

# **Investors Meeting Presentation**

## **(Financial Results for 2Q, FY2024)**

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November 12, 2024



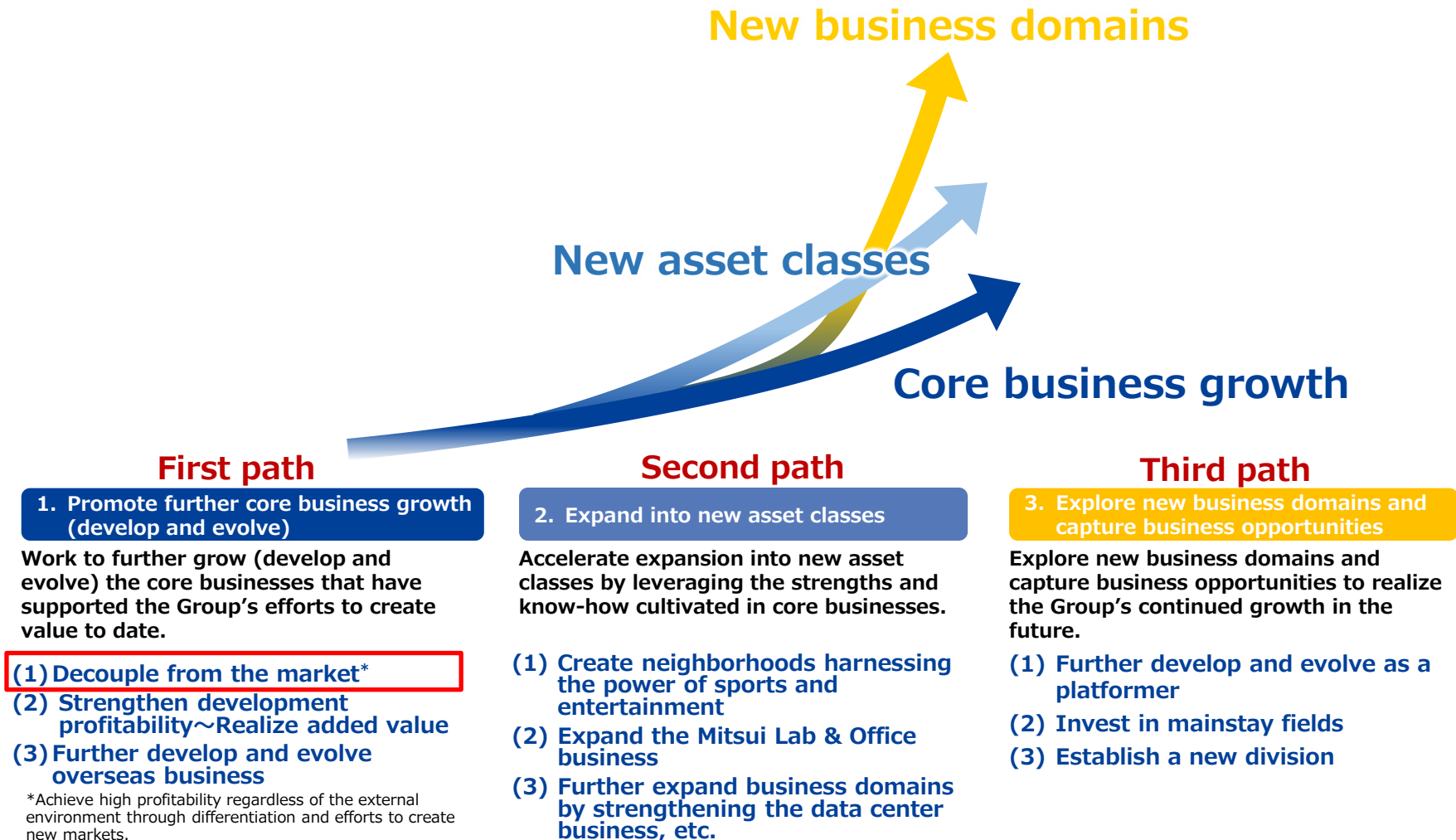
**MITSUMI FUDOSAN**

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

# 1. Core Business Growth: Decoupling from the Market

## & INNOVATION 2030

### Three business strategy paths



# 1. Core Business Growth: Decoupling from the Market

Until now

**Deflationary  
economy**

(Lost 3 decades)

Era when the  
cheap was  
valued

Going  
forward  
**Inflationary  
economy**

Era when added  
value is fairly  
valued

**This will elevate the  
raison d'etre of the  
Mitsui Fudosan Group**

## 2. Office

Diverse needs and requirements related to offices and work styles

We want to promote **face-to-face communication** and **accelerate our initiatives to encourage creative work and innovation**

We want an **office with a superior location and specifications**, along with **services that support work styles, to provide a competitive advantage in talent acquisition and help reduce turnover**

Overly decentralized work has led to a loss of corporate culture. We want **to foster, maintain, and improve corporate culture** by **reviving employee interactions, etc.**

Increasing demand for both tangible (facilities) and intangible (services and events) elements that contribute to **the creation of added value** in the customer's core business. Examples include "innovation", "acquisition and retention of excellent human resources", and "cultivation of corporate culture".

