

# IR Day

## Investment Management Business

December 6, 2024

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## Speakers

### Investment Management Department

Executive Officer,  
General Manager of Investment  
Management Business Department

## Junji Inagawa

#### Biography

1992 Joined Mitsubishi Estate, started career in residential development  
2001 Corporate Planning Department  
2008 Seconded to Rockefeller Group  
2013 Deputy General Manager of International Business Department  
2017 Unit Leader of Investment Management Business Department  
2019 Seconded to TA Realty (Executive Vice President)  
2022 General Manager of Investment Management Business Department  
2023 Executive Officer, General Manager of Investment Management Business Department

### TA Realty LLC

Managing Partner

## Michael R. Haggerty

Managing Partner

## James P. Raisides

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- Core Open-End Strategy
- Digital Real Estate Platform

# Business Overview and Our Strengths

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# 1. Investment Management (IM) Business: Growth Driver for Non-Asset Business in Achieving Long-Term Plan

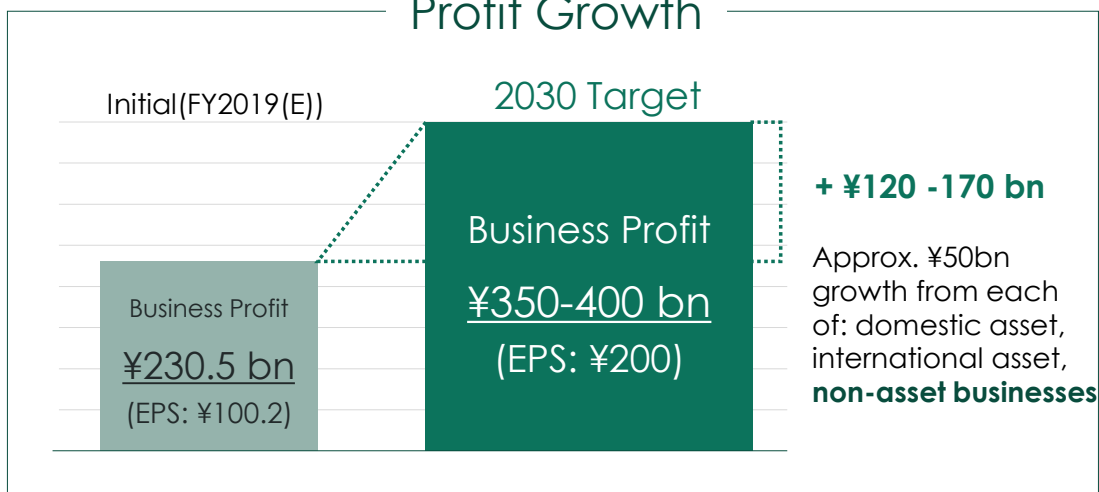
- Establish a global platform linking our regional foundations, and deliver global investment opportunities to institutional investors worldwide
- Drive the non-asset business growth through collaboration with other business lines, enhancing group-value-chain and global investment strategies

2030 Target

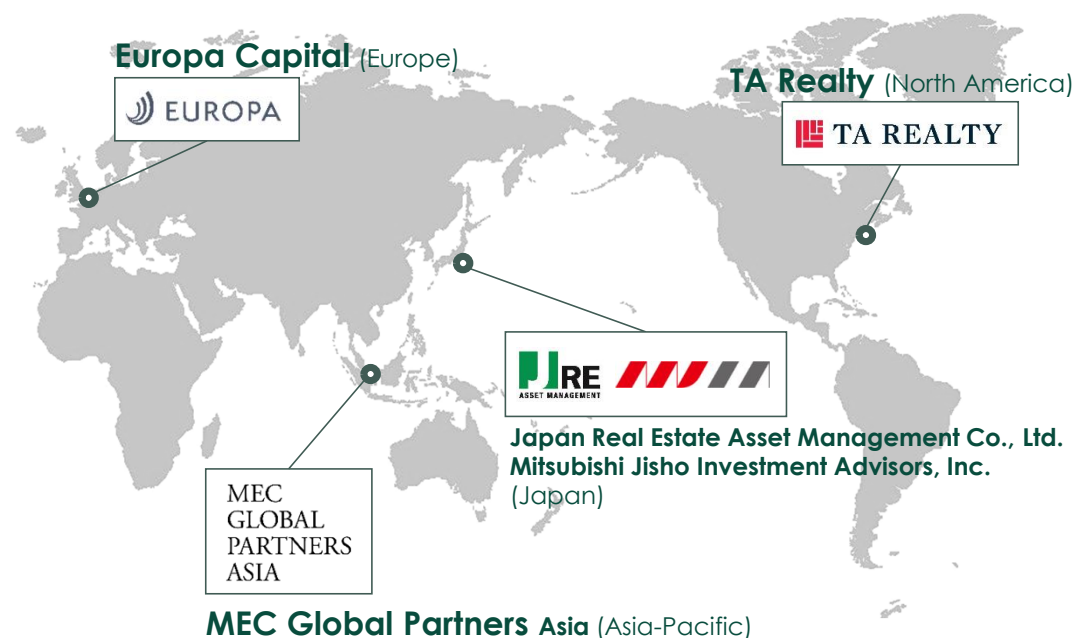
ROA <sup>※1</sup>	ROE	EPS
5%	10%	¥200

※1 ROA = Business Profit<sup>※2</sup> / Total Asset (average of opening/closing balances)

Profit Growth



※2 Business Profit = Operating Income + Equity in earnings (loss) of unconsolidated subsidiaries and affiliates

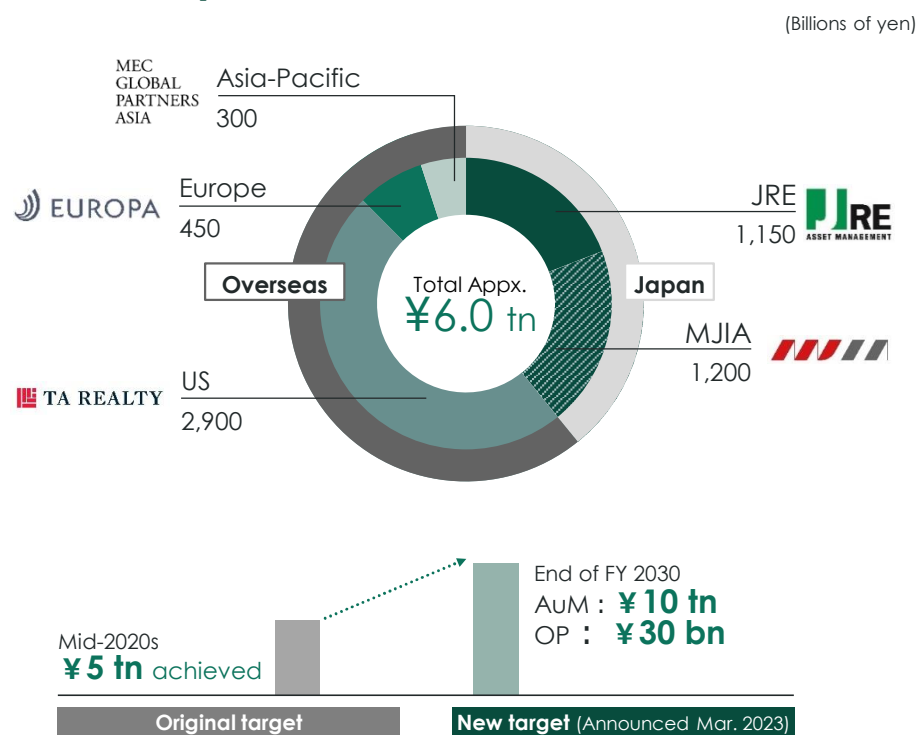


Play a leading role as a **growth driver in non-asset business** to achieve the target

