

207th Fiscal Year (January 1, 2024 to December 31, 2024)

Annual Securities Report

- 1 This document is an English translation of the Annual Securities Report filed pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act, with the table of contents and pages of data submitted on March 26, 2025, using the Electronic Disclosure for Investors' NETwork (EDINET) set forth in Article 27-30-2 of said Act.
- 2 Appended to the end of this document are English translations of the Auditor's Report that was attached to the Annual Securities Report when it was filed using the aforementioned method, and the internal control report and confirmation letter filed at the same time as the Annual Securities Report.
- 3 This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Tokyo Tatemono Co., Ltd.

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Cover

Document Filed: Annual Securities Report (“Yukashoken Hokokusho”)

Applicable Law: Article 24, Paragraph 1 of the Financial Instruments and Exchange Act

Filed to: Director-General of Kanto Local Finance Bureau

Filing Date: March 26, 2025

Fiscal Year: 207th Fiscal Year (from January 1, 2024 to December 31, 2024)

Company Name: Tokyo Tatemono Kabushiki Kaisha

Company Name in English: Tokyo Tatemono Co., Ltd.

Name and Title of Representative: Katsuhito Ozawa, Representative Director, President & Chief Executive Officer

Location of Head Office: 1-9-9 Yaesu, Chuo-ku, Tokyo
(The above is the address registered as the location of the head office of the Company. Actual business operations are conducted at the following “Nearest Place of Contact.”)

Telephone Number: +81-3-3274-0111 (Representative)

Name of Contact Person: Yusuke Mishima, Managing Officer, General Manager of Accounting Department

Nearest Place of Contact: 1-4-16 Yaesu, Chuo-ku, Tokyo

Telephone Number: +81-3-3274-0111 (Representative)

Name of Contact Person: Yusuke Mishima, Managing Officer, General Manager of Accounting Department

Place Where Available for Public Inspection: Tokyo Tatemono Co., Ltd. Kansai Branch
(3-4-8 Honmachi, Chuo-ku, Osaka-shi, Osaka)
Tokyo Stock Exchange, Inc.
(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I: Corporate Information

I. Corporate Overview

1. Key Management Indicators, etc.

(1) Consolidated Management Indicators

Fiscal Year		203rd	204th	205th	206th	207th
Year-End		December 2020	December 2021	December 2022	December 2023	December 2024
Operating revenue	(Millions of yen)	334,980	340,477	349,940	375,946	463,724
Ordinary profit	(Millions of yen)	47,072	46,270	63,531	69,471	71,722
Profit attributable to owners of parent	(Millions of yen)	31,795	34,965	43,062	45,084	65,882
Comprehensive income	(Millions of yen)	24,490	38,898	41,616	67,511	55,764
Net assets	(Millions of yen)	399,129	427,661	456,838	508,035	547,524
Total assets	(Millions of yen)	1,624,640	1,650,770	1,720,134	1,905,309	2,081,226
Net assets per share	(yen)	1,862.81	1,996.52	2,135.08	2,378.61	2,567.66
Basic earnings per share	(yen)	152.12	167.35	206.15	215.82	315.50
Diluted earnings per share	(yen)	—	—	—	—	—
Equity-to-asset ratio	(%)	24.0	25.3	25.9	26.1	25.8
Return on equity	(%)	8.3	8.7	10.0	9.6	12.8
Price earnings ratio	(times)	9.3	10.0	7.8	9.8	8.3
Net cash provided by (used in) operating activities	(Millions of yen)	43,524	65,889	(3,332)	20,588	18,894
Net cash provided by (used in) investing activities	(Millions of yen)	(66,724)	(1,642)	(21,204)	(54,069)	(142,089)
Net cash provided by (used in) financing activities	(Millions of yen)	38,307	(32,187)	18,421	77,908	105,636
Cash and cash equivalents at end of period	(Millions of yen)	54,645	87,008	82,439	127,303	111,139
Number of employees		5,344	5,648	5,878	4,661	4,925
[Average number of part-time employees, etc.]	(persons)	[5,070]	[4,782]	[4,687]	[4,525]	[4,505]

(Notes) 1. Diluted earnings per share is not shown because there are no potential dilutive shares.

2. The Company has introduced a Board Benefit Trust (BBT) from the 201st fiscal year, and the Company shares held by the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares, which is deducted from the number of shares issued and outstanding at the end of the period for the calculation of net assets per share. For the basic earnings per share calculation, these shares are included in treasury shares, which are deducted during the calculation of average number of common shares during the period.

3. The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and other related accounting standards have been applied from the beginning of the 205th fiscal year, and the key management indicators and other items for the 205th fiscal year are those after the application of said accounting standard and others.

(2) Management Indicators of the Company

Fiscal Year		203rd	204th	205th	206th	207th
Year-End		December 2020	December 2021	December 2022	December 2023	December 2024
Operating revenue	(Millions of yen)	210,283	219,005	217,383	229,645	325,322
Ordinary profit	(Millions of yen)	41,694	47,450	47,509	49,235	57,380
Profit	(Millions of yen)	30,025	25,564	32,023	32,264	57,616
Share capital	(Millions of yen)	92,451	92,451	92,451	92,451	92,451
Total number of shares issued	(shares)	209,167,674	209,167,674	209,167,674	209,167,674	209,167,674
Net assets	(Millions of yen)	392,317	406,956	425,708	460,859	487,721
Total assets	(Millions of yen)	1,456,329	1,474,985	1,543,513	1,712,838	1,867,540
Net assets per share	(yen)	1,876.94	1,948.17	2,037.96	2,206.09	2,336.10
Dividend Amount per Share (Interim dividend paid per share)	(yen)	46.00 (22.00)	51.00 (24.00)	65.00 (29.00)	73.00 (36.00)	95.00 (37.00)
Basic earnings per share	(yen)	143.65	122.35	153.30	154.45	275.91
Diluted earnings per share	(yen)	—	—	—	—	—
Equity-to-asset equity ratio	(%)	26.9	27.6	27.6	26.9	26.1
Return on equity	(%)	7.8	6.4	7.7	7.3	12.1
Price earnings ratio	(times)	9.9	13.7	10.4	13.7	9.4
Payout ratio	(%)	32.0	41.7	42.4	47.3	34.4
Number of employees [Average number of part-time employees, etc.]	(persons)	677 [74]	725 [87]	760 [95]	807 [100]	830 [108]
Total shareholder return (Benchmark: TOPIX incl. dividends)	(%)	85.5 (107.4)	104.0 (121.1)	103.0 (118.1)	137.3 (151.5)	171.9 (182.5)
Highest share price	(yen)	1,828	1,852	2,190	2,191	2,774
Lowest share price	(yen)	904	1,367	1,569	1,484	2,029

(Notes) 1. Diluted earnings per share is not shown because there are no potential dilutive shares.

