COLUMBIA WORKS

FY2024 Third Quarter Earnings Presentation

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1. Company Overview and Business Description

Business Description

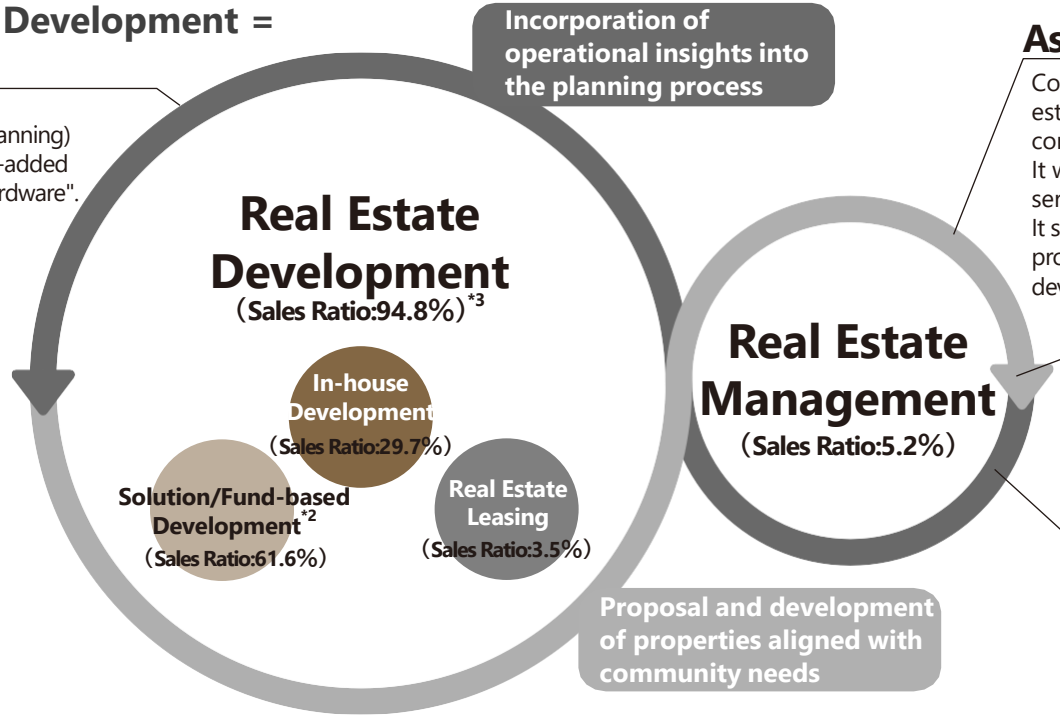
- **Alongside our core real estate development services, we offer a comprehensive suite of real estate management services such as asset management, hotel operations, and real estate leasing management. This integrated approach allows us to leverage our expertise across different areas, enabling us to deliver high value-added service.**
- **Our real estate development services are centered around the concept of business-oriented real estate development: "hardware" (the property itself) x "service" (additional value). Under this concept, we secure diverse revenue streams through in-house development, solution/fund-based development, and real estate leasing.**
- **Real estate management services including asset management, hotel operations, and real estate leasing management are managed by our subsidiaries. Each of our subsidiaries specializes in a different aspect of real estate management.**

Business-oriented Real Estate Development = "Hardware" x "Service"

By incorporating marketing-driven "services" (or planning) tailored to social needs, we specialize in high value-added property development that goes beyond mere "hardware".

Residence Brand
- Blancé
- LUMIEC

Office Brand
- BIASTA



Asset Management(Sales Ratio:2.8%)

Columbia Asset Management Inc., our consolidated subsidiary established in April 2023, specializes in providing real estate consulting services.
It will be providing comprehensive real estate management services for the property held by SPC*1 in the future.
It serves as a prospective purchaser for our in-house development projects, allowing Columbia Works Inc. to ensure a stable real estate development business.

Hotel Operations(Sales Ratio:1.7%)

Columbia Hotel & Resorts Inc. , one of our consolidated subsidiaries, offers hotel management services featuring creative spatial design, such as "Art Hotel" (art-centric hotel).

Real Estate Leasing Management (Sales Ratio:0.7%)

Committed to serving as a reliable partner to our clients, our consolidated subsidiary Columbia Community Inc. provides real estate leasing management for all properties developed in our real estate development service, ensuring responsible and continued support even after the sale.

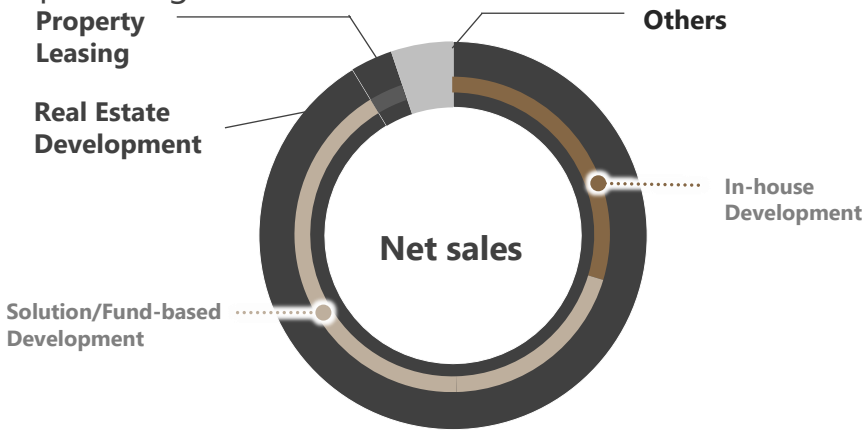
*1 SPC is an abbreviation of Special Purpose Company, a company established for the specific purpose of acquiring corporate-owned assets such as real estate, and raising funds by issuing Asset-Backed Securities (ABS) or Asset-Backed Commercial Paper (ABCP) using those assets as collateral.
*2 A solution-based development refers to a scheme that aims to sell properties after value enhancement through renovations or other improvements. A fund-based development refers to a scheme that utilizes SPCs to maximize capital efficiency.
*3 The sales ratio is based on FY2023 consolidated results.

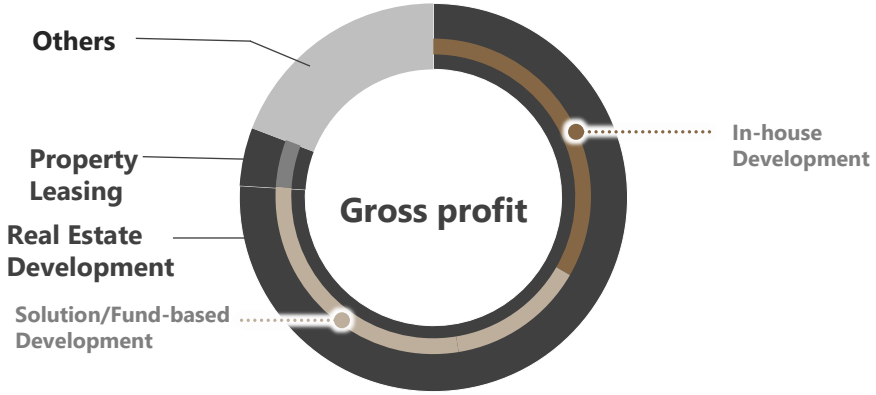
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Breakdown of Net Sales and Gross Profit by Service

In our real estate development services, we focus on balancing in-house development (primarily rental apartments) and solution/fund-based development (such as development land and renovations), ensuring the most appropriate development for each site rather than specializing in a single approach.

We aim to grow each proportion of sales and gross profit from our real estate leasing management, hotel operations and other services within our group moving forward.





FY2023 Actual	Total	Real Estate Development	In-house Development	Solution/Fund-based Development	Property Leasing	Others *1
Lead Time			2 Years to 2.5 Years	6 Months to 1 Year *2		
Net sales	**14,469**	13,718	4,292	8,922	504	749
Gross profit	**3,851**	3,112	1,283	1,643	186	739
Gross profit margin	**26.6%**	22.7%	29.9%	18.4%	36.9%	98.7%

