

Creating an inimitable business model as a GX provider and developer

Changes in environment surrounding the renewables business

Rapid changes in the market environment and structure and expanding demand

- Promote government GX and strengthen industry competitiveness

2040 target: Renewable energy ratio of around 40–50%

- Stimulate demand through new mechanisms

Spread of FIP system, non-FIT/growth-oriented carbon planning

Business characteristics that differ from real estate development

Supply-demand balance

Increasing electricity charges/expanding demand for renewable energy sources

Industrial electricity increased 74% over the 13 years since 2010*1

Technology innovation

Increasing electricity generation efficiency/improved performance of storage batteries

Possible to easily upgrade to new facilities

Construction risk

Lower installation costs and low construction delay risk

Solar panel installation costs down approximately 31% over the ten years since 2013*2

Asset characteristics

ROA increases at an accelerating rate with the passage of time

Depreciates over a shorter period of time than even real estate

*1 Source: Agency for Natural Resources and Energy, "Status Surrounding Energy and Energy and Nuclear Power Policy"

*2 Source: Ministry of Economy, Trade and Industry (Calculation Committee for Procurement Price, etc.)

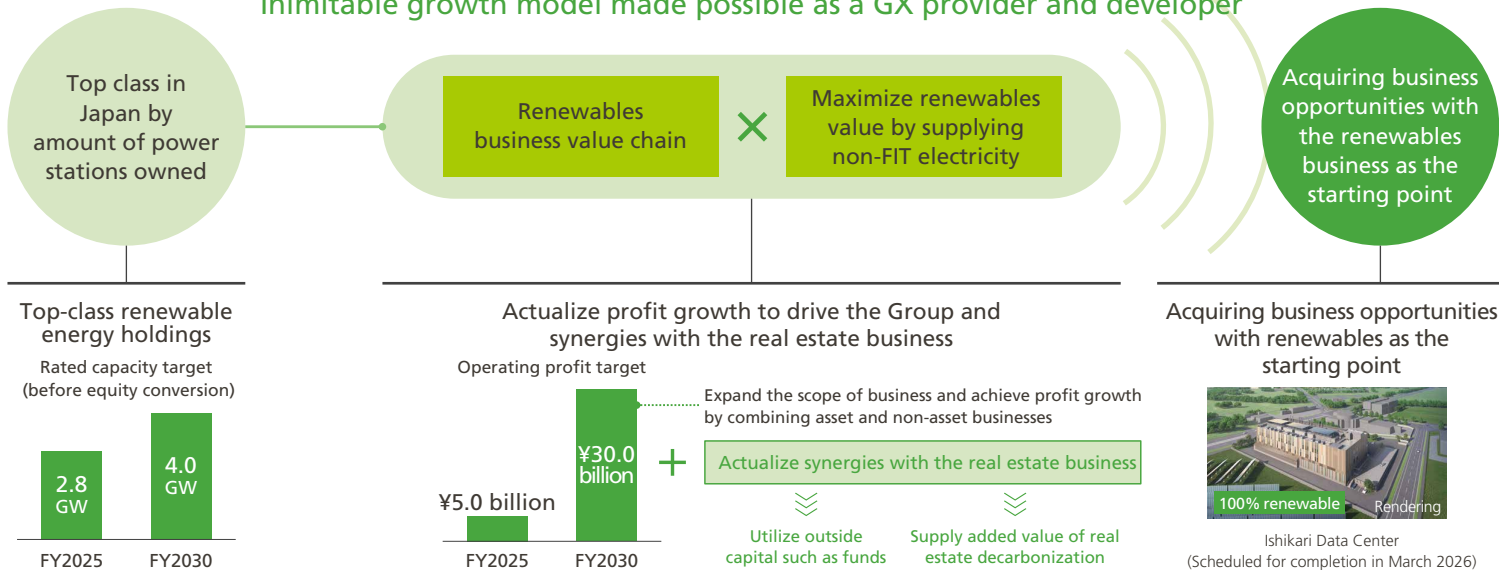
Strengths of the Group

Knowledge and know-how in urban development throughout the country

Promote long-term, sustainable projects rooted in the local area

Co-create with diverse stakeholders, including the government and landowners

Inimitable growth model made possible as a GX provider and developer



The second Key Theme in our medium-term management plan 2030 is the establishment of a GX business model. In February of this year, the Japanese government announced its 7th Strategic Energy Plan. The plan includes a forecast for energy supply and demand in fiscal 2040 that predicts renewable energy will occupy a 40–50% share of the power supply mix (share in fiscal 2023: 22.9%). Thus, while the renewable energy business is being bolstered by policy tailwinds, new frameworks are making their way to the fore, such as the shift from feed-in tariff (FIT) to non-FIT power, which requires companies to find their own customers to sell electricity to. This, in turn, is resulting in the creation of business opportunities.

