

# **Year Ended March 31, 2021 Analyst Meeting Presentation**

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**May 18, 2021**



**MITSUI FUDOSAN**

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

# 1. External Environment Recognition

## Global

- Vaccination is progressing in many countries, but the problem of mutated viruses is becoming more serious.
- Vaccination rates differ greatly among countries, and there is no prospect of global convergence of infection.
- Large-scale fiscal policies and monetary easing continue in many countries.

## In Japan

- Vaccinations have started, but medical care remains in short supply.
- The state of emergency has been extended due to the spread of infected people.

**Expecting the spread of the vaccine and its effectiveness, but also expecting prolonged restrictions on economic activities.**

# 2. Climate Change and Decarbonization Initiatives

【Endorsement of international initiatives, etc.】

(1) Endorsement of TCFD

(2) Joining the RE100

(3) SBT Initiative Certification



【Medium- and long-term goals for a decarbonized society】

**Greenhouse Gas (GHG)  
Emissions Reductions**

**Net zero  
greenhouse gas emissions  
by FY2050**

**RE100**

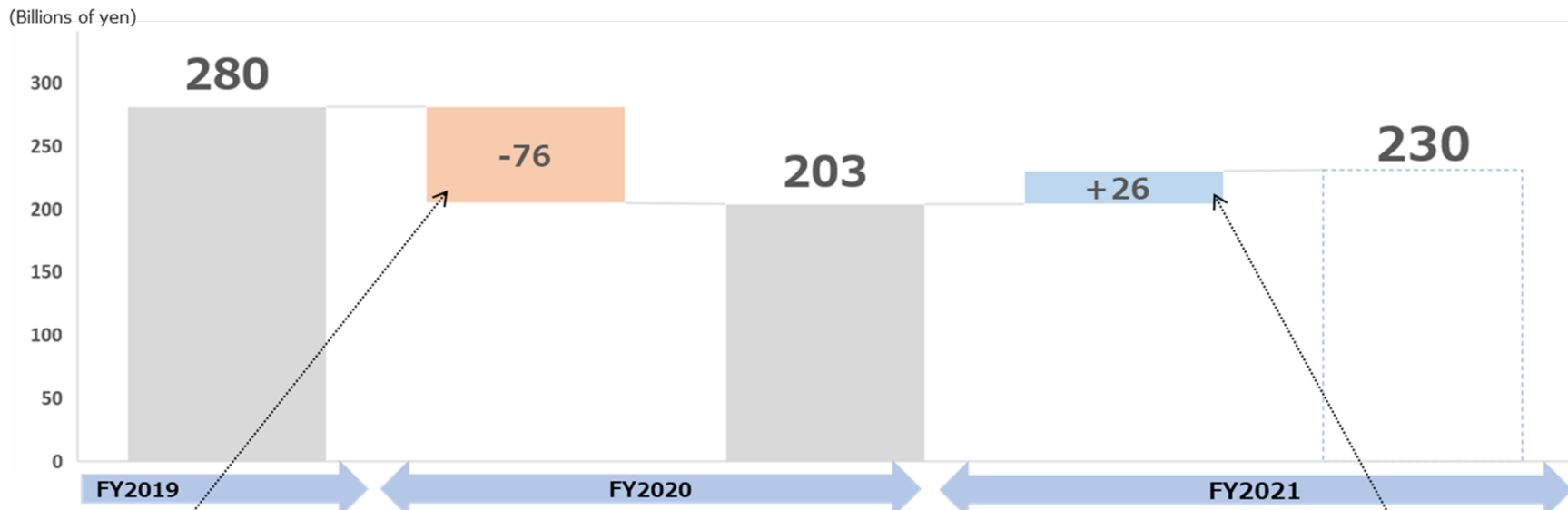
**Ratio of electricity generated from  
renewable sources to total consumption  
from business activity**

**100% by FY2050**

# 3. Forecasts for FY2022

## 【Financial Results and Forecasts】

In FY2021, it is assumed that economic activity will continue under certain constraints, with the number of infected people repeatedly increasing and decreasing.



### Main reasons for income changes (Unit: Billions of yen)

- The impact of COVID-19 (operating) About -84
- Other than above About +7  
(Increase in domestic residential property sales business, etc.)

