

The Six Months Ended September 30, 2020 Analyst Meeting Presentation

November 9, 2020



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

1. External Environment Recognition

Global

- Unprecedented economic downturn on a global scale
- Balance between "prevention of spread of infections" and "resumption of economic activities" is unstable

In Japan

- Developments in economic recovery, but it is still difficult to assess the timing of convergence of infections
- Growing awareness that economic activities must be conducted as much as possible

Real estate industry

- Breaking out of the worst period in early spring and resuming business activities
- The pace varies depending on the product, but it is on a recovery trend.

**Continued economic activities in coexistence with COVID-19
(With COVID-19 period lengthened)**

2. Our Situation

		FY2020		
		1st half (Results)	2nd half (Outlook)	Full year (Outlook)
Leasing	Office Buildings	Stable	Stable	Stable
	Retail Facilities	Restart from late in May	Strong customer attraction and facility sales	Negative impact reduced
Property for Sale	to Individuals (Domestic)	Stable	Stable	Stable
	to Investors	Restart trading	Strong trading	Raise profit target
Management	Rehouse	Recovering after June	Almost recovered	Lower profit target
	Repark		On the way to recovery	
Other	Resorts	Restart from early in June	Recovered	
	Hotels		On the way to recovery	



Forecast for FY2020	Operating income 200 billion yen Net income 120 billion yen	<u>No change overall</u>
---------------------	--	--------------------------

Outlook for FY2021

If there is no closure again

Profits Increasing

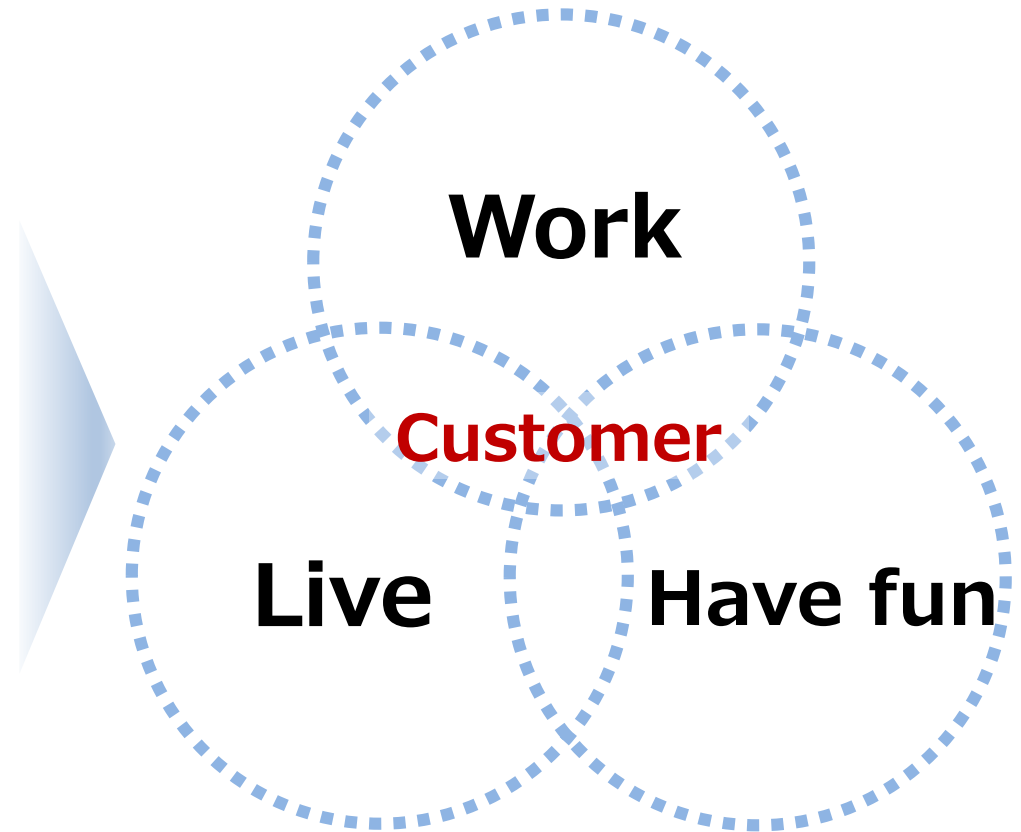


3. Business Situation

[Paradigm shift of real estate products] ▶ From the customer's perspective, there will be no barriers between asset classes