2. The highest and lowest share prices are market prices on the Tokyo Stock Exchange (Prime Market) from April 4, 2022, and prior to that are market prices on the Tokyo Stock Exchange (First Section).
3. The Company has introduced a Board Benefit Trust (BBT) from the 201st fiscal year, and the Company shares held by the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares, which is deducted from the number of shares issued and outstanding at the end of the period for the calculation of net assets per share. For the basic earnings per share calculation, these shares are included in treasury shares, which are deducted during the calculation of average number of common shares during the period.
4. Pursuant to a resolution of the Board of Directors meeting held on January 20, 2020, the Company cancelled 7,795,700 shares of treasury shares as of January 31, 2020. Accordingly, the total number of issued and outstanding shares decreased by 7,795,700 shares in the 203rd fiscal year.
5. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020) and other related accounting standards have been applied from the beginning of the 205th fiscal year, and the key management indicators and other items for the 205th fiscal year are those after the application of said accounting standard and others.

2. Corporate History

Founded on October 1, 1896, with a capital of ¥1,000,000 by Zenjiro Yasuda and others, the Company began operations with general real estate business and real estate secured loans as its main businesses. Subsequently, the Company established a branch in Yokohama as well as branches and sub-branches overseas, but was severely suffered from the ending of World War II, including the loss of all of its overseas assets.

Postwar, the Company concentrated on the building leasing business and expanded its operations to include residential sales, brokerage, appraisal, and consulting, thereby establishing itself as a comprehensive real estate company. In recent years, the Company has expanded its Parking business, Leisure business, Asset Management business, and Overseas business, as well as promoting several large-scale redevelopment projects.

An outline of the transition to date is as follows.

October 1896	Tokyo Tatemono is established (Head office located at 18 Gofuku-cho, Nihonbashi, Tokyo)
October 1896	Commences real estate sales and purchases through installment plans, which are the earliest form of residential loans.
November 1896	Opens Yokohama Branch (reorganized to Yokohama Sales Office, Property Management (2) Department of Commercial Properties Division in January 2000, abolished in November 2022)
March 1903	Opens Tianjin Branch (abolished in August 1945)
September 1907	Listed on the former Tokyo Stock Exchange
August 1928	Begins sales of land for residence in Sekiguchidaimachi
November 1929	Head office relocates to Tokyo Tatemono Building (Former Tokyo Tatemono Head Office Building)
June 1947	Opens Osaka Service Office (Current Kansai Branch)
May 1949	Re-listed on the Tokyo Stock Exchange
September 1952	Obtains building lots and buildings transaction business license
March 1956	Registered as a first-class architect office
November 1956	Establishes Tokyo Fudosan Kanri Co., Ltd. (A consolidated subsidiary as of March 2013)
March 1958	Completes extensions and renovations at head office building of Tokyo Tatemono. Formalizes Commercial Properties business postwar
October 1959	Establishes Tokyo Real Estate Cleaning Co., Ltd. (Current Tokyo Building Service Co., Ltd.) (A consolidated subsidiary as of March 2013)
August 1962	Establishes Totate Shoji Co., Ltd. (Current Tokyo Tatemono Amenity Support Co., Ltd.)
August 1963	Starts residential land development in Nakagawara, Fuchu City. Formalizes Residential business postwar
June 1964	Opens Shinjuku Service Office (Current Shinjuku Sales Office, Property Management (2) Department of Commercial Properties Division)
March 1965	Registered as a real-estate appraiser
September 1968	Starts sales of condominiums in Fujisawa City
February 1974	Obtains approval for special construction business
November 1979	Completes Shinjuku Center Building
May 1980	Commencement of operations, Totate Housing Services Co., Ltd. (Current Tokyo Tatemono Real Estate Sales Co., Ltd.) (Wholly owned subsidiary as of July 2015)
November 1984	Establishes Kyodo Building Management Co., Ltd. (Current Tokyo Tatemono Investment Advisors Co., Ltd.)
June 1987	Establishes Kawaguchiko Resort Development Co., Ltd. (Current Tokyo Tatemono Resort Co., Ltd.)
November 1987	Opens Sapporo Service Office (Promoted to Sapporo Branch in October 1992, abolished in March 2021)
November 1995	Permission for real estate specified joint enterprise law
November 1998	Obtains first registration in Japan for the SPC Act (Current Act on Securitization of Assets)
April 2000	Establishes Tokyo Realty Investment Management, Inc. (currently Tokyo Tatemono Realty Investment Management, Inc.) (A consolidated subsidiary as of December 2016; became a wholly owned subsidiary as of April 2023)
February 2001	Establishes E-State Online Co., Ltd.
October 2002	Opens Fukuoka Branch (Current Kyushu Branch)
April 2003	Unifies condominium brands into “Brillia”
October 2005	Opens Nagoya Branch
October 2005	Establishes PRIME PLACE Co., Ltd.
November 2006	Establishes Tokyo Tatemono (Shanghai) Real Estate Consulting Co., Ltd.
September 2007	Completes Kasumigaseki Common Gate
November 2008	Opens SMARK Isesaki
February 2011	Acquires shares of Nihon Parking Corporation (A consolidated subsidiary; became a wholly owned subsidiary as of June 2011)
May 2012	Completes Nakano Central Park
March 2013	Completes Tokyo Square Garden
October 2013	Completes Brillia Tama New Town

February 2014	Establishes Tokyo Tatemono Asia Pte. Ltd.
April 2014	Completes The Otemachi Tower
March 2015	Completes Brillia Tower Ikebukuro, Japan's first high-rise condominium integrated with a main government building
March 2017	Acquires additional shares of Seishin Service Co., Ltd. (A consolidated subsidiary; became a wholly owned subsidiary as of December 2019)
May 2020	Head office relocates to Tokyo Tatemono Yaesu Building
May 2020	Completes Hareza Tower
August 2021	Acquires shares of EXPERT OFFICE Co., Ltd. (A consolidated subsidiary; became a wholly owned subsidiary as of January 2022)
October 2023	Establishes Tokyo Tatemono US Ltd.
January 2024	Completes ONE DOJIMA PROJECT, which integrally developed the Four Seasons Hotel Osaka and the Brillia Tower Dojima
February 2024	Establishes Tokyo Tatemono (Thailand) Ltd.

3. Description of Business

The main businesses of the Group, which consists of the Company, its 80 subsidiaries and associates (including 39 consolidated subsidiaries and 29 entities accounted for using equity method), as well as the names and positions of major companies in these businesses, are as follows. The classification of each business matches the segment information described in “(1) Notes to Consolidated Financial Statements (Segment Information)” of “1. Consolidated Financial Statements” under “V. Financial Information.”

(1) Commercial Properties Business

The Company is engaged in developing, selling, leasing, and operating office buildings, retail facilities, logistics properties, etc. Consolidated subsidiaries, Tokyo Tatemono Resort Co., Ltd., Meieki 2-chome Kaihatsu Tokutei Mokuteki Kaisha, the silent partnership operated by Tokyo Prime Stage Y.K., and four other companies, along with an entity accounted for using equity method, Kasumigaseki Kaihatsu Tokutei Mokuteki Kaisha, operate the leasing and management of office buildings, etc.

Consolidated subsidiaries, Tokyo Fudosan Kanri Co., Ltd., Shinjuku Center Building Management Co., Ltd., Tokyo Building Service Co., Ltd., and Seishin Service Co., Ltd., operate building management.

Consolidated subsidiary EXPERT OFFICE Co., Ltd. operates serviced offices and co-working spaces.