## 2. Growing AuM and Operating Income

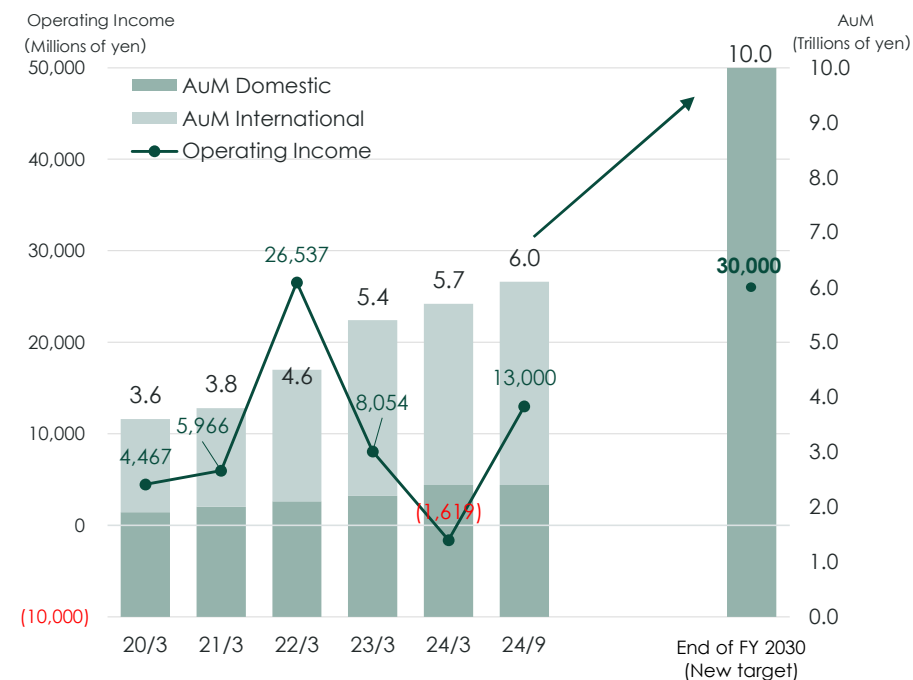
- Achieved the original AuM (Assets under Management) target ahead of schedule (¥6.0 tn as of FY2024-2Q)
- Announced new targets: AuM of ¥10 tn and operating profit of ¥30 bn by end of FY2030

### FY2024-2Q Actuals



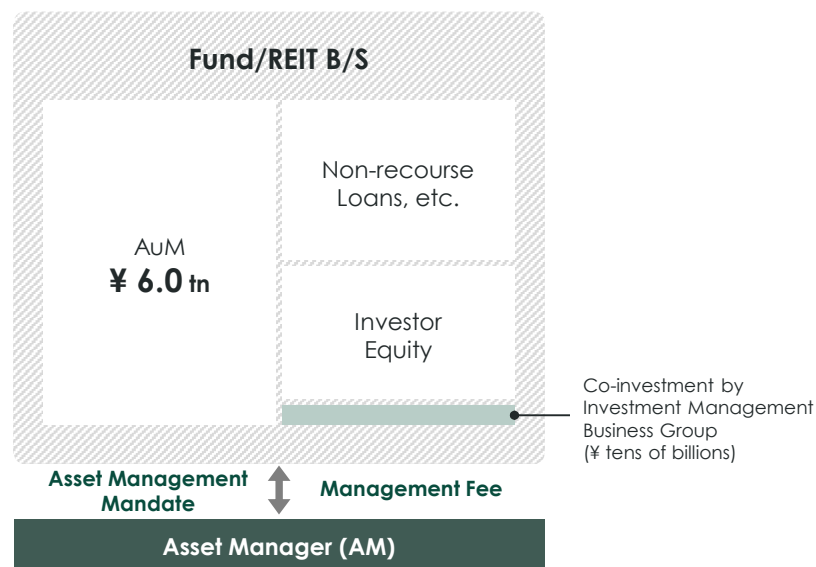
Japan: As of Sep. 2024 Overseas: As of Jun. 2024

### Changes in AuM and Operating Income



### 3. Revenue Model

- Centerpiece of the non-asset business, earning fees through managing funds and REITs, i.e. investor capital, acquiring and operating real estate
- Stable base fees being the backbone of the revenue base and the critical factor in the growth of business value



#### Base fee

- AM fee: fees earned over management period, tied to NAV, GAV, etc.
- Acquisition fee: fee earned upon acquisition of an asset, tied to acquisition cost
- Disposition fee: fee earned upon sale of an asset, tied to sale value