## 2. Office

With a genuine **customer-centric approach**, we respond to the needs of our customers **in a multi-layered way**

**Problem-solving proposals**  
for each company's management issues

(Mitsui Fudosan's solutions x corporate solutions for 3,000 tenants)

Providing **diverse workplaces** and proposing **optimal work styles**  
**Intangible services** and **events** that support ideal  
workplaces and work styles

 **BIZ**

 **WORK STYLING**

 **well**

Provision of **favorable located, high-specification, mixed-use properties**  
×  
**Safe and secure management and operation system**

## 2. Office

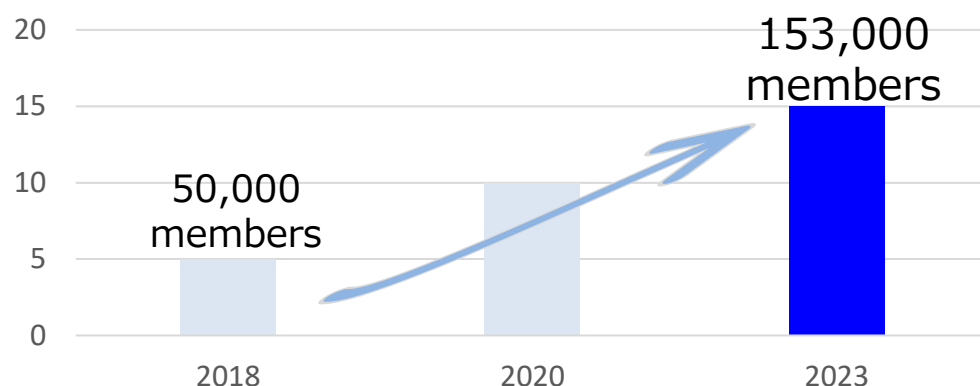
Providing **diverse workplaces** and proposing **optimal work styles**  
supported by **intangible services** and **events**



### Number of members

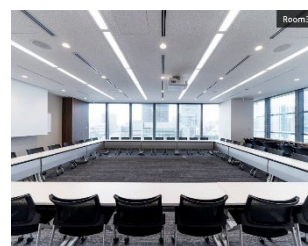
Approx. 150,000 Nearly 3x pre-COVID levels

(10,000 members)



Capturing the increase in spot demand for meeting rooms from more employees coming to work

Revenue: Up **2** times  
(FY2022 → FY2023)



& well walk: A popular event where companies/teams compete over the number of steps

More than 20,000 participants  
from 134 companies

(Number of participating companies rose  
**1.7**times FY2022→FY2023)



## 2. Office

Providing **diverse workplaces** and proposing **optimal work styles**  
supported by **intangible services** and **events**

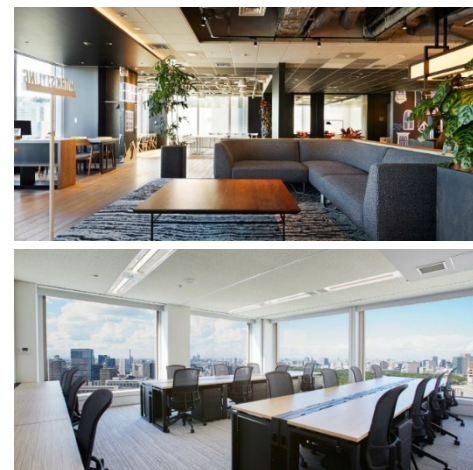
### &WORK STYLING

Number of members: **Approx. 310,000**

nearly **21** times the pre-COVID level

Recently added **20,000** members  
Major contract won!

