# ISETAN MITSUKOSHI PROPERTY DESIGN LTD.
# Business Briefing

March 6, 2023

ISETAN MITSUKOSHI PROPERTY DESIGN LTD.

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# 1. Overview of Our Company

# Isetan Mitsukoshi Property Design Vision

## Isetan Mitsukoshi Group's Vision

**To be a “special” department store-centered retail group that enriches the lives of our customers**

~ To gain the utmost support in high sensitivity, fine quality consumption, with the pride of Japan and the ability to convey this around the world ~

## Isetan Mitsukoshi Property Design Vision

**We enrich the lives of our customers around the world by using the power of "tradition" and "innovation" to propose "the best environment" that only we can.**

# Company Profile

| | |
|---|---|
| Trade name | ISETAN MITSUKOSHI PROPERTY DESIGN LTD. |
| Representative | Tetsuji Tezuka |
| Establishment | May 1953 |
| Capital | 40 million yen |
| Shareholders | Isetan Mitsukoshi Holdings Ltd. |
| Address | 3 -2 -5 Nishishinjuku, Shinjuku-ku, Tokyo |
| Base | Tokyo Osaka Fukuoka Nagoya Sapporo Niigata |
| Number of employees | 301 people *As of April 2022 |

# Business Profile

## Isetan Mitsukoshi Property Design (IMPD)

### Construction & Interior Business

Business of interior construction of hotels, offices and commercial facilities with general contractors, developers and operating companies as clients





### PM Business (Project Management Business)

Business of project management for projects including Isetan Mitsukoshi’s remodeling and the entire construction projects





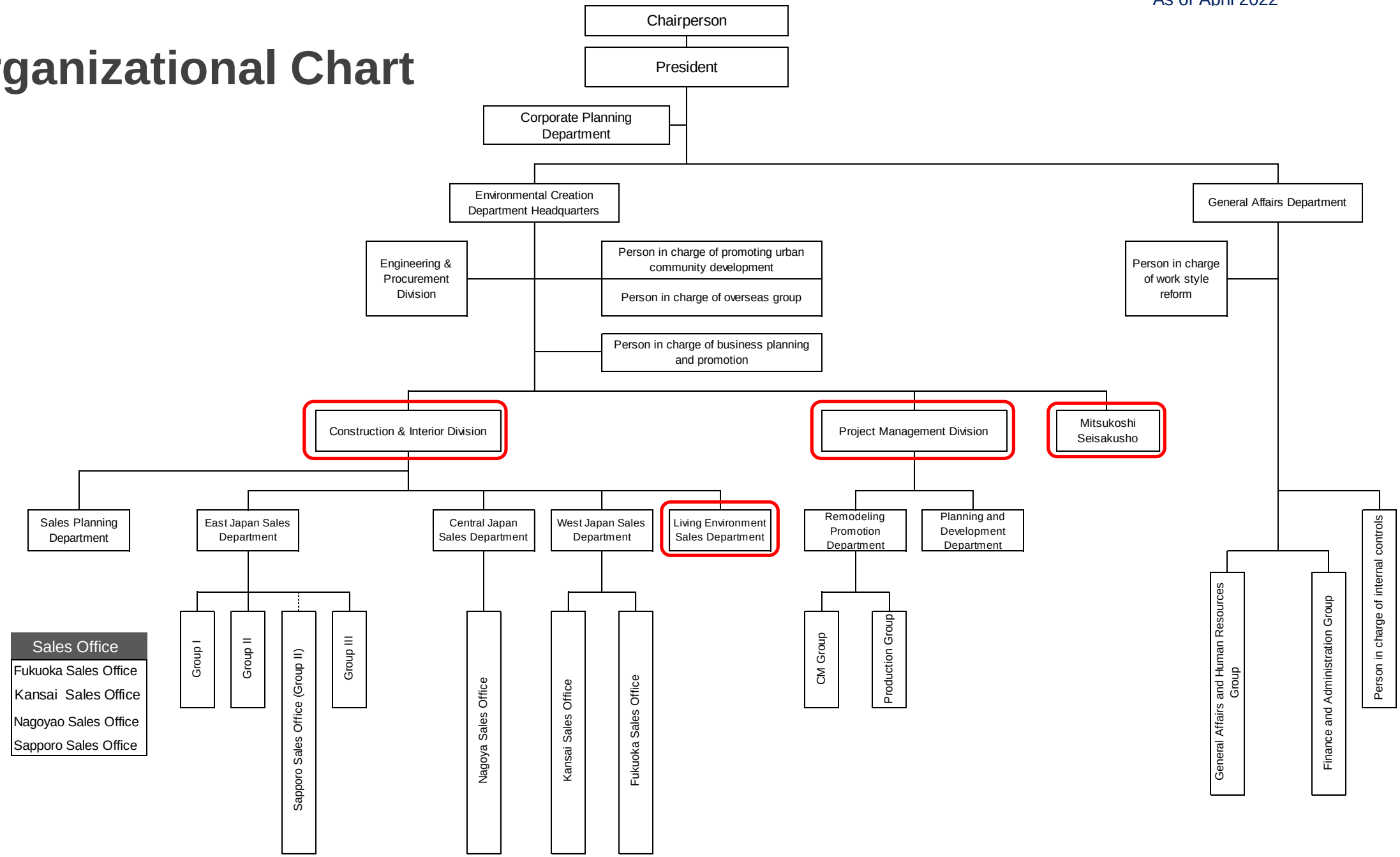
### Living Environment Business

Business of remodeling and new construction mainly for Isetan Mitsukoshi's out-of-store sales customers



*As of April 2022

# Organizational Chart



# History

| Calendar year | History of Construction & Interior and Design | Calendar year | History of Construction Management |
|---|---|---|---|
| 1904 | Mitsukoshi Gofukuten Co., Ltd. was established | | |
| 1910 | Furniture Processing Department, predecessor of Mitsukoshi Seisakusho, was established in Marunouchi | | |
| 1927 | New integrated factory was built in Kamata, Ota-ku | | |
| 1944 | Established Mitsukoshi Seisakusho Co., Ltd. | | |
| 1946 | Restoration of the burned factory was completed | 1947 | Opening of Tachikawa Store |
| | | 1971 | Opening of Kichijoji Store |
| | | 1972 | Opening of Isetan Singapore Havelock Store as the first overseas store |
| 1977 | <Furniture Decoration Department> was renamed to <Construction & Interior Department>, first use of the name Construction & Interior | 1974 | Opening of Matsudo Store |
| | | 1980 | First phase of redevelopment of Isetan Shinjuku Main Store |
| | | 1981 | Opening of Urawa Store |
| | | 1984 | Opening of Niigata Isetan |
| 1985 | Construction of new head office of Mitsukoshi Seisakusho and Rokugo Factory was completed | 1990 | Opening of Sagamihara Store |
| | | 1996 | Opening of Fuchu Store |
| 2002 | Mitsukoshi Environmental Service Co., Ltd. was established (Mitsukoshi General Building Management Co., Ltd. and Mitsukoshi Seisakusho Co., Ltd. were consolidated) | 2001 | Relocation of Tachikawa Store |
| 2006 | Mitsukoshi Environmental Design Co., Ltd. was established (Construction & Interior Sales Department of Mitsukoshi Co., Ltd. and Mitsukoshi Environmental Service Co., Ltd. were consolidated) | | |
| 2014.4 | Trade name was changed to ISETAN MITSUKOSHI PROPERTY DESIGN LTD., reorganization within the Group to strengthen commercial real estate business | | |
| 2014.9 | Mitsukoshi Environmental Design Co., Ltd. was integrated | | |
| 2019.4 | Building management business was transferred to Mitsukoshi Isetan Im Facilities Co., Ltd. | | |
| 2021.4 | Commercial facilities business was transferred to Isetan Mitsukoshi Ltd. | | |

