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## **Main Q&A in the 14<sup>th</sup> Fiscal Period Earnings Announcement**

Date and Time: 17:00~17:50, January 17, 2013 (Thursday)

Presenter: Akira Yamanouchi / President and Representative Director

Daiwa Real Estate Asset Management Co. Ltd.

\*Questions are presented in order of sequence.

**Q1. It appears that the REIT market has started to turnaround. Do you think there will be opportunities to dispose your properties?**

(Answer)

We recognize that it is not a bad timing for disposal. However, we would like to carefully examine and consider the matter. Since the properties' book values are quite high, we would like to make sure not to disappoint existing unitholders by the disposal. Upon disposal, we would like to make no loss or extremely minimize the effect on the dividend. We believe that the disposal targets will mainly be the older properties. In addition, we are having dialogues such as partnering up with a strategic entity, redevelop properties using partner's balance sheet temporarily and reacquire the properties afterwards. However, no information can be disclosed at this point.

**Q2. Are you considering early redemption for the subordinated investment corporation bond?**

(Answer)

We would like to correspond to the subordinated investment corporation bond according to the terms of redemption. Currently we can not execute early redemption but will be possible after a certain period of time. We would like to consider early redemption at that point.

**Q3. How do you forecast the medium-term level of the dividend per unit?**

(Answer)

Addition to the current dividend per unit forecast for the 16<sup>th</sup> Fiscal Period, we believe that there are several factors which may increase the dividend.

The possible increase amount and its factors are;

- a) Around 350 yen by the resolution of free rents and step-up rents.
- b) Around 300 yen by raising the occupancy rate of “shinyon curumu building” as planned.
- c) Around 600 yen by acquiring new properties of 18 billion yen in amount, a total of 350 billion yen in assets, at the same standards as in the past.

We would like to target 7,800 yen for the future dividend per unit.

**Q4. How do you see the asking rent and its forecast for Shinjuku Maynds Tower and E SPACE TOWER?**

(Answer)

We believe that the bottom of the asking rent for Shinjuku Maynds Tower was two years ago when the large tenant had left. In particular, competitive properties around Shinjuku station have greatly decreased their vacancy rates. For Shinjuku Maynds Tower, there are tenants making rent contracts of 20% increase from the lowest asking rent two years ago. Such a movement is seen within the last three months. Though Shinjuku has a wide variety of corporations, we are starting to receive consultations from reputable ones. Currently, there is a large scale corporation specifically reviewing at a certain level of rent.

Regarding E SPACE TOWER, substantial vacancy rates are low around Shibuya station and demand is highly increasing for office buildings within 10 years of building age of a certain size. This is causing the vacancy of E SPACE TOWER being absorbed by the existing tenants' space expansion at a rent close to 30 thousand yen per tsubo. We would like to determine rents without straining good relationship with the existing tenants.

**Q5. What do you think about share buybacks?**

(Answer)

Our share price is still traded at discounts to NAV so we have not changed our stance of interest towards share buybacks. We would carefully examine the specific method and technical aspects of the share buybacks and consider on a basis of what is advantageous to our existing unitholders.

End