



Medium-term Business Plan

(FY2015—FY2019)

—Tokyo Tatemono Group aims to
continue to be the leading choice—



東京建物グループ

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I. Events leading up to the establishment of this plan

—1. Review of previous plan—

- ◆ In the previous plan, we undertook the strengthening of our earnings power and financial position, positioning it as a phase for reinforcing the foundation of our business.
- ◆ We controlled interest-bearing debt and increased equity capital by implementing various measures, including the reorganization of SPCs that handled large-scale projects. Reflecting this, we **enhanced our financial position** beyond our initial plan but **undershot our profit goal**.

Quantitative results versus goals

	Goal	Actual result
Operating income	¥35.0 billion	¥30.5 billion
Debt-equity ratio	3.0X	2.6X

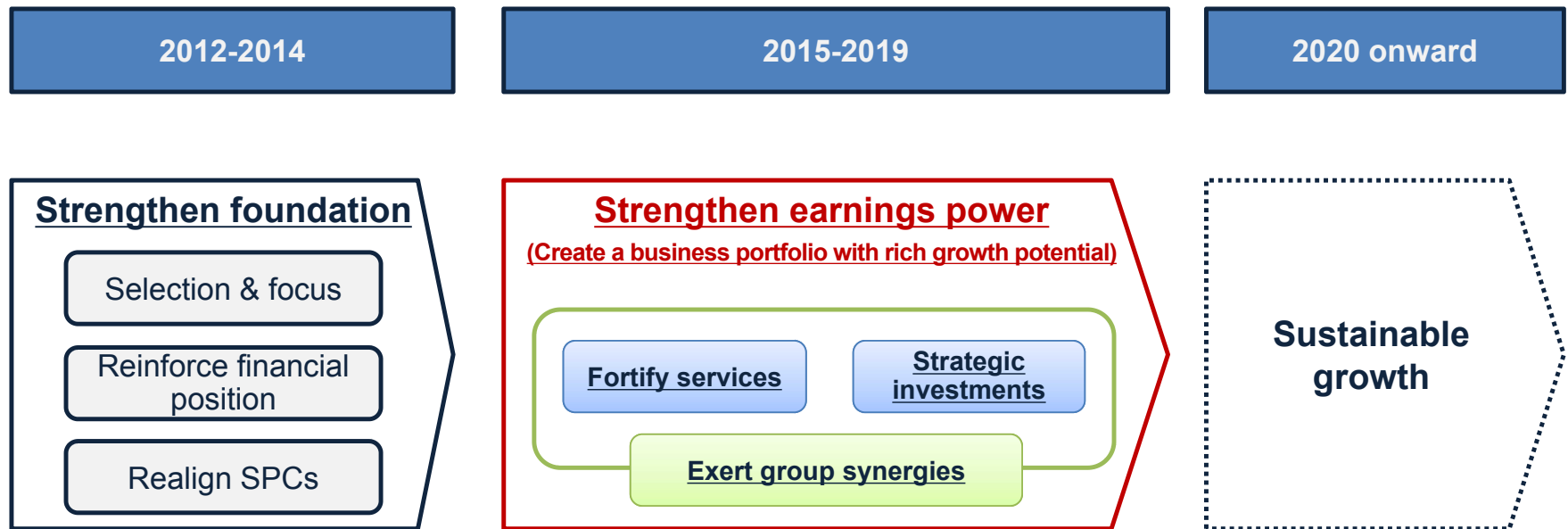
Recap of key measures

Measures in previous plan	Review
Business restructuring to achieve “selection & focus”	Implemented sale of some businesses and poured energies into core businesses
Optimization of the value chain	Built an optimal business structure, including turning Tokyo Fudosan Kanri into a consolidated subsidiary
Establish stable earnings power and healthy financial position	Established a healthy financial position but issues with earnings power
Rebuild risk management system	Established a PDCA system for the Executive Committee structure
HR training to pursue creation of added-value	Reviewed the HR system and established an extensive training system
Environment and disaster prevention initiatives	Implemented sophisticated environment and disaster prevention measures for large-scale urban development projects

I. Events leading up to the establishment of this plan

—2. Positioning of new plan—

We extended the length of the new medium-term business plan to a five-year plan (2015-2019) to provide us with a longer-term outlook for achieving sustainable growth. We are positioning this period as a crucial phase for enhancing our earnings power.



II. Recognition of the business environment

Enhanced/diversified requirement standards for services

Bleak investment environment due in part to an escalation in competition on the back of low interest rates and a rise in construction costs

Decline in population and expansion of the senior market in Japan

Expansion of stock-type businesses in the real estate market and diversification of real estate investment assets

