Summary of Q&A Session

Japan Real Estate Investment Corporation/

Performance Review for the Period ended September 2025 (held on 18 November 2025)

Japan Real Estate Asset Management Co., Ltd.

＜Q＞You stated that you aim to achieve an occupancy rate of 99% in the future. However, I believe that if the occupancy rate becomes too high, it may suppress the ability to raise unit price rent over the medium to long term. From the perspective of maximizing rental revenues over the medium to long term, what do you consider to be the optimal occupancy rate?

＜A＞Since the market environment allows us to aim for higher rents, we would like to raise the occupancy rate close to 100%. However, considering the need to accommodate tenants' expansion requests and other space requirements, maintaining a certain level of vacancy is also necessary. Therefore, we believe that an occupancy rate of around 99% is the optimal level at this time.

＜Q＞You have stated that you intend to acquire properties not based solely on their current yield but on their potential to contribute to earnings over the long term. In that context, is it possible to acquire properties with implied cap rates that are meaningfully above your current level?

＜A＞We fundamentally aim to acquire properties that exceed our implied cap rate and are expected to improve profitability over the long term. That said, even if a property's yield is slightly below the implied cap rate at the time of acquisition, we would still consider it if we expect its profitability to recover quickly and improve over time. To reiterate, the implied cap rate remains a key metric that we place strong emphasis on.

＜Q＞In the performance forecasts, the NOI for the March 2026 and September 2026 periods is shown to be almost flat. What are the factors behind this? Are there any cost-related elements that are suppressing NOI growth?

＜A＞One of the factors behind the increase in NOI for the September 2025 period was one-off revenues such as cancellation charges, which will drop off in the March 2026 period. On the cost side, while repairing expenses are properly managed and reflected in the budget, we expect labor costs to rise for property management expenses, and therefore we have factored in an annual increase of a few percentage points.

＜Q＞The internal growth targets of "rent increase ratio of over 70% and upward rent revision rate of over 7%" seem to be roughly at the same level as before COVID-19. How challenging do you consider it to achieve these targets?

＜A＞Before the pandemic, there were periods when performance exceeded the targets we have set this time, so we believe they are fully achievable. In fact, we have calculated these targets by carefully examining the situation of each tenant individually, and we are confident that we achieve these targets.

＜Q＞Has your view on the extent to which leverage through borrowing can be utilized changed?

＜A＞Regarding LTV, we monitor both book-value and market-value metrics. Given that the market-value-based LTV remains at a significantly low level, we believe there is room to further employ leverage. Even when taking into account the current book-value-based LTV, we assess that there is still capacity to utilize leverage on the order of several tens of billions of yen.

＜Q＞The stated annual average rent growth rate is 3–4%. If internal growth accounts for 60–70% of the growth composition, then internal growth would correspond to an annual average growth rate of approximately 1.8%–2.8%. Based on the target levels for rent increases and the terms of the lease contracts, the annual average growth attributable to upward rent revisions can be estimated at around 1.4%. Does this imply that the remaining portion of the growth rate will be generated through tenant replacement? Furthermore, if the overall occupancy rate of the portfolio becomes too high, it may be difficult to expect upside from tenant turnover. I would therefore like to hear your

view on this point.

＜A＞Tenant turnover occurs in roughly 4–5% of the portfolio each year, resulting in the tenant replacement of just over 10,000 tsubo. In many cases, new leases executed through such turnover are concluded at rents even higher than those achieved through rent revisions. Therefore, even if the occupancy rate were to reach 99%, we believe there would still be ample growth opportunities through tenant replacement. With respect to rent revisions, we aim to exceed our current targets of a 70% rent-increase ratio and a 7% rent-increase rate. Through both initiatives, we intend to raise the annual average growth rate from internal growth to close to 3%.

＜Q＞Is it correct to understand that, in the best-case scenario, annual average rent growth of 3% can be achieved through internal growth alone?

＜A＞We believe this is achievable over the medium to long term. Our aim is to drive internal growth as close to 3% as possible, and then further enhance overall growth through external growth.

＜Q＞Given that new building supply has been declining in recent years, do you have any intention of deliberately maintaining some vacancy in order to capture leases at higher rent levels?

＜A＞While uptrends in rent driven by the shortage of new building supply can be expected, intentionally leaving space vacant as a leasing strategy carries the risk of vacancy loss and is therefore not realistic. In that sense, we view an occupancy level of around 99% as an appropriate target.

＜Q＞Given the strong performance of the unit price, could you share your views on a possible public offering (PO)?"

＜A＞Compared with the previous performance announcement, the environment has changed significantly, and the NAV multiple—a key condition for a public offering (PO)—has now exceeded 1x. Assuming that the unit price remains at a favorable level and that attractive properties capable of enhancing our long-term competitiveness can be acquired, we would consider a PO if it allows us to outline a clear growth story for EPU.

＜Q＞In the event of a PO, is it possible that the properties to be acquired could consist of multiple properties combined?

＜A＞If properties were to be acquired through a PO, of course we would need to consider yields. The target could consist of a single property or a combination of multiple properties. In the case of multiple properties, we would evaluate the average yield of those properties as well as their long-term contribution to the overall portfolio, and make acquisition decisions based on a comprehensive assessment.