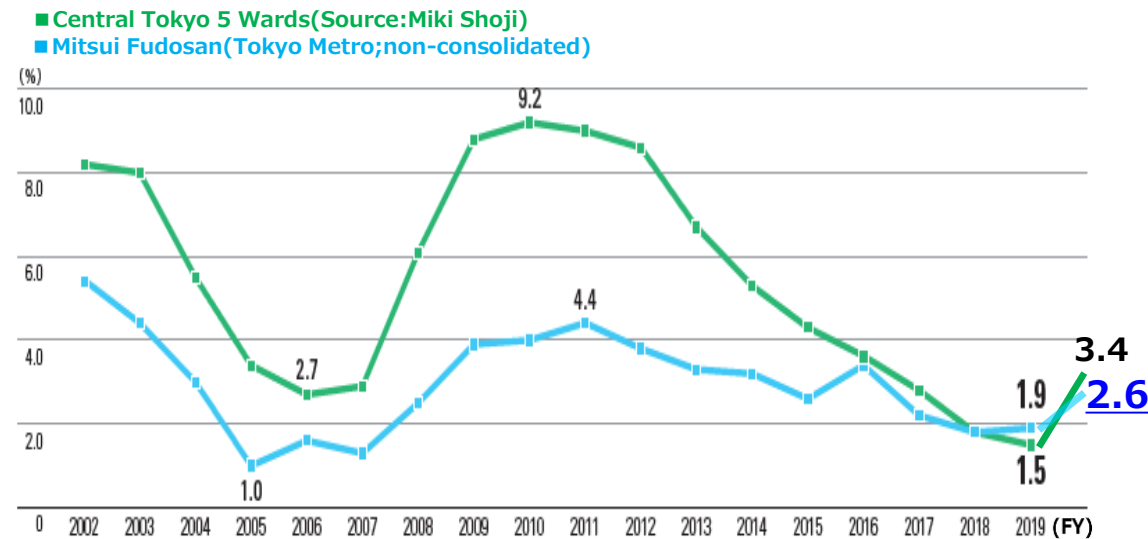
Previous



Future Era

3. Business Situation (1) Offices

[Trends in office vacancy rate] ▶ We maintain our superiority over the office market



Our non-consolidated Tokyo metropolitan area office

Vacancy rate at the end of September 2.6%

Less than 2% excluding temporary vacancies due to tenant relocation to a new property not completed

Current Situation

There is no significant impact from contract cancellation and rent reduction

[Our situation] ▶ Completion of multiple urban mixed-use projects



Otemachi One



TOYOSU BAYSIDE CROSS TOWER



BUNKYO GARDEN GATE TOWER



msb Tamachi (Tamachi Station Tower North)

4 new properties in operation in 2020
Completion of leasing
Commencement of tenant move-in

Mixed use since 2018
7 properties completed
Expansion of leasing CF in the future

3. Business Situation (1) Offices

[Changes in Working Styles] ▶ Toward an age in which workers freely choose where productivity can increase

Telework and
Work from Home



Place of work and operation

(Administration and Analysis)

HYBRID
Workstyle



Office work



Place of intellectual production

(Planning, Development, Creation,
Training, Collaboration)

[Our Initiatives] ▶ Ability to propose solutions to meet diversifying tenant needs

Base-type office



Satellite office



Work from home



Soft services

mot.
Mitsui Office for Tomorrow

&well

*Work-Life
Bridge*

Workstyle
proposals

In line with customers
Provide the best mix

3. Business Situation (2) Retail Facilities

[Current conditions] ▶ Recovery trend that exceeded initial expectations

All Retail Facilities
Restarted from late in May (earlier than initially expected)