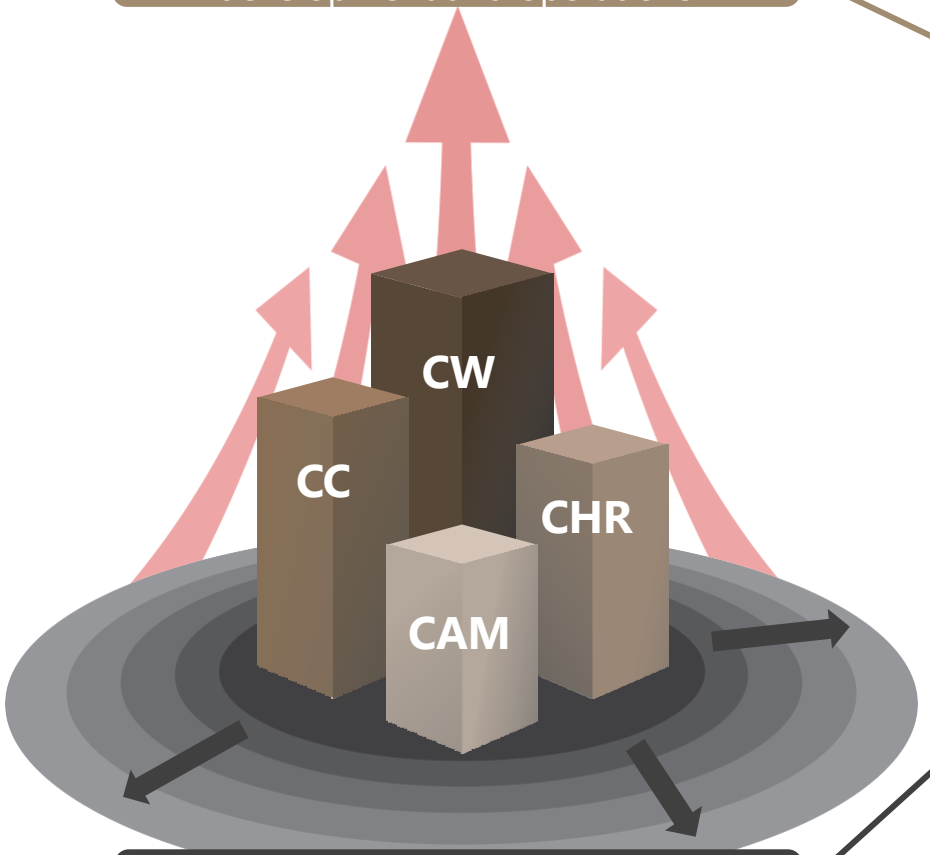
*1 The high gross profit margin in "Others" is a result of the inclusion of recurring revenue such as property management fees and hotel operation fees.
*2 While solution/fund-based development may exhibit slightly lower profit margins than in-house development, they offer shorter lead times.
By facilitating capital turnover and enabling its reallocation to new projects, these schemes enhance capital efficiency and contribute to maximizing assets under management (AUM).

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Our Competitive Advantage 1: High Asset Turnover while Maintaining High Profitability

Leveraging our unique real estate expertise, we successfully achieve high asset turnover and profitability.

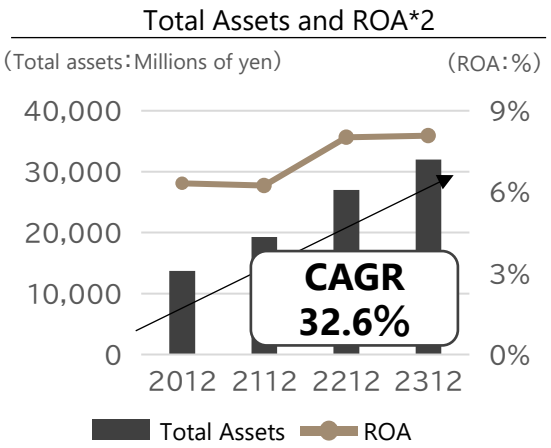
Growth of highly profitable real estate development and operations



Total Assets Expansion driven by High Turnover of Development Properties

Our in-house development projects achieved a gross profit margin of approximately 30% in FY2023.

This reflects our distinctive approach of adding value-added services (planning) to our properties, which has historically increased profitability by 10-20%.*1
We will continue to engage in developments that incorporate services aimed at enhancing quality of life (QOL) and tailored to the characteristics of each area.



Our total assets prior to our IPO expanded rapidly at a CAGR of 32.6%.

Despite this significant growth in assets, our ROA has had a consistent upward trend, exceeding 8% in the last two fiscal periods.
We have been achieving both asset growth and enhanced profitability.

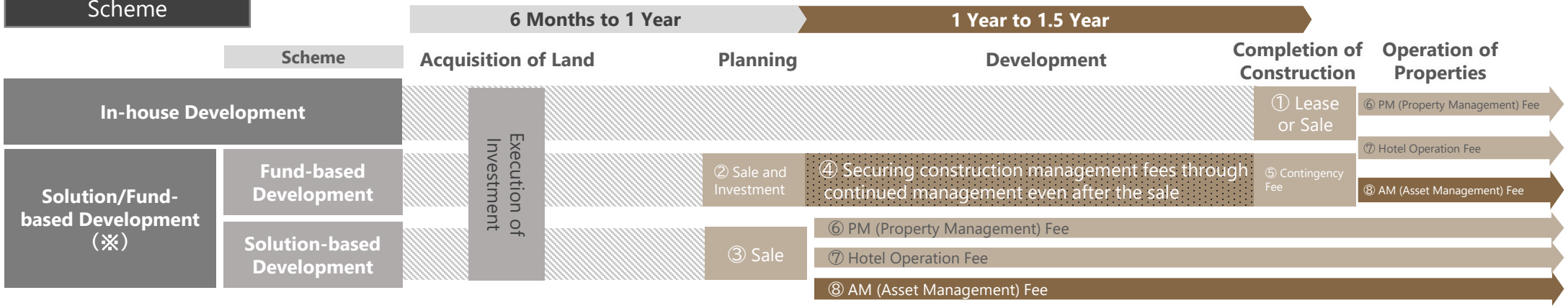
*1 Compared to our internal data. Based on a comparison of the actual rent with the estimated rent, assuming our value-added service was not provided. *2 ROA is calculated using ordinary profit as numerator.
*3 CW, CC, CHR and CAM stand for Columbia Works Inc. (Parent Company), Columbia Community Inc. (Subsidiary), Columbia Hotels & Resorts Inc. (Subsidiary), and Columbia Asset Management Inc. (Subsidiary) respectively.

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Our Competitive Advantage 2: Diverse Revenue Points

Our diverse divestiture schemes ensure high asset turnover and adaptability to market dynamics, driving stable business growth.

Scheme



※ In our business description until the previous quarter, we differentiated our solution-based and fund-based developments. However, given the similarities in terms of revenue points, investment periods, and cash flow patterns, we consolidated the descriptions of these two schemes from this quarter.

Revenue Points

①	After the planning and development suitable for the land, we will sell it and generate revenue. In addition, we earn rental revenue during the period from the completion until the sale of the property.
②	We will sell the land to the development SPC, invest in it, and generate revenue.
③	We add value to the existing properties and land through a proposal of development planning, and subsequently sell it to obtain revenue.
④	We earn CM fees by managing tasks related to project planning and development to lead the project to success.
⑤	We receive contingency fee upon sale of the completed property to a real estate investor via the development SPC.
⑥	We receive property management fees for real estate leasing management at Columbia Community Inc.
⑦	If the property is a hotel, we can secure revenue by engaging Columbia Hotels & Resorts Inc. for hotel operations services.
⑧	Columbia Asset Management Inc. provides asset management (AM) services such as asset operation and preservation, and generate revenues from these services.

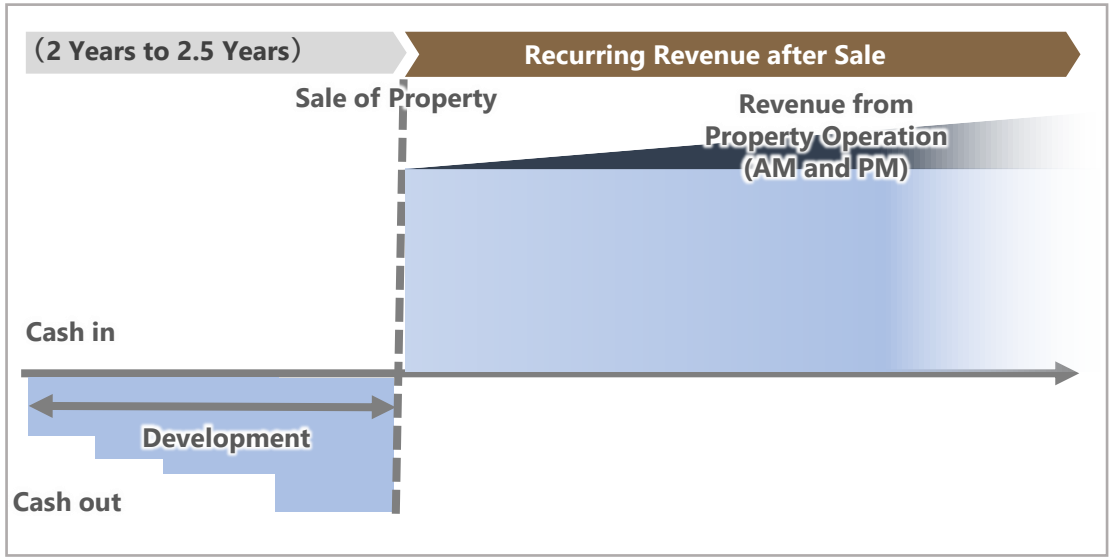
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Cash Flow Profiles of Individual Schemes

In-house Development

This is a typical development scheme involving land acquisition, construction, and the subsequent sale of the completed property. The advantage lies in the minimal restrictions on building development, allowing us to leverage our in-house development planning and design expertise to create highly marketable projects. On the other hand, the disadvantage is the long investment period and the extended time required for investment recovery.
The investment period ranges from 2 to 2.5 years, and despite a prolonged payback period, it is distinguished by its strong marketability and high profit rate.

