perspective and closely monitor local market conditions while making smart decisions about the timing of sales and acquisitions in light of the business environment in each area for overseas properties. Managing real estate for sale and fixed assets in their totality, we will accelerate asset turnover and improve cash flows generated by the Company's assets in a bid to further increase such efficiency indicators as ROA and ROE.

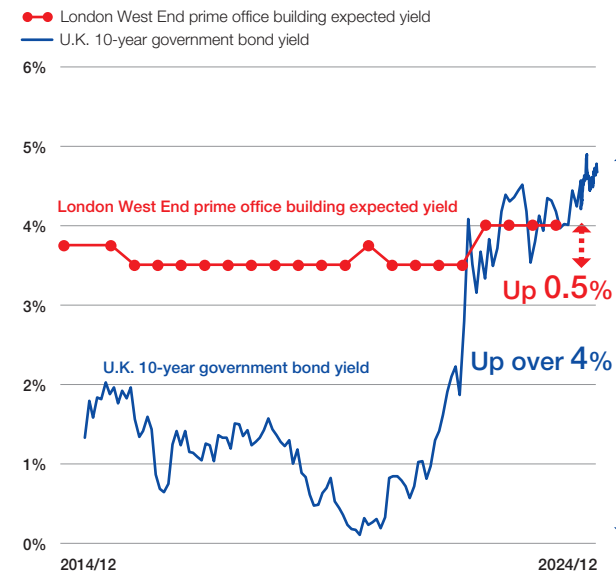
### ■ Diagram E: U.S. 10-year government bond yield and East Coast rental housing expected yield

Note: Prepared based on data from Bloomberg



### ■ Diagram F: U.K. 10-year government bond yield and London West End prime office building expected yield

Note: Prepared based on data from Bloomberg and Jones Lang LaSalle IP, Inc.



## Message from the CEO

### 3 Further develop and evolve overseas business

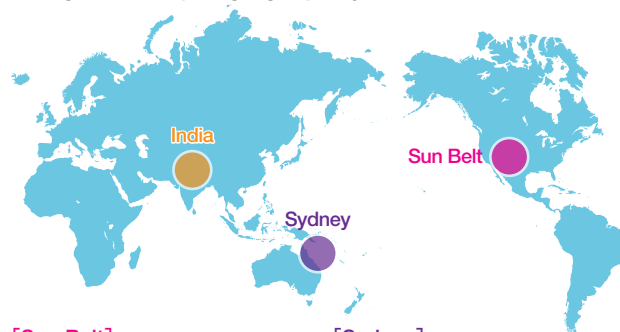
In our overseas business, efforts to lease 50 Hudson Yards, our flagship property in Manhattan, New York, was completed last fiscal year. Mitsui Fudosan maintains an office building portfolio totaling approximately ¥1 trillion along the U.S. East Coast. With the vast majority of its portfolio located in Manhattan, New York, unrealized gains of its three 50 Hudson Yards, 55 Hudson Yards, and 1251 Avenue of the Americas flagship properties come to roughly ¥900 billion. Representing around one-quarter of the Company's total unrealized gains of approximately ¥3.7 trillion, this is a clear indication of the success of our overseas business.

More than just Japan's leading real estate developer, I believe that this proven track record is a testament to our standing as a global developer both at home and abroad. In fact, since its completion, a significant number of projects has been brought to our overseas subsidiaries with the request to "work with Mitsui Fudosan, the company behind Hudson Yards."

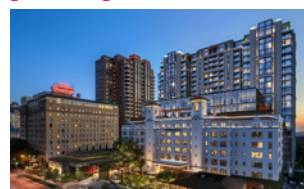
Gaining momentum with this growing reputation as a global player, we are promoting our overseas business from a long-term perspective, expanding the quality of our development activities on a global scale, and working to capture robust growth in each of the countries in which we operate. In this regard, we are paying particular attention to business growth in areas where populations and economies are projected to expand, including the Sun Belt Area of the United States, Australia, and India (Diagram G).

