

October 26, 2020

For immediate release

Mitsui Fudosan Residential Co., Ltd.

**Minato Ward's First Use of Site Sales System
under the Act on Facilitation of Reconstruction of Condominiums**

**Authorization Obtained* on the Hamamatsucho Business Condominium
Site Sale Project and Demolition Started**

**- 47-Year-Old Building with Mainly 12 m² Investment Apartments
Converted to 18-Story Condominium -**

* Approval obtained for cash distribution plan

Features of this Project

- ① Minato Ward's first*¹ use of the site sales system stipulated in the Act on Facilitation of Reconstruction of Condominiums. Also leverages the special system for easing floor area ratio restriction*² (raising floor area ratio from 400% to 600%) for revitalizing aging properties.
- ② Rebuilding a 47-year-old apartment building, more than 90% of which is approx. 12 m² and mainly comprised of investment units, as a condominium complex with 18 aboveground floors and 102 units.
- ③ Contributes to enhancing disaster readiness and scenery of the Takeshiba area where large-scale development is moving forward.

Tokyo, Japan, October 26, 2020 - Mitsui Fudosan Residential Co., Ltd. hereby announces that demolition work on the existing property commenced on October 23 for the Hamamatsucho Business Condominium Site Sale Association based in Kaigan 1-Chome, Minato-ku, Tokyo. Mitsui Fudosan Residential jointly promotes the project with titleholders as a collaborator and buyer, acquiring from the Minato Municipal Government approval for the cash distribution plan On October 7 and receiving handover of the property and building from the site sales association. This project utilizes the site sales system and special system for easing floor area ratio restriction stipulated in the Act on Facilitation of Reconstruction of Condominiums revised in 2014.

The Hamamatsucho Business Condominium is a 47-year-old*⁴ condominium complex with 9 floors above ground and a total of 154 units*³. It's 6 minutes by foot from JR Hamamatsucho Station and 2 minutes by foot from Takeshiba Station on the Yurikamome Line. Highly convenient for public transportation and close to Tokyo Metropolitan Takeshiba Pier Park, Hamarikyū Gardens and the former Shiba Rikyū Garden, its location in the Takeshiba area allows visitors to enjoy greenery while being in the center of the city. Multiple large-scale development projects are progressing in the surrounding area, so it is expected to become even more convenient.

The rebuild is scheduled for completion in November 2023 and will leave a condominium with 18 floors above ground and 1 floor below ground and a total of 102 units, on the assumption of a floor area ratio of approx. 600% (currently 400%). It will also contribute to improving such things as the area's disaster readiness and scenery, and give rise to further development of the surrounding area.



[Image of the completed rebuild]
* Current plans, but subject to change



[Exterior view of the property before rebuild]

■ Background to this Project

Due to aging of the building and facilities, remodeling of the condominium has been considered for many years, but for anti-seismic reinforcement to rectify insufficient earthquake resistance, many challenges were presented such as considerable cost being required and restrictions regarding use of the building after construction. Moreover, as more than 90% of the apartments were small units measuring approx. 12 m², in a regular rebuild, there would also be the problem of increasing the economic burden on titleholders as units would need to have vast increases in floor space after the rebuild.

Taking this background into account, a site sales association was established, and bulk sale of the land and property to a buyer broadened the options such as residency and investment following sale of the site, lessened the operational burden on the association by shortening the project time compared to a regular remodeling and enabled utilization of the site sale system. The special system for easing floor area ratio restriction is also utilized with an eye to organizing regional disaster readiness and improving the surrounding environment.

In moving the project forward, the association's board became the project developer and worked in conjunction with business consultant Hatanomori Consulting to continue long-term discussions with titleholders about such matters as the state of the building and need for rebuilding, the significance of utilizing the systems in rebuilding and the benefits of doing so. In particular there was the aspect of the existing condominium being mainly for investment properties and many titleholders had lent them out and were located throughout Japan, making consensus formation difficult. However, through the efforts of the association's board, titleholders showed their understanding, and rapid response by the Minato Municipal Government in dealing with various types of consultations and procedures led to the start of the current demolition work.

