

**Q&A from CEO Presentation (CEO Meeting for FY2024)**

**<ROE>**

Q. What prompted the increased focus on ROE at this timing? Has there been any change in the stance of focusing the ROE improvement in the final year of the current long-term management plan?

A. This reflects not only a favorable business environment, but also a stronger intent to emphasize the message externally. Rather than concentrating the improvement in the final year of the plan, we aim to raise ROE steadily and, if possible, ahead of schedule.

Q. Apart from share buybacks, are there any other measures being considered, such as a portfolio review through asset sales like the Otemon Tower?

A. While we recognize that the value of holding office buildings has increased more than before, we remain open to selling low-efficiency assets regardless of location, as part of a broader portfolio review.

**<Shareholder Returns>**

Q. What led to the decision for the additional share buyback?

A. While not directly tied to any single factor or fiscal year, the decision was made based on multi-year financial projections. The buyback is being funded by capital recovered through the sale of assets and strategic shareholdings.

Q. Are you considering adjusting the balance between share buybacks and dividends, for example by raising the payout ratio to 35%?

A. Given the significant discount of our stock price relative to NAV, we currently view share buybacks as the more effective means of shareholder returns.

**<Marunouchi>**

Q. What is the breakdown of aim to increase profits by more than ¥10 billion through existing assets?

A. The primary growth driver is higher rents from existing offices and rent revision contracts are progressing well. Other contributors include increased turnover-based rents driven by stronger sales at commercial facilities, the expansion of high-value service offices, and cost reduction initiatives. Together, these efforts support the achievement of our target.

Q. What is the current leasing status of Torch Tower?

A. Torch Tower offers a unique combination of features—Japan’s tallest building, a wide range of integrated functions, and direct access to Tokyo Station—which has attracted significantly more interest from prospective tenants than initially anticipated. Leasing is progressing steadily, with some companies already announcing plans to relocate their headquarters to the building. We believe this strong leasing momentum also presents an opportunity to further raise rent levels in Marunouchi.

Q. What is your outlook for future office demand?

A. Companies are increasingly focused on improving office environments to boost branding, employee satisfaction, and recruitment. There is strong demand for better-quality spaces in prime locations. With its strong appeal and excellent transport access, Marunouchi is well positioned to capture this demand. We expect continued interest in new setups, relocations, consolidations, and office expansions in the area.

**<International Business>**

Q. Given the ongoing uncertainty in overseas markets, what conditions are necessary to achieve the ¥90 billion segment profit target ahead of schedule?

A. While we are currently assessing the optimal timing for asset sales, we have already developed a portfolio of highly competitive projects. If the US real estate market rebounds, we believe achieving the target early is well within reach.

Q. What is the scale of investment in US data centers, and how will profits be recognized?

A. Our group has currently secured business opportunities totaling approximately ¥150 billion. By leveraging the capabilities of TA Realty, which is part of our investment management group, we plan to increase our scale. In addition to gains from asset sales after completion, we hope to generate recurring fee income by selling to funds formed by our group and by providing our operational expertise.

End of document

FY2024

(Fiscal Year Ended March 31, 2025)

# Mitsubishi Estate CEO Presentation

For details of “Long-Term Management Plan 2030”, which began in April 2020, please refer to the following link.  
<https://www.mec.co.jp/en/ir/plan2030/>



# Growth Strategy for Achieving 10% ROE

2030 Target: 10% ROE in Sight as Selective Investments Enter the Harvest Phase

Current		Plan		FY2030	
FY2024		FY2025 Plan		FY2030	
ROE	7.6% (initial forecast 7.2%)	ROE	around 8%	ROE	10%
Operating Profit	¥309.2bn	Operating Profit	¥325bn	Operating Profit	over ¥400bn
Net Income	¥189.3bn	Net Income	¥195bn		

## ROE Improvement Strategy

1. Growth in Operating Profit
2. Pursuing Efficiency through Asset Sales
3. Managing Equity (Commitment to Shareholder Returns)

# Growth Strategy for Achieving 10% ROE

## Growth in Operating Profit

### Improvement of earning power

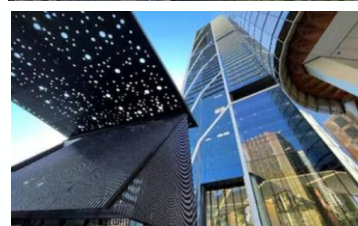
**Operating profit of over ¥400bn by FY2030**

**Marunouchi Property Business:**  
Increase earnings from new building completions and existing buildings

**Commercial Property Business:**  
Further expansion of the BtoC business  
Capitalize on the firm transaction market in Japan

**International Business:**  
Prime properties entering the harvest phase

**Investment Management Business:**  
Expansion of AuM and Fee income  
Leveraging Global Platform



## Pursuing Efficiency through Asset Sales

### ■ Strategic Returns

- Accelerating sales of strategic-holding stocks
- Strategic sale of fixed assets including Marunouchi assets

### ■ Investment Recovery

**Selective investments in Japan and overseas entering the harvest phase**

### ■ Operating Cash Flow

Increase operating cash flow through profit improvement

### Capital Allocation

Strategic Returns

Investment Recovery

Operating Cash Flow

# Growth Strategy for Achieving 10% ROE

## Managing Equity

### Capital Allocation



### ■ Strategic Allocation

Use strategic returns to fund share buybacks, etc.