Looking first at the Sun Belt Area of the United States, access to construction loans for new commercial-use real estate has become increasingly problematic owing to the pandemic and subsequent interest rate hikes. Under these circumstances, it became abundantly clear that the supply of rental housing especially in the Sun Belt Area would taper off from fiscal 2025. Against this backdrop, our strategy is to leverage our ability to flexibly invest our own funds, an inherent strength, while cherry picking blue chip properties mainly in downtown city centers where growth is expected. Led by the delivery of 1,050 units across three properties in fiscal 2024, we are involved in the development of roughly 5,000

■ Diagram G: Acquiring high-quality investments



[Sun Belt]



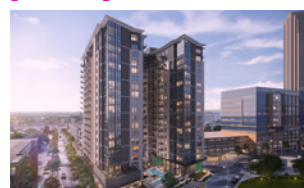
● Maple Terrace

[Sydney]



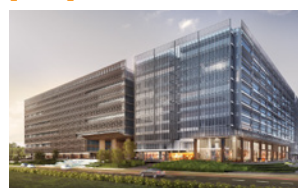
● 55 Pitt Street

[Sun Belt]



● Oliver

[India]



● RMZ Eco world 30

[Sun Belt]



● Loria Ansley

units across 15 properties in seven cities in the Sun Belt Area. With construction advancing smoothly coupled with efforts to control costs, leasing activities are beginning to show steady progress. In the United States, rental housing tends to be large, typically 300 to 400 units. As a result, it is not uncommon for the completion of leasing to

take two to three years. Under this scenario, a considerable amount of time is required before contributions to profit materialize. However, even in the U.S. real estate market where a recovery remains slow, we are seeing a pickup in the purchase and sale of rental housing in the Sun Belt Area following the lull attributable to the pandemic. With current cap rates in the 4% range, I am confident that the Company's properties will blossom into assets that generate sales profit through their turnover.

In Australia, Mitsui Fudosan is participating in the new 55 Pitt Street office building construction project located in the heart of Sydney's CBD. As an extremely rare property, leasing continues to progress steadily. In India, we are involved in the development of 100,000 tsubo-scale office building in Bangalore. Construction of the first phase of approximately 50,000 tsubo was completed last fiscal year and has already been fully leased. Construction of the second phase of approximately 50,000 tsubo is scheduled for completion next fiscal year. With tenants taking up space in the first phase looking to expand, leasing of phase two is off to a smooth start.

Moving forward, Mitsui Fudosan will continue to diversify and strengthen its profit streams by balancing growth in areas with significant growth potential both in Japan and overseas.

### (2) Path 2: Expand into new asset classes

We are also making steady progress along path 2: Expand into new asset classes. As far as the creation of neighborhoods that leverage sports and entertainment is concerned, and in addition to the Nagoya Arena initiative I touched on previously, our rental lab and office buildings businesses are also progressing steadily with the completion of MITSUI LINK-Lab SHINKIBA 3 in November 2024 and the start of construction of MITSUI LINK-Lab TOYOCHO 1 (tentative name) in April 2025 both in Japan. In addition, we recently announced that Cellares Corporation, based in the United States, will establish an Asia development and manufacturing hub for regenerative medicine products at Mitsui Link-Lab Kashiwa-no-ha 2 in May 2025. With leasing activities advancing smoothly, this initiative is a measure of our efforts to expand business based on community needs.