Consolidated subsidiary PRIME PLACE Co., Ltd. manages and operates retail facilities.

(2) Residential Business

The Company is engaged in developing, subdividing, selling, and leasing condominiums and other residential properties.

Tokyo Tatemono Amenity Support Co., Ltd., a consolidated subsidiary, undertakes the management of condominiums, etc.

The Company and its consolidated subsidiary Kachidoki GROWTH TOWN Co., Ltd., operate the leasing and management of condominiums.

E-State Online Co., Ltd., a consolidated subsidiary, and two other companies provide services related to web promotions for sales of condominiums, etc.

(3) Asset Service Business

Consolidated subsidiary Tokyo Tatemono Real Estate Sales Co., Ltd. engages in real estate transactions and provides brokerage and consulting services.

Consolidated subsidiary Nihon Parking Corporation develops and operates parking facilities.

(4) Other

(Leisure Business)

Consolidated subsidiary Tokyo Tatemono Resort Co., Ltd. operates hotels, deluxe bathing facilities, and golf courses.

The Company and its consolidated subsidiary Kawaguchiko Country Club Inc., operate golf courses.

(Asset Management Business)

Consolidated subsidiary Tokyo Tatemono Investment Advisors Co., Ltd. engages in real estate investment consulting and real estate fund business formation and management.

Tokyo Tatemono Realty Investment Management, Inc., a consolidated subsidiary, operates an asset management business for investment corporations as an asset management company under the Act on Investment Trusts and Investment Corporations.

(Overseas Business)

The Company and its consolidated subsidiaries, Tokyo Tatemono Asia Pte. Ltd., Tokyo Tatemono US Ltd., Tokyo Tatemono (Thailand) Ltd. and TT Investment Holdings Australia Pty Limited, are engaged in real estate development, etc. in the United States, Australia, Thailand, China and other countries through three consolidated subsidiaries and 24 entities accounted for using equity method.

Tokyo Tatemono (Shanghai) Real Estate Consulting Co., Ltd., a consolidated subsidiary, operates a real estate consulting business in China.

(Other Business)

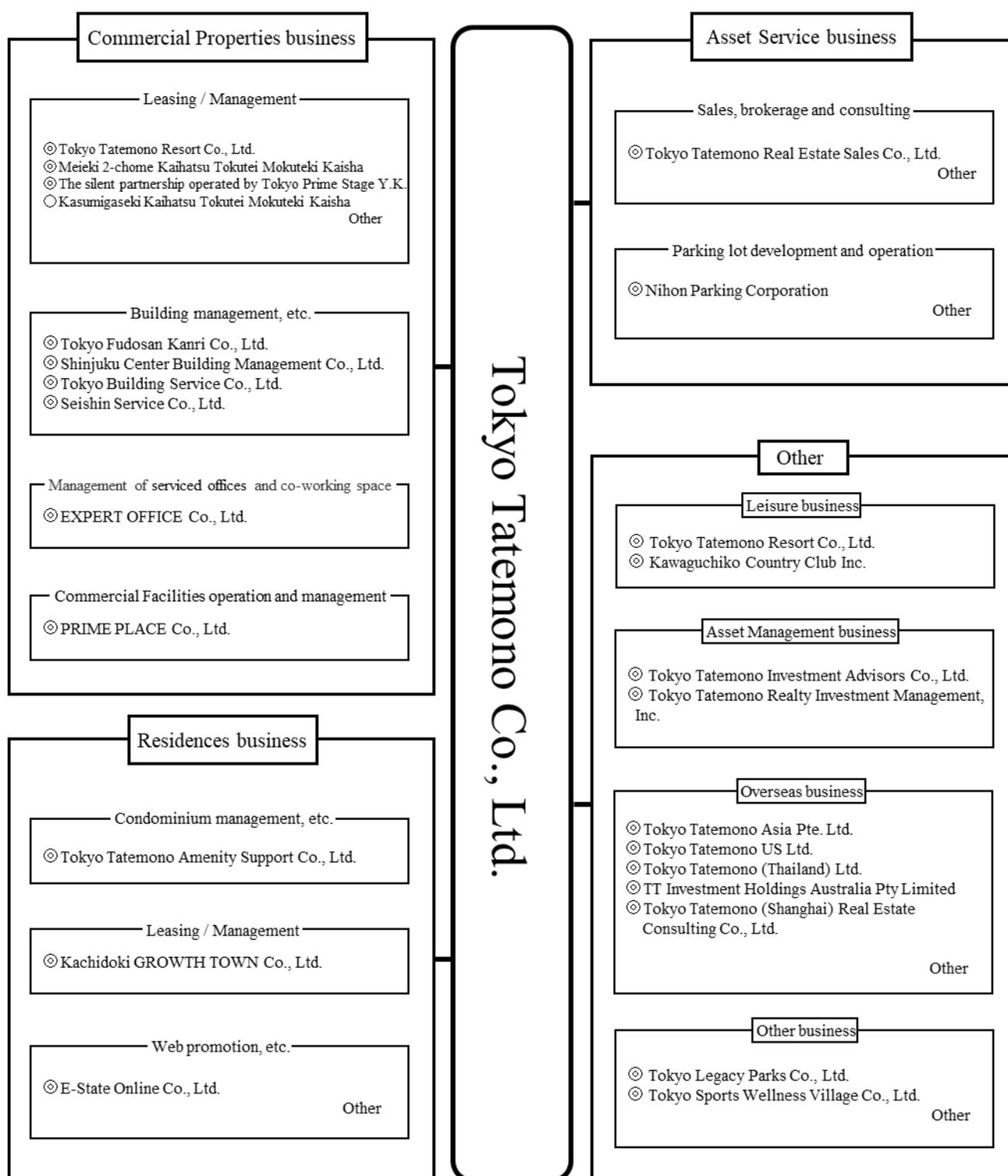
The Company provides real estate appraisals.

Consolidated subsidiary Tokyo Legacy Parks Co., Ltd. is engaged in the Park-PFI Project at Meiji Park in Tokyo.

Consolidated subsidiary Tokyo Sports Wellness Village Co., Ltd. is responsible for the development and operation of the sports and leisure complex Ariake Urban Sports Park (commonly known as livedoor URBAN SPORTS PARK).

The following is the business structure diagram that illustrates the matters explained above.