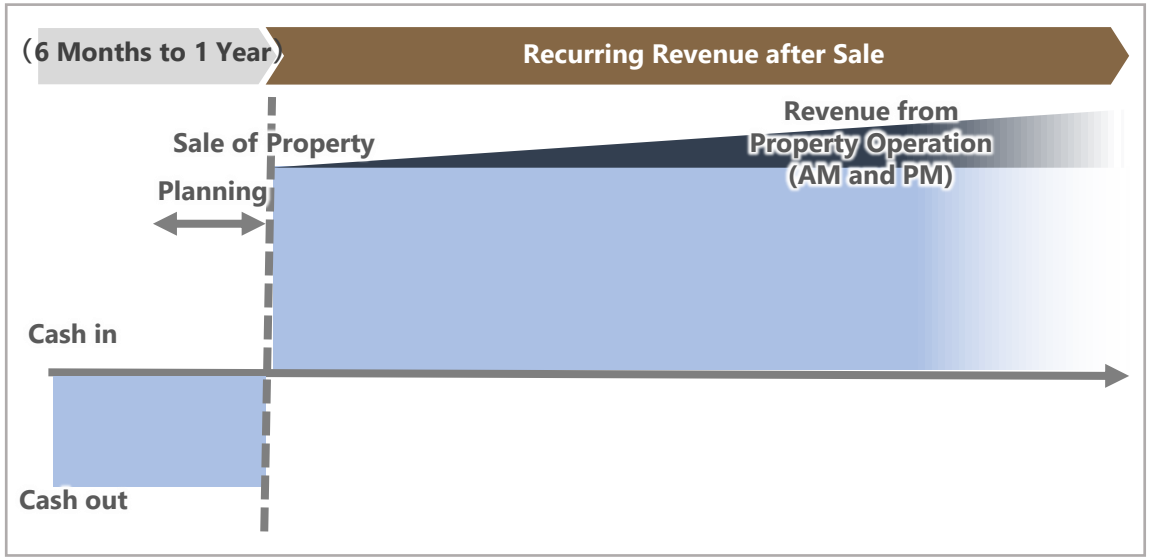
■Cumulative Cash Flow



Solution/Fund-based Development

This is a scheme sell existing buildings and land with a development plan, leveraging our expertise.
Specifically, there are two types below:
(1) A scheme where we acquire land, and then sell it with a development plan to a development-type SPC or another company.
(2) A scheme where we acquire an existing property developed by another company, renovate it based using our expertise, and subsequently sell it.
Both patterns have a short-term holding period of 6 months to 1 year, aiming for rapid liquidity and high asset efficiency.

■Cumulative Cash Flow

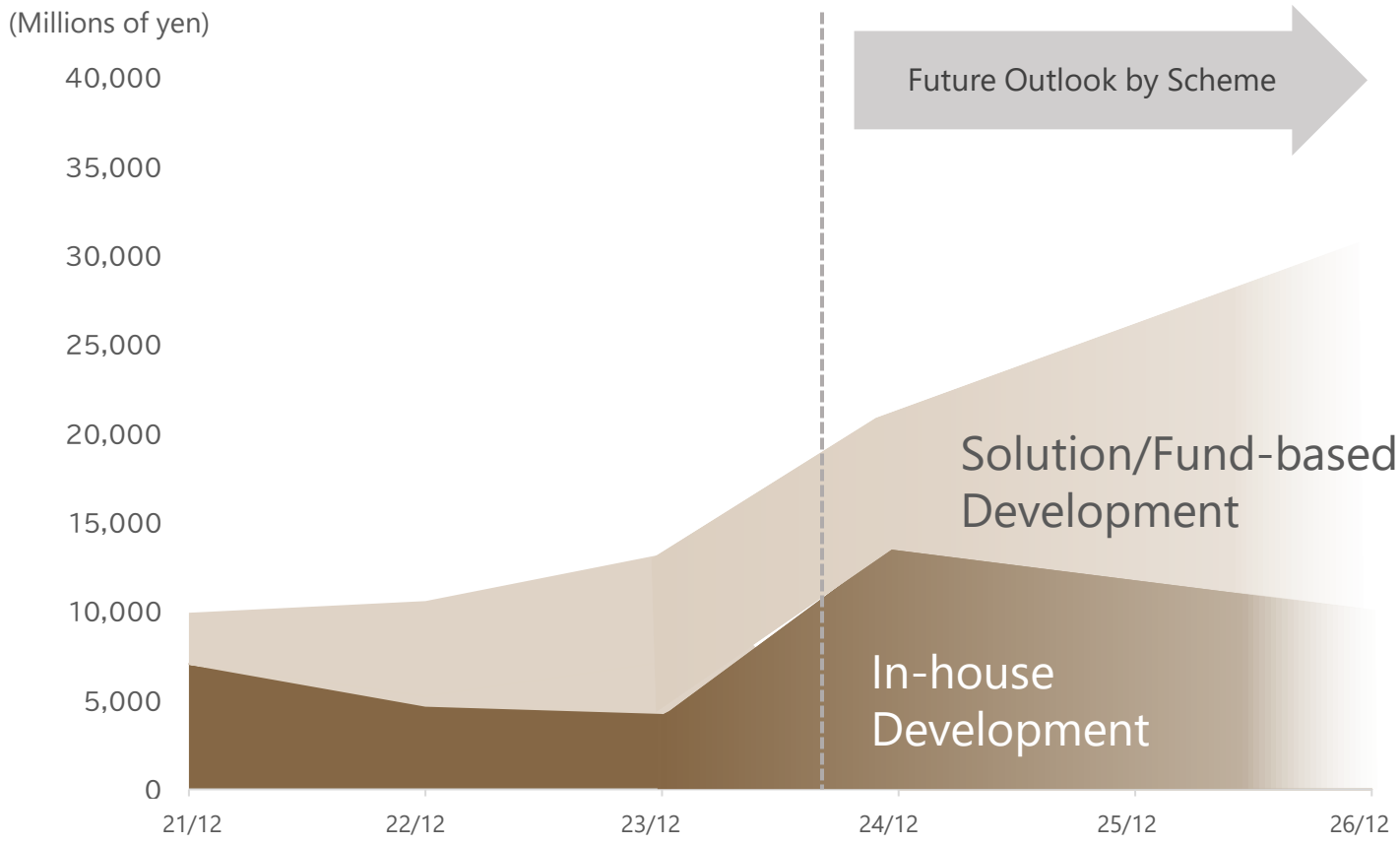


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Investment Policy by Scheme

To maintain a 20% operating profit growth rate and an 8% ROA, while ensuring agility to adapt to changing business environments, we will significantly expand our solution/fund-based development business in the future.

Performance and Future Investment Outlook by Scheme



Breakdown of Net Sales

【In-house Development】

54% FY2024 3Q ▶ 33% Target

【Solution/Fund-based Development】

46% FY2024 3Q ▶ 67% Target

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2. Third Quarter Financial Summary

Financial Summary

FY2024 Third Quarter

- **Our sales revenue amounted to 16,837 million yen, marking a substantial year-on-year growth of +92.9%.**
- Gross profit margin reached 25.7%, exceeding our budget by 1.7 percentage points.
- Driven by increased sales, operating profit reached 3,030 million yen, representing an +89.8% year-on-year increase.
- The growth rate of selling, general, and administrative expenses was +53.0% year-on-year, which was lower than the sales growth rate, indicating continued efficient management.

(Supplementary Note)
Our quarterly performance is subject to fluctuations due to the timing of project sales and variations in project scale and profitability.
As we aim to maximize project revenue by selling each project at the optimal time, our quarterly sales may not always align with our initial plan.

FY2024 Budget Achievement Progress

We have revised our full-year earnings forecast upward.
Please refer to the "4. Upward Revision of Full-year Consolidated Earnings Forecast" on slide 19 onwards for further details.

*A large portion of our revenue comes from real estate development, where we engage in the acquisition of land (sometimes with buildings), followed by development and subsequent sale. The scale of each project varies based on factors such as the size of the land, its location, and the intended use of the developed buildings.
Profit margins also differ depending on the types of property and the real estate development scheme, which includes in-house development and solution/fund-based development. For further details on the schemes, please see page 33 onwards.