Acceleration of growth in countries and cities in Asia

Tokyo Tatemono Group aims to continue to be the leading choice

Providing amazing value through innovative group synergies

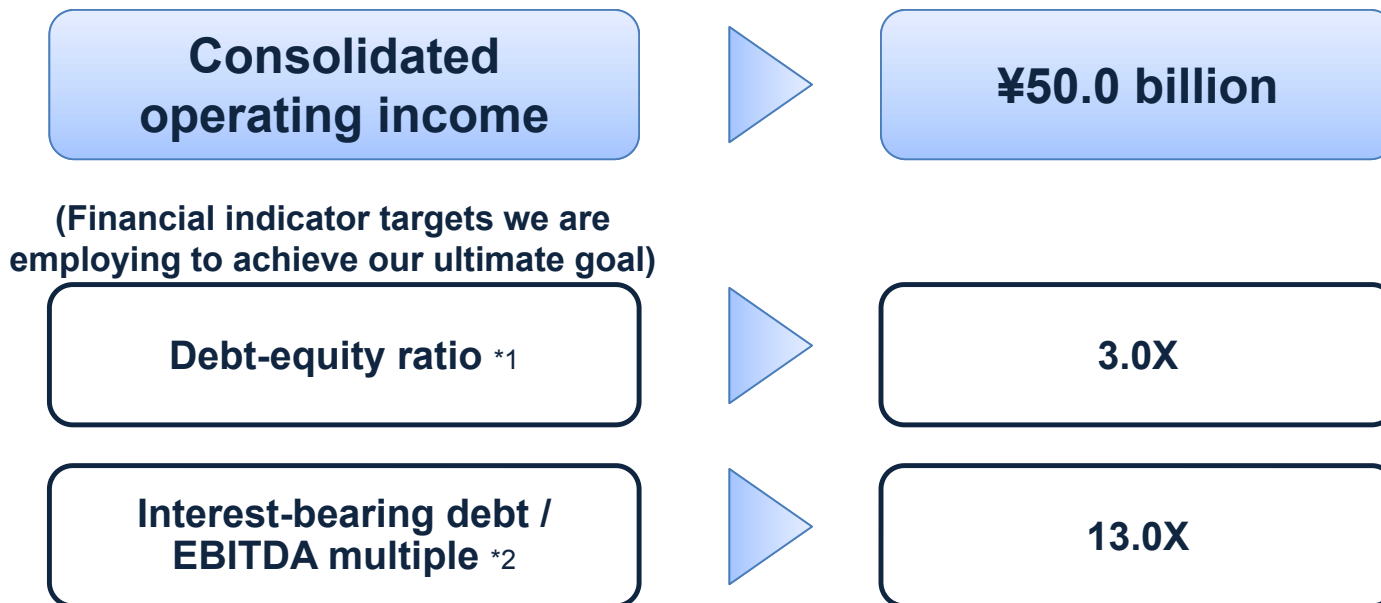
Goals of the Tokyo Tatemono Group

To **continue to be the leading choice** of customers, we aim to deliver **value filled with charm, which customers will find amazing**, by carrying out business development that pursues quality products (hard) and excellent services (soft) through organic cooperation between a diverse range of businesses

III. 2019 targets —2. Quantitative goals—

The goal of this plan is to strengthen our earnings power so as to achieve sustainable growth. We have set the following quantitative goals for the final year of this plan (FY2019).

FY2019 quantitative goals



*1: Debt-equity ratio = consolidated interest-bearing debt / consolidated equity capital

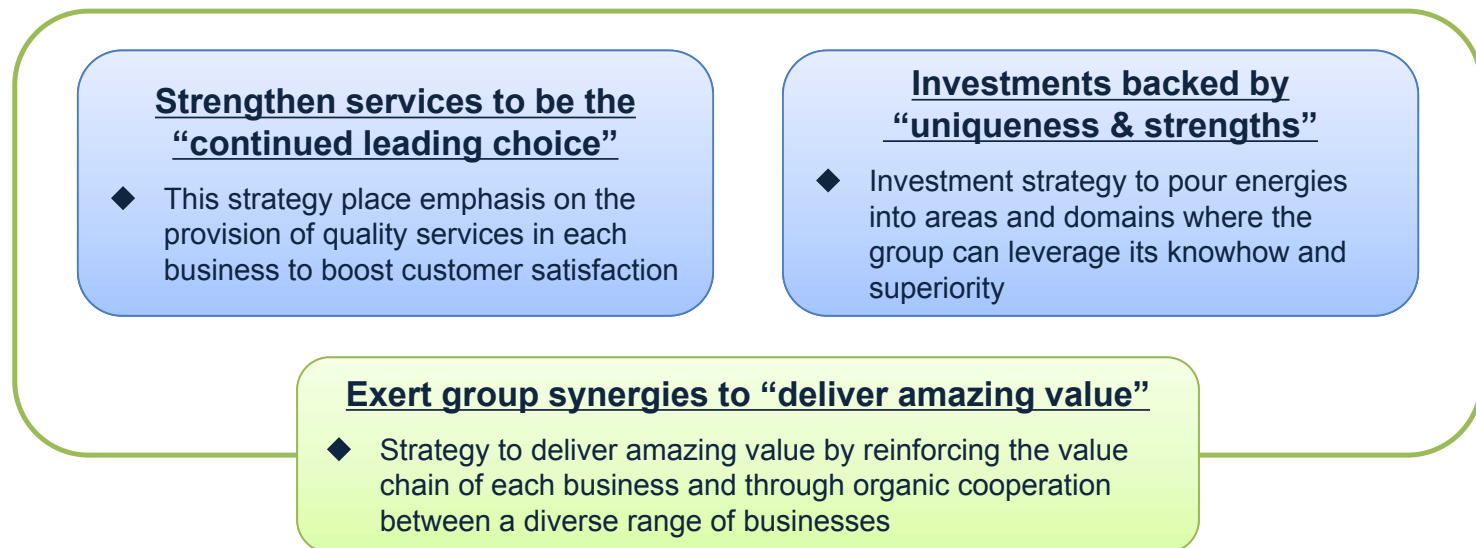
*2: Interest-bearing debt / EBITDA multiple = consolidated interest-bearing debt / (consolidated operating income + consolidated interest & dividend income + gain on equity-method investments + consolidated depreciation expense + consolidated goodwill amortization expense)

IV. Medium-term Business Plan

—1. Key strategies—

Key strategies in the Medium-term Business Plan

We established three key strategies to make the Tokyo Tatemono Group the continued leading choice of the customers. We plan to strengthen our earnings power by building a business portfolio that is rich with growth potential.