### Main reasons for income changes (Unit: Billions of yen)

- Recovering from the impact of COVID-19 (Operating, exc the Tokyo Dome business) About +44  
(The impact of COVID-19 About 84 → About 40)
- Other than above (Partly due to consolidation of Tokyo Dome) About -18

### ■ The impact of COVID-19 \*



【 Breakdown 】 Operating    ¥ 84bil.  
Non-operating    ¥ 20bil.



【 Breakdown 】 Operating(exc the Tokyo Dome Business)    ¥ 40bil.  
Non-operating    ¥ 5bil.  
Tokyo Dome Business    ¥ 20bil.

\* Estimated recovery capacity of businesses affected by COVID-19 infection.

# 4. Changes in market and customer preferences and our initiatives in each business

【After COVID-19】▶The optimal combination of real and digital



【Develop business from the customer's perspective】▶Real Estate as a Service



By product and by asset

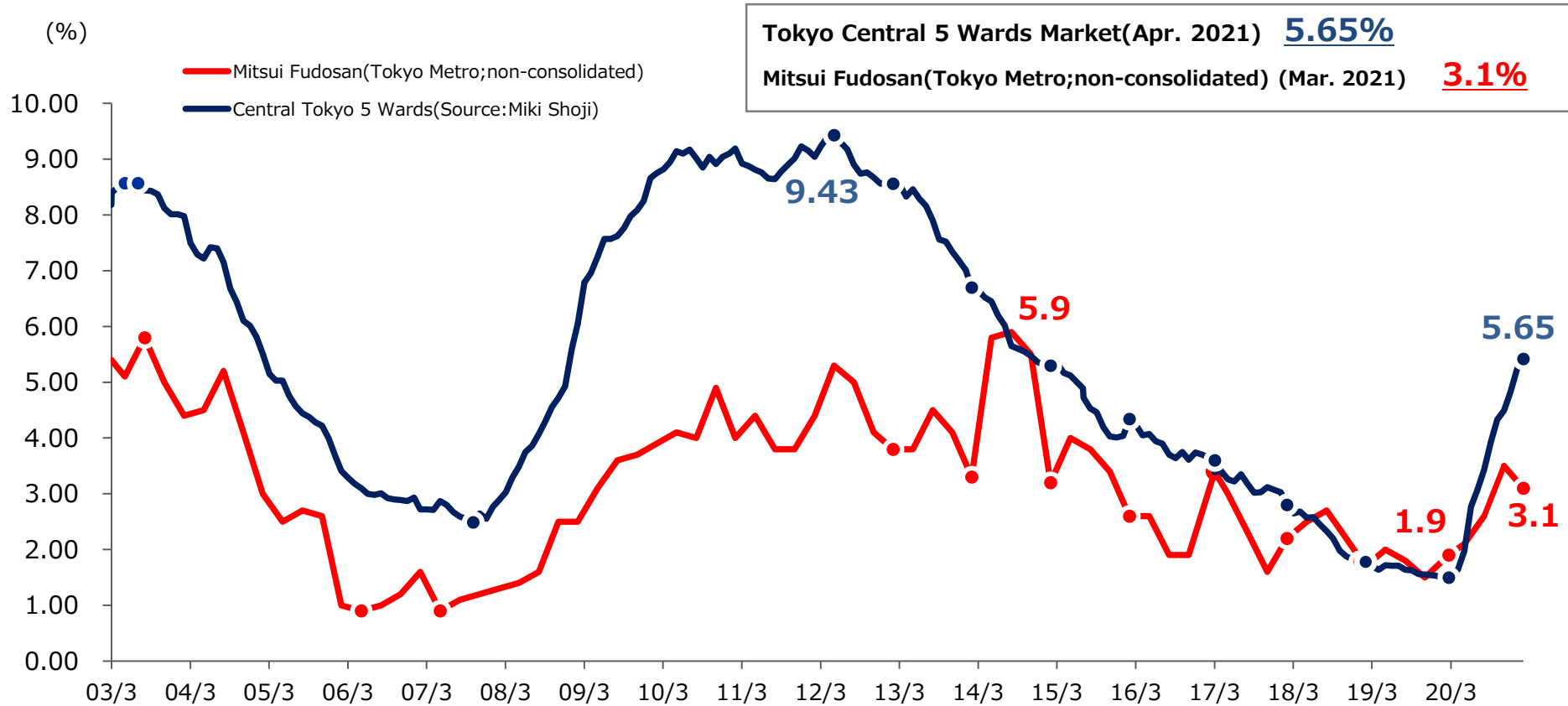
In the future...

