

Real Estate Business Briefing

Summary of Q&A

(September 15, 2026)

Q I would like to confirm whether you can hope to achieve business income of over ¥50 billion under the current organizational structure. The business is split across three entities—Japan Post Holdings, Japan Post, and Japan Post Real Estate. Is this structure really optimal? You also mentioned establishing an asset management company as part of the development of the one-time-fee and fee businesses. How necessary do you think it is to incorporate a company with such functions?

A Most of the real estate earmarked for potential development is owned by Japan Post. Since Japan Post is engaged in the postal and domestic logistics businesses as its core operations, we believe that the current organizational structure is the best way to coordinate real estate development with the reorganization of postal functions. As we proceed with these businesses, we will also establish internal mechanisms to enable this structure to function more effectively.

Regarding the establishment of an asset management company, we are currently formulating plans premised on organic growth. However, we also recognize the challenging market environment for listed REITs and the high hurdles for entering this business. Therefore, we would like to pursue alliances with external partners and M&A deals if opportunities arise.

Let me add a few supplementary remarks about the organizational structure. To achieve business growth going forward, it is also crucial that we strengthen our personnel and organizational capabilities. Japan Post Real Estate has gathered diverse human resources, including personnel from external developers and personnel from other businesses in the Japan Post Group. We will continue to hire mid-career and new graduate employees and combine these human resources effectively.

Q My question concerns rent income. Your properties boast good locations and maintain very high occupancy rates, and I understand that you will continue working to increase rents going forward. Given the market environment, I would like to confirm whether there is room to further accelerate these rent increases and whether this will potentially boost business income to over ¥50 billion. What are your thoughts on this?

A Many office leases are fixed-term building leases of three to five years, so rent levels tend to lag behind the market. We are proceeding with initiatives to swiftly realize internal growth, aiming to achieve the top rent levels in each area.

Q The Japan Post Group's strength lies in holding many properties in good locations with low book values and substantial development potential. In that sense, there is little need to acquire additional land, and most of your expenditure going forward will be construction costs. What level of yield are you targeting for construction investment? I understand that there are many potential development sites, but do you have an overall target rate?

A We believe that the Group's cost of capital is approximately 7–8%, and we are progressively selecting efficient investments that combine various uses and approaches to ensure that the internal rate of return (IRR) of the business ultimately exceeds 7%.

Q One potential area of added value for the built-for-sale condominium business is in sales capabilities: your ability to sell all the condominiums you build. I understand that currently, the Group does not have an in-house condominium sales function and must entrust sales to third parties. How do you plan to handle condominium sales going forward?

A Japan Post Real Estate does not currently have a sales function that would enable it to directly sell condominiums. Eventually, we would like to acquire the capability to sell condominiums ourselves, but at present, we will partner with companies specializing in sales based on factors such as area and product planning, leveraging each company's strengths to maximize sales results. For very large properties or those with a high level of difficulty, we can achieve better sales results by selling jointly with the property developers. We will select the optimal approach in each case.

Q The Group already owns many high-quality properties with low book values. Unlike other companies, you are not in a position where you have to purchase land, and I believe that your yields are quite high. Given this situation, could you not pursue even higher yield levels, rather than simply covering the cost of capital of 7–8%?

A Yes, that is correct. However, we would not like to rely on the low book values of our properties to generate high yield levels. Rather, we would like to make investment decisions in a way that generates high yields relative to fair value. Therefore, if book values are low, we conduct business in a way that achieves even higher yields.

Q For the time being, you will be able to achieve stable growth through the redevelopment of Group-owned land. However, if you aim to enter the industry's top ten as a comprehensive developer, won't you need to upgrade the wide range of capabilities required of a regular developer? In areas such as land acquisition and leasing capabilities in the rental business, for example, will you be able to absorb know-how from other companies through joint ventures, even as you draw on your own strengths and develop Group-owned land? How will you go about extending your current strengths?

A As you point out, we expect steady growth for some time through the development of Group-owned real estate, but to aim for the industry's top ten as a comprehensive developer, we must acquire commensurate capabilities. Specifically, it will be difficult to achieve that rank without engaging in the acquisition of external land for development and the enhancement of our leasing capabilities. At the same time, we will only be able to keep pace with changing social conditions if we are constantly exposed to competition in the market. Even now, the business opportunities for many of our properties under development were acquired externally, and we are already striving to obtain business opportunities from outside the Group. However, our capabilities are still insufficient compared with those of major developers. We hope to strengthen these functions over the medium to long term by actively recruiting external personnel and reassigning capable personnel from within the Group to the real estate business segment.