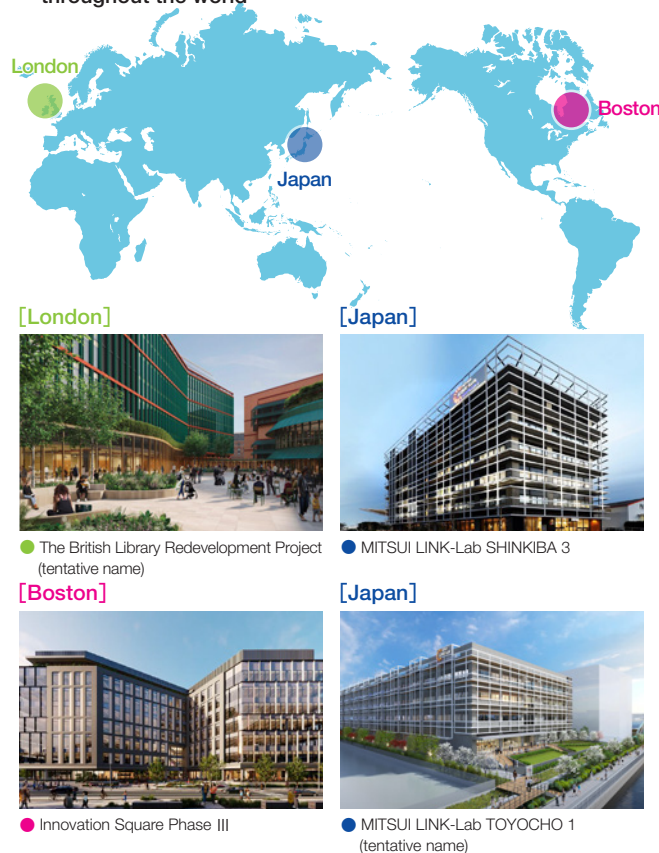
## Message from the CEO

Overseas in the United States, leasing activities have come to an end and construction commenced on Innovation Square Phase III in Boston. Moreover, we recently announced our participation in the British Library Extension Redevelopment Project (tentative name), a mixed-use development and our first life science-focused Lab & Office development in the United Kingdom. The planned site for this project is located at the British Library, in the King's Cross area, adjacent to four major railway stations, including St. Pancras Station, the main terminal for Eurostar services, which together handle over 200 million passengers annually. By comparison, the annual passenger volume of Japan Railway's Tokyo Station exceeds 250 million, which suggests that this site equates favorably in terms of proximity to a major railway station. The planned site is also adjacent to Francis Crick Institute, Europe's largest life sciences research center. The area has undergone significant redevelopment since the 2000s, transforming into a global hub for technology companies, including Google's new U.K. headquarters building, and other AI research institutions, making it a highly promising area with significant potential.

In this manner, the rental lab and office buildings businesses, including projects in the planning stage, boast a total scale of 16 properties comprising 10 properties in Japan, five in the United States, and one in the United Kingdom. Including future investment plans, the cumulative amount of investment is estimated to exceed ¥500 billion (Diagram H).

With regard to our data center activities, we announced details of plans to pursue a project in Hino City last July. As far as our current investment plans, including this project, are concerned, we are looking at seven properties and a total investment amount of roughly ¥300 billion. I am confident that this is one of the largest development plans in Japan in terms of its scale where tenants have already been secured. In addition, we have recently decided to engage in a new development in the Kansai region. Looking ahead, we will make the most of our ability to identify suitable locations as well as our relationships with hyperscalers, operators, and power companies to expand our pipeline.

■ Diagram H: Rental labs and office buildings expanding throughout the world



### (3) Path 3: Explore new business domains and capture business opportunities

Turning our attention to the third path: Explore new business domains and capture business opportunities, we established a new division in fiscal 2023. This division is comprised of departments responsible for the life science, space as well as industry-academia collaboration fields and departments that are engaged in creating new industries and that focus on M&As. Here, we are working to uncover new business domains that warrant our participation as an industry developer.

In the life science field, we established Life Science Innovation Network Japan, Inc. (LINK-J) through which we provide places and communities. In 2025, the 10th year of LINK-J's activities, we anticipate the number of members will exceed 1,000. Each year, LINK-J holds more than 1,000 events. Through the LINK-J initiative, we are identifying rental lab needs in Japan and verifying the feasibility of the rental lab and office buildings businesses, all while gradually expanding our business one building at a time. Providing places and communities in this manner opens the door to fostering an inner circle of extensive personal connections and networks. In turn, this inner circle helps gain access to industry trends and the latest information, uncover issues facing the industry, and create new businesses that can address each new challenge. Furthermore, by establishing places and communities that focus on this type of particular theme and promoting Nihonbashi, where these places are located, as a "sacred place," we are creating a sense of necessity for our tenant companies to be located in Nihonbashi. I strongly believe that this also leads to the path 1, "decoupling from the market," and is beginning to contribute to stable profit growth.

As a part of efforts to provide places and communities, and following on from the life science field I mentioned a moment ago, we established a space business community in 2023. More recently, in July 2025, we established RISE-A, a community to support industry innovation using semiconductors. Semiconductor-related companies have already taken up space in our MITSUI LINK-Lab series of properties. Building on this track record and the characteristics of an industrial area, I believe the potential exists to apply existing initiatives to MITSUI LINK-Lab TOYOCHO 1 (tentative name), which is scheduled for completion in the summer of 2026, to support among other activities research and development in the semiconductor field. In addition, in the Kumamoto area, which has attracted a concentration of global semiconductor companies, we are looking into the development of a Japanese-style science park in collaboration with semiconductor-related companies and research institutions. The goal of this endeavor is to create a place that facilitates a variety of corporate activities, including production, research, and logistics, and to promote personnel as well as research and development through industry-academia collaboration.