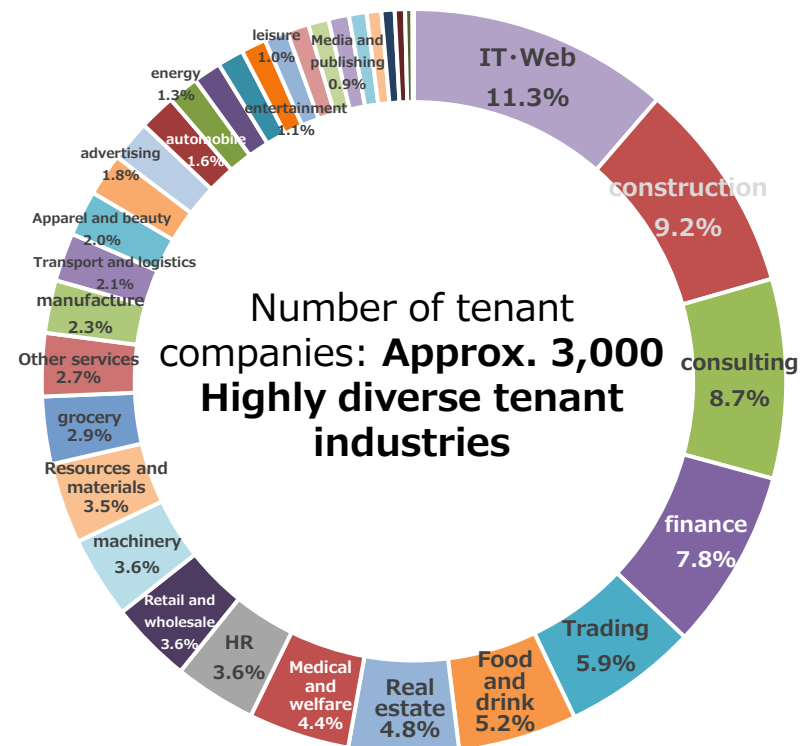
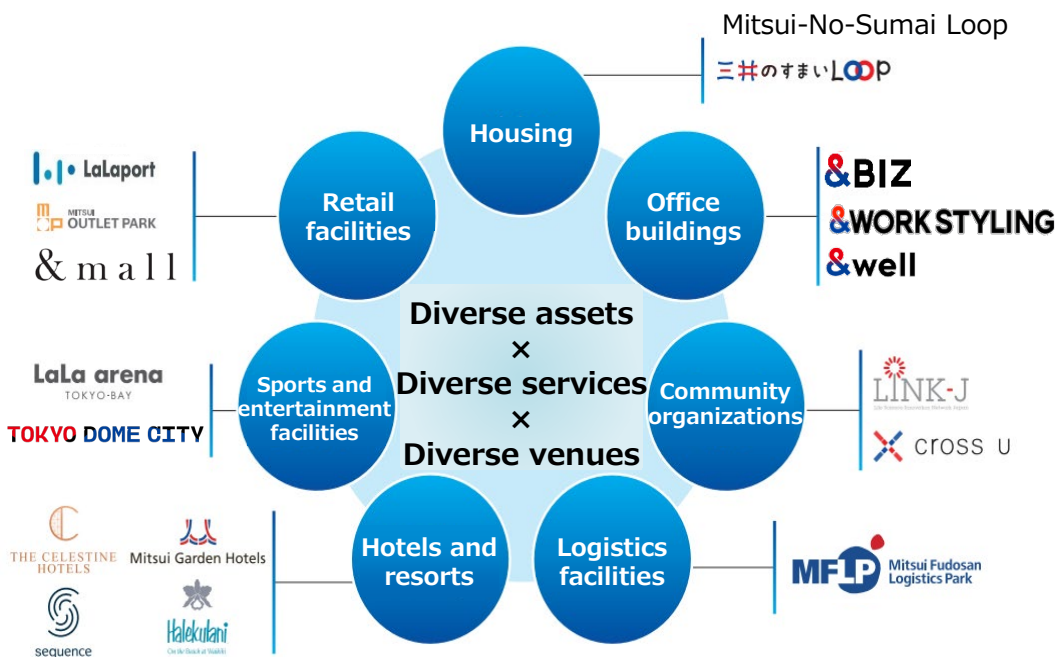
FY2024 Revenue:  
Forecasting **Up 10%** YoY



● Contracted companies (examples)



# 2. Office



**Problem-solving proposals**  
for each company's management issues



## 2. Office

With a genuine **customer-centric approach**, we respond to the needs of our customers **in a multi-layered way**

**An office in a city you want to visit,**  
where you can enjoy a fulfilling worklife

**Problem-solving proposals**  
for each company's management issues

(Mitsui Fudosan's solutions x corporate solutions for 3,000 tenants)

Providing **diverse workplaces** and proposing **optimal work styles**  
**Intangible services** and **events** that support ideal  
workplaces and work styles

