

**Mitsubishi Estate**  
**Q&A from CEO Presentation (CEO Meeting for FY2025)**

**<Domestic Office Business>**

Q. Marunouchi Property Business achieved a ¥12.5 billion increase in profit even excluding gains from property sales. Has there been any change in rent revision trends?

A. Leasing activity in Marunouchi continues to remain strong, reflecting robust demand in the area. Most of the profit increase projected for FY2026 in the Marunouchi Property Business is attributable to improved office leasing income. In addition, higher sales at retail facilities and strong performance in the flexible office business also contributed to earnings growth. Our area management strategy — one of our core strengths — which manages the Marunouchi area as an integrated whole, has been a major driver of this growth.

Q. Office rent growth drew significant attention in FY2025. Given tenants' affordability, is there a possibility that rent growth may weaken going forward? In addition, is there still upside potential for top rent?

A. Even as we continue to pursue strong rent growth, the Marunouchi vacancy rate remained extremely low at 0.55% as of the end of FY2025, demonstrating the tight supply-demand balance in the area. We therefore expect to continue achieving steady rent growth going forward.

Q. How do you view the pace of redevelopment of existing buildings in Marunouchi?

A. Existing buildings in Marunouchi continue to achieve rent growth driven by strong demand. We will therefore carefully assess the optimal timing and pace of redevelopment by balancing the earning growth from continued operations against redevelopment-related costs, including foregone income during reconstruction.

Q. AI-driven job displacement has become a topic of discussion in the United States. Have you seen any impact on office leasing in Japan? Also, how do you view the medium- to long-term risks and responses?

A. We have not seen any impact so far, while we continue to closely monitor the potential medium- to long-term impact. That said, for the prime and

premium office properties we develop, there is a growing trend among tenants to invest in office space as part of their talent acquisition strategies, and we are seeing many cases of office space expansion.

### <International Business>

Q. What were the main drivers behind the strong gains on overseas property sales in FY2025?

A. The primary factors were the monetization phase of asset portfolios that we had invested in and developed during the first half of our long-term management plan, supported by the real estate expertise of our group companies rooted in local markets around the world, as well as an expansion in the pool of potential buyers.

### <Investment Management Business>

Q. What explains the significant profit increase forecast for FY2026 following the decline in FY2025?

A. In FY2025, profits declined due to the reversal of a portion of previously recorded incentive fees and one-time acquisition-related expenses associated with the acquisition of Patron Capital. In FY2026, we expect steady profit contributions from base fees and remain on track toward achieving our FY2030 operating profit target of ¥30 billion. As most of the previously recognized positive incentive fees have already been reversed and property sales by the relevant funds are largely complete, the portion subject to future valuation adjustments is limited.

### <Interest Costs>

Q. Is it correct to understand that profitability is sufficient to offset rising interest costs through rent increases and other factors?

A. Ensuring profitability exceeds interest costs is a key consideration in our investment decisions. In our prime and premium office portfolio centered on Marunouchi, demand remains strong enough to support rent growth that more than offsets rising interest costs, and we intend to continue achieving steady growth.

### <ROE>

Q. Regarding the targets in Long-Term Management Plan 2030, EPS is expected to be almost achieved in FY2026, and there are expectations for ROE targets

to be achieved ahead of schedule as well. Are you considering updating the long-term management plan?

- A. We have begun discussions not only on revising the timing of achieving current targets, but also on what the next set of targets should be, taking a broader perspective.

### **<Shareholder Returns>**

Q. How do you think about the balance between shareholder returns and new investments?

- A. While we will continue to steadily invest in businesses with growth potential and profitability that form the foundation for future earnings growth, we will also make appropriate decisions regarding shareholder returns in parallel. From an investment efficiency perspective, it is also important to strengthen earnings capabilities in fee-based businesses that generate profits without requiring significant capital investment. Considering debt levels and interest rate conditions, we will maintain disciplined balance sheet control and make appropriate investment and recovery decisions.

Q. We understand that the company's stance has evolved toward providing stable shareholder returns regardless of market conditions. Is that understanding correct?

- A. Our basic approach remains unchanged in that decisions will continue to be made based on market conditions and cash flow circumstances. At the same time, through dialogue with shareholders, we strongly recognize the importance of stable shareholder returns. Based on this perspective, in addition to base shareholder returns, we have implemented proactive shareholder return measures that balance stability and flexibility, including consideration of additional returns during the fiscal year depending on circumstances.

End