Facility sales

Exceeding 100% YoY
in some properties

Tenant vacancy rate as of the
end of September

1.8%

* Continue support as necessary,
mainly for restaurant tenants

[Our newly opened properties] ▶ Steady Attraction of Customers and Sales of Facilities

New format that integrates
parks and retail facilities



RAYARD MIYASHITA PARK



RAYARD Hisaya-odori Park

Over 100% of sales budget
for new openings



MITSUI OUTLET PARK
YOKOHAMA BAYSIDE



LaLaport AICHI TOGO

3. Business Situation (2) Retail Facilities

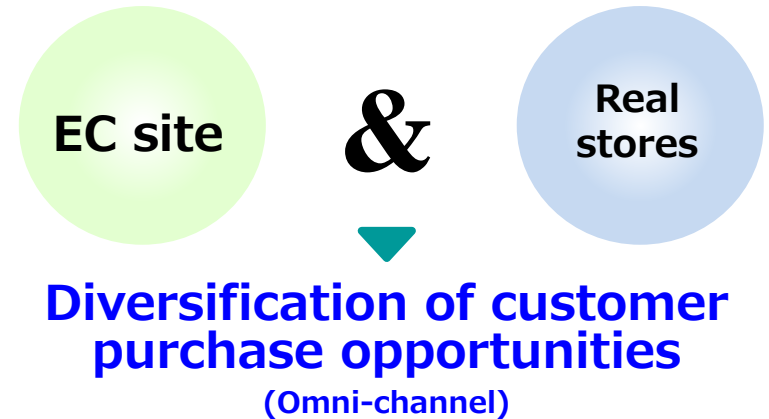
[Era of omni-channel transition] ▶ For e-commerce sites and real stores

Customer trends

- Acceleration of EC adoption
- Needs to purchase products after carefully selecting them and **checking them at real stores**
- Decide to purchase real stores and e-commerce websites **while going and going**

Voice of store tenants

- Limited to growth in "only real stores" and "only e-commerce sites"



[Our Initiatives] ▶ Toward Trinity

Our retail strengths

12 million members

Facility sales
¥1.3 trillion

2,400
commercial tenants

Total number of shops
8,300shops

Promoting Experience
Consumption
(Kidzania, Nifrel, etc.)

Our retail DX

Mitsui Shopping Park

& m a l l

The block features the &mall logo, a smartphone showing the app's shopping interface, and a photograph of a woman in a store. Below the images, the text reads: "2.9 million members" and "Total number of 350 shops".

Our logistics facilities

MFLP Mitsui Fudosan
Logistics Park



Logistics facility base 40
Leased area 3.6 million m²

3. Business Situation (3) Logistics Facilities

[Logistics Market Vacancy Rate] ▶ Demand will remain firm in the future

	2019.3	▶	2020.9
Tokyo Metropolitan area	<u>4.8%</u>		<u>0.5%</u>
Kinki area	<u>13.0%</u>		<u>4.0%</u>



Factors behind the decline in the vacancy rate

EC market expansion
Trend of Logistics Efficiency
Consolidation and reorganization of bases

[Our Initiatives] ▶ Leveraging the strengths of leasing and sourcing capabilities to aggressively expand business

Leasing of completed and operating properties

100% completed

Number of domestic and overseas development and operation facilities

40 buildings ≈ 3.6 million m²

Cumulative total investment

Approx. 570 billion yen



Shippers
Direct approach



Originators, etc.
Direct approach

Expansion of logistics consulting
MFLP ICT LABO 2.0



3. Business Situation (4) Hotels and Resort Facilities

[Our situation] ▶ Since resuming operations, occupancy rates have recovered from resort hotels and regional cities.

<Recent Situation>

Urban hotels : more than 60% occupancy rate*1

Resort hotels : Over 130% YoY in some properties*2

Recovery trend in occupancy rate by area (= pace of recovery)

Regional Cities > Tokyo

*1 Mitsui GH + Celestin National Average (October) *2 As of Sept.

<Target customer needs>

Domestic business and tourism needs

(Inbound tourism recovery takes time.)



