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## Summary of Mid-term Business Plan Presentation

January 17, 2025

### ○ Top Message

- I am Ozawa, who assumed the position of president this year. Since I joined the Company in 1987, I have gained experience in the residential business, fund business, corporate department, overseas businesses, commercial properties business, and so on. And now, I have been entrusted with the important role of president as we start our new medium-term business plan. It was with a sobering feeling that we began this year. I would like to reiterate my commitment to the development and growth of our company and our group, and I look forward to your continued support.
- Now, the new medium-term plan we announced yesterday. This medium-term plan has been developed as a result of numerous dialogues with our former president, Mr. Nomura, our former CFO, Mr. Izumi, as well as with all of you and our many investors. Therefore, I think that the content of this plan is probably somewhat approximate to what most of you expect. I think it is also in line with expectations. With that, I would like to once again provide a few additional details regarding the positioning of this new medium-term plan.
- We consider this medium-term plan to be a milestone in achieving our long-term vision. With the realization of our long-term vision in mind, we have set the period of this medium-term business plan at three years in order to firmly establish and build the foundations for growth.
- Specifically, the Company will clearly emphasize capital efficiency, and by selectively selling non-current assets and reducing cross-shareholdings, we plan to realize a certain amount of unrealized profits and improve profit growth and capital efficiency. At the same time, we intend to use the recovered funds to invest in growth and increase shareholder returns, thereby enhancing corporate value.
- We will naturally continue to implement these initiatives on an ongoing basis but will be particularly focusing on the next three-year period. With a view of maintaining financial discipline and controlling our balance sheet, we intend to build a solid foundation for growth over the three-year period in this plan. If the previous medium-term plan was positioned as a hop toward achieving the long-term vision, I think it is safe to say that the current medium-term plan can be viewed as a step.
- On the qualitative side, we will strive to achieve both solutions to social issues through our businesses and growth as a company at a higher level. Our company was founded in 1896 by Zenjiro Yasuda, the founder of the Yasuda Conglomerate, with the mission of modernizing real estate trade and promoting urban development. Since our founding, our company has always been guided by the customer-first spirit of Zenjiro Yasuda and an enterprising spirit that anticipates the trends of the times.
- In the Yaesu, Nihonbashi, and Kyobashi areas, where we have been located for approximately 130 years since our founding, construction of our flagship development project, the Yaesu Project in the Yaesu 1-Chome East Area, will be completed next year. At the end of last year, we also started construction of the Gofukubashi Project in the Yaesu 1-Chome North Area. Together with the Kyobashi 3-Chome East Area Project, we hope to use this redevelopment project as a hook to further accelerate the revitalization of Yaesu, Nihonbashi, and Kyobashi.
- We also believe that the largescale redevelopment ,including thee Shibuya 2-Chome West Area Project will undoubtedly contribute to strengthening the competitiveness of

Tokyo as an international city. We are being burdened by the soaring cost of construction, so we will have to make some adjustments to the schedule against this backdrop. However, we intend to steadily promote this redevelopment project.

- Furthermore, we will continue the spirit of customer first, which I mentioned earlier, and strive to create high added value by improving customer evaluation of the residential Brillia and Brillia ist, T-LOGI in the logistics segment, the mid-size office T-PLUS, and other initiatives, as well as the reputation of our brands.
- We will immediately begin to implement the initiatives set out in the key strategies of this medium-term plan. At the same time, we would like to start with today's briefing and continue to actively engage in dialogue with you and our investors to further improve our information dissemination efforts. Thank you for your continued support.

