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To whom it may concern:

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Securities code: 8830 (TSE Prime Market)
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Notice of the Medium-Term Management Plan

The Eighth Management Plan ended in the fiscal year ended March 31, 2022. Accordingly, the Company has formulated a new medium-term management plan (the Ninth Management Plan) starting from the fiscal year ending March 31, 2023.

Particulars

With top priority placed on achieving objectives of the medium-term management plans it draws up every three years, the Company has increased its corporate value as a result of having steadily carried out such initiatives. Over the past 25 years, the Company has executed eight management plans, and has achieved increases in ordinary profit in 22 fiscal years, excluding the three fiscal years of the global financial crisis and the COVID-19 pandemic.

In the first 10 fiscal years (three medium-term management plan periods), the Company focused on restoring its asset base, which had been damaged by the bursting of Japan's bubble economy, and reducing interest-bearing debt. In the latter 15 fiscal years (five medium-term management plan periods), the Company doubled leasing assets, strengthened management foundations by strengthening the four segments of leasing, sales, construction and brokerage, and enhanced shareholders' equity, lifting the credit rating to the AA zone.

Over the next three medium-term management plan periods through fiscal 2030, the Company will maintain an approach that prioritizes the allocation of funds to further investment to increase leasing assets and take steps for sustainable profit growth, while also aiming to create a resilient management foundation and achieve sustainable growth, based on the high level of social contribution of the Company's businesses themselves, and increasing investment capacity and the level of flexibility in capital strategy.
At present, there are various issues in the management environment such as the COVID-19 pandemic, geopolitical risk and instability in resource procurement, but as the Company expects to achieve ordinary profit of 300 billion yen for fiscal 2030, it will position the "Ninth Management Plan" as the first step to achieving that target.

Name **Ninth Management Plan**

Plan period **Three years, from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025**

Key Points of Plan

1. Earnings Targets

Consecutive record profit for the period covered

Achieve cumulative ordinary profit of 750 billion yen and profit of 500 billion yen over the three-year period

Aim to achieve record profits for the fourth consecutive plan since the Sixth Management Plan by maintaining the pace of growth attained through the Eighth Management Plan

< Three-year cumulative earnings targets >

Revenue from operations	¥3 trillion	(Vs. Eighth Management Plan:	+	¥ 129.6 billion + 5%)
Operating income	¥ 770.0 billion	(“	+	¥ 82.5 billion + 12%)
Ordinary profit	¥ 750.0 billion	(“	+	¥ 94.4 billion + 14%)
Profit	¥ 500.0 billion	(“	+	¥ 67.2 billion + 16%)

(Reference) Comparison of management plan results

(Billion yen)

(Fiscal year ended/ending March 31)	6th Plan 2014-2016	7th Plan 2017-2019	8th Plan 2020-2022	**9th Plan** 2023-2025
Revenue from operations	2,442.1 +272.0	2,885.8 +443.7	2,870.4 (15.3)	3,000.0 +129.6
Operating income	500.6 +63.3	613.2 +112.6	687.5 +74.3	770.0 +82.5
Ordinary profit	418.0 +88.9	557.8 +139.8	655.6 +97.8	750.0 +94.4
Profit	238.1 +74.1	353.3 +115.3	432.8 +79.5	500.0 +67.2

Note: All figures are cumulative totals within the period of the plan.

2. Performance Targets and Strategies by Segment

We will maintain the position of office building leasing in Tokyo as a solid foundation, and will aim to utilize the comprehensive strengths of the Group as a whole to achieve our targets

< Performance targets by segment >

(Billion yen)

	6th Plan	7th Plan	8th Plan	**9th Plan**
Leasing	886.2	1,073.1	1,218.9	1,300.0
Sales	773.1	957.2	822.1	750.0
Construction	589.3	634.7	612.0	700.0
Brokerage	177.2	207.7	210.5	250.0
Revenue from operations	**2,442.1**	**2,885.8**	**2,870.4**	**3,000.0**
Leasing	313.7	415.5	487.3	520.0
Sales	127.2	140.1	150.9	150.0
Construction	47.0	50.4	54.7	75.0
Brokerage	40.6	47.4	44.1	68.0
Operating income	**500.6**	**613.2**	**687.5**	**770.0**

