

**Year Ended March 31, 2023**

# **Analyst Meeting Presentation**

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May 12, 2023



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

# 1. Biographical introduction



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

## Takashi Ueda

【Brief personal history】 \*Some parts are omitted.

1983	Joined Mitsui Fudosan Co., Ltd.
1983	Condominium Apartments Dept. Business Sect. (in charge of Yokohama)
1992	Seconded to Mitsui Fudosan Finance Co., Ltd.
1999	Seconded to Mitsui Fudosan Investment Advisors, inc.
2009	General Manager of Office Building Project Planning Department, Office Building Division
2016	Executive Managing Officer, Chief Operating Officer of Office Building Division
2020	Managing Director, Executive Managing Officer, Chief Operating Officer of Office Building Division
2023	Incumbent

# 1. Biographical introduction

Starting with experience in branch offices, secondments, etc.

Engaged in the disposal of non-performing loans after the collapse of the bubble economy.



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# 1. Biographical introduction

## Dawn of real estate securitization

Promoting “holding & leasing, development & sales and Management” and “Joint Value Creation Model with Investors”



 MITSUI FUDOSAN INVESTMENT ADVISORS

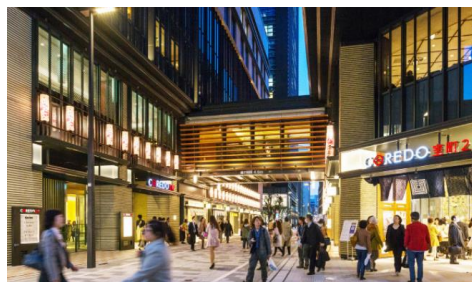


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# 1. Biographical introduction

## Capture new business opportunities at Office Building Division

### Advancing new workstyle and Mixed-use developments



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# 1. Biographical introduction

## Launch of the “WORK STYLING” and Nihonbashi Life Science Initiative

### Strengthening International Competitiveness and Creating “Business Platforms”

#### &WORK STYLING



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## 2. Recognition of external environment

**Downgraded  
COVID-19 to  
Category 5**  
Infectious Diseases

**Rising  
Geopolitical  
risk**

**No time to  
wait for  
climate  
change action**

**Conversion  
from  
Era of low  
interest rates**

Period of "COVID-19 Recovery"  
To  
Period of "Change"

# 3. Mission as new president

Severe  
experiences

Investors'  
Perspectives &  
Minds

Getting better  
with age

External  
Perspectives

New Business  
Creation and  
Promotion

Putting  
people first

Strengthening  
Competitive  
Advantages

Enhancing  
our resilience  
in the face of risk

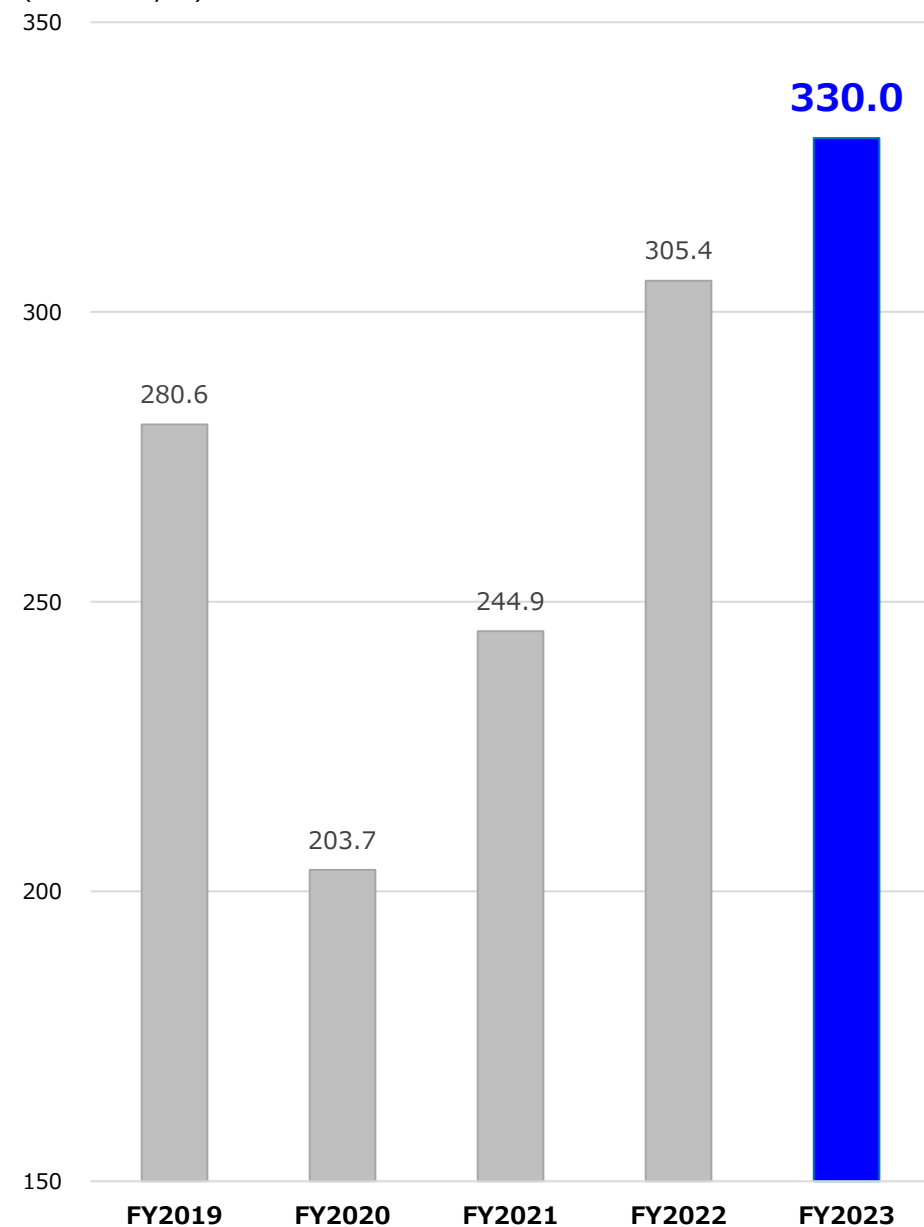
Growth  
And  
Efficiency

## Drawing a roadmap for the next era



# 4.Forecast for FY2023

(Billions of yen)



FY2023  
**Operating Income**  
Forecast

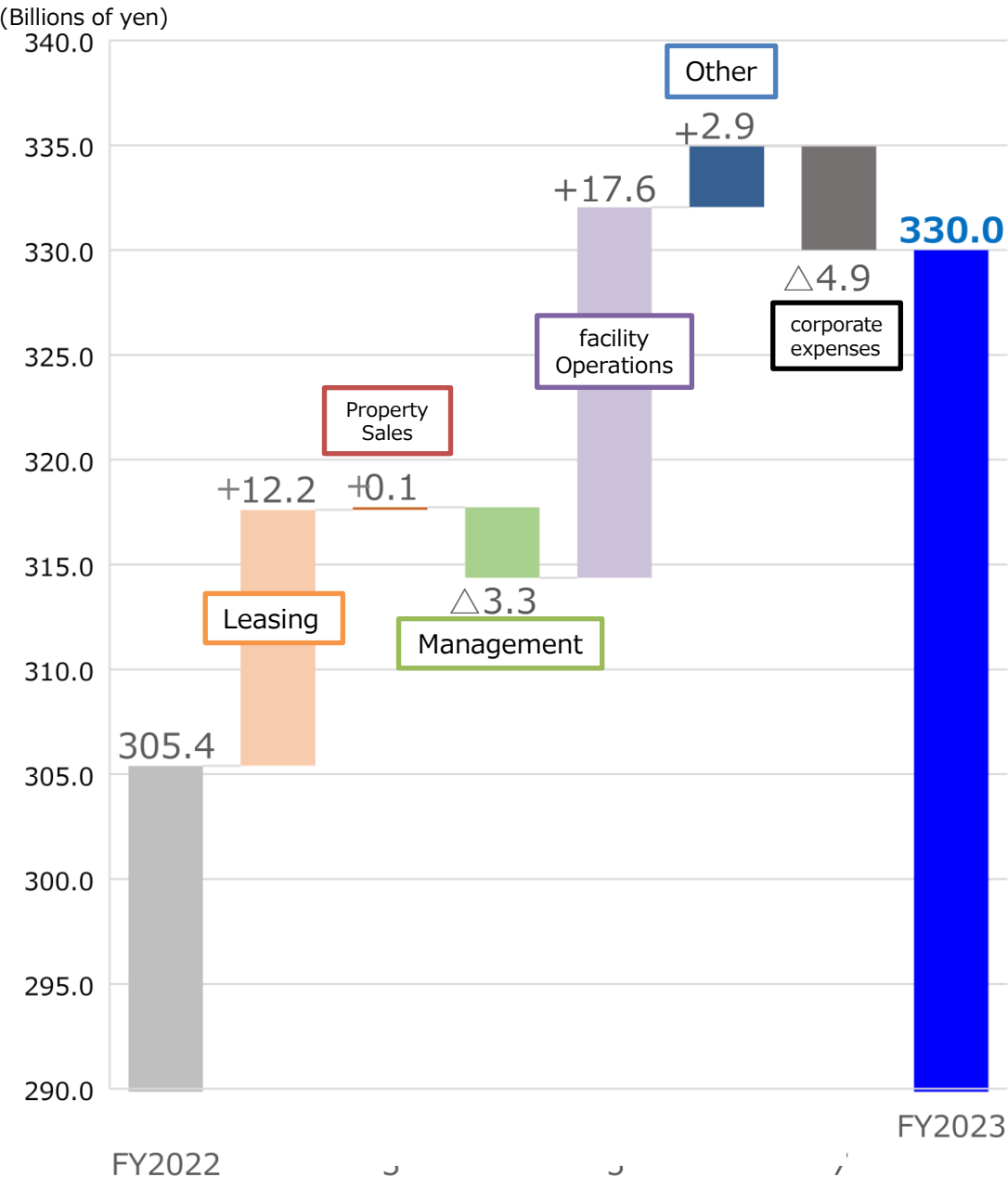
**330.0 billion yen**

(+24.5 billion yen  
from the previous year)