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Statement of Income (for Nine months)

(Unit: Million Yen)	FY2023 1-3Q	**FY2024 1-3Q**	Year-on-year percentage	FY2024 Full-year Budget (Ref.)	Progress (Ref.)
Net sales	8,730	**16,837**	192.9%	20,081	83.8%
Gross profit	2,441	**4,321**	177.0%	4,809	89.9%
Selling, general and administrative expenses	844	**1,291**	-	1,783	72.4%
Operating profit	1,596	**3,030**	189.8%	3,026	100.1%
Operating profit margin	*18. 3%*	***18. 0%***	-	*15.1%*	—
Ordinary profit	1,348	**2,688**	199.4%	2,638	101.9%
Net profit	852	**1,694**	198.8%	1,803	94.0%
Net profit margin	*9.8%*	***10.1%***	-	*9.0%*	—

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Balance Sheet

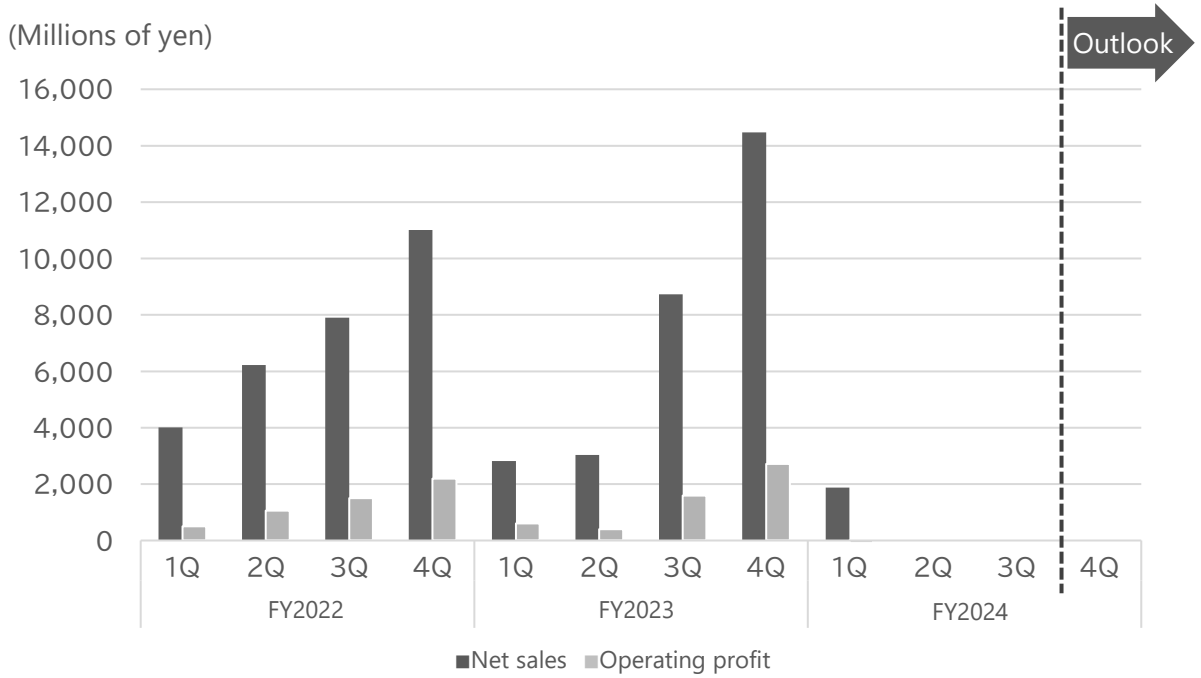
(Unit: Million Yen)	December 31, 2023 (FY2023)	September 30, 2024 (FY2024)	Year-on-year percentage
Total current assets	22,027	**30,070**	+36.5%
（Inventories）	17,933	**22,694**	+26.5%
Total non-current assets	9,973	**11,651**	+16.8%
Current liabilities	8,952	8,455	△5.6%
（Short-term borrowings/Current portion of long-term borrowings）	7,926	**6,684**	△15.7%
Non-current liabilities	15,908	**21,711**	+36.5%
（Long-term borrowings）	15,296	**21,031**	+37.5%
Net assets	7,140	**11,553**	+61.8%
（Retained earnings）	7,034	**8,501**	+20.9%
Total assets	32,001	**41,721**	+30.4%
Equity-to-asset ratio	22.3%	**27.7%**	+5.4%

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3. Third Quarter Topics

Trends of Net Sales and Operating Profit

Year-to-date Sales and Operating Profit



(Unit: Million Yen)	FY2022 3Q	FY2023 3Q	**FY2024 3Q**
Net sales	7,900	8,730	**16,837**
Operating profit	1, 500	1,596	**3,030**

Year on year changes

Net sales

+92.9%

Operating profit

+89.8%

- Number of Projects Sold
  - ✓ FY2023 3Q: 5 projects to FY2024 3Q: 14 projects (Progressing as planned)
- Quarterly Net Sales and Operating Profit
  - ✓ Our management policy prioritizes the growth of annual sales and operating profit, over quarterly targets.
  - ✓ As a result, our quarter sales may fluctuate significantly.

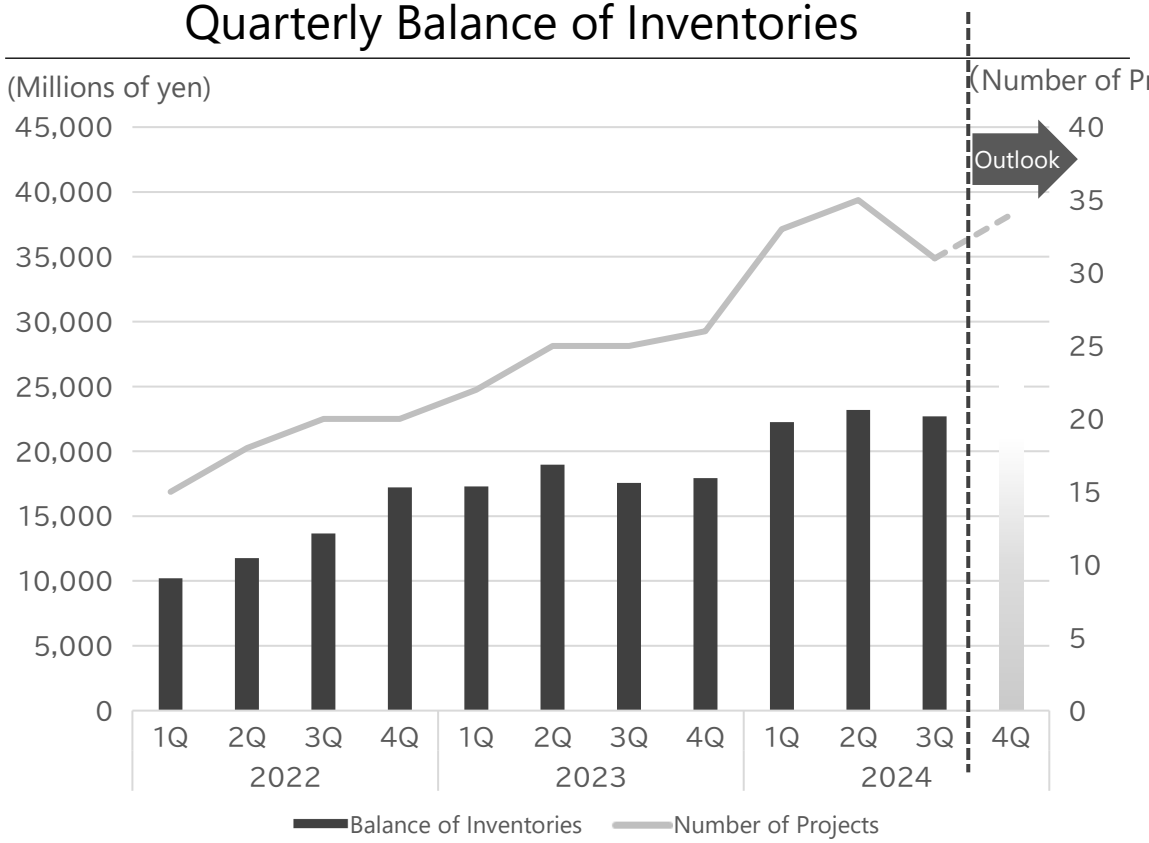
    The sales timing for each project was finalized at the end of the third quarter, balancing the need to maximize sales with our overall plan, and making adjustments as necessary from our initial budget.

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Balance of Inventories

While we experienced a slight decrease in inventory levels during the third quarter due to the bundle sale of multiple properties, our preparations for the launch of our new residential brand, "LUMIEC un," are progressing smoothly. This includes the acquisition of five properties, such as the large-scale property "LUMIEC un MINAMIAZABU" announced in our press release on September 30, 2024. As a result, we anticipate a project pipeline balance of 33 billion yen* as of the end of the third quarter, positioning us for future growth.

Quarterly Balance of Inventories



*A project pipeline balance represents the total cost-based value of all projects where contracts have been signed but not yet executed, resulting in them not being included in the inventory balance as of today (November 12, 2024).

LUMIEC un MINAMIAZABU Renovation Plan



Personal Training Gym



Residential Unit

Address	Minami-azabu, Minato-ku, Tokyo
Number of Units	130 residential units and a personal training gym
Site Area	1,503.17㎡
Total Floor Area	7,603.86㎡

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Overview and Pipeline of New Residential Brand "LUMIEC un"

We have launched a new brand to focus on high-return solution/fund-based development projects.
We have acquired 5 properties and have 3 properties under contract as of the end of the third quarter. We will continue to build our pipeline sequentially from the next quarter onwards.