< Strategies >

(1) Leasing

Aim to maintain the earnings foundation built through the Eighth Management Plan, and achieve profit growth for the fourth consecutive plan period

- In office building leasing, we will strive to maintain the profitability of existing buildings, while also securing earnings with the full-year contribution of buildings completed in the Eighth Management Plan (180 thousand tsubo of gross floor area) and by starting operation of new buildings to be completed in the Ninth Management Plan (190 thousand tsubo of gross floor area)
- In the operation of commercial facilities, such as hotels, event halls, and retail facilities, we will recover the profitability to pre-COVID-19 levels and anticipate a return to growth from the Tenth Management Plan onward

(2) Sales

High level of profit of the Eighth Management Plan to be maintained

- We will maintain our policy of controlling the pace of sales, pursuing profit rather than volume
- Rising construction costs will need to be addressed, but the impact will be limited as construction has been started on all projects to be delivered during the Ninth Management Plan
- We will maintain our policy of securing prime sites steadily amid continuing intensified competition for land acquisition

(3) Construction

In both remodeling (Shinchiku Sokkurisan) and custom home construction, we will focus on controlling costs while enhancing quality, and aim to achieve consecutive record profits by expanding orders

- We will expand orders by proposing products that accurately respond to customer needs, such as a high level of environmental performance and disaster preparedness
- We will appropriately address spikes in prices of wood and materials, and minimize the impact

(4) Brokerage

We will further strengthen profitability as we aim to achieve record profit in a management plan with a significant increase

We will strengthen Group collaboration and further pursue customer-oriented services to expand our market share

3. **Capital Investment Plans** (Non-current asset investment excluding sales assets, such as condominiums for sale)

Further investment in leasing office assets in central Tokyo, strengthening our earnings base
Expect to invest 1 trillion yen over the three years of the Ninth Management Plan

(1) We will invest 700 billion yen in concrete development projects for over 700 thousand tsubo (one tsubo is roughly 3.3 m^2) of gross floor area, mainly comprising redevelopment projects

Current forecasts for the operation of leasing office assets are as shown in the table below

< Pace of development >

(Thousand tsubo)

	6th Plan	7th Plan	8th Plan	**9th Plan**	10th Plan onward
Gross floor area	110	210	180	190	520

(2) We will ensure that we take advantage of opportunities that arise by securing 300 billion yen for investments in new projects

4. **Financing Plans**

(1) We expect to be able to cover the additional investment of 700 billion yen in properties that are in process with increases in cash flows from the leasing business*

< Capital investment and cash flows from the leasing business >

(Billion yen)

	6th Plan	7th Plan	8th Plan	**9th Plan**
Capital investment	(422.3)	(663.5)	(805.3)	(1,000.0)
Cash flows from the leasing business	409.8	534.6	644.5	700.0
Interest-bearing debt	3,158.9	3,342.8	3,560.0	3,800.0

* Cash flows from the leasing business: Operating income of the leasing business + Depreciation

(2) Introduction of green financing

Procure total long-term funding amount of 1 trillion yen from green financing

(i) Procure 1 trillion yen in funds from green financing for 12 buildings, out of 27 buildings owned by the Company that have already acquired a rating of three stars or above in DBJ Green Building Certification* (as of March 31, 2022)

(ii) Principles for target properties during financing period

- Disclose environmental performance information, including CO_2 emissions and energy consumption
- Maintain at least three stars in the DBJ Green Building Certification
- Prohibit selling, as this financing is to contribute to social issues, such as environmental improvements

(iii) Obtain assessment of conformity with green finance from JCR and R&I

* DBJ Green Building Certification is a certification system established by the Development Bank of Japan to evaluate real estate for its performance and initiatives regarding "environmental and social awareness" beyond its "profitability"

5. Policy for Shareholder Returns

Continue "Sustainable Dividend Increase" and "Annual Dividend Increase of 5 yen" in line with profit growth

Cash flow allocation policy of prioritizing investment in leasing office assets, to be maintained

As we expect the shareholders' equity ratio to exceed 30% during the Ninth Management Plan period, our flexibility in capital strategy is increasing.

