

Mitsui Fudosan Accommodations Fund Inc.
40th Period (September 2025 – February 2026) Investor Presentation

Q&A

- Q Looking at the percentage change in rent at the time of tenant turnover for rental apartments on Page 14, although it seems as if rents have increased to a fairly high degree overall, it seems that rents in other major cities have not increased at the same pace as in the Greater Tokyo area.
- A Other major cities appear somewhat weak since they are not seeing the percentage change in rent at the time of tenant turnover increase to the same degree as in Greater Tokyo. However, the Sapporo, Sendai, and Fukuoka areas have seen a higher percentage change, whereas the Osaka and Nagoya areas have experienced a lower percentage change due in part to factors involved with individual properties. The Nagoya area has improved over the past.
- Q Will you continue to aggressively engage in strategic asset recycling? And is your strategy to sell older properties in other major cities so that you can focus on Tokyo?
- A As shown on Page 19, during the 40th and 41st periods, we acquired four rental apartments in the Tokyo 23 Wards excluding the CBD and one student dormitory in Fukuoka (Kyushu University campus area). As part of these acquisitions, we sold two properties and acquired two properties through a two-way asset transaction with our sponsor, Mitsui Fudosan Residential, in the Tokyo 23 Wards excluding the CBD, whereas we acquired two other properties in this area and sold one property in Fukuoka (Hakata area) through another two-way asset transaction. We intend to continue acquiring properties centered in Tokyo. Given our priority on properties with an outlook for rent upside, we feel that properties in other major cities, where upside is relatively weak, will become targets for recycling.
- Q Regarding the offer rate for units targeted for rent increase at the time of agreement renewal, MAF has presented a lower rate than that for other REITs, yet the investor presentation video explained you will continue to aim for higher rates. Do you have a concrete target figure?
- A Looking at Page 16, we presented a 34.5% offer rate for units targeted for rent increase for the current period, which is lower than for other REITs. On Page 18, however, we have identified efforts to “further strengthen the policy of rent increases at the time of agreement renewal” as a future initiative. In terms of the criteria for selecting units targeted for rent increase at the time of agreement renewal, we will offer higher rents for units where the difference between the existing rent and market rent (rent gap) has diverged to a certain degree. Because market rents will increase in the future, however, we assume the offer rate

will rise to around 60% starting with units targeted for renewal in May and to around 80% starting with units targeted for renewal in November.

Q You have stated you will continue to aggressively engage in strategic asset recycling, but can we expect success in this area?

A We intend to engage aggressively in this area. Our approach to selling is positioned more as an asset recycling strategy for the purpose of bolstering EPU growth to enhance portfolio quality, rather than for the purpose of capitalizing on unrealized profit. Moreover, carrying out this strategic asset recycling has led to more information regarding properties, so we hope you look forward to the future.

Q It seems you have large internal reserves. I would like to ask about the reason for this and your thoughts on it.

A The primary reason for these reserves is the funding environment. Although we prioritize external growth, rental apartments have an upside and are a type of asset that can incorporate inflation, which is why we intend to acquire these aggressively. On the other hand, recent increases in interest rates have dramatically increased borrowing costs, so we intend to hold on to gains on sales as internal reserves to the greatest extent allowed in terms of taxation and leverage these to fund future acquisitions.

Q As indicated on Page 24, the rents for Okawabata Apartment Communities units that received value enhancement investments (renovation) have risen. I would like to ask how you see this progressing in the future. In addition, the media has reported on construction material shortages, but have these shortages had any impact on renovation work?

A As far as Okawabata Apartment Communities is concerned, despite some fluctuation for certain periods, overall we have turned over 20 to 40 units each period, among which we have made value enhancement investments for five or six units. We will continue to decide whether to make these investments based on leasing conditions. Moreover, regarding the issue of construction material shortages stemming from naphtha scarcity following the closure of the Strait of Hormuz, we have come across cases where we have also needed to adjust work schedules for large-scale renovations, although this is not limited to Okawabata Apartment Communities. We will take action based on the circumstances.

Q With respect to the leeway for further increasing rents and the percentage of rent burden, single and compact unit occupants are seeing higher wages, so it would seem as though there is room for higher rents. Moreover, it seems there is an ongoing demand for family type rental

properties against the backdrop of skyrocketing prices for newly built condominiums for sale. Is this the case, however?