 **BIZ**

 **WORK STYLING**

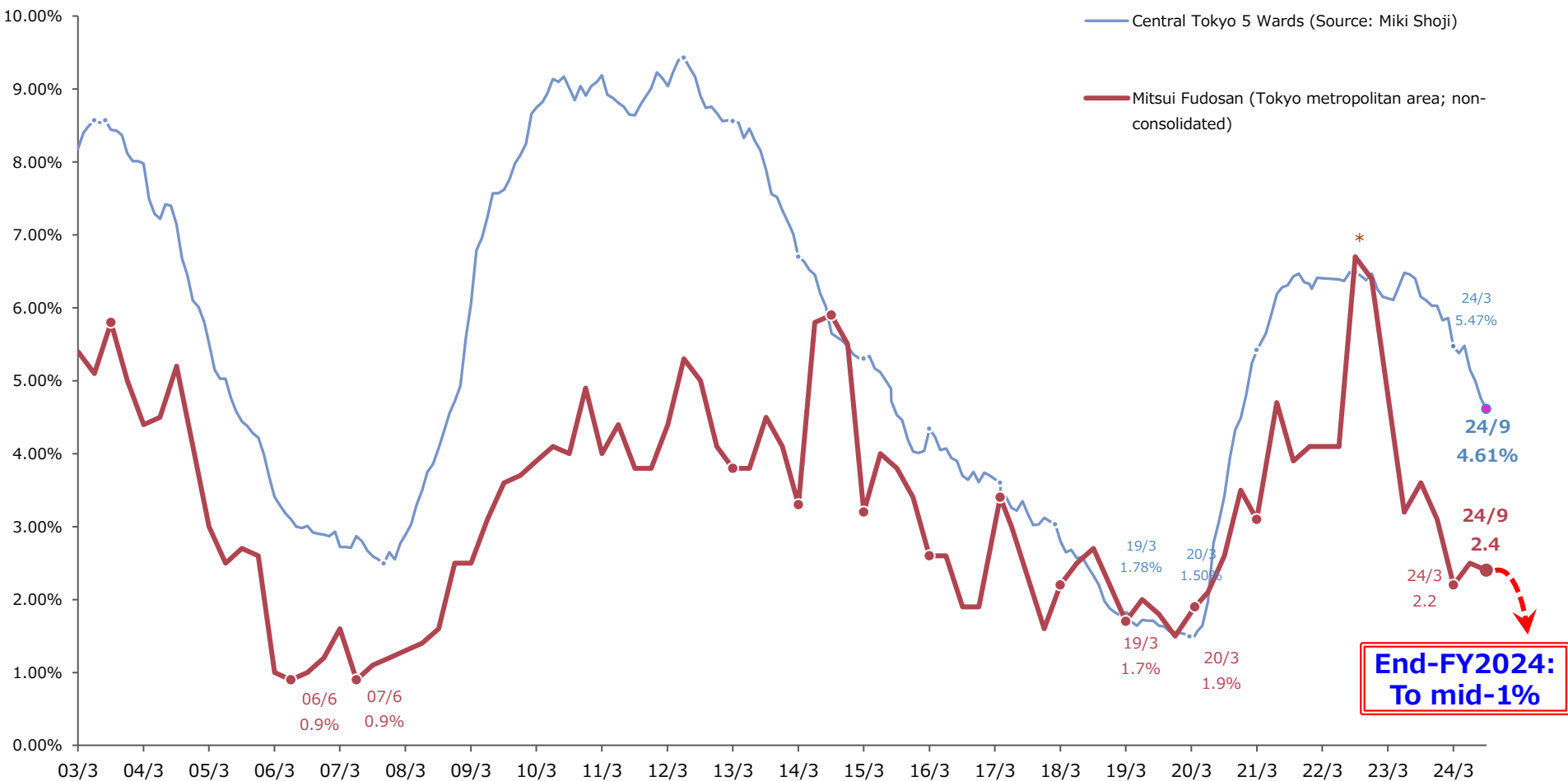
 **well**

Provision of favorable located, high-specification, mixed-use properties  
×  
Safe and secure management and operation system

## 2. Office

### FY2024 FY-end Vacancy Rate To significantly improve

from the initial target of around 2% to **mid-1%**



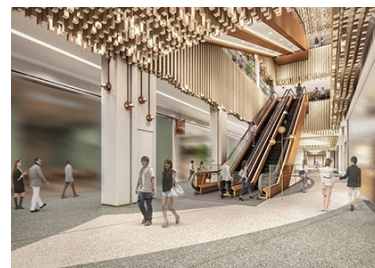
\*Temporary increase accompanying to the opening of TOKYO MIDDTOWN YAESU

## 2. Office

### Nihonbashi 1-chome Central District project

Steady progress in concluding contracts  
with top rents for the area

Leasing has been **largely completed.**



## 2. Office

### 1H 2024 Initiatives

Lease contracts where  
tenant has agreed to  
a higher rent  
(Tokyo Metropolitan Area)

**80%**

Rate of rent  
increase

**More than  
10 or 15%**  
in multiple cases

### Future initiatives

In principle, we aim to  
negotiate for higher  
rents on  
**all projects**

Continue aiming for  
**high levels**  
of rent revision rates



### 3. Retail, Sports & Entertainment

In the Senken Shimbun **shopping center sales rankings** (published in August 2024), Mitsui Fudosan as a developer had the **most facilities ranked** in the **Top 10**, with **four properties**.

Rank	Facility name	Revenue (FY2023)
2nd	Lazona Kawasaki Plaza	¥91.8 billion
6th	Mitsui Outlet Park Kisarazu	¥64.3 billion
7th	LaLaport TOKYO-BAY	¥62.8 billion
9th	Mitsui Outlet Park Jazz Dream Nagashima	¥56.7 billion