# Performance Trends

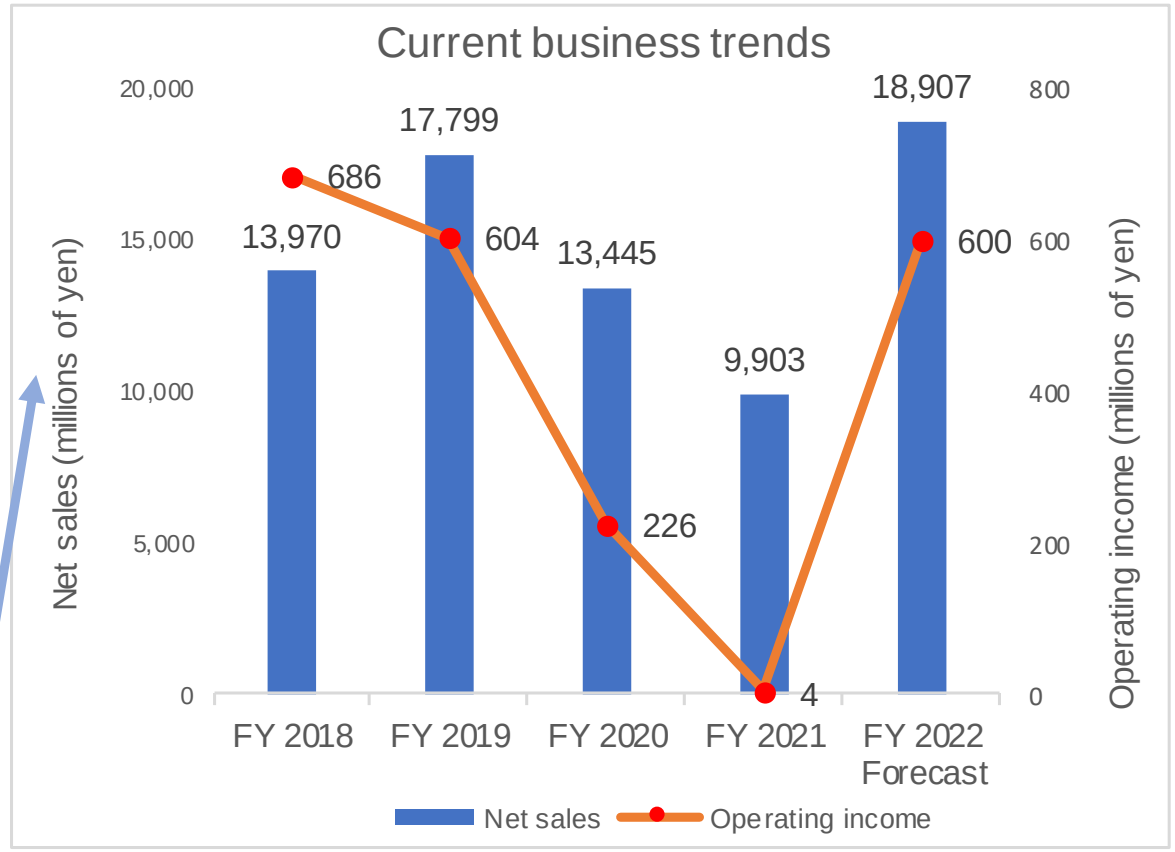
## 1. Corporate performance

**<Corporate total trends>** Separated building management business in April 2019 and commercial facilities business in April 2020

| (million of yen, %) | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|---|---|
| | Actual | Actual | Actual | Actual | Forecast |
| Net sales | 33,160 | 23,574 | 17,591 | 9,903 | 18,907 |
| Operating income | 625 | 547 | (385) | 4 | 600 |
| Net income | (328) | 674 | (632) | 350 | 231 |
| Net assets | 2,675 | 3,349 | 2,429 | 2,098 | - |
| Capital ratio | 24.0% | 21.7% | 28.7% | 37.7% | - |

**<Current Business Trends>** *Construction & Interior, PM, and Living Environment businesses only

| | | | | | |
|---|---|---|---|---|---|
| Net sales (millions of yen) | 13,970 | 17,799 | 13,445 | 9,903 | 18,907 |
| Operating income (millions of yen) | 686 | 604 | 226 | 4 | 600 |

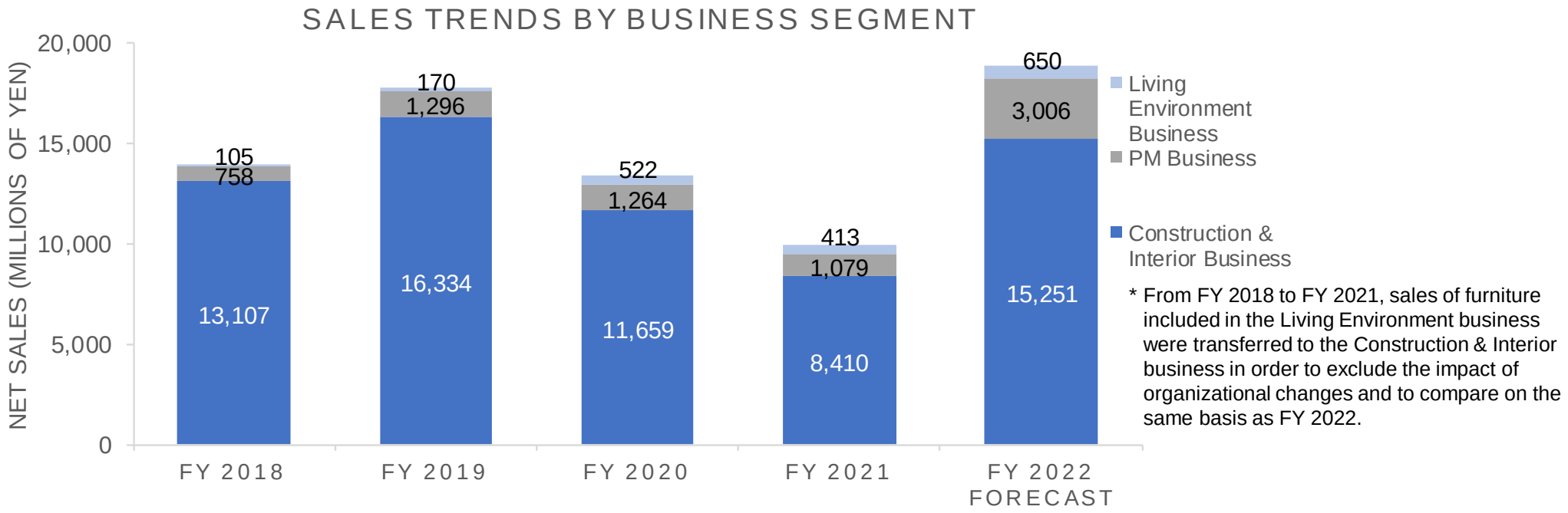


# Performance Trends

## 2. Sales by business segment

Unit: millions of yen

| | | FY 2018 | | FY 2019 | | FY 2020 | | FY 2021 | | FY 2022 Forecast | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Amount | Share | Amount | Share | Amount | Share | Amount | Share | Amount | Share |
| Net sales | Construction & Interior Business | 13,107 | 93.8% | 16,334 | 91.8% | 11,659 | 86.7% | 8,410 | 84.9% | 15,251 | 80.7% |
| | PM Business | 758 | 5.4% | 1,296 | 7.3% | 1,264 | 9.4% | 1,079 | 10.9% | 3,006 | 15.9% |
| | Living Environment Business | 105 | 0.8% | 170 | 1.0% | 522 | 3.9% | 413 | 4.2% | 650 | 3.4% |
| | Total | 13,970 | 100.0% | 17,799 | 100.0% | 13,445 | 100.0% | 9,903 | 100.0% | 18,907 | 100.0% |

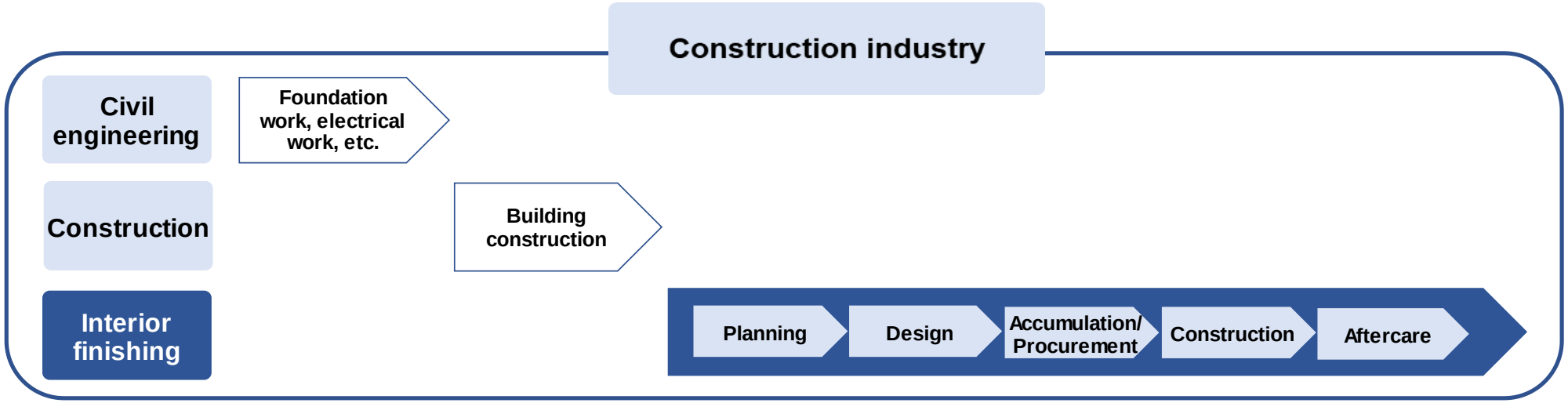



* From FY 2018 to FY 2021, sales of furniture included in the Living Environment business were transferred to the Construction & Interior business in order to exclude the impact of organizational changes and to compare on the same basis as FY 2022.

# Construction & Interior Business

**Construction & Interior = Construction + Interior**
**Our company has general contractors, developers and operating companies as our clients, and works on interiors for hotels, offices and commercial facilities.**

## 1. Our company's place in the construction industry




## 2. Characteristics of our company

**From planning to design, construction, and furniture production at Mitsukoshi Seisakusho, we offer total added value to our clients.**
**We specialize in high-grade, high-added-value projects such as five-star hotels.**

# Construction & Interior Business
# Major Construction Achievements

| | |
|---|---|
| Hotel | Andaz Tokyo　Ace Hotel Kyoto　Palace Hotel<br>The OkuraTokyo　Park Hyatt Kyoto<br>Park Hyatt Niseko Hanazono<br>HOTEL THE MITSUI KYOTO<br>Yokohama Royal Park Hotel　Shiba Park Hotel |
| Office | Wolt　Mitsui & Co.　MetLife<br>SMBC Nikko Securities　The Norinchukin Bank<br>EYJapan　Nishimura & Asahi<br>JPMorgan Securities　Nomura Research Institute |
| Commercial facility | Louis Vuitton Mitsukoshi Nihombashi　Hermes Isetan Shinjuku<br>Tiffany Flagship Store Ginza<br>Cartier Mitsukoshi Nihombashi Main Store<br>Moncler Isetan Urawa<br>International Terminal of Tokyo International Airport |

# Construction & Interior Business
# Major Construction Achievements

**For information on major construction achievements, please visit our company website.**
**https://www.impd.co.jp/achivement.html**