### ■ Investments for Growth

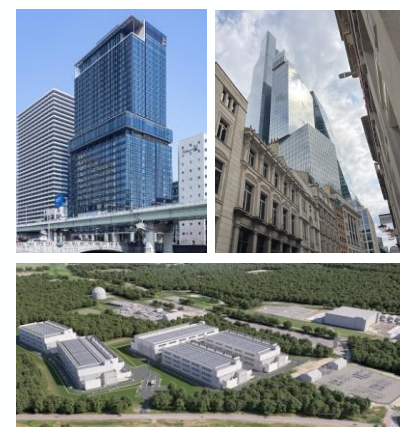
Capital recycling business expected returns (pre-tax IRR):

Domestic : 6-8%  
International (developed countries) : 8-10%  
International (developing countries) : 10+%

\*Expected returns from total investment in each business

### ■ Base Shareholder Return

- Progressive dividends: +¥3 every fiscal year
- Share buyback: ¥50bn/year (FY2024-2026)



### ■ Maintain Financial Stability

Net interest-bearing debt to EBITDA ratio:  
**Less than 8 times**

\*After hybrid debt deductions

### Financing based on strong credit

Credit Rating Agency	Long-Term Debt Rating
Moody's	A2
S&P	A+
R&I	AA
JCR	AA+

(Since October 1, 2024)

# Marunouchi Property Business: Profit Growth through Existing Assets

**“Making the Entire Area into a Workplace”**  
to overwhelmingly differentiate Marunouchi

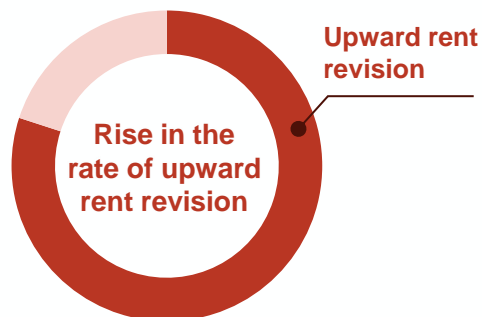
Receive an equivalent value for the service provided, while raising customer satisfaction

Aim to increase profits by more than **¥10bn** through existing assets for achieving our KPI targets

## 1 General Office

- Increase rent unit price by raising customer satisfaction
- Pass on inflation to the prices
- Continue the trend of rising rents when renewing contracts

### Condition of Rent Revision



Source: Rent revision in FY2024

## 2 Service Offices

- Achieve high unit prices by adding value
- Improve profitability by ascertaining the appropriate volume of small lots and increasing the volume



Well-appointed setup offices equipped with meeting rooms, furniture and fixings, etc.

**7** sites



Premier small-scale offices

**4** sites



Mitsubishi Estate Group Flexible office  
Approx. **200** sites nationwide

## 3 Commercial facilities, etc.

- Increase profits from commercial facilities, which are achieving annual tenant sales of ¥100bn
- Increase tenant sales by utilizing point program applications and measures for inbound tourists
- Increase profits from halls, conference rooms, hotels, parking lots, etc.



Marunouchi Point App

## 4 Management Costs

- Management cost control by making use of concentration of owned assets
- Optimization of management costs by sophisticated operational efficiency and know-how for ordering, etc.
- Improve management efficiency by using technologies, such as AI and robots

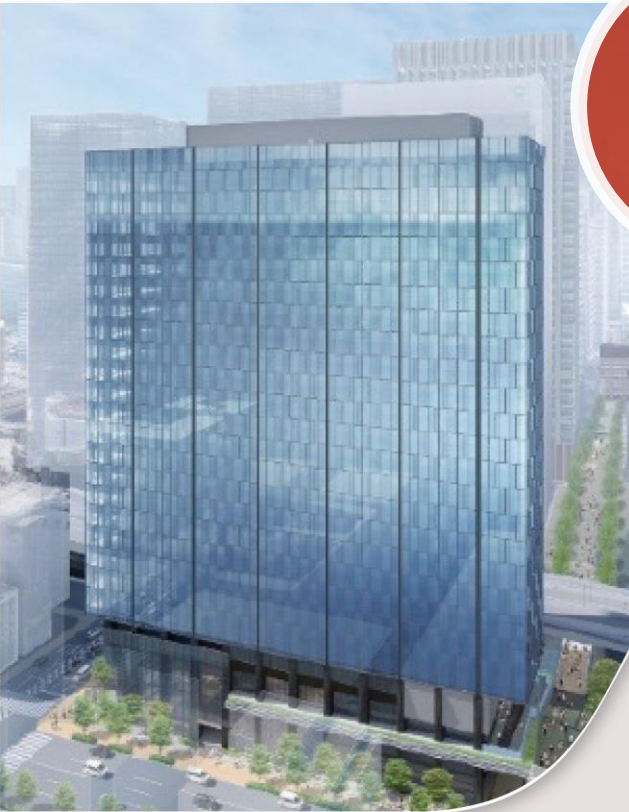




# Marunouchi Property Business: New Building Completions

## Otemachi Gate Building

(To be completed in July 2026)



Target:  
Fully leased  
before  
completion

Strong  
Leasing.  
Market  
Leadership

Tokiwabashi Tower

Torch Tower



## TOKYO TORCH

(To be completed in May 2028)

