

Mitsui Fudosan Co., Ltd.
FY2025 Analyst Meeting Q&A Summary

Q. The FY2025 ROE was 8.7%, but based on the forecasts for FY2026, you appear to be guiding for ROE to decline to around 8.5%. You have stated you are strongly committed to achieving the Long-term Vision & INNOVATION 2030 ROE target of 10% around FY2030 but please comment on whether there may be upside to the FY2026 ROE target and how determined you are to improve ROE.

A. With regard to the numerator for ROE, our FY2026 forecasts incorporate a certain level of buffer factoring in the impact of a deterioration of the situation in the Middle East. If the situation stabilizes, then this buffer would represent upside.

Also, if we look at the individual businesses, there are a number of factors that could change over the course of the fiscal year, such as the variable rent portion which is tied to GMV at the retail facilities leasing business or the performance of the Facility Operations segment, which includes the hotels and Tokyo Dome businesses.

In addition, with regard to the denominator for ROE, we have also stated that we are considering an additional share repurchase program for FY2026 to be implemented during the fiscal year on top of the 40 billion yen program announced this time.

For the numerator, the company as a whole is very firmly committed to growing profits and generating even one more yen of additional profit, and aims to exceed the previous year's level of shareholder returns in considering an additional buyback.

Q. Please elaborate on the progress Mitsui Fudosan is making on the leasing of Sun Belt area rental residential properties and the outlook for disposals.

A. If we look at the overall Sun Belt area, there was a period of time where supply of rental residential properties was temporarily elevated; we are aware that there are some properties where leasing has been weak. However, we are working with local developers known to have solid leasing capabilities and our focus is on developing high quality, superior properties targeted at high-end individuals. As such, progress on leasing for us has been smooth.

For the 3 properties that were completed in FY2024, as of last November leasing progress ranged between 50 - 80% but over the subsequent six months, this has risen by 10-20%-points,

bringing the current leasing status up to between 70 - 90%. We are also making good progress in leasing properties that are slated for completion in FY2025.

US interest rates have remained higher than expected, but near term we have confirmed that there have been multiple transactions for Sun Belt area rental residential properties at cap rates in the 4%-plus range. For this reason, based on our assumptions for yields, we believe it is possible to dispose of these properties even at current interest and cap rate levels, which should allow us to capture a sufficient level of profits.

Q. Please comment on why you did not revise your quantitative targets or disclose new future targets, despite having achieved the & INNOVATION 2030 profit and ROE targets for FY2026 1 year early.

A. Given the changes to the external environment compared to the conditions in place when we formulated the & INNOVATION 2030 plan, we want to properly discuss the subject before making an announcement at the appropriate time.

Q. On page 6 of the presentation, you state that Mitsui Fudosan will improve its leasing segment profit-generating capability by approximately 13 billion yen in FY2026, but the magnitude of the increase in profits ascribed to higher rents at domestic offices feels low. Please elaborate on the breakdown of the 13 billion yen and whether there is potential for upside.

A. The breakdown of the roughly 13 billion yen in improved profit generation in FY2026 is: 1) the increase in GMV and rent revenue from domestic retail facilities, both the properties which came online in the previous fiscal year and existing retail facilities; 2) increases in GMV and occupancy at overseas offices and retail facilities; and 3) the positive rent reversions from domestic offices. An image of the magnitude of the expected contributions from each of these factors is roughly reflected by the scale of each of the colored bands.

Typically, negotiations to renew leases and raise rents for existing offices start 12 to 18 months before contract expiry dates. After reaching an agreement, the new rent levels and other conditions agreed through negotiation usually take effect 6 to 12 months later when the leases actually roll over. As a result, the impact of rent increases coming through in FY2026 are mainly based on terms and contracts agreed to when rent growth momentum was not as strong as it is now.

The number of tenants that agreed to a rent increase of more than 10% in FY2025 tripled versus FY2024 and there were multiple instances where we achieved rent increases between

20% to over 30%. There has been an acceleration in the momentum for rent growth, but the impact of this stronger momentum is likely to materialize in FY2027 and beyond.