Strengthen earnings power by building a business portfolio with rich growth potential

IV. Medium-term Business Plan

—1. Key strategies—

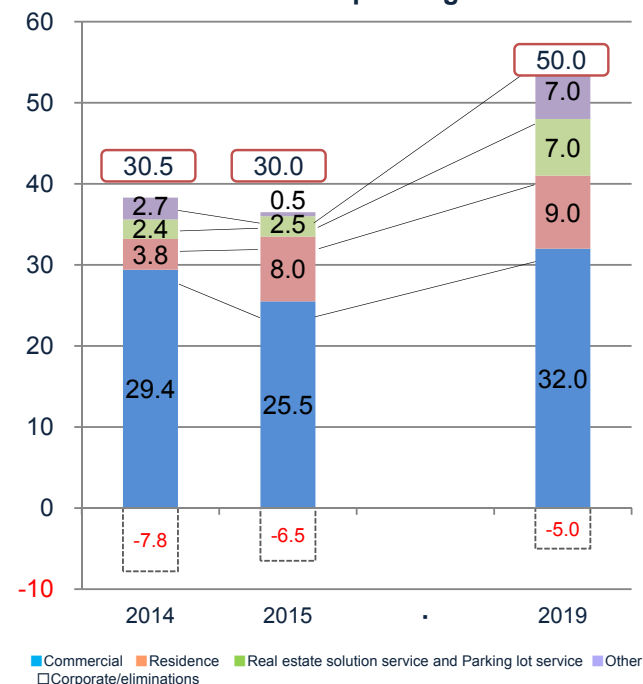
Tokyo Tatemono Group structure in 2019

Consolidated operating income trends

- ◆ Target steady growth in the commercial properties and residence segments
- ◆ Aim for rapid growth in other businesses, including the real estate solution service business, our new earnings pillar

(Billion yen)

Consolidated operating income

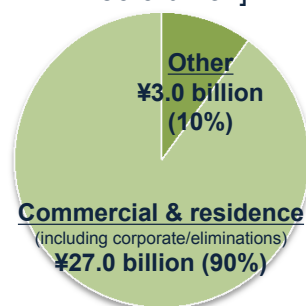


Business that will be the third earnings pillar

- Field likely to grow commensurate with overall market growth**
 - ◆ Business targeting senior housing & services market
 - ◆ Private-subscription REITs
 - ◆ Emerging economies in Asia
- Fields that can be actively developed by using unique expertise**
 - ◆ Parking lot business
 - ◆ Leisure business (hotels that welcome pets and spa facilities)
- Fields that can be actively developed via group synergies and by using knowhow**
 - ◆ Real estate consulting & solutions (business that enhance real estate value, etc.)
 - ◆ Corporate and private brokerage business

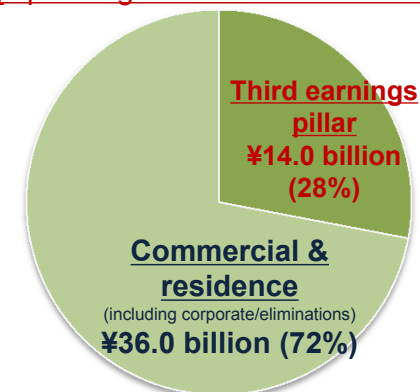
FY2015 estimate

[Operating income of ¥30.0 billion]



FY2019 estimate

[Operating income of ¥50.0 billion]