By customer behavior

# 5. Business Situation (1) Offices

## [Trends in office vacancy rates]

▶ Our vacancy rate remains relatively low compared to the market.



## [Lengthening of tenant contract years] ▶ Contribution to stable cash flow

(FY2016) Average 4.0 years

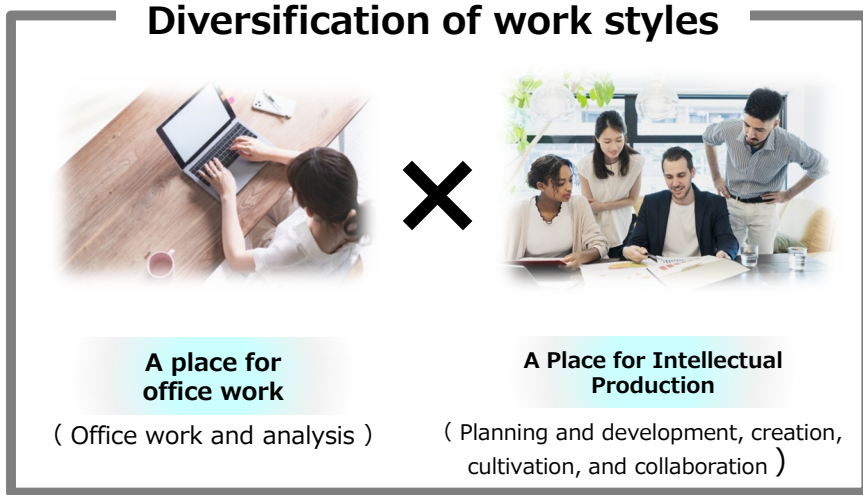


(FY2020) Average 4.8 years

# 5. Business Situation (1) Offices

## 【Changing Work Styles】

▶ Workstyle diversification, Companies want better offices



## 【Our Initiatives】▶ Ability to propose solutions to meet diversifying tenant needs

**Head office**  
(Base type office)

**Decentralized Office**  
**WORK STYLING**

**Home**



**Eco-friendly Resilient**

**Green Energy**

**Nihonbashi and Toyosu Smart Energy Project**

**Providing green electricity to office tenants**

**Soft services**

*mot.*  
Mitsui Office for Tomorrow

*&well*

# 5. Business Situation (1) Offices

## ▶ Office with the latest equipment features after COVID-19

- ✓ Completely touchless office (Entrance, elevator, office entry, etc.)
- ✓ Introduction of various robots utilizing 5G (Cleaning, guidance, transportation, delivery, etc.)
- ✓ Provision of green electricity

## ▶ Green Power Provision Service \*

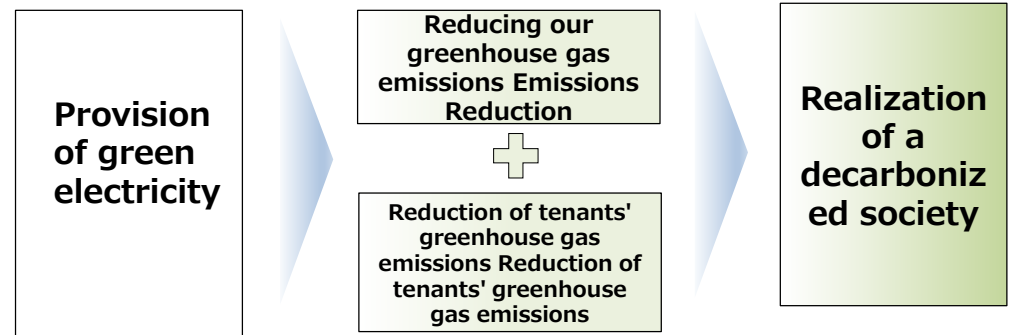
- ✓ Providing green electricity to meet the decarbonization needs of tenants, etc.
- ✓ Start providing from Apr. 2021

\*Electricity used is provided as essentially renewable energy through the use of non-fossil certificates with tracking.