**Record High**



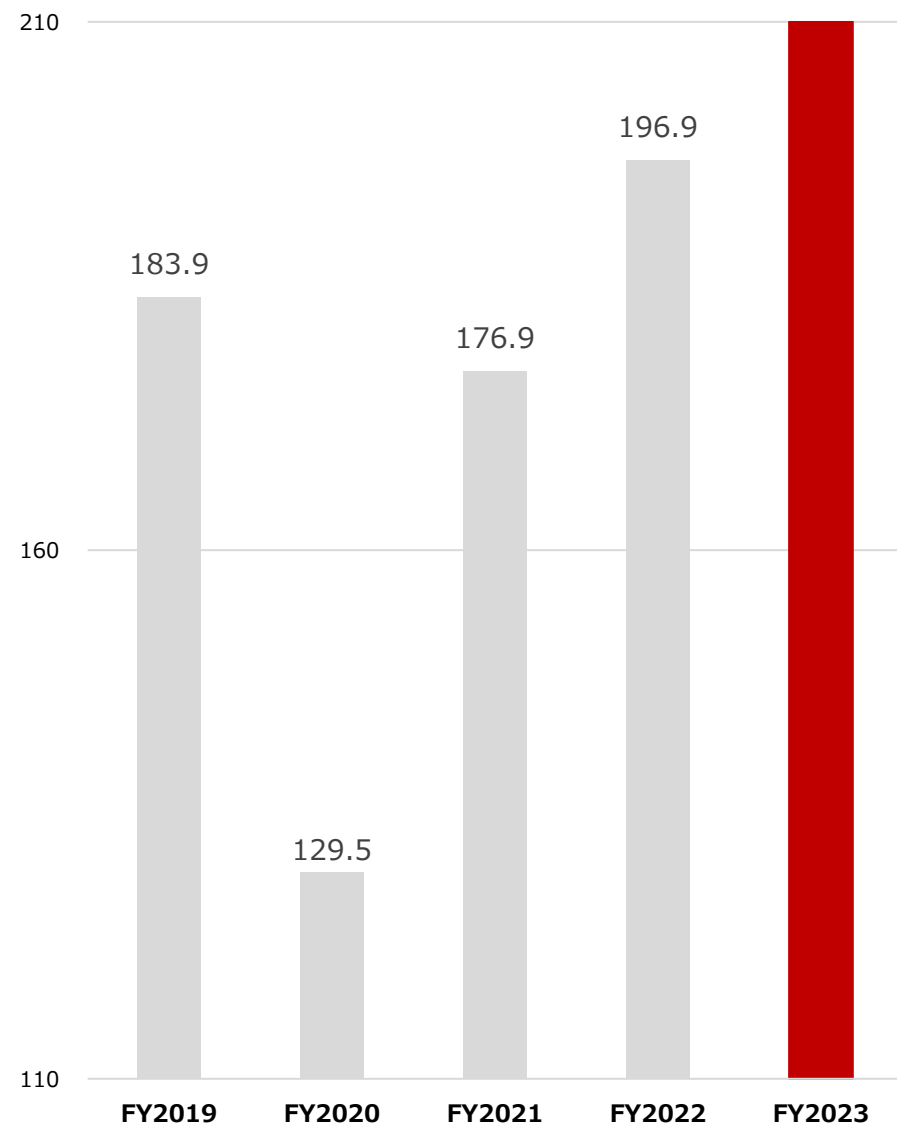
# 4. Forecast for FY2023



<b>Leasing</b>	<b>Record profits</b>
149.7 billion yen ⇒	<b>162.0</b> billion yen
<b>Property Sales</b>	<b>Record profits</b>
145.8 billion yen ⇒	<b>146.0</b> billion yen
• Domestic housing:	39.3 billion yen → <b>50</b> billion yen
• Investors	106.4 billion yen → <b>96.0</b> billion yen
↓	
<b>Assumed to be more than 100 billion yen including gains on sales of fixed assets.</b>	
<b>Management</b>	<b>Maintain 60 billion yen level</b>
63.3 billion yen ⇒	<b>60.0</b> billion yen
<b>Facility Operations (newly established seg.)</b>	<b>Returning to profit</b>
3.6 billion yen ⇒	<b>14.0</b> billion yen

# 4.Forecast for FY2023

(Billions of yen)



FY2023  
**Profit attributable  
to owners of parent**  
Forecast

**210.0 billion yen**

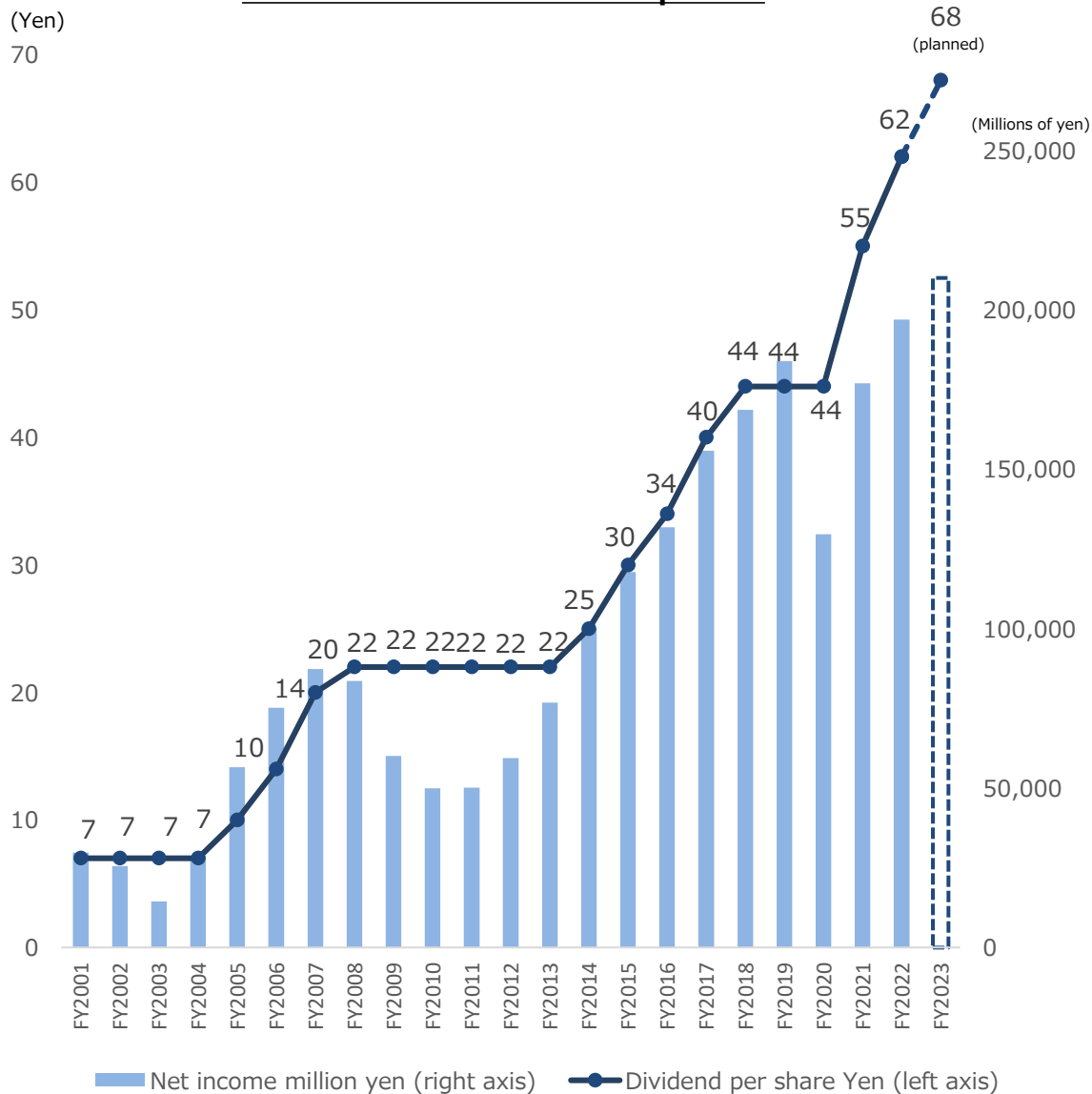
(+13.0 billion yen  
from the previous year)

**Record High**



# 4. Forecast for FY2023

Trends in Dividend per share and profit a  
Attributable to owners of parent



FY2023  
Dividend per share  
(forecast)

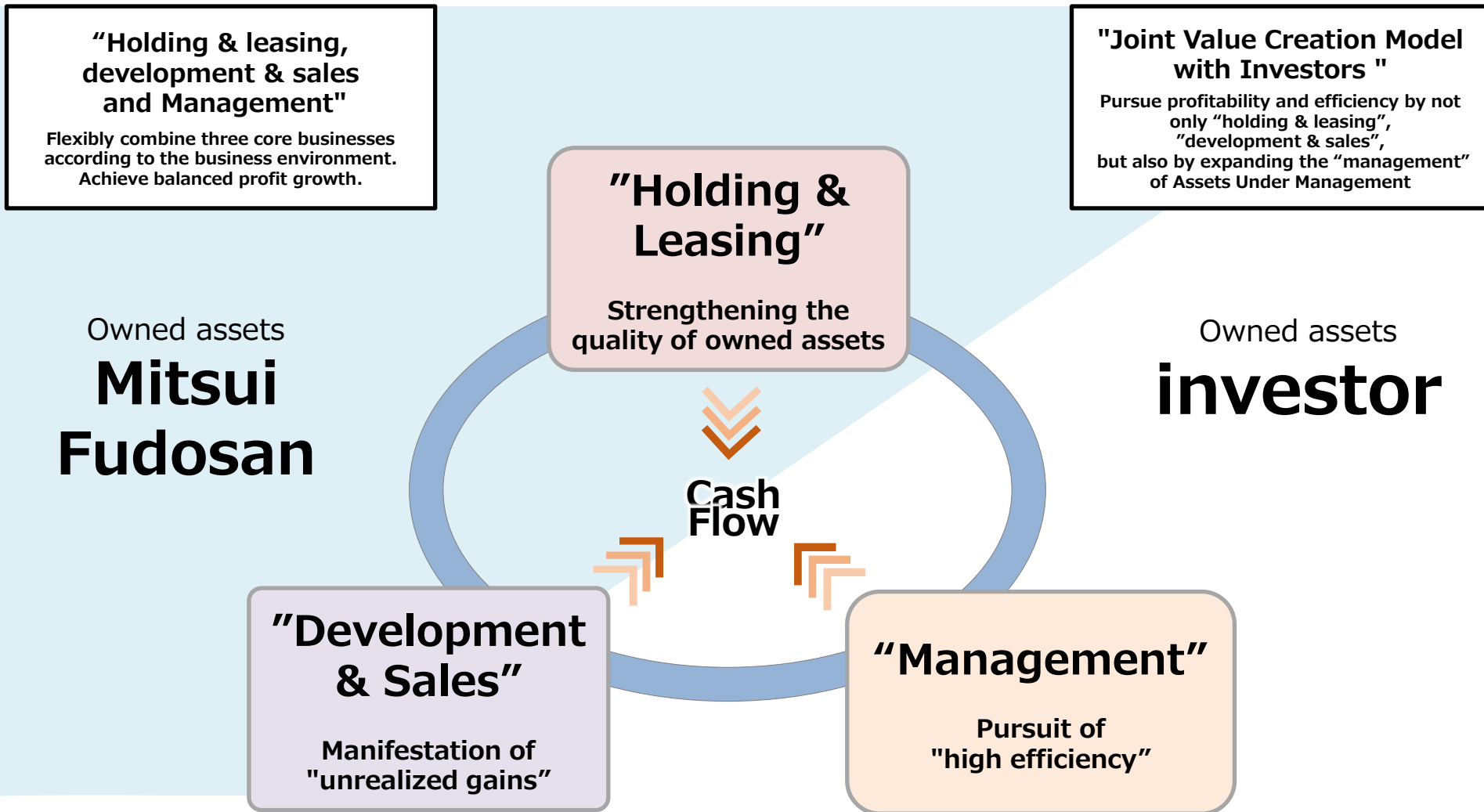
**68 yen**

(+6 yen  
from the previous year)

**continued  
progressive  
dividend**

# 5. competitive advantage/risk tolerance

## Profit-generating ability in "holding & leasing, development & sales and Management"



# 5. Competitive Advantage and Risk Tolerance ① Holding & Leasing

Talent Acquisition, Convenience, Corporate Branding  
**Prime locations and high-specification properties are becoming more and more popular**



**Tokyo Midtown Hibiya  
(Tokyo, 2018)**



**Nihonbashi Takashimaya  
Mitsui Bldg.  
(Tokyo, 2018)**



**Nihonbashi Muromachi  
Mitsui Tower  
(Tokyo, 2019)**



**msb Tamachi (S and N buildings)  
(Tokyo, 2018 and 2020)**



**Toyosu Bayside Cross Tower  
(Tokyo, 2020)**



**Bunkyo Garden Gate Tower  
(Tokyo, 2020)**



**Otemachi One  
(Tokyo, 2020)**



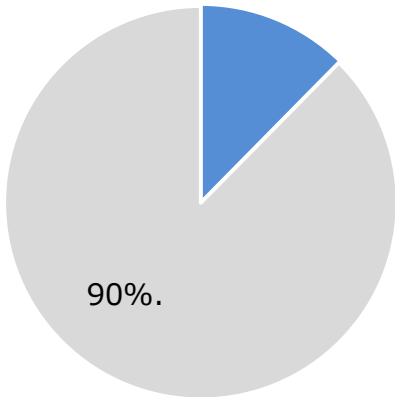
**Tokyo Midtown Yaesu  
(Tokyo, 2022)**

# Rejuvenation of portfolio, increase in Mixed-use assets in central cities

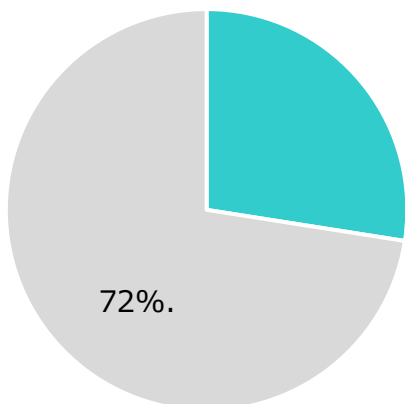
Newly built property  
(within 5 years of construction)

