

**Questions & Answers at the Presentation Meeting
Concerning the Results of the Fiscal Period Ended January 2024 (FP 01-2024)**

Date & Time: From 16:15 to 17:00, Thursday, March 15, 2024

Presenter: Isao Kudo,
Executive Officer,
ITOCHU REIT Management Co., Ltd.

Q1. What is the future growth potential for renewal rent increase?

A1. Compared to corporate tenants, individual tenants are more tolerant of renewal rent increase, with the renewal rent increase for FP 07-2024 remaining above the same level of +1.2% (actual results for FP 01-2024).

Q2. Regarding the momentum of rent increase only for restoration units, is it slowing down?

A2. In FP 01-2024, replacement rent increase declined from the previous period due to the easing of conditions at properties in regional cities, but the replacement rent increase in Tokyo 23 wards is rising steadily compared to the previous period.

In February 2024, the replacement rent increase was higher than the actual level in FP 01-2024.

Q3. What are the effects and operational status of living room remodeling project?

A3. Although there is an upward trend in construction costs compared to initial expectations, high rent increase have been realized, and performing well from an ROI perspective.

Q4. What is your investment policy for regional cities other than Tokyo 23 wards under inflationary condition?

A4. Tokyo 23 wards will be managed to keep pace with inflation, while regional cities other than Tokyo 23 wards will be managed in a stable manner. There is no change in investment policy, and the portfolio composition is 70% Tokyo 23 wards and 30% others.

Q5. Could you be more specific about your plan to take on the challenge of increasing rents at some properties in Tokyo 23 wards, even if it means taking on the risk of a decline in occupancy rates?

A5. Basically, we are planning to further increase rents by targeting approximately 50% of Tokyo 23 wards, mainly single and compact types, and by reducing the key money requirement .

Q6. About interest rates and costs increase

A6. If interest rates rise by 0.5% and repair and maintenance costs rise by 5% per period, the trade-off level of rent increase is about +5.0% for the replacement rent increase and +1.0% for the renewal rent increase for units with only restoration work. We are currently conducting leasing, etc. at a slightly higher level to meet these minimum standards.

Q7. Will EPU decline while DPU increase gradually due to increased costs for living room remodeling project, etc.?

A7. We would like to realize increasing distributions while using the adjusted EPU as a decision indicator.

Q8. What is the reason why the number of remodeling units is only 161, compared to the expected 300?

A8. Currently, the asset management company is in the process of developing its structure (from planning and design to order placement), and plans to gradually increase the number of units steadily. 300 units per period are planned to be implemented by FY 01-2025.

Q9. With the increase in the foreign population in Tokyo 23 wards, what is the status of foreign residents moving in?

A9. The percentage of foreign residents is approximately 4% to 5% in the entire portfolio.
Leasing is conducted regardless of nationality.

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