

Mori Hills REIT Investment Corporation
Summary of the Q&A Session at the Financial Results Briefing
for the 36th Fiscal Period (held on September 17, 2024)

Q. Assuming all master leases are for pass-through-type offices, what would the occupancy rate be in the portfolio?

A. The end tenants of the master leases are reported to be near full occupancy. Therefore, the overall portfolio is also expected to have a high occupancy rate.

Q. You mentioned that you will strive to increase rents. Will you aim to increase rents on pass-through-type properties, or will you also consider switching to master lease rents?

A. Pass-through-type properties have a high occupancy rate, and tenants have the need to expand space and consolidate floors, so we can expect rents to increase. We believe that master leases provide the upside potential while rents are rising, but we intend to discuss this by referring to the appraisal values that we will receive at the timing of the rent revision, which comes every five years. For now, we will strive to increase rents on pass-through-type properties.

Q. In the forecast, your disclosure is based on the assumption that the special tax treatment for property replacement will be utilized, instead of distributing all gain on disposition. Is there a possibility of acquiring properties?

A. There has been no change in terms of the Company pursuing external growth by taking advantage of the preferential negotiation rights of premium properties redeveloped by our sponsors. Although the sale of sponsors' residential properties is strong and the demand for selling properties is shrinking, discussions are underway, taking into account the sponsor's development financing needs. We would also like to consider acquiring third-party properties as opportunities arise.

Q. The forecast for the fiscal year ending March 31, 2025 for sponsors' properties shows a decline in revenue and income in the sales of properties. Will the residential sales business turn the corner and the properties be sold to MHR?

A. Sponsors' residential sales are likely to continue, although they may decline. The forecast does not mean that the sale of the properties has been finalized. Discussions are ongoing, taking into account the sponsors' development financing needs.

Q. You mentioned that you are also considering minority financing for the redevelopment of the Laforet Harajuku project. I would like to see the timeline for this project. Also, what, if any, moves have been made regarding the redevelopment project?

A. As for the Laforet Harajuku project, we have a picture of deciding on our participation once MHR's stake reaches around a few tens of percent. Assuming that the current sale continues, we would say the likely target is around 2027 to 2028. In addition, we think it is likely that the timing of when the redevelopment outline can be determined will also be the same timeline.