(Business Structure Chart)



◎ Consolidated subsidiaries

○ Entities accounted for using equity method

4. Subsidiaries and Affiliated Companies

Name	Address	Share capital or Investments In Capital (Millions of yen)	Principal Business (Note) 1	Percentage of Voting Rights Owned or Held (%)	Indirect (%)	Relationship					
						Holding Positions of Officer(s) (Note) 2		Fund Transactions, etc. (Millions of yen)	Business Transactions	Lease of Facilities	
						Company Officer(s) (person)	Company Employee(s) (person)				
(Consolidated Subsidiaries)											
Tokyo Tatemono Real Estate Sales Co., Ltd.	Chuo-ku, Tokyo	4,321	Asset Service Business	100.0	—	2	3	Short-term loans receivable (Note) 3 26,818	—	—	Leased office space from the Company
Tokyo Tatemono Resort Co., Ltd.	Chuo-ku, Tokyo	100	Commercial Properties business, Other	100.0	—	2	4	Short-term borrowings (Note) 3 1,342 Short-term loans receivable (Note) 3 1,000 Long-term loans receivable (Note) 3 10,665	—	—	Leased office space from the Company
Tokyo Tatemono Amenity Support Co., Ltd.	Chuo-ku, Tokyo	100	Residential Business	100.0	—	2	6	Short-term borrowings (Note) 3 2,181 Long-term borrowings (Note) 3 3,500	—	—	Leased office space from the Company
Tokyo Tatemono Investment Advisors Co., Ltd.	Chuo-ku, Tokyo	200	Other	100.0	—	1	7	Short-term borrowings (Note) 3 3,978	—	—	—
E-State Online Co., Ltd.	Chiyoda-ku, Tokyo	100	Residential Business	100.0	—	—	4	Short-term borrowings (Note) 3 563	Outsourcing services related to web promotion	—	Leased office space from the Company
PRIME PLACE Co., Ltd.	Chuo-ku, Tokyo	100	Commercial Properties Business	100.0	—	2	3	Short-term borrowings (Note) 3 1,941	Outsourcing operation and management of retail facilities	—	Leased office space from the Company
Kawaguchiko Country Club Inc.	Fujikawaguchiko-machi, Yamanashi Pref.	10	Other	100.0	—	1	1	—	—	—	—
Kachidoki GROWTH TOWN Co., Ltd.	Chuo-ku, Tokyo	100	Residential Business	100.0	—	—	2	Short-term borrowings (Note) 3 637 Short-term loans receivable (Note) 3 400 Long-term loans receivable (Note) 3 1,450	—	—	—
Tokyo Tatemono (Shanghai) Real Estate Consulting Co., Ltd.	Shanghai, People's Republic of China	RMB 7 million	Other	100.0	—	1	3	—	—	—	—
Shinjuku Center Building Management Co., Ltd.	Shinjuku-ku, Tokyo	30	Commercial Properties Business	100.0	—	—	4	Short-term borrowings (Note) 3 1,666	Outsourcing commercial properties management and cleaning services	—	Leased office space from the Company
Nihon Parking Corporation	Chiyoda-ku, Tokyo	100	Asset Service Business	100.0	—	2	4	Short-term borrowings (Note) 3 1,643 Short-term loans receivable (Note) 3 1,170 Long-term loans receivable (Note) 3 4,759	—	—	Leased office space from the Company

Name	Address	Share capital or Investments In Capital (Millions of yen)	Principal Business (Note) 1	Percentage of Voting Rights Owned or Held (%)	Indirect (%)	Relationship				
						Holding Positions of Officer(s) (Note) 2		Fund Transactions, etc. (Millions of yen)	Business Transactions	Lease of Facilities
						Company Officer(s) (person)	Company Employee(s) (person)			
Tokyo Fudosan Kanri Co., Ltd.	Sumida-ku, Tokyo	120	Commercial Properties Business	76.0	—	2	6	Short-term borrowings (Note) 3 17,247	Outsourcing commercial properties management services	Leased office space from the Company
Tokyo Building Service Co., Ltd.	Sumida-ku, Tokyo	50	Commercial Properties Business	100.0	57.7	1	4	Short-term borrowings (Note) 3 2,209 Long-term borrowings (Note) 3 1,500	Outsourcing commercial properties management and cleaning services	—
Meieki 2-chome Kaihatsu Tokutei Mokuteki Kaisha (Note) 4	Chiyoda-ku, Tokyo	12,700	Commercial Properties Business	—	—	—	—	—	Operating and managing commercial properties under consignment agreements	—
The silent partnership operated by Tokyo Prime Stage Y.K. (Note) 4	Chiyoda-ku, Tokyo	54,897	Commercial Properties Business	—	—	—	—	—	Operating and managing commercial properties under consignment agreements	—
Tokyo Tatemono Asia Pte. Ltd. (Note) 4	Singapore	SGD 331 million	Other	100.0	—	—	3	—	—	—
Tokyo Tatemono Realty Investment Management, Inc.	Chuo-ku, Tokyo	350	Other	100.0	—	1	4	Short-term borrowings (Note) 3 1,267	—	Leased office space from the Company
Seishin Service Co., Ltd.	Chuo-ku, Tokyo	80	Commercial Properties Business	100.0	—	2	5	Short-term loans receivable (Note) 3 42	Outsourcing commercial properties management services	Leased office space from the Company
EXPERT OFFICE Co., Ltd.	Chiyoda-ku, Tokyo	100	Commercial Properties Business	100.0	—	1	3	Short-term loans receivable (Note) 3 442	—	Leased office space from the Company
PT Dharma Tatemono Property (Note) 4	Indonesia	IDR 1,095.1 billion	Other	100.0	50.0	—	4	Long-term loans receivable 4,855	—	—
PT Dharma Tatemono Residences	Indonesia	IDR 889.1 billion	Other	100.0	50.0	—	4	Long-term loans receivable 5,013	—	—
Tokyo Tatemono US Ltd. (Note) 4	United States of America	USD 0 million	Other	100.0	—	—	2	—	—	—
Tokyo Tatemono (Thailand) Ltd.	Kingdom of Thailand	Thai baht 1,789 million	Other	100.0	0.0	—	3	—	—	—
TT Investment Holdings Australia Pty Limited	Commonwealth of Australia	Australian dollars 4 million	Other	100.0	—	—	2	—	—	—
Tokyo Legacy Parks Co., Ltd.	Chuo-ku, Tokyo	100	Other	66.0	—	—	3	Short-term loans receivable (Note) 3 2,751	—	Rent facilities to The Company
Tokyo Sports Wellness Village Co., Ltd.	Chuo-ku, Tokyo	100	Other	60.0	—	—	3	Short-term loans receivable (Note) 3 2,372	—	—

Name	Address	Share capital or Investments In Capital (Millions of yen)	Principal Business (Note) 1	Percentage of Voting Rights Owned or Held (%)	Indirect (%)	Relationship				
						Holding Positions of Officer(s) (Note) 2		Fund Transactions, etc. (Millions of yen)	Business Transactions	Lease of Facilities
						Company Officer(s) (person)	Company Employee(s) (person)			
13 other companies										
(Entities accounted for using equity method)										
Kasumigaseki Kaihatsu Tokutei Mokuteki Kaisha	Chiyoda-ku, Tokyo	150	Commercial Properties Business	—	—	—	—	—	Operating and managing commercial properties under consignment agreements	—
Yangon Museum Development Pte. Ltd.	Singapore	USD 140 million	Other	35.0	35.0	—	2	(Note) 5	—	—
XW BP2 Company Limited	Kingdom of Thailand	Thai baht 50 million	Other	49.0	49.0	—	2	Guaranteed by the Company	—	—
XW EEC1 Company Limited	Kingdom of Thailand	Thai baht 60 million	Other	49.0	49.0	—	2	Guaranteed by the Company	—	—
SC CD3 Company Limited	Kingdom of Thailand	Thai baht 50 million	Other	49.0	49.0	—	2	Guaranteed by the Company	—	—
24 other companies										

(Notes) 1. Segment names are listed in the “Principal Business” column.

