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Notice Concerning Medium-term Business Plan

TATERU, Inc. (the "Company") hereby announces that it has formulated its medium-term business plan NEXT TATERU VISION for the three years from FY2020 to FY2022 based on the progress in implementing its management policy disclosed in November 2019.

1. Review of up to the present

Under the management policy, in order to clarify its business portfolio, which emphasizes profitability, the Company categorized its business areas into the following three areas, thereby strengthening the income base of the business.

(1) Stable income area (PM platform business)

- Improved operational efficiency and strengthened management contracts by shifting the rental management business to RPA
- Launched offering of rental management app for owners linked to RPA
- Established new company Sanus Co., Ltd. (January 2020) to strengthen the in-house warrantee business and strengthen sales

(2) Strategic growth area (Smart hotel business)

- MUSUBI HOTEL is steadily expanding, with 23 facilities scheduled to be opened (total of 45 facilities)

(3) Risk control area (Apartment sales business)

- Significantly reduced inventory of real estate for sale (68 buildings as of December 31, 2018 to 25 buildings as of December 31, 2019)
- Resumed land procurement by carefully selecting properties in good locations by utilizing our real estate network

2. Outline of medium-term business plan

The Company established its three-year medium-term business plan NEXT TATERU VISION covering FY2020 to FY2022 to inherit the implementation results above and accelerate further deepening and transformation, and will build a strong management base by implementing the following specific measures.

(1) Strengthening of the PM platform business

By strengthening management contracts through both the strength of in-house developed IoT and sales of rental housing, the Company aims to further increase the number of its IoT rental housing management units and at the same time increase the share of IoT introduction in its own properties. In addition, the Company will strengthen the contracted outsourcing of its warrantee service through IoT sales by its new company Sanus Co., Ltd.

Moreover, among the measures described above, the Company will reform the cost structure of the PM platform business expansion and improve profitability through the introduction of in-house developed rental management RPA system *Chintai Kanri Jido-kun* (Rental Management Automation Pal).

With regard to in-house developed IoT, which has long been a strength of the Company, the Company will strengthen sales of IoT products for rental housing. The Company will provide the benefit of increased rents through provision of a concierge service to tenants and the added-value of IoT to owners.

(2) Future development of the TATERU business

In light of these, and based on the know-how from the Smart hotel business and Apartment sales business cultivated up to now, the Company will develop a new service combining technology with real estate consulting for affluent clients.

The Company will not only expand its existing product lineup of wooden apartment construction, but also RC / steel-framed apartments, offices, hotels, and restaurants, etc.

The Company will increase its recurring income by utilizing technologies such as IoT, AI, and RPA, and through the development of the two businesses above, realize its management philosophy of “Bringing value to your lifestyle.”

1. Operating income targets for FY2020 to FY2022

FY2020	FY2021	FY2022
(971) million yen	100.0 million yen or more	1.0 billion yen or more

Forward-looking statements contained in this notice are based on information currently available, and do not represent a commitment from the Company that they will be achieved. Actual business performance may differ significantly due to a number of factors.