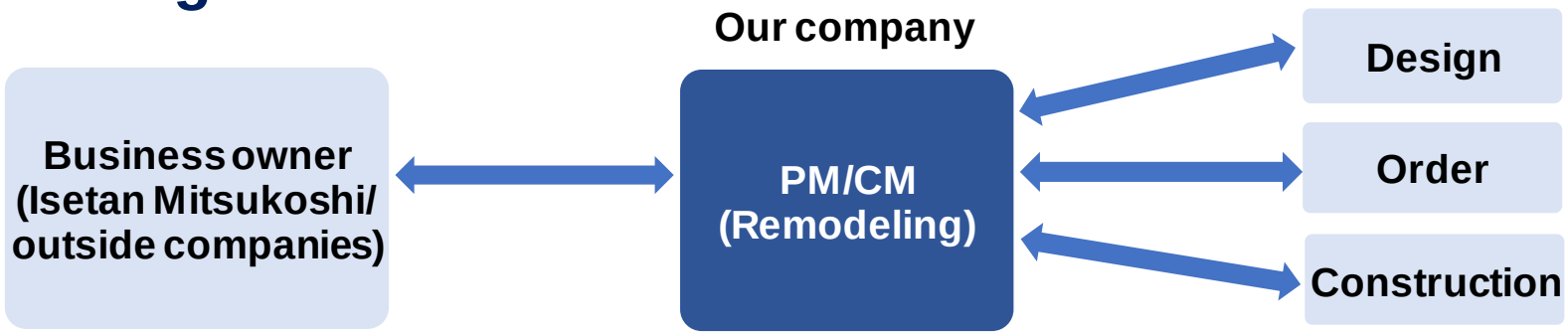




# PM Business (Project Management Business)

**Our company is responsible for the construction management of Isetan Mitsukoshi's remodeling.**

## 1. Positioning of PM and CM

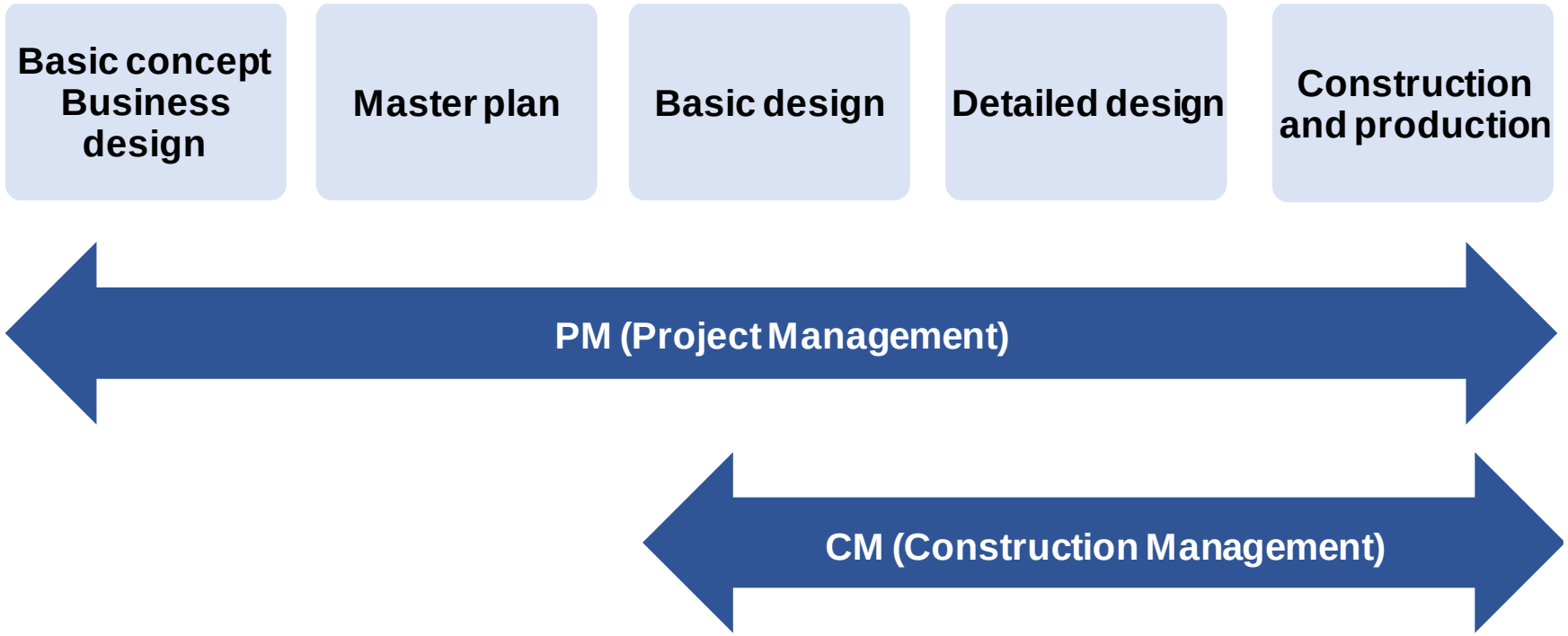



- PM (Project Management)
  A process that manages costs, schedules, quality and compliance throughout a construction project, from the conception of the building to its completion and operation after opening.

- CM (Construction Management)
  A process, to ensure the success of a construction project, that manages the project from the perspective of the purchaser by a highly professional construction manager while maintaining technical neutrality.

# PM Business (Project Management Business)

## 2. PM/CM processes




## 3. Characteristics of our company

Our strength lies in our sophisticated store design, including environmental thinking and flow planning, which we have cultivated through department store remodeling.

# PM Business　Major Construction Achievements
# Mitsukoshi Nihombashi Main Store





# PM Business　Major Construction Achievements
# Isetan Shinjuku Main Store

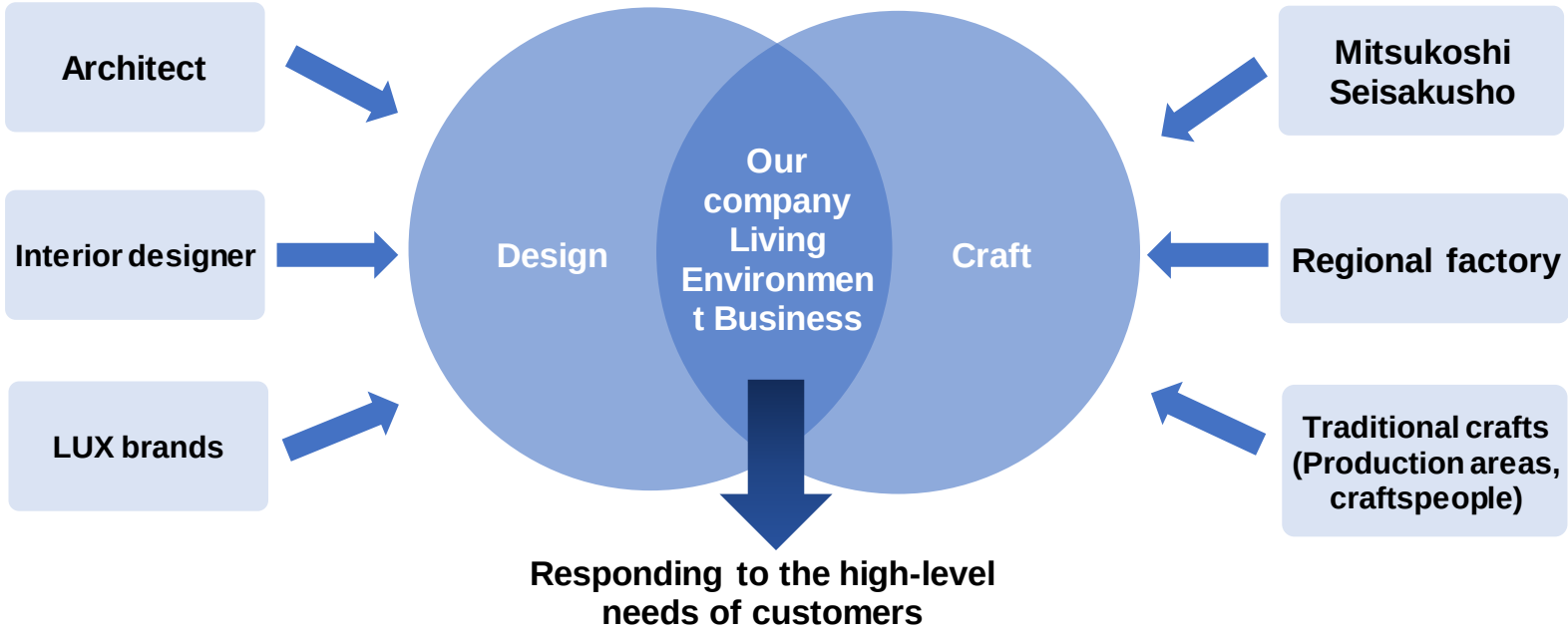




# Living Environment Business

**Our main customers are out-of-store sales customers of Isetan Mitsukoshi, and we handle remodeling and new construction.**

## Characteristics of our company




**Combining the high design and technical capabilities of our creative partners, such as renowned architects and designers, we offer a high level of response to the needs of customers that are difficult for other companies to meet.**

# Living Environment Business
# Major Construction Achievements

**For information on major construction achievements,**
**please visit our company website.**
**https://www.impd.co.jp/achivement.html**

