Medium-Term Business Plan: Key Strategies and Business Portfolio Strategies

Key Strategies

Since the previous medium-term business plan, we have been managing our business portfolio under the categories of leasing, property sales, and services. We are continuing this approach under the current plan, applying our BASE (foundation for growth) concept to further strengthen all of our businesses.

In addition, the new key strategy of "Establishment of new business" was introduced to complement the prior five key strategies carried over from the previous plan. While strengthening our existing business, we aim to establish new business models for sustainable Group-wide growth.

Key Strategies and Business Portfolio Management Classification

Key Strategies	Action Policies	Classification by Principal Business Segment	Profit Classification
(1) Steady promotion of large-scale redevelopment projects	**Build up** Build up steady efforts to strengthen the stable revenue base	Commercial Properties	Leasing
(2) Further growth in the for-sale condominium business	**Accelerate** Accelerate recovery of investments to drive higher capital efficiency	Residential	Property Sales
(3) Acceleration of the property sales to investors business		Commercial Properties, Residential, Asset Service (AS)	Property Sales
(4) Expansion of overseas business	**Scale** Scale business operations to drive profit growth	Other (Overseas)	Property Sales
(5) Expansion of service business		Commercial Properties, Residential, AS, Other (Leisure, Fund)	Services
(6) Establishment of new business	**Establish** Establish a new business model for growth	Other	Varied by business

Leasing

Characteristics	Highly stable profit Requires significant investment
Action policies	Strengthen the stable revenue base
Action in the medium-term business plan	Steadily advance TOFROM YAESU and other large-scale redevelopment projects Strengthen rent increase negotiations in light of inflation and market trends Diversify asset types for long-term holdings (e.g., logistics properties, hotels, and for-rent condominiums, in addition to office buildings) to enhance risk tolerance and increase yields on rental assets

Diversified asset types

For-rent condominiums (Brillia ist)

Hotels

Property Sales

Characteristics	Highly volatile profit High capital efficiency
Action policies	Accelerate recovery of investments Scale business operations
Action in the medium-term business plan	Accelerate the cycle of investment recovery for existing asset types Expand investments in developed countries overseas as medium-to-long-term profit growth driver Explore new investment menu

Property image

Logistics properties (T-LOGI)

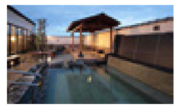
Leased residential properties in the U.S.

Services

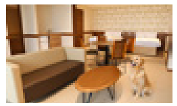
Characteristics	Relatively high profit stability Does not involve large investments
Action policies	Scale business operations
Action in the medium-term business plan	Strengthen real estate management through brokerage, parking, funds, and building management and construction Expand portfolio of properties that address growing consumer demand for experiences

Property image

Parking (NPC)



Ofuro no Ousama

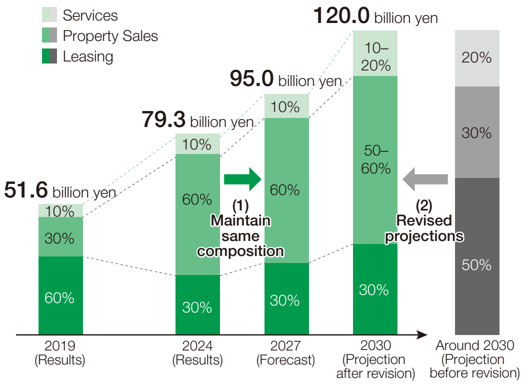


Regina Resort with DOGS

Approach to the Business Portfolio Strategy

Under the current medium-term business plan, we aim to maintain the same profit composition ratios as in the previous plan to ensure ongoing cash generation for growth investments and continued improvements in capital efficiency. In our long-term vision for 2030, we have revised the target profit composition to reduce the share of leasing, reflecting delays in some large-scale redevelopment projects caused by rising construction costs and labor shortages. Conversely, we plan to increase the share of property sales, supported by a favorable real estate market and the high-quality real estate stock we have built up. We will also continue to expand our service business by adapting to changes in the business environment and working to achieve strong capital efficiency and earnings growth.

Projected Shift in Business Profit* Composition at Time of Plan Formulation



* Business profit is shown before change for 2019, and after change from 2024.