Brand Logo

Brand Concept

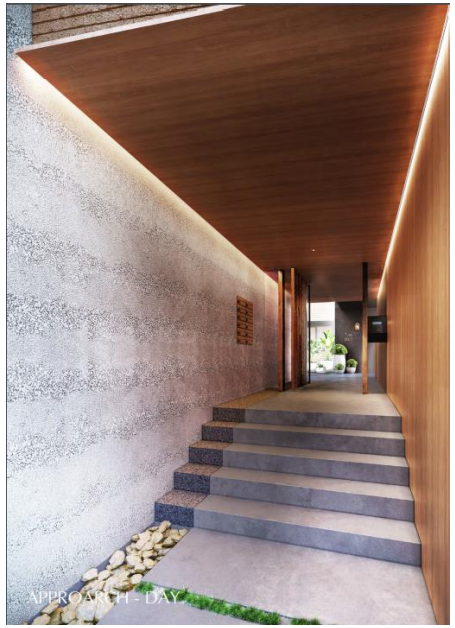
"LUMIEC un" is a spin-off of our "LUMIEC" brand, specializing in new renovation-type rental residences. The "un" stands for "unite," reflecting our focus on adding value to existing properties and partnering with other developers.
By expanding our development expertise, which focuses on fulfilling customers' needs, to collaborative projects with other companies, we will secure a wider pipeline and provide higher value rental residences to society.

Pipeline

Property Name	Address	Status
LUMIEC un HONGO	Hongo 1 Chome, Bunkyo-ku	Acquired
LUMIEC un TOYOCHO	Toyo 5 Chome, Koto-ku	
LUMIEC un SENDAGI	Sendagi 4 Chome, Bunkyo-ku	
LUMIEC un MINAMIAZABU	Minami-azabu 3 Chome, Minato-ku	
LUMIEC un SAKURASHINMACHI NORTH	Setagaya 1 Chome, Setagaya-ku	
Meguro	Meguro 1 Chome, Meguro-ku	Under Contract
Yoyogi-uehara	Yoyogi-uehara 2 Chome, Shibuya-ku	
Kagurazaka	Haraikata-machi, Shinjuku-ku	

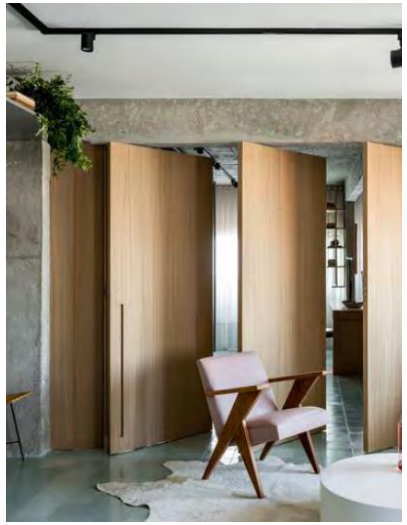
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(Ref.) Rendering of "LUMIEC un"*













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4. Upward Revision of Full-year Consolidated Earnings Forecast

Overview of Upward Revision

Given our strong performance this term, we are pleased to announce an upward revision to our consolidated earnings forecast. The detailed reasons for the upward revision are provided on the following page.

(Unit: Million Yen)	(Ref.) FY2023 Full Year	FY2024 Budget	**FY2024 Revised Forecast**	vs. Budget
Net sales	14,469	20,081	**20,633**	+2.7%
Gross profit	3,851	4,809	**5,621**	+16.9%
Selling, general and administrative expenses	1,132	1,783	**1,738**	-
Operating profit	2,718	3,026	**3,882**	+28.3%
Operating profit margin	*18.8%*	*15.1%*	***18.8%***	*+3.7%*
Ordinary profit	2,382	2,638	**3,397**	+28.8%
Net profit	1,516	1,803	**2,120**	+17.6%
Net profit margin	*10.5%*	*9.0%*	***10.3%***	*+1.3%*

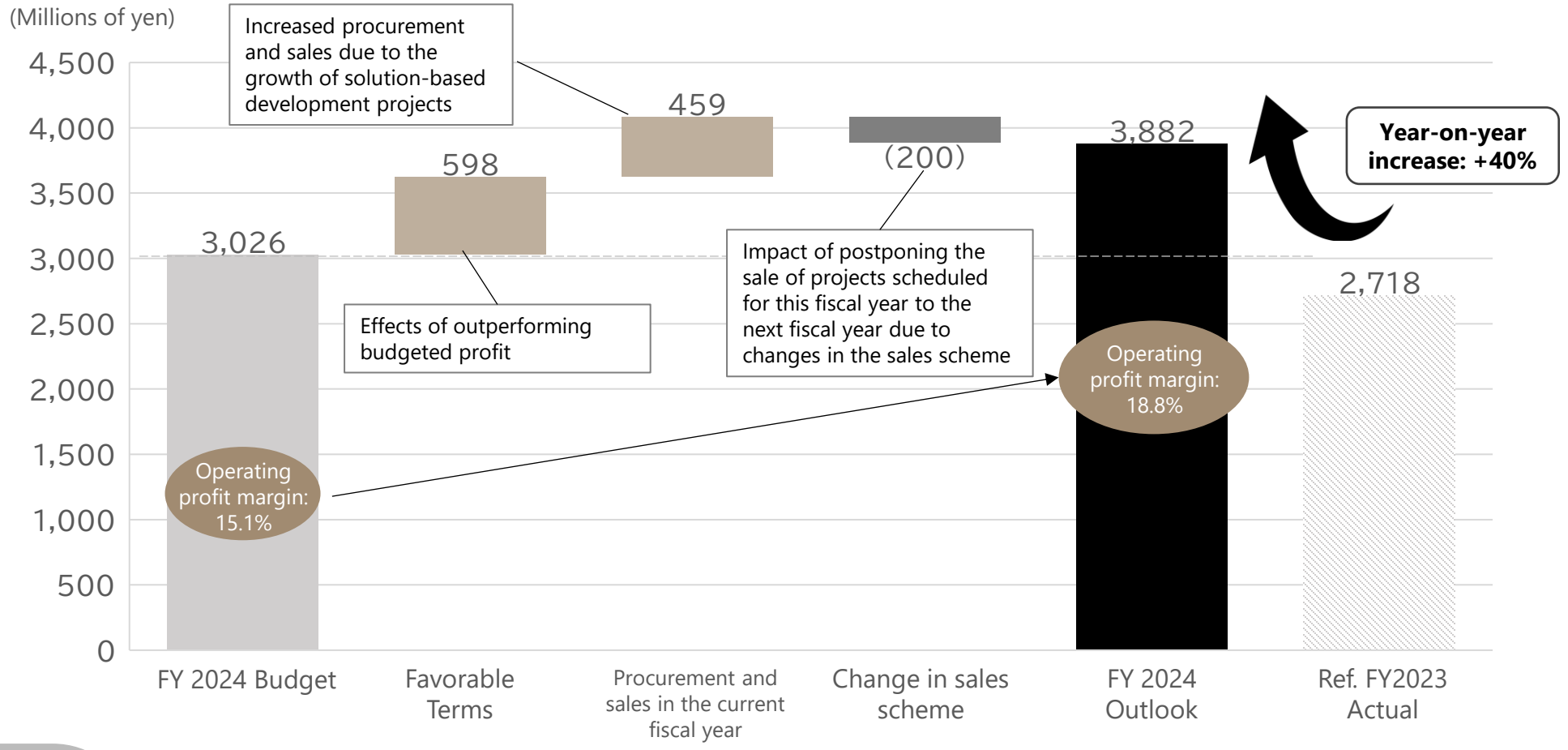
This report contains forward-looking statements, such as the forecast of consolidated financial results, that reflect our plans and expectations based on the information that we currently have and conditions that we deem reasonable. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

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Drivers of Upward Revision

By strategically implementing a solution-based development approach to procurement and sales to mitigate the effects of rising property development costs, we are now projecting to outperform our budget.

Factors affecting operating profit



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Projected Dividend

We place great importance on both enhancing corporate value and returning profits to our shareholders through dividend payments. Our dividend policy aims to provide shareholders with a stable dividend payout ratio of 15% to 20%, while also considering the need to retain earnings for future growth and to adapt to changing business conditions.

Due to the upward revision of our full-year earnings forecast, we expect to increase our net profit. Based on this, and considering our target dividend payout ratio of 15% to 20%, we have revised our earnings per share (EPS) forecast as shown in the table.

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
EPS (Yen)	36.8	69.6	91	**110**
Dividend Payout Ratio*	13.1%	14.8%	15.0%	**17.3%**
Total number of shares oustanding	2,500,000	2,500,000	2,500,000	**3,470,400**

*The dividend payout ratio for FY2023 is based on actual results, and for FY2024, it's calculated based on our revised forecast.

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5. Performance of Consolidated Subsidiaries

Performance of Consolidated Subsidiaries (1)

Currently, our parent company, Columbia Works Inc. (CW), accounts for the majority of our sales and profits. However, our subsidiaries, Columbia Community Inc. (CC) and Columbia Hotel & Resort Inc. (CHR), are expanding rapidly, and Columbia Asset Management Inc. (CAM) is gearing up for growth.

Group Profile and Business Operations

COLUMBIA WORKS

Securities cord：146A

Real Estate Development Business

COLUMBIA COMMUNITY

Real Estate Leasing Business

COLUMBIA HOTEL&RESORTS

Business of Hotels, Resorts and Retails Operation

COLUMBIA ASSET MANAGEMENT

Investment Advisory Business

Revenue Points

Leasing, Property Management and Maintenance

Performance Growth*

Year-on-year sales growth: +203.6% (FY2024: 272 million yen)

Drivers of Growth

Increase in new CW construction projects and external projects

Revenue Points

Operations of hotels and other facilities developed by CW

Performance Growth*

Year-on-year sales growth: +30.6% (FY2024: 211 million yen)

Drivers of Growth

Robust recovery of the tourism industry after the pandemic

CAM obtained a license to provide investment advisory and agency services in October 2024.
We will commence operations and enter a growth phase in FY2025.
We expect to contribute to an increase in recurring revenue from FY2025 onward.