61-RF Observatory

59-60F Rental Housing

53-58F Hotel

 *Dorchester Collection*

7-52F Offices

3-6F Grand Hall

B1-6F Retail / Park

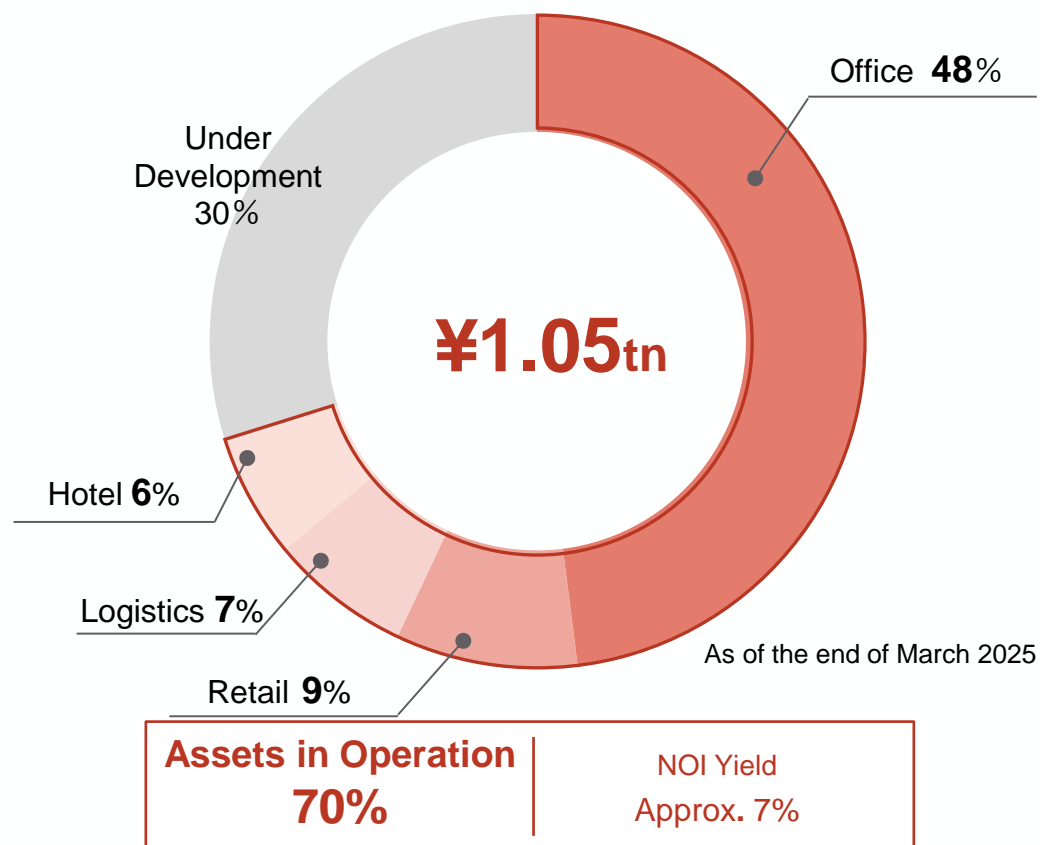
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# Commercial Property Business

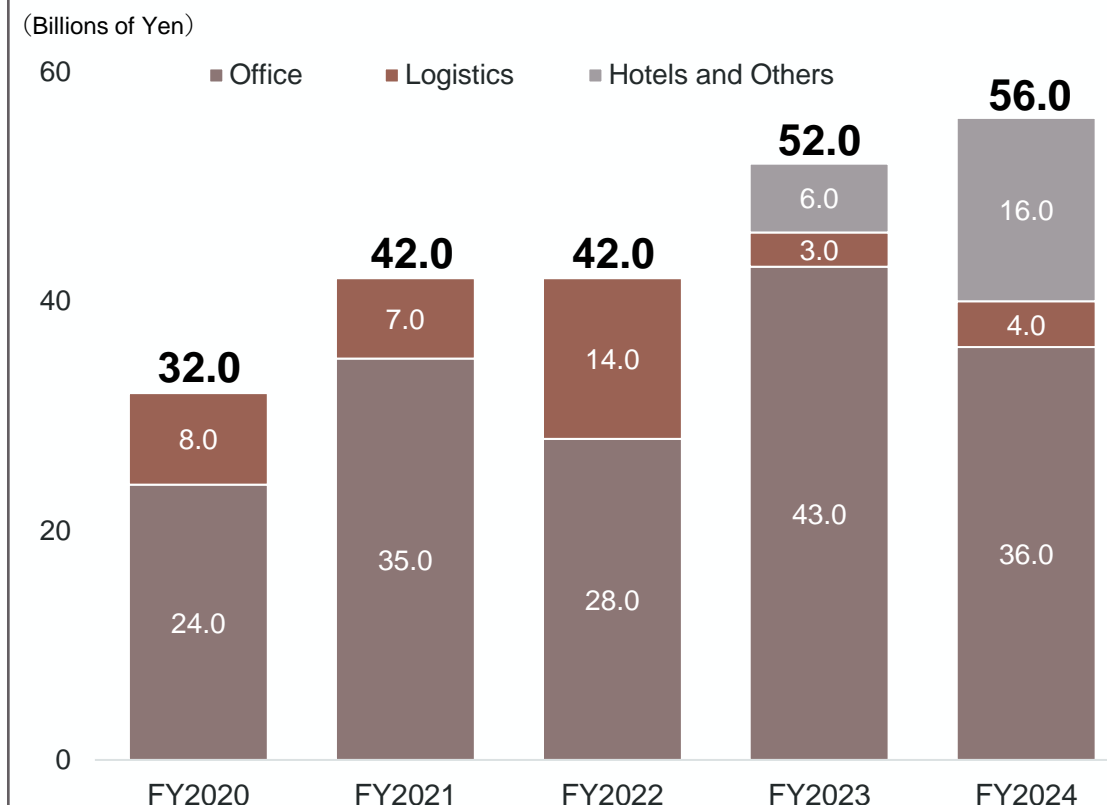
Capitalize on the strong transaction market to achieve a high level of capital gains

## Commercial Property's Capital Recycling Asset



\*Domestic income generating assets excluding Marunouchi, outlet malls, and assets of certain consolidated subsidiaries

## Capital Gain by Asset

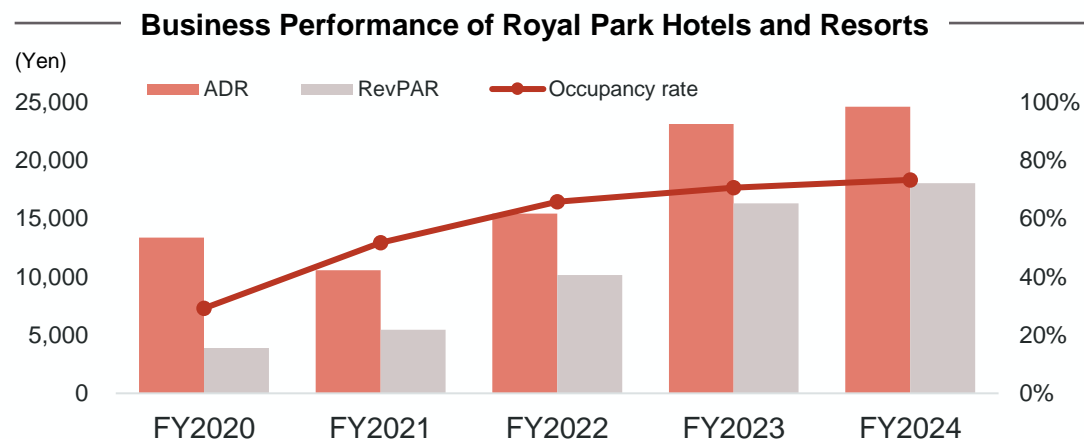


# Commercial Property Business

BtoC business growth backed by strong inbound tourist demand

## Hotel Management

ADR exceeded ¥20,000. Both ADR and RevPAR hit record highs.