Mixed-Use assets in central cities  
(Midtown, COREDO, 5 major properties, HY)

Fiscal Year  
2016



10%

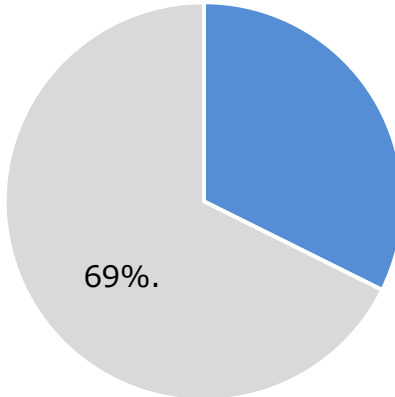


28%

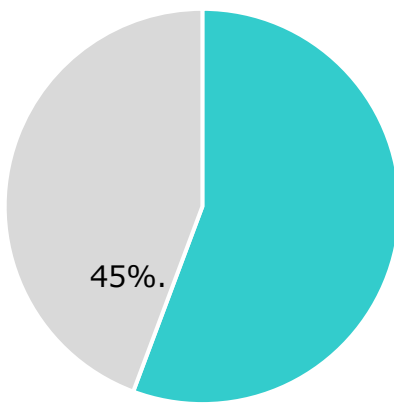
x3.1  
times

x2.0  
times

Fiscal Year  
2022  
(Estimated)



31%



55%

■ Within 5 years of construction    ■ over 5 years of construction

■ Mixed-use Assets in central cities

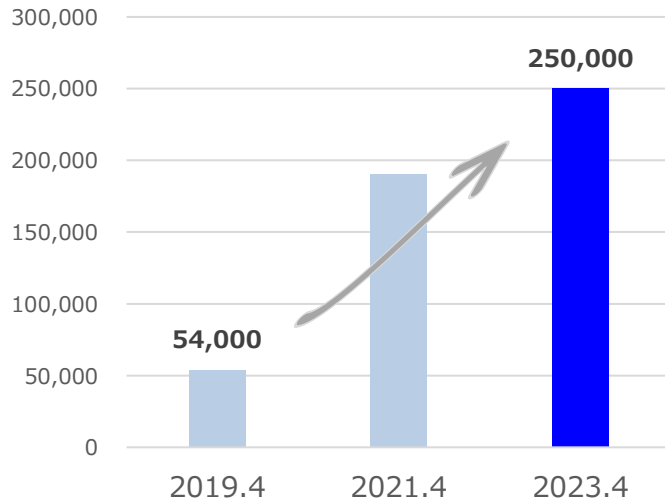
Total floor space of the building in the "Status of Major Facilities" in the Annual Securities Report.

# 5. Competitive Advantage and Risk Tolerance ① Holding & Leasing

## Intangible services to strengthen long-term relationships with tenants

### &WORK STYLING

**Number of Work Styling Members**  
Increased to 250,000, about **5** times the number before the COVID-19.



### Provision of green power to tenants

Provision of green electricity in tenants' private areas

**2023 Contracted and scheduled to be contracted**

**Over 100** companies

SBTイニシアチブ認定



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



### &well

Status of companies supported by “&well” that are seeking certification as Health and Productivity Management Organizations

**30%**: First certification

**40%**: Selected as White 500

**50%**

: Improved accreditation rating



### &BIZ consulting

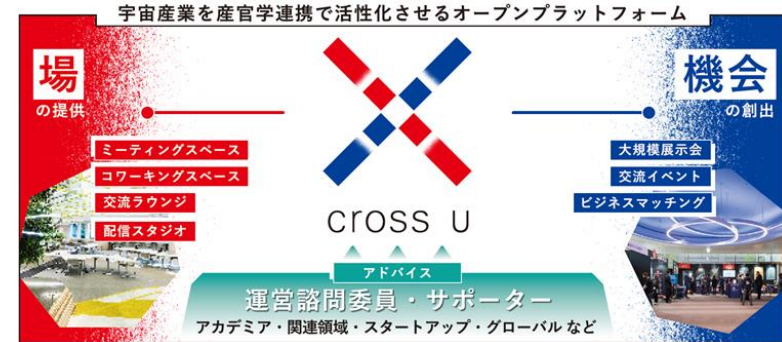
&BIZ fitness

&BIZ lounge

&BIZ conference



## Creation of new demands through our unique initiatives



### Developing Sites

MITSUI FUDOSAN

#### Life science assets

- Nihonbashi Life Science Building series
- Commissioned to administer and operate part of the University of Tokyo Entrepreneur Lab
- Preparation of share lab in Nihonbashi

**Rental Lab & Office** (Mitsui Lab & Office)

### Providing Capital

MITSUI FUDOSAN

#### Life science Venture investment

Limited partner investments in investment funds targeting companies in the life science field

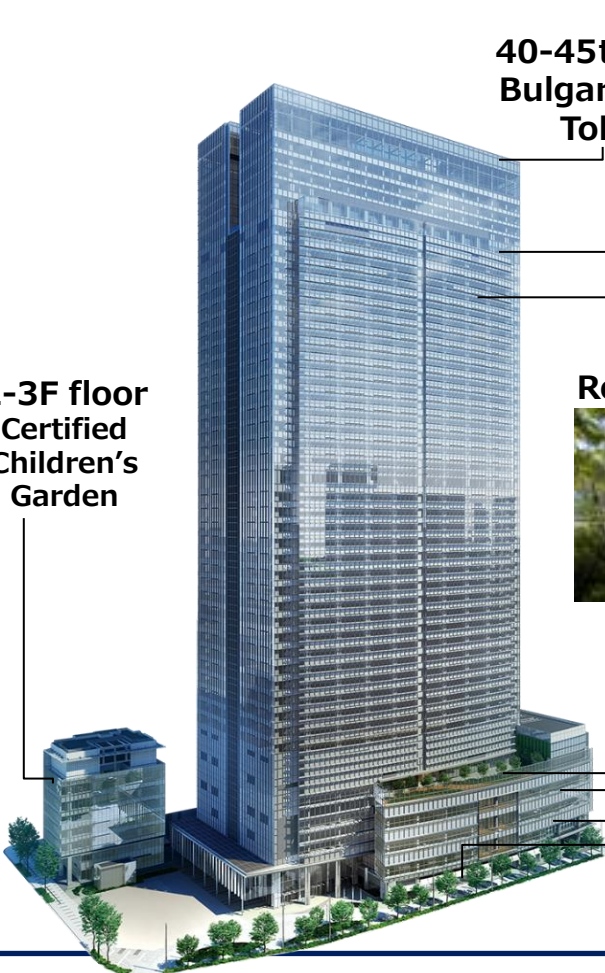


# 5. Competitive Advantage and Risk Tolerance ① Holding & Leasing

"Mixed-Use" development design for  
"a city you want to visit" and "an office you want to work in"

**The city and office**  
chosen by corporate leaders as a relocation destination

 TOKYO MIDTOWN YAESU

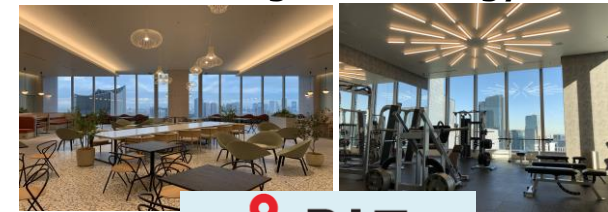


40-45th floor  
Bulgari Hotel  
Tokyo

7-38th Floor  
Office Floors



27th floor  
tenant lounge & fitness gym





2-3F floor  
Certified  
Children's  
Garden

5th floor  
Rooftop terrace



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



B1-3F floor  
Retail Zone



B2F Bus Terminal

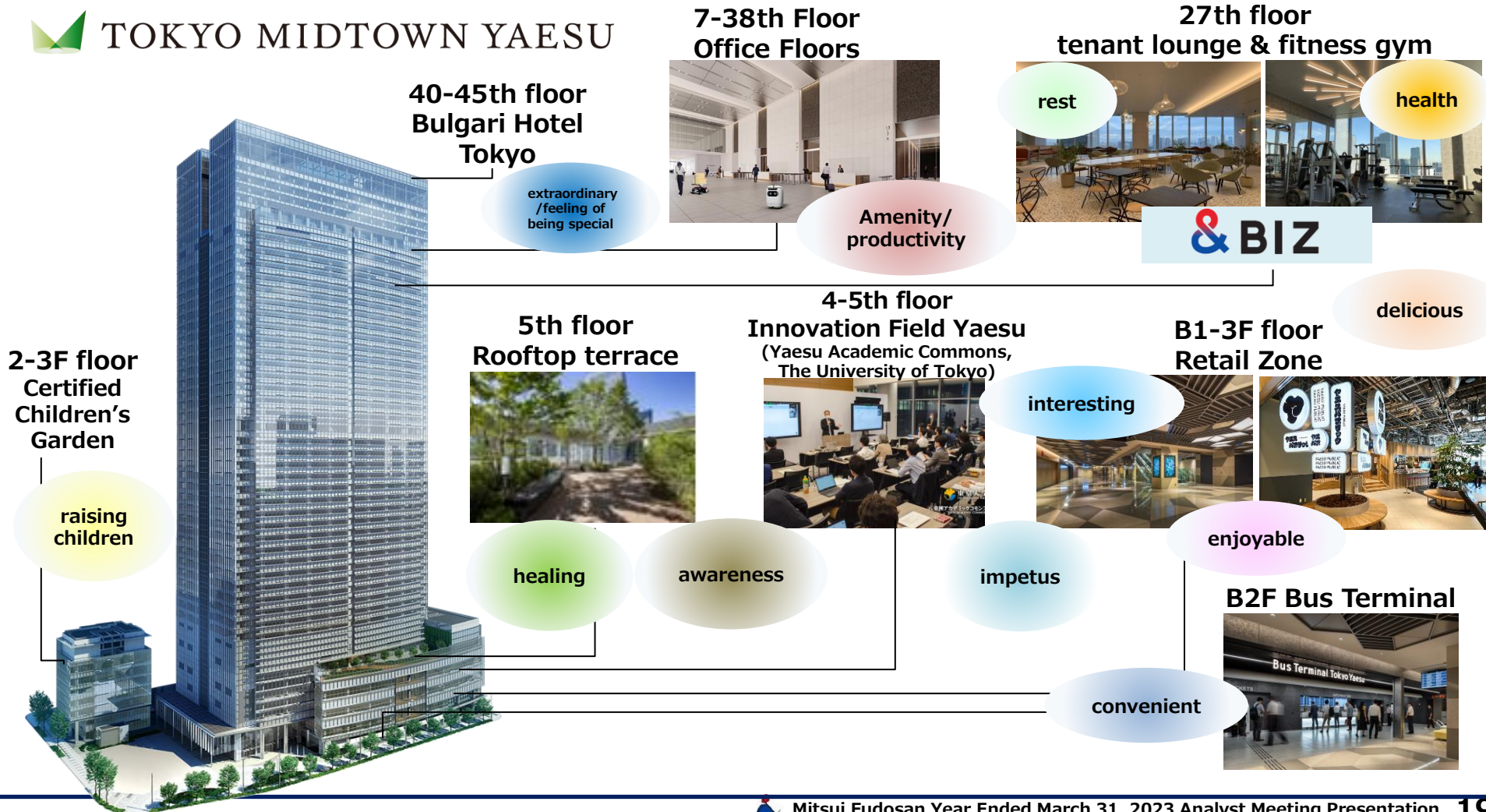


# 5. Competitive Advantage and Risk Tolerance ① Holding & Leasing

"Mixed-Use" development design for  
"a city you want to visit" and "an office you want to work in"

