

Summary of the Q&A Session at the Financial Results Briefing for the 40th Period (Ended June 2026)

Q. You stated that you are pursuing property acquisitions totaling approximately 20 billion yen. If the proceeds from property transfers are allocated to property acquisitions, would this leave no funds available for the buyback of investment units? How do you intend to finance the property acquisitions?

A. We are still considering property acquisitions, and no decisions have yet been made. In addition, we are also considering property transfers. This does not mean that we will not buy back investment units. We will consider doing so when the timing is appropriate. Depending on the timing of asset replacement, either the acquisition or the transfer may take place first. If the acquisition precedes the transfer, we intend to finance it through debt. We estimate that the LTV will decline to approximately 42% upon completion of the planned property transfer, which is expected to provide us with a corresponding increase in debt financing capacity.

Q. The majority of the gain on transfer of Daiba Garden City Building is to be retained as an internal reserve. Retaining the gain on transfer as an internal reserve is effectively equivalent to raising equity and results in a higher cost of capital. What quantitative view do you have with respect to property yields and growth potential? Why have you set a yield after depreciation of 3.5% as the criterion for property acquisitions?

A. We aim to acquire properties using a 3.5% yield after depreciation as one benchmark. The most recent yield after depreciation for Daiba Garden City Building was 2.7%, including special factors. Excluding these special factors, the yield after depreciation was 2.4%, making it a low-yield property. We intend to transfer low-yield properties such as Daiba Garden City Building and acquire properties offering a yield of at least our 3.5% benchmark. Our benchmark yield for property acquisitions is 3.5%, reflecting various costs in addition to JEI's WACC, which we estimate to be 3.1%. Since last year, we have also explained in our communications with investors that 3.5% is our benchmark for asset replacement.

Q. The unrealized gain for the overall portfolio is approximately 30%, and NAV increased by approximately 2% from the previous period in the 40th Period. Will you continue to accumulate the internal reserve using gains on transfer?

A. We intend to continue increasing NAV by transferring low-yield, low-growth properties and thereby realizing their unrealized gains. Regarding whether we will use the same special tax treatment for replacement purchases in the future, our highest priority is to maintain distribution growth, and we may use this special treatment with the aim of enhancing EPU over the long term if substantial gains on transfer are recorded.

Q. What factors caused the difference in gains on transfer between Daiba Garden City Building and Sapporo Otemachi Building?

A. To be honest, we believe that Daiba Garden City Building was transferred at a higher price than anticipated, whereas we had expected to achieve a somewhat higher price for Sapporo Otemachi Building. For Daiba Garden City Building, we carefully and selectively approached parties that appeared likely to offer competitive prices. We also took our time with sale activities while monitoring pricing. Although we were unable to obtain an attractive price for a period of time, market sentiment subsequently shifted, and we seized the opportunity when investors emerged who placed a high value on Daiba's future potential. Following a competitive bidding process, we were able to sell the property at a relatively high price. Office supply in Sapporo has been increasing at a historically rapid pace, and the vacancy rate has recently risen. Sapporo Otemachi Building had periods of difficulty in maintaining occupancy, and concerned by the rapidly declining competitiveness of older office buildings in the Sapporo Otemachi area, we conducted sale activities by taking into account its redevelopment potential rather than positioning it solely as an office property. The tenant leases were not fixed-term leases, and redevelopment would therefore require a considerable amount of time, which may have prevented the sale price from reaching the level initially anticipated. Meanwhile, we believe the sale price would have been somewhat lower as an office building, and therefore consider the decision to conduct sale activities while taking its redevelopment potential into account to have been successful.

Q. Regarding the expansion of investment targets beyond offices, could you provide details on the sponsor's pipeline, results, and other relevant information concerning rental condominiums and hotels?

A. In the hotel segment, Nippon Steel Kowa Real Estate operates the "&Here" brand directly. Following the first property in Ueno, the brand has expanded to Namba and Shinjuku, with further expansion planned in Asakusa, Ginza, and other locations. Specific properties and the schedule will be considered going forward. The concept of "&Here" targets the highly niche market of extended-stay accommodation in central Tokyo and other urban areas, and we believe investors can have high expectations for its potential. In the residential sector, Nippon Steel Kowa Real Estate offers a diverse range of residential properties. While its LIVIO series of condominiums for sale is well known, its rental condominium portfolio also ranges from standard rental properties to high-grade residences targeting the upper-middle-class segment. With interest rates currently rising, we intend to select properties with growth potential, taking into account their location and type. Although the scale may not be significant, we will consider initiatives with a view to delivering results as early as FY2027.

Q. What is your outlook on interest rate assumptions? The average annual increase in interest costs per unit through 2030 is projected at 90 yen, unchanged from the figure presented at the previous financial results briefing. Have your assumptions remained unchanged since then?

A. One year ago, we estimated an increase in interest costs of 70 yen per unit, and we have since raised our interest rate outlook. One year ago, our interest rate assumptions were for long-term interest rates to range from the low to high 2% level and for the policy rate to range from approximately 0.75% to 1%. Our current view is that the policy rate will rise by 0.25 percentage points in October this year and by a further 0.25 percentage points during the first half of the next fiscal year, reaching 1.5% by the 42nd Period. Thereafter, we assume 1.5% as the terminal rate. Long-term interest rates currently stand at around 2.8% to 2.9%, and we believe that market levels have been factored in to some extent. However, given the range of views, we recognize that rates could exceed 3% at certain points going forward. This assumption applies to the three-year period beginning in the 42nd Period. By comparison, the negative impact in the most recent periods, the 39th and 40th Periods, is approximately 130 yen per unit. As the magnitude of the increase is expected to diminish going forward, the average negative impact over the three-year period will be 90 yen per unit. Regarding the impact of rising

interest rates, as long as inflation progresses in a normal manner and interest rates rise accordingly, we believe we can continue raising rents. Even if the pace of interest rate increases is one step faster than assumed or the terminal rate exceeds our assumption, we expect the impact to be limited to EPU remaining flat for one fiscal period. If we can achieve sustainable EPU growth, although EPU may remain flat in a particular period, given the availability of property transfers and internal reserves, we believe it is possible to overcome the impact of rising interest rates and maintain continuous increases in distributions.

Q. The increase in rent per unit has risen by 190 yen compared with the forecast presented at the previous financial results briefing. The average rent revision rate for the next two periods is approximately 5%. Should our understanding be that a rent revision rate of at least 5% is highly likely, and do you expect rent revisions at a similar level to continue beyond the next two periods?

A. We consider the 5% target to be appropriate. As for whether we will raise the target further in six months or one year, we are currently at the stage of working toward the existing target. Although our results have not yet reached the target, we first intend to firmly achieve the 5% target and demonstrate this through our results.

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