## Newly Opened Hotels



The Royal Park Hotel Iconic Naha  
To open in Jan. 2026 (257 rooms)



The Royal Park Hotel Maihama  
Resort Tokyo Bay  
To open in Jan. 2026 (750 rooms)

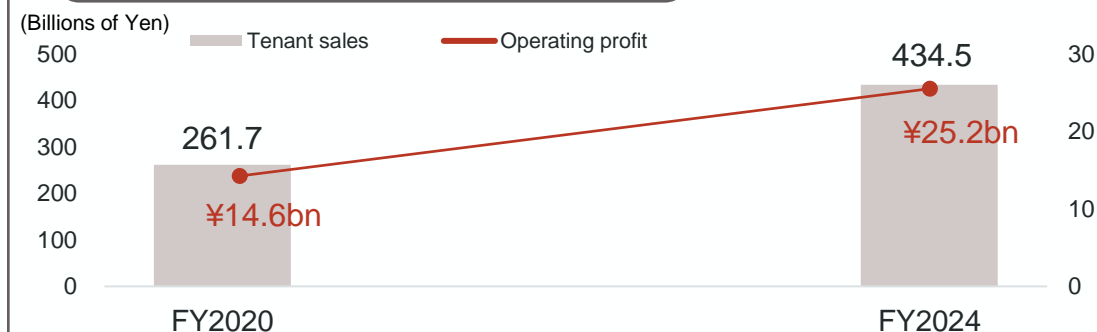
Rosewood Miyakojima  
Opened in Mar. 2025 (55 rooms)



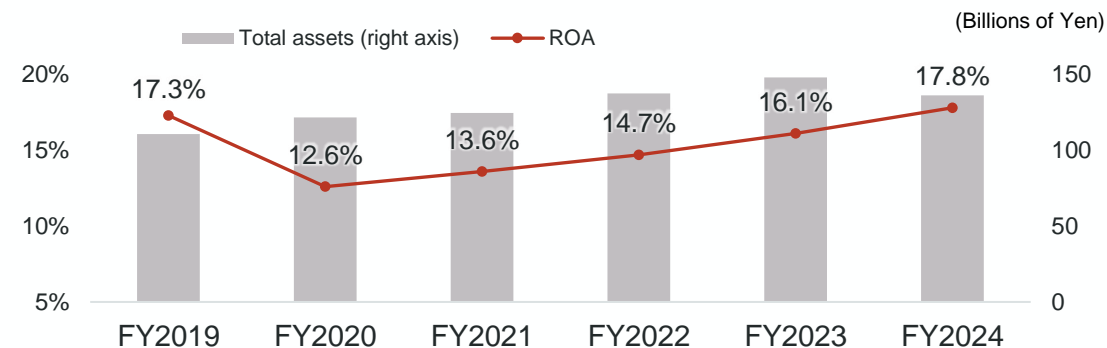
## Outlet Mall

FY2024: Record-high sales every month, operating profit above ¥25bn, and the business' ROA above 17%. Growing into an extremely asset-efficient business.

## Tenant Sales and Operating Profit



## ROA & Total Assets



# International Business

Future earnings growth driven by completion of prime properties in key regions

## Parkline Place

(Completed in Nov. 2024 / Australia / offices and retail)



Mixed-use  
building next  
to Hyde Park,  
Midtown  
Sydney

Contract:  
over **75%**



The Group's  
first  
hyperscale  
data center  
development

## US Data Center: NOVA Business Park

(To be completed in 2025 / Virginia, U.S. / Invested in developing of 2 out of 5 buildings)

SITE SIZE  
**145 ACRES**  
Approx. 587,000 m<sup>2</sup>

TOTAL POWER\*  
**450MW**

ESTIMATED TOTAL SF\*  
**1.9 MM SF**  
Approx. 175,000 m<sup>2</sup>

\*ESTIMATED AS OF DECEMBER 2024 FOR THE TOTAL OF 5 BUILDINGS



# International Business

Progress with selective investments toward future profit growth

Total project cost: approx. ¥248bn

**72 Upper Ground** To be completed in 2029



**1 Victoria Street** To be completed in 2028



# International Business

## Recognized External Environment



### Monetary Policies

- US: Policy shift and adoption taking time under the new President
- Europe: Policy rate down to 2.4%. The UK's rate also down to 4.5%.
- Australia: Policy rate cut for the first time in 4 years (from 4.35% to 4.10%)



### Real Estate Market

- Work-style diversification may impact office demand (in developed countries in general).
- Firm demand for high-quality housing, although supply fluctuates (US and Australia)
- Emergence of new asset types, such as data centers, with growing demand (US)
- Real estate transaction market recovering amid interest rate cuts in various regions