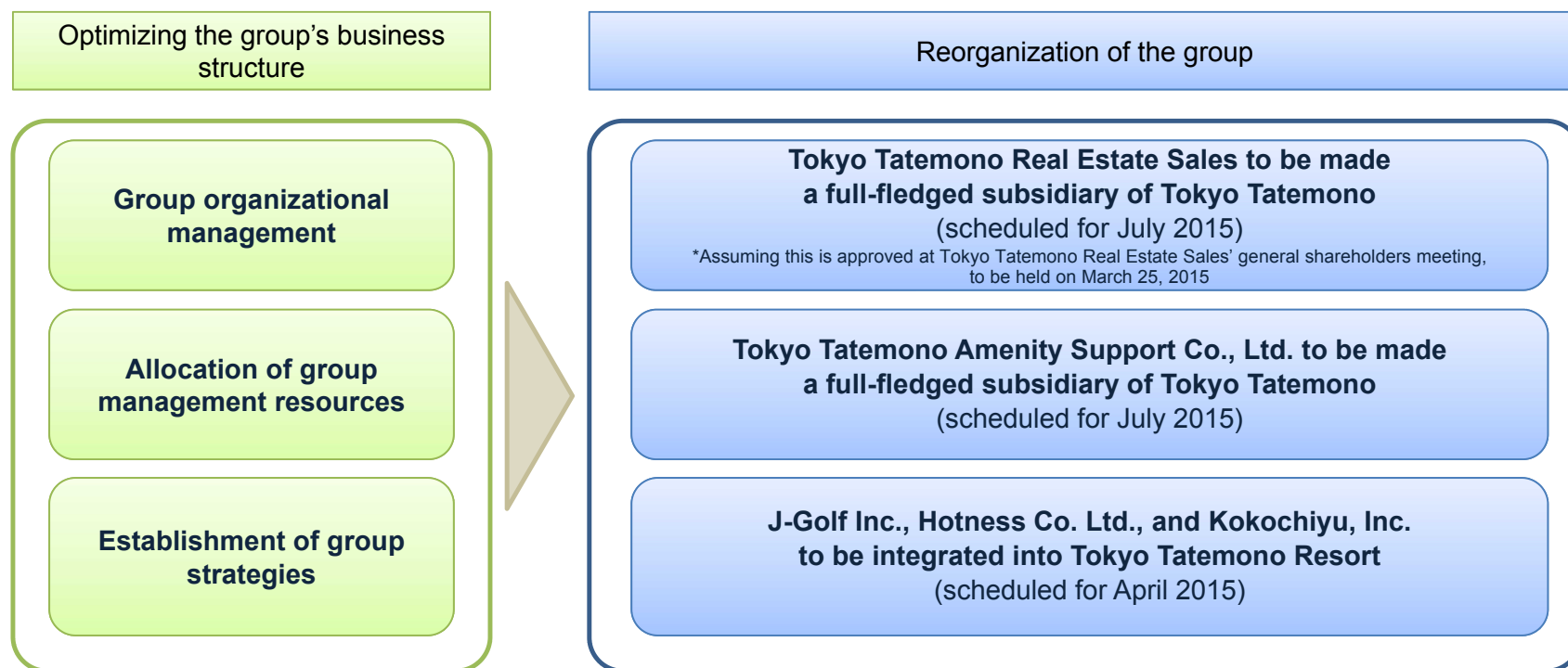


IV. Medium-term Business Plan

—2. Rebuilding our organizational structure—

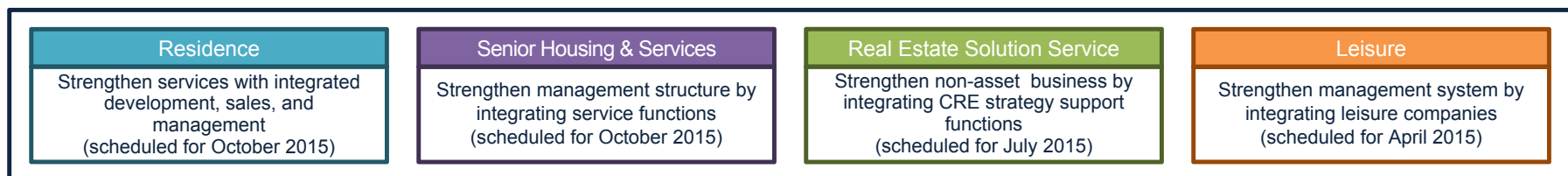
Rebuilding group organizational structure

The conversion of Tokyo Tatemono Real Estate Sales Co., Ltd. into a full-fledged subsidiary should enhance the flexibility of group organizational management. Consequently, Tokyo Tatemono will serve as a holding company in charge of establishing strategies and allocating management resources for the overall group.

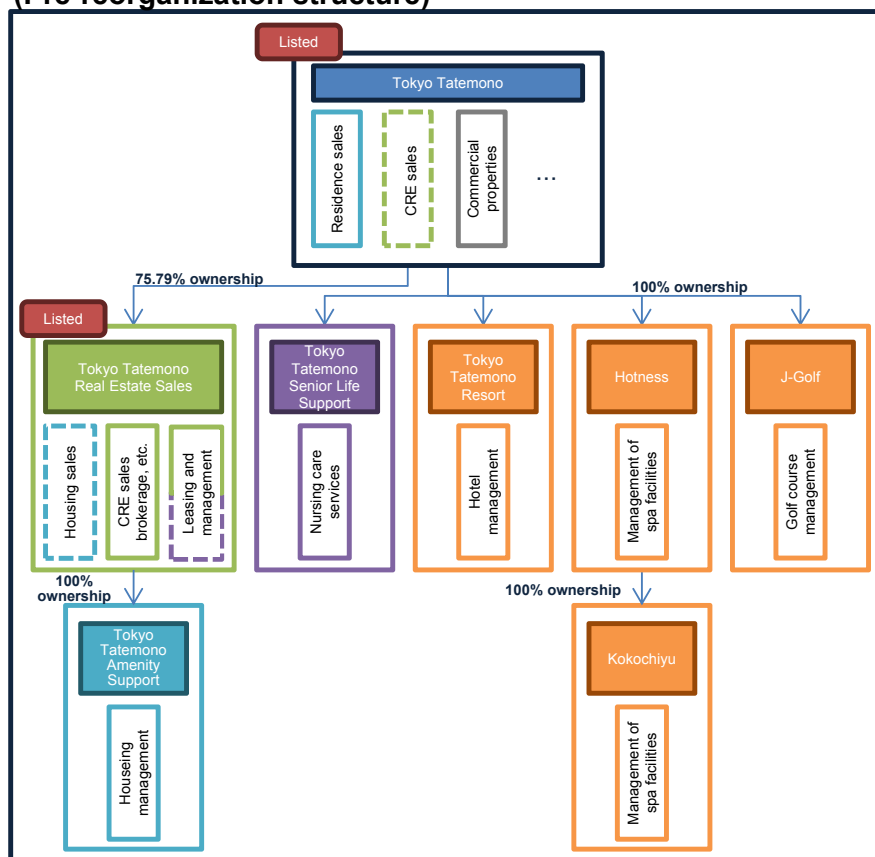


IV. Medium-term Business Plan

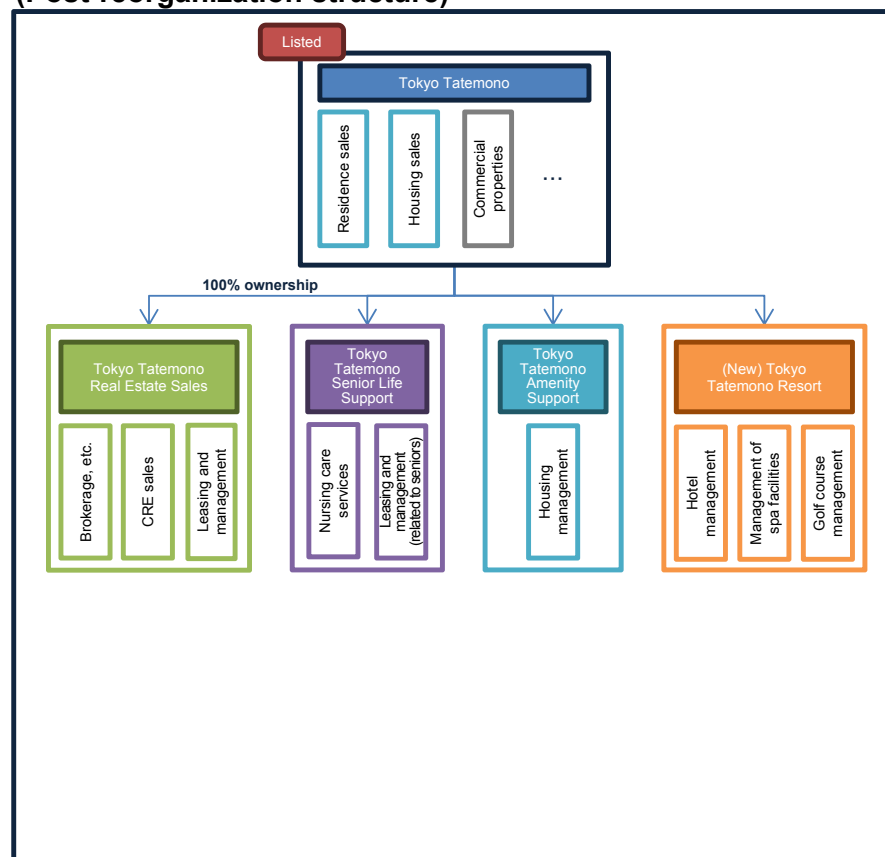
—2. Rebuilding our organizational structure—



