

Summary of Q&As at Analyst Meeting (Telephone Meeting) for the Fiscal Period Ended
January 2024 (FP 41) Held on March 18, 2024

[Q&A]

<Questioner A>

(Q: A-1) What is the possibility of future treasury investment unit acquisition and what factors would lead you to do so?

(A: A-1) To date, we have had a policy of allocating sales proceeds to the acquisition of new properties with the aim of expanding asset size, and that approach has not changed. However, based on the investment unit price level at present, our view is that we should also take treasury investment unit acquisition into consideration from a capital efficiency perspective. Up to the sale of Tokyo Nissan Taito Building, we will allocate proceeds from sales to expanding our asset size, but thereafter judgements about proceeds from future sales will be made on a case-by-case basis after comprehensively taking into account various options.

(Q: A-2) With regard to leasing due to tenant move-outs at Aoyama Oval Building, what is the expected rent that you have in mind?

(A: A-2) Rent levels in Shibuya are trending upward and Aoyama Oval Building also occupies a favorable location, so we are conducting leasing by leveraging those factors. At present, we are leasing vacant spaces at rent levels exceeding what the departing tenants paid, and going forward, we intend to raise the rent when replacing tenants.

<Questioner B>

(Q: B-1) With regard to leasing of offices, including sections where move-outs are currently scheduled, will you prioritize rent levels or occupancy in the future? Is there any change in your leasing strategy?

(A: B-1) For the leasing of the extended sections in Tokyu Toranomom Building and the like, we have prioritized occupancy in our leasing activities. However, because occupancy is 100% as of the end of the fiscal period ended January 2024 (end of FP 41) and almost 40% of office property tenants pay less than market rent, going forward we also intend to focus on rent when conducting leasing activities. By proactively negotiating rent increases with tenants who pay less than market

rent and raising rent when replacing tenants if move-outs occur, we aim to increase the earning capacity of our portfolio.

(Q: B-2) Regarding treasury investment unit acquisition, it was stated that your future options for using sales proceeds have increased. Hypothetically speaking, which option you would prioritize if you sold a property under the current circumstances?

(A: B-2) Our approach is not to prioritize one option; rather, we make judgments on a case-by-case basis after considering the investment unit price conditions and the existence of new candidate properties for acquisition. If we had sales proceeds at the present time, I believe acquiring treasury investment units would be a strong option, but we would judge whether to allocate the funds to treasury investment unit acquisition or to allocate a part to property acquisition or repayment of borrowings according to the circumstances of the moment.

<Questioner C>

(Q: C-1) You forecast that occupancy at Akihabara Sanwa Toyo Building will recover to 99.0% at the end of the fiscal period ending January 2025 (end of FP 43). Do you think there is a rent upside? How much do you expect it to contribute to NAV in the future?

(A: C-1) We plan to conduct tenant replacement at higher rents in the sections of Akihabara Sanwa Toyo Building where move-outs are scheduled. There are some sections where tenants pay less than market rent, and it is possible that we will revise rents upward in those areas, so we believe there is a certain amount of upside.

(Q: C-2) What type of property will be acquired to offset the disposal of Tokyo Nissan Taito Building?

(A: C-2) Tokyo Nissan Taito Building is a property that made a profit contribution of around 90 yen per unit based on NOI after depreciation. With regard to the new property to be acquired, we will consider whether it will make a profit contribution exceeding Tokyo Nissan Taito Building, without limiting ourselves to the Shibuya area. The details will be disclosed once we have made a decision.

<Questioner D>

(Q: D-1) With regard to the tenant move-ins and move-outs indicated on page 14 of the financial results presentation, what are the characteristics of the tenants who newly moved in?

(A: D-1) In keeping with tenant characteristics in the Shibuya area, many of the new office tenants are from the IT sector. There were also many inquiries from gaming, app, and consulting companies. For commercial operators, it seems that small-scale restaurant tenant needs are growing thanks to recovery of inbound demand following the pandemic. Many existing tenants also need to expand their floor area.

(Q: D-2) Your sponsor plans to announce its medium-term management plan next week. Could you explain the outlook for acquiring properties from the sponsor as well as the sponsor support structure?

(A: D-2) Because the real estate sales market remains overheated and the portfolio's unrealized gain is also considerable, if capital is needed to acquire new properties from the sponsor, we should be fully able to handle it by using proceeds from sales and unrealized gain.