< Dividends and earnings per share >

(Yen)

	7th Plan			8th Plan		
(Fiscal year ended March 31)	2017	2018	2019	2020	2021	2022
Dividends	24	27	30	35	40	45
Earnings per share	218	253	275	298	298	317

6. Introduction of Numerical Targets regarding Strategic Shareholdings

Reduce the ratio of the book value of shares held to 10% or less of shareholders' equity by fiscal 2030

The Company maintains that it can acquire and hold shares of business partners, etc., if it is deemed to contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value primarily from the standpoint of establishing and strengthening stable and long-standing business relationships with them.

In this new management plan, the Company has decided to establish a numerical target for the amount of strategic shareholdings held, and certain rules. As of the end of the previous fiscal year, the book value of listed shares held of 271.9 billion yen was approximately 18% of shareholders' equity of 1,479.2 billion yen (after subtracting net unrealized holding gains on securities, etc., from net assets.) Going forward, we will reduce this ratio each year to 10% or less by fiscal 2030.

< Book value of listed shares and shareholders' equity >

(Billion yen)

(As of March 31)	6th Plan (2016)	7th Plan (2019)	8th Plan (2022)	Fiscal 2030 target
Book value of shares	190.3	255.5	271.9	
Shareholders' equity	821.0	1,099.3	1,479.2	
Ratio	23%	23%	18%	10% or less

7. Establishment of CO_2 Emissions Reduction Targets (Scope 1, 2, and 3)

50% reduction by fiscal 2030 compared with fiscal 2014, immediately prior to the Paris Agreement

Expressed support for 2050 carbon neutrality

Aim to achieve the target by linking decarbonization initiatives with business expansion

(1) Promote energy-saving in leasing business centered on office buildings and facility management businesses

- We will further pursue the introduction of highly efficient facilities for new constructions and renovations, and will reduce the Company's CO_2 emissions from energy consumption, etc., by 50% per unit of floor area
- Continue awareness-raising activities for energy saving towards tenants

(2) Promote measures to reduce emissions in both upstream and downstream parts of main businesses

- Support tenant companies to introduce green power for their office spaces in a building
- Curb energy consumption during construction
- Enhance high-performance designs (adopting ZEH*-M Oriented as the standard specification for condominiums) *ZEH = Net Zero Energy House
- Promote provision of the new solar power generation service, "SUMIFU × ENEKARI," which will contribute to decarbonization for detached houses
- Promote spread of automobile charging stations

(3) Aim to reduce total emissions by 10% in the Ninth Management Plan

- Reductions in the condominium business, which accounts for approximately 60% of total emissions, will contribute from the Tenth Management Plan onward, when the construction of properties with new design standards will be completed
- Aim to reduce emissions by 25% except for condominiums

< CO_2 emissions reduction targets for the Ninth Management Plan>

(Thousand tons of CO_2)	Fiscal 2014 emissions	Proportion	9th Plan reduction target	(Reference) Fiscal 2019 emissions
Condominiums	3,605	61%		3,540
Custom homes and Shinchiku Sokkurisan remodeling	1,591	27%		1,565
Office buildings	689	12%		1,366
Other (head office and Group companies)	55	1%		66
Non-condominium	2,336	39%	(25)%	2,997
Total	5,940	100%	(10)%	6,537

Main numerical targets in each business

(1) 30% of tenant office spaces to introduce green power
(2) 100% of condominiums to be ZEH-M Oriented designs
(3) 60% of custom home orders to be ZEH homes (already standardized)
(4) 20% of Shinchiku Sokkurisan remodeling orders to be high thermal insulation remodeling products (already introduced)
(5) All of electric power used in the Group's own offices to be green by obtaining environmental value generated by solar power through "SUMIFU × ENEKARI"