## **1. Long-term Vision**

### ○ Long-term Vision (page 4)

- We have set forth our long-term vision of Becoming a Next-Generation Developer in 2020, and through our businesses, we will achieve both solutions to social issues and higher levels of growth as a company. By doing so, we expressed our commitment to be a good company for all stakeholders.
- There is no change whatsoever in the basic concept of this vision and the policies we aim to pursue. However, we are slightly revising the target year. Thus far, we had set our target year as around 2030, keeping in mind to some extent the timing of completion and operation of large-scale redevelopment projects we are focusing on, but we have now clearly changed it to the year 2030. Our basic policy for profit growth is to aim for a well-balanced profit structure that is based on stable rental profits and is conscious of capital efficiency.

## **2. Overview of the Medium-Term Business Plan**

### ○ Strengths of the Tokyo Tatemono Group (page 6)

- Since our founding in 1896, our group has been committed to the customer-first spirit and enterprising spirit as the starting point of our corporate activities. We believe that these efforts have fostered our strengths in three major ways. The first is urban development with continuity and change that will draw out new regional attractions. The second is having an enterprising spirit that challenges innovation and opens the way to the future. The third is our ability, our flexible and agile adaptability to the changing times. Here are those three points. We will continue to maximize the value of places and experiences by leveraging these strengths that we have cultivated over the past 128 years.

### ○ Recognition of the Business Environment (page 7)

- In our previous medium-term business plan, we expect to achieve the targets and guidelines for KPIs such as business profit, ROE, debt-equity ratio, and interest-bearing debt to EBITDA ratio. In terms of shareholder returns, we have maintained a dividend payout ratio of 30% or more as our basic policy and have continued to raise dividends each fiscal year with the aim of increasing shareholder returns through sustainable profit growth. With regard to FY2024, as of now, we are expecting the dividend per share to be JPY90, more than double the level in FY2019, which was just before the start of the previous medium-term business plan.
- On the other hand, when we look at the external environment, I believe the business environment is becoming increasingly uncertain due to changes in the behavior of customers and people, heightened geopolitical risks, the shift from the unprecedented monetary easing policy, and the sharp rise in construction costs brought about by

inflation and other factors. We believe that the pace of change is also accelerating.

○ Basic Policy of the Medium-Term Business Plan (page 8)

- Recognizing this business environment, in order to realize our long-term vision through 2030, we will build a strong yet flexible business portfolio to accelerate growth and improve capital efficiency under this medium-term business plan. We will focus on three themes and enhance our management infrastructure to support growth.
- The first theme is the acceleration and expansion of asset-turnover business. In addition to accelerating the sale and acquisition cycle of properties for investors, for which we were able to significantly build up stock in the previous medium-term business plan, we will further strengthen our overseas businesses and the for-sale condominium business.
- The second is the strengthening of our stable revenue base. Our basic policy for profit growth is to aim for a well-balanced profit structure that is based on stable rental income, while also being conscious of capital efficiency. Under this policy, we believe it is important to continue to steadily advance large-scale redevelopment projects that are currently underway. With regard to our leasing portfolio, from the viewpoint of revenue stability and efficiency, we intend to diversify assets in our owned portfolio, which has traditionally been biased towards offices.
- The third is disciplined balance sheet control. We also sold cross-shareholdings in the past fiscal year, and we will continue to reduce them under our current medium-term business plan. We will strategically sell non-current assets to get unrealized gains. We would like to accelerate the fund recovery and investment cycle.

○ Quantitative Target (page 9)

- We will accelerate and expand our asset-turnover businesses and exercise disciplined balance sheet control to achieve steady profit growth, improve capital efficiency, and increase shareholder returns.
- We aim to achieve a business profit of JPY95 billion in FY2027 and a ROE of 10% during the period of this medium-term business plan, while raising the dividend payout ratio to 40% by FY2027.
- Our financial guidelines, which are a debt-equity ratio of approximately 2.4 times and an interest-bearing debt-to-EBITDA ratio of approximately 12 times, remain unchanged from the previous medium-term business plan. In addition, we will reduce the cross-shareholdings to net assets ratio to 10% or less at the end of FY2027, and together with the sale of non-current assets, we will promote the sale of more than JPY130 billion over the three years of this medium-term plan.
- The definition of business profit has also been slightly changed. The main change is the addition of loss or gain on sales of non-current assets from this medium-term plan. We hope you will see it as an indication of our commitment to profit growth, capital efficiency, and stock price improvement, including the sale of non-current assets.