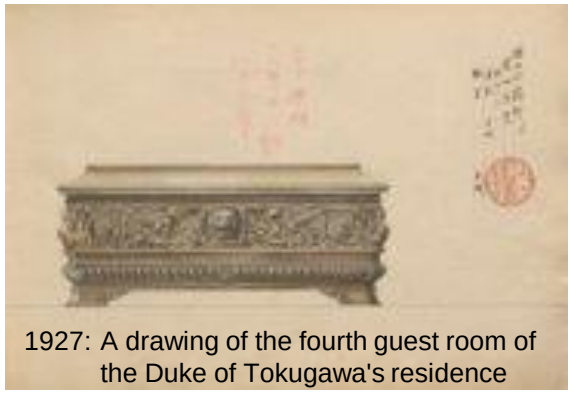




# Mitsukoshi Seisakusho



# Mitsukoshi Seisakusho
# Main Production Achievements



1927: A drawing of the fourth guest room of the Duke of Tokugawa's residence



1930: Former Diet Building



1948: Supreme Court



1968: New Imperial Palace Matsu-no-Ma Throne



1974: Supreme Court







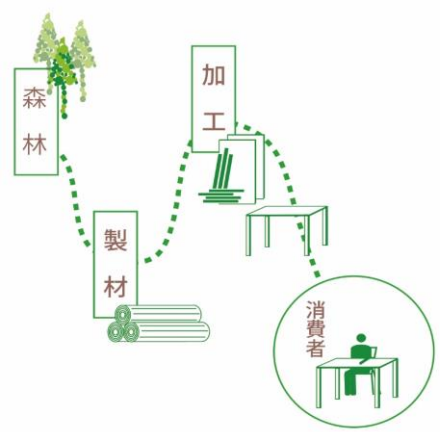
2019: Takamikura (the Imperial Throne for the Emperor) and Michodai (the August Seat of the Empress)



# Mitsukoshi Seisakusho　Sustainability Initiatives

## It has obtained FSC ® -CoC and PEFC-CoC forest certifications.




FSC
www.fsc.org
FSC® C138981

PEFC
PEFC/31-31-1284
持続可能な森林管理の促進
www.sgec-pefcj.jp

責任ある森林管理のマーク





Topo: design
by Kengo Kuma





Isetan Shinjuku Main Store
The Lounge

## A registered operator of the Clean Wood Act.

**We promote environmental conservation activities and contribute to sustainable forest management by actively using wood harvested in accordance with the laws and regulations of our country or the country of origin. In the future, we will increasingly build a sustainable production system, from procurement of certified wood to manufacturing plants, and send a message to society about the value of manufacturing that will be passed onto the next generation.**

Registration number: JTCCM CLW II19002
Date of registration: August 1, 2019

# Mitsukoshi Seisakusho　Movie

**[SDGs: Furniture that will last 100 years. Mitsukoshi Seisakusho]**
**https://www.youtube.com/watch?v=8kgAopIgLWU**

※movie is in Japanese



# Mitsukoshi Seisakusho Movie

## nendo × 三越製作所 MITSUKOSHI SEISAKUSHO

A design office nendo led by Mr. Oki Sato had an exhibition “NENDO SEES KYOTO” showing seven works created in collaboration with Kyoto’ s traditional craftspeople and ateliers, presented in the Daidokoro of Ninomaru-goten Palace and Okiyodokoro at Nijo-jo Castle.
Mitsukoshi Seisakusho fully cooperated in the production of one of the works, "ishidansu."
Onniwa Ueji has been creating gardens in Kyoto for more than 250 years since the Edo Horeki era.
The head of the family has inherited the name of Jihei Ogawa for generations. This time, under the theme of incorporating stones selected by Katsuaki Ogawa, the next twelfth generation of Jihei Ogawa, into the interior without limiting the appeal of the garden to the outdoor space, an exceptional work was completed by integrating "stone" and "wood", the conflicting materials, and incorporating them to function as furniture. Be sure to check out the craftspeople's skills at Mitsukoshi Seisakusho.

*Exhibition ended on February 13, 2022

**[NENDO SEES KYOTO full ver.]**
**https://www.youtube.com/watch?v=UBWuSFVUT0E**

※movie is in Japanese

# 2. Our Company's Direction

# Environment Surrounding IMPD

## 1. External environment

### (1) Construction & Interior market outlook

#### i) Expansion of the construction market

- The overall construction market and our company's main markets of private non-residential investment (construction) and private building repair investment (housing) are expected to expand moderately.

Unit: trillion yen

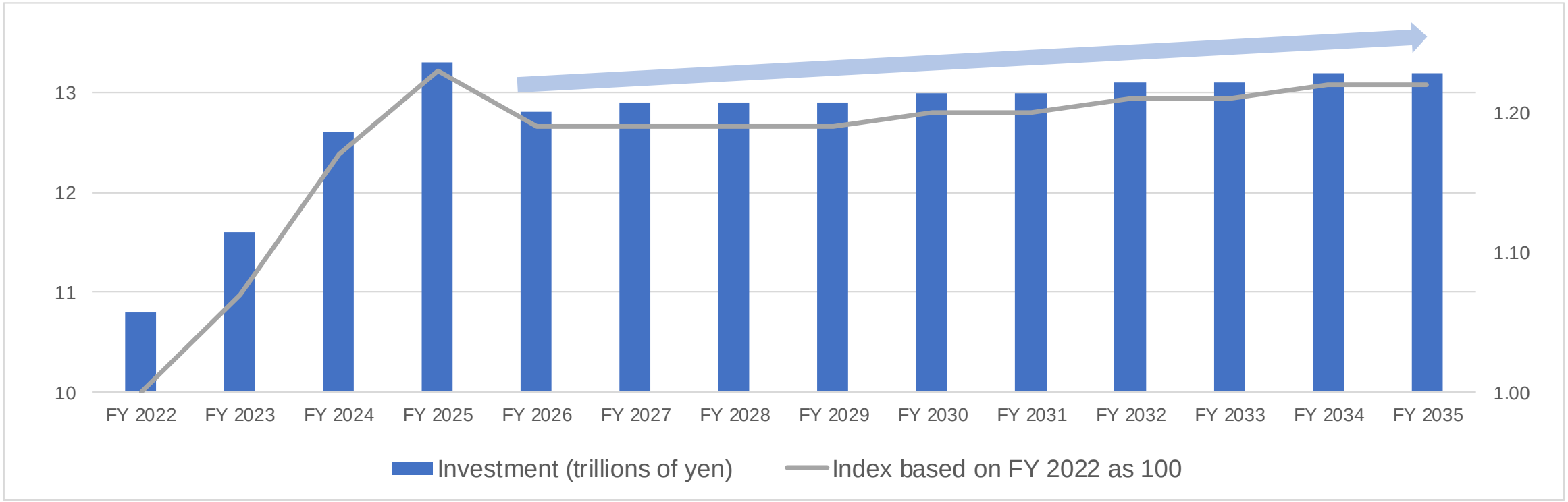
| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | FY2033 | FY2034 | FY2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| construction investment | 65.4 | 63.4 | 61.9 | 62.9 | 64.4 | 66.0 | 67.3 | 66.9 | 67.0 | 67.1 | 67.2 | 67.5 | 67.6 | 67.8 | 67.8 | 68.0 | 67.7 |
| ① private non-residential investment | | | | | | | | | | | | | | | | | |
| construction | 11.7 | 11.1 | 10.7 | 10.8 | 11.6 | 12.6 | 13.3 | 12.8 | 12.9 | 12.9 | 12.9 | 13.0 | 13.0 | 13.1 | 13.1 | 13.2 | 13.2 |
| civil engineering works | 5.8 | 5.7 | 5.7 | 5.9 | 6.0 | 6.1 | 6.2 | 6.3 | 6.5 | 6.6 | 6.7 | 6.9 | 7.0 | 7.1 | 7.3 | 7.4 | 7.6 |
| ② private residential investment | 16.3 | 15.1 | 14.5 | 15.0 | 15.2 | 15.5 | 15.7 | 15.5 | 15.3 | 15.2 | 15.1 | 15.1 | 14.8 | 14.6 | 14.3 | 14.2 | 13.6 |
| ③ civil building renovation investment | | | | | | | | | | | | | | | | | |
| housing | 2.3 | 1.9 | 1.9 | 2.1 | 2.2 | 2.4 | 2.5 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.7 | 2.7 | 2.8 | 2.8 |
| non-residential | 4.4 | 3.6 | 3.7 | 3.9 | 4.0 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 | 4.8 | 4.9 | 5.0 | 5.1 | 5.2 |
| ④ government construction Invest | 24.9 | 25.9 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 | 25.4 |
| ⑤ maintenance and repair | | | | | | | | | | | | | | | | | |
| civil housing | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| non-civil housing | 1.3 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 | 1.5 | 1.5 | 1.6 | 1.6 | 1.7 | 1.8 |
| civilian civil engineering | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.2 |
| residential market total | 19.1 | 17.5 | 16.9 | 17.5 | 18.0 | 18.3 | 18.7 | 18.6 | 18.5 | 18.3 | 18.2 | 18.2 | 18.0 | 17.9 | 17.6 | 17.5 | 17.0 |
| non-residential market total | 24.0 | 22.5 | 22.1 | 22.6 | 23.7 | 24.9 | 25.9 | 25.7 | 26.0 | 26.3 | 26.6 | 27.0 | 27.3 | 27.7 | 28.1 | 28.5 | 28.9 |
| construction market total | 68.0 | 65.8 | 64.4 | 65.5 | 67.0 | 68.6 | 70.0 | 69.7 | 69.8 | 70.0 | 70.2 | 70.5 | 70.7 | 71.0 | 71.1 | 71.4 | 71.3 |

Source: Research Institute of Construction and Economy "No. 73 Construction Economic Report (March 2021) p. 57"

# Environment Surrounding IMPD

**Prospects for private non-residential construction investment (Construction)**

| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | FY 2033 | FY 2034 | FY 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Investment (trillions of yen) | 10.8 | 11.6 | 12.6 | 13.3 | 12.8 | 12.9 | 12.9 | 12.9 | 13 | 13 | 13.1 | 13.1 | 13.2 | 13.2 |
| Index based on FY 2022 as 100 | 1.00 | 1.07 | 1.17 | 1.23 | 1.19 | 1.19 | 1.19 | 1.19 | 1.20 | 1.20 | 1.21 | 1.21 | 1.22 | 1.22 |




Source: created by our company based on the Research Institute of Construction and Economy "No. 73 Construction Economic Report (March 2021) p. 57"

# Environment Surrounding IMPD

ii) Expansion of construction projects in major cities in Japan

- Large-scale development projects are expected in major cities in Japan.
- Our company is already approaching several projects.

