

# Real Estate Business Strategy

**We will grow our real estate business into one of the earnings pillars of the Japan Post Group.**

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Japan Post Holdings Co., Ltd.  
President & Representative Director, Japan Post Real Estate Co., Ltd.



During the fiscal year ended March 31, 2021, we have steadily proceeded with five large-scale development projects in Hiroshima Station South Exit, Kuramae, Toranomon / Azabudai, Gotanda, and Umeda 3 Chome. In addition, with respect to investments in real estate outside the Group, we have made investments in select blue-chip real estate projects as exemplified by participation in the Nakano Station North Exit project and completion of “Hulic JP Akasaka Building” in partnership with Hulic Co., Ltd.

Although we implemented reductions in tenant rent, etc., due to an impact of the COVID-19 pandemic, operating income in the fiscal year ended March 31, 2021, stood at 40.0 billion yen, exceeding the targeted operating income of 33.0 billion yen for that period.

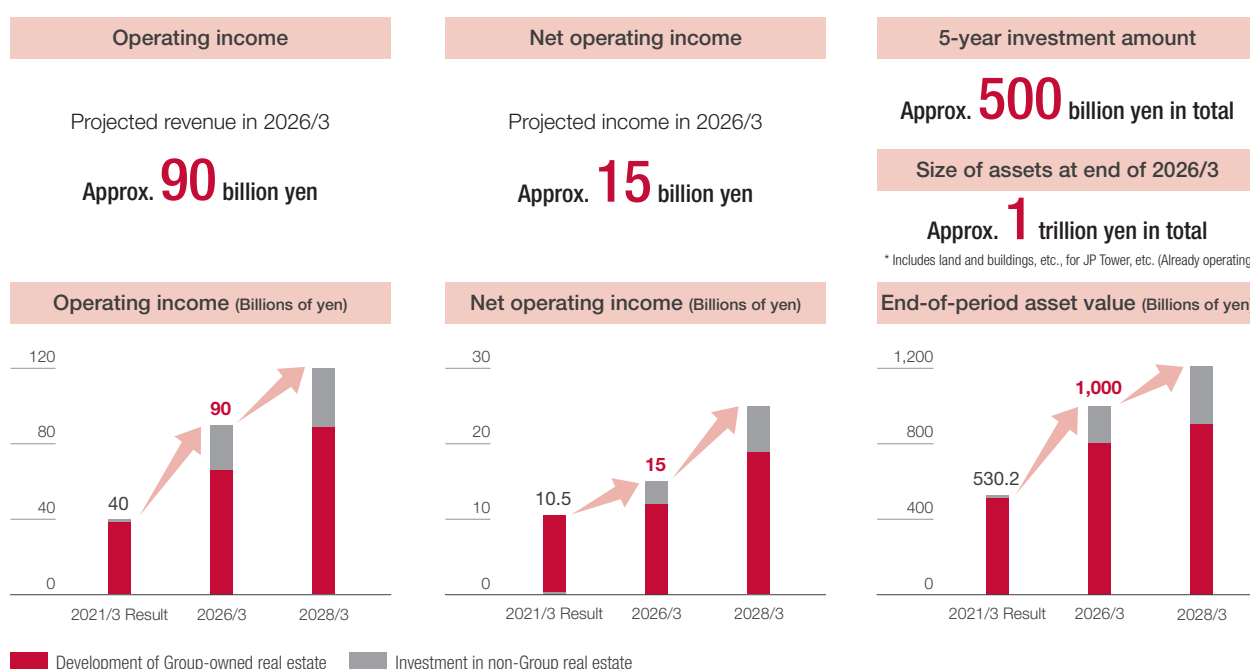
The recently announced JP Vision 2025 positions the real estate business, which is to be grown as one of the earnings pillars of the Japan Post Group, as part of the Japan Post Group's growth strategies, with the numerical targets of operating income of approximately 90.0 billion yen and net operating income of approximately 15.0 billion yen to be achieved in the fiscal year ending March 31, 2026. For this reason, we are planning to make investments of 300.0 billion yen in development projects concerning Group real estate and of 200.0