#### Incentive fee

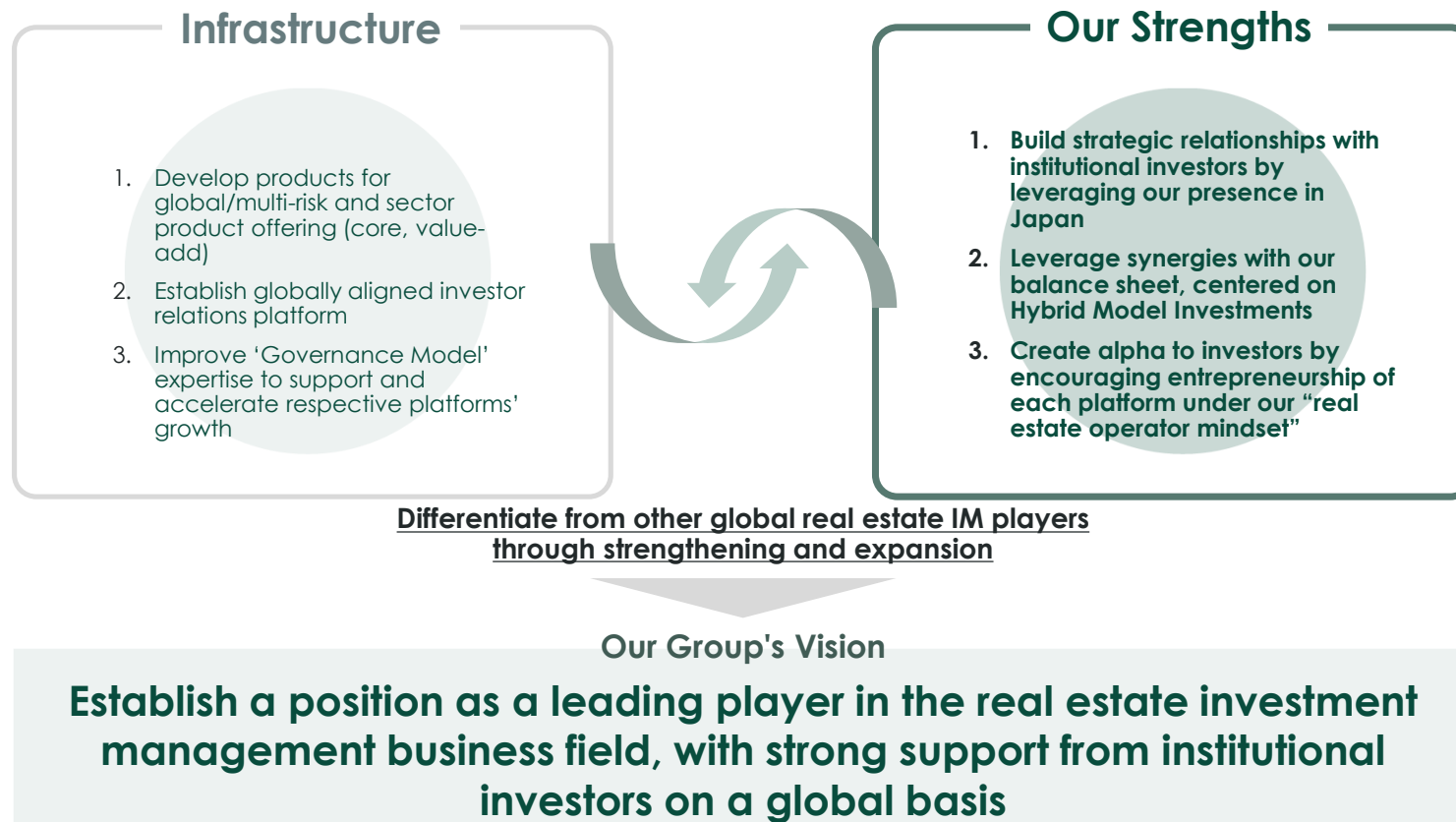
- Incentive fee: performance-based fee earned when the return exceeds the target return threshold

#### Co-investment profit

- Investment profits from equity contribution made at a certain percentage to share risk with investors
- ※ Apart from co-investments, International Business Group invests through Investment Management Business Group platforms together with third-party investors, which we call "Hybrid Model Investments. Details to follow

## 4. Our Strengths and Vision

- A distinctive model as a Japanese developer, earning fees globally by leveraging the expertise of professionals in respective markets
- Aim to establish a position as a leading global player, driven by differentiations leveraging our strengths, and grow AuM on a constant basis

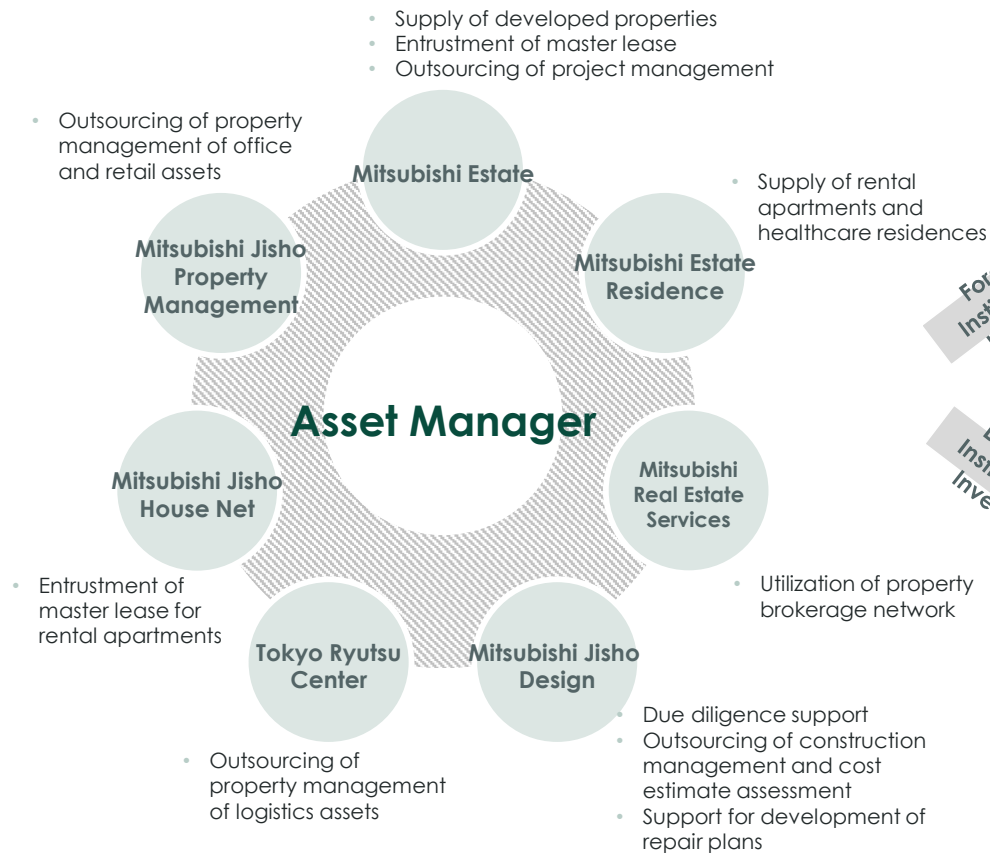




## 5. Differentiator 1 - Build strategic relationships with institutional investors by leveraging our presence in Japan

- Build global relationships with institutional investors by leveraging Japan's unique model of developer-driven IM business
- Establish a global cross-selling network to cater to the needs of Japanese institutional investors in overseas real estate investment

### Value Chain in Japan



### Global Expansion

Received several tens of billions of yen investment commitments from major overseas pension fund and sovereign wealth fund, seeking to build partnership with Mitsubishi Estate Group and expand exposure in Japan



Foreign Institutional Investors

Domestic Institutional Investors

Number of domestic institutional investors

0 company

TA REALTY

EUROPA

MEC  
GLOBAL  
PARTNERS  
ASIA

Number of domestic institutional investors

60+ companies

¥ 500+ bn

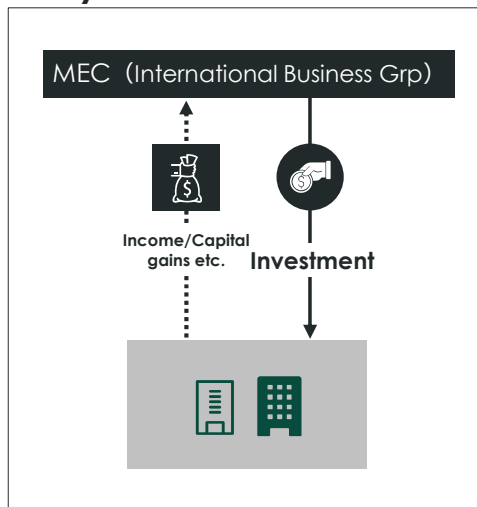
## 6. Differentiator 2 - Leverage synergies with our balance sheet, centered on Hybrid Model Investments