○ Key Strategies in the Medium-Term Business Plan (page 10)

- This is a summary of our business portfolio strategy to achieve these quantitative targets and further growth in FY2028 and beyond. Since the previous medium-term plan, we have organized and managed our business portfolio by classifying them according to their profit characteristics, comprising leasing, property sales, and services. As we continue this policy in this medium-term business plan, we intend to further strengthen each of our businesses with the new concept of BASE as the foundation for growth.
- With regard to our key strategies, in addition to the five themes set forth in the previous medium-term business plan, we have set the establishment of new businesses as our

sixth key strategy. Along with strengthening our existing businesses, we would like to establish a new business model for the sustainable growth of the Company as a whole.

○ Approach to the Business Portfolio Strategy (page 11 to 12)

- First is the leasing segment. We will continue to strengthen our stable revenue base. Specifically, we will steadily promote redevelopment projects, including the Yaesu Project that is scheduled for completion in 2026. As for existing properties, the Company will step up negotiations for rent increases in light of inflation and market trends. We have made considerable progress in increasing the amounts, and we would like to further reinforce them. In addition, in order to boost capital efficiency and profit stability of the Company as a whole, we would like to diversify our portfolio of rental assets by targeting long-term holdings of asset types such as hotels, logistics properties, and rental condominiums, in addition to offices, as mentioned earlier.
- As for property sales, we will accelerate the recovery of investments and expand the scale of our business operations. In particular, our overseas businesses are positioned as medium- to long-term profit growth drivers, and we will expand our investments in advanced countries and other regions.
- As for the third category, services, in addition to the brokerage, parking business, and fund business that we focused on in the previous medium-term business plan, we will also strengthen building management and construction, as well as the operation of hands-on facilities such as hotels where you can bring your pet dog.
- We have indicated that we are projecting the composition of our business profits ratio of roughly 30:60:10 in FY2024. In this medium-term plan, we expect to maintain this ratio while continuing to generate cash for investment in growth and improve capital efficiency from FY2024 onward.
- On the other hand, the profit composition in 2030, as indicated in the long-term vision, has been expressed as 50:30:20, but we will review it in the direction of reducing the ratio of leasing and increasing the ratio of property sales. We intend to continue to adapt to changes in the business environment while striving to achieve high levels of capital efficiency and profit growth in a flexible manner.

○ Shareholder Returns Policy (page 13)

- Since FY2013, we have continuously increased dividends through FY2023. We also expect to raise dividends in FY2024, which will be the 11th consecutive fiscal year of dividend increases. We will work to further strengthen shareholder returns in the future, and as I explained earlier, we have now announced our intention to raise the dividend payout ratio to 40% in FY2027.
- As for the dividend for FY2025, we hope you will wait for the announcement of our financial results in February, but in any case, we hope to continue to increase dividends through sustainable and stable profit growth in the future.
- Regarding the repurchase of treasury shares, we announced the repurchase of company shares amounting to about JPY3 billion on December 25 of last year. We will continue to be flexible and agile in this area, taking into account stock price levels, the business environment, and our financial situation, among other things.

○ Cash Allocation (page 14)

- In this medium-term business plan, we will accelerate asset turnover with a view to further raising the level of asset recovery and investments. We plan to recover JPY1.14 trillion gross and invest JPY1.28 trillion gross over the three years under the plan. Compared to the previous medium-term plan, the scale of this recovery and investment

will be approximately double the annual average for recovery and 1.8 times the annual average for investment. By accelerating the asset turnover cycle, we aim to improve capital efficiency and achieve sustainable and stable profit growth.