(Reference) Expected major construction projects　Domestic total

Planned investment amount (our company estimate)　9,727 billion yen

**Domestic construction projects (millions of yen, number of projects)**

| Classification | Total project cost | Construction & Interior | PM | Commerce |
|---|---|---|---|---|
| Complex | 6,161,900 | 38 | 24 | 30 |
| Office | 1,773,700 | 8 | 3 | 2 |
| Hotel | 658,000 | 15 | 2 | 6 |
| IR | 1,000,000 | 1 | 1 | 1 |
| Other businesses | 133,400 | 9 | 3 | 3 |
| Total | 9,727,000 | 71 | 33 | 42 |

# Environment Surrounding IMPD

## (Reference) Expected major construction projects　By region

## *Planned investment amount estimated by our company

**Strategic region** Planned investment amount　1,985.5 billion yen

Kansai

| | Year of completion | Project | Project size | Construction & Interior | PM | Commerce |
|---|---|---|---|---|---|---|
| Hotel | FY 2023 | Hiroshima-shi Naka-ku Fujimicho Project (Hilton Hiroshima) | 48,050㎡ | ○ | | |
| Hotel | FY 2023 | Kyoto Shokuryu Elementary School Site Project (Dusit Thani Kyoto) | 17,600㎡ | ○ | | ○ |
| Hotel | FY 2023 | Redevelopment of the site of the Dentsu Osaka Building (Four Seasons Osaka) | 80,000㎡ | ○ | | ○ |
| Complex | FY 2023 | (Tentative name) Construction Work for the Midosuji Awajimachi Building (NTT Urban Development) | 45,360㎡ | ○ | ○ | ○ |
| Complex | 2024 | Umeda 3-Chome Project | 229,000㎡ | ○ | | ○ |
| Office | 2024 | Midosuji Daibiru Reconstruction Project | 20,300㎡ | ○ | | |
| Complex | 2024.4 | Grand Green Osaka (Umekita 2nd Project) North District Rental Building | 64,200㎡ | | | |
| Hotel | 2024.7 | (Tentative name) OM Project (Candeo Hotels Osaka Dojimahama (tentative name)) | 67,000㎡ | ○ | | |
| Complex | 2024.1 | Osaka Station New Station Building (tentative name) | 60,440㎡ | ○ | | |
| Exposition | 2025 | Osaka Expo and Neighborhood Development | 1,550,000㎡ | ○ | ○ | ○ |
| Complex | 2026 | Yodoyabashi Station West District Type 1 Urban Redevelopment Project | 132,331㎡ | ○ | ○ | ○ |
| Complex | 2026.2 | (Tentative name) Shinsaibashi Project | 46,241㎡ | ○ | ○ | ○ |
| IR | FY 2026 and beyond | Yumeshima IR Project | 1,000,000㎡ | ○ | ○ | ○ |
| Complex | 2027 | Umekita 2nd Project | 556,450㎡ | ○ | ○ | ○ |
| Complex | 2029 | JR Sannomiya New Station Building | 100,000㎡ | ○ | ○ | ○ |
| | | | 4,016,972㎡ | 12 | 5 | 8 |

**Strategic region** Planned investment amount　119.6 billion yen

Kyushu

| | Year of completion | Project | Project size | Construction & Interior | PM | Commerce |
|---|---|---|---|---|---|---|
| Complex | 2023 | Nagasaki Stadium City Project | 36,300㎡ | ○ | ○ | ○ |
| Hotel | 2025 | JR Kyushu Nagasaki Station Redevelopment Hotel Project | 114,000㎡ | ○ | ○ | ○ |
| Complex | 2025.1 | (Tentative name) Construction Work for the Walk Project (Head office building of the Nishi-Nippon City Bank Reconstruction) | | ○ | | |
| Hotel | 2026.3 | Prince Hotel Project | 20,725㎡ | ○ | | |
| | | | 171,025㎡ | 4 | 2 | 2 |

Planned investment amount　118.7 billion yen

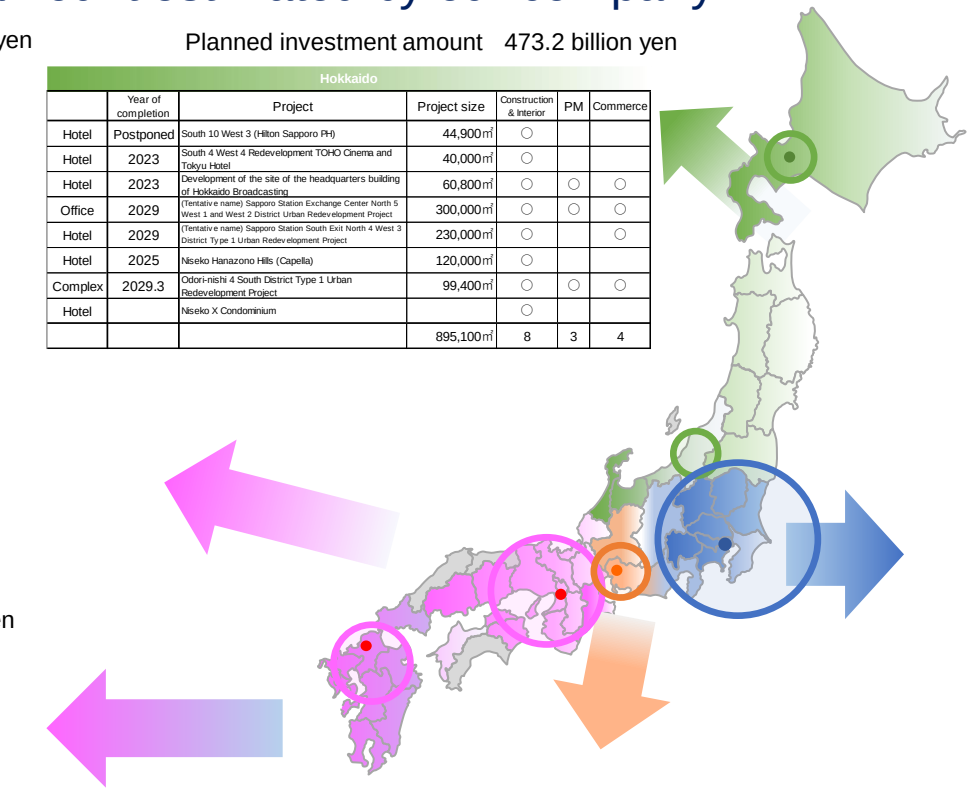
Okinawa

| | Year of completion | Project | Project size | Construction & Interior | PM | Commerce |
|---|---|---|---|---|---|---|
| Hotel | 2023 | Miyakojima Hotel Project (Mitsubishi Estate) | 27,983㎡ | ○ | | ○ |
| Hotel | 2024 | Four Seasons Resort & Private Residences Okinawa | 143,912㎡ | ○ | | |
| Office | 2025.11 | Bank of the Ryukyus New Head Office Building | | ○ | | |
| | | | 171,895㎡ | 3 | 0 | 1 |

Planned investment amount　473.2 billion yen

Hokkaido

| | Year of completion | Project | Project size | Construction & Interior | PM | Commerce |
|---|---|---|---|---|---|---|
| Hotel | Postponed | South 10 West 3 (Hilton Sapporo PH) | 44,900㎡ | ○ | | |
| Hotel | 2023 | South 4 West 4 Redevelopment TOHO Cinema and Tokyu Hotel | 40,000㎡ | ○ | | |
| Hotel | 2023 | Development of the site of the headquarters building of Hokkaido Broadcasting | 60,800㎡ | ○ | ○ | ○ |
| Office | 2029 | (Tentative name) Sapporo Station Exchange Center North 5 West 1 and West 2 District Urban Redevelopment Project | 300,000㎡ | ○ | ○ | ○ |
| Hotel | 2029 | (Tentative name) Sapporo Station South Exit North 4 West 3 District Type 1 Urban Redevelopment Project | 230,000㎡ | ○ | | ○ |
| Hotel | 2025 | Niseko Hanazono Hills (Capella) | 120,000㎡ | ○ | | |
| Complex | 2029.3 | Odori-nishi 4 South District Type 1 Urban Redevelopment Project | 99,400㎡ | ○ | ○ | ○ |
| Hotel | | Niseko X Condominium | | ○ | | |
| | | | 895,100㎡ | 8 | 3 | 4 |



**Strategic region** Planned investment amount　165 billion yen

Chubu/Tokai

| | Year of completion | Project | Project size | Construction & Interior | PM | Commerce |
|---|---|---|---|---|---|---|
| Complex | 2024 | (Tentative name) Chunichi Building Reconstruction Project | 117,267㎡ | ○ | ○ | ○ |
| Hotel | 2025 | Nagoya Castle Hotel Reconstruction | | ○ | | |
| Complex | 2026 | WOVEN CITY Project | 700,000㎡ | ○ | ○ | |
| Complex | 2027 | Central Japan International Airport Centrair | | ○ | ○ | ○ |
| | | | 817,267㎡ | 4 | 3 | 2 |