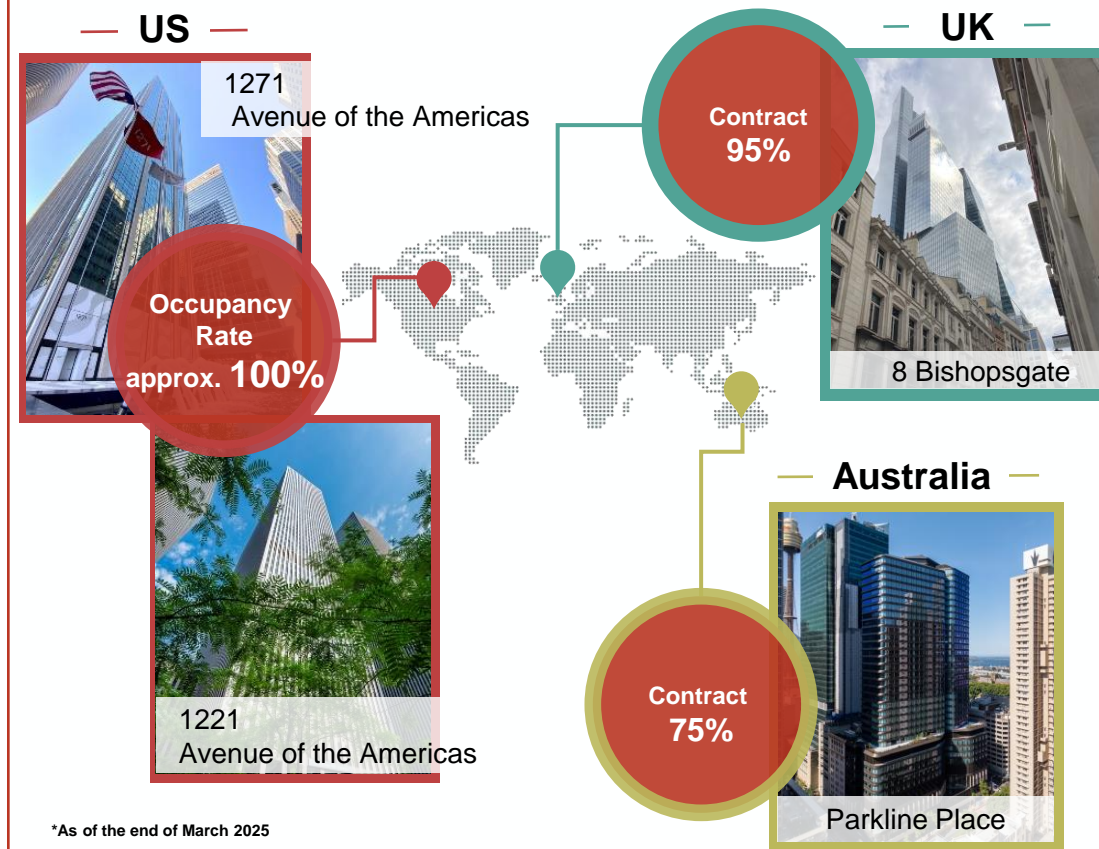
### Geopolitical Risks

- Potential turning point of the Russia-Ukraine crisis
- Social concerns and geopolitical tensions rising worldwide
- Revision of ESG policies and reduced focus on ESG investments, especially in the US