2. Company Employee(s) in the column “Holding positions of Officer(s)” includes Managing Officers.

3. Based on the CMS (Cash Management System).

4. Specified subsidiary.

5. As the Company has fulfilled its guarantee obligation, the Company has a claim for reimbursement against the associate.

5. Employees

(1) Employees within the Group

As of December 31, 2024

Segment	Number of Employees	
Commercial Properties Business	2,079	[2,235]
Residential Business	1,406	[735]
Asset Service Business	618	[262]
Other	693	[1,249]
Corporate functions	129	[24]
Total	4,925	[4,505]

- (Notes) 1. The number of employees is the number of individuals working within our Group (excludes individuals seconded from the Group to third parties but includes individuals seconded from third parties to the Group). The annual average number of temporary employees is indicated in brackets.
2. The number of employees listed as “Corporate functions” is the number of employees belonging to corporate departments, etc. that cannot be classified into specific segments.

(2) Employees of the Company

As of December 31, 2024

Number of Employees	Average Age	Average Years of Service	Average Annual Compensation (thousands of yen)
830 [108]	41 years 11 months	11 years 6 months	11,108

Segment	Number of Employees	
Commercial Properties Business	317	[41]
Residential Business	352	[38]
Asset Service Business	7	[3]
Other	25	[2]
Corporate functions	129	[24]
Total	830	[108]

- (Notes) 1. The number of employees is the number of individuals (excludes individuals seconded from the Company but includes individuals seconded from third parties to the Company).
2. The average annual salary includes bonuses and extra wages.
3. The number of employees listed as “Corporate functions” is the number of employees belonging to corporate departments, etc. that cannot be classified into specific segments.

(3) Relationship with Labor Union

The Company’s labor union is outlined below.

Name: Tokyo Tatemono Labor Union

Established: July 21, 1946

Number of members: 428

Relationship with Other Organizations: As a single association and has no relationships with other organizations.

No labor union is established throughout the entire Group.

(4) Percentage of women in management positions, percentage of childcare leave uptake by male employees, and Gender wage gap

(i) The Company

FY2024				
Percentage of women in management positions (%) (Note) 1	Percentage of childcare leave uptake by male employees (%) (Note) 2	Gender wage gap (%) (Note) 3, (Note) 4		
		All employees	Full-time employees	Part-time and fixed-term temporary workers
12.1	84.2	54.5	60.6	47.7

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Law No. 64, 2015), as of December 31, 2024.

2. The above figures are calculated based on the percentage of employees who took childcare leave, etc. as stipulated in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25, 1991) based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Law No. 76, 1991), and the period covered is from January 1, 2024 to December 31, 2024.

3. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Law No. 64, 2015), and the period covered is from January 1, 2024 to December 31, 2024.

4. The salary structure is based on position and performance, and although there is no difference in treatment based on gender, there are differences in factors such as personnel composition by form of employment and qualification grade.

(ii) Consolidated subsidiaries

FY2024						
Name	Percentage of women in management positions (%) (Note)1	Percentage of childcare leave uptake by male employees (%)		Gender wage gap (%) (Note) 4		
				All employees	Full-time employees	Part-time and fixed-term temporary workers
Tokyo Tatemono Amenity Support Co., Ltd.	6.7	40.0	(Note) 3	95.4	68.8	92.2
Tokyo Fudosan Kanri Co., Ltd.	2.7	114.0	(Note) 2	65.8	77.8	37.9
Tokyo Tatemono Resort Co., Ltd.	4.0	20.0	(Note) 2	78.8	71.8	85.6
Seishin Service Co., Ltd.	3.5	—	(Note) 2	86.5	93.2	94.3
Tokyo Tatemono Real Estate Sales Co., Ltd.	13.9	66.7	(Note) 2	65.5	75.1	26.6
Tokyo Building Service Co., Ltd.	—	—		72.9	80.2	95.6
Parking Support Center Corporation	0.0	50.0	(Note) 2	86.1	79.9	81.8
E-State Online Co., Ltd.	18.2	20.0	(Note) 3	75.5	82.2	97.6
PRIME PLACE Co., Ltd.	19.6	33.3	(Note) 2	56.7	70.8	64.9
Nihon Parking Corporation	0.0	100.0	(Note) 2	66.4	65.9	—
Tokyo Tatemono Realty Investment Management, Inc.	5.3	50.0	(Note) 2	—	—	—
Kyoto Kawaramachi Sanjo Hotel	52.0	100.0	(Note) 2	—	—	—

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Law No. 64, 2015), as of December 31, 2024.

2. The above figures are calculated based on the percentage of employees who took childcare leave, etc. as stipulated in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25, 1991) based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Law No. 76, 1991), and the period covered is from January 1, 2024 to December 31, 2024.

3. The above figures are calculated based on the percentage of employees who took childcare leave, etc. or leave for childcare purpose as stipulated in Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25, 1991) based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Law No. 76, 1991), and the period covered is from January 1, 2024 to December 31, 2024.

4. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Law No. 64, 2015), and the period covered is from January 1, 2024 to December 31, 2024.

II. Business Overview

1. Management Policy, Business Environment and Management Issues to be Addressed

The Group's management policy, business environment, and management issues to be addressed are as follows.

Any forward-looking statement in this document is based on the Group judgments as of the end of the fiscal year under review.

(1) Management Policy, Business Environment and Management Issues to be Addressed

(i) Our Group's Long-Term Vision

Aiming for sustainable growth and medium- to long-term enhancement of corporate value, the Group has set forth its long-term vision "Becoming a Next-Generation Developer" for 2030. Under our long-term vision, we aim to achieve a consolidated business profit of ¥120 billion in 2030 by reaching an overarching balance between "solving social issues" and "growing as a company" through our business, as well as contributing to the Sustainable Development Goals(SDGs).

Our Group's Long-Term Vision

Long-term Vision for 2030^{*1}

Becoming a Next-Generation Developer

In an era full of uncertainty and rapid change in terms of demographics, diverse values, accelerating technological progress, and more, various issues have emerged on the path to creating a sustainable society. The Tokyo Tatemono Group recognizes that the role developers play must also change significantly. The group's aim is to be a good company for stakeholders by leveraging its businesses to solve social issues and achieve higher levels of growth as a company.

Steady Profit Growth	Helping Solve a Variety of Social Issues
Target for 2030 ^{*1} : Business profit ^{*2} of ¥120.0 billion	Contributing to the SDGs

Basic Profit Growth Policy

Based on stable rental profits, aim for a well-balanced profit structure with an awareness of capital efficiency^{*3}

*1 The target period of the Long-Term Vision has been updated from around 2030 to by 2030 since the formulation of the Medium-Term Business Plan (January 2025) for the period from FY2025 to FY2027.

*2 We have redefined business profit from the period of the Medium-Term Business Plan to allow for flexible sale of non-current assets and diversification of investment schemes in overseas business.

Before change: Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method

After change: Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method + Gain (loss) on sale of non-current assets (share of profit (loss) of entities accounted for using equity method includes dividend income, interest income, and gain (loss) on the sale of investment equity in investment vehicles for overseas business)

*3 The content of the description has been updated from the period of the Medium-Term Business Plan based on the outlook for changes in the composition of business profit in the future.