Planned investment amount　6,865 billion yen

Metropolitan Area

| | Year of completion | Project | Project size | Construction & Interior | PM | Commerce |
|---|---|---|---|---|---|---|
| Complex | 2023.3 | Toranomon and Azabudai District Type 1 Urban Redevelopment Project | 860,400㎡ | ○ | | ○ |
| Hotel | 2023.4 | Yokohama Nihon Odori Project "Citadines" | 13,800㎡ | ○ | | |
| Complex | 2023.5 | (Tentative name) TTM Project | 113,000㎡ | ○ | | |
| Complex | Spring 2023 | Gotanda Project (tentative name) (development of the site of the former U-Port) | 68,000㎡ | ○ | | ○ |
| Complex | 2023.7 | (Tentative name) Toranomon Hills Station Tower | 255,300㎡ | ○ | | ○ |
| Complex | 2023.11 | Shibuya Station Sakuragaoka-guchi District Type 1 Urban Redevelopment Project Block A and B | 254,000㎡ | ○ | | ○ |
| Office | 2023.12 | Mita 3- and 4-Chome District Type 1 Urban Redevelopment Project | 229,640㎡ | ○ | | |
| Complex | 2023.12 | Minato Mirai 21 Central District 53 Block WEST/EAST Building | 183,000㎡ | ○ | | ○ |
| Complex | 2023.12 | K Arena Project | 119,300㎡ | ○ | | ○ |
| Complex | 2024 | Shinagawa Development Project | 851,000㎡ | ○ | | ○ |
| Office | 2024 | Tokyo Bimae Yaesu 1-Chome East District Urban Redevelopment Project | 225,200㎡ | ○ | ○ | |
| Hotel | 2024 | Roppongi 4-Chome Project (Langham Place Tokyo) | 32,515㎡ | ○ | | |
| Complex | 2025 | Nihombashi 1-Chome Central District Type 1 Urban Redevelopment Project | 373,200㎡ | ○ | | |
| Complex | 2025 | Nishiazabu 3-Chome Northeast District Type 1 Urban Redevelopment Project | 99,700㎡ | ○ | ○ | ○ |
| Complex | 2025.3 | (Tentative name) Minami-Aoyama 3-Chome Project | 45,339㎡ | ○ | ○ | ○ |
| Complex | 2026 | Four Seasons Hotel Yokohama | 82,662㎡ | ○ | ○ | ○ |
| Complex | 2026.3 | Oimach Station Area Hiromachi District Development | 259,000㎡ | ○ | ○ | ○ |
| Office | 2026.10 | Toranomon 1-Chome East District Type 1 Urban Redevelopment Project | 120,700㎡ | ○ | | |
| Office | 2026.12 | NHK Broadcasting Center Reconstruction Work | 272,000㎡ | ○ | | |
| Office | 2027 | Tokiwabashi Block Redevelopment Project | 680,000㎡ | ○ | ○ | ○ |
| Complex | 2027.2 | Hamamatsucho 2-Chome 4 District A Block | 314,000㎡ | ○ | ○ | ○ |
| Complex | 2027.3 | Dogenzaka 2-Chome South District Type 1 Urban Redevelopment Project | 87,100㎡ | ○ | ○ | ○ |
| Complex | 2027.3 | (Tentative name) Shinagawa Station West Exit Area A District Construction Project | 313,000㎡ | ○ | ○ | ○ |
| Complex | 2027.3 | Iidabashi Station East District Type 1 Urban Redevelopment Project | 46,565㎡ | ○ | ○ | |
| Complex | 2027.3 | Urban Renewal Step-up Project (Shibuya District) Joint Development Project for Shibuya 1-Chome | 46,577㎡ | ○ | ○ | ○ |
| Complex | 2028.3 | Shibuya Upper West Project | 117,000㎡ | ○ | ○ | ○ |
| Complex | 2028.3 | Sengakuji Station District Type 2 Urban Redevelopment Project | 112,000㎡ | ○ | ○ | ○ |
| Complex | 2028.3 | Shibuya Scramble Square Phase II (Central and West Buildings) | 95,618㎡ | ○ | ○ | ○ |
| Complex | 2028.11 | (Tentative name) Akasaka 2- and 6-Chome District Development Project | 211,000㎡ | ○ | ○ | ○ |
| Complex | 2029 | (Tentative name) Shibaura 1-Chome Project | 549,869㎡ | ○ | | |
| Theatre | 2029 | National Theater Reconstruction Project | 51,400㎡ | ○ | | |
| Complex | 2029 | Shinjuku West Exit Redevelopment | 281,700㎡ | ○ | ○ | ○ |
| Complex | 2029.3 | Nishiazabu 3-Chome Northeast District Type 1 Urban Redevelopment Project | 97,010㎡ | ○ | ○ | ○ |
| Complex | 2029.11 | Yaesu 2-Chome Central District Type 1 Urban Redevelopment Project | 400,000㎡ | ○ | ○ | ○ |
| Complex | 2029.11 | (Tentative name) Roppongi 1-Chome North District Project (Development of the site of Hotel Okura Annex) | 140,000㎡ | ○ | ○ | ○ |
| Complex | 2030 | Mitsui Fudosan, NTT Urban Development, Tokyo Electric Power Uchisaiwaicho Project | 800,000㎡ | ○ | | |
| Hotel | TBD | Mitsui Fudosan Hakone Luxury Hotel Project etc. | 9,461㎡ | ○ | | |
| Hotel | TBD | Wealth Management Hakone Gora Hotel Development | | ○ | | |
| Hotel | TBD | Mori Trust Nakagora Hotel Development Project | | ○ | | |
| Complex | TBD | Redevelopment of the site of Tsukiji Market | | ○ | ○ | ○ |
| | | | 8,810,056㎡ | 40 | 20 | 25 |

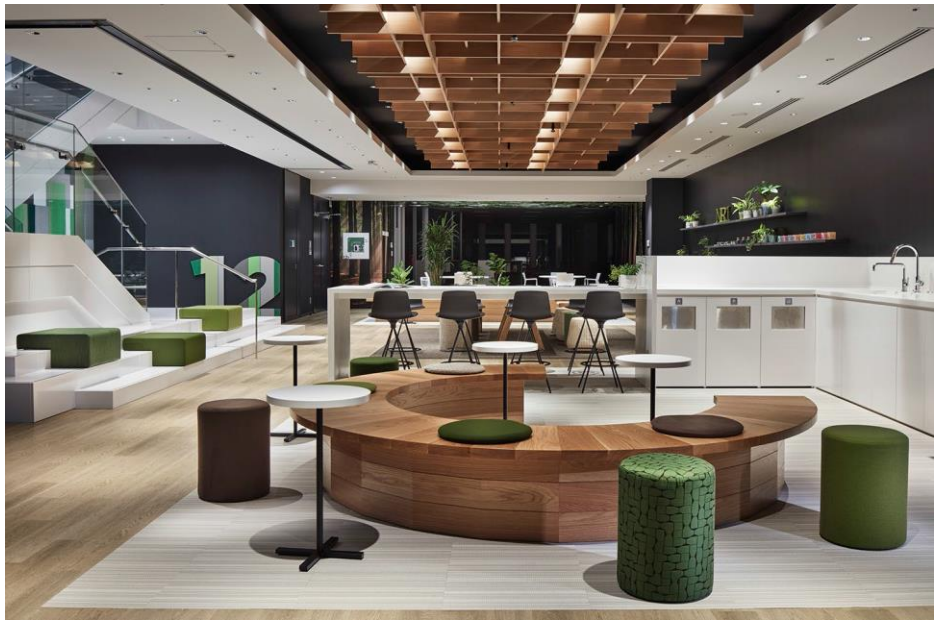
# Environment Surrounding IMPD

## iii) Growing need for high added value

- With the spread of COVID-19, people have come to demand "added value" in real places.
- For this reason, in interior construction, clients are increasingly demanding higher levels of proposal and design capabilities than ever before.
- The number of inquiries to our company, which specializes in added-value proposal-based products, is increasing, and business opportunities are expected to expand in the future.

(Cases)

If it's an office, more than just a place to work, there is a growing need to promote communication and connection among employees, and to create an environment that allows more space for each person to relax.







*Our company’s construction case

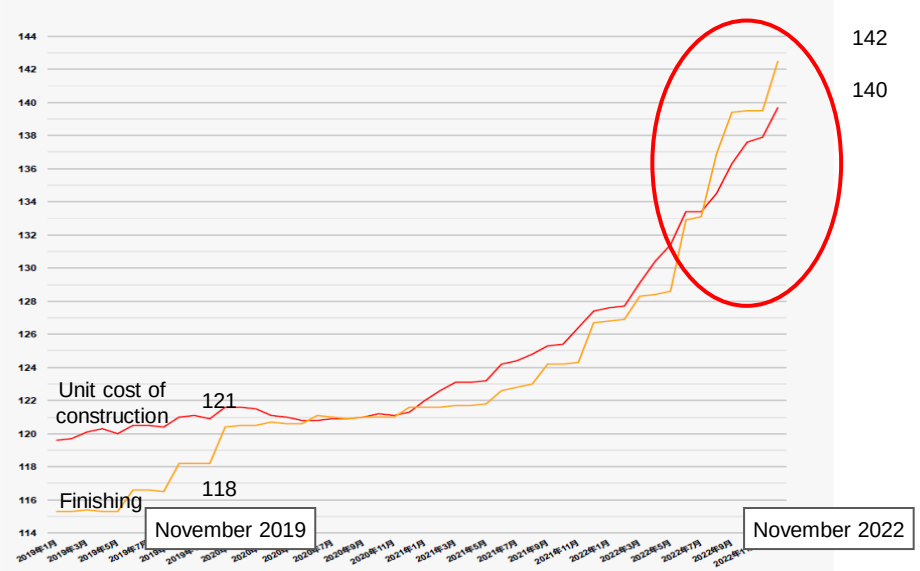
# Environment Surrounding IMPD

## (2) Common industry challenges

### i) Soaring costs

- Cost has been on the rise due to soaring raw materials and logistics costs. This has resulted in temporary declines in profitability and changes in client plans.
- Labor costs are expected to increase across the industry due to the adoption of the Work Style Reform Act (including restrictions on overtime hours and the provision of two days off per week) in the construction industry (effective from April 2024).