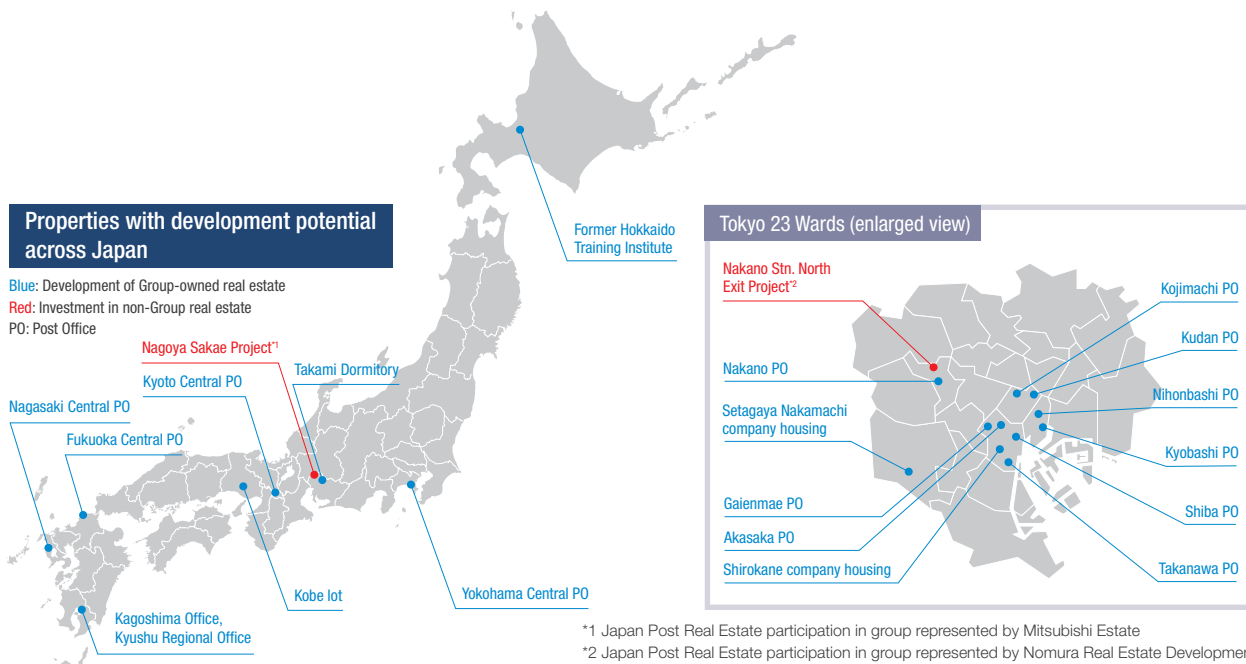
billion yen in non-Group real estate, a total of approximately 500.0 billion, over five years.

In addition, we keep ourselves closely tied to local communities through development of daycare centers and facilities for senior citizens and other means in partnership with local governments and partner with post offices through development of logistics facilities and other means; and in such a way, we conduct development so that synergy with other businesses within the Group is generated. Furthermore, we aim to strengthen and expand our real estate business and build up profits through partnerships with other companies and M&As.

Delay in completion of projects and a decrease in rent revenues are expected to occur in the future as well due to developments in the COVID-19 pandemic. In addition, there is a possibility that setups for real estate change due to changes in work styles and human behavioral patterns. We will continue to monitor activity and impacts on the market, and implement necessary measures, and grow our real estate business into one of the earnings pillars which support the Group's management base.

