

June 2022 (41st) Period Analyst Meeting

[Date: Wednesday, August 17, 2022]

[Q&A Session Summary]

- Q. You said that you assume revenues from existing properties will recover in the June 2023 fiscal period. Please give details.
- A. In addition to the elimination of free-rent periods, we also assume a certain level of move-ins. We will seek to improve revenues by filling vacant space at Shinjuku Square Tower, Olinas Tower and JPR Omiya Building, which we describe as “Properties Requiring Priority Action.”
- Q. What is currently the mostly likely scenario regarding the management policy for Gotanda First Building?
- A. As the building has tenants, we are not in a position to be able to give details but we are considering various options for the future. Since we will receive an amount equivalent to rent up to and including November, we hope to have determined a course of action by the end of the year.
- Q. Could you give details of the pace of future property acquisitions?
- A. The sponsor pipeline is extensive and in January this year we acquired Tokyo Tatemono Higashi-Shibuya Building for 11.3 billion yen. The property sales market remains buoyant and it is still difficult to acquire properties. However, we intend to take full advantage of the pipeline and maintain external growth through 10 - 20 billion yen in acquisitions per year.
- Q. What are the factors behind the delay in the recovery of the occupancy rate?
- A. There have been no major contract cancellations and tenant moveouts have also settled down. However, our move-in assumptions for the December 2022 fiscal period remained at a low level due to factors such as the impact of the resurgence of COVID-19 from the beginning of the year and this was a factor behind the low occupancy rate based on concluded contracts. We will continue focusing on leasing activities, aiming to raise the occupancy rate.

- Q. Give details of any changes in your acquisition policy for each asset type.
- A. Our policy for office buildings is to focus mainly on properties in Tokyo while also considering high-quality properties in major cities such as Osaka and Fukuoka. Our policy on hotels is that careful assessment of developments such as the recovery of inbound demand is needed but we are ready to start considering retail property acquisitions again now that people are starting to go out more.
- Q. What is your acquisition policy for the “FUNDES” series?
- A. The FUNDES series used to have a tenant mix consisting mainly of restaurants but the newly developed properties also include service-type stores. We therefore intend to consider them based on a careful assessment of property features including area and tenant mix.