<Construction cost index trends>

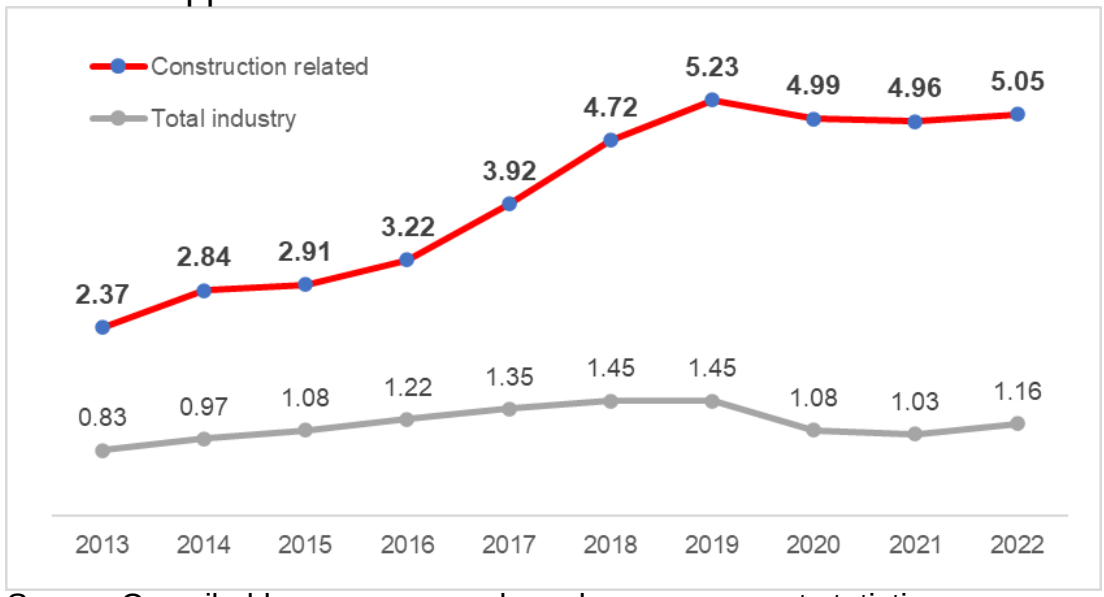



Source: Construction Research Institute website

### ii) Shortage of human resources

- In the construction industry as a whole, there is a shortage of human resources, and the jobs-to-applicants ratio is over five, making it a strong seller's market in the entire industry.
- Our company is working to secure human resources and improve skills and motivation through aggressive recruitment efforts, expanded education, and reformed personnel systems.

<Jobs-to-applicants ratio trends>




Source: Compiled by our company based on government statistics on the labor-related index by occupation

# Environment Surrounding IMPD

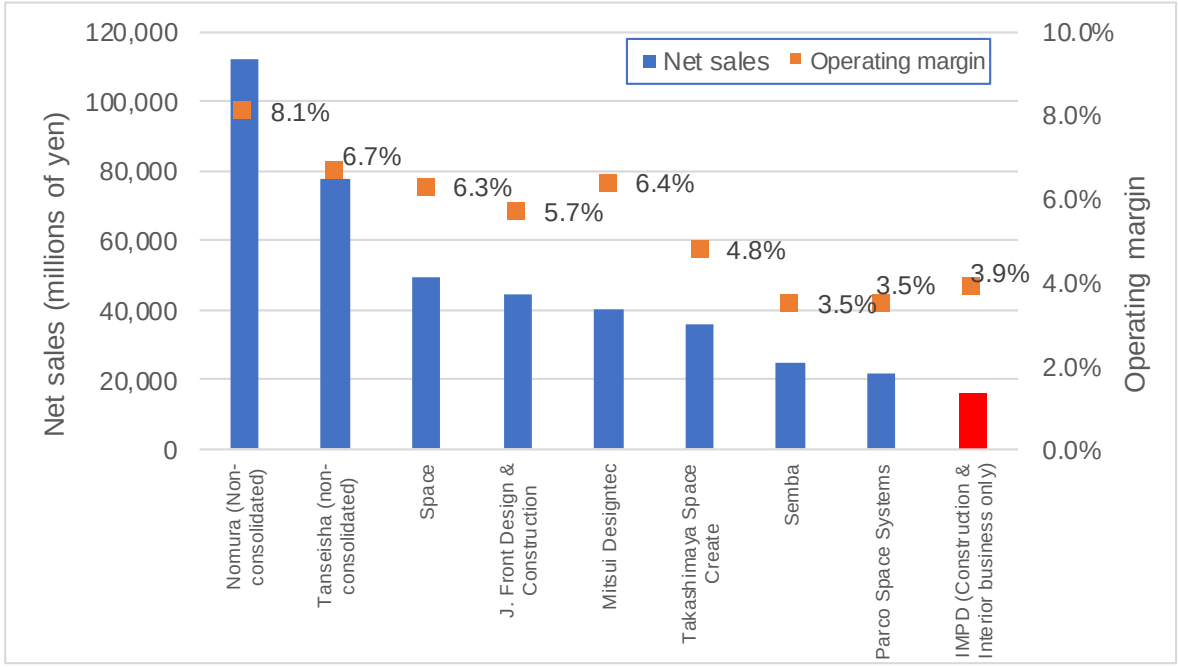
## (3) Competitive environment (comparison of sales and operating income)

*Comparison of only disclosing companies

- In the construction & interior industry, our company ranks ninth in sales volume (FY 2019).

(Unit: millions of yen)

| Sales ranking | Company | Year ended | Net sales | Operating income | Operating margin |
|---|---|---|---|---|---|
| 1 | Nomura (Non-consolidated) | 202002 | 112,241 | 9,059 | 8.1% |
| 2 | Tanseisha (non-consolidated) | 202001 | 77,921 | 5,243 | 6.7% |
| 3 | Space | 201912 | 49,292 | 3,103 | 6.3% |
| 4 | J. Front Design & Construction | 202002 | 44,819 | 2,536 | 5.7% |
| 5 | Mitsui Designtec | 202003 | 40,247 | 2,564 | 6.4% |
| 6 | Takashimaya Space Create | 202002 | 36,247 | 1,755 | 4.8% |
| 7 | Semba | 201912 | 24,615 | 852 | 3.5% |
| 8 | Parco Space Systems | 202002 | 21,537 | 761 | 3.5% |
| **9** | **IMPD (Construction & Interior business only)** | **202003** | **16,016** | **617** | **3.9%** |

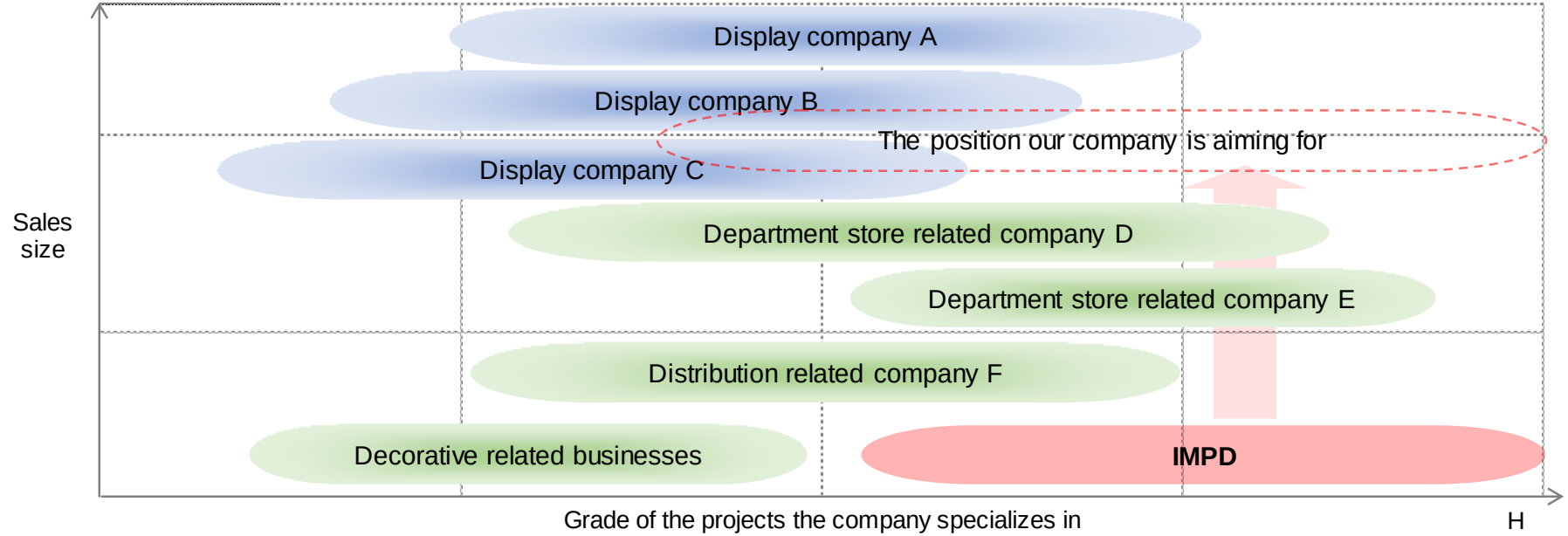



*IMPD figures are for Construction & Interior business only (after allocation of head office costs). This is different from the figures in the corporate total.