## Message from the CEO

We recognize that such initiatives as the development of a large-scale science park are a potential solution. Looking ahead, we will continue to explore avenues through which to contribute to the development of industry. In addition to deepening understanding through activities across various aspects of the semiconductor industry, much like the life science field, we will contribute to the growth of the industry by uncovering missing pieces in the industrial development ecosystem and provide solutions.

I strongly sense that this field is precisely where the spirit of enterprise and customer orientation DNA can be fully utilized. In this context, Mitsui Fudosan will work diligently to realize its vision to contribute to the creation of added value for society as an industry developer through a combination of methods, including M&As and business alliances.

### (4) In summary

The business environment in which the Mitsui Fudosan Group operates remains deeply shrouded in uncertainty. This is largely due to the unpredictable nature of trade policies in the United States and the unprecedented level of mounting global-scale geopolitical risks as well as such domestic concerns as soaring construction costs, labor shortages, and interest rate hikes. Despite these enormous headwinds, we have, for example, taken steps to minimize the impact of interest rate hikes with nearly 90% of the Company's



yen-denominated borrowings procured on a long-term, fixed-rate interest basis. Moreover, our diverse and robust portfolio together with its various revenue streams form a solid foundation for our profits.

Once again, as I commented earlier, I am convinced that our efforts to deepen and evolve our various businesses as we traverse from Path 1 to Path 3, as well as the steps taken to sow seeds for future profit growth have progressed steadily in the first fiscal year. With this conviction, I am expecting the Company's further growth going forward. In other words, I believe that current conditions present an excellent opportunity to demonstrate our stable performance. On this basis, we will work to firmly improve our EPS growth rate and ROE as mainstay KPIs.

In specifically working to enhance ROE, we recognize the critical need to improve both the numerator and denominator. As far as the denominator is concerned, and from a shareholder returns perspective, we decided to increase the dividend in fiscal 2024 to ¥31 per share and repurchase own shares totaling ¥45 billion for a total payout return ratio of 52.7% based on the progressive dividend policy adopted after more than a quarter century of maintaining and increasing dividends. Turning to investment securities, in addition to the sale of investment stocks held for pure investment purposes, we proceeded to reduce strategic shareholdings by 23% compared with the book value as of the end of fiscal 2023. Moving forward, we will continue with efforts to improve the denominator through shareholder returns based on a total payout return ratio of 50% or higher and the reduction of investment securities.

Furthermore, growth investments are essential to improving the numerator (generating profits). I believe that the Company is better placed to secure profit growth and to enhance its ability to generate cash when investments bear fruit. This in turn enables reinvestment geared toward further profit growth, which then underpins increased shareholder returns, creating a virtuous cycle. With this in mind, we will take full advantage of our core competencies to capture business opportunities as a part of efforts to sow the seeds for future profit growth and improving our ability to generate cash.

## 3. ESG Initiatives That Support the Creation of Economic Value

—E: & EARTH for Nature, S: Personnel development,  
G: Revision of the executive compensation system,  
Appointment of female directors, IR—

We are acutely aware that the aforementioned activities, essential for a real estate company like Mitsui Fudosan to create economic value, have a significant impact on society and the environment. Guided by the “&” Logo Principles, the Mitsui Fudosan Group is committed to creating social value by solving a variety of social issues. With this in mind, we have continued to take up the challenge of creating new value by creating neighborhoods while taking to heart the principle of “Getting Better with Age” and increasing appeal over time.


As far as coexistence with the environment is concerned, we have undertaken a variety of initiatives under the principle of “& EARTH With nature, sharing the future.” Recognizing the importance of once again conveying to society at large the vision for which the Group is aiming through coexistence with the environment in neighborhood creation, we formulated the Group's Declaration of Coexistence with the Environment in Neighborhood Creation, titled & EARTH for Nature.

In addition to decarbonization endeavors, we understand that consideration for the environment is an important element in both fulfilling our corporate social responsibility and ensuring a sustainable business. We view nature, people, and communities in “Holistic” terms and as such are working to create a prosperous “Holistic Environment” in which the appeal of nature, people, and communities can circulate and grow even more vibrant over time. Moreover, we believe that the creation of social value will manifest itself in increased economic value, including office building rents through improved neighborhood value as I explained earlier.

In the future, we will quantitatively elaborate on our efforts to create a prosperous “Holistic Environment” and how this contributes to generating economic value.

