ASA GROUP
NewsLetter
～The latest in alternative investments～
Vol. 51 2025.12.24

Chairman's Column

Closing the year with a note about Cybersecurity

Hello everyone. Time flies and this is our final volume for 2025. The biggest surprise of the year was that the Nikkei Stock Average surpassed the 50,000-yen mark for the first time. I did not think I would see this day in my lifetime, but you never know what happens.

I am guessing that this year's Kanji (that symbolizes the year) will be "High (takai)", since we had high stock prices, Prime Minister Taka("High")-ichi, and higher inflation. Of course, I have never actually guessed it correctly, but I am looking forward to the announcement.

More recently, ransomware attacks grabbed the headlines. Asahi Group Holdings and Askul were targeted and incurred massive damages. Asahi's order management system came to a halt with full recovery expected to be next February. Additionally, customer confirmation leaked and the company is doing things manually right now. I can imagine the burden on employees.

My focus is on the risk/crisis management of companies after such an attack. I assume that most large companies invest heavily in cybersecurity and spend substantial labor costs on vulnerability management. However, even with such measures, attackers use sophisticated ways to infiltrate through the defense. The problem arises after the attack occurs and whether ransom is paid or not.

The Russian hacker group Qilin stated that the data will be recovered after payment. Ironically, even a criminal organization thinks logically as a business by "fulfilling their promise, otherwise no one will pay in the future". However, Asahi Group CEO stated that "no payment will be made". The reasoning is that a secondary risk arises in the form of a shareholder derivative lawsuit if payment is blindly made.

Last year's incident involving KADOKAWA is still fresh in my memory. An extraordinary loss of over 2 billion yen was recorded, but speculation grew after the CEO did not disclose on whether a payment was made. KADOKAWA's case put the spotlight on *how* publicly listed companies should make disclosures.

Meanwhile, cyber insurance is an option, but high premiums seem to keep adoption low in Japan. To protect a company's system, it is important not to rely on one measure, but a combination of measures. For example, in addition to anti-virus software, companies should regularly practice preventative measures like changing passwords periodically, providing employee training, and taking backups. Employees should also be cautious of any odd emails.

Small to mid-sized companies should also be aware that ransomware targets are not exclusive to large companies. It is dangerous for SMEs to think that this risk is not relevant to them, since cases are rising among smaller companies. However, such companies are often limited in cybersecurity investment and should be thorough in their daily operations and follow basic security measures.

Closing the year, I pray that the companies affected by the recent attacks will recover soon.
Thank you for another wonderful year and for reading our last volume of the year.

by Kazuhiro Matsuzawa, Chairman

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REIT

J-REIT News

Here are increased investments made by three investment corporations in November 2025.

Disclosure date	2025/11/12	2025/11/17	2025/11/28
Investment Corporation Name	Nippon Hotel & Residential Investment Corporation	United Urban Investment Corporation	Japan Prime Realty Investment Corporation
Securities code	3472	8960	8955
Asset management company	APA Investment Management	Marubeni REIT Advisors	Tokyo Tatemono Realty Investment Management
Public offering	115,509 units	131,000 units	100,000 units
Third party allotment (Limit. Same applies below)	5,775 units	6,400 units	5,000 units
New units issued	121,284 units	137,400 units	105,000 units
Units outstanding prior to issuance	311,023 units	3,062,600 units	985,814 units
% of new issuance	39.0%	4.5%	10.7%
Net proceeds	8.85 billion yen	23.31 billion yen	10.40 billion yen
Discount rate	2.50%	2.00%	2.00%
Special note	—	—	Sold 3 properties at once (16.7 billion yen)

※ The chart is based on disclosures made by the issuer.
A portion of data including third party allotment is tentative.

ASA REIT Partners K.K.

It has been two and a half years since our services began in June 2023. We express our deep gratitude for contracting with 22 corporations (as of November 2025).

Our team of professionals with experience at asset management companies offers comprehensive support that covers not just accounting but also administration services, disclosure and IR documents, budget-to-actual management, ongoing operational management, compliance, and internal control—encompassing virtually all functions of an asset management company. We are registering our firm as an outsourcing provider of investment management-related services as covered under this year's reform of the Financial Instruments and Exchange Act. Our goal is to alleviate the shortage of compliance officers and the high volume of work. We will inform you soon when our registration is complete.

In our next volume, we will summarize statistics from various J-REITs.

We hope you have a wonderful holiday season!

by Nguyen Thi Hong, ASA REIT Partners

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Real Estate

Recent Japan-China Relations

As the year-end approaches, political tension between Japan and China is rising. In particular, topics such as the restrictions on property acquisitions made by foreign buyers and news of the Chinese government persuading citizens to forgo travel to Japan may have impact on inward real estate investments. These changes in the investment environment may add uncertainty but perspectives vary.

Firstly, the Takaichi administration is reassessing the restriction on land acquisition by foreign buyers in areas regarded as important to national security (Mainichi Shinbun 2025/11/4, etc.). Some international financial media are cautious in reporting that tightening restrictions may present additional risk for investors. Meanwhile, other news outlets mention Japan's stable system, weak yen, and relatively cheap properties in the city as reasons why the country will stay attractive as an investment. Even with the same news, different outlets tend to present varying perspectives.

Also, regarding the impact on domestic SPCs (GK-TK, TMK), the international framework for land restriction states that "even if an SPV is used in the acquisition, if the ultimate beneficial owner is a foreign resident, the purchase is deemed as being bought by a foreign resident". This rule is often applied internationally.

Meanwhile, Japan's system may continue to be limited to a notification system dependent on the buyer's submission of information, which may limit impact on deals. In either case, this result is heavily influenced by any changes to the system.

Regarding Chinese news, JapanToday reported that the Chinese government called on citizens not to travel to Japan, which resulted in numerous tour companies to stop tours. Reuters reported that up to 2.2 trillion yen of tourist spending may be lost due to this move.

However, some speculate that this loss consists mostly of spending by Chinese visitors within a vertically integrated system amongst the Chinese in Japan. Thus, the value add in Japan may have been limited to begin with. In fact, some say that this departure from Chinese dependence will benefit the Japanese market. Additionally, various tourism-related statistics indicate that the composition of Japan's inbound tourism market is gradually diversifying beyond China.

In recent news, Nikkei Shinbun and NHK reported that Chinese fighter jets locked radars on Japanese self-defense forces. One might speculate that tension may rise between the countries, but national defense experts explain that "similar incidents in the past have been de-escalated through a diplomatic approach". Thus, this recent news is said to not to cause any major disruption in market fundamentals.

While regulation and diplomatic tension are cautiously viewed, Japan's property market is still considered stable in the mid to long-term with investments from China and other countries. The continued impact of the weak yen, systemic stability, relatively cheap urban properties, and a diverse set of foreign visitors are contributing to continued investment in Japan. However, one must keep a close eye on any political developments that may arise.

by Shigeru Hirai, Quality Control Office