

# Message from the CEO

## Aiming to Become a Next-Generation Developer through Stable Growth over the Course of the New Medium-Term Business Plan

Representative Director, President and Chief Executive Officer



In January 2025, I assumed the role of President and Chief Executive Officer of the Tokyo Tatemono Group, at which time we launched a new medium-term business plan. As part of this plan, we revisited the target date for realizing our long-term vision: “Becoming a Next-Generation Developer.” When first established in 2020, the target was set as “around 2030,” roughly coinciding with the anticipated completion of several large-scale projects. However, having solidified a foundation for earnings growth during the previous plan, and with a desire to demonstrate—both internally and externally—our commitment to this vision, we revised the target to the specific year 2030. The fundamental approach and goals of our long-term vision remain unchanged. As President and CEO, my foremost mission is to advance the new medium-term business plan with determination and to rally all officers and employees in pursuit of fully achieving this vision. The responsibilities of this role are indeed substantial, but I am firmly committed to fulfilling them.



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### Introduction

I joined Tokyo Tatemono 38 years ago, and have since experienced dramatic social and economic changes while working in a variety of departments. Navigating change during such turbulent times has been instrumental in shaping who I am as a businessperson. In the early 1990s, as Japan's bubble economy was bursting, I was working in residential development. Amid a rapidly collapsing market, I had to respond quickly and decisively to major changes in the direction of projects for which I was responsible. I subsequently gained experience in the Personnel Department, and in the 2000s, I was involved in the real estate securitization business, an area where the Tokyo Tatemono Group was an industry pioneer. During the formative years of the J-REIT market, I helped establish Japan Prime Realty Investment Corporation (JPR) and contributed to its management. I returned to the Company in 2007, but was seconded to a Group asset management company in 2009 to help revitalize JPR, whose financial position had deteriorated in the wake of the global financial crisis in 2008. This work in real estate finance exposed me to the dynamism of capital markets and deepened my appreciation for the importance of building trust through direct interaction with financial institutions and investors. In 2012, I became the general manager of what is now the Corporate Planning Department, where I led revitalization, structural reform, and organizational restructuring of the Group, following a significant loss recognized in 2011. I was appointed CFO in 2017, taking charge of financial strategies and leading the formulation of Medium-Term Business Plan (2020-2024), the predecessor to our new plan. This experience renewed my appreciation for the importance of balancing profit growth with financial discipline. Since, 2021, I have served as Division Director of the Commercial Properties Division, where I worked to lay the foundation for Tokyo Tatemono's growth through a focus on large-scale redevelopment projects and asset-turnover businesses. This was during a time when the road ahead was extremely difficult to predict due to the COVID-19 pandemic, emerging geopolitical risks, and the rapid deterioration of markets for offices, hotels, and other properties. Now, as CEO, I will fully leverage the experience I have gained through overcoming challenges and growing in step with the Company. I remain committed to further enhancing corporate value through active engagement with stakeholders.

### The Origins of Tokyo Tatemono's Identity

Zenjiro Yasuda founded Tokyo Tatemono 129 years ago with the aim of modernizing real estate transactions and promoting urban development. At the heart of the Group's beginnings was Mr.

Yasuda's conviction that buildings are what give real estate its value. This belief continues to underpin our principle of "The customer always comes first" and our enterprising spirit that remains attuned to the changing times. The Group has also developed three strengths since its founding in 1896.

The first strength is urban development with 'continuity and change' that will draw out new regional attractions. This core strength lies in the Group's ability to bring new value to local communities while respecting tradition and culture. During the Edo period, the Yaesu-Nihonbashi-Kyobashi (YNK) area of Tokyo was a thriving center of merchant and artisan culture. Through urban development with continuity and change, the Tokyo Tatemono Group has helped to make this district a timeless, fashionable neighborhood that connects ideas and nurtures the new. Our aim is to carry forward the cultural heritage and spirit of Edo while creating a richly diverse neighborhood in the heart of Tokyo that enhances people's wellbeing and reflects the character of an international city. TOFROM YAESU, a development project scheduled to open in 2026, is the perfect symbol of this neighborhood and our aspirations for it.

Our second strength is an enterprising spirit that strives for innovation and pioneers the future. We have nurtured and carried forward the spirit of our founder over the course of nearly 130 years. Tokyo Tatemono places great importance on the independence and initiative of its employees, and we take pride in having pioneered initiatives for society and the industry. These include securitizing real estate for the first time in Japan using the Act on Securitization of Assets; participating in the



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Kasumigaseki Common Gate project (the first private finance initiative with an agency of Japan's central government) and THE OTEMACHI TOWER, which features both urban and natural regeneration. The Group's willingness to take on new challenges reflects a corporate culture that quickly senses emerging trends and acts on them—an embodiment of our second core strength.

Our third strength is flexible and agile adaptability in step with the changing times. This strength has been shaped by our corporate culture, where the close relationship between management and the front line allows frontline ideas to be readily reflected in decision-making. Our flat organizational structure facilitates smooth communication, gives the organization the flexibility to embrace change, and enables rapid decision-making. During the previous medium-term business plan, this flexible and agile organizational structure and corporate culture enabled us to respond swiftly to environmental changes. We diversified our traditionally office- and residential-centered business portfolio by adding new asset types such as retail facilities, hotels, and logistics properties, allowing us to expand the scope of our business within a short timeframe.

