

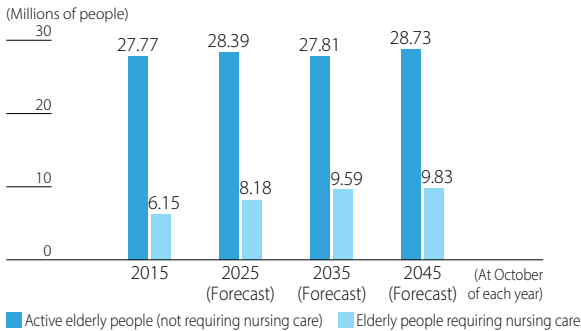
Emerging Needs and Social Trends

For more than a century, the Group has been heightening the value of line-side areas by anticipating the demand for easy commutes, quiet residential areas, and entertainment that can be enjoyed in the suburbs. As a leader in line-side area town development, we are analysing emerging needs and taking far-sighted measures in preparation for social change.

Increase in active elderly people

By 2025, those aged 65 or older will account for roughly 30% of Japan's population. Therefore, demand for health maintenance and nursing care services for elderly people is set to rise.

Estimated number of elderly people who will be active or require nursing care

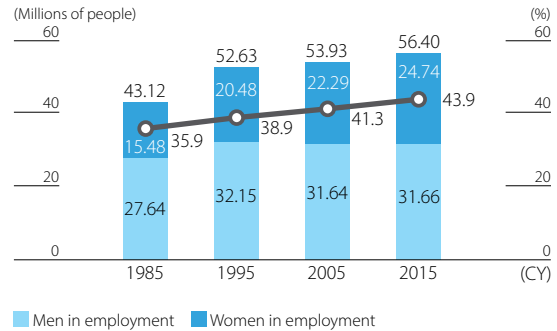


Source: *Consumption Forecast in Relation to Seniors: After 2020 Households Aged 50 or Older to Account for More than 70% of Consumption*, estimates by YOMIKO ADVERTISING INC. and Research and Development, Inc.

Rise in the number of women in employment

Given the increase in the number of women in employment as well as the decrease in population, society as a whole needs to create conditions that are more conducive to bringing up children.

Number of people in employment by gender and women as a percentage of total

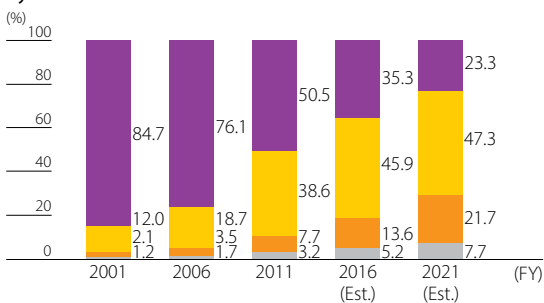


Source: *Labour Force Survey*, Ministry of Internal Affairs and Communications

Expansion of the middle classes in Asia

In the 10 countries that comprise ASEAN, the middle classes are accounting for a larger share of the population, and their purchasing power is increasing as a consequence. Demand is expected to grow in the ASEAN region over the medium-to-long term.

Breakdown of the population of six ASEAN member countries by income bracket

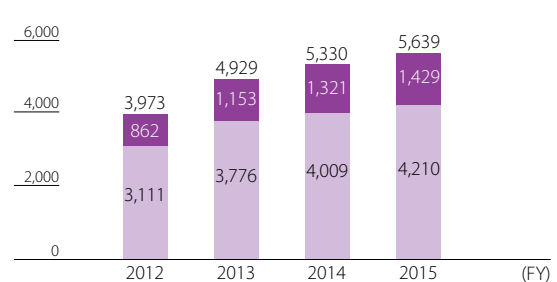


Source: *White Paper on International Economy and Trade 2011*, Ministry of Economy, Trade and Industry

More Japanese companies establishing operations in Asia

Many Japanese companies—particularly manufacturers of cars, motorbikes, electronic components, and food—are establishing manufacturing bases in the ASEAN region due to its growing economy and working-age population.

Number of Japanese subsidiaries in Asia



Source: *Summary of Basic Survey on Overseas Business Activities*, Ministry of Economy, Trade and Industry

The Effect of Social Changes on the Group



Demographic change in Japan

Risks

- Natural decline in the working-age population (those aged between 15 and 65), the main purchasers of train and bus commuter passes
- Outflow of residents seeking conditions conducive to bringing up children and a corresponding decline in the working-age population

Opportunities

- Maintain or increase population through town development catering to a range of needs, including those of disabled and elderly people
- Develop new earnings sources and create value by developing and providing services related to safety and peace of mind, health, and bringing up children

Risks

- Loss of growth opportunities due to delay in or curbing of overseas business development
- Loss of existing customers to competitors with enhanced logistics services in Japan and overseas
- Increase in volatility of business results due to fluctuations in the economy, interest rates, or exchange rates

Opportunities

- Tap into demand in growth markets by participating in the real estate businesses that target middle classes
- Enhance overseas logistics services even further to develop business with existing customers and acquire new customers
- Disperse business risk by establishing presence in multiple countries

Economic growth in Asia