## Numerical Targets for Real Estate Business





\*1 Japan Post Real Estate participation in group represented by Mitsubishi Estate  
 \*2 Japan Post Real Estate participation in group represented by Nomura Real Estate Development

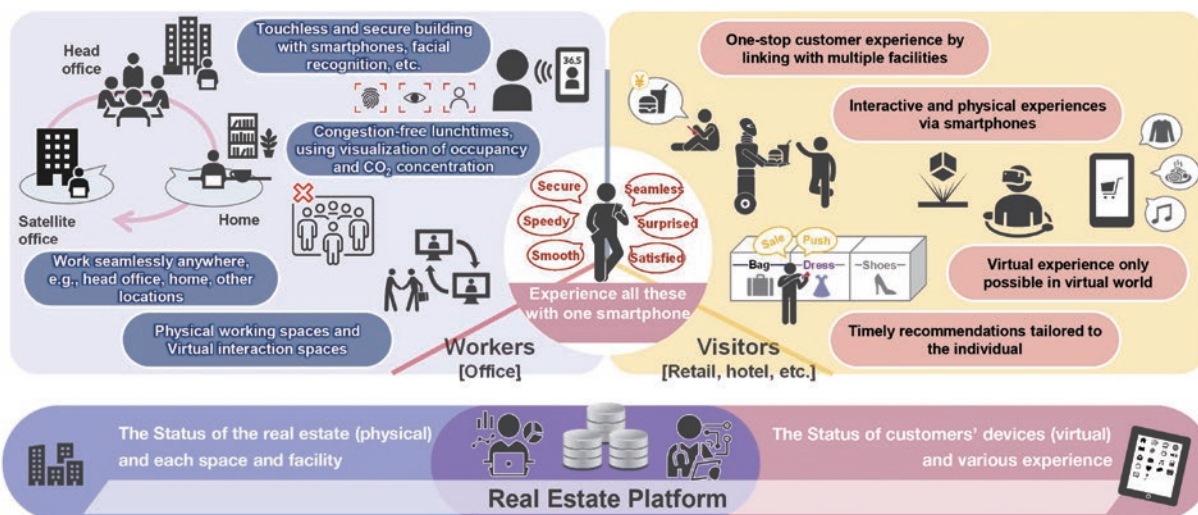
Listed above are the real properties with development potential in the future which are anticipated in the JP Vision 2025. In addition, in such development projects, with the aim of increasing value of real estate, “ESG management initiatives” and “Promotion of DX” are positioned as priority items to be worked on.

**1. ESG management initiatives**

In the real estate business, we will work on social issues such as SDGs in our future real estate development projects and property acquisitions by setting ESG materiality issues (global environment, resilience, local communities, and wellness). We will examine and implement concrete measures for reducing greenhouse gas emissions from the Group’s real estate business in particular, and thereby work to achieve sustainable growth of the Group and create corporate value over the medium to long term.

**2. Promotion of DX**

Not to mention providing space within real estate, we aim to build up buildings and cities that remain in the hearts of people by providing customers with new value in experience in which real and digital components are tied to each other. We will further sophisticate value in customer experience and create new businesses by aggregating, utilizing, and feeding back data from usage of real estate space and facilities and usage of various types of customer experience. In conjunction with the foregoing, we will provide tenants with support for attracting customers, co-create business with city managers, etc., and conduct integrated management of multiple building facility systems.



**[Topics in 2022/3] Execution of a share transfer agreement to make Yusen Real Estate Corporation a subsidiary**

Japan Post Real Estate entered into a share transfer agreement with Nippon Yusen on May 27, 2021, by which Japan Post Real Estate acquires 51% of the shares issued by Yusen Real Estate Corporation (a wholly owned subsidiary of Nippon Yusen). Yusen Real Estate Corporation will become a consolidated subsidiary of Japan Post Holdings upon obtaining approval from administrative authorities concerning competition-related laws, etc., of related countries.

Through this transaction, we aim to (i) share know-how possessed by Yusen Real Estate Corporation and thereby strengthen building management and operation functions of the Group’s real estate business; and (ii) increase profits from the Group’s real estate business to be generated as rent revenues from blue-chip real estate such as offices and condominium complexes possessed by Yusen Real Estate Corporation.