- Accelerate IM business growth such as new-sector product launch with seed-investment by 'Hybrid Model' with International Business Group
- Growth International Asset business with portfolio diversification and risk management by leveraging IM platforms' capabilities such as sourcing
- Contribute to company-wide performance though return on real estate investment in addition to expansion of base fee income

\* Operating income generated through Hybrid Model Investments in TA's core open-ended fund (CPF)/FY21: ¥10.8bn, FY22: ¥19.5bn, FY23: ¥7.6bn

Own-book investment Model

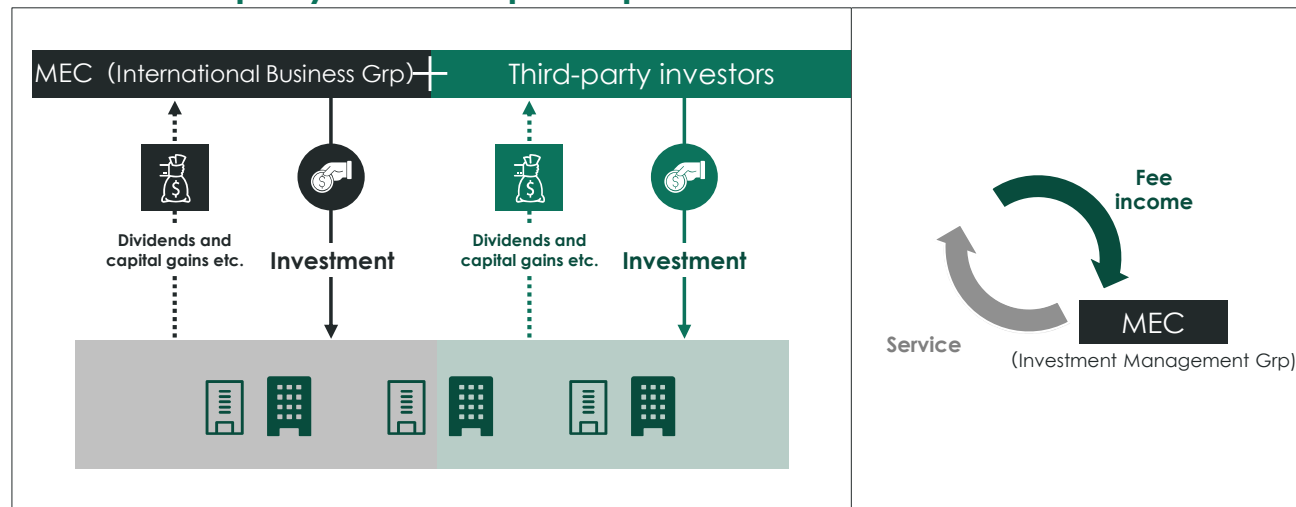
**Only MEC to invest**



Limited scale of investment and number of properties

Hybrid Model

**MEC + third-party investors participation**



Capacity to invest in more properties

**Risk diversification and  
Enhanced sourcing capabilities**

Management Service

**Generate fee income**

## 7. Differentiator 3 - Create alpha to investors by encouraging entrepreneurship of each platform under our “real estate operator mindset”

- Deliver alpha to investors through "commitment to real estate" as a developer group, and upholding and strengthening the entrepreneurial spirit of each of platform firms
- Introduction of the US platform firm, on a growth trajectory with its differentiation to create alpha to investors – TA Realty



*Michael R. Haggerty* | Managing Partner

### Biography

Mike Haggerty is a Managing Partner of TA Realty, and a senior member of TA Realty's acquisitions team. He is responsible for strategic management of the Firm and oversees strategic initiatives, fundraising activities and human resources for the Firm. Over his more than 30 years of industry experience, Mike has served in a variety of roles that encompass acquisitions, portfolio management, capital raising and asset management. He has been with TA Realty since 1998 and a member of the Firm's Investment Committee since 2014. Mike also serves on the Firm's Management Committee and Acquisitions Committee and sits on the Board of Managers.



*James P. Raisides* | Managing Partner

### Biography

Jim Raisides is a Managing Partner of TA Realty and leads the Firm's portfolio management team. He is responsible for strategic management of the Firm and oversees the achievement of the goals and objectives for the Firm's investment vehicles. Over his nearly 30 years of industry experience, Jim has served in a variety of roles that encompass portfolio management, dispositions, capital raising and asset management. He has been with TA Realty since 1996 and a member of the Firm's Investment Committee since 2004. Jim also serves on the Firm's Management Committee and Acquisitions Committee and sits on the Board of Managers.

# TA Realty Firm Overview

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## Private Real Estate Investing Since 1982

- **\$42 billion** of real estate acquired, invested and/or managed since inception
- More than **1,230** commercial and multifamily properties acquired in 40+ years
- Partners average **29 years** of industry experience<sup>1</sup>
- One of the largest Investment Managers, buying/selling, of **industrial** real estate in the U.S.<sup>2</sup>
- Dedicated **research** focused on adding value throughout the life of the investment
- Committed to establishing a culture that places **ESG+R** at the forefront of our operational processes



<sup>1</sup>As of 10/15/24. <sup>2</sup>Source: Real Capital Analytics, Inc. (RCA) for which TA Realty pays an annual subscription fee. In each case based on transactional value as of 6/30/24. Excludes entity level transactions as defined by RCA. Per RCA, entity-level transactions typically involve the sale of shares in a company owning the real purchase of property.

## Established, Experienced and Stable Team

### Our People

- Over 125 professionals across real estate disciplines and geographical regions
- 26 partners, averaging 29 years of real estate experience and 19 years of tenure at TA Realty<sup>1</sup>
- Alignment with investors through significant co-investment, broad sharing of carried interest and significant Partner ownership of the Firm
- Experience investing and managing in multiple real estate markets over broader economic cycles