*For the performance growth, the year-on-year sales growth is calculated from consolidated sales.

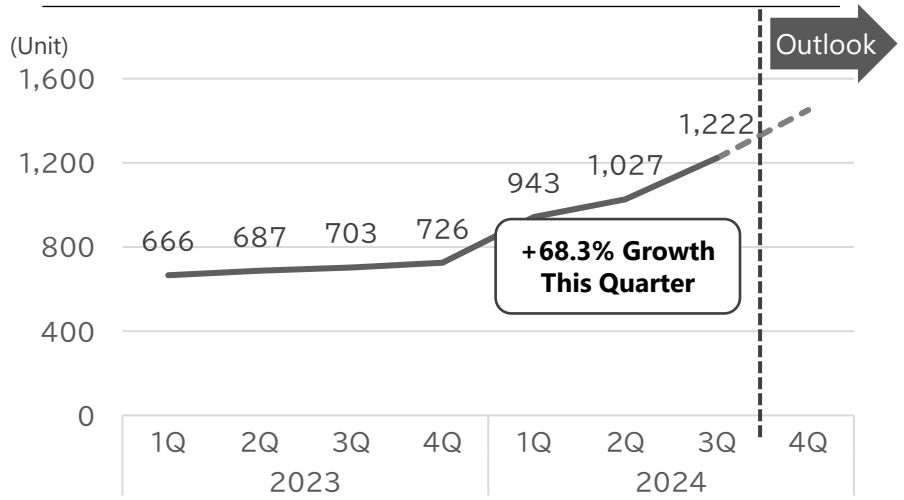
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Performance of Consolidated Subsidiaries (2)

Our consolidated subsidiaries are showing positive trends in KPIs that contribute to business growth.

CC's KPI

Number of Units under Management

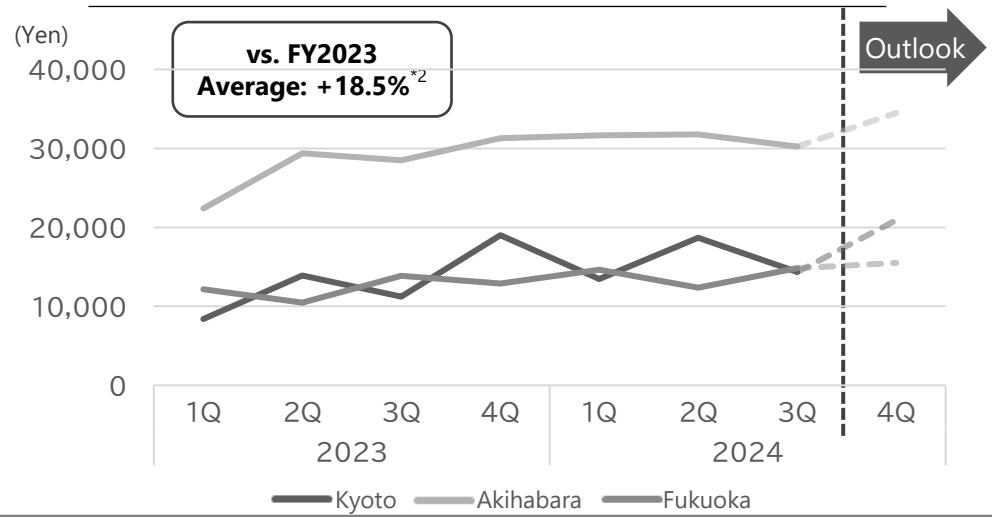


We have been successfully acquiring property management contracts after sales, and the number of units under management has been increasing.

The positive trend has continued into the fourth quarter as of today (November 12, 2024), and the increase from the beginning of FY2024 to the end of the third quarter was +68.3%.

CHR's KPI

Quarterly RevPAR[*1]



We operate three hotels in Kyoto, Akihabara and Fukuoka. All hotels have shown growth, resulting in an +18.5% year-on-year increase in RevPAR.

We are currently undergoing room expansion renovations at our hotel in Akihabara to further increase revenue.

*1: Revenue Per Available Room (RevPAR) is a performance metric used in hotel operations to measure the revenue generated for each available room. It's calculated by multiplying the average daily rate (ADR) by the occupancy rate.
*2: The growth rate is calculated as the weighted average growth rate across all our entire hotel operations portfolio.

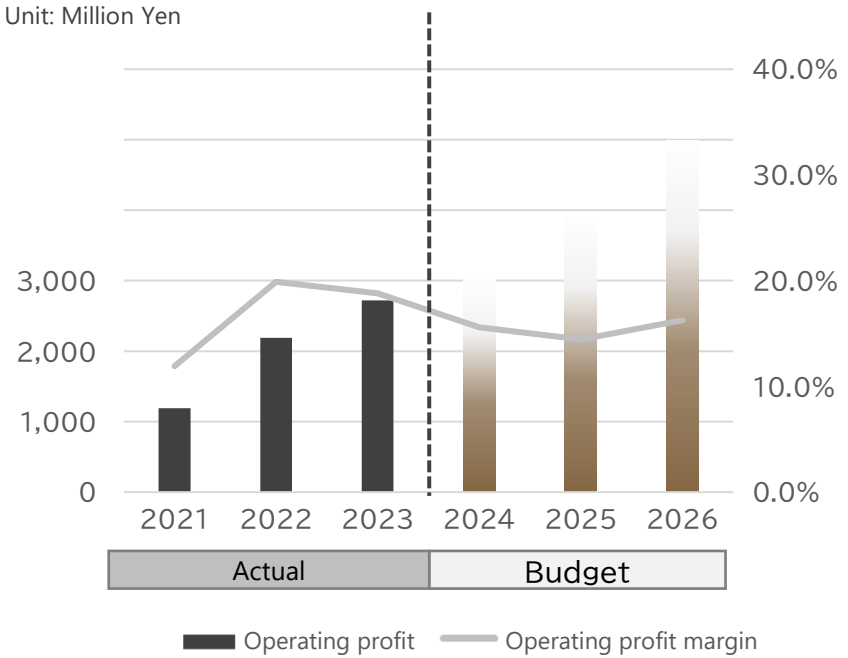
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6. Medium to Long-term Growth Strategy

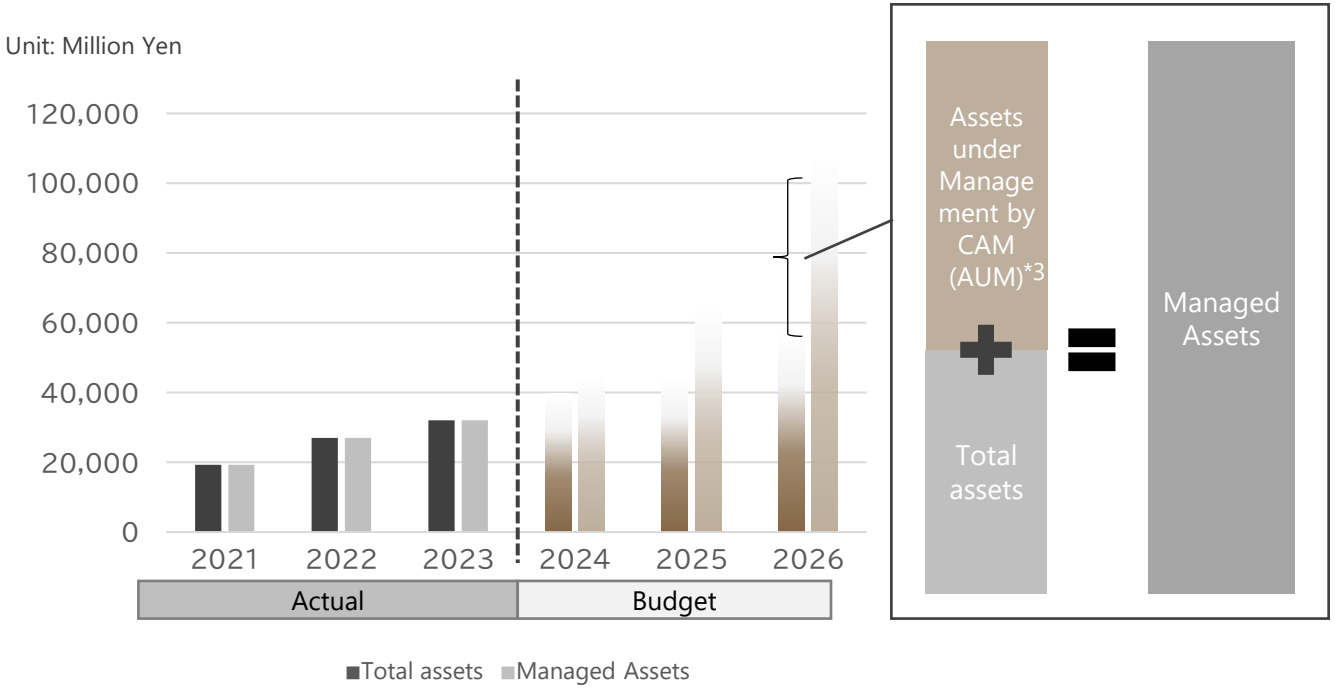
Medium to Long-term Growth Strategy

For effective operating results, we target a stable annual average growth rate of over 20% in operating profit from 2023 to 2026.
For a robust financial position, we target a long-term strategy of achieving approximately 25% equity ratio and an ROA*1 exceeding 10% by 2026, while maintaining Managed Assets*2 of around 100 billion yen.
We will also explore opportunities for overseas real estate investment as they arise.