**Tokyo Midtown Yaesu**  
(to be completed in Aug. 2022)

[ Image of contribution to a decarbonized society in cooperation with tenants ]



Green Power Provision Service  
Our Eligible Facilities

**120** more than one facilities\*

\*Including non-office



# 5. Business Situation (2) Retail Facilities

## 【Changes in customer purchasing behavior】

▶ Use both "real" and "e-commerce" depending on the "time," "case," and "things to buy

### Real Store



#### 【 Select scene 】

- ✓ New purchases
- ✓ Careful decision
- ✓ Sales clerk advice

#### 【 Buy Products 】

Food, clothing, furniture/interior goods, sports/outdoor goods, etc.

# &

**Diversification of purchasing behavior (Omnichanneling)**

### e-commerce site



#### 【 Select scene 】

- ✓ Purchase experience
- ✓ Excellent reviews

#### 【 Buy Products 】

PC and audio equipment, health foods, kids' goods, books, cosmetics, etc.

## 【Our Initiatives】 ▶ Our unique trinity of projects

### Retail facilities



Facility sales  
**¥1.3 trillion\***

\*As of March 31, 2020

Members  
**12 million**  
commercial tenants  
**2,400**

Total number of shops  
**8,300**

As of March 31, 2021

# ×

### Retail DX



**2.9 million members**  
Total number of **350 shops**

As of March 31, 2021

# ×

### Logistics facilities



Logistics facility base **40**  
Leased area **3.6 million m<sup>2</sup>**

As of March 31, 2021

# 5. Business Situation (2) Retail Facilities

## ▶ New brand "RAYARD" integrates park and commercial facilities

### RAYARD MIYASHITA PARK

- ✓ Opening in Jul. 2020
- ✓ Utilizing the "multi-level city park system"
- ✓ Park, commercial and hotel complex



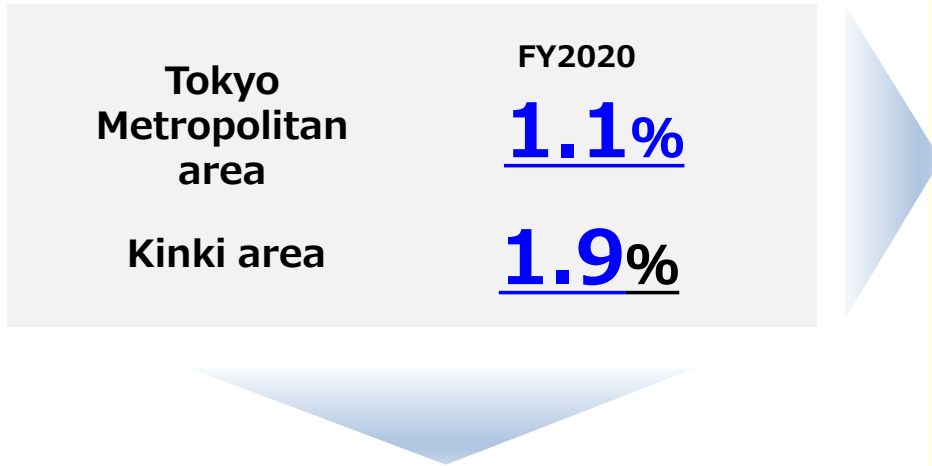
### RAYARD Hisaya-odori Park

- ✓ Opening in Sep. 2020
- ✓ Utilizing the "Public Installation Management System"
- ✓ One of the largest Park-PFI projects in Japan



# 5. Business Situation (3) Logistics Facilities

[Market Vacancy Rate] ▶ Demand is steady



▶ Responding to competition for business opportunities

**Leasing power**  
Leverage a strong customer base

**Office building Tenant**  
Approx. 3,000 companies

**Retail facilities Tenant**  
Approx. 2,400 companies

**Sourcing power**  
Providing solutions

**CRE customers**

Direct approach to shippers

Direct approach to originators, etc.