(ii) Our Group’s Medium-Term Business Plan

Since the announcement of the Long-term Vision, the uncertainty of the business environment in which the Group operates has increased, and the speed of change has accelerated, due to factors such as changes in people’s behavior due to COVID-19, rising geopolitical risks, a shift away from the unprecedented monetary easing policy, and a sharp rise in construction costs due to inflation and other factors.

With this in mind, the Group formulated a Group Medium-Term Business Plan in 2025 covering the three-year period from FY2025 to FY2027 as a milestone on the path to achieving its Long-term Vision.

a. Basic Policy

With the aim of “building a robust portfolio that is resilient to changes for accelerated growth and greater capital efficiency,” we will focus on “accelerating and expanding asset-turnover business,” “strengthening the stable revenue base” and “Disciplined control of balance sheet,” while also promoting the “evolution of management Infrastructure to support growth.”



b. Key Strategies

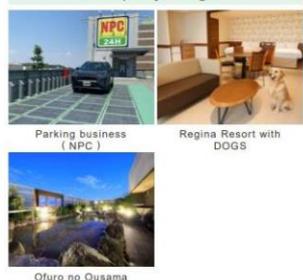
Based on the basic policy of the Medium-Term Business Plan, we have defined six key strategies, and under the concept of BASE (Foundation for Growth), we will formulate and implement action policies related to each key strategy to further strengthen our businesses.

Key strategies	Action policies	Classification by principal business segment	Profit classification
1 Steady promotion of large-scale redevelopment	Build up Build-up steady efforts to strengthen the stable revenue base	Commercial Properties	Leasing
2 Further growth in the for-sale condominium business	Accelerate Accelerate recovery of investments to drive higher capital efficiency	Residential	Property Sales (for-sale condominiums/pr property sales to investors)
3 Acceleration of the property sales business to investors		Commercial Properties, Residential, AS*	Property Sales (for-sale condominiums/pr property sales to investors)
4 Expansion of overseas business	Scale Scale business operations as a profit growth driver	Other (Overseas)	Property Sales (for-sale condominiums/pr property sales to investors)
5 Expansion of service business		Commercial Properties, Residential, AS, Other (Leisure, Fund)	Services
6 Establishment of new business	Establish Establish a new business model for growth	Other	Varied by business

* AS: Asset Services

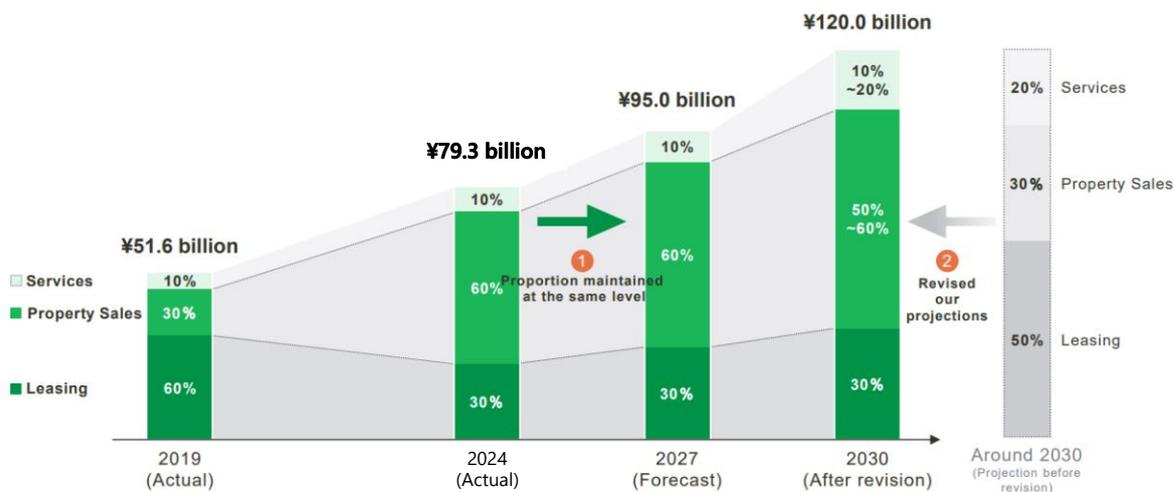
c. Business Portfolio Strategy

We will appropriately manage our business portfolio by classifying it into three categories: leasing, property sales, and services, while promoting various initiatives based on the action policies that take into account the characteristics of each category.

	Leasing	Property Sales	Services
Characterized by	<ul style="list-style-type: none"> Highly stable profit Requires significant investment 	<ul style="list-style-type: none"> Highly volatile profit High capital efficiency 	<ul style="list-style-type: none"> Relatively high stability of profit Does not involve large investments
Action policy	<ul style="list-style-type: none"> Strengthen the stable revenue base 	<ul style="list-style-type: none"> Accelerate recovery of investments Scale business operations 	<ul style="list-style-type: none"> Scale business operations
Action in the Medium-Term Business Plan	<ul style="list-style-type: none"> Steadily promote large-scale redevelopment of Yaezu Project (scheduled for completion in 2026), etc. Strengthen rent increase negotiations based on inflation and market trends <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Diversify asset types for long-term holdings (e.g. hotels, logistics properties, and for-rent condominiums, in addition to offices) to enhance risk tolerance and increase yields on rental assets</p> <p>Image of diversified asset types</p>  <p>Hotel buildings For-rent condominiums (Brillia ist.)</p> </div>	<ul style="list-style-type: none"> Accelerate the cycle of recovery of investments in existing asset types Expand investments in advanced overseas countries as a medium- to long-term profit growth driver Explore new investment menu <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Property image</p>  <p>Logistics properties (T-LOGI) Residential leasing in the U.S.</p> </div>	<ul style="list-style-type: none"> Strengthen real estate management through brokerage, parking businesses, funds, and building management and construction Expand hands-on facility operations to meet consumers' growing preference for consumption of services <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Property image</p>  <p>Parking business (NPC) Regina Resort with DOGS</p> <p>Ofuro no Ousama</p> </div>

While maintaining the composition of business profits at 30%: 60%: 10% for leasing, property sales, and services, respectively, we aim to generate cash for growth investments and improve capital efficiency. In addition, we will change the profit composition for 2030 from the previous assumption to decrease the proportion of leasing and increase the proportion of property sales, aiming to achieve high levels of capital efficiency and profit growth while adapting to changes in the business environment.