## Progress with Flagship Buildings in Each Region

Office investments focused on prime locations in Europe, the US, and Australia

Steady progress in leasing of new developments

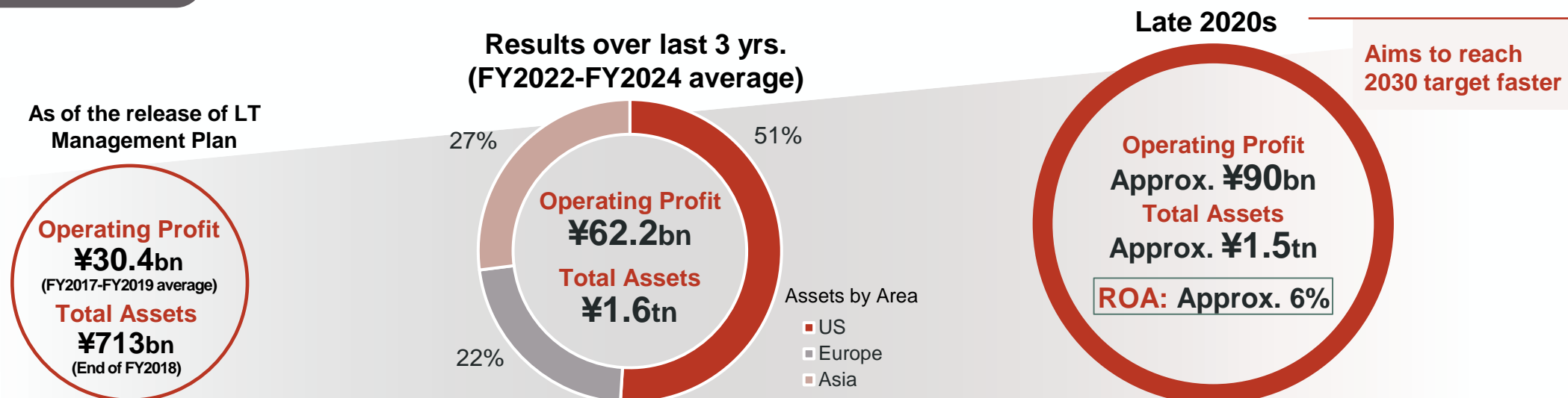




# International Business

## Profit Targets

### BS / PL Outline



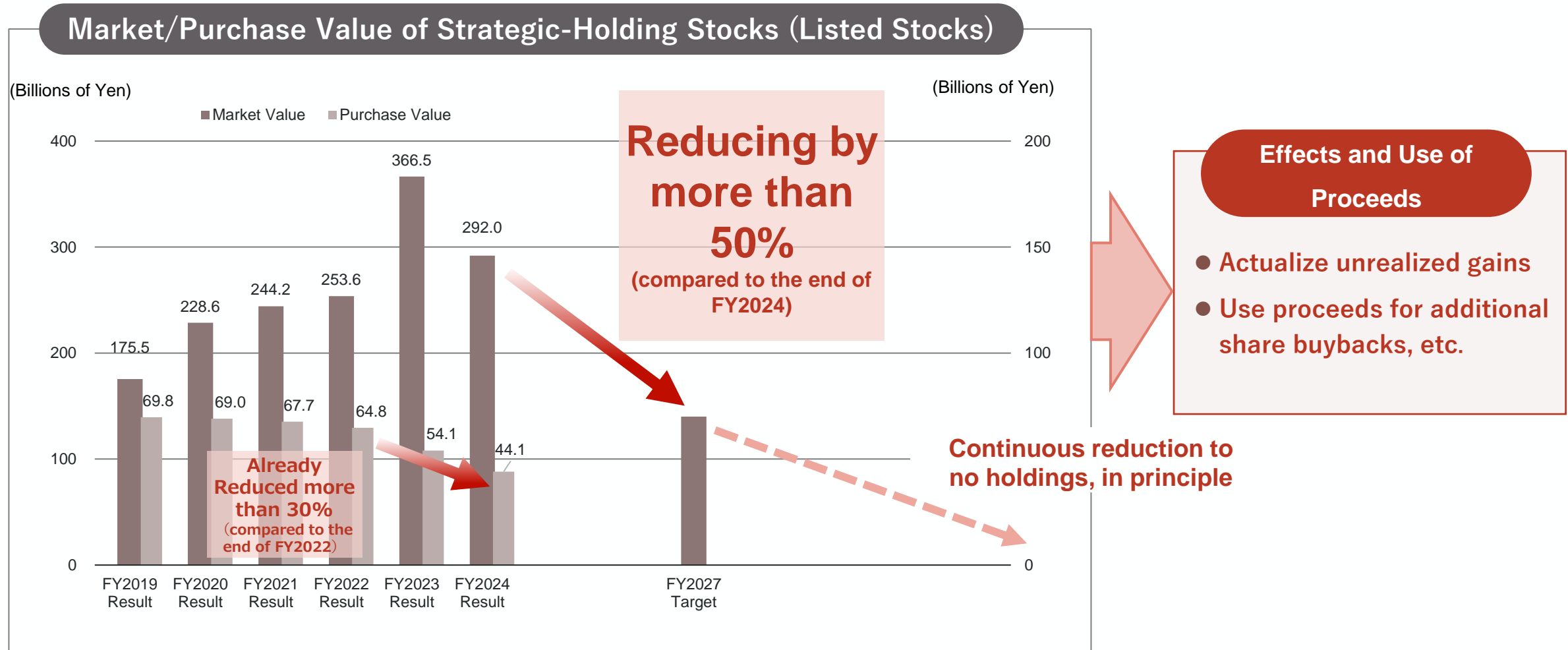
### Investment Strategies

Area	Investment Policy	
Developed Countries (US, Europe, Australia, etc.)	Active	<ul style="list-style-type: none"> <li>Expand capital recycling assets to ensure constant gain on sales</li> <li>Actively invest in growing areas and new assets</li> <li>Earn revenue through Hybrid Model investments mainly in the US</li> </ul>
Developing Countries (Mainly Asia)	Diversified Efficiency-seeking	<ul style="list-style-type: none"> <li>Select areas/asset-types by the market and business practices</li> <li>Grow opportunities through partnering with leading local businesses</li> </ul>



# Policy for Sale of Strategic-Holding Stocks (New Quantitative Target)

Reducing strategic-holding stocks by more than 50% by FY2027



# Strategic Sale of Fixed Assets

**Sold fixed assets of the Marunouchi Property Business, considering efficiency  
(partial sale of Otemon Tower continued in FY2023 and FY2024)**



FY2019

Otemachi Park Building

(Partial sale)



FY2023 and FY2024

Otemon Tower

(Partial sale)

# Progressive Dividends +¥3 Every Fiscal Year

(Dividends of ¥46 per share planned for FY2025)

Business Strengths

Shareholder Returns (Dividends)

Shareholder Value

**Reflect upward growth prospect and implement progressive dividends with a +¥3 increase every fiscal year (¥60 or more in FY2030)**

From Marunouchi/outlet malls/flagship buildings in Europe and the US

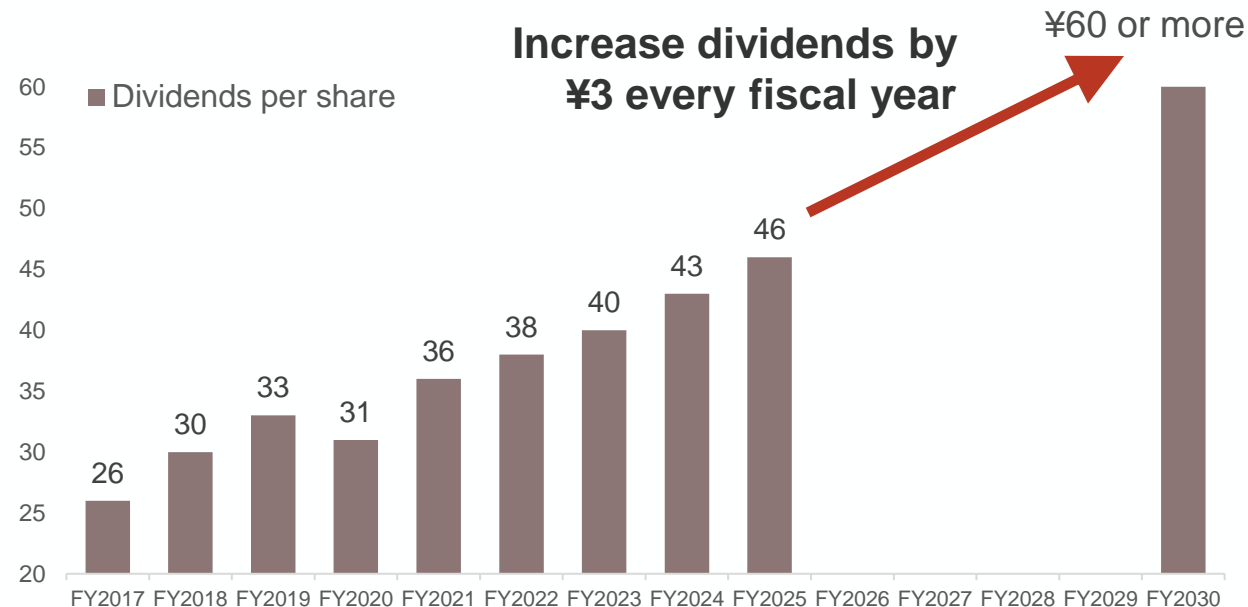
**Stable Rental CF**

After completion of Torch Tower, 8 Bishopsgate, etc.

**Further Growth of Rental CF**

By monitoring the market

**Maximize Profits on Sales**



**Continuous/  
Stable  
Shareholder  
Returns**

**Improved  
foreseeability**

# Continuous and Flexible Share Buybacks

Business Strengths/  
Management Strategies

Shareholder Returns (Share Buybacks)

**¥100bn** share buybacks announced for FY2025

Consider additional share buybacks depending on share price, CF, etc.