## The city and office chosen by corporate leaders as a relocation destination

### TOKYO MIDTOWN YAESU



# Mixed-Use Neighborhood : Nihonbashi

work



fun



rest



healing



living

gather



learning



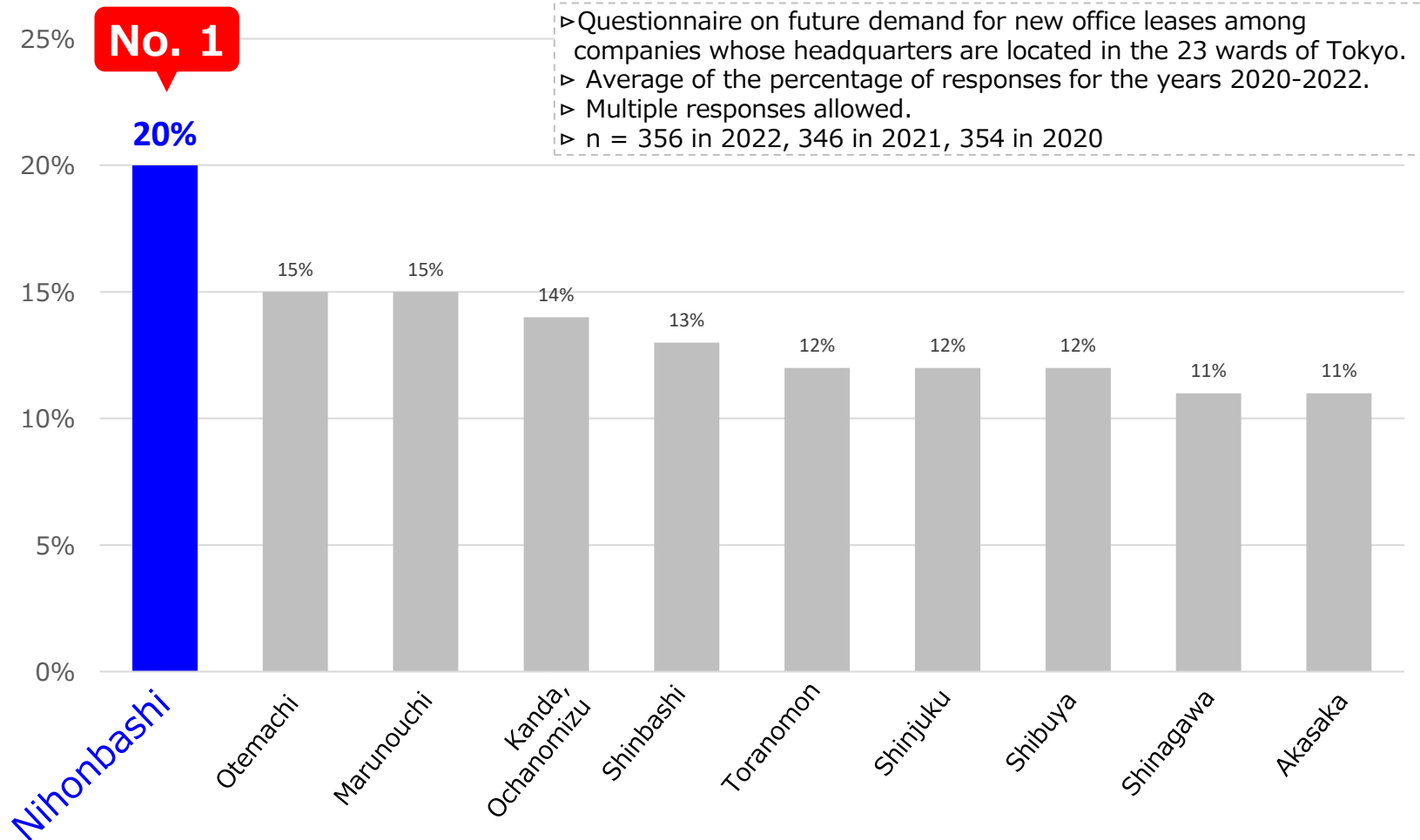
# 5. Competitive Advantage and Risk Tolerance ① Holding & Leasing

The areas on the east side of Tokyo Station will work together, evolve into "Tokyo" that the world will be proud of, and become a "city you want to visit".

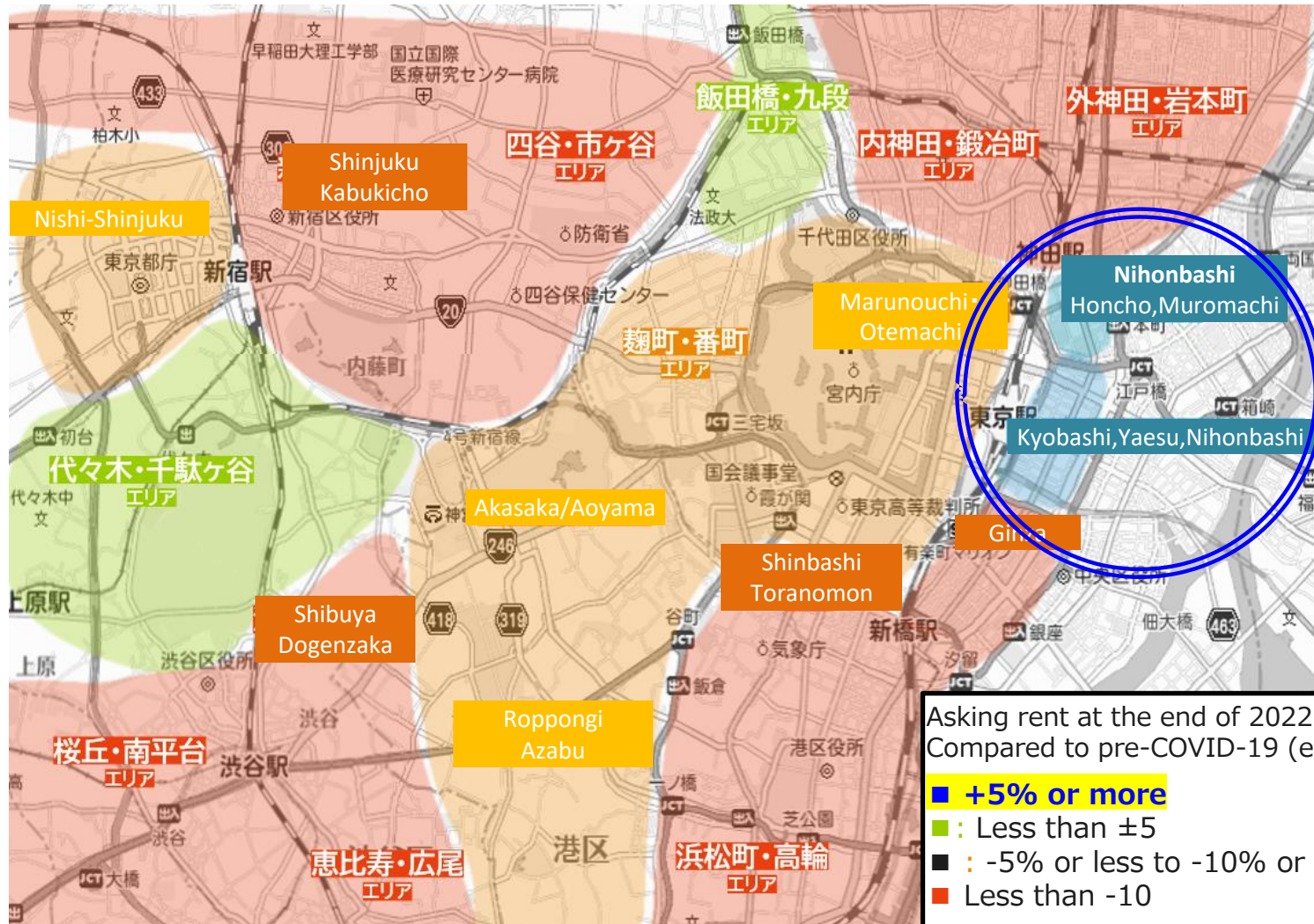


\*This is an excerpt from "Nihonbashi Revitalization Plan Stage 3". This picture is an image of the future and differs from actual redevelopment plans, etc.

# The Nihonbashi area is the **No. 1 popular** location for office relocations



# Asking rents rose more than 5% in the Nihonbashi and Yaesu areas



Asking rent at the end of 2022.10  
Compared to pre-COVID-19 (end of 2020.1)

- +5% or more
- : Less than ±5
- : -5% or less to -10% or more
- Less than -10

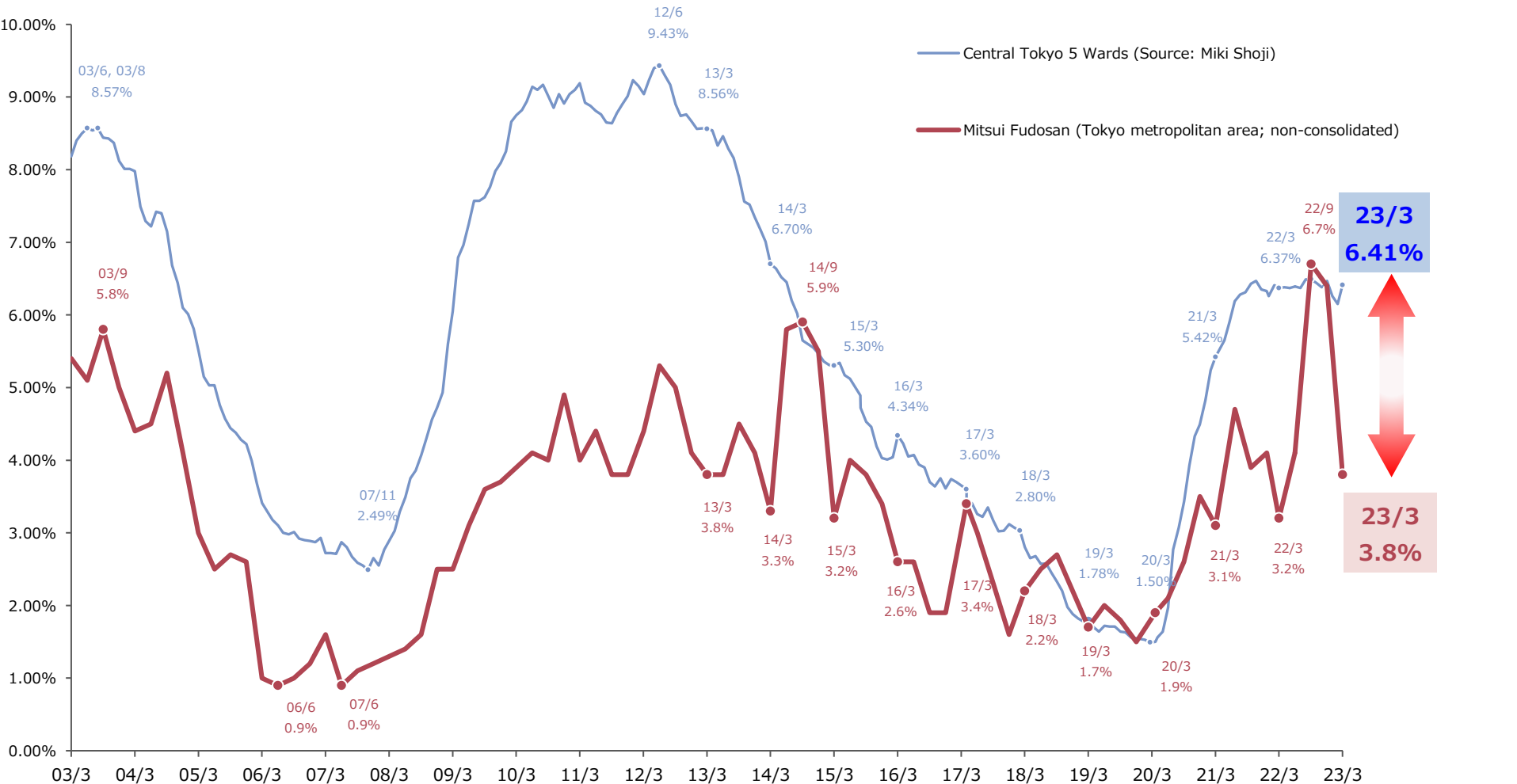
(Source) Prepared by Sumitomo Mitsui Trust Bank, Real Estate Solutions Department based on Sanko Estate's asking rent data.

