Financial Policies

We have the following policies in relation to our finances.

Cash Management

Leasehold and Security Deposit

Leasehold and security deposits from our tenants are placed in ordinary or fixed deposit bank accounts, however these funds can be reduced with the aim to safely secure and efficiently manage the funds, on the condition that historical data are accumulated and commitment lines are made.

Cash and Cash Equivalents

All cash will be deposited in ordinary savings accounts that bear no interest (ordinary savings accounts of which entire deposited amount is protected under the deposit insurance system) or savings accounts of highly credible banks taking into consideration the credit rating by rating agencies.

However, ordinary accounts opened at the time of borrowing from financial institutions or at the time of dividend payment are not included. In general, residual funds are to be applied to the following purposes and the remainder shall be managed in the same way as above: expenses related to acquisition of properties or capital expenses, repayment of interest-bearing debt, cash distribution (and the acquisition of treasury units.

Derivative Transactions

Any derivative transactions should only be conducted to hedge against interest rate and other risks.

Issuance of New Investment Units

We may from time to time issue new investment units with the aim for stable long-term growth of our assets by taking into account market conditions and dilution of the units (decrease of holding ratio or decrease in total assets or dividends per unit due to the issuance of new units).

Debt and Issuance of Investment Bonds

In principle, we aim to strategically grow our portfolio and maintain a stable distribution of dividends by effectively combining long-term stable fund procurement and mobile short-term procurement. In addition we will calculate LTV (loan to value), which shows our asset to debt ratio, as follows:

Our maximum fiscal period-end asset based-LTV, which is calculated by dividing the total interest-bearing debt by the value of the total assets as of the end of the fiscal period, is 55%. The actual percentage may exceed the maximum fiscal period-end asset-based LTV under limited circumstances due to acquisitions.

In addition, we have set our target range of the capitalization-based LTV, which is calculated by dividing the total interest-bearing debt by the sum of interest-bearing debt and unitholders' capital, as approximately 40% to 50%.