A From a rent burden capability perspective, the younger age demographic, which makes up the primary tenant category for our single and compact units, is experiencing salary growth, making for a tailwind. The rent burden standard for lease holders at MAF properties is relatively low, however, which is why we feel they can absorb higher rents. Moreover, just as you asked in the case of family units, skyrocketing condominium prices stand behind growth in rental demand, which we believe is serving as a driver for higher rents.

Q Looking at Page 30, I would like to know the percentage change in rent at the time of tenant turnover and agreement renewal (rate of increase), which are the basis for your 41st and 42nd period forecasts.

A We assume a percentage change in rent at the time of tenant turnover of around +15% for the 41st period and around +13% for the 42nd period, as well as a percentage change in rent at the time of agreement renewal (rate of increase) of +2.3% for the 41st period and +3.5% for the 42nd period.

Q I would like to ask about your medium- to long-term outlook for the percentage change in rent at the time of tenant turnover (rate of increase). Assuming an average occupancy length of around five years, the percentage change in rent at the time of tenant turnover has increased due to tenant turnover for leases entered when rents were at their lowest point during the COVID-19 Pandemic in 2021. However, going forward, rents for tenants who are leaving will also gradually increase. If market rents increase beyond this, it seems that the rate of increase will also rise. I would like to ask about your outlook for the increase in market rents going forward.

A As your question points out, occupancy lengths have increased. And in regard to the rent gap, as well, since escaping the lowest point for rents during the COVID-19 Pandemic, the number of leases for which rents have increased has already grown slightly, which is why we feel this gap itself will likely narrow, just as you pointed out. However, although the tenants in our mainstay single and compact units are experiencing higher incomes, limited supply due to higher construction costs and the inflow of people to the Greater Tokyo area continue to apply pressure, which is why we feel the rental market will remain positive and why we will be able to maintain a percentage change in rents at the time of tenant turnover of around 15% for the time being.

Q I would like to ask about your policy regarding property sales and capitalization of unrealized

gains. On Page 28, you showed the growth rate for unrealized gains was 27% over the past three years, whereas the growth rate for distribution per unit (DPU) was only 12%, which seems like they are out of balance. Please explain your thoughts on the pace of sales going forward and your policy for capitalizing gain on sales.

A Compared to the growth rate for distribution per unit (DPU), unrealized gains have grown significantly, which we feel is due to the high degree to which unrealized gains have accumulated. We will consider continued growth of EPU as a priority. We intend to make sales for the purpose of asset recycling, which will improve the quality of the portfolio. Although we will determine how we will leverage gains on sales in accordance with the environment at the time, since rising interest rates have driven up the severity of the funding environment, our policy is to retain gains on sales as internal reserves for allocation to funding acquisitions.

Q You spoke earlier about the increasing offer rate for units targeted for higher rents at the time of agreement renewal, but can you provide some additional detail? Although you explained that the offer rate of 34.5% for the current period will eventually increase to 80%, do you ultimately intend to increase rents for all units?

A When conducting negotiations to increase rents at the time of agreement renewal, we will be able to offer higher rents as long as the rent gap reaches a certain level, whereas negotiating too forcefully will lead tenants to break their leases, and risk inviting lower occupancy rates. We must therefore be careful when making judgements in this area. Our assumed offer rate for the future, which I mentioned earlier, is based on the rent gap resulting from rent hikes following upon the strength of the existing rental apartment market. Likewise, we feel it is important to avoid cancelations at the time of agreement renewal. Cancelations would require us to restore units to their original state and lead to downtime, meaning rents must increase in line with this. We intend to set the offer rate and rate of increase based on this balance.

Q Looking at Page 14, the percentage change in rents at the time of tenant turnover by category indicates that family units dropped slightly from 21.3% in the previous period to 18.8%. I would like to ask about the background to this.

A Essentially, there are only a few target family and large units, which has somewhat of an impact depending on the period. The percentage change in rents at the time of tenant turnover when seen from the total of family and large units, however, now exceeds 20%, which is similar to the previous period.

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(Financial Instruments Firm: Kanto Finance Bureau (registration) No. 401

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