Target for Consolidated Operating Profitability



Target for Consolidated Managed Assets



*1: ROA is calculated using ordinary profit as numerator.
*2: The term "Managed Assets" here represents our company's metric that combines assets under management by CAM (our subsidiary Columbia Asset Management Inc.) with total assets in the consolidated financial position.
While these Managed Assets can be monetized through sales to funds or real estate sales companies, we can generate recurring revenue from asset management business.
*3: We can continue to earn recurring revenue by CAM (Columbia Asset Management Inc.) offering management service to our developed properties even after we sell them to external parties. Assets under management by CAM is referred to as AUM here.
CAM obtained a license to provide investment advisory and agency services in October 2024 and is now pursuing licenses for Type 2 financial instruments business and investment management.

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Action Plan for Medium to Long-term Growth

Expansion of sales and profit by scaling up project size	• Following the concept of "Hardware" x "Service", we will continue to develop high yield real estate by integrating the building (hardware) with tailored services that meet the needs of our tenants/residents. ▶ This service-oriented approach will set our properties apart and increase their market value. ▶ Examples of Past Projects: An apartment with a breakfast service, an apartment with a Pilates studio, an immersive art-centric hotel where guests can "stay in a work of art" • In addition to our current projects, we plan to expand into non-residential development, including hotels.
Maximization of AUM and Boost of Returns	• We will strive to maximize internal rate of return (IRR) by putting more focus on fund-based and solution-based development. ▶ Through AUM maximization, we will enhance profitability and drive operating income.
Increase in Headcount and Investment in Employee Development	• By increasing our headcount, we can accelerate the growth of development projects and the number of properties under management. • New graduate recruitment will remain a cornerstone of our talent acquisition strategy. ▶ Our strength lies in our accumulated expertise in employee development. ▶ We can consistently develop the competencies of new hires, regardless of their prior experience. • We have started implementing external training programs to invest in our employees' growth. ▶ To enable us to handle larger, higher-margin projects, we will clearly define and communicate the management team's mindset and daily operations, and instill these values throughout the company.

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7. Appendix.

MESSAGE Corporate Philosophy

Columbia Works Inc. was founded with the goal of providing a space where people can live their best lives.

To make each person's life shine, buildings and services that create such spaces are essential. Unfortunately, many of buildings today are built solely for profit, lacking a unique concept.

Departing from the prevailing profit-driven mindset, we will pursue urban development that integrates buildings and services, where buildings are designed to meet the specific needs and desires of users.

Chief Executive Officer **Hitoshi Nakauchi**



Management Policy

- **Tackle social challenges**
- **Offer a variety of lifestyles**
- **Develop properties where a service delivers maximum value**

Investment Highlights

- **User-centric property development / Robust procurement and sales network**
- **Strong sales and ordinary profit growth**
- **Accelerated growth and AUM expansion facilitated by off-balance sheet securitization**

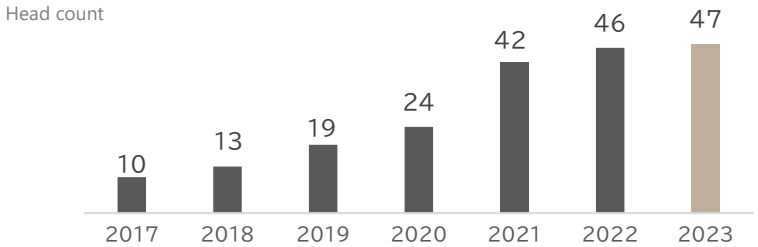
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Company Profile and History

Company Profile

Name	Columbia Works Inc.
Chief Executive Officer	Hitoshi Nakauchi
Address	Shibuya AXSH 9F, 2-17-1 Shibuya, Shibuya-ku, Tokyo, Japan
Established	May 14, 2013
Accounting Period	January to December
Share capital	1,365 million yen (As of March 31, 2024)
Business Field	Real Estate Development / Real Estate Leasing Management / Hotel Operations / Asset Management
Subsidiaries	Columbia Community Inc. Columbia Hotel & Resorts Inc. Columbia Asset Management Inc.

Number of Employees

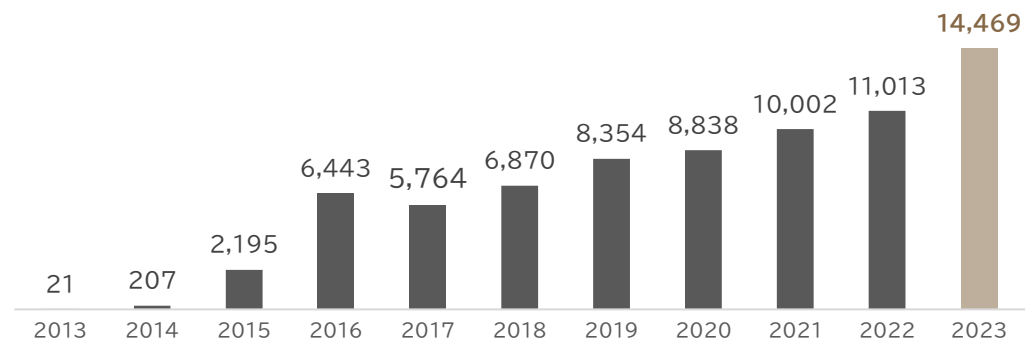


Note: The number of employees as of the end of the fiscal year is based on a standalone basis until 2020 and on a consolidated basis from 2021 onwards.

Company History

May 2013	Established
August 2013	Started a real estate development service
August 2014	Established JAC Community Inc. (a consolidated subsidiary now known as Columbia Community Inc.) and started providing real estate leasing management service
January 2018	Established Columbia Hotel & Resorts Inc. as a consolidated subsidiary and started hotel operation service
July 2021	JAC Community Inc. rebranded as Columbia Community Inc.
April 2023	Established Columbia Asset Management Inc. as a consolidated subsidiary
March 2023	Listed on the Tokyo Stock Exchange Standard Market

Net Sales



Note: Our financial statements are prepared on a consolidated basis starting from the fiscal year 2021. Prior to that, they were prepared on a standalone basis and not audited.

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Management Team



Chief Executive Officer

Hitoshi Nakauchi

Having started his career in condominium development at Meiwa Estate Co., Ltd., Nakauchi joined Orix Corporation in 2024 and played a key role in various real estate development projects including high-rise condominiums, later transitioned to real estate asset evaluation. Leveraging his extensive experience in real estate development and finance, Nakauchi founded Columbia Works Inc. in 2013.



Chief Financial Officer

Naoya Mizuyama

Having started his career at Orix Corporation, Mizuyama developed expertise in commercial facility development. He expanded his expertise into real estate finance by working on the securitization of renal income from commercial properties. This experience, coupled with his qualifications as a first-class architect and security analysis, led Mizuyama to co-found Columbia Works Inc. with Nakauchi in 2013. As a CFO, he leverages his deep understanding of both real estate development and finance.



Director

Tsuyoshi Uozumi

Uozumi began his career at Mori Trust Co., Ltd., where he was involved in the acquisition and planning of large-scale mixed-use development sites. Subsequently, he joined Hulic Co., Ltd. and gained extensive experience in project management for a variety of developments, including commercial facilities, hotels, office buildings, and nursing homes. This experience, with his first-class architect qualification, led Uozumi to join us in 2019. Since then, he has played a key role in various development projects and was appointed as a director in 2023.

Independent Director

Manabu Omata

Omata is a chief executive officer at PRIME HOME,inc. Since joining us as an independent director in 2021, he has applied his extensive experience in the real estate industry and his knowledge gained from angel investing in various ventures, particularly in the real estate sector, to our company's management.

Director (Audit and Supervisory Committee Member)

Toru Iwamoto

Iwamoto, with a 35-year career at Dai-Ichi Bank (now Mizuho Bank), joined Seiwa Building Co., Ltd. as an executive officer and was subsequently appointed as an auditor in 2020. Since 2022, he has served as our director (audit and supervisory committee member).

Independent Director (Audit and Supervisory Committee Member)

Takahiko Oba

Oba is a chief executive officer at Tetra Works Inc. He joined us as an auditor in 2021 and subsequently as a director (audit and supervisory committee member) in 2022. With his background at Deloitte Touche Tohmatsu LLC and experience as an independent director for various companies, combined with his accounting expertise as a certified public accountant, Oba brings valuable insights to our company's management.

Independent Director (Audit and Supervisory Committee Member)

Nozomu Takashima

Takashima is a lawyer at Nagashima, Ohno & Tsunematsu Law Firm. He joined us as an auditor in 2021 and subsequently as a director (audit and supervisory committee member) in 2022. With a background in a U.S. law firm and a secondment to Mitsubishi Corporation's legal department, Takashima provides invaluable legal expertise to our company.