# Environment Surrounding IMPD

## (3) Competitive environment (image of industry position)

- Our company specializes in high-grade projects in the industry.
- We aim to increase our company's market share in the areas of our specialties as well as to expand the scope of our business, and expand scale of our business in the future to one of the highest levels in the industry.

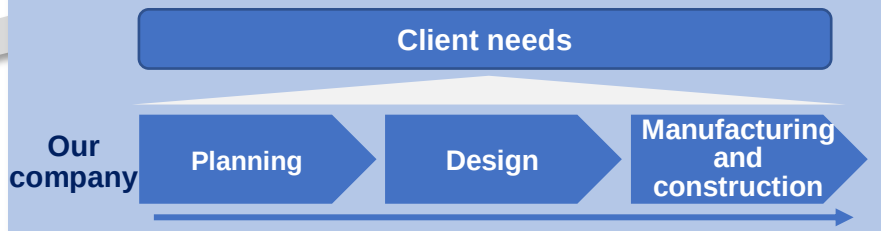



| | | | | |
|---|---|---|---|---|
| *Hotel* | Business hotels | City hotels | 4-star hotels | 5-star hotels |
| *Office* | General floors | Public environment | Conference rooms | Boardrooms |
| *Commercial facility* | Supermarkets, convenience stores, chain stores | Shopping centers | Department stores | Luxury brands |
| | | | | The Imperial Household Agency, State Guest House, Miyake |

# Our Company's Strengths

## Proposal capability

- A high level of proposal capability that can integrate all steps from planning (PM function) to manufacturing (Mitsukoshi Seisakusho) and construction




High level of proposal capability that can integrate all steps including manufacturing and construction

## Technical capability

- Technical and management capabilities fostered by the track record of many high-grade and special projects
- Providing advanced technical capabilities by utilizing Mitsukoshi Seisakusho, a directly managed furniture factory






## Group capabilities of Isetan Mitsukoshi

- Department store customer base (individual and corporate)
- Brand power and trust of department stores
- Know-how through department store remodeling that requires high level of skill





**Leveraging our company's unique strengths, we will expand our business and increase our contribution to the Group.**

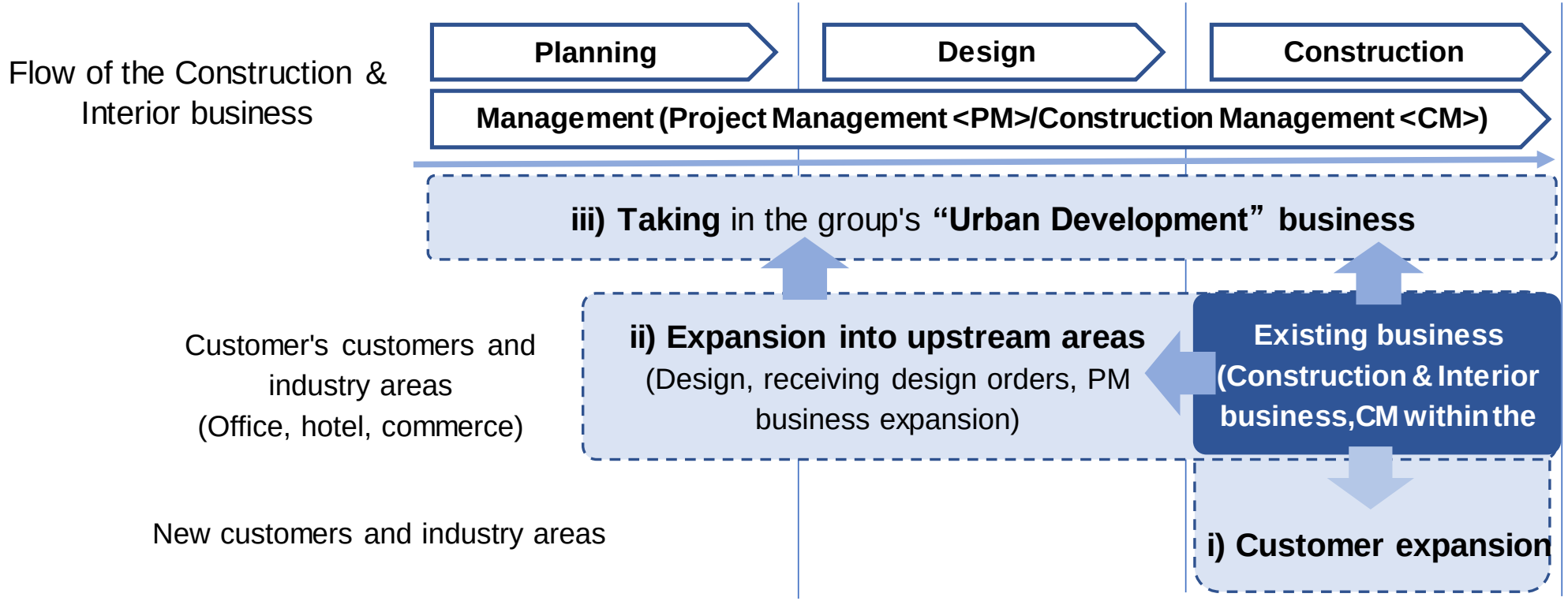
# The Direction We Want to Go

i) **Customer expansion in existing businesses**
Deepening of existing customers, customer development in new areas of Construction & Interior business, expansion of CM external customers

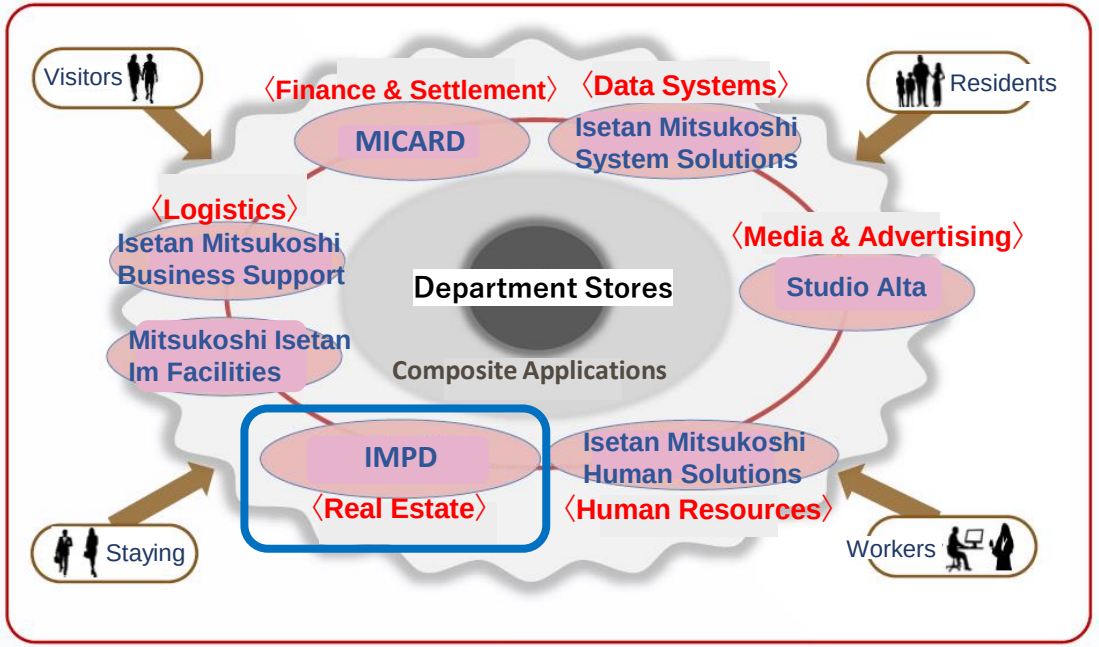
ii) **Expansion into upstream areas (design, receiving design orders, PM business)**
Expanding the fields of planning and design

iii) **Taking in the urbanization business**
Receiving orders for PM and construction & interior projects in the “Urban Development” business

***In addition to the above, we will work to create new businesses (overseas, small-scale construction, etc.) in areas where we can leverage our company's strengths.**



# Business Image in “Urban Development”




## 1. Block Project Management (PM)

- Formulating concepts to enhance the attractiveness of the entire block, and planning business concept proposals.
- Possible collaboration with external PM providers.

## 2. Building Project Management (PM)/ Construction Management (CM)

- Totally manages each project from planning to supervision for the entire building, each use (commercial, hotel, office, etc.) and floor.
- It does not stop at the direct investment portion of the Isetan Mitsukoshi Group, but takes in PM and CM from tenants. This will lead to the receiving of orders for interior construction projects.

| Research and analysis | Planning and basic concept | CM | Basic design |
|---|---|---|---|
| Marketing research and analysis | Development planning proposals, business plans, concept planning, facility planning proposals | Budget performance control, process control, quality control, etc. | Design and artwork for constructions, interiors, furniture, fixtures, lightings, etc. |

## 3. Interior construction of the building

- By getting involved in the project from the PM and CM in the upstream process, we can take in the construction project of “Urban Development” to the maximum extent.
- As with PM and CM, it does not stop at the direct investment portion of the Isetan Mitsukoshi Group, but takes in construction projects from tenants.

| Detailed design | Construction and production | Delivery | Aftercare |
|---|---|---|---|
| Preparing design of actual facilities such as interiors and furniture, and detailed design documents | Construction supervision (quality, process, safety), estimation, budget control, design supervision | Construction check, inspection, related support, etc. | Scheduled maintenance, repair, renewal planning |


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