- In addition, we have set a strategic fund limit of JPY50 billion. We intend to use these funds primarily for new businesses, M&A, and other initiatives, and to plant seeds in areas that will lead to future growth. We hope to develop our company with a view to further investing in asset turnover-type businesses, optimizing the capital structure, and expanding shareholder returns, among others. We would like to allocate cash in a balanced manner between investments and returns.

### 3. Key Strategies

- Steady promotion of largescale redevelopment (page 17 to 19)
  - The Yaesu Project, where development and leasing are underway, is scheduled for completion in February 2026. By developing facilities such as a bus terminal and a theater, we hope to undertake various initiatives that will contribute to improving the well-being of office workers.
  - Next are the Yaesu, Nihonbashi, and Kyobashi areas, which are our focus areas. We call this area the YNK area, taking the initials of each of the areas' names, and the Gofukubashi Project and the Kyobashi 3-Chome Project will be underway in this area shortly. Although the completion and operation of both projects will be some time in the future, we believe that they are excellent pipelines that will lead to the development of the YNK area and the expansion of our business scale, so we hope that you will pay close attention to them.
  - We believe that the large-scale redevelopment projects we are pursuing are all in prime locations in central Tokyo. We intend to strengthen our stable revenue base through high value-added urban development that will contribute to enhancing the competitiveness of the international city of Tokyo.
  - It is also true that problems such as soaring construction costs and prolonged construction periods have surfaced. We will do our best to achieve higher leasing revenues by thoroughly managing costs and schedules, including coordination with redevelopment associations and other property rights holders, in order to deal with the soaring construction costs and longer construction periods.
  - We also believe that it is essential to achieve exactly this balance between the perspective of maintaining and improving our company's overall capital efficiency and financial soundness. We expect investments related to these large-scale redevelopment projects during the period of this medium-term management plan to amount to about JPY200 billion over three years. Although it is not a particularly large or outstanding amount, we intend to maintain thorough control of our balance sheet by considering strategic share-outs in large-scale redevelopment projects in the future, while also considering the use of third-party capital.
- Further growth in the for-sale condominium business (page 20 to 21)
  - Our for-sale condominium business has steadily evolved based on our total residential brand, Brillia. We intend to continue to strengthen this business as one of our core businesses. Current demand trends have shown a notable increase in demand for high-priced condominiums. For example, Brillia Tower Dojima, which we supplied last year, has been very popular, and I believe that we have been able to accumulate expertise in product planning for high-end products year by year. Under this medium-term business plan, we will accurately grasp these market changes and expand our products and services for affluent consumers as part of our efforts to strengthen the for-sale

condominium business.

- In the previous medium-term plan, the main lineup included projects such as Shirokane The Sky and Brillia City Shakujii Koen ATLAS, which are reconstruction and redevelopment projects. With regard to reconstruction and redevelopment projects, Brillia Nibancho, which is scheduled to be posted in FY2026 is also one of them, and these projects will continue to form the core of the pipeline in the future.
- As for the specific volume of units to be posted, 4,300 units are planned to be posted during the three-year period of this medium-term business plan. The simple annual average is more than 1,400 units, which represents a slight surge compared to the annual average of 1,300 units in the previous medium-term plan. In addition, by leveraging the improved brand power of Brillia and further strengthening our efforts to acquire new projects, we aim to establish a system that can provide a stable supply of 2,000 units per year in the future.