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Real Estate Development Service (In-house Development)

Strategies

- We acquire land and undertake a property development while keeping it as our asset in the balance sheet.
- Through our value-added service to improve the quality of life, tailored to the specific characteristics of the area, we aim to differentiate our properties, maintain premium rental rates, and ultimately realize a successful sale to institutional investors such as funds.
- We offer a "lifestyle proposal" that seamlessly connects "living, working, and playing", encouraging our customers to use our services consistently.
- We will promote Build-to-Suit (BTS) developments.

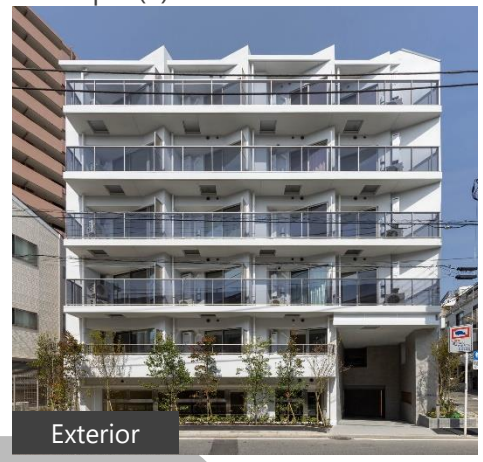
Action Plan

- We will drive the development of residential properties aligned with our fundamental concept of "Hardware" x "Service".

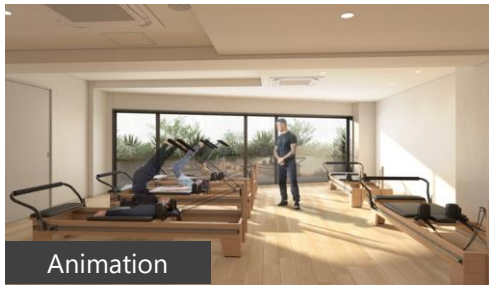
Examples

- Example (1) Planning of adding a Pilates studio for residents to an apartment
- Example (2) Planning and development of a student apartment, partnering with Mainichi Comnet Co., Ltd., a leading company in BTS student apartment operations.

Example (1)



Exterior



Animation

Property Name	LUMIEC HONCHO WEST
Address	3, 18, Honcho, Itabashi-ku, Tokyo
Units	30 units (including 1 commercial unit)
Use of Property	Store and Apartment
Completion of Construction	March 2023
Features	It's an apartment where residents can access to Pilates lessons. The residents can promote their well-being with the complimentary access to three group Pilates classes in a month. Each room is furnished with a monitor and Pilates mat. In addition, "LUMIEC HONCHO EAST", located within a 3-minute walk, was completed in February 2024 and is now available for use.

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Real Estate Development Service (Fund-based Development)

Strategies

- We acquire land and sell it to SPC.
- Through the use of SPC, we aim to enhance our capital efficiency, optimize our financial positions, and maximize overall company profitability rather than focusing on the profitability of individual projects.
- To form a stable funds, we target cash-rich regional enterprises and affluent individuals as an equity partner.
- Upon securing the requisite regulatory approvals for asset management, we will sell properties to SPC of which Columbia Asset Management Inc. (CAM) will assume the asset management role. This will not only secure a stable sales channel but also expand revenue opportunities for our group from AM services.

Action Plan

- We will actively explore debt and equity financing sources to form a SPC.
- CAM will acquire the required regulatory approvals to engage in asset management.

Examples

- Example (1) Development of a small luxury hotel in Okinawa
- Example (2) Development of a hotel featuring hot springs in Hakone Sengokuhara

Example (1)


Kouri Island



Property Name	(Provisional) Project "1912, Kouri Michinoshitahara, Nakijin-son "
Address	1912, Kouri Michinoshitahara, Nakijin-son, Kunigami-gun, Okinawa
Use of Property	Accommodation
Scheduled Completion	Winter 2026
Features	This is a development of a small luxury hotel on Kouri Island, accessible by bridge from Okinawa Island. A large-scale entertainment facility called "JUNGLIA" is under development in northern Okinawa and is expected to open in 2025. Kouri Island is expected to attract a significant number of domestic and international visitors in the future. We are planning to form a strategic relationship with a well-known hotel operating company in the region.

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Real Estate Development Service (Solution-based Development)

Strategies

- We acquire land (sometimes including buildings) and sell it to investors.
- In cases where incorporating a development plan or other business scheme allows for substantial profits from selling the land as a site to be developed, we will sell the land, prioritizing investment efficiency.
- We will actively pursue value enhancement projects through renovation of existing properties. It mitigates development risks such as rising construction costs and extended construction periods, and ensures more stable business operations.

Action Plan

- We will acquire land with the potential to generate substantial returns by incorporating a development plan.
- We will acquire undervalued properties or the ones with potential for further rent increases and subsequently enhance the value.

Examples

- Example (1) Conversion of a hotel in Negishi, Taito-ku into a rental apartment, with plans to fully renovate all units to enhance the property's value
- Example (2) Sale of a property in Sangenjaya to a railway company after securing a building permit and executing a contraction contract with a general contractor aligned with our service plan

Example (1)



Property Name	LUMIEC NEGISHI
Address	12-10, Negishi Nichome, Taito, Tokyo
Units	22 units (All fully renovated)
Use of Property	Residence
Scheduled Sales	March 2024
Features	We have converted a hotel into a rental apartment building, and completed a full renovation of all units and common areas. To complement the current trends and the classic charm of Negishi, we have selected natural-toned materials for the room's fixtures and flooring. This choice creates a warm and inviting ambiance.

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Real Estate Development Service (Leasing Management and Hotel Operations)

Real Estate Leasing Management

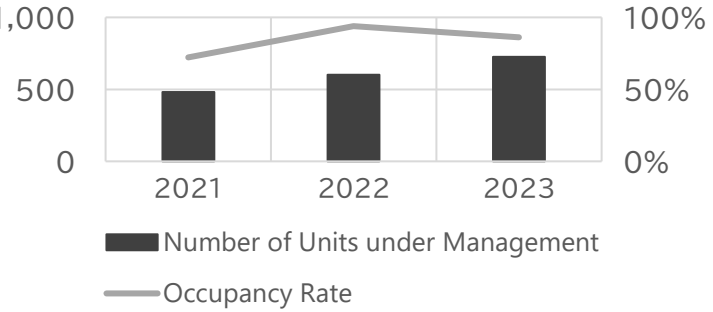
【Strategies】

- We will leverage group synergy and expand our leasing management business for new properties including pipelines of Columbia Works Inc. Additionally, by applying our expertise in high-value-added leasing management, we aim to increase the number of units we manage in existing properties and ultimately improve our profitability.
  ※As of the end of FY2024 1Q, the number of units we manage is 943 units.

【Action Plan】

- In order to secure leasing management contracts for properties of Columbia Works Inc. (CW) even after the sale, we will maintain the high-quality management service.
- We will maintain high occupancy rate through the intensification of our leasing efforts.
- We seek to cultivate deeper relationships with funds to secure additional property management business, extending the coverage beyond properties sold by CW.

Number of Units under Management and Occupancy Rate



Note: The figures here are as of the end of each fiscal year.







Guest Room of "Art Hotel"

Hotel Operations

【Strategies】

- Building on Columbia Works Inc.'s expertise in area marketing, we operate hotels that provide distinctive experiences such as "staying in a work of art", tailored to the specific characteristics of each region. We aim to differentiate ourselves from competitors and achieve stable room rates and occupancy rates.
  ※As of the end of FY2024 1Q, the number of hotels we own and operate is 3.

【Action Plan】

- By hosting regular events based on customer profile analysis, we aim to enhance customer experience and increase repeat customers.
- We will execute a targeted PR to effectively attract overseas tourists.
- We aim to further increase sales through the new hotel opening.

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Policy on Shareholder Returns and Dividends

While our core business is real estate development, we established Columbia Asset Management Inc. last year to secure stable future revenue through asset management services. Additionally, we listed on the Tokyo Stock Exchange Standard Market in March 2024 to ensure flexible funding for our sustainable growth.
We will continue to pursue initiatives for ambitious growth targets.

We recognize the importance of contributing to a stable share price. We aim to ultimately contribute to it through the acceleration of our business growth and generate profits, by leveraging the proceeds from our IPO for large-scale development projects. In light of the current real estate market dynamics and our cash flow position, however, we believe that a balanced approach including shareholder returns is imperative to ensure our continued financial flexibility and future growth initiatives.

Given the aforementioned factors, we plan to continue shareholder returns aiming for dividend payout ratio of 15% to 20%, rather than focusing on the dividend amount.

Although we may need to modify our shareholder return and dividend policies in response to fluctuations in the capital markets and real estate market, we remain committed to acting in the best interests of our shareholders.

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Disclaimer

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These statements are based on current expectations, forecasts and assumptions and are subject to risks and uncertainties. Actual results may differ materially from those expressed.

Also, these risks and uncertainties include general industry and market conditions as well as domestic and international economic factors such as interest rates and foreign exchange rates.

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COLUMBIA WORKS



Crafting a stage where people can shine in the world