

## December 2022 (42nd) Period Analyst Meeting

{Date: Friday, February 17, 2023}

### [Q&A Session Summary]

- Q. Why is the rent and common charge of existing properties stable? What is your analysis?
- A. Features of JPR's portfolio include excellent diversification in addition to a competitive edge in terms of location, and we believe that such aspects are the factors which allow us to maintain a stable performance even in the current environment.
- Recently, move-outs by large tenants have eased, and we think we are now in the phase of filling vacant space. We strive for an even better performance through improvement in occupancy.
- Q. Why have you begun considering the acquisition of hotels again?
- A. We believe we are now in a position to start considering the acquisition of hotels again because inbound demand is starting to recover and optimism about the outlook is growing. We will consider acquisition based on a careful assessment of the circumstances of individual properties including the operating capabilities and credibility of the operator in addition to location and building specifications.
- Q. What is your strategy for filling vacant space at properties for which leasing activities are being stepped up?
- A. We will aim to fill vacant space quickly through measures such as setting flexible rent conditions, including rent-free periods, and subdividing floors, based on an understanding of trends in neighboring districts and tenant needs.
- Q. What is the reason behind the shorter free rent periods?
- A. In the December 2022 fiscal period, rent-free periods were shorter because we found tenants mainly for small-scale spaces; however, from the June 2023 fiscal period, we will not be conducting leasing activities for properties requiring priority action and the duration of free rent periods is likely to go back to around 3-4 months.

Q. You said that you found tenants by subdividing floors. Is there strong demand among SMEs?

A. Demand varies depending on the location and features of individual properties. In the example of JPR Omiya, the subdivision of floors proved a successful strategy because this is a district where there is strong demand not only among SMEs but also for the branches and sales offices of major corporations.