(Pre-reorganization structure)



(Post-reorganization structure)



IV. Medium-term Business Plan

—3. Business initiatives—

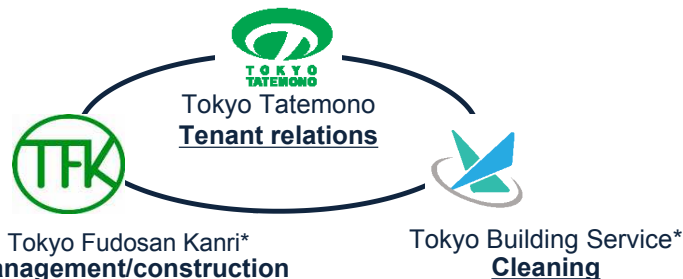
(1) Commercial properties

Strengthen
services

Increase leasing revenues by maximizing on value of assets

As a group, pursue improvement of services

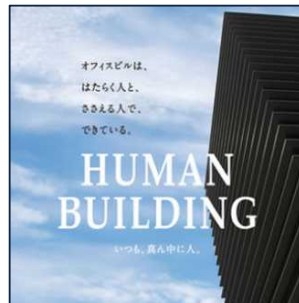
- ◆ Pursue the improvement of services by utilizing an integrated system, which entails tenant relations, management, construction, and cleaning, along with group companies converted into consolidated subsidiaries
- ◆ As a single group, reinforce measures to improve and expand services by using an inner branding method to improve customer satisfaction among corporate tenants



*Converted into consolidated subsidiaries in 2013

(Specific measures)

- HUMAN BUILDING, inner-branding activities
- Promote a sense of unity among group employees and use PDCA activities to improve services that will provide safety, security, and comfort to customers working in our office buildings



Area management

- ◆ Improve the charm of a town through area management activities
- ◆ Utilize the knowhow gained through projects such as Nakano Central Park, in other urban development projects

(Initiatives implemented at Nakano Central Park)



IV. Medium-term Business Plan

—3. Business initiatives—

(1) Commercial properties

Investment strategies

Steady promotion of redevelopment projects, including Yaesu area project, and acquisition of lots for redevelopment

- ◆ Promote steady redevelopment of Yaesu area, which is a top priority area
- ◆ In the Nihonbashi, Yaesu, and Kyobashi areas and in areas surrounding major terminal stations in Tokyo, actively acquire properties that are likely to be redeveloped in the future

1 JA Building / Keidanren-Kaikan
Completed 2009



2 Otemachi Financial City (North Tower)
Completed 2012



3 The Otemachi Tower
Completed in 2014



4 Tokyo Tatemono Muromachi Building
Completed 1966

5 Tokyo Tatemono Daisan Muromachi Building
Completed 1971

6 Nihonbashi TI Building
Completed 2012

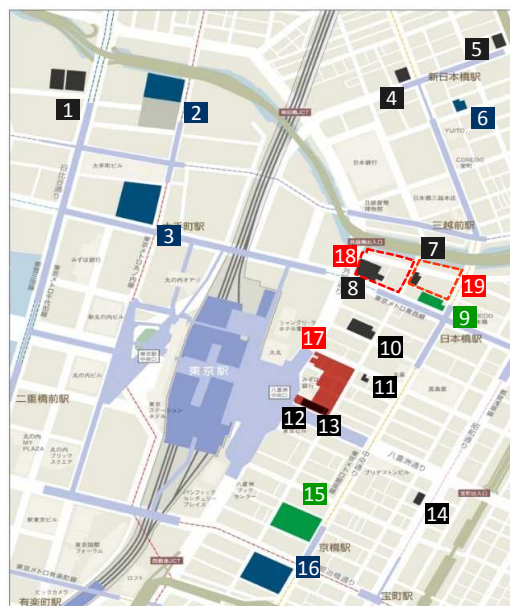


Completed by 2011

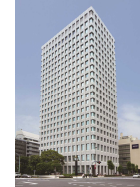
Completed in 2012-2014

Complete in/after 2015

Redevelopment area



8 Shin-Gofukubashi Building
Completed 1977



10 Tokyo Tatemono Yaesu Building
Completed 2011



15 Kyobashi 2-chome West District Redevelopment (working name)
Scheduled for completion in 2016



9 Tokyo Tatemono Nihonbashi Building
Completion planned for 2015



12 Tokyo Tatemono Headquarter Building
Completed 1929

13 Yaesu Meg Building
Completed 1986

14 Kyobashi YS Building
Completed 1990

16 Tokyo Square Garden
Completed 2013



17 Urban redevelopment PJ of Yaesu 1-chome East Area
Estimated area roughly 10,000 m²

18 Yaesu 1-chome North District Development Association

19 Nihonbashi 1-chome 1 and 2 block development study group

IV. Medium-term Business Plan

—3. Business initiatives—

(1) Commercial properties

Investment
strategies

Increase earnings with new assets

- ◆ Implement smooth operations and launch by steadily promoting redevelopment of the Tokyo Tatemono Nihonbashi Building and urban redevelopment of Kyobashi 2-chome West Area (working name)
- ◆ Launch new development projects, including medium-size buildings, using a variety of development methods

Projects scheduled for completion under this plan



Tokyo Tatemono Nihonbashi Building
(completion scheduled for 2015)



Urban redevelopment project for
Kyobashi 2-chome West Area
(working name)
(completion scheduled for 2016)

Investment
strategies

Actively develop commercial facilities

- ◆ Continue to develop compact urban commercial facilities to be put up for sales after development is completed

(Specific initiatives)

Properties under construction

- Suidobashi project (scheduled to be completed in 2015)

Properties to be developed

- Ueno project
- Jimbocho project



Suidobashi project

- ◆ Development of regional and neighborhood shopping centers in the Tokyo metropolitan area and major cities