### Our Long-Term Vision: Becoming a Next-Generation Developer

In these times of rapid change and international volatility, we believe that only enterprises able to take innovative approaches to solving social issues while growing as a company will be able to achieve sustainable growth. This was the thinking behind our long-term vision of becoming a next-generation developer, which we announced in 2020. All members of the new management team, including myself, are determined to forge ahead in pursuit of our long-term vision, while maintaining continuity with the approach taken by the previous management team.

The word “developer” in our long-term vision embodies our deep commitment. We do not simply develop properties such as office buildings and residences. Rather, we aim to create places where people can live, work, relax, and access services. By improving the functionality of neighborhoods and cities from a long-term perspective and helping to foster culture, we hope to increase Group revenue as well. I therefore want all Tokyo Tatemono Group employees, from the management team to the people involved in real estate development, sales, operations, and property management, to work together in a spirit of co-creation, generating synergies and creating added value by developing neighborhoods and society.

On our journey to realizing our long-term vision, in June 2021 we identified 14 material issues from the perspective of both creating social value and the infrastructure needed to create such value with an awareness of the shared value with society that we will realize through our business.

By addressing the material issues we have identified for social value creation through our business activities, we aim to generate shared value in three areas: the value of place, the value of experience, and coexistence with the earth and the environment. In addition, the value creation platform that underpins our material issues will generate shared value from value-creating talent and the realization of sustainability management. Our initiatives in the YNK area, where Tokyo Tatemono has been headquartered since its establishment, exemplify how our business generates shared value with society. We are cooperating with local residents and land rights holders in urban development projects that help make Tokyo more competitive as an international city, and the TOFROM YAESU project I mentioned earlier will enhance people's well-being and help promote a decarbonized, recycling-oriented society.

Realizing our long-term vision for 2030 will require well-balanced management that integrates both financial and non-financial perspectives. Through our business activities, we will address the material issues we have identified, aiming to maximize opportunities for positive social impact while minimizing the risk of negative effects. In doing so, we will continue to grow as a company and contribute to the realization of a sustainable society.

In addition, we have positioned the medium-term business plan as a milestone toward achieving our long-term vision. With that goal firmly in mind, we have adopted a three-year plan focused on building the foundation for growth. Looking even further ahead, we will carefully examine our track record and progress toward achieving the goals of our long-term vision, and incorporate a detailed action plan for its realization into our next medium-term business plan. The triple jump in track and field is a fitting analogy for our approach to realizing our long-term vision through a progressive value creation story. The previous medium-term business plan was our hop, the new plan is our step, and the next will be our jump.

### Building the Foundation for Growth through the New Medium-Term Business Plan

Japan is reacclimating to a world with interest rates as it transitions away from unprecedented monetary easing policies. In addition, the sudden rise in construction costs due to factors such as inflation and labor shortages is currently a major issue. Moreover, we must remain attentive to the potential impact of U.S. tariff policies on the outlook for each Group business.

Meanwhile, in our core real estate markets, the buying and selling of income-producing properties continues to perform well. In the for-sale housing market, prices are still rising, supported by solid demand for properties in highly convenient urban locations—particularly



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from high-income dual-earner households and affluent families. Furthermore, despite the temporary downturn in the office leasing market during the COVID-19 pandemic, occupancy rates have remained high, supported by the overall recovery of Japan's economy and growing demand from companies that view talent acquisition as an investment. We are increasingly confident in the outlook for growth in rental income.

Despite an increasingly uncertain business environment and the accelerating pace of change, the Group has leveraged its strong product planning and development capabilities to steadily build a portfolio of high-quality real estate. Our initiatives during the previous medium-term business plan enabled us to take advantage of favorable market conditions, including low interest rates. Good performance in the for-sale condominium business and property sales to investors enabled us to achieve our targets for earnings, capital efficiency, finances and all other KPIs.

As I mentioned earlier, the new three-year medium-term business plan launched in 2025 is positioned as the “step” in our triple jump toward achieving our long-term vision. The basic policy of the new three-year medium-term business plan is to build a robust portfolio that is resilient to change for accelerated growth and greater capital efficiency. It enables us to focus on building the foundation for growth over the next three years. Guided by this policy,



we will leverage a strong, stable and long-term revenue base to flexibly accelerate and expand highly capital-efficient asset-turnover businesses as opportunities arise. We will recycle the capital we generate into asset-turnover businesses and large-scale redevelopment projects, thus further enhancing the stability of our revenue base. In addition, we will aggressively expand our service business to build a well-balanced business portfolio and establish a structure capable of generating sustainable growth.

Aligned with our basic policy, the following specific initiatives will ensure accelerated growth and enhanced capital efficiency during the new medium-term business plan period.