For retail facilities, tenant rents are structured to reflect increases in store GMV to a certain extent. Structurally, the increases are reflected in earnings in relatively short order. For this reason, if GMV during the fiscal year exceeds our assumptions, we think there may be upside.

Q. In the presentation, you newly disclosed a NAV per share figure that takes into account real property for sale (P.3). You also explained that there is other value that is not reflected in the numbers. What are the key points that you want the capital markets to take into consideration?

A. The first takeaway we would like to be rated for is our well-balanced portfolio.

We believe that we have top class capabilities in successfully winning business opportunities, development, leasing, operating and selling properties in a wide range of asset classes, such as office, retail facilities, logistics facilities, hotels and residential properties.

We think this is also reflected in the abundance of our pipeline. As highlighted in the presentation, we are also winning many opportunities in new businesses.

The second takeaway is our high level of profit growth.

We were able to achieve a strong 13.4% CAGR for growth metric EPS growth for the 2-year period to the end of FY2025 based on the FY2023 EPS forecast of 78.5 yen. We remain focused on achieving our target for around 2030 of CAGR of 8%.

Q. Of the quantitative targets set out in & INNOVATION 2030, total assets on the balance sheet and interest-bearing debt are higher than initially assumed. With interest rates surging dramatically and the net interest burden rising, please comment on your policy for controlling the balance sheet and interest-bearing debt going forward.

A. When we formulated & INNOVATION 2030, we had assumed that the yen would appreciate but near term the yen has remained weak.

Total assets on the balance sheet exceeded the FY2026 target of around 9 trillion yen by around 1 trillion yen, but roughly half of that increase is due to the weak yen. The remainder is a reflection of an increase in assets as a result of progress on investments and the impact of rising equity prices on investment securities, despite the progress made on disposals.

Similarly, relative to the FY2026 medium-term plan target of around 4.5 trillion yen in interest-

bearing debt, our forecast for this fiscal year is 4.8 trillion yen.

The net interest burden is up, reflecting the near term impact of rising interest rates in yen, persistently high interest rates for foreign currencies, and an increase in interest-bearing debt. That said, our ability to generate profits has improved as a result of the decoupling strategy. Increases in rents and property prices have pushed the topline above what we had assumed at the time the & INNOVATION 2030 plan was formulated. As such, the increase in the net interest burden is within the range of what we think can be fully covered by improved profits.

We do not have the ability to control forex rates, so this will remain a variable for change, but we will stay focused on balance sheet control by continuing to recycle assets, targeting real property for sale, tangible assets and investment securities as a whole. We will also focus on managing our finances by responding appropriately to changes in the external environment and aim to control interest rate risk appropriately by diversifying how we procure funds and managing the balance between fixed and floating debt.

Q. What have been the knock-on effects of achieving multiple lease signings at 100,000 yen per tsubo per month for the Yaesu 2-chome Central District project, in terms of new office sales efforts and negotiations to raise rents.

A. Mitsui Fudosan does not simply supply offices. By also contributing high added value intangibles such as mixed-use neighborhood creation, multiple soft services, and community creation, we are promoting the supply of offices that are the choice of both managements and workers: offices that people want to go to in neighborhoods that they want to visit.

In addition to being in close proximity to Tokyo Station, the Yaesu 2-chome Central District project is also a mixed-use project which incorporates functionalities such as offices, retail facilities, theaters and an international school. The property is also being highly rated for a product design which incorporates enhanced worker hospitality, and high expectations for the future on the back of ongoing neighborhood creation efforts for the Yaesu and Nihonbashi area as a whole. This is why we are making progress on leases at high rent levels, including multiple contracts at a rent level of 100,000 yen per tsubo per month.

The high regard by tenants for our comprehensive value proposition, including our neighborhood creation initiatives and soft services, is what has allowed us to command these rent levels. This track record is enhancing our brand recognition, and is having a powerful impact on new office sales and rent negotiations.

Q. Please provide an update on the adoption of a CPI-linked clause for offices.

A. Since we made the decision to adopt CPI-linked clauses in our leases in July 2025, it has been incorporated in virtually all of our contracts with new tenants.

For existing tenants, we began negotiating not only higher rents but the adoption of a CPI-linked clause in December 2025, as leases come up for renewal.