Group
synergies

Coordinate with fund business

- ◆ Expand support of fund business using peripheral operations, such as warehousing functions and PM, and secure group earnings opportunities

IV. Medium-term Business Plan

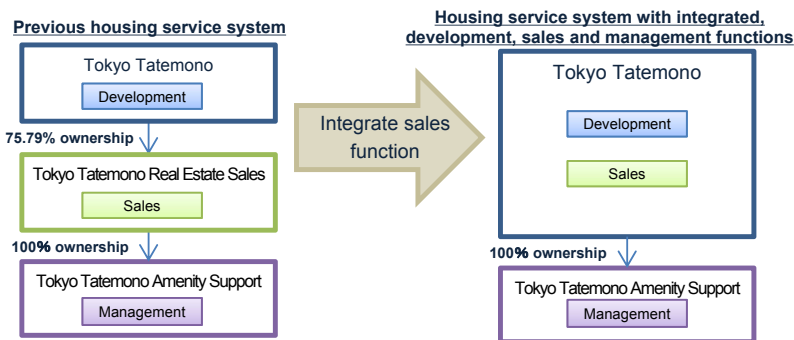
—3. Business initiatives—

(2) Residence

Strengthen services

Strengthen services consisting of development, sales, management system

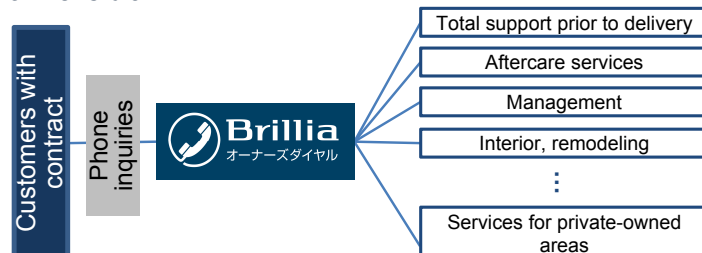
- ◆ Provide comprehensive housing services, including management functions, by integrating development and sales functions



Strengthen services

Strengthen total support services

- ◆ Further strengthen total housing support services using Brillia owner's dial



Strengthen services

Branding of Brillia as communication tool

- ◆ Expand concept of Brillia, which was launched as a newly-built condominium brand, to housing services throughout group. Provide high-quality Brillia services



(Specific measures)

Further improve level of services using high evaluations received in areas such as Brillia certification for pre-owned condos, and Brillia living hotline

GOOD DESIGN AWARD 2011



Brillia disaster prevention guidelines

GOOD DESIGN AWARD 2012



Brillia certification for pre-owned condos

GOOD DESIGN AWARD 2013



Brillia living hotline

IV. Medium-term Business Plan

—3. Business initiatives—

(2) Residence

Investment
strategies

**Pour energies into long-term renovations
and redevelopment businesses**

- ◆ Actively develop these businesses by using the knowhow accumulated from Brillia Tama New Town, Japan's largest renovation project, and Brillia Tower Ikebukuro, which is scheduled for completion under this plan

Brillia Towers Meguro
(scheduled for completion in 2017/2018)



Brillia Tower Ikebukuro
(scheduled for completion in 2015)



Brillia Koganei-Sakura-cho
(scheduled for completion in 2016)



Group
synergies

**Develop Brillia renovations
and resale business**

- ◆ Acquire used condominiums and renovate for resale using the same specifications as newly-built Brillia condominiums
- ◆ Expand the renovation and brokerage businesses by adding value with the Brillia brand



Brillia のリノベーション

住まいに新たな輝きを。

Condominiums recorded in 2019

2014 actual

1,376 units

2019 estimate

2,000 units

IV. Medium-term Business Plan

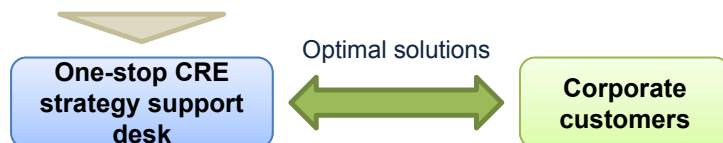
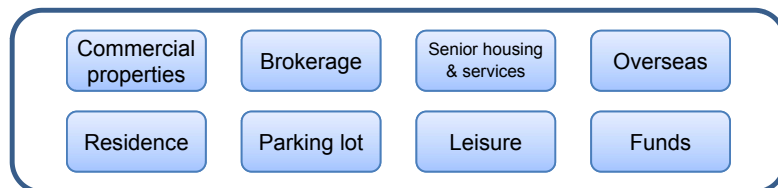
—3. Business initiatives—

(3) Real estate solution service

Strengthen services

One-stop CRE strategy support desk

- ◆ Provide optimal solutions using diverse group functions and knowhow



Investment strategies

Expand real estate consulting & solutions

- ◆ Actively develop real estate consulting & solutions business by acquiring real estate with potential, increasing its value, and then selling
(Example of company housing converted into a social apartment)



Property name: NEIGHBORS TACHIKAWA
Total number of apartments in complex: 72 residences

Strengthen services

Strengthen company housing management business

- ◆ Expand company housing being managed by maximizing use of group's relationships with customers



Group synergies

Strengthen retail brokerage business

- ◆ Open shops in areas with group condominiums, and expand support for customers' relocation needs, with measures such as the Brillia pre-owned condo certification



Tokyo Bay Area brokerage center
(opened in 2014)

IV. Medium-term Business Plan

—3. Business initiatives—

(4) Parking lots

Investment strategies

Expand parking lot business, mainly in front of train stations in core cities nationwide

- ◆ Promote development of parking facilities in front of train stations and downtown areas in core cities nationwide by using strengths in operating automated, multistory parking garages
- ◆ Expand rental parking lots by using group customer relations



NPC 24 hour parking in front of Morioka Station



NPC 24 hour parking in front of Takaoka Station

Investment strategies

Scale expansion via active M&A

- ◆ Increase number of locations and strengthen operations and management by expanding scale via M&A

(Specific measures)

On February 12, 2015, signed an agreement with Maos, parking garage management service company, to acquire full ownership