[Our Initiatives]

▶ Further expansion of logistics business

Number of domestic and overseas development and operation facilities

40 buildings ≈ 3.6 million m<sup>2</sup>

Cumulative total investment

Approx. 570 billion yen

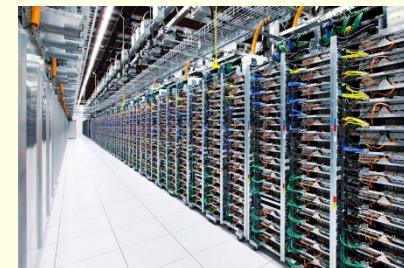


▶ Differentiation through "digitization" and "diversification"

**Digitalization** of the warehouse  
(Automation, labor saving, etc.)



**Diversification** of warehouses  
(Data centers, etc.)



\*As of May 2021

# 5. Business Situation (4) Housing

## 【Customer trends】▶ Creating new demand

### Unchanged from the past

- High willingness to buy
- Desire to live in the city center
- Households with both husband and wife working

### New trends

- Demand for workspace
- Younger customer base
- Widening of study area

## ▶ Our Strengths

- " Metropolitan area "
- " Large scale "
- " Redevelopment project "

Land Bank  
Approximately 26,000 units

\* As of March 31, 2021

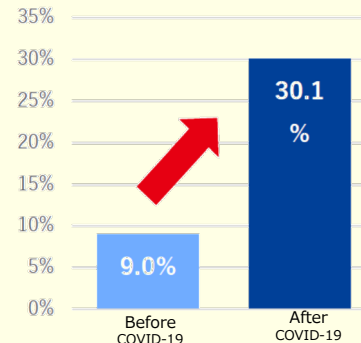
## ▶ Large-scale properties based on new needs

### Park Tower KACHIDOKI MID/SOUTH

Number of units sold:  
1,685 units in total  
Occupancy schedule:  
2024 or later



### Increasing need for workspace



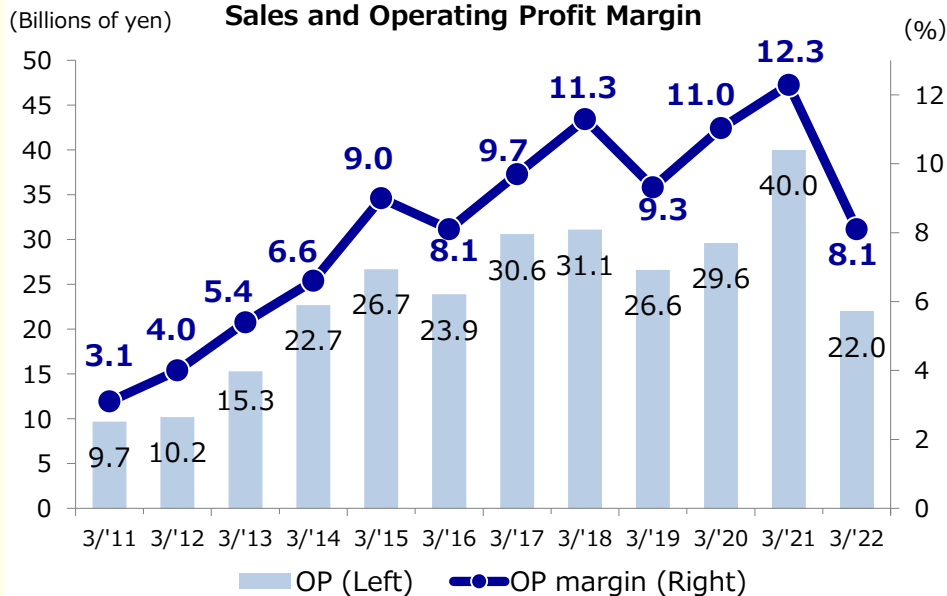
(Park Tower KACHIDOKI MID/SOUTH From the purchaser survey)



Coworking space set up

## 【Our Property Sales to Individuals】

### ▶ Sales continue to be strong



# 5. Business Situation (5) Hotels and Resort Facilities

## 【Demand for accommodation】

▶ Full-scale recovery will take time

### Domestic demand

Refraining from going out, holding back on business trips, etc. in response to the emergency declaration, etc.

### Overseas demand

Substantial decrease in inbound demand due to restrictions on entry into Japan, etc.

