Mitsui to Participate in CIM Group, LLC, a US Real Estate Asset Manager

February 20th, 2017
Mitsui & Co., Ltd.
Topics

1. Outline of Mitsui’s Investment
2. The Real Estate Asset Management (“AM”) Market
3. CIM Group, LLC (“CIM”) Overview
4. Strategic Rational and Mitsui’s Value-Add
5. History of Mitsui’s Asset Management Business
1. Outline of Mitsui’s Investment

Mitsui will acquire a minority interest in a US real estate asset manager CIM Group, LLC (“CIM”), and invest in CIM’s funds.

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<thead>
<tr>
<th>Mitsui’s Ownership</th>
<th>20% (Investment in CIM)</th>
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<tbody>
<tr>
<td>Investment Amount</td>
<td>Total investment of USD 450 - 550 million, with adjustments based on terms of the agreement.</td>
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<td>Investment Timing</td>
<td>- Participation in CIM scheduled within FY ending March 2017.</td>
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<td>- Fund investments to follow for the next several years.</td>
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2. The Real Estate AM Market

- In the AM market, any non-traditional assets are generally known as “alternative asset”, including real estate, infrastructure, private equity, hedge funds etc.

- Globally, investment in alternative assets is expected to grow at CAGR of over 8% through 2020.

- Real estate, especially US real estate, is one of the largest asset class in the alternative investment market.

- In Japan, the low interest rate environment has reduced investment return and Japanese investors’ capital is expected to flow increasingly into domestic and global real estate and infrastructure.

**Global Alternative Assets**

(US$ in trillions)

- 2004: 2.5
- 2007: 5.3
- 2013: 7.9
- 2020: 13.6

CAGR 8.1%

**Real Estate Fund Raising by Region**

- North America: 38%
- Europe: 30%
- Asia Pacific: 15%
- Global: 13%

Source: PwC, PERE
### 3. CIM Overview(1)

<table>
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<tr>
<th>Establishment</th>
<th>1994</th>
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<tbody>
<tr>
<td>Head Office</td>
<td>Los Angeles, CA (U.S.A.)</td>
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<tr>
<td>Representative</td>
<td>Avi Shemesh / Co-Founder and Principal</td>
</tr>
<tr>
<td>Business</td>
<td>Asset management business primarily targeting urban real estate and infrastructure assets in North America.</td>
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<tr>
<td>Employees</td>
<td>615+ (as of end of September, 2016)</td>
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<td>AUM</td>
<td>US$19.2 billion (as of end of September, 2016)</td>
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< Business Model >

- **Management Fee**
- **Performance Fee**
- **Seed Investment Return**

**Asset Manager**

- **CIM**
  - **Fee**
  - **Advisory Service**

**Funds**

- Real estate
- Infrastructure
- Debt
- Equity/Debt

**Seed Investment※**

※ The asset manager may contribute a portion of the funds from its own capital.

**Lending**

- Financial Institutions

**Equity Investment**

- Pensions
- Institutions
- Individuals
| **Fund Raising Capability** | - Global top 20 real estate fundraising in the last 5 years*.  
- Investor base includes 70+ global institutions. |
| **Community Focused** | - Focus on specific urban submarkets (“Qualified Communities”) meeting qualification criteria that CIM believes will support outsized rent growth /capital appreciation. |
| **Vertically Integrated** | - Integrated, full-service investment manager with in-house research, acquisition, development, leasing capabilities. |
| **Sourcing Capability** | - Community perspective, which CIM believes provides a significant competitive advantage in sourcing attractive, proprietary investment opportunities.  
- Sector-agnostic focus including retail, residential, office, parking, hotel, signage, and mixed-use. |
| **Investment Discipline** | - Investment strategy relies on improved asset and community performance, not cap rate compression or financial engineering.  
- Judicious use of leverage and diligent underwriting scenarios. |

3. CIM Overview(3)

< Representative Investments >

Hollywood & Highland® Center / Los Angeles

2Cal (Two California Plaza) / Los Angeles

432 Park Avenue® / New York

11 Madison Avenue / New York
4. Strategic Rational and Mitsui’s Value-Add

< Strategic Rational >

- Expand Mitsui’s real estate AM business to US, globally the largest and most advanced market.
- Enhance Mitsui’s global assets under management (“AUM”) and profit base.

< Mitsui’s Value-Add >

- Strengthen CIM’s customer base by utilizing Mitsui’s network and knowledge in the Japanese real estate AM market.
- Introduce CIM’s funds to the Japanese market through Japan Alternative Investment Co., Ltd., Mitsui’s wholly-owned subsidiary, to provide alternative strategy in the current low interest rate environment.
5. History of Mitsui’s Asset Management Business

**Japan**
- Founded Japan Alternative Investment Co.
- Acquired 5 properties from Mitsui as seed assets
- Founded Mitsui & Co., Logistics Partners
- Founded the first logistics private fund
- Founded healthcare fund
- Founded the second logistics private fund
- Founded solar energy fund
- Founded logistics development / office fund
- List of first dedicated logistics J-REIT
- Participated in listed REIT business in Thailand
- Invested in AM company of infrastructure debt funds in Australia

**Overseas**
- Founded Mitsui & Co., Realty Management
- Founded the first logistics private fund
- Founded healthcare fund
- Founded the second logistics private fund
- Founded solar energy fund
- Founded logistics development / office fund
- List of first dedicated logistics J-REIT
- Participated in listed REIT business in Singapore
- Invested in AM company of infrastructure debt funds in Australia

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