Source: Senken Shimbun, August 7, 2024

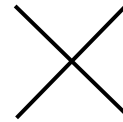


# 3. Retail, Sports & Entertainment

## Retail Properties Division



## Tokyo Dome Department



**Apr 2024: Retail Properties, Sports and Entertainment Division established**

**+**

**Apr 2024: LaLa Arena TOKYO-BAY completed**



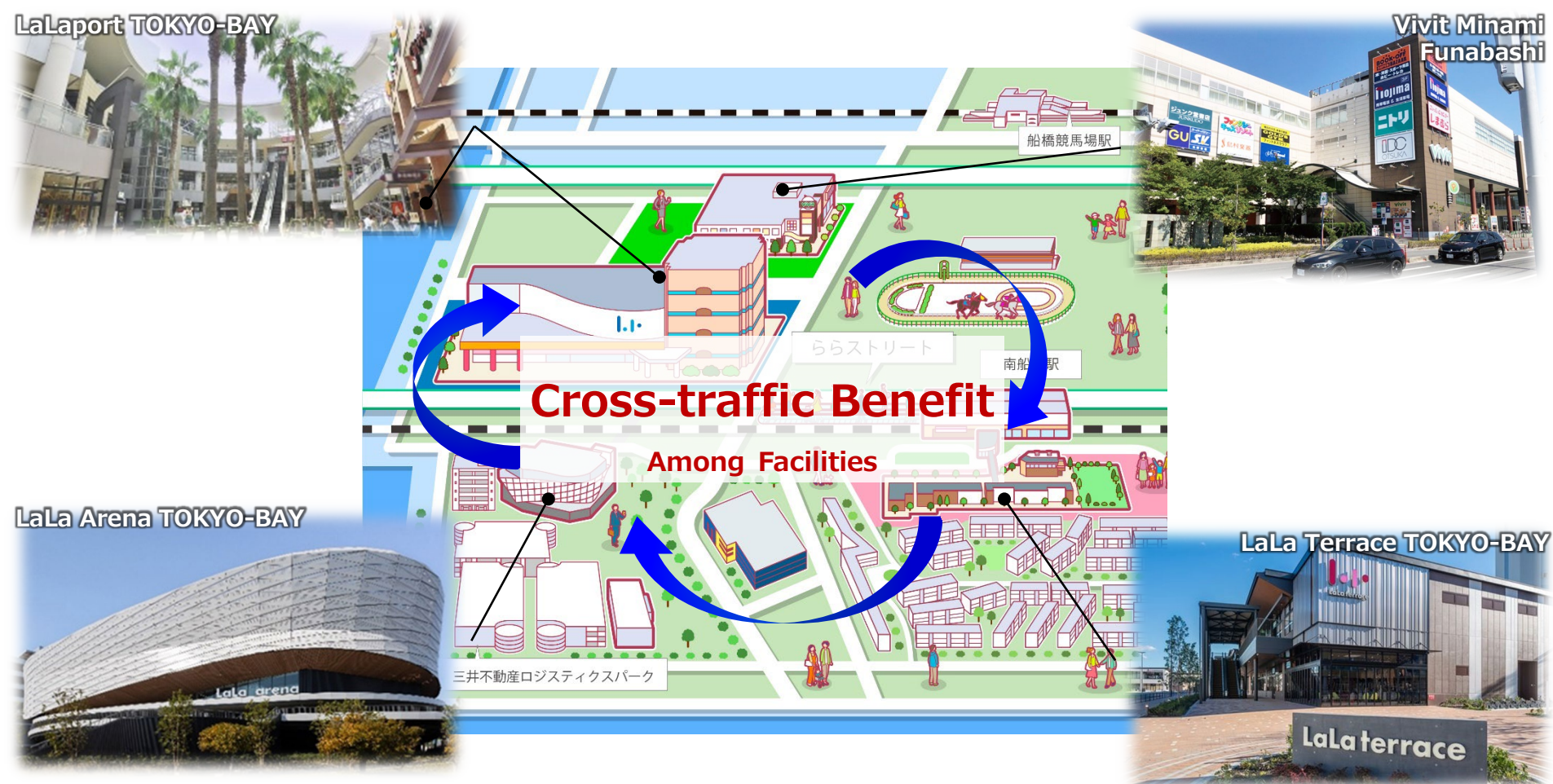
**Maximizing Customer Experience Value**  
through Synergies

1H FY2024 Revenue **up 6%** YoY



### 3. Retail, Sports & Entertainment

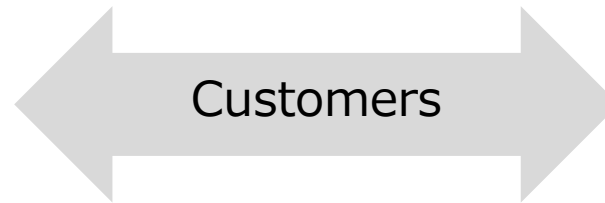
Number of visitors to LaLaport were **up 30% YoY**  
in some periods thanks to events at LaLa Arena



### 3. Retail, Sports & Entertainment



Concerts  
Sporting  
Events



Announcement  
(event recognition)  
Ticket sales  
Merchandise sales  
Satellite events



**Pop-up stores for famous artists  
were opened at MIYASHITA PARK**



Some stores generated **over 10 times**  
the average **per tsubo sales** of  
MIYASHITA PARK tenants

Pop-up store to coincide with Bruno Mars's Tokyo Dome concert



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# 4. Logistics Facilities

**Strong  
earning power**

Favorably located, high-spec, neighborhood creation-type logistics facilities  
Leverage a strong customer base to directly approach end-users/  
Strong relationships with logistics companies  
Solutions-based marketing to address tenant issues, such as the use of ICT equipment

## Nighborhood creation-type logistics facilities

Instances of lease contracts with rents

**1.3x** higher than the market

(Example of MFLP·LOGIFRONT TOKYO ITABASHI ·MFLP FUNABASHI·MFIP HANEDA etc.)