### (1) Accelerating and expanding asset-turnover businesses

During the previous medium-term business plan period, we focused on logistics properties and built up a substantial pipeline of properties for sale to investors, with strong potential for gains on sale. During the new medium-term business plan, we will accelerate and expand our asset-turnover businesses by stepping up the sale-acquisition-sale cycle, expanding our overseas business, and further growing our for-sale condominium business.

### (2) Strengthening the stable revenue base

The basic profit growth policy in our long-term vision is “Based on stable rental profits, aim for a well-balanced profit structure with an awareness of capital efficiency.” We will build the foundation for profit growth by steadily moving our current large-scale redevelopment projects to completion while also reviewing our long-term rental asset portfolio, which is weighted toward office properties. Specifically, we intend to diversify our portfolio with the aim of improving revenue stability, risk resilience, and efficiency.

### (3) Disciplined control of balance sheet

During the previous medium-term business plan, we divested cross-shareholdings to strengthen our balance sheet. We intend to continue to do so under the new plan. Moreover, by strategically generating gains on sale of non-current assets, we aim to accelerate capital recycling and reinvestment.

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In addition to our growth strategy, the new medium-term business plan emphasizes the evolution of management infrastructure, positioning sustainability (environmental, social and governance), human capital, and digital transformation (DX) as pillars of growth.

“Coexistence with the earth and the environment” is one descriptor for sustainability in our material issues framework. “Regeneration” has become a popular buzzword. We are beginning to move beyond the conventional approach of simply reducing environmental impact and maintaining the current state, toward a new phase focused on restoring and enhancing value. We feel this mindset is key to our initiatives to achieve our long-term vision of becoming a next-generation developer.

Building a talent portfolio and promoting diversity in our workforce are our two strategies for enhancing our human capital. In structuring our talent portfolio, we will focus on recruiting and developing a broad range of individuals—including new graduates, mid-career professionals, and specialists—while reallocating human resources to growth and focus areas such as asset-turnover businesses. Our aim is to optimize talent deployment from an organization-wide perspective. To promote workforce diversity, we will focus on maximizing the potential of diverse and competent individuals such as women and international talent, and on enhancing the power of teams. Furthermore, our corporate culture is a core strength that fosters employees with strong personal integrity and character, who approach fundamental tasks with discipline and act with autonomy. As our business expands, we continue to implement a variety of initiatives to ensure that our high-quality corporate climate, culture, and organizational values are not diluted.

Stepping up digital transformation will not only enhance Group management, but also be vital for understanding evolving societal and customer needs, addressing issues through digital technology, and enabling data-driven decision-making in our businesses. In addition, we believe that leveraging digital transformation to improve operational efficiency and concentrate human resources in focus areas will help strengthen the interconnections among the three areas supporting the evolution of our management infrastructure. Looking beyond the period of the new medium-term business plan toward 2030—the target year for our long-term vision—and further into the future, we will take a broad perspective and evolve our management infrastructure through flexible and agile adaptability in step with the changing times.

## To Our Stakeholders

“A company is its people” and “human resources are the most important asset” are common catchphrases. Through my experience in Tokyo Tatemono’s Personnel Department, I have come to appreciate the limitless potential and importance of human resources. From 1996, I spent four years involved in recruitment, training, and personnel system planning, and employees I hired during that time have congratulated me on my appointment as President and Chief Executive Officer. They joined the Company during the Asian Financial Crisis and Japan’s own period of economic turmoil, and went on to experience hardships such as the global financial crisis of 2008, the Great East Japan Earthquake, and the COVID-19 pandemic. It was therefore meaningful to see that they had become core members of the Tokyo Tatemono Group. I believe my most important mission in management is to foster a culture in which all officers and employees take pride in their work and bring out their full potential, and to harness the power of our people to achieve sustainable growth and enhance the Group’s value.

The Group philosophy, “Trust beyond the era,” reflects our pride in the level of trust placed in us for more than a century and affirms our commitment to growing our businesses and creating a prosperous society. As I mentioned earlier, Tokyo Tatemono has set a long-term vision of becoming a next-generation developer by the end of 2030. The Group’s aim is to be a good company for stakeholders by leveraging its businesses to solve social issues and achieve higher levels of growth as a company. In 2025, we launched a new three-year medium-term business plan with the aim of realizing our Group philosophy and long-term vision. Given our current price-earnings and price-book ratios, however, I sense that capital markets have yet to fully recognize our corporate value and medium-to-long-term story of sustainable growth. The new plan clearly highlights our emphasis on capital efficiency, with a strong focus on enhancing corporate value through growth investments aimed at increasing earnings and strengthening shareholder returns. As President and Chief Executive Officer, I will lead the Company in steadily executing our plans and will do everything in my power to meet the expectations and earn the trust of capital markets with regard to our growth.

With a 129-year history, the Tokyo Tatemono Group has an exceptional corporate culture and a shared sense of purpose. While upholding the spirit of our founder, we will continue to demonstrate an enterprising spirit and provide new added value through our real estate businesses. Under the leadership of a newly rejuvenated management team, all officers and employees will work together as one in our ongoing pursuit of being a good company for all stakeholders. We look forward to your continued understanding and support.