- *1 The first case in Minato ward to approve a cash distribution plan for the site sales system stipulated in the Act on Facilitation of Reconstruction of Condominiums.
- *2 The special system for easing floor area ratio restriction is a system that enables easing of floor area ratio restriction with the permission of specific administrative agencies for urban environments and maintenance when rebuilding a condominium recognized as necessary for disposal for failing to satisfy current earthquake resistance standards.
- *3 The total number of 154 units includes the 2 store zones on 1F.
- *4 Completed in 1973 and was 47 years old at the time demolition work began.

■ Events Until Now and Schedule Going Forward

- March 2014: Resolution to move forward on rebuilding
(Mitsui Fudosan Residential participated as project collaborator)
- April 2017: Resolution on rebuilding policy
- February 2018: Obtained recognition from the Minato Municipal Government that disposal was necessary (Recognition of disposal necessity)
- October 2019: Resolution on site sale
- March 2020: Approval for increasing floor area ratio, approval for establishing site sale association
- October 2020: Approval for cash distribution plan, start demolition work
- May 2021: Start work on main building (planned)
- November 2023: Construction completion (planned)

■ Project Overview

	Before rebuilding	After rebuilding
Location	1-20-6 (and other lots) Kaigan, Minato-ku, Tokyo	
Site area	Approx. 6,400ft ² (approx. 597 m ²)	
Floor area ratio	400%	Approx. 600%
Structure / Scale	Steel-framed reinforced concrete construction, 9 floors above ground	Reinforced concrete construction, 18 floors above ground, 1 floor below ground
Number of residential units	154 units (including 2 store zones)	102units
Main residence type	1R (one bedroom) (approx.12 m ²)	1R (one bedroom), 1LDK (one bedroom with living room, dining room and kitchen) and 2LDK (two bedrooms with living room, dining room and kitchen)
Completion	1973	November 2023 (planned)

* Listed details following rebuilding are subject to change.

■ Mitsui Fudosan Residential's Rebuilding Project Initiatives

Mitsui Fudosan Residential undertakes measures to resolve the socially urgent issue of aging properties through working on rebuilding and site sales businesses mainly in the Tokyo metropolitan area. The Company advances projects while working together with titleholders to find solutions to various issues faced by each condominium such as rebuilding single condominiums, large-scale housing complexes or structures that incorporate surrounding areas.

There have been very few cases of projects such as this in the site sale business anywhere in Japan, but Mitsui Fudosan Residential is moving ahead using the expertise it has cultivated in many rebuilding and site sales businesses* and gathering the collective capabilities of the Mitsui Fudosan Group. The Company aims for regeneration projects that benefit titleholders in such ways as proposing use of the special system for easing floor area ratio restriction to maximize floor area ratios, arranging alternative properties for titleholders and reacquiring condominiums after rebuilding.

Going forward, Mitsui Fudosan Residential aims to resolve social issues through rebuilding and site sales businesses that meet the needs of customers.

* This is the 25th project, including condominiums rebuilt as part of an equivalent exchange business (as of October 2020).

【Mitsui Fudosan Residential's Condominium Regeneration】

Website <https://www.mfr.co.jp/saisei/>

■ Map



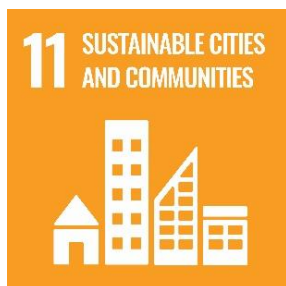
【Mitsui Fudosan Group's Contribution to SDGs】

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

The Mitsui Fudosan Group aims for a society that enriches both people and the planet under the principles of coexist in harmony with society, link diverse values and achieve a sustainable society, and advances business with an awareness of the environment (E), society (S) and governance (G), thus promoting ESG management. By further accelerating its ESG management, the Group will realize Society 5.0, which the Japanese government has been advocating, and contribute significantly to achieving the SDGs.

* The initiatives covered in this press release are contributing to one of the UN's SDGs.

Goal 11 Sustainable Cities and Communities



**SUSTAINABLE
DEVELOPMENT
GOALS**