Q Does the Group's well-recognized name and brand power, or your knowledge and networks, enable you to access a wide range of information? Or is it that by holding various real estate sites, you encounter redevelopment opportunities and can participate effectively as a landowner? Are there any initiatives unique to the Japan Post Group that you use to acquire external projects?

A Since becoming President (of Japan Post Real Estate) last October, I have personally seen the opportunities that our brand power creates to access a wide range of information. Even as we leverage this advantage, we must also develop the ability to steadily gather information on our own. Also, as you just pointed out, we believe we can further enhance value by acquiring properties adjacent to or nearby the assets we already hold. For example, in cases where consolidating the surrounding area would enable us to pursue overwhelmingly large-scale mixed-use development, boosting performance, we will actively approach surrounding landowners and place greater emphasis, going forward, on promoting development in the area. In this way, we hope to proceed with initiatives that leverage the strengths of the Japan Post Group.

Q As interest rates rise, how will you increase income and other profits to offset the increase in the cost of debt, including interest-bearing debt and interest expenses?

A Some increase in interest expenses is unavoidable. In the leasing business, we hope to balance this by accelerating internal growth to increase income by more than the increase in interest expenses. For new properties, however, not only interest rates but also construction costs are rising, making depreciation a very heavy burden. Therefore, we recognize that it is increasingly difficult to generate higher profits. As I mentioned, we have many properties with low book values. However, ensuring profitability on a fair-value basis, too, is a key criterion for our investment decision-making. We will not choose to develop everywhere; instead, we will focus development on areas and properties where we can expect high profitability and growth, even

after taking account of the burden of interest and depreciation. At the same time, we will increase our emphasis on rotational-type businesses—businesses with a short investment recovery period, where our outlay can be quickly redirected to the next investment—and will make selective investments.

Q Am I correct to understand that fixed-asset investments will slow down somewhat?

A It is not our intention to slow down investments, but given the recent trends in construction costs and interest rates, we believe it is necessary to review the business plan we had previously drawn up and restructure our development plans to suit the conditions. Personally, I feel that the way we select areas to invest in now—as opposed to areas we need to take more time to assess—has changed somewhat compared to before.

Until recently, we tended to proceed with a focus on long-term holding, and our assets continued to increase. Going forward, however, we will also be conscious of replacing properties. Rather than simply selling properties outright, we will combine various methods. As we proceed with the establishment of an asset management company, this will include transferring assets to investment funds, as well as selling in various forms. In this way, we hope to balance the portion of assets we increase and the portion we reduce.

Q Looking at the holding company as a whole, I would like to see a little more contribution to profit and business expansion. What steps do you think are necessary in the long term, as you raise your sights further to the level of a major developer? I understand that you will proceed with a wide range of measures, but what kind of measures do you think would be required to obtain an even higher growth outlook?

A I believe that the future target of over ¥50 billion is fully achievable. This figure is based on the premise that profit from the leasing business and the built-for-sale and rotational-type businesses will account for roughly 80% and 20% of total, respectively. The figure is actually somewhat conservative, as we do not currently have many built-for-sale and rotational-type businesses. Many major developers derive only around 60% of profits from their leasing businesses. In that sense, rather than reducing profits from the leasing business, it may be possible to increase the total amount of profit and achieve the profit target ahead of schedule by further building up profit from the built-for-sale and rotational-type businesses. In addition, the establishment of an asset management company and the pursuit of an investor symbiosis business with both owned assets and assets under management—the realization of unrealized gains—are not fully incorporated into the current plan. While advancing these initiatives, we would like to grow the built-for-sale and rotational-type businesses and the management business. Therefore, I believe we can further increase profit. To do so, it is necessary to gain the trust of investors and become chosen by them.

At present, our functions are still insufficient. It is vital that we expand the organization and acquire personnel, and in some cases, we hope to pursue partnerships with external companies and M&A opportunities, if available.

This time, we have presented combinations with other businesses under the theme of “growth as a comprehensive developer.” The Group boasts a wide range of businesses, and we believe it is also important to generate synergies. We envisage a range of possibilities in this area, although some are still at the concept stage. For example, by improving the efficiency of the postal and logistics network in conjunction with real estate development, we could improve profits in the postal and domestic logistics businesses and enhance the profitability of comprehensive logistics. By effectively combining such initiatives, we hope to increase profits within the real estate business and, over the long term, have a positive impact on other businesses as well.

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

This document is a summary of Q&A session for this conference and includes certain revisions and corrections to help readers better understand the points in the dialogue.

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