

Other Businesses

Working

Living

Utilizing

Basic Policy Accelerating and expanding asset-turnover business**Key Strategy** Expansion of overseas business
Expansion of service business

Related Material Issues

Addressing the diverse needs of customers and society

Revitalizing and utilizing real estate stock

Overseas Business

We consider advanced countries like the United States and Australia as the focal points for our investment targets, aiming to secure projects by establishing trust-based relationships with outstanding partners. In markets where we have an existing footprint, such as Thailand and China, we are promoting development projects for a variety of assets, including residential condominiums and logistics properties, together with partner companies.

Opportunities

- Extensive business opportunities arising from population and economic growth in countries where we have expanded
- Growing number of local companies seeking tie-ups with Japanese partners

Risks

- Changes in economic and political conditions and tightening of real estate regulations
- Increased geopolitical and country risks

Strengths

- Wealth of real estate development know-how and high-quality product provision capabilities cultivated in Japan
- Relationships with Japanese companies (financial institutions, peer companies, tenants, etc.) cultivated through business in Japan
- Good local networks and relationships with partners in countries where we have an existing footprint

Strategic Direction

- Conduct business centering on collaboration with partner companies that are familiar with the local market and have strong development and sourcing capabilities and high credit worthiness.
- Dispatch resident managers to the area and enhance relationships with partner companies while thoroughly managing risks.
- Investment in advanced countries, particularly the U.S. and Australia, is identified as a driver of profit growth in the medium to long term. In countries where we already have a presence, such as Thailand and China, we will invest in a diverse range of asset types, including logistics properties, as well as residential condominiums.

Key Strategy Initiative: Entry into Residential Business in Australia

In overseas business, we focus on advanced countries as investment targets. Following our entry into the U.S. market, we decided to expand into Australia for the first time in 2024. Tokyo Tatemono has launched a residential condominium development business in Sydney, Australia, in partnership with local residential developers and asset management firms. Through this project, we aim to address the social issue of chronic housing shortages in Australia. By focusing on these advanced countries as key investment targets, we will continue to seek business opportunities in growth markets, taking into account the market environment and country risk for each location.



Alex & Willow

MESSAGE

Message from the Division Director of the Overseas Business Division

In the new medium-term business plan, we have set the acceleration and expansion of asset-turnover businesses as one of our core policies, and we acknowledge that overseas business is positioned as a medium-to-long-term driver of profit growth. Japan's market will shrink as its population declines. For Tokyo Tatemono to grow over the medium to long term, it is essential to continue making selective investments while seeking growth opportunities based on the market environment of each country.

We recognize that we incurred losses on several projects during the last medium-term business plan period because of changes in economic and political conditions. Learning from that experience, we not only monitor risks through the Risk Management Committee but also effectively manage them with resident officers stationed locally.

In the new medium-term business plan, we have also updated our investment policy to place advanced countries at the center of investment. Considering the high transparency in the legal and tax systems of advanced countries and the current financial environment, we recognize that there are a number of countries offering favorable investment conditions for Japanese companies. We will fully leverage the relationship-building capabilities we have cultivated over our long history to identify market size and asset types by country, and carry out investments centered on collaboration with highly creditworthy partner companies. We aim to generate 10% of our business profit from overseas business by fiscal 2030, and we will steadily accumulate investment results from the new medium-term business plan period to achieve this goal.

**Fumio Tajima**Managing Executive Officer
Division Director,
Overseas Business Division

Fund Business

Through Japan Prime Realty Investment Corporation (a listed J-REIT) and Tokyo Tatemono Private REIT, Inc., as well as through private funds, Tokyo Tatemono provides a variety of real estate investment products to a broad range of investors, from institutional investors and pension funds to individual investors.

Opportunities

- Income expansion due to inflation
- Growing and diversifying needs for real estate investment

Risks

- Changes in asset value and the financing environment due to fluctuations in economic conditions, such as interest rate increases
- Rising construction, management, and labor costs fueled by labor shortages and escalating raw material costs

Strengths

- Able to draw on the real estate know-how of the Tokyo Tatemono Group to gain opportunities to acquire and sell real estate and maximize asset value

Strategic Direction

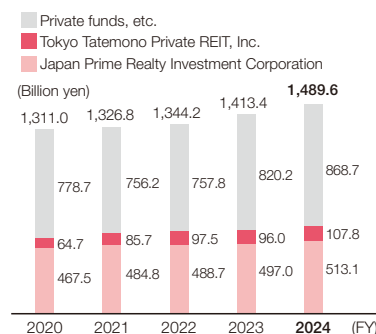
- Expand the Group's assets under management (AUM) through increased support for fund growth and stronger and broadened relationships with investors
- Diversify asset types including hotels and logistics properties, in addition to offices, retail facilities, and residential leasing

Key Strategy Initiative

We will strive to expand AUM by actively capitalizing on the Group's sponsor pipeline to acquire promising properties while enhancing the quality of the portfolio through strategic asset replacement. At the same time, we will help capture profit opportunities for the Group in asset and property management and other areas, increasing the sale of properties to J-REITs, private REITs, and private funds in order to grow the Group's assets under management.

In April 2023, Tokyo Realty Investment Management, Inc.(TRIM), a J-REIT investment management company, became a wholly owned subsidiary. Additionally, in April 2024, the company's trade name was changed to Tokyo Tatemono Realty Investment Management, Inc. further strengthening its fund business.

Changes in Group AUM



Leisure Business

As lifestyles diversify and consumption shifts from goods to services, our Leisure Business aims to offer authentic experiences and highly hospitable services that provide customers with maximum relaxation and comfort. We are also exploring opportunities to expand our business scale through new facility development and M&A.

Opportunities

- Increase in hotel room rates and occupancy levels due to growing inbound demand and other factors
- Acquisition of new customers for bathhouses and golf facilities due to lifestyle changes

Risks

- Higher operating costs due to rising energy, labor, and other costs
- Difficulty in securing human resources

Strengths

- Regina Resort (8 facilities in total): All rooms and areas are dog-friendly, and the resort's facilities and services are comparable to those of luxury accommodations. Relationships with over 90,000 repeat customers.
- Ofuro no Ousama (10 facilities in total): High level of expertise in operating bathhouses, accumulated over more than 20 years of operations and the handling of approximately 4.2 million visitors annually.
- Golf courses (13 facilities in total): Access-oriented and capable of meeting a wide range of user needs, located in national parks, equipped with hot springs and lodging facilities, accessible via membership or open to the public.

Strategic Direction

- Position the Leisure Business as the operation of experience-based facilities for general consumers, addressing customers' growing preference for consumption of services by offering each individual excitement, pleasure, and healing.
- Exploring opportunities to expand business scale through new facility development and M&A.

Key Strategy Initiative: First New Golf Course Acquisition by Tokyo Tatemono Group in 17 Years

Tokyo Tatemono Resort acquired all shares of the company that owns Oyama Golf Club and began operating the club in April 2025. Leveraging the Tokyo Tatemono Group's know-how in golf course operations, we plan to make various additional investments over the next five years, until 2029. These investments include clubhouse reconstruction, improving course management efficiency and quality through DX, and introducing electric carts, all aimed at enhancing player satisfaction in our golf course operations.



Oyama Golf Club