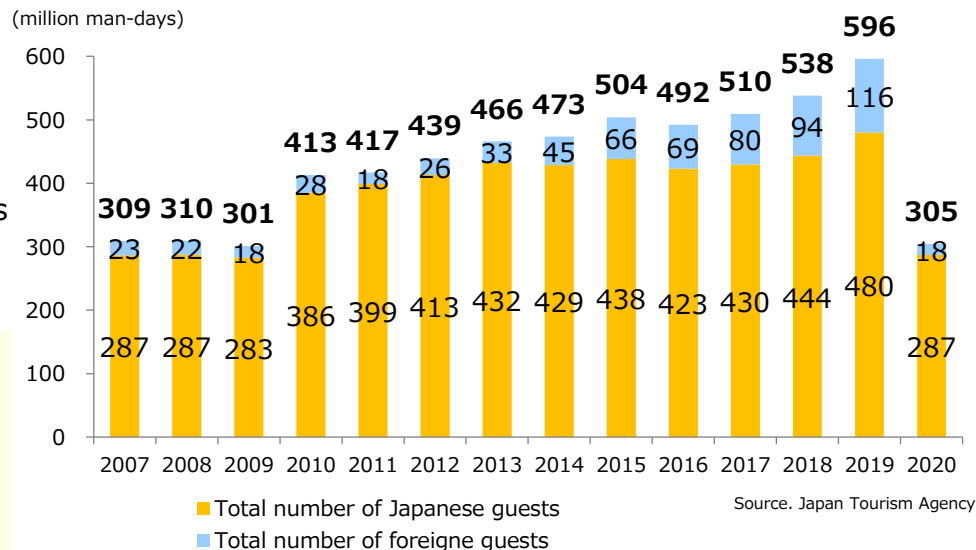
## 【Our initiatives】 ▶ Creating new demand

< Conventional >  
Venues for accommodation



< In the future >  
Destination where guests spend time

Total number of foreign and Japanese guests (calendar year)



ex. Capturing the needs for private telework



ex. capturing the needs of long-term stays

Hotel x Residence x Subscription

ex. Capturing the needs of hospital visits and visits to hospitals

- Kashiwanoha Hotel Project (Scheduled to open in summer 2022)

- National Cancer Center Cooperation with National Cancer Center

- A total of nearly 300,000 Patients visit the hospital patients per year



# 5. Business Situation (6) Overseas

【Market conditions in the U.S. and Europe】

▶ Signs of change with increased vaccination rates

Past trends
<ul style="list-style-type: none"> <li>✓ Travel restrictions from various countries</li> <li>✓ Work from Home Trends</li> <li>✓ Subleasing of tenant floors (office)</li> <li>✓ Suburbanization due to closure of urban centers (rental housing)</li> </ul>



Current trends
<ul style="list-style-type: none"> <li>✓ New signs of companies, including a return to office space</li> <li>✓ Some sectors and companies are increasing their office space (Major tech and life science companies, etc.)</li> <li>✓ Residents returning to city center</li> </ul>

【Situation of our overseas offices】▶ Develop highly competitive properties in terms of location and specifications, as well as labs and offices

Our occupied offices in the U.S. and Europe  
Average tenant contract years

**15.6 years**

\* As of Dec. 31, 2020

**55HY**

working, valid  
**100%**

**50HY**

BlackRock  
+ Facebook  
Progressing  
**Total 75%**



## Innovation Square (Phase II)

Location: Boston  
Use: **Labo. & Office**

Total floor space: approx. 28,400m<sup>2</sup>  
Occupancy: Full occupancy scheduled for completion



# 6. Tokyo Dome becomes a consolidated subsidiary

## 【Background and Goals】

The value of real-life experiences an important component of urban development

By stadium and arena business

Provide customers with real experiences through the five senses and inspiring experiences in sports, music, etc.