Group synergies

For alliances with other businesses

- ◆ Create group business opportunities by making effective proposals to parking lot owners

Group development functions

Commercial properties

Senior housing & services

Residence

Other

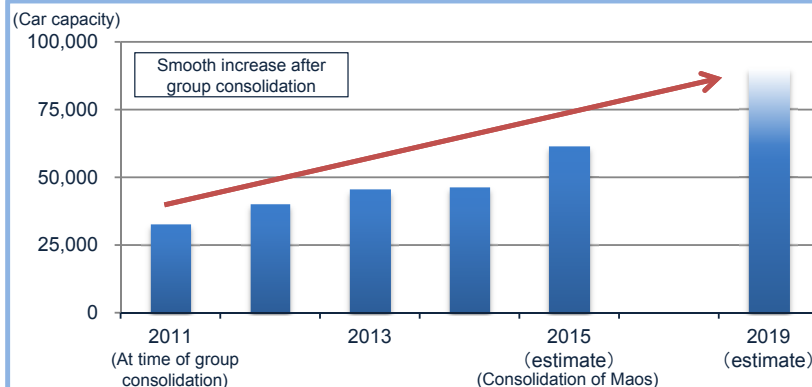
Leasing parking lots

Proposals on how to effectively use parking lots to lot owners

NPC

Parking lot owners

Parking lot capacity & 2019 estimate



IV. Medium-term Business Plan

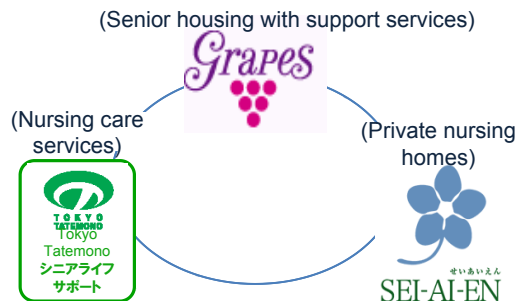
—3. Business initiatives—

(5) Senior housing & services

Strengthen services

Provide total service

- ◆ Provide quality services by integrating the diverse product and service lineup of the senior housing & services business with the knowhow developed in the residence business
- ◆ Expand Tokyo Tatemono Senior Life Support Co., Ltd. nursing care business and SEIAIEN, private nursing homes business within group
- ◆ Achieve high employee retention rate at these businesses



Investment strategies

Accelerate development of Grapes Series living facilities

- ◆ Expand senior housing that also offers high quality services by using knowhow cultivated in Brillia business

As of the end of 2014

9 facilities in operation

5 under development

Estimate for housing to be developed under this plan

Roughly 7 housing complexes annually



Grapes Kawasaki Shinmachi (scheduled to open in 2015)

Investment strategies

Expand scale via M&A

- ◆ Actively carry out M&A to expand senior housing & services business

Group synergies

Increase business opportunities by working together with the residence business

- ◆ Implement urban development that integrates housing for people of various ages and generations, by using comprehensive development knowhow employed in Grapes Felicity Totsuka, a combined project that also includes a condominium complex

IV. Medium-term Business Plan

—3. Business initiatives—

(6) Leisure

Strengthen services

Strengthen operations through business integration

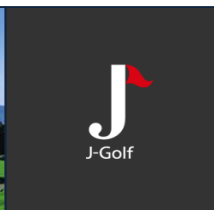
- ◆ Implement comprehensive expansion of new store and new business development

Strengthen services

Strengthen services that offer a high level of hospitality

Hotels

Develop 4 facilities, mainly hotels that welcome pets



Golf courses

Develop 12 courses nationwide

Spa facilities

Develop 11 facilities in the Tokyo metropolitan area



Investment strategies

Expand facilities based on proprietary knowhow

Pet-friendly hotels

- ◆ Open hotels that allow pets mainly in major resort areas to fill rising demand

Facilities planned for development under this plan

About 2 per year



Regina Resort Hakone Ungaiso (opened 2014)

Spa facilities

- ◆ Further expansion of operating base for existing facilities
- ◆ Acquired Kokochiyu in 2014

Facilities planned for development under this plan

About 10 facilities cumulatively



Ofuro no Osama Konandai (opened 2005)

Group synergies

Use in redevelopment and other businesses

- ◆ Implement own unique menu for redeveloping spa facilities and further improve added value of this business

IV. Medium-term Business Plan

—3. Business initiatives—

(7) Overseas

Investment
strategies

Continue business development in China

- ◆ Continue with business development by using relationship with Vanke Group, China's largest developer



Investment
strategies

Establish business in emerging economies in Asia

- ◆ Establish business in several countries after marketing survey phase

Group
synergies

Acquire inbound and outbound demand

- ◆ Strengthen inbound demand to domestic business by using relationships with wealthy in Greater China
- ◆ Strengthen outbound demand from companies by using affiliations with prominent overseas companies

(8) Funds

Strengthen
services

Create private subscription REIT

- ◆ Set up private subscription REIT that will handle diverse real estate assets in 2015

Group
synergies

Increase earnings by steadily expanding assets under management

- ◆ Acquire profit opportunities in management business by expanding the assets under management (AUM)

(9) New businesses

Investment
strategies

Nurture “seedlings” for future growth

- ◆ Implement M&A focusing on improving services in existing businesses and expansion of business domains with growth potential
 - ◆ Engage in new businesses unhindered by framework of existing businesses
- (M&A focus)
- Service areas in the commercial properties and residence segments
 - Parking lot, senior housing & services, leisure and other areas

IV. Medium-term Business Plan

—4. CSR initiatives—

- ◆ We plan to establish a department dedicated to managing the group's CSR activities and contribute to the development of a sustainable society through our business activities. It is our goal to take the environmental measures that we focused on thus far to the next level by strengthening our CSR initiatives, mainly for the environment, local communities, and corporate governance.