High-Level Capital Gains

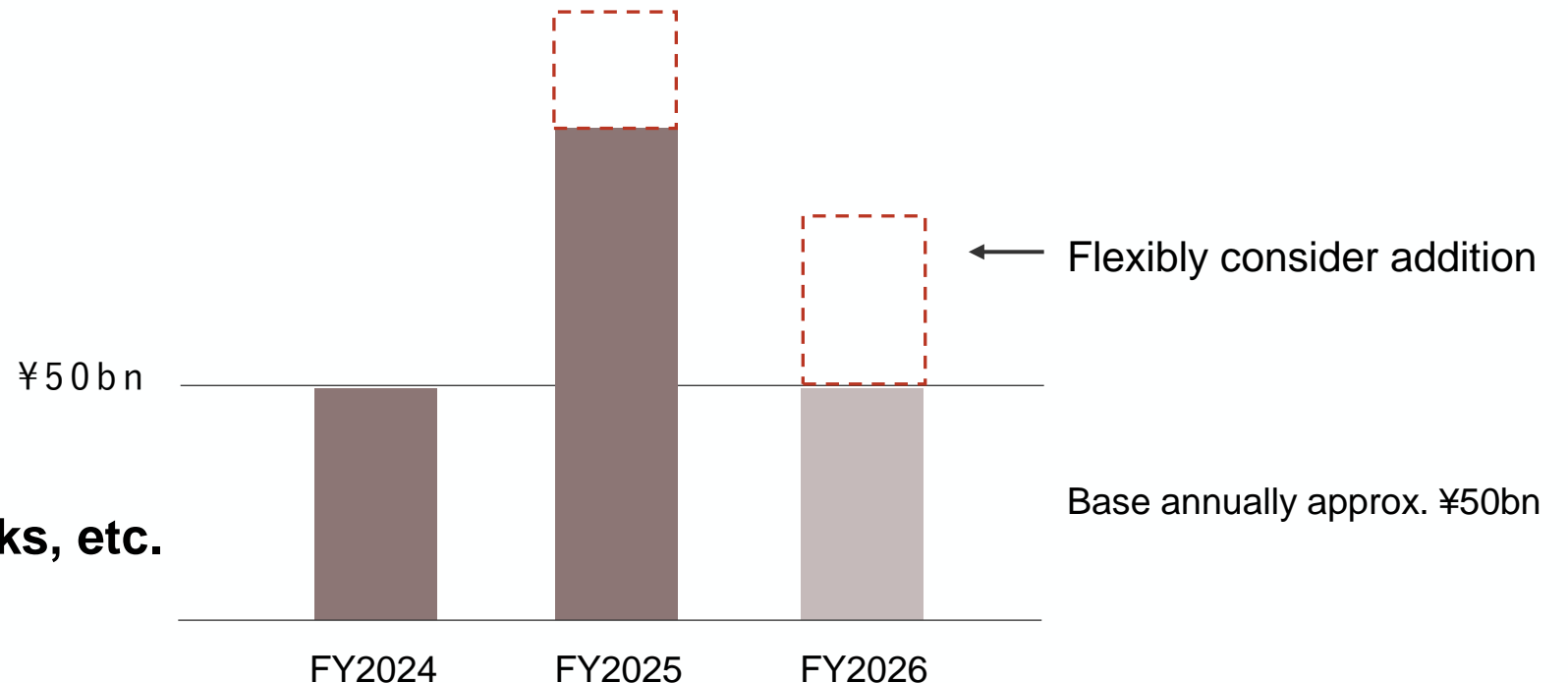
By monitoring the market

**Maximize Profits on Sales**

Including Marunouchi assets

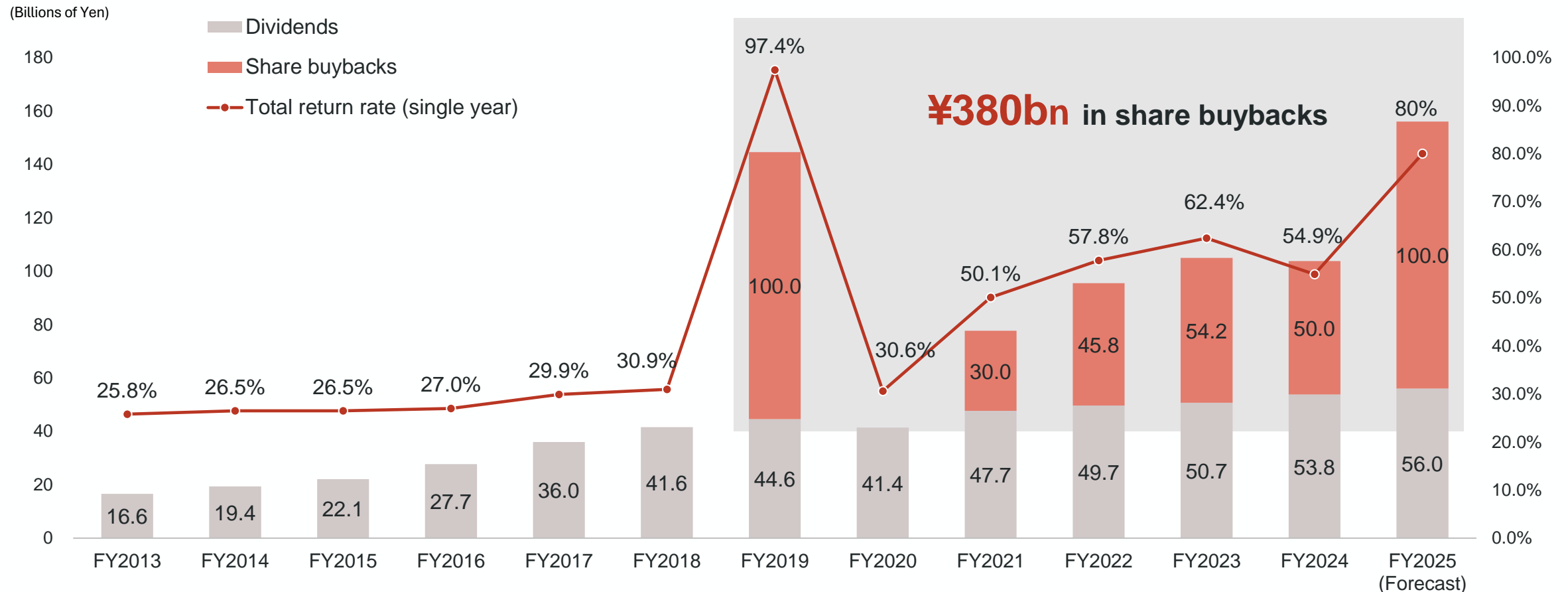
**Strategic Returns**

**Sale of Strategic-Holding Stocks, etc.**



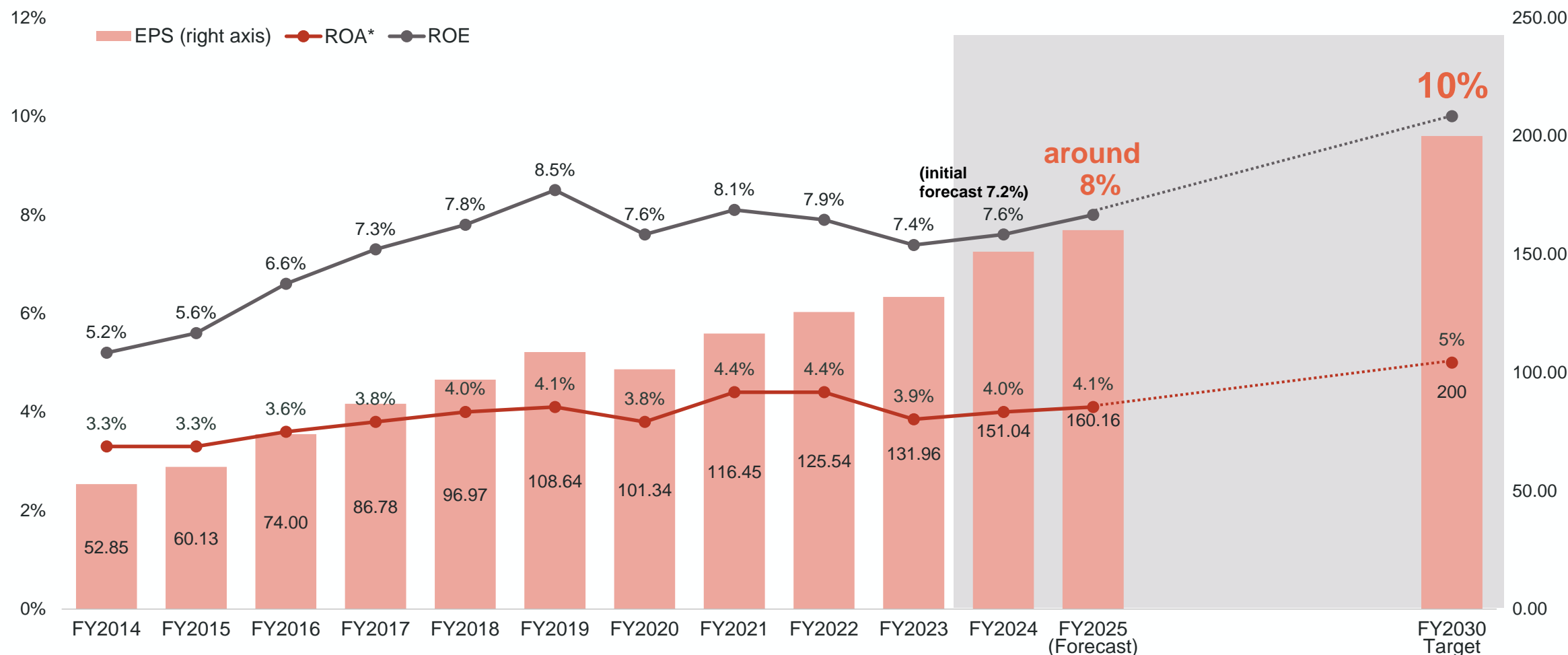
# Proactive Share Buybacks Track Record

¥380bn in share buybacks over 7 years. Total return rate of around 80% expected in FY2025.



# Growth Strategy for Achieving 10% ROE

In FY2025, ROE are expected to improve to around 8%, growth trajectory towards 10% ROE.



\*ROA = Business Profit / Total Assets (average)



# Growth Strategy for Achieving 10% ROE (FY2025 Outlook)

ROE expected to keep improving after bottoming out in FY2024 as selective investments enter the harvest phase

## FY2025 Plan

**ROE** around 8%

**Operating Profit**  
¥325bn

**Net Income**  
¥195bn

## FY2024

**ROE** 7.6%  
(initial forecast 7.2%)

**Operating Profit** ¥309.2bn

**Net Income** ¥189.3bn

## Initiatives and Growth Drivers for Improving ROE

### 1. Growth in Operating Profit

<b>Marunouchi:</b>	Vacancy rate improvement and upward rent revisions
<b>Commercial:</b>	Capitalize on the strong transaction market Capture additional inbound demand in the BtoC business
<b>Residential:</b>	Improve profits through delivery of high-margin condominiums
<b>International:</b>	Sale of prime assets (incl. those postponed from last fiscal year)
<b>Other:</b>	Sharp rise in the profit level of the well-performing brokerage business

### 2. Pursuing Efficiency through Asset Sales

<b>Sale of strategic-holding stocks:</b>	Policy for sale: reduce strategic-holding stocks by more than 50% by FY2027 and will continue to reduce them thereafter, in principle aiming not to hold
<b>Strategic sale of fixed assets:</b>	Examine opportunities to improve efficiency and actualize unrealized gains

### 3. Managing Equity (Commitment to shareholder returns)

<b>Progressive dividends:</b>	¥43/year in FY2024 and ¥46/year in FY2025 (+¥3)
<b>Share buybacks:</b>	Total of ¥100bn in share buybacks (Base share buyback of ¥50bn + additional share buyback of ¥50bn)

## Contact Information

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