# 5. Competitive Advantage and Risk Tolerance ① Holding & Leasing

Decoupling from the Office leasing market

Relatively **lower Vacancy rate**

and **more stable occupancy** than the Overall market





# 5. competitive advantage and risk tolerance ②Development & Sales

## Asset portfolio replacement, including fixed assets Stable and continuous realization of "unrealized gains"

### Rental Properties

(tangible and intangible fixed assets)

### Real property for sale

(Excluding residential real estate for sale)

About **3.43** trillion yen

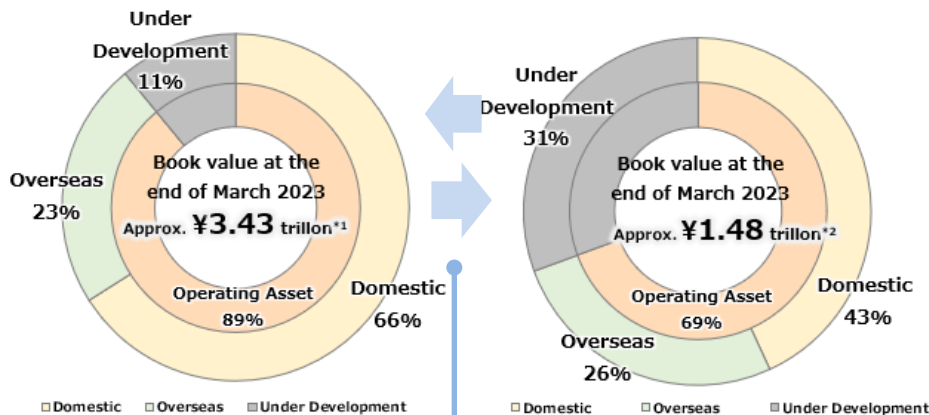
About **1.48** trillion yen

#### Profitability of Operating Assets

NOI yield 7.9%  
Domestic 7.8%  
Overseas 8.3%

#### Profitability of Operating Assets

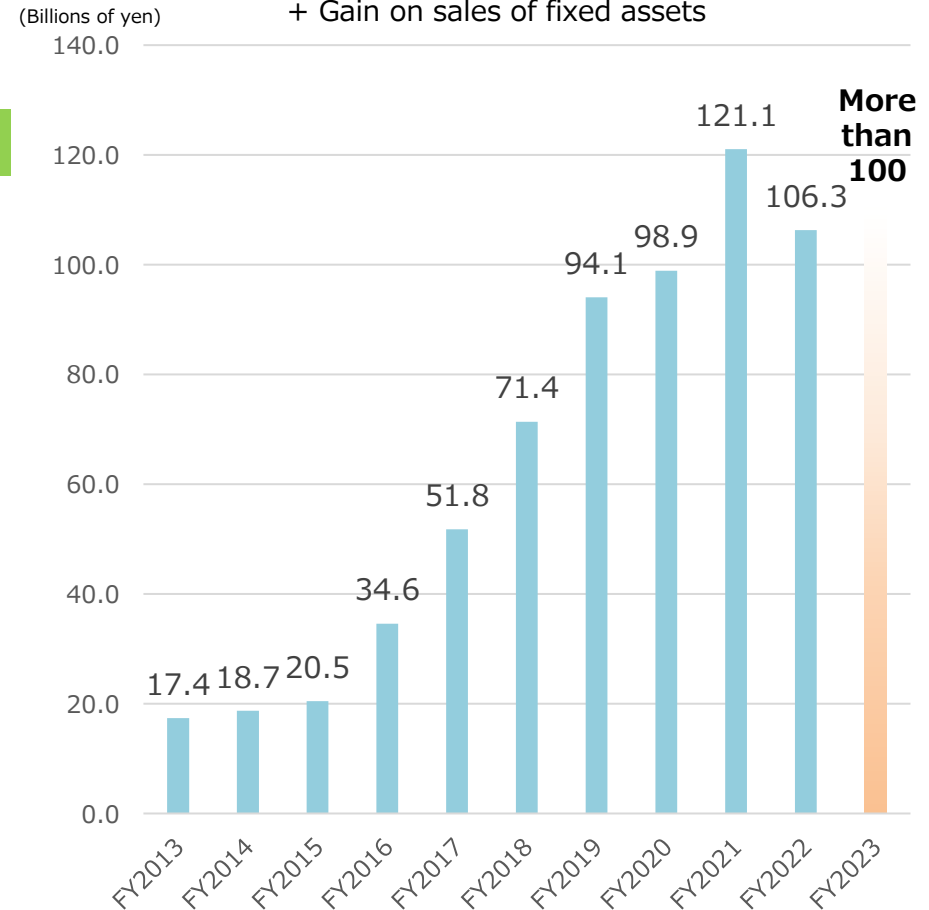
NOI yield 6.3%  
Domestic 6.6%  
Overseas 5.8%



**Asset turnover based on portfolio strategy**

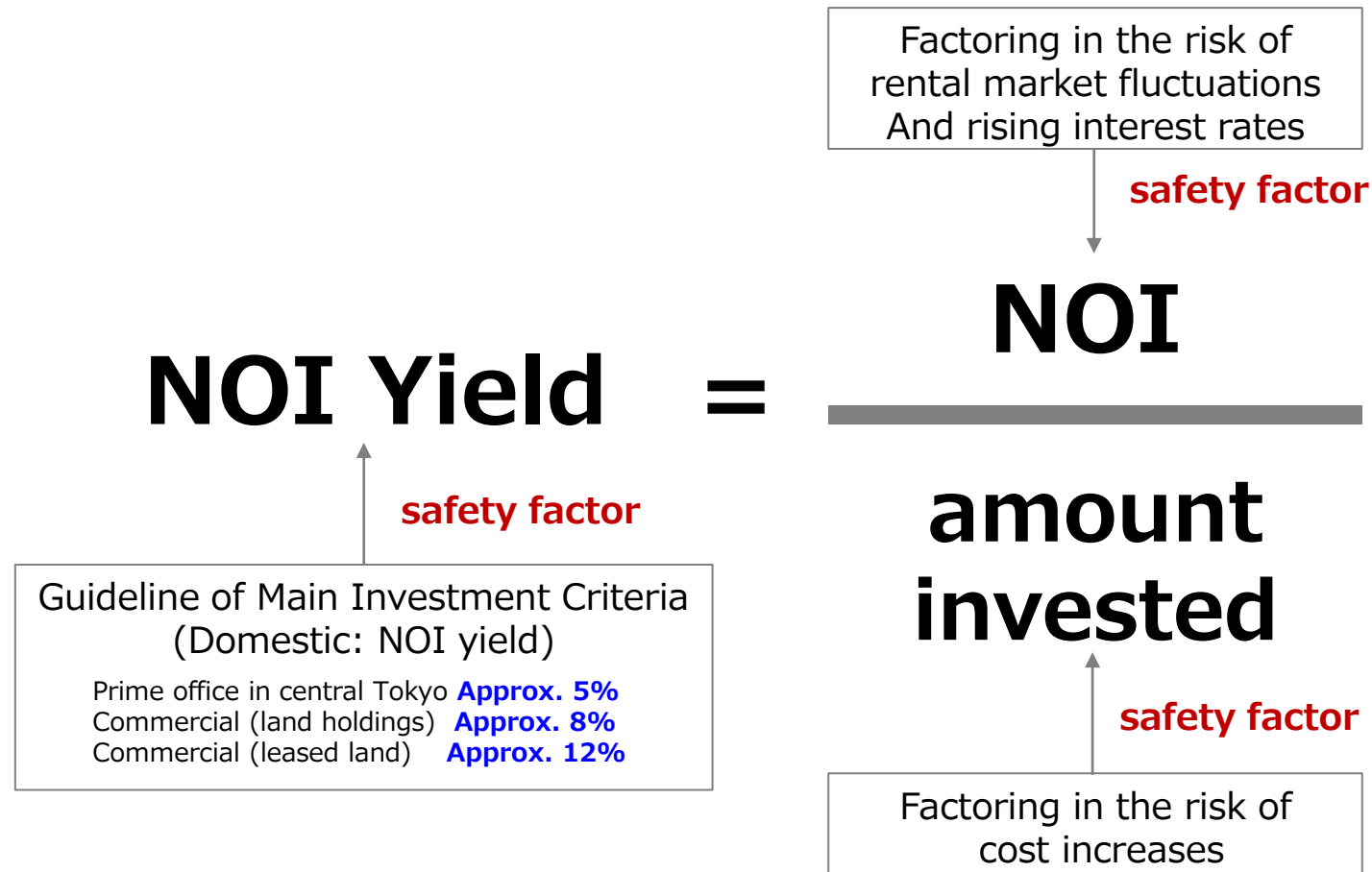
### Gain on sales of real estate

\*Operating income from property sales to investors, etc.  
+ Gain on sales of fixed assets



Ensure sufficient buffer during development planning

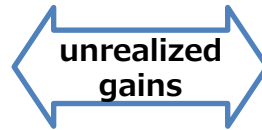
**Safety factor set to take into account market fluctuations such as interest rate and cost increases**



## Holding Assets are well resilient to the risk of rising Cap rates

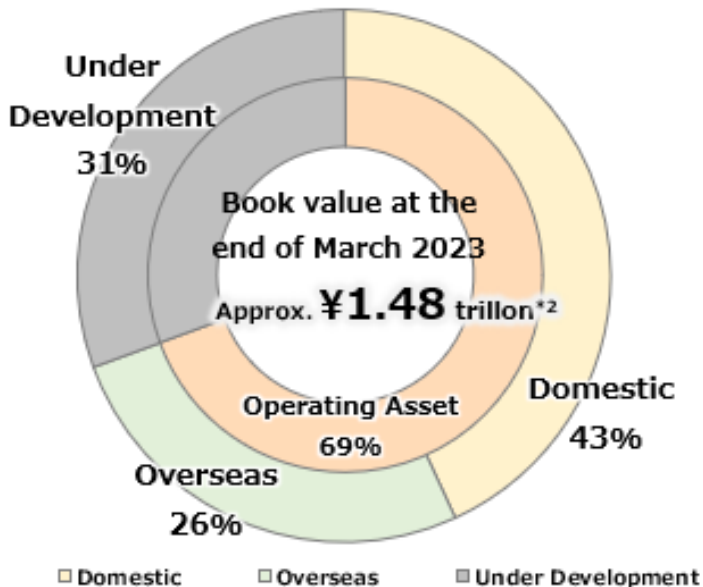
### Operational time

NOI yield: **6.3%**.