## Rate of rent increase of neighborhood creation-type logistics facilities

**+10~15%** for multiple properties

MFLP·LOGIFRONT TOKYO ITABASHI



MFIP HANEDA



MFLP FUNABASHI



MFLP ICHIKAWA  
SHIOHAMA II





# 5. Property Sales to Individuals

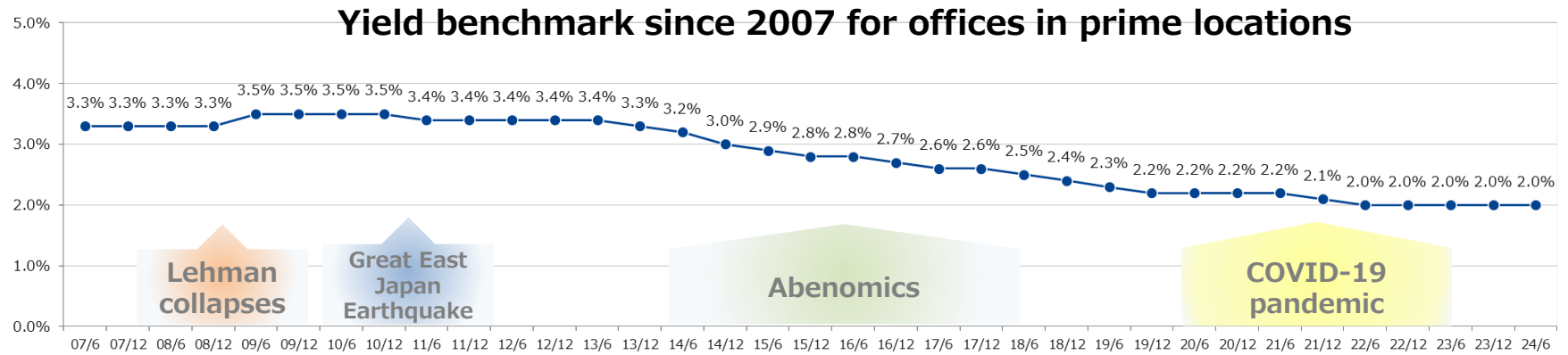
Average unit price in FY2024: **Over ¥100 million**  
Relative to full-year plan for units to be reported,  
contract rate as of end-September: **Over 97%**

Business income forecast for  
the current fiscal year  
**Highly likely to achieve  
¥96.0 billion target**



# 6. Property Sales to Investors

Yield benchmark for offices in prime locations ➤ Cap rate **stable at low level**



資料：日本不動産研究所

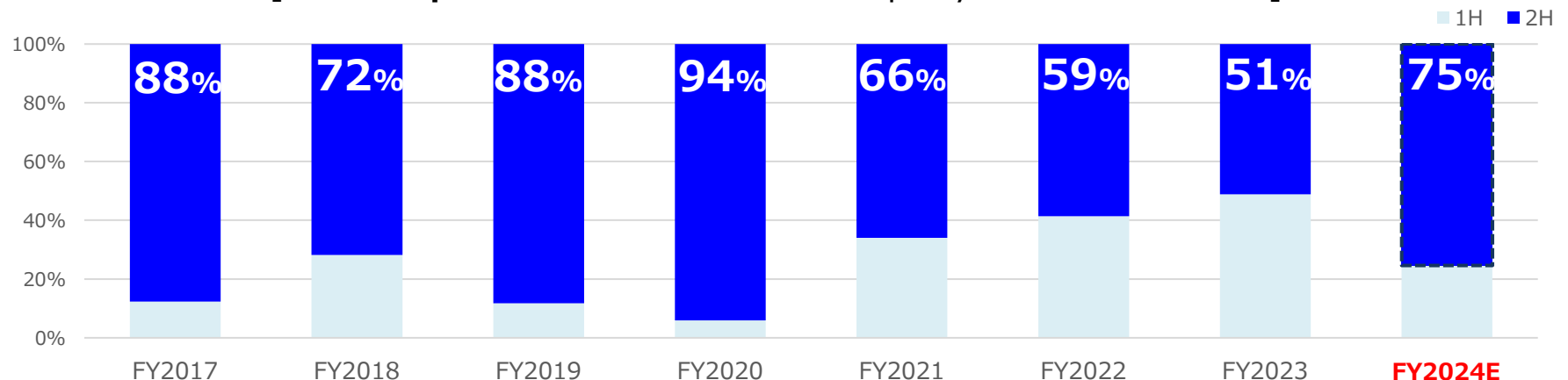
Source: Survey by Japan Real Estate Institute

プライムエリアオフィス：千代田区丸の内・大手町、中央区日本橋地区における築5年程度、延床面積20,000坪以上、基準階面積500坪以上  
利回りベンチマーク（NCFベース）：日本不動産研究所が還元利回りの査定においてベースとする各用途・各地域ごとの利回りを指す

Offices in prime locations: Office buildings around five years old located in the Marunouchi, Otemachi, and Nihonbashi areas with total and standard floor areas of 66,000 m<sup>2</sup> or more and 1,600 m<sup>2</sup> or more, respectively.  
Yield benchmark (on an NCF basis): Yield by use and region based on an assessment of capitalization rates by the Japan Real Estate Institute.

Property Sales to Investors profit ➤ **Profit recognition typically skewed to 2H**

[Ratio of profits booked in 2H in Property Sales to Investors] Trend



# 6. Property Sales to Investors

## Domestic

### Property Sales to Investors

Gradual **interest rate hikes**  
**Absolute interest rates remain low**  
(Cap rate stable at low level)

## Overseas

### Property Sales to Investors and Individuals (Overseas)

**Interest rate cuts in the US**  
**Continuing uncertainty**  
(Persistently high cap rate)

Financial environment  
Cap rate

Transactions in this FY

Steady sales  
**Profit to overshoot**

Specific properties with limited prospects for future upside  
**Choose to take early action by selling**