○ Acceleration of the property sales business to investors (page 22 to 23)

- With regard to property sales to investors, we believe that we were able to significantly increase both acquisitions and sales during the period covered by our previous medium-term business plan. As shown in the materials, we were able to accumulate stock in a wide range of asset types, including offices, hotels, logistics properties, for-rent condominiums, and retail facilities. Now, under this medium-term plan, we will accelerate investment in new asset types such as laboratory offices and data centers in a bid to further strengthen acquisitions and secure stock.
- In this medium-term plan, we will accelerate the sale of the stock we have secured. We recorded an average annual gain on sale amounting to JPY20 billion during the previous medium-term business plan period. In this medium-term business plan, we expect to record JPY110 billion as gain on sale over the three-year period, or an annual average gain on sale amounting to approximately JPY36.7 billion. In addition to this, we are considering the strategic sale of non-current assets to optimize our asset portfolio, which will then help us to secure unrealized gains and further accelerate asset turnover.
- In terms of the sale destination of these held assets, we would like to continue to grow profits and improve capital efficiency by expanding the Group's AUM, primarily by considering listed REITs, private REITs, and private funds, for which the Group is in charge of asset management.
- In addition, we plan to further expand our investments in conjunction with the sale of properties. In terms of new investment decisions over the three years covered by the medium-term plan, we would like to proceed with property acquisitions worth approximately JPY540 billion, and we plan to maintain our stock while ensuring solid profits from sales.

○ Expansion of overseas business (page 24 to 25)

- With regard to our overseas businesses, we have reflected on the fact that we were not able to grow as much as expected in the previous medium-term business plan since the COVID-19 pandemic. Based on this, we have once again reviewed our risk management system and investment criteria and decided to place advanced countries at the center of our investment targets. We have also strengthened our human resources and allocation, and as a result, we have already achieved participation in several projects in the US. In addition, we have recently decided to participate in a new for-sale condominium project in Australia.
- We are proud of our long history of operating businesses in Japan and abroad, and we believe that we have an advantage in building trusting relationships with excellent

partners. We hope to contribute to society by taking advantage of these strengths to acquire and develop quality projects. While continuing to utilize the expertise and strengths we have developed until today, we will strive to develop new partners and new assets in addition to strengthening relationships with existing partners in our overseas businesses. We intend to continuously strengthen our overseas businesses over the medium- to long term, and hope to expand their share in our business profits to about 10% by 2030.

○ Expansion of service business (page 26 to 28)

- I will explain our service business in two parts, comprising of real estate management and hands-on facility operation. Real estate management includes brokerage, parking business, and fund businesses, which we also strengthened in the previous medium-term business plan, and now we have added building management and construction to this business. As for the hands-on facility operation, we operate three kinds of facilities, comprising resort hotels where pets are allowed, which we have been operating for a long time, as well as golf courses and hot spring bathing facilities.
- Regarding real estate management: Brokerage, parking business, fund business, building management, and construction are all business areas that are closely related to our other businesses, and we believe that we can expect further synergies in these areas. In this medium-term plan, we have added building management and construction as a target for our service business that we aim to expand. With regard to this, by completing the management operations of the Yaesu Project, which is scheduled for completion in February 2026, and the construction work for tenant companies to move in, we hope to firmly establish a system that will enable us to receive orders for management and construction work for the large-scale redevelopment development that will be completed subsequently. Based on the experience, data, and expertise gained through the operation of the Yaesu Project, we intend to strengthen our building maintenance and construction contracting systems and actively seek orders for large-scale projects from outside parties. Through the growth of each of our other businesses, we hope to contribute to the promotion of a stock-based society and improve our capital efficiency by developing our business as a non-asset and light-asset business.
- Regarding hands-on facility operation: Recently, there is a saying that "Memories are more important than things" and we are aware that the tendency to consume services is growing. We believe that in each of the businesses that we operate, there are more and more opportunities to expand the scale of our business by seizing on these trends in the world. Our dog-friendly resort hotels, golf courses, and hot springs facilities are all visited and used by a great number of customers. We intend to expand our businesses through efforts to increase customer satisfaction, development of new facilities, and possibly the utilization of M&A and other means.