### Our Locations



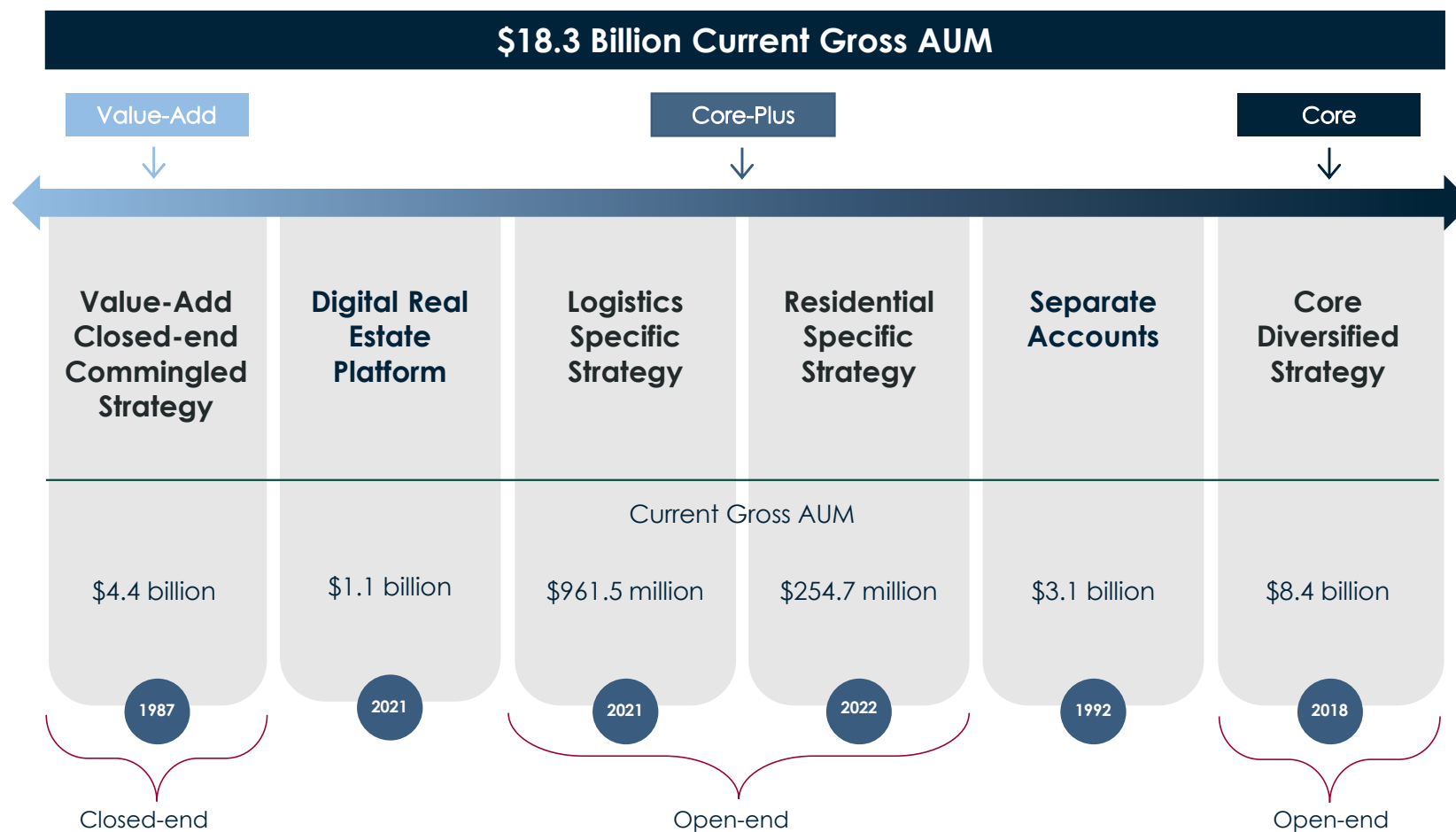
<sup>1</sup>As of 10/15/24

## Senior Leadership Across Disciplines

Portfolio Management	Acquisitions	Asset Management	Firm Operations
19 Total Team Members	17 Total Team Members	21 Total Team Members	21 Total Team Members
Jim Raisides (29/33)* <i>Managing Partner</i>  Alan Brand (24/41) <i>Partner</i>  David Buxbaum (18/29) <i>Partner</i>  Nicole Dutra Grinnell (23/29)* <i>Partner</i>  Jake Maliel (11/17) <i>Partner</i>  Nhat Nguyen (18/18) <i>Partner</i>  Allison O'Rourke (5/26) <i>Partner</i>  Sean Ruhmann (8/20)* <i>Partner</i>	Jim Buckingham (28/43)* <i>Managing Partner</i>  Christine Elmore (14/15) <i>Partner</i>  Doug Engelman (21/37) <i>Partner</i>  Greg Lovely (6/20) <i>Partner</i>  Tom Shapiro (10/10) <i>Partner</i>  Greg Waxman (20/22)* <i>Partner</i>  Jim Whalen (33/40)* <i>Partner</i>	Brooks Wales (25/27) <i>Partner, Head of Asset Management</i>  Scott Amling (24/35) <i>Partner</i>  Chris Good (24/37) <i>Partner</i>  Jim Knowles (26/39) <i>Partner</i>  Kendrick Leckband (17/24) <i>Partner</i>  John Powell (22/34) <i>Partner</i>	Mike Haggerty (27/36)* <i>Managing Partner</i>  Lori Krogh (9/15) <i>Chief Compliance Officer</i>
Research	ESG+R	Valuations	Investor Relations
Lisa Strobe (5/30) <i>Vice President, Research</i>	Anne Peck (3/24) <i>Vice President, Head of ESG+R</i>	7 Total Team Members  Randy Harwood (11/42) <i>Partner, Head of Valuations</i>	15 Total Team Members  Tom Landry (18/37) <i>Partner</i>
			Financial Operations
			29 Total Team Members  Scott Dalrymple (21/31) <i>Partner, Chief Financial Officer</i>  Pat Fisher (14/21) <i>Partner, Head of Investor Accounting</i>

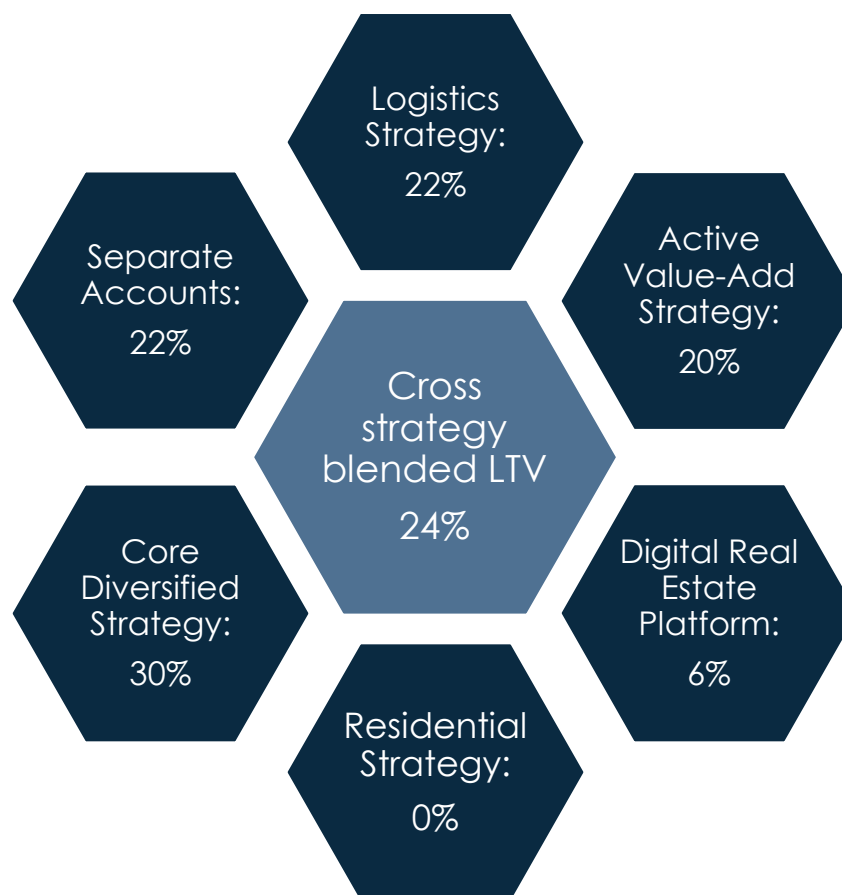
As of 10/15/2024. \*Indicates Investment Committee Member. Numbers in parentheses represent tenure with the firm/years in the industry. Total Team Members include administrative personnel assigned to each functional group.