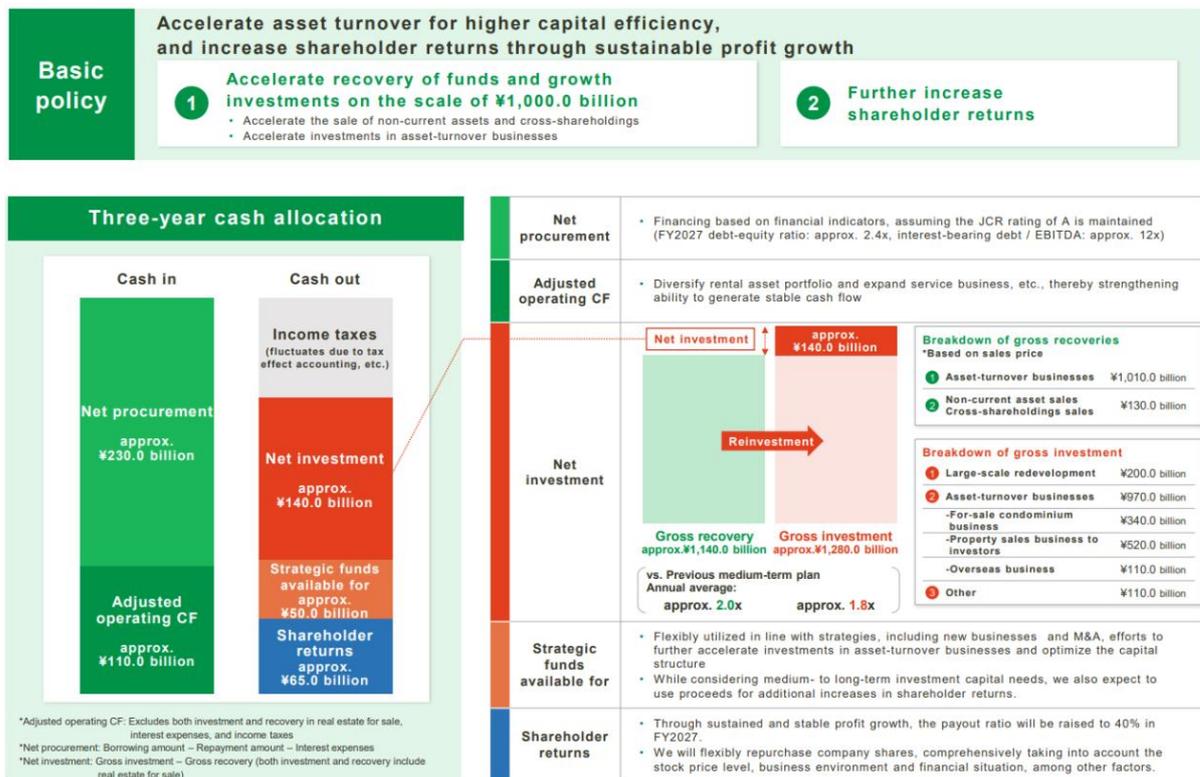
Projected Shift in Per-Area Profit Over Time



* The results for FY2024 are as stated in “4. Management Analysis of Financial Position, Operating Results and Cash Flows, (2) Overview of Management’s Discussion and Analysis of Operating Results and Other Matters, (i) Objective indicators for determining the achievement of the management policy, strategy, goals, etc.”

d. Cash Allocation

Over the three years of the Medium-Term Business Plan, we will aim to improve capital efficiency and achieve sustainable and stable profit growth by accelerating asset turnover through collection of ¥1,140 billion, which is double the annual average compared to the previous Medium-Term Business Plan, and investment of ¥1,280 billion, which is 1.8 times the annual average compared to the previous Medium-Term Business Plan.



(iii) Materiality

In order to achieve our Long-term Vision, we are aware of the shared value with society to be achieved through our business, and we have identified 14 materialities (material issues) from the perspectives of social value creation and value creation platform. We will contribute to realizing a sustainable society by addressing material issues and creating shared value with society through our business.

[Materiality of the Tokyo Tatemono Group]

	Material Issues	Shared Values with Society	Contribution to SDGs
Social value creation	 Strengthening Tokyo's competitiveness as an international city	Creating value of place and value of experience	         
	 Contributing to a safe and secure society		
	 Community building and revitalization		
	 Well-being		
	 Addressing the diverse needs of customers and society		
	 Value co-creation and innovation		
	 Social implementation of technology		
	 Revitalizing and utilizing real estate stock		
	 Promoting a decarbonized society	Coexistence with the Earth and the environment	
	 Promoting a recycling-oriented society		
Value creation platform	 Improve employee growth and job satisfaction	Value-creating talent	     
	 Diversity & Inclusion		
	 Advancement of governance	Realizing sustainability management	
	 Strengthen risk management framework		

(2) Management Indicators

In the Group's Medium-Term Business Plan (FY2025-FY2027), we have adopted consolidated business profit, which is calculated by adding factors such as gain (loss) on sale of non-current assets and share of profit (loss) of entities accounted for using equity method to consolidated operating profit, as a profit indicator in order to respond to the flexible non-current assets sales and the diversification of investment schemes in overseas business. The quantitative targets of the Medium-Term Business Plan are consolidated business profit of ¥95 billion as a profit indicator for the final year of the plan (FY2027) and ROE of 10% as a capital efficiency indicator for the period of the Medium-Term Business Plan.

In addition, we have set the following financial indicators for FY2027: a debt-to-equity ratio of around 2.4 times, an interest-bearing debt / EBITDA multiple of around 12 times, a strategic shareholdings to net assets ratio of 10% or less at the end of FY2027, and the sale of non-current assets and strategic shareholdings of at least ¥130 billion, and we will aim to improve capital efficiency and achieve profit targets while maintaining financial soundness and exercising appropriate balance sheet control.

Profit indicator	Capital efficiency indicator	Shareholder return policy
Business profit ^{*1} (FY2027) ¥95.0 billion	ROE (current medium-term-plan period) 10%	Payout ratio (FY2027) 40% <small>We will flexibly repurchase company shares, comprehensively taking into account the stock price level, business environment and financial situation, among other factors.</small>
<small>*1 We have redefined business profit from this medium-term-plan period to allow for flexible sale of non-current assets and diversification of investment schemes in overseas businesses. Before change: Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method After change: Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method, etc.* + Gain (loss) on sale of non-current assets *Share of profit (loss) of entities accounted for using equity method, etc. includes interest and dividend incomes, and loss (gain) on sale of investment equity in investment vehicles for overseas businesses.</small>		

Balance sheet control

Financial indicators (FY2027)	Debt-equity ratio ^{*2} approx. 2.4x	Cross-shareholdings to net assets (as of end of FY2027) 10% or less
	Interest-bearing debt / EBITDA ^{*3} approx. 12x	Non-current asset sales Cross-shareholdings sales (cumulative over current medium-term-plan period) ¥130.0 billion or more (based on sale price)

^{*2} Interest-bearing debt ÷ Equity capital

^{*3} Interest-bearing debt ÷ (Operating profit + Interest & dividend income + Share of profit (loss) of entities accounted for using equity method + Depreciation expense + Goodwill amortization expense)

Reference indicators

Profit attributable to owners of parent (FY2027)	¥60.0 billion	ROA (current medium-term-plan period) <small>*Based on business profit</small>	approx. 4%	EPS (FY2027)	approx. ¥290
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2. Approach and Initiatives Relating to Sustainability

The Group's disclosure of sustainability-related financial information is as follows. Any forward-looking statement mentioned below is based on the Group's judgments as of the end of the consolidated fiscal year under review.

Under our Long-term Vision of "Becoming a Next-Generation Developer" for 2030, the Group aims to both solve social issues and achieve higher levels of growth as a company through its business in order to become a good company for all stakeholders. The Group has identified 14 materialities to achieve these goals. We are implementing various sustainability initiatives that will lead to the resolution of the materialities through the promotion of key strategies based on the Group's Medium-term Business Plan (FY2025-FY2027) and the "evolution of management Infrastructure to support growth" and other measures.