## 【Strengths and synergies of each company】



- ✓ **Good location in central Tokyo**  
(5 lines and 3 stations available)
- ✓ **Annual visitors of approx. 40 million**
- ✓ **Extensive site of 135,000m<sup>2</sup>**  
(of which ≈ 129,000m<sup>2</sup> designated as urban planning park)
- ✓ **Point card members 0.74 million**

- ✓ **Experience and know-how in urban development**
  - ✓ **Operational capabilities in retail, hotels, etc.**
  - ✓ **Thick customer base for each business**
- |                                  |                |
|----------------------------------|----------------|
| Tenants of Retail Facilities     | ≈ 24 million   |
| MSP point members & mall members | ≈ 12.4 million |
| Mitsui Garden Hotel members      | ≈ 3.6 million  |
| Office Building Tenant           | ≈ 0.4 million  |
| Mitsui Housing Loop members      | ≈ 30 million   |
|                                  | ≈ 0.24 million |

- ✓ **Yomiuri Giants**
  - ✓ **Baseball team management know-how and track record**
  - ✓ **Thick customer base**
- |   |                  |
|---|------------------|
| Number of copies published in the morning | Over 7.4 million |
| Yomiuri Giants fan club members           | ≈ 0.45 million   |
| Number of Giants App Registrations        | ≈ 0.5 million    |

Consider redevelopment from a medium- to long-term perspective that maximizes the potential of the location

# 7. BS Control

## 【Promotion of BS control】

### ▶ Sale of fixed assets and real estate for sale

- In response to the expansion of BS due to the recent increase in high-quality assets, we will sell **more than 600 billion yen** of assets in FY2020.

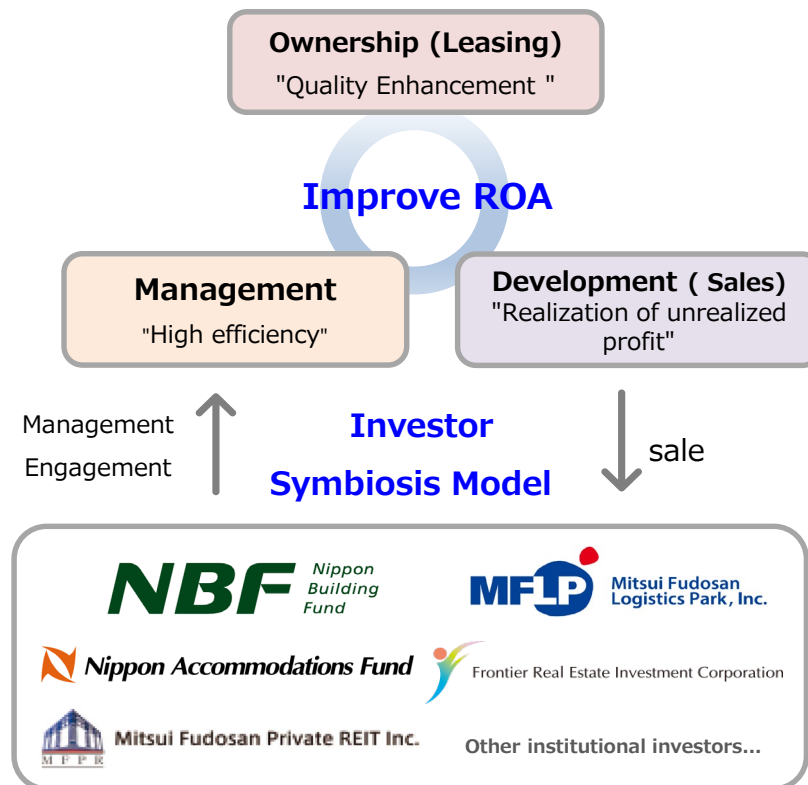
- Continue to promote the business model of ownership, development, and management, and the investor symbiosis model Continue to promote the business model of ownership, development, and management, and the investor symbiosis model

### ▶ Reduction of policy shareholdings

- Implementation based on our corporate governance policy  
FY2020 **Over 45 billion yen**