## Dedicated Strategies





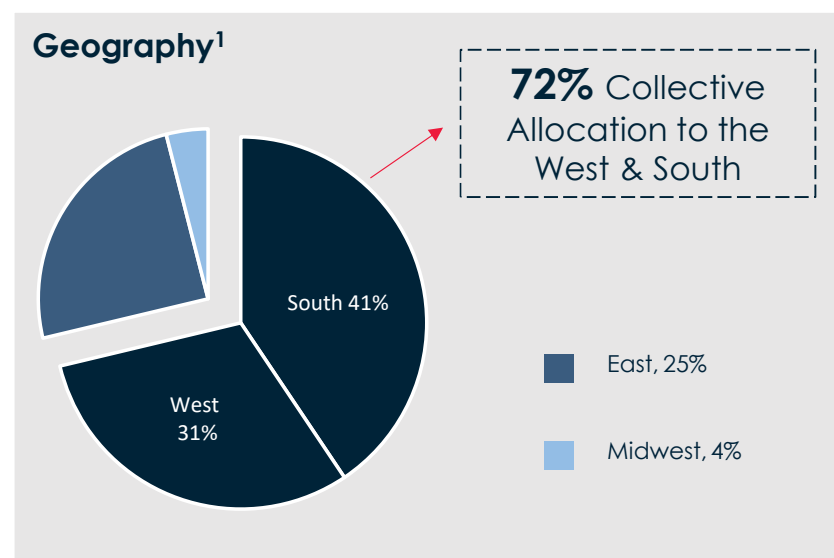
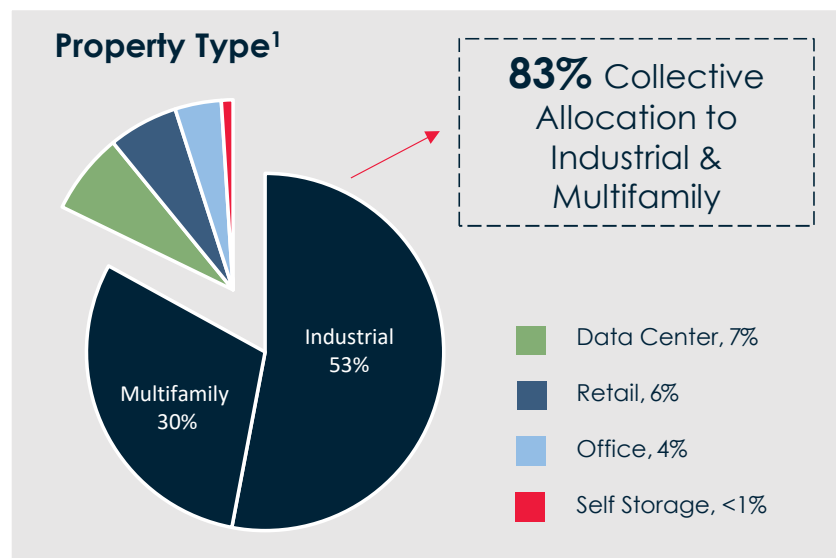
## Current LTV Across TA Realty Strategies



Indebtedness may be incurred in connection with the operations of the Strategies. The use of leverage will increase the exposure of the investments to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the investments or their respective markets.

## Strategic Allocation & Positioning

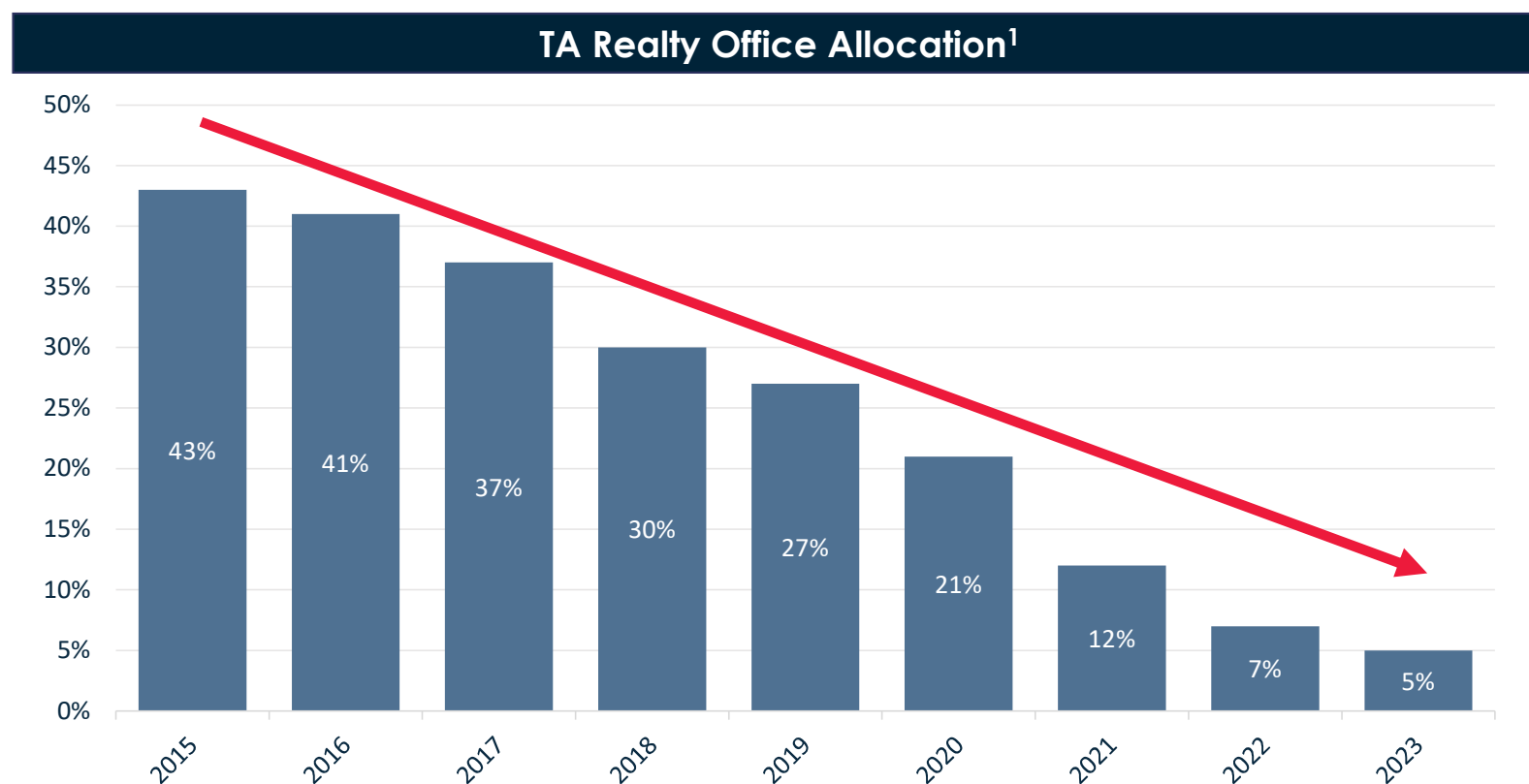
Experienced investors in industrial and multifamily  
over several decades and market cycles



<sup>1</sup>Based on property gross asset values as of 6/30/24. Percentages may not sum due to rounding.