New customer needs
"Staying" +α

[Our Initiatives] ▶ Expand customer services by maximizing synergies with other products

Ex.) WORK STYLING alliance sites **18 locations**



"Stay"



"Work"



3. Business Situation (5) Housing

[Residential Property Sales Market] ▶ Strong customer attraction and contracts, no change in willingness to purchase homes under the COVID-19 influence

Changes in the market under the COVID-19 influence

Items that remain unchanged from the past

- High willingness to purchase a house
- Urban residential needs
- Dual-income households, proximity to work
- Low interest rates

Changes in customers are observed

- Workspace needs
- To younger customer base
- Expansion of areas under consideration
- Increase in the number of new reviewers since April

[Our situation] ▶ Steady progress against earnings forecasts

Urban, large-scale, high-margin properties



Park City Musashi-Koyama
The Tower

The Tower
Yokohama Kitanaka

No cancellation of contract by the COVID-19 influence

Conditions of the fall shopping season



Park Tower Kachidoki Mid/South

Condominium contract progress rate: **92%**

* Percentage of 3800 units recorded in the fiscal year under review

- ✓ Metropolitan and large-scale properties
- ✓ High-priced property
- ✓ Suburban properties in favorable locations

Continued to be favorable
Focus on since the next year

3. Business Situation (6) Overseas

Area of development and product strategy

	Major Assets	Background and Objectives
Americas, Europe	Offices Rental Housing	In the real estate market Transparency, liquidity, and maturity
Asia	Retail facilities Condominium	Progress of urbanization Expansion of middle-income and personal consumption

Our offices
in Europe and the United States
Average Tenant Contract Years

14.9 years

* Reference: 4.5 years in Japan

[Status of our overseas offices] ▶ Long-term contracts and stable trends

N.Y

55 Hudson Yards completed in 2018
50 Hudson Yards completed in 2022



55HY

100% in operation

50HY

BlackRock+Facebook
Total **75%** in progress

50 Hudson Yards

London

White City Place
Gateway Central Building completed
in 2022



L'Oreal Corp.
Approx. **11,000m²**
Conclusion of tenancy
contracts



Construction starts

White City Place
(Gateway Central Building)

3. Business Situation (7) Property Sales to Investors

[Real estate investment market] ▶ Remain strong

High-need asset class (CF stabilization)
**Offices, logistics facilities,
 and rental housing**

Trading CAP rate
With no significant change

Financial markets
Calm, steady financing

Sales to REIT in FY2020



Osaki Bright Tower



Nagoya Mitsui Building



GRAN TOKYO
SOUTH TOWER



Shinjuku Mitsui Building



MFLP Ibaraki



MFLP Kawaguchi I

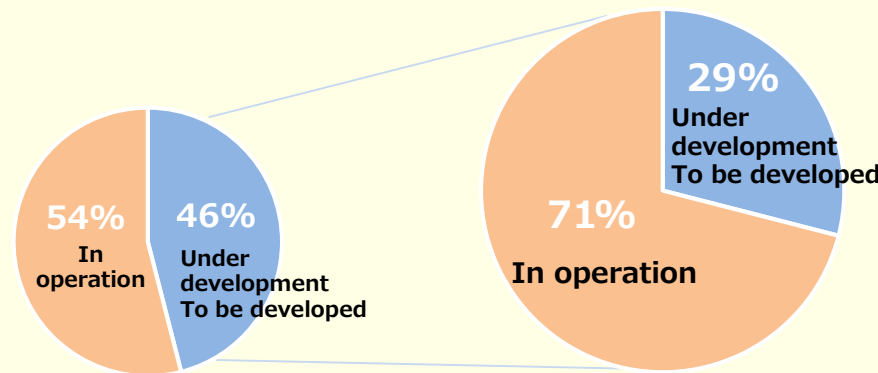
Approx. 257 billion yen
 (5 offices)

Approx. 77 billion yen
 (2 logistics facilities)