**Asset replacement with an eye to improving the quality of the portfolio**

## Ownership, development, and management



**Continue to implement BS control** with an awareness of **BS size and financial soundness** (D/E ratio)



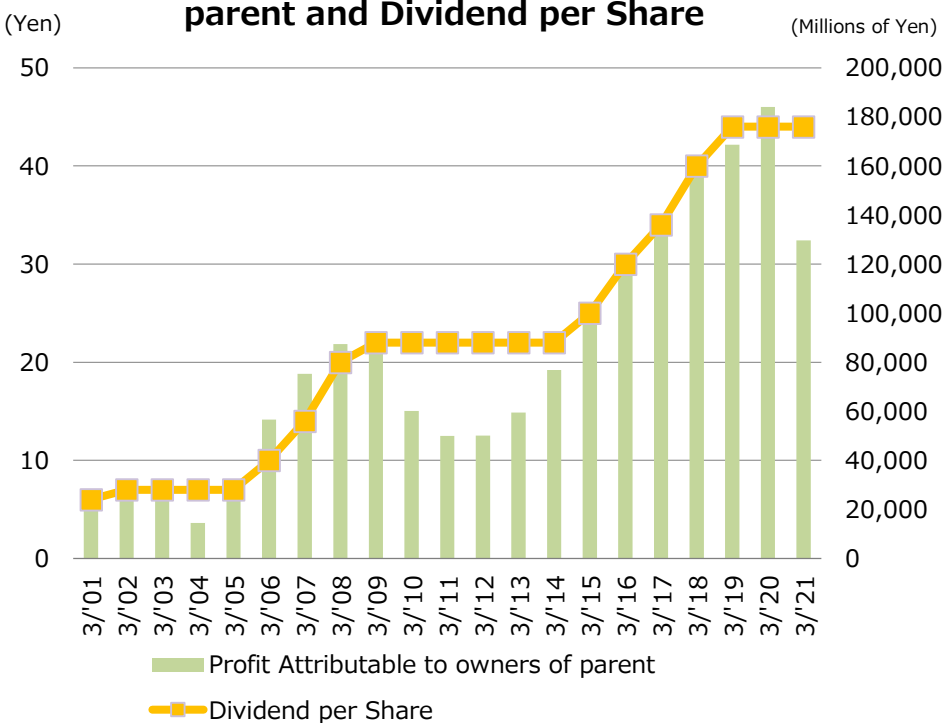
# 8. Concluding Remarks

**Long-term stable dividend performance: Stable and increasing dividends regardless of changes in net income**

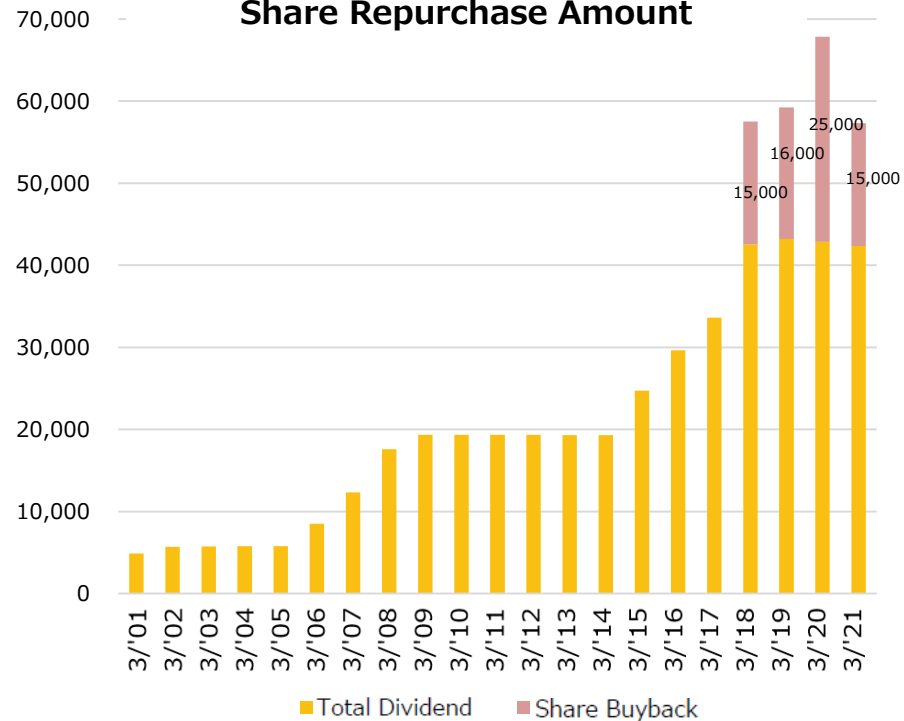
**Returning profits to shareholders in COVID-19 : As in the past, we recognize the importance of a stable and continuous stance on returns**

**Trends in Profit Attributable to owners of parent and Dividend per Share**

(Millions of Yen)



**Trends in Total Dividend Amount, Share Repurchase Amount**



**Full recovery from Corona and normalization of profit growth as soon as possible and further increase the total return ratio**

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