

June 2021 (39th) Period Analyst Meeting

[Date: August 17, 2021]

[Q&A Session Summary]

Q. What is the situation of tenants moving out? When is the peak of moving out? What are specific measures to retain office tenants (temporary rent reductions and exemptions, etc.)?

A. Moving out is expected to peak in the fiscal period ending June this year, and the situation is settling down.

We are trying to retain tenants by reviewing rents for some tenants that are above market level and allowing tenants to partially cancel their rooms. We do not provide temporary rent reductions and exemptions, except for tenants of retail properties as a measure against the COVID-19.

Q. You said that there were inquiries even about large spaces in your leasing activities, but what is the background for tenant companies to consider moving in under the COVID-19 pandemic?

A. Companies that are thinking about the next step in anticipation of the coronavirus and post-coronavirus eras are starting to take action. In particular, we feel that needs for expanding office spaces associated with business expansion and needs for moving to a better location are strong. There are also cases in which tenants who rent more than one floor want to relocate to one floor with a large office space.

Q. You explained that EPU (earnings per unit) would recover because your leasing activities were making progress. Is it correct to recognize that the possibility that occupancy will decline due to new moving out is low?

A. A large tenant is scheduled to move out of Olinas Tower in Kinshicho in March 2022, but there is no cause for concern because this is a highly competitive and popular property in the Joto area and we have been receiving inquiries on a floor-by-floor basis since early in our leasing activities.

Moving out during or after the next fiscal period is unlikely at properties other than those in which we anticipate it to some extent, including the property above, and we also predict moving in conservatively, although cancellations could occur among small tenants. Therefore, we believe that the risk that occupancy will decline more than

expected is not that large.

Q. You intend to focus on external growth as a key driver, but what are your prospects for property acquisitions?

A. Tokyo Tatemono, the main sponsor, has a policy of selling properties on an ongoing basis as it announced in its medium-term business plan. We are holding various discussions with Tokyo Tatemono.

We acquired properties worth about 26 billion yen last year, and we want to acquire properties of 10 to 20 billion yen per year in the future.

Q. We would like to know about the trends in sales and purchases, as well as inquiries from buyers other than the sponsors about the properties you own and their price perspectives.

A. Investors' strong willingness to invest and their price perspectives of offices remain unchanged. In particular, foreign investors think that the current market stagnation will normalize in a few years, and their price perspectives have not fallen, including those of retail properties.

We have been asked to sell some of our properties, and we believe that we will be able to sell them at a price that is about 10 to 20% higher than the appraisal value, taking into account transaction cases and other factors.

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