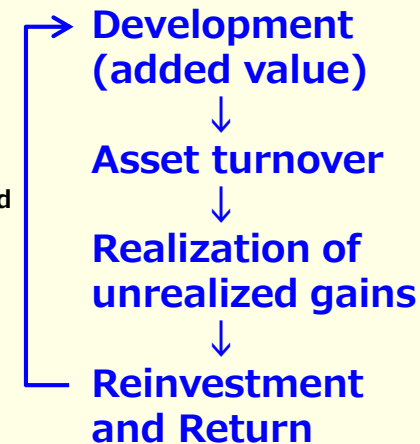
[Property Sales to Investors] ▶ Continued promotion of asset turnover

Operating profit target
70 billion yen
 → **81 billion yen**

Upward revision +11 billion yen
Confirmed more than 90% with
respect to the target
 *Cumulative 2Q Contract Basis



616.8 billion yen (Year ended March 31, 2015) ▶ **Approx. 1.9 times** ▶ **1.1896 trillion yen** (Year ended March 31, 2020)



4. Asset and Financial Strategy



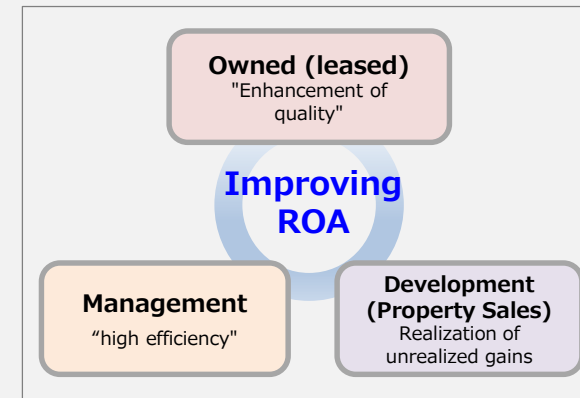
■ Promotion of BS control

1) Decision to sell the Shinjuku Mitsui Building

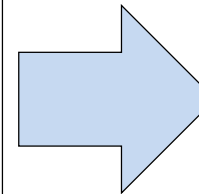
- Business model of leasing, property sales, and management and promoting a Model for Coexistence with Investors
- BS expansion due to increase in prime assets in recent years
- Contributing to the development of J-REIT marketplace

2) Reduction of strategic shareholdings

- Implementation of management actions based on our corporate governance policy



Asset replacement with an awareness of improving the quality of the portfolio
Leveraging collected funds for more efficient use