### At the time of sale

NOI yield: **approx. 3-4%** (recent results)



Operating assets Book value:  
approx. 1 trillion yen



NOI: approx. 65 billion yen

**Market value = NOI ÷ NOI yield at time of sale**  
(65 billion yen) (Assuming 3% to 4%)

**Unrealized gains = Market value - Book value**  
(Approx. 1 trillion yen)

Assuming a yield of 3-4%,  
the unrealized profit is

**600 to 1,100** billion yen

# 5. competitive advantage and risk tolerance ③ Management

Abundant exit channels, including not only our sponsored J-REITs but also financial and business corporations

## Expanding management profit under the "Joint Value Creation Model with Investors"



### J-REITs managed by our group

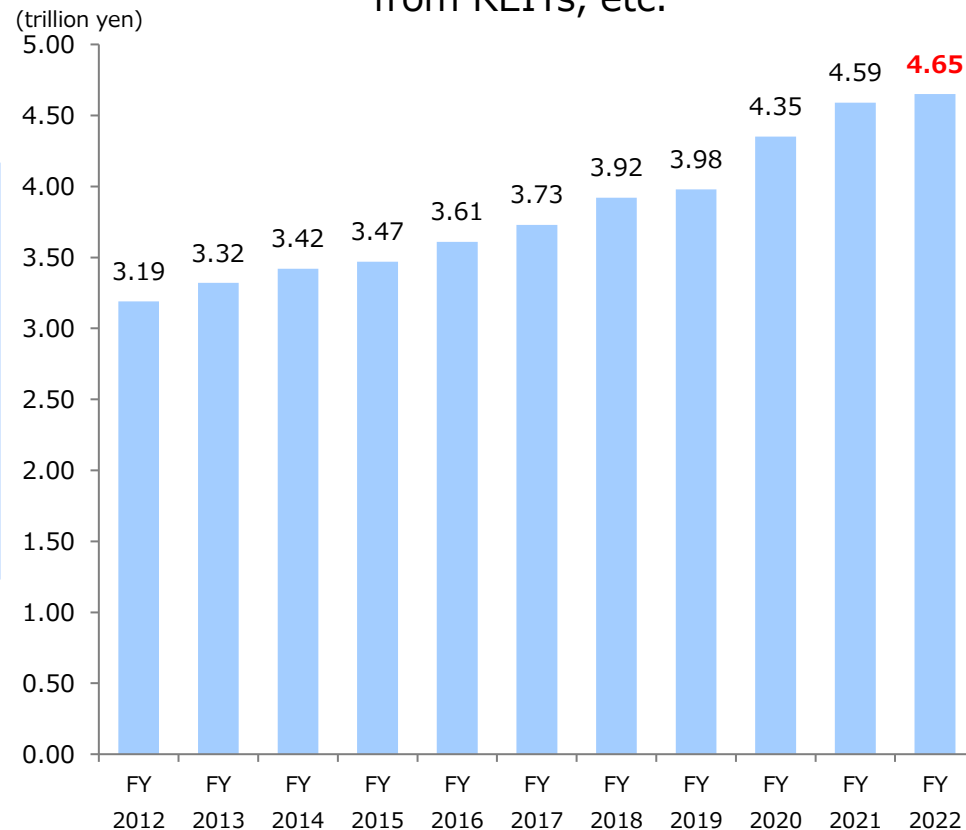
<b>NBF</b> Nippon Building Fund	AUM: Approx. 1,450 billion yen
<b>Nippon Accommodations Fund</b>	AUM: approx. 340 billion yen
Frontier Real Estate Investment Corporation	AUM: approx. 350 billion yen
<b>MFLP</b> Mitsui Fudosan Logistics Park Inc.	AUM: approx. 350 billion yen

### Private funds and REITs managed by the Group

<b>MITSUI FUDOSAN INVESTMENT ADVISORS</b> (Private fund formation and management)	AUM Approx. 1,500 billion yen
<b>MFPR</b> Mitsui Fudosan Private REIT	

Institutional investors, business corporations, financial corporations, etc.

Changes in assets under management from REITs, etc.



# 5. competitive advantage/risk tolerance

## Continuing to communicate Mitsui Fudosan Group's capabilities in generating value

### "holding & leasing, development & sales and Management"

Flexibly combine three core businesses according to the business environment. Achieve balanced profit growth.

total assets

Approx. **8.8** trillion yen



### "Holding & Leasing"

Strengthening the quality of owned assets

### "Investor Coexistence"

Pursue profitability and efficiency by not only "holding & leasing", "development & sales", but also by expanding the "management" of Assets Under Management

AUM

Approx. **4.7** trillion yen

Aim for medium- to long-term ROA improvement by flexibly combining

### "Development & Sales"

Realization of "unrealized gains"

### "Management"

Pursuit of "high efficiency"

**NBF** Nippon Building Fund

**Nippon Accommodations Fund**  
Frontier Real Estate Investment Corporation

**MFLP** Mitsui Fudosan Logistics Park Inc.

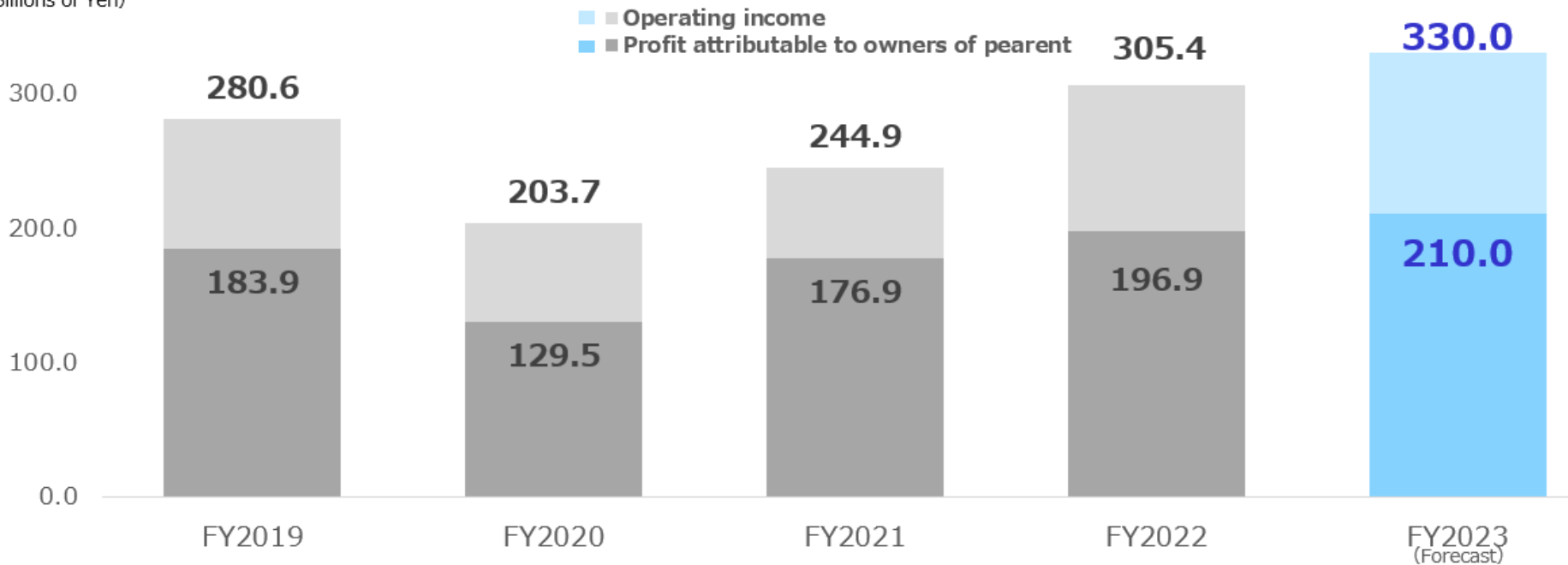
**MFPR** Mitsui Fudosan Private REIT

PF, business corporations, individuals, etc.

**"Superior Competitiveness" and "Risk Tolerance."**

# 6. current status and future of operational assets

(Billions of Yen)



■ The impact of COVID-19\*

FY2020(Results)

Approx. ¥104.0 bil.



FY2021(Results)

Approx. ¥63.0 bil.



FY2022(Results)

Approx. ¥23.0 bil.



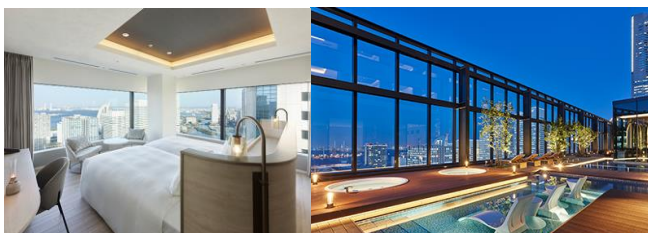
FY2023(Forecast)

To Recovery

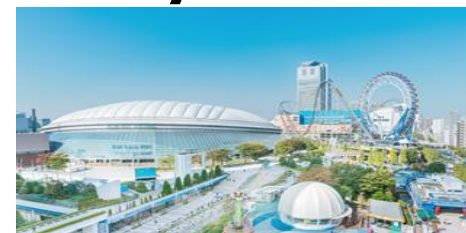
## Retail



## Hotel



## Tokyo Dome



# 6.Current status and future of operational assets ①Retail

## Facility sales

		2022										2023		
		Apr.	May.	Jun.	Jul.	August	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Impact of COVID-19		COVID-19 6th Wave			COVID-19 7th Wave			COVID-19 8th Wave						
LaLaport +MOP*1	Facility sales Ratio for the same period in FY2019	85~95%			80~90%			90~100%				90~100%		

\*1 Mitsui Outlet Park

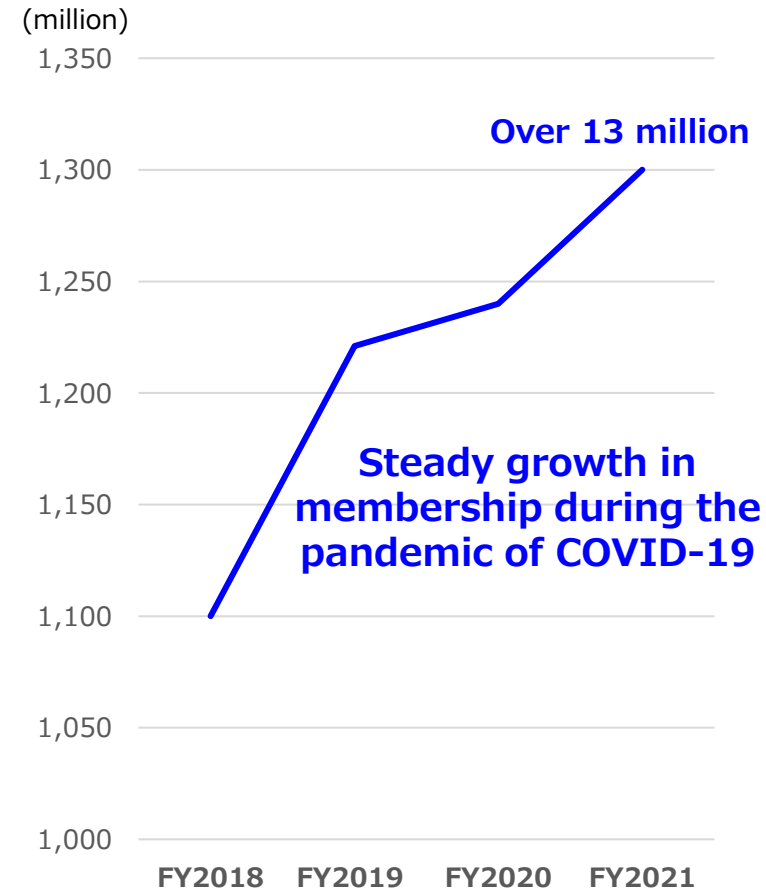
**Vacancy rate of Retail Facilities** : **2.2%**  
(as of the end of March 2023.3)

## National Commercial Facilities Sales Ranking TOP 10

2021 rank	Name of property (anonymous except for Mitsui Fudosan's facility)	2021 Facility sales (billions of yen)
1	A	80.3
2	<b>Lazona Kawasaki Plaza (Mitsui Fudosan)</b>	<b>78.6</b>
3	<b>Lalaport TOKYO-BAY (Mitsui Fudosan)</b>	<b>67.8</b>
4	B	55.4
5	C	54.3
6	<b>MOP Kisarazu (Mitsui Fudosan)</b>	<b>54.3</b>
7	<b>MOP Jazz dream Nagashima (Mitsui Fudosan)</b>	<b>50.0</b>
8	D	49.2
9	E	46.9
10	<b>Lalaport Fujimi (Mitsui Fudosan)</b>	<b>45.7</b>

\*Prepared by Senken Shimbun, "National Commercial Sales Ranking (Senken Shimbun, August 9, 2022).