In a bid to foster a sense of unity among employees while prioritizing a “One Team” culture, a total of 84 in-house meetings were held over the

## Message from the CEO

two-period since assuming the position of president. These meetings were a forum through which to speak openly and candidly.  P.53

On a personal note, these discussions also helped reaffirm the strong motivation, diversity, and engagement of the Group's employees. A distinguishing feature of the Mitsui Fudosan Group is its ability to achieve high-quality results with a limited number of employees that belies the imagination given the scale of its business. Quite the contrary, it is in fact this compact organization and structure that nurtures an open and collaborative work environment. I, along with the management team, will continue to help refine the potential of each and every member of our outstanding talent pool. Moreover, every effort will be made to cultivate an organizational culture and environment that allows for free thinking and encourages employees to take on each challenges without falling into a rigid and preconceived mindset. Through these means, we will build a corporate group that creates new value.

Earlier, I touched on the relationship between the cost of shareholders' equity and governance in the context of enhancing corporate value. Among a host of improvements pushed forward in fiscal 2023, we increased the number of outside directors by one and set the term of office at one year. In response to feedback from investors, including several improvement measures received, we revised the compensation system for directors, linking a portion of the compensation paid to KPIs set under the Group long-term vision & INNOVATION 2030 in the fiscal year under review. In addition, we adjusted the composition of the Board of Directors by nominating a female director from within the Company. This nomination was approved at a meeting of Mitsui Fudosan shareholders. At the same time, steps have been taken to include agenda items discussed by the Board of Directors in this integrated report. Over and above seeking outside directors to evaluate the initiatives taken in the first year following formulation of the Group long-term vision, energies were directed toward discussing any issues while also disclosing the content of deliberations in this report.

Accordingly, we recognize that governance is an important management issue especially with respect to the enhancement of corporate value. Looking ahead, the Mitsui Group will continue to promote improvements.

We are also acutely aware of the need to eliminate any information asymmetry between the Company and investors by upgrading, expanding, and deepening IR dialogue in a bid to enhance corporate value. A system is in place under which reports from the CFO and IR Department on the questions raised and opinions obtained from investors are received on a weekly basis. Since assuming the position of President and Chief Executive Officer, I have also engaged in direct dialogue with investors through meetings and briefing sessions on the Group's financial results and long-term vision. Moving forward, I will continue to seek opportunities to interact with investors and will incorporate their opinions into the decision-making process.

## 4. In Closing

Mitsui Fudosan has continued to grow while responding to the changing needs of an evolving industrial society. During the period of rapid economic growth, we undertook reclamation projects to address the shortage of industrial land. In addition to constructing Japan's first skyscraper (the Kasumigaseki Building) as a part of efforts to promote the effective use of land in urban areas, we pushed forward redevelopment projects to enhance urban disaster readiness functions as well as the quality of people's lives. In this manner, we have evolved as a neighborhood creation platformer.

Guide by its "X" Logo Principles, the Mitsui Fudosan Group today provides neighborhood platforms, builds communities, and offers spaces. Through these means, we are working to create ecosystems in which various people and companies can gather, giving rise to new demands and needs while stimulating innovation. Ultimately, our vision is a future where new industries and value can be created.

This future is born from wide-ranging DREAMS, which are molded into a VISION through the gathering of like-minded people under a common purpose and brought to REALITY through bold action. Within this context, I am convinced that my most important mission is to enhance corporate value. With the return of interest rate hikes and increasing construction, labor, and other costs, it is not easy to

create added value that exceeds these costs and to gain customers' understanding. Mitsui Fudosan is a company that deals with the tangible, most notably the construction of neighborhoods and buildings. This alone, however, does not necessarily translate to substantial added value. Moreover, should we continue to follow the same path without thought or question, we will inevitably fall behind in the blink of an eye. It is vital that we avoid falling into a rigid and preconceived mindset and instead deploy our dream, vision, reality credo to take on new challenges. With this in mind, we will continue to evolve into an organization where all executives and employees constantly ask themselves "What kind of added value is my work creating?" and act accordingly. In addition to ongoing dialogue with long-term investors who share in our vision and direction for the future, I will take the lead together with employees to carry out the growth and financial strategies outlined in & INNOVATION 2030 announced last fiscal year. Furthermore, we will work diligently to create both social and economic value by achieving the KPIs identified as quickly and at the highest level possible. In fulfilling our commitment to create value and enhance our corporate value, we ask for the continued support and understanding of all stakeholders.

