

December 2023 (44th) Period Analyst Meeting

[Date: Monday, February 19, 2024]

[Q&A Session Summary]

- Q. What is the driver for achieving adjusted EPU (*1) of 7,600 yen. Can we expect internal growth through wage hikes?
- A. We are entering an environment where we can raise wages, but we will first aim to achieve this target early through internal and external growth derived from higher occupancy, including the filling of vacancies at the MS Shibaura Building.
- Q. What is your distribution strategy after achieving an adjusted EPU of 7,600 yen?
- We are currently discussing a new distribution strategy and plan to announce it when we have a clear prospect of achieving an adjusted EPU of 7,600 yen.
- Q. What is your sense of the schedule for achieving the medium-term target of 7,800 yen after achieving adjusted EPU of 7,600 yen?
- A. We would like to achieve it as soon as possible, and within two years, with continuous external and internal growth as the driver after achieving adjusted EPU of 7,600 yen.
- Q. What is the background behind your acquisition of Nakano Central Park East using debt? LTV has increased, but what level will you use as you control it going forward?
- A. Taking the capital market situation into consideration, we have decided that it would be appropriate to use debt for the property acquisition this time. Going forward, we will control LTV by keeping it within around 45% as the upper limit, while monitoring the situation in the capital markets.
- Q. Is a share buyback one option for the future?
- A. It is naturally one of our options, but we are prioritizing growth in distributions through property acquisition at the moment.
- Q. Will your external growth in the future be centered on asset replacement?
- A. Given that more than 20 years have passed since our listing, some properties will be candidates for sale.
- We will continue to work to expand the asset size and at the same time improve the portfolio quality, enjoy gains on sale, and generate cash by replacing assets.
- Q. Are there any retail properties about which you have operation concerns?
- A. As we own a good balance of urban type and station-front type properties, there are no properties that are of concern as of this moment.

*1 "Adjusted EPU" refers to net income per unit before recording gains on the sale of real estate, etc.