## Number of Mitsui Shopping Park Members

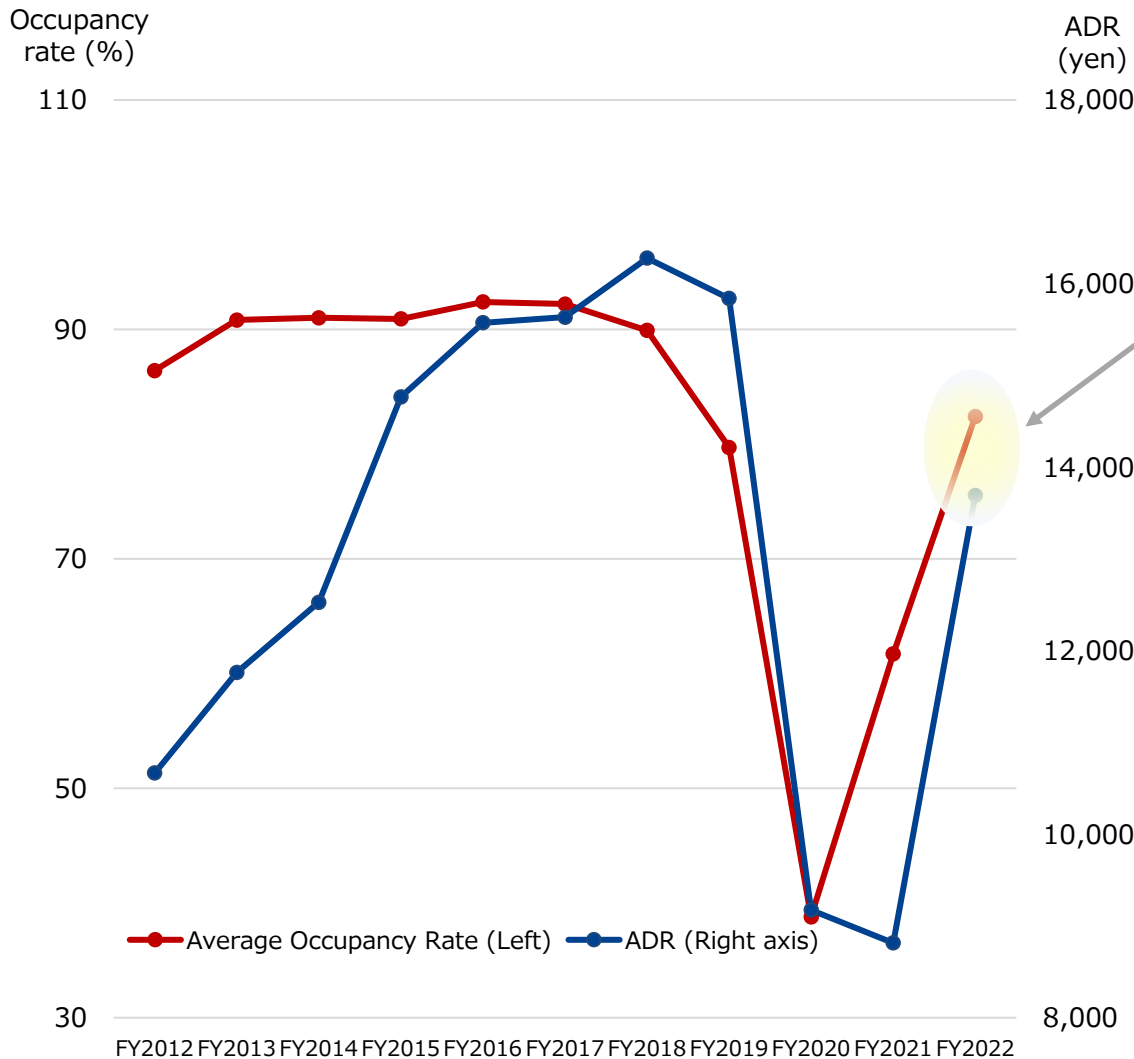


←Mitsui Fudosan  
**50%**



# 6. Current status and future of operational assets ② Hotel

## Occupancy and ADR trends for lodging-oriented hotels



Jan-Mar 2023 **RevPAR**  
vs. Pre-COVID19 (Jan-Mar 2019)

Approx. **110%**

Inbound Lodging Ratio  
(Tokyo)

**60%** level  $\Rightarrow$  **Approx. 60%**  
End of FY2018      End of FY2022

MGH membership :  
**more than doubled**

**370,000**  $\curvearrowright$  **770,000**  
End of FY2018      End of FY2022



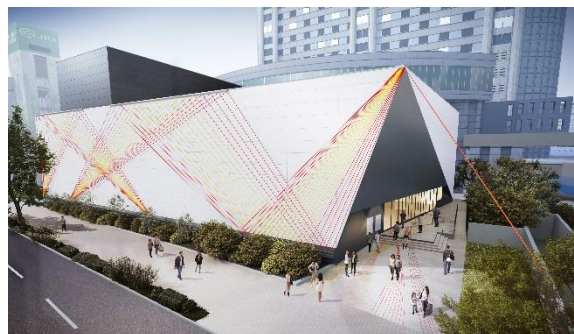
# 6.Current status and future of operational assets ③Tokyo-Dome

**FY2022: Operating income returns to profitability**

**FY2023: Recovery to be higher than last fiscal year**

**When watching sports  
vocal support**

**Renewal of Tokyo Dome City  
(Investment to strengthen profitability)**



New theater to be opened by Tokyo Dome and Yoshimoto Kogyo Group (December 2023)

Tokyo Dome Hotel New Concept Floor is Launched (March 2023)



Renewal of LaQua on the 20th anniversary of its opening (sequentially from March 2023 onward)

Branding  
Enhancement  
Strengthen sales  
and absorb costs

Income/expense  
basis with risk  
factored in

Growth of our  
unique strengths

job retention  
Talent Acquisition

customer retention  
Improvement of  
repeat business

cost reduction  
making efficient

Learnings of the COVID-19 pandemic

**risk reduction of  
operational asset**

### Extension of Mitsui Fudosan's unique strengths (e.g.)

Mixed-Use development(integrated development of office and hotel)  
aimed at strengthening the competitiveness of the neighborhood

 TOKYO MIDTOWN

×

THE RITZ-CARLTON  
Tokyo



 TOKYO MIDTOWN YAESU

×

Bulgari  
Hotel Tokyo



Nihonbashi Mitsui Tower

×

MANDARIN ORIENTAL  
Tokyo



Nihonbashi 1-chome Naka District  
1-chome Redevelopment Project

×

Waldorf Astoria  
Tokyo Nihonbashi



OTEMACHI ONE 

×

Four Seasons  
Hotel Tokyo at Otemachi



 TOKYO  
CROSS  
PARK 構想

(Imperial Hotel, etc.)



(Uchisaiwaicho 1-chome Urban Area Development Project (tentative name))

## Extension of Mitsui Fudosan's unique strengths (e.g.)

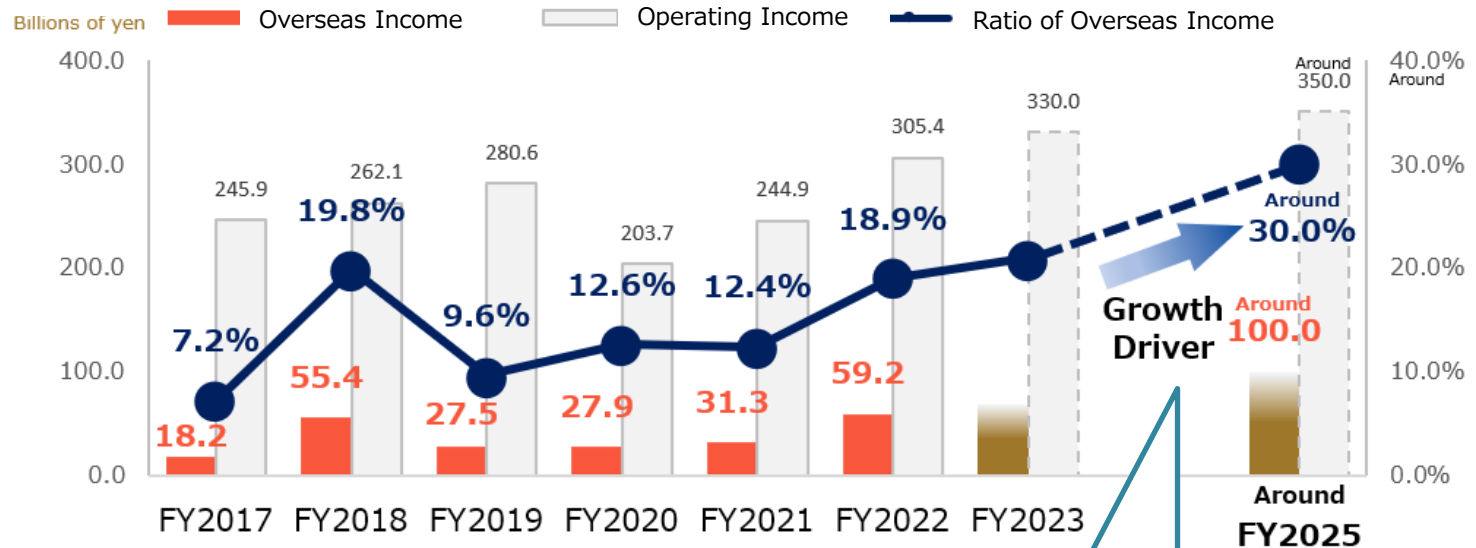
**Utilizing Tokyo Dome Corporation's  
Highly rare skills related to stadium operation and management**



**New Chichibunomiya Rugby Stadium (tentative name) construction and operation project  
: selected as private sector developer**

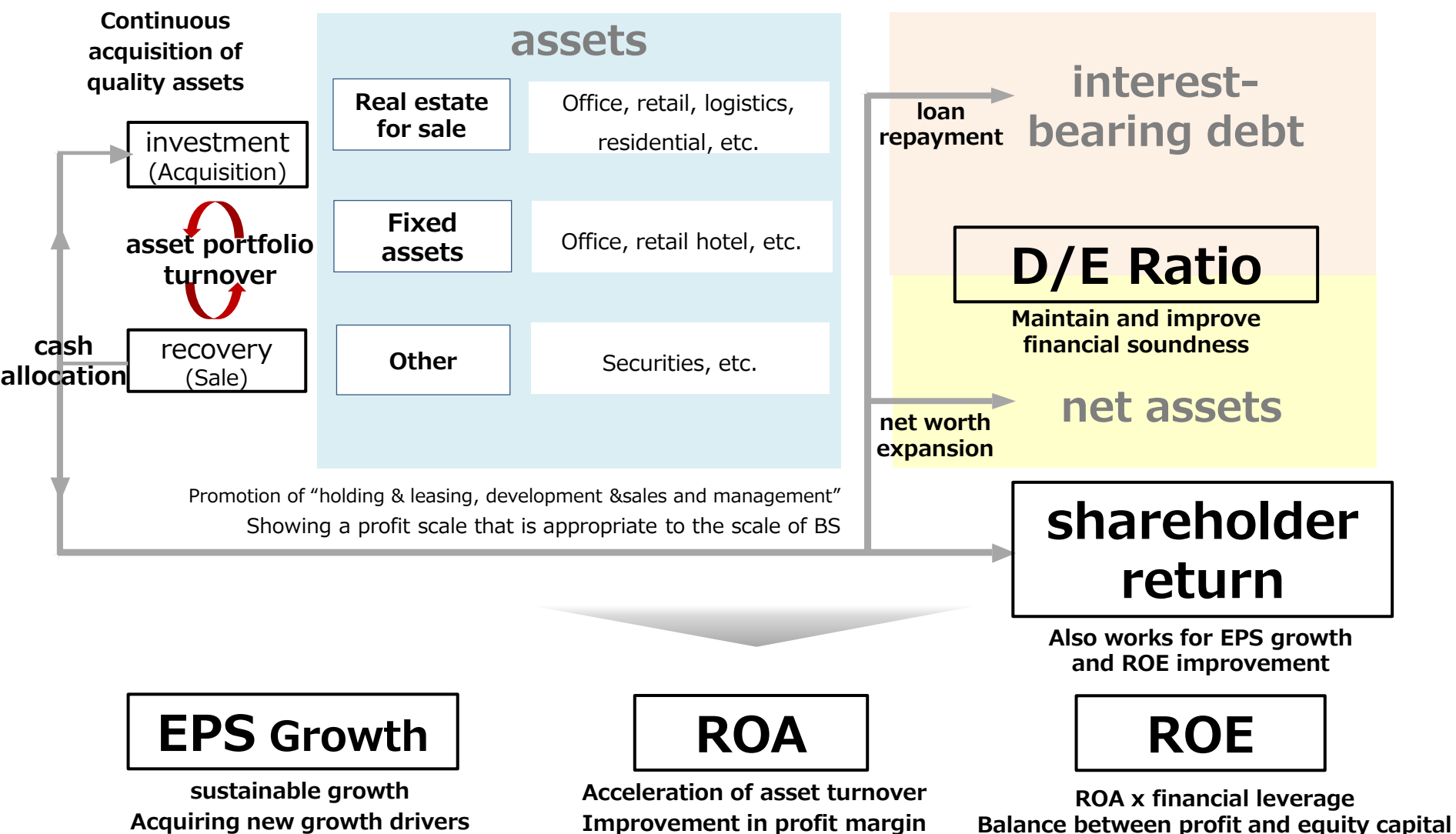
# 7. current status and future of overseas business