## Tactical Office Allocation Reduction

- 88% reduction since 2015 and 38% reduction pre-covid



Pre-covid is defined as the period before year 2020. <sup>1</sup>Based on property gross asset values as of 12/31/23.

# Value-Add Closed-end Strategy

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## Investment Strategy

**TA Realty has an established track record of creating diversified, value-added real estate funds that deliver attractive risk-adjusted returns**

Focus in high-growth U.S. regions along the coasts and in the south

Over 40-year history of relationships provides access to significant off-market deal flow

Property diversification: Industrial, Multifamily, Office, Grocery-anchored Retail

Hands-on asset management: Deep property level operating expertise through multiple market cycles

Average deal size of approximately \$35 MM: Takes advantage of inefficient market dynamics to provide higher yield.

Typically avoids joint venture structures: No extra fees and avoids potential misalignment

Prudent use of debt:  
50% LTV constraint - 40-45% target

Proactive management of tenant and industry exposure to minimize concentration risk

# Core Diversified Strategy

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## Investment Strategy

**TA Realty's core diversified strategy leverages our decades of real estate experience to construct and operate a well-diversified portfolio of institutional-quality, core real estate holdings in major U.S. metropolitan areas, with an emphasis on steady income generation.**

### **Constructed for today's economic environment**

Strategically constructed with an overweight to industrial and multifamily vs. industry peers

### **Hand-picked locations**

Concentrated in strategic U.S. markets with an emphasis on steady growth and income generation

### **Well diversified holdings**

Diversified by property type, geography, industry exposure, and tenancy

### **Intensive asset management**

Hands-on asset management drives income growth at the property level

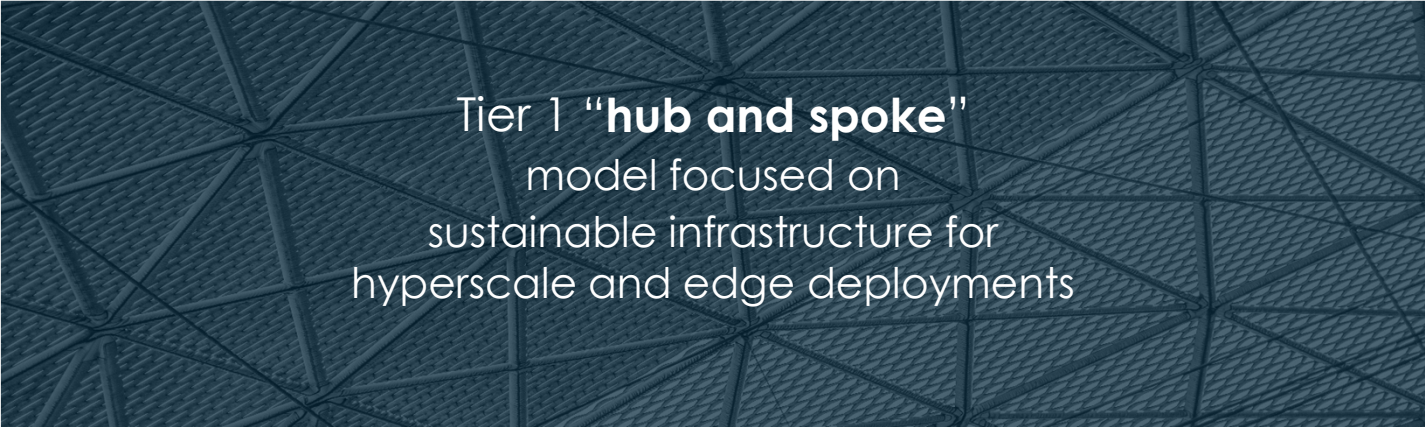
# Digital Real Estate Platform

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## Investment Strategy

- “Hub and Spoke” model combines large, hyperscale campuses with smaller, edge facilities
  - Hyperscale campuses target large cloud providers and related technology companies fulfilling needs for data storage and compute, while edge deployments near population centers target latency and interconnection needs
  - Comparable to logistics investing where large warehouses are coupled with infill, last-mile facilities for the storage and distribution of goods
  - Hub and spoke pattern mimics business plan of large cloud providers creating synergies across properties and built-in demand drivers
  - Focus on high quality tenants and long-term leases expected to provide portfolio stability



Tier 1 “**hub and spoke**”  
model focused on  
sustainable infrastructure for  
hyperscale and edge deployments

There can be no assurance that the Platform will be able to implement investment strategies described above.

## Investment Strategy

Development of  
edge and hyperscale  
campuses for  
single-tenant users

### Hyperscale Campus

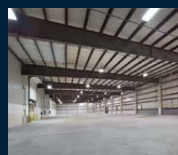
- Scale solutions for large technology and cloud providers