○ Establishment of new business (page 29)

- During the previous medium-term business plan, we have been working on projects in the areas of sports and entertainment, and wellness and well-being. Some of the facilities that have already begun operations include the livedoor Urban Sports Park in Ariake, and the urban spa, TOTOPA, which opened in the city's Meiji Park as part of the Park-PFI project. In addition to the development and operation of the New Chichibunomiya Rugby Stadium, in which we have already decided to participate, we will continue to pursue new projects in both business areas.
- We are also considering and promoting several projects in the infrastructure industry, such as mega solar, data centers, laboratory offices, and the space industry domain.
- During the period of this medium-term business plan, in addition to steadily promoting

the projects in which we have already decided to participate, we intend to utilize our track record and expertise to firmly establish a business model and create businesses that will become our new profit pillars in the future.

#### **4. Evolution of Management Infrastructure to Support Growth**

##### ○ Environmental (page 31)

- As part of our medium- to long-term goals for greenhouse gas emission reduction, we aim to reduce CO2 emissions by 46.2% in Scope 1 and 2, and 40% in Scope 3 by FY2030, compared to FY2019. This is fully in line with the goal of limiting temperature increase to 1.5 degrees Celsius or less since the Industrial Revolution, as agreed upon globally in the Paris Agreement and the Glasgow Accord, and has also been certified by SBT. We have also set a goal of achieving net-zero CO2 emissions by FY2050.
- Our current major initiatives include the introduction of renewable energy, power generation from renewable energy, and the development of ZEB and ZEH, and we are promoting these environmental considerations in each of our businesses, including our key strategies.

##### ○ Social (page 32)

- As for social initiatives, we are focusing on respect for human rights and supply chain management. With regard to respecting human rights, we have established the Tokyo Tatemono Group Human Rights Policy. By respecting the human rights of all stakeholders involved in our group's businesses, we aim to identify human rights issues through so-called human rights due diligence, and if any issues do exist, we will work to mitigate, rectify, or even provide relief.
- When it comes to supply chain management, we work with a variety of suppliers, including construction companies. The environmental and social impact of these suppliers is very important, so we are focusing on building a sustainable supply chain. We will continue our efforts by establishing a PDCA cycle for supply chain management while utilizing the Group's common sustainable procurement standards and guidelines for sustainable procurement.

##### ○ Governance (page 33)

- We consider the enhancement of governance to be an important issue for improving our corporate value over the medium- to long term, and are working to establish optimal corporate governance with a primary focus on boosting efficiency while ensuring sound and transparent management.
- As part of this effort, we have decided to implement changes to our governance structure and systems at this time. Specifically, as shown on the left side of the slide, in addition to the change in the term of office of directors already announced in November 2024, we are considering increasing the ratio of outside directors, selecting of head of outside directors, reorganizing the Nomination and Remuneration Advisory Committee, and partially revising the director remuneration structure. For details, please wait until the notice for the convocation of the General Meeting of Shareholders, which is scheduled to be released in February.
- We will continue to pursue the governance structure that will lead to increased corporate value and promote measures that will bring about improved profitability and objectivity.

##### ○ Human Capital (page 34)

- We strongly believe that human capital is indispensable in the sustainable enhancement



of our group's corporate value. Although it is not a theme in this medium-term business plan, we will continue to build on our unique corporate culture to strengthen our human capital by building a human resource portfolio and promoting the activities of a diverse workforce. We believe that these efforts will result in the acquisition and creation of new business opportunities, the creation of social and economic value, and the resolution of social issues, and we intend to build such a system with the entire group.

○ DX (page 35)

- With the advancement of digital technology, the real estate industry is putting more effort into increasing profits by improving the efficiency and enhancing existing services, and into providing new value by quickly identifying customer needs and utilizing DX. In order to achieve continuous and sustainable growth as a company, we believe that it is essential not only to grow existing businesses but also to create new businesses and improve productivity, and we believe that DX initiatives are indispensable as a means or infrastructure to support those. We have been promoting various initiatives for DX in each of our businesses. We will continue to strengthen our efforts to contribute to creating this added value.