Overseas business profit ratio in FY2022 is approx. 19 %  
50HY profit contribution, extensive development pipeline



# 8. both growth potential and efficiency

## Promoting BS control from a long-term perspective



# 9. shareholder return

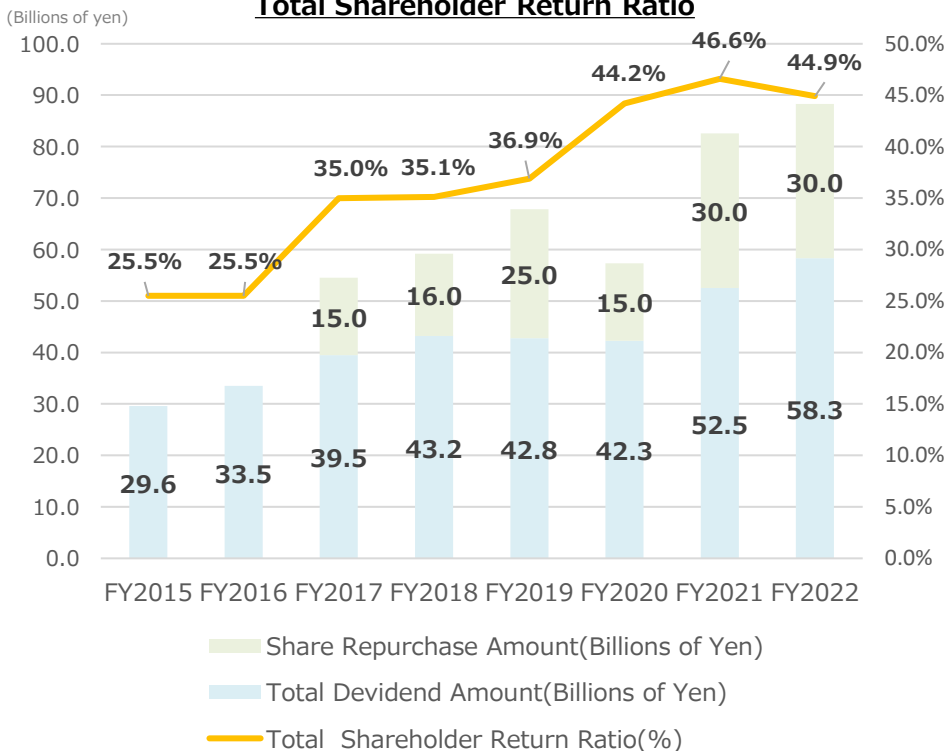
## A stance of Stable and continuous return

The stable payment of dividends while flexible repurchasing own shares  
Having consistently maintained and improved dividends, Progressive dividend performance

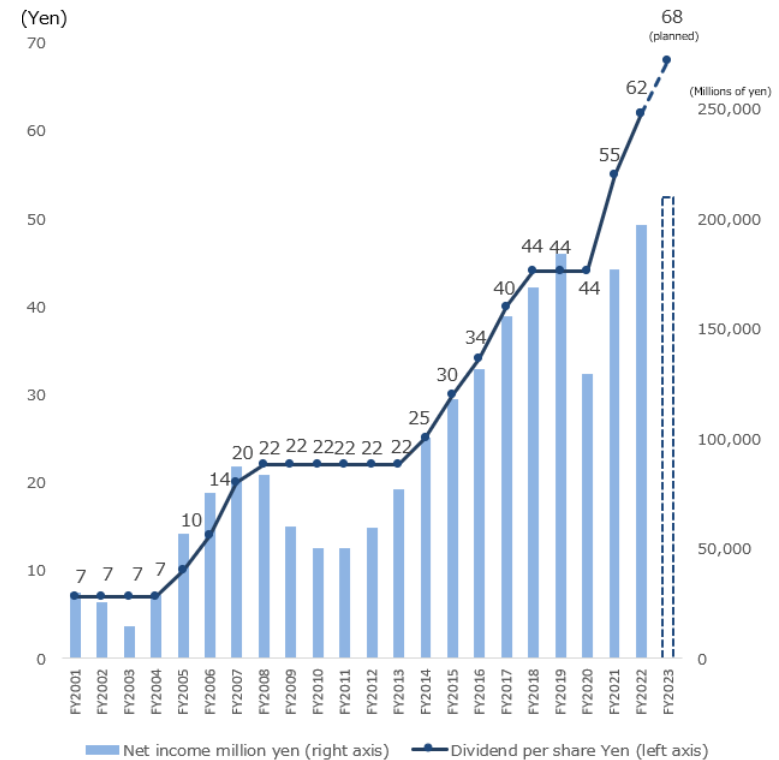


Continue to pay progressive dividends linked to profit growth

**Trends in Total Dividend Amount, Share Repurchase and Total Shareholder Return Ratio**



**Dividends per share and profit attributable to owners of parent**

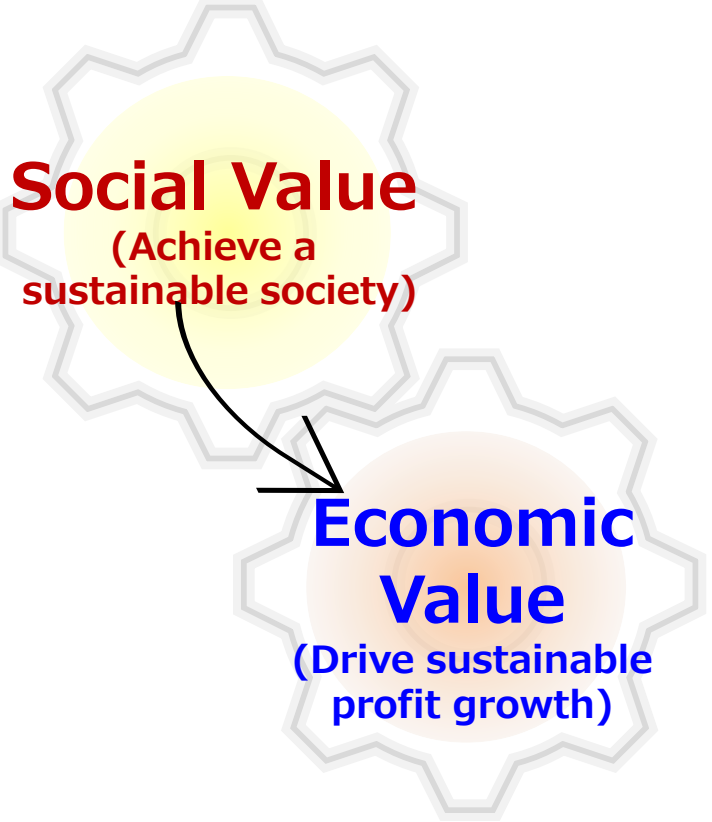


**Finally.**



# 10. social and economic value

## Mixed-Use development x Life Science initiative in Nihonbashi Provision of the Platform

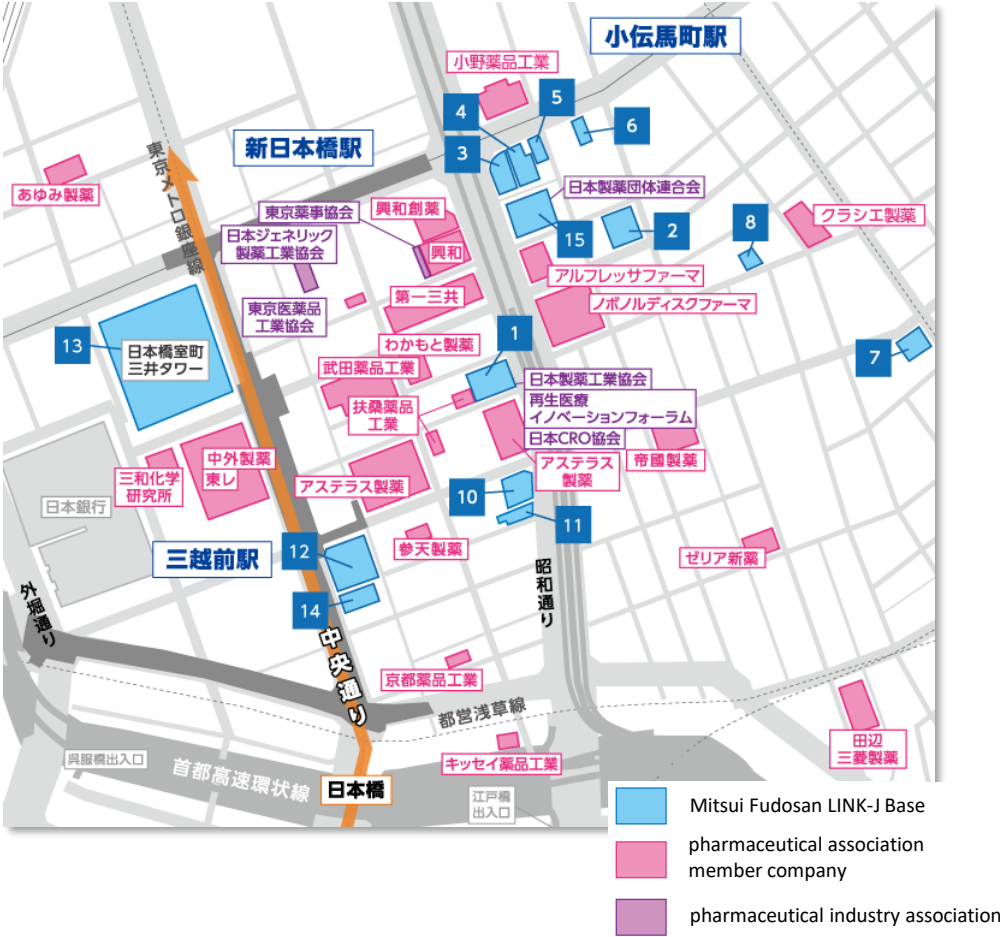


To inspire people, enrich their lives  
and to achieve a sustainable society  
through neighborhood creation

“Earnings and profit growth.”  
“Improvement of efficiency.”

# 10. social and economic value

Nihonbashi had been  
“Home to many pharmaceutical Companies”  
The Pharmaceutical industry scattered around this area



# 10. social and economic value

## Life Science

### Creation of new industries & Becoming a sacred place



Number of members

**652** \*1

Number of events per year

**834** times\*2

Annual event Participation (estimated)

More than **200,000**\*2



Number of Life Sciences Buildings (Nihonbashi area)

**15** buildings\*1

Number of our tenants (Life Sciences Organization) (Tokyo and Osaka area)

**167** organization\*1

\*1: As of February 2023

\*2: Actual results for 2022

The following companies have agreed and sympathized with our activities and thoughts, and have moved to Nihonbashi as our tenants.

**WOVEN** by TOYOTA

**BCG** etc...

**We create new business and new demand as a platformer focused on creating neighborhood.**

- 1. Create new growth opportunities looking 10 to 20 years into the future**
- 2. Pursue sustainable growth with asset and capital efficiency**
- 3. Provide stable and continuous shareholder returns**  
linked to sustainable growth

**Establishment of  
new long-term management policy**

This presentation contains forward-looking statements including details regarding the Company's business results forecasts, development plans, and targets.

All forward-looking statements are based on judgments derived from the information available to the Company at the time this presentation was issued, and are subject to a variety of risks and uncertainties.

As a result, actual results may differ materially from the Company's forecasts due to a number of factors including changes in economic conditions, market trends, and shifts in the operating environment.

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