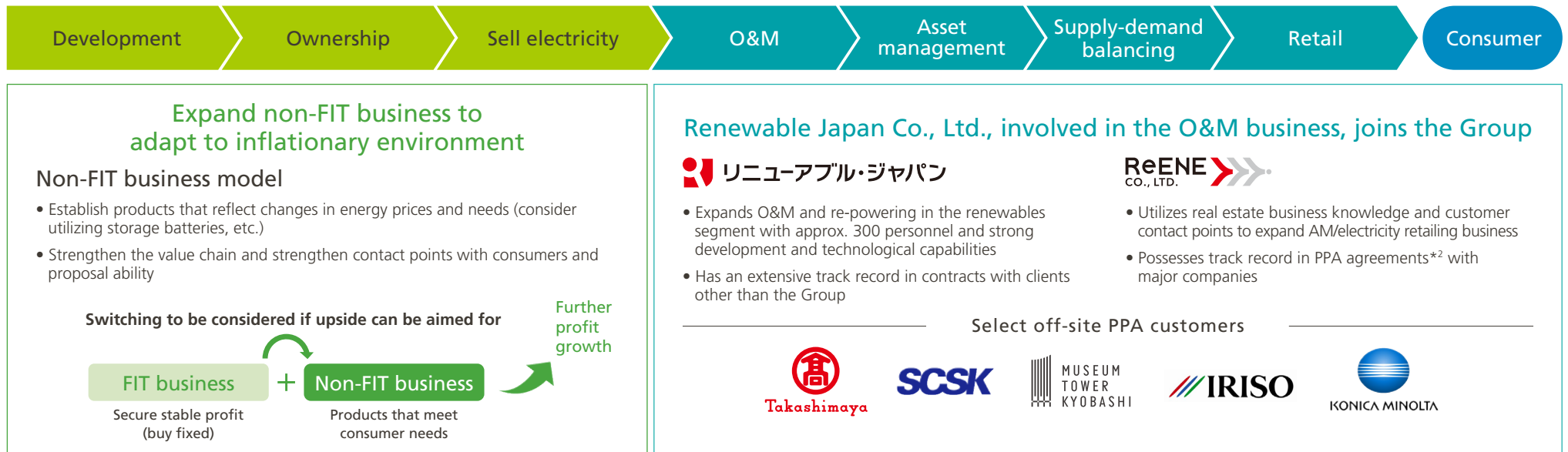
In terms of supply-demand balance and asset characteristics, the nature of the renewable energy business differs from our traditional real estate business. Our strengths in this domain lie in our renewable energy power plant holdings, which are among the greatest in Japan; our knowledge and expertise in urban development across Japan; and co-creation with various stakeholders, including governmental bodies and landowners. We will leverage these strengths to solve the energy problems Japan is facing and establish a business model that is hard for others to replicate.

Specifically, we will go beyond selling electricity and owning and developing the assets which we have cultivated to date to build a strong renewable energy business value chain so that we can become an electricity supplier even under the non-FIT regime and increase stable profits. This includes

Renewables business value chain × Maximize renewables value by supplying non-FIT electricity

Asset business: Accelerate development, including non-FIT projects

Non-asset business: Strengthen O&M,*1repowering capacity, and retail customer base



*1 Power station management (Operation & Maintenance)

*2 Power Purchase Agreement: A power agreement concluded between an electricity supplier (or retail power provider) and a power user in order to primarily supply renewable energy

non-asset businesses, with examples including the strengthening of our operation and maintenance business as well as the acquisition of repowering technologies with the addition of Renewable Japan to the Group, and engaging in asset management and electricity retailing through ReENE. Of particular note, in recent years, as environmental awareness has risen worldwide, an increasing number of customers are aiming to reduce CO₂ and other greenhouse gases generated by their production

activities. There are also more and more end users seeking to utilize renewable energy. In response, we are in the process of concluding off-site power purchase agreements (PPAs) to sell and supply the electricity generated by our Group from renewable sources.

By expanding the scope of such businesses, we intend to provide added value to real estate through decarbonization. We will also accelerate the acquisition of new real estate-related business opportunities

deriving from the renewable energy business, such as data center development and facility management. For example, in the Ishikari Bay New Port area, Ishikari City is aiming to become a hub of industry by supplying renewable energy to data center clusters and surrounding facilities, and is working to expand the introduction of renewable energy ahead of other municipalities. The Ishikari Renewable Energy Data Center is an example of a new business opportunity that was created

as a result of the Group's development of its renewable energy business and its efforts in the data center business as part of the expansion of its industrial real estate business domain starting in 2022. We are aiming to complete construction in March 2026.

Through these efforts, we aim to increase the profit from the renewable energy business from ¥5 billion in the plan for the current fiscal year to ¥30 billion in fiscal 2030, and to increase rated capacity to 4.0 GW in fiscal 2030.

Reference Further enhancing the profitability of the renewable energy business

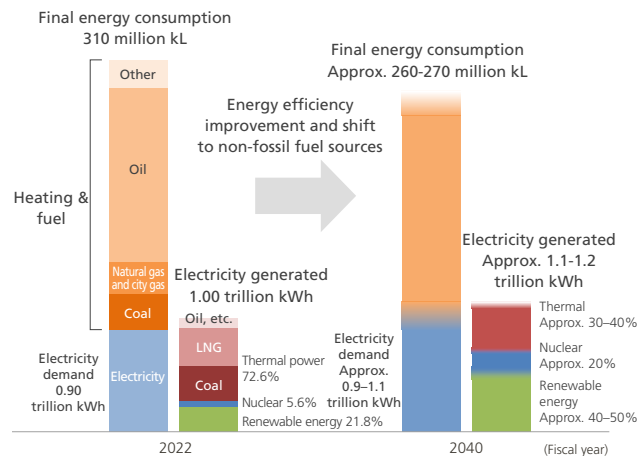
We view the renewable energy business as an important pillar of the Group's future growth.