Vs initial plan  
**UP**

Vs initial plan  
**DOWN**

Profit outlook

Property Sales to Investors In-line



# 7. Overseas Business

**Steady progress** in overseas **leasing** of offices and rental residential properties, etc.

## East Coast US

### 50 Hudson Yards

Occupancy rate 90% → **95%**  
(End-Mar 2024) (incl. preliminary commitments)

Rent level achieved on a recent contract  
**Approx. 2 times**  
(Vs initial plan)

Hudson Yard (New York)



## West Coast US

### Torrey View

(Mitsui Lab & Office)

Leasing **100%**

(Total floor space:  
approx. 45,500m<sup>2</sup>)

Torrey View(San Diego)



## US Sunbelt

### Steady progress on leasing

In some cases, rent exceeded  
initial assumptions by **+15% or  
more**

Maple Terrace(Dallas,Texas)



1439 Peachtree(Atlanta,Georgia)



# 8. Management



Revised hourly rates  
**Increased** in over **50%**  
of business locations\*

\*23 wards of Tokyo

If you are relocating, choose Mitsui's Rehouse.

Number of purchase and  
sale transactions brokered  
in Japan in FY2023

**38,680**

Customer  
satisfaction

**97%**

Number of purchase and  
sale transactions brokered in  
Japan

**38 years in a row**

Annual number of  
consultation cases

Over **320,000**

**No.1**

Mitsui's Rehouse

Let's  
Rehouse.



Brokerage deals  
Unit price

Up just under

**10%** YoY

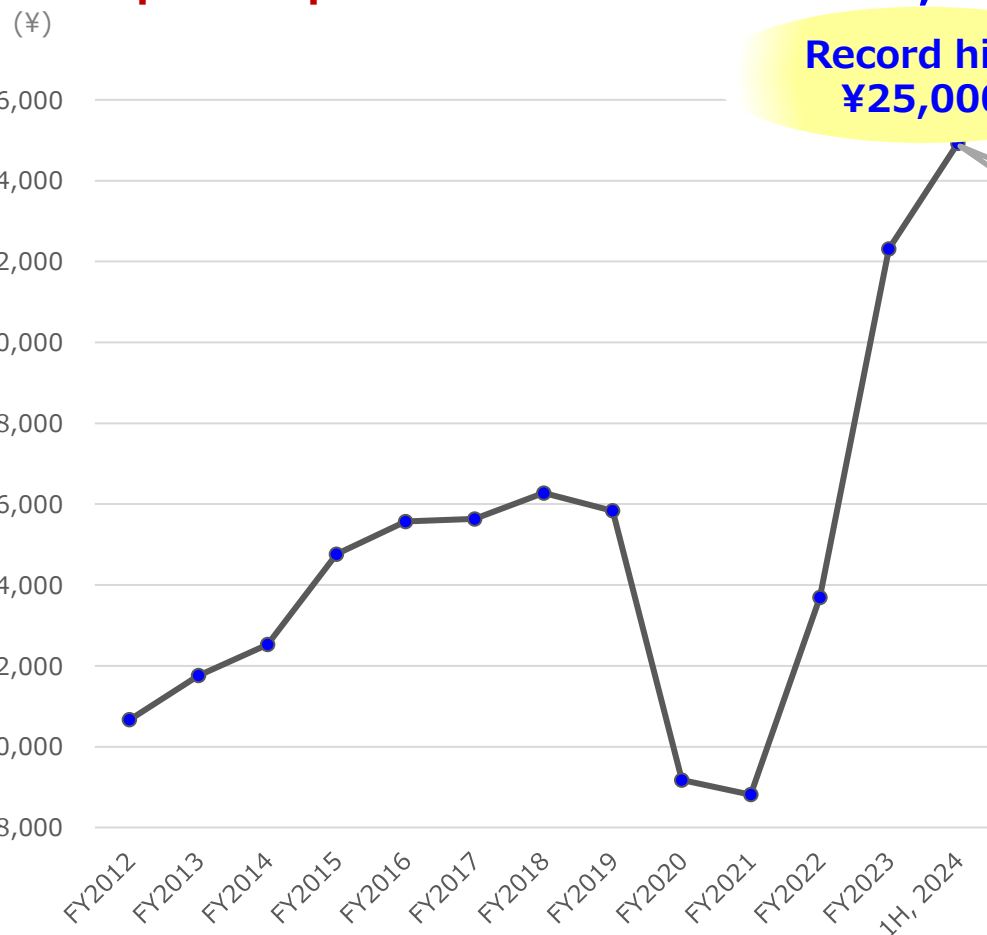


**Increase in commission  
revenue**

# 9. Hotels & Resorts

## ADR of lodging-focused hotels:

**Surpassed previous record** to hit **¥25,000**, continuing trend from last year.



**ADR**  
(Lodging-focused hotels)

**Up Over 50%**  
vs. pre-COVID levels  
(Vs 1H 2019)

**Up over 20% YoY**

**Reservation conditions into the year-end are strong.  
2H profits also likely to exceed 2H FY2023 levels**



## 9. Hotels & Resorts

A new luxury hotel of the highest class built by the Mitsui Fudosan Group will be established on a site with ties to the Mitsui family in Kowakudani, Hakone  
**“HOTEL THE MITSUI HAKONE”** Opening in 2026