### Edge Facilities

- Infill solutions targeting latency and interconnection needs



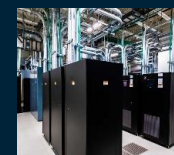
POWERED SHELL



TURN-KEY

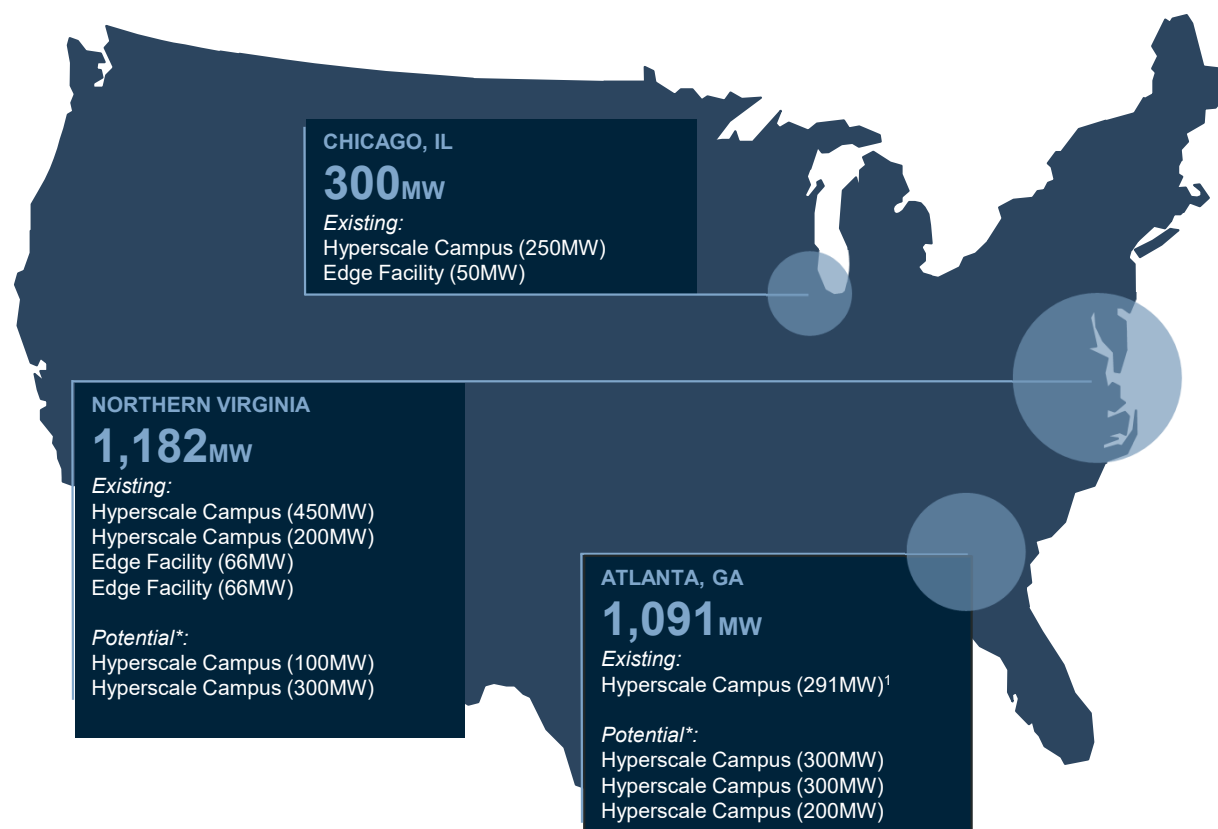


RETAIL COLOCATION



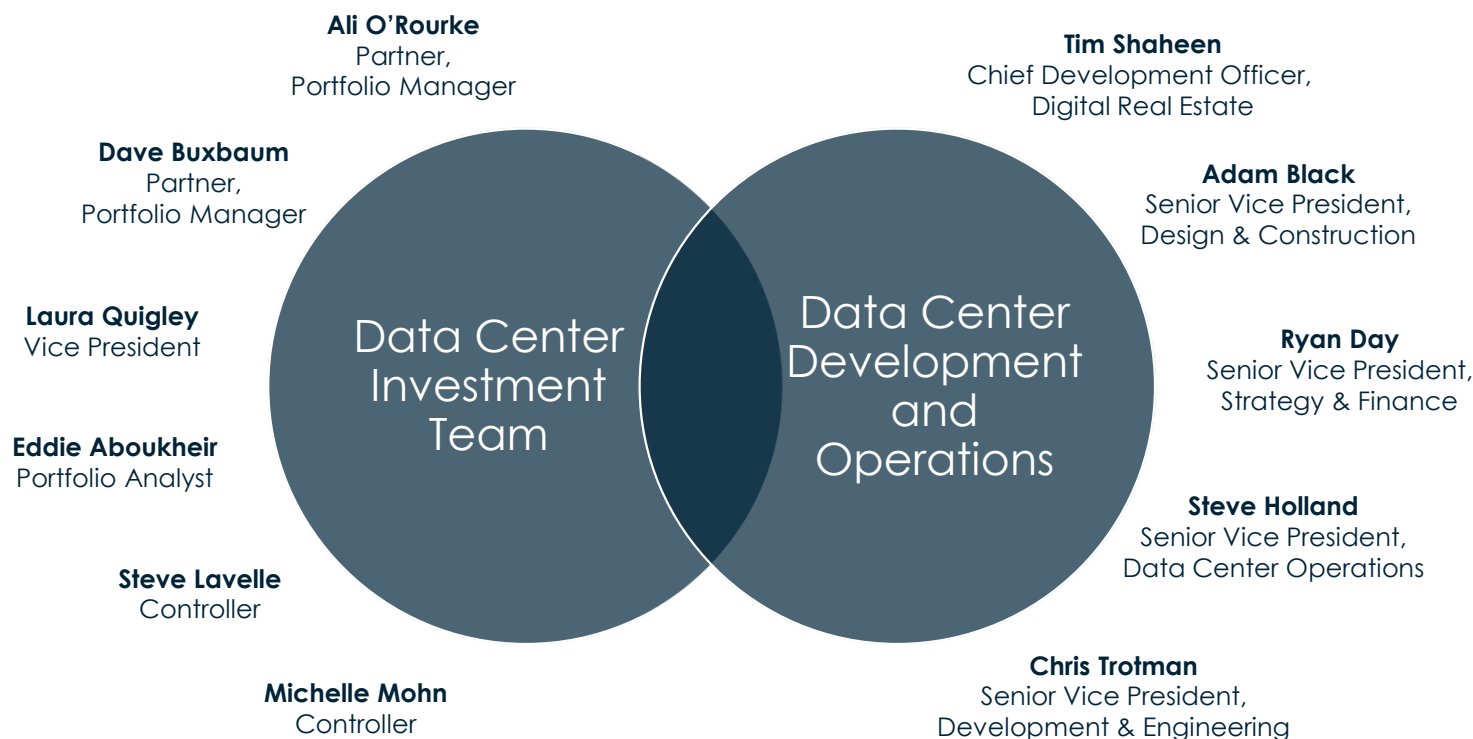
## Development Investments and Pipeline

(as of November 2024)



\*Indicates potential development under contract. There can be no assurance that the Platform will acquire these assets or similar properties or that future acquisitions will be on similar terms. Approximate total MW per asset. <sup>1</sup>Asset is not owned by TA Realty, however TA Realty is a co-developer.

## Digital Real Estate Team



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### Firmwide Resources

Acquisitions   Research   ESG+R   Valuations   Investor Accounting

## Case Study - NOVA Business Park

5 Building, Secure Campus,  
Two onsite dedicated  
substations

SITE SIZE  
(ACRES)

**145**

**acres**

TOTAL  
POWER<sup>1</sup>

**430MW**

EST.  
TOTAL SF<sup>1</sup>

**1.9 MM SF**



- Located in Leesburg, VA, NOVA Business Park provides access to a robust connection ecosystem
- Northern Virginia is the world's largest and most in-demand data center market with access to low power rates and unmatched data center density

### STRUCTURE:

- Five separate land condominium units each corresponding to one of five data center buildings
- Shared common element which houses the campus site infrastructure (substation, pump station, etc.)

### DEVELOPMENT:

- Phase I includes buildings 1 & 2 —————> Approximately 39% of campus
- Phase II includes buildings 3, 4 & 5 —————> Approximately 61% of campus

Case studies are example investments for the Strategy. Case studies are selected to highlight certain aspects of investments made by the Strategy as described and may not be representative of the Strategy as a whole. Past performance is not indicative of future results and a risk of loss exists.

<sup>1</sup>Estimated based on financial proforma as of 6/11/24.

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