We will continue to invest in the renewable energy business and expand our business domains to further strengthen our profitability.

Marketability in Japan

The amount of electricity generated from renewable energy sources in Japan to grow **2.0–2.7-fold** by FY2040 compared to FY2022

■ Outlook for energy supply and demand



Excerpted from the Agency for Natural Resources and Energy's "The 7th Strategic Energy" outline released February 2025

The Japanese government has set a goal of achieving carbon neutrality and zero greenhouse gas emissions by 2050 as part of its efforts to combat global warming. In February 2025, the government announced a plan to expand the ratio of electricity generated from renewable energy sources from approximately 20% to 40–50% by fiscal 2040.

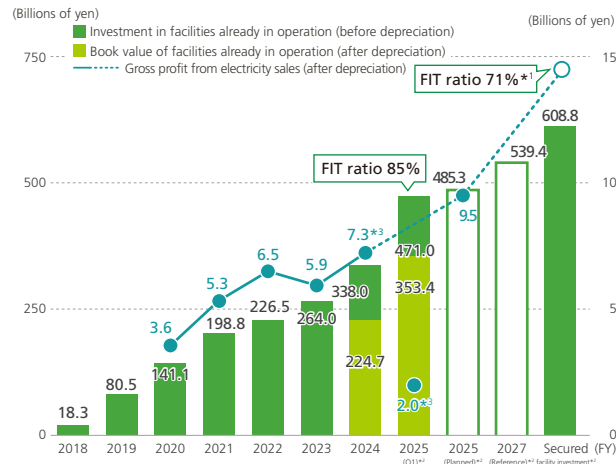
In addition, demand in Japan for electricity is increasing due to the construction and expansion of new data centers and semiconductor factories, and carbon pricing is scheduled to be fully introduced from fiscal 2028. Against this backdrop, Japan's renewable energy market is expected to expand significantly in the future.

The Group's renewable energy business's gross profit from the

Characteristics of the Group's renewable energy business and growth strategy

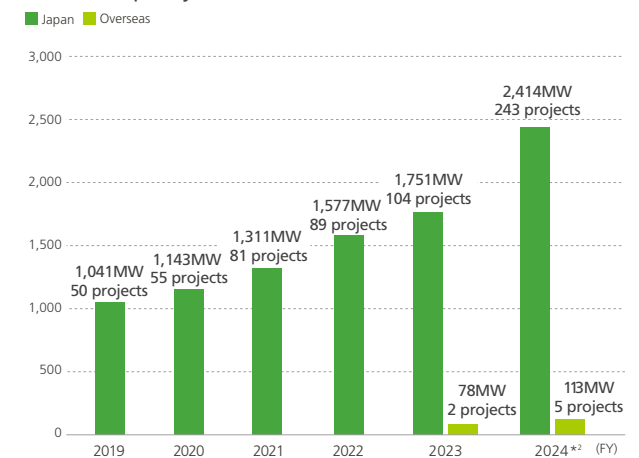
A business delivering high **stability and efficiency** over the long term

■ Investment in facilities already in operation and gross profit from electricity sales



sale of electricity (before depreciation) in fiscal 2024 was ¥19.3 billion. The rated capacity of the Group's renewable energy generation facilities in Japan has reached 2,414 MW (as of March 31, 2025), one of the highest in the country. In addition, the ratio of FITs, which enables electricity to be sold at a fixed price for 20 years, is 85%, providing a stable revenue stream over the long term. At the same time, the book value consists almost entirely of power generation equipment (which generally depreciates over a 20-year period), with ROA improving at an accelerating rate over time. Further, technological advances are extending the life of power generation equipment. In the future, if it becomes possible to sell electricity at a higher price than the FIT price, we can switch to selling electricity

■ Rated capacity*4



*1 FIT ratio: Ratio of FIT projects to the rated capacity of facilities already in operation (or facilities already secured) after equity conversion

*2 Figures shown on this page are the values following the inclusion of Renewable Japan Co., Ltd. as a consolidated subsidiary (effective as of January 16, 2025)

*3 Gross profit from electricity sales (before depreciation) in fiscal 2025 (Q1): ¥7.6 billion; gross profit from electricity sales (after depreciation) in fiscal 2024: ¥19.3 billion

*4 Before equity conversion (including projects under development)

directly to consumers, enabling us to respond flexibly to inflation. The Group will continue to invest in solar and onshore wind power generation projects.

In addition, going forward, we aim to achieve further growth by expanding our non-asset businesses by not only developing power generation facilities and selling electricity, but also by strengthening the value chain of our renewable energy business, including O&M and power retail operations.