# 10. Conclusion

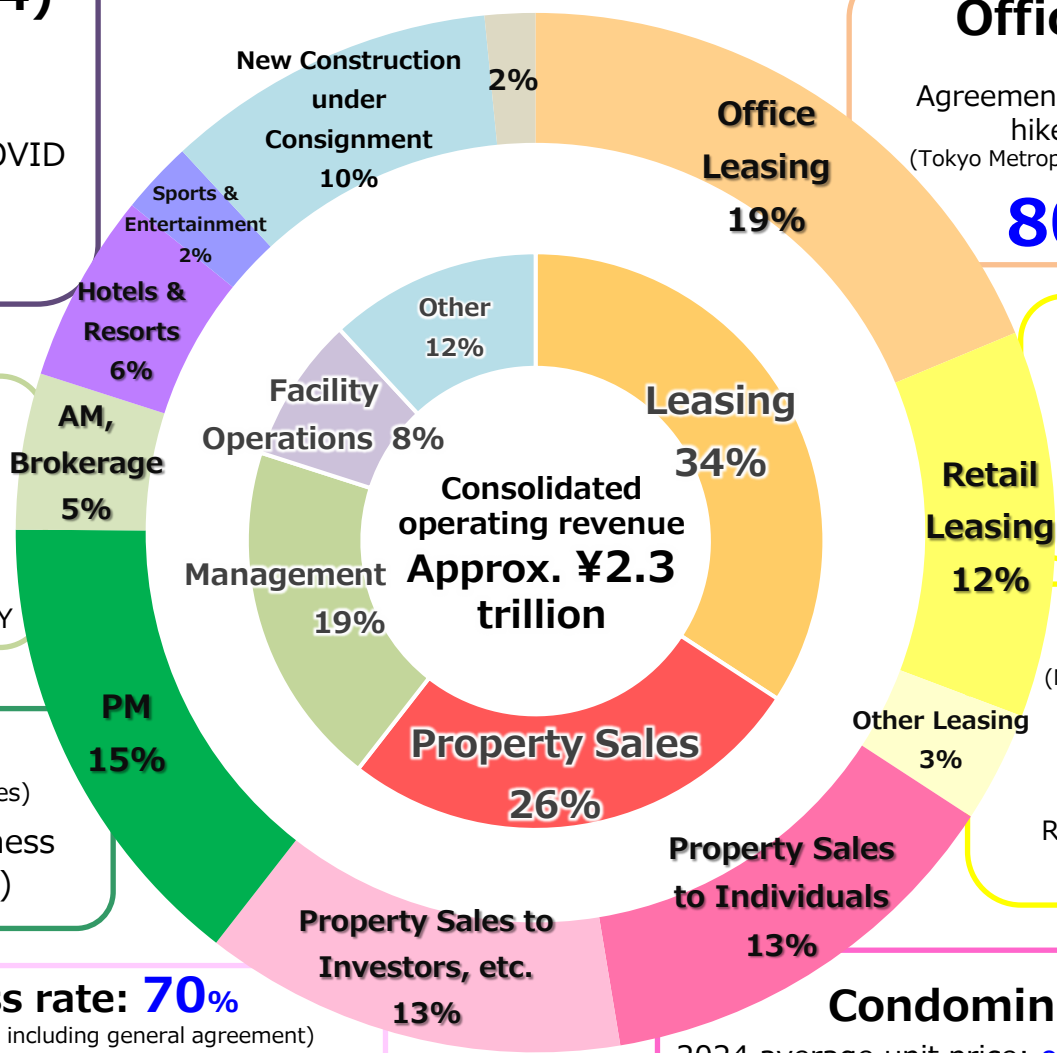
## Hotels (1H 2024)

ADR: **¥25,000**  
Up **Over 50%** of pre-COVID levels  
Up **over 20%** YoY

Unit price of brokerage transactions for individuals  
Up **just under 110%** YoY

**Repark**  
(Hikes in hourly parking rates)  
At **over 50%** of business locations (23 wards)

**Progress rate: 70%**  
(Contracts concluded, including general agreement)  
**All transactions are expected to be agreed on by the end of the year.**



## Office (1H 2024)

Agreement on rent hikes (Tokyo Metropolitan Area)  
**80%**

Rate of rent increase (In multiple cases)  
**Over +10~15%**

## Retail facilities (1H 2024)

Facility sales YoY  
**106%**

## Logistics

(Multiple examples of neighborhood creation-type logistics facilities)  
Rent: **30%** higher than surrounding properties  
Rent revision rates **+10 to 15% or higher**

## Condominium Sales

2024 average unit price: **over ¥100 million (+ 20%** over the average for the Tokyo metropolitan area)  
Contract progress rate: **Over 97%**

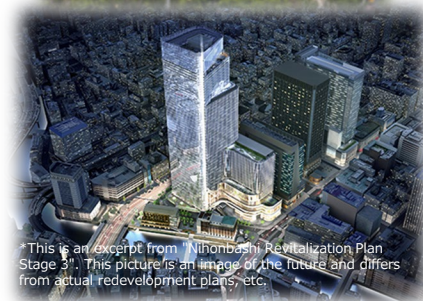
# 10. Conclusion



**Highly competitive assets**  
**High-value-added services**

**Decoupling for each asset & service**

**Topline growth**



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

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