Main environments and communities in which measures were carried out in conjunction with redevelopment projects

Commercial properties

◆ Tokyo Square Garden



- Creation of Kyobashi-no-Oka (Kyobashi Hill)
- Set up Kyobashi Environment Station (supports energy conservation in the surrounding area)

- Created the Otemachi Forest, which covers approximately one-third of the total area (regenerating the city and forest (nature) at the same time)

◆ Otemachi Tower



Residence

◆ Brillia City Yokohama Isogo



- Installed solar power generation panels
- Preservation of historical structures and buildings
- About 75% of area is left undeveloped for large-scale greenery
- Preservation of large sloped stretch of greenery (roughly 6,900 m²)
- Established a disaster prevention square for residents and those living in the local community

◆ Brillia Tama New Town



IV. Medium-term Business Plan

—5. Quantitative plans—

(1) Summary of quantitative plans

FY2019 quantitative goals

Consolidated operating income

¥50.0 billion

(FY2019 estimates)

Consolidated recurring income	¥37.0 billion
Consolidated net income	¥23.0 billion

(Financial indicators for achieving goals)

Debt-equity ratio	3.0X
Interest-bearing debt / EBITDA multiple	13.0X

IV. Medium-term Business Plan

—5. Quantitative plans—

(2) Investment plans (FY2015–FY2019)

To control our investments, we aim to flexibly maneuver the investment environment in each business segment while constantly remaining aware of our financial targets.

(Billion yen)

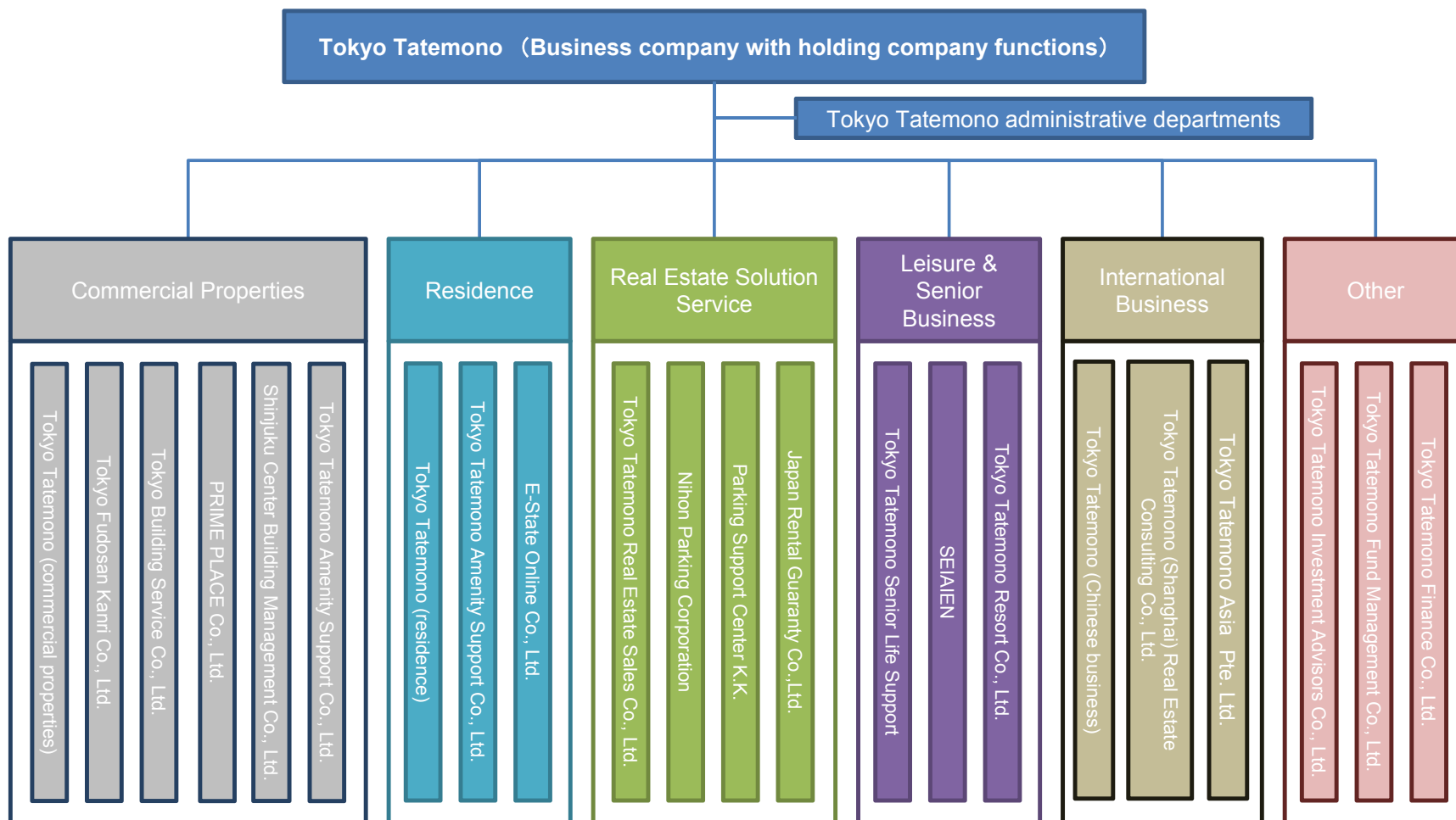
Fixed assets	Gross investment	Return	Net investment
Commercial properties	150.0	—	150.0
Parking lot	30.0	—	30.0
Leisure/Senior Housing & services	50.0	—	50.0
Other	50.0	—	50.0
Subtotal	280.0	—	280.0

Real estate for sale	Gross investment	Return	Net investment
Condominiums	360.0	350.0	10.0
Other	80.0	70.0	10.0
Subtotal	440.0	420.0	20.0

Total	300.0
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Appendix

New Group Business Structure



Disclaimer

- The utmost care is applied to the information provided in this material; nevertheless, the accuracy and completeness of this information is not guaranteed. Please be aware that content may be changed or withdrawn without advance notice.
- This material contains the current plans, beliefs, and forecasts concerning the business performance of the Tokyo Tatemono Group. These forecasts cannot encompass all factors for future performance, but include risks and uncertain factors that may affect future performance. Actual results may differ materially from these forecasts due to various factors.