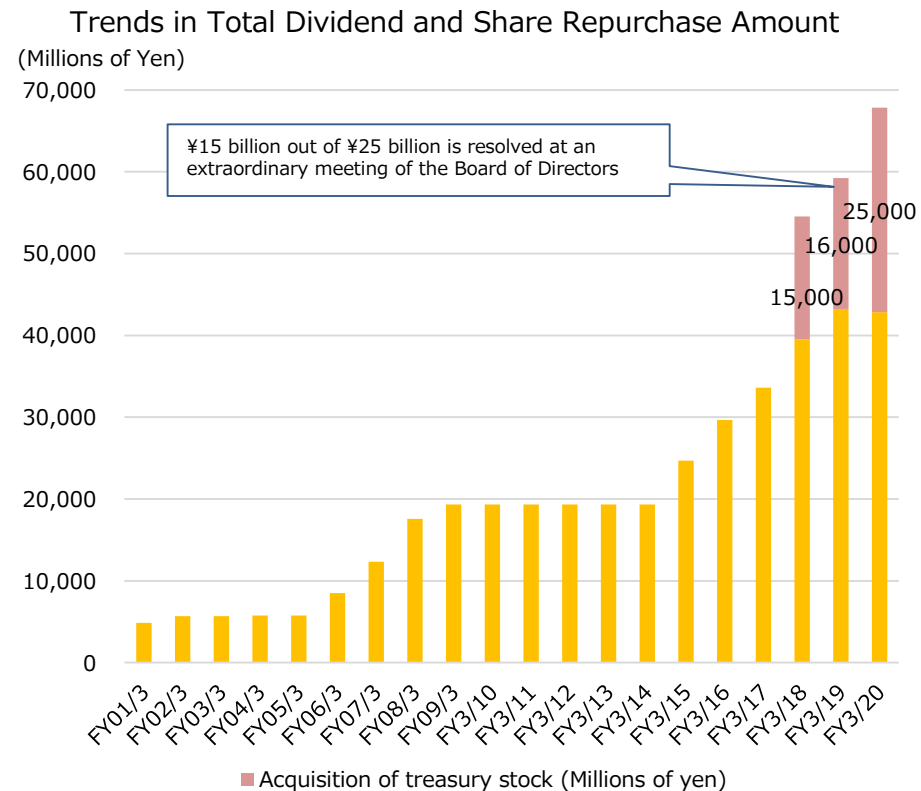
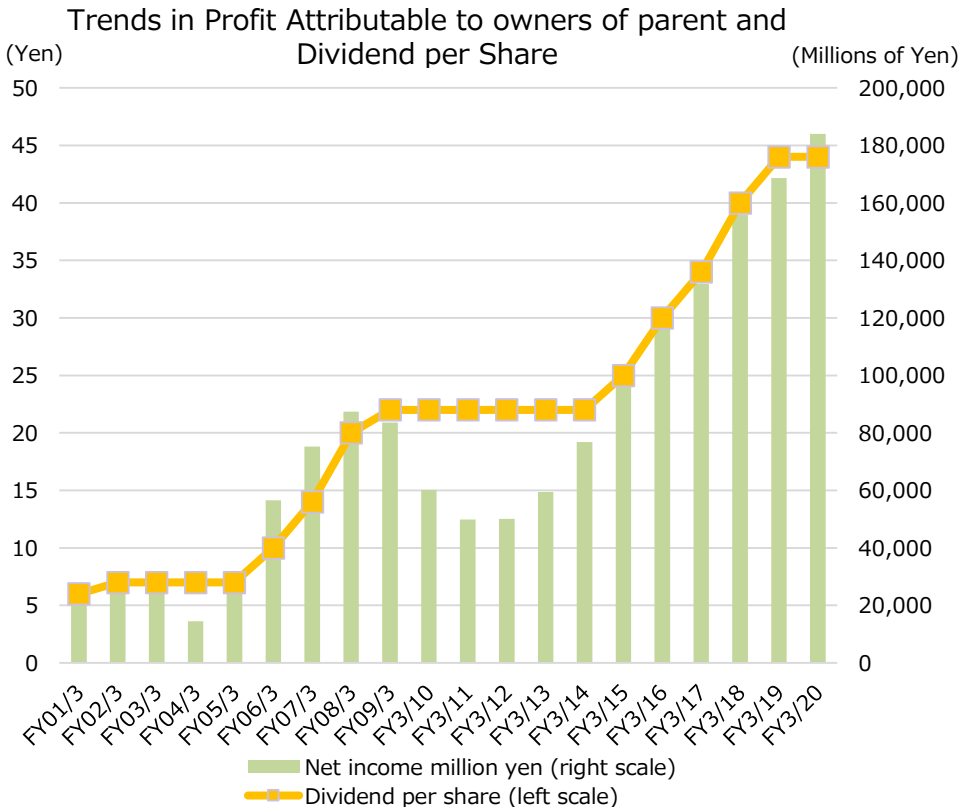
Improving ROE through an improvement in ROA

Continuous implementation of BS control with an awareness of **BS scale and financial soundness** (D/E ratio)

5. Concluding remarks

Long-term stable dividend payments: Achieve stable dividend payments and increase in dividends regardless of fluctuations in net income

Strengthen shareholder returns: Continue to pay dividends + flexibly repurchase shares since VISION2025 announcement



When COVID-19 converges and our group's cash-generating capacity normalizes, Considering further expansion of the current "Total Return Ratio 35%"

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.

Although we exercised all due care in the preparation of this presentation, we assume no obligation to update, revise, or correct any of the statements and do not attest to or guarantee their usefulness, suitability for a specific purpose, functionality, or reliability.

Moreover, this presentation is not intended to solicit investment of any kind.

Investment decisions should be based solely on the judgments of investors.