For details on the above Long-term Vision, materialities, and the Group's Medium-Term Business Plan (FY2025-FY2027), please refer to "1. Management Policy, Business Environment and Management Issues to be Addressed (1) Management Policy, Business Environment and Management Issues to be Addressed."

(1) Governance

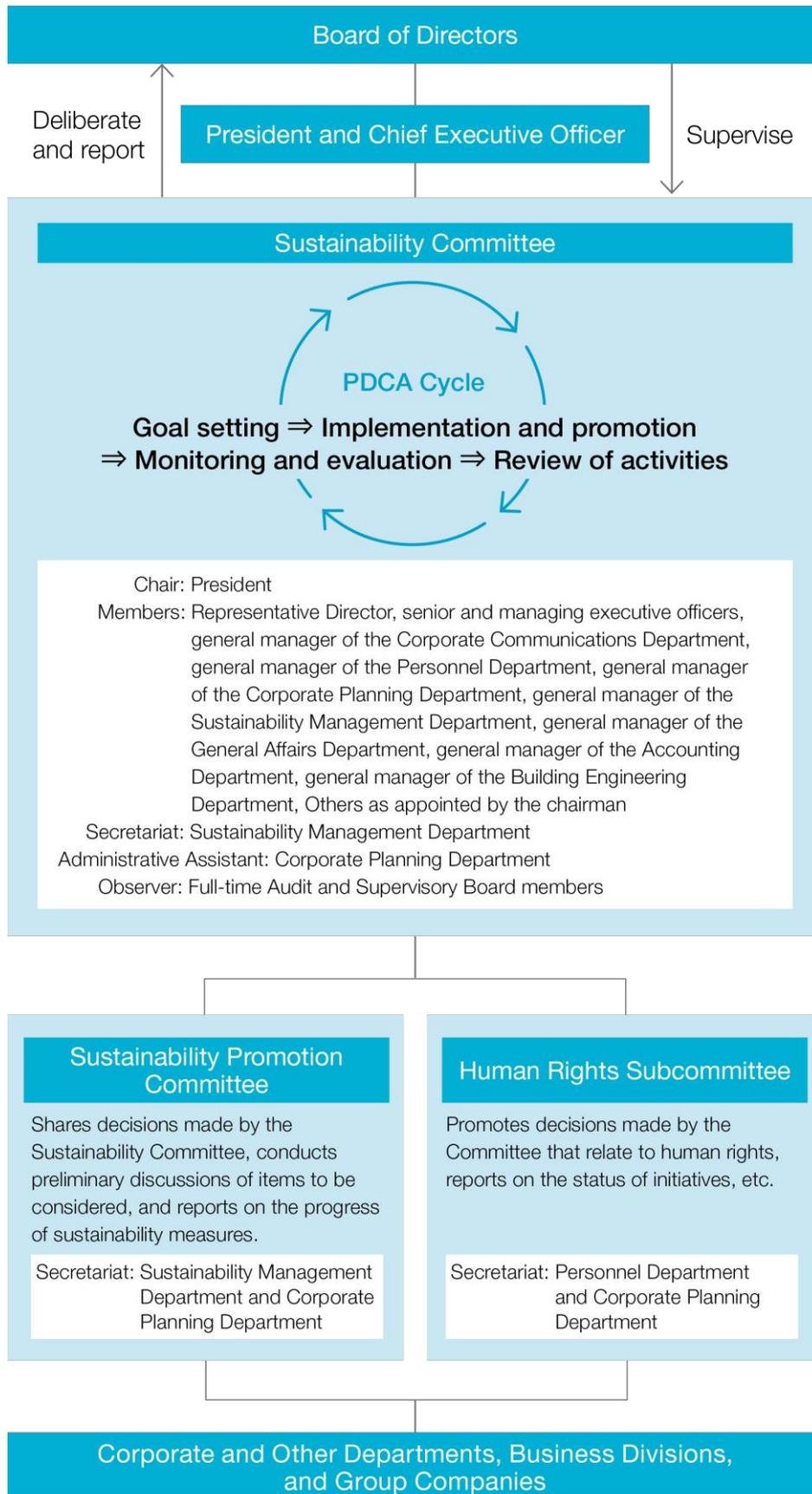
For promoting sustainability initiatives throughout the entire Group in an integrated and continuous manner, including addressing climate change, we have established a Sustainability Committee chaired by the Company's President & Chief Executive Officer. As subordinate organizations, we have also set up a Sustainability Promotion Committee and a Human Rights Subcommittee.

The Sustainability Committee, positioned as a meeting body directly managed by the Company's President & Chief Executive Officer alongside the Executive Committee, Risk Management Committee, and Internal Control Committee, holds meetings at least twice a year as a general rule to discuss, consult, and report on the formulation of policies related to the Group's sustainability, system establishment, setting of metrics and targets, monitoring and evaluating progress, and other matters. The Sustainability Committee deliberates and discusses important matters related to identifying risks and opportunities related to climate change, setting medium- to long-term targets for reducing greenhouse gas emissions, and specific measures for achieving these targets.

Important matters deliberated and discussed by the Sustainability Committee are submitted or reported to the Board of Directors, which oversees the promotion of the Group's sustainability by making decisions on important sustainability-related matters and monitors and supervises the status of the Company's response to such matters.

The Sustainability Promotion Committee shares decisions made by the Sustainability Committee, discusses matters for consideration in advance, and reports, etc. the progress of the sustainability promotion by the Group. The Human Rights Subcommittee implements decisions made by the Sustainability Committee and reports the status of human rights initiatives.

[Sustainability promotion framework]



(2) Strategy

(i) Addressing climate change

Addressing climate change is a social issue that requires global solutions, and the real estate industry is also required to take initiatives to reduce greenhouse gas emissions from owned real estate and business activities. The Group recognizes that the intensification and increasing frequency of disasters from climate change including wind and water disasters could significantly impact the assets it owns, and the Group recognizes that this is an issue that must also be addressed as a priority from this perspective.

The Company has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It has conducted scenario-based analysis to identify climate change risks and opportunities, evaluate their materiality, and examine and disclose their impact on the Group's business profit.

a. Scenario setting

We have set future worldviews (scenarios) for scenario analysis. Using scenarios released by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), we have set a 4°C scenario where the average temperature rises at least 4°C compared to pre-industrial levels by 2100, a 2°C scenario where the temperature rise is kept below 2°C, and a 1.5°C scenario where the rise is further limited to 1.5°C.

b. Identification of risks and opportunities/assessment of materiality

Focusing on the Group's core businesses, Commercial Properties business and Residential business, we identified climate change risks and opportunities for each business phase of development, operation/management, and sales/disposal, based on the reality of developing and owning buildings in specific areas, and assessed their materiality in terms of their expected degree of impact on the Group's finances and likelihood. The period of impact has been categorized into short-term (1 to 5 years), medium-term (5 to 10 years), and long-term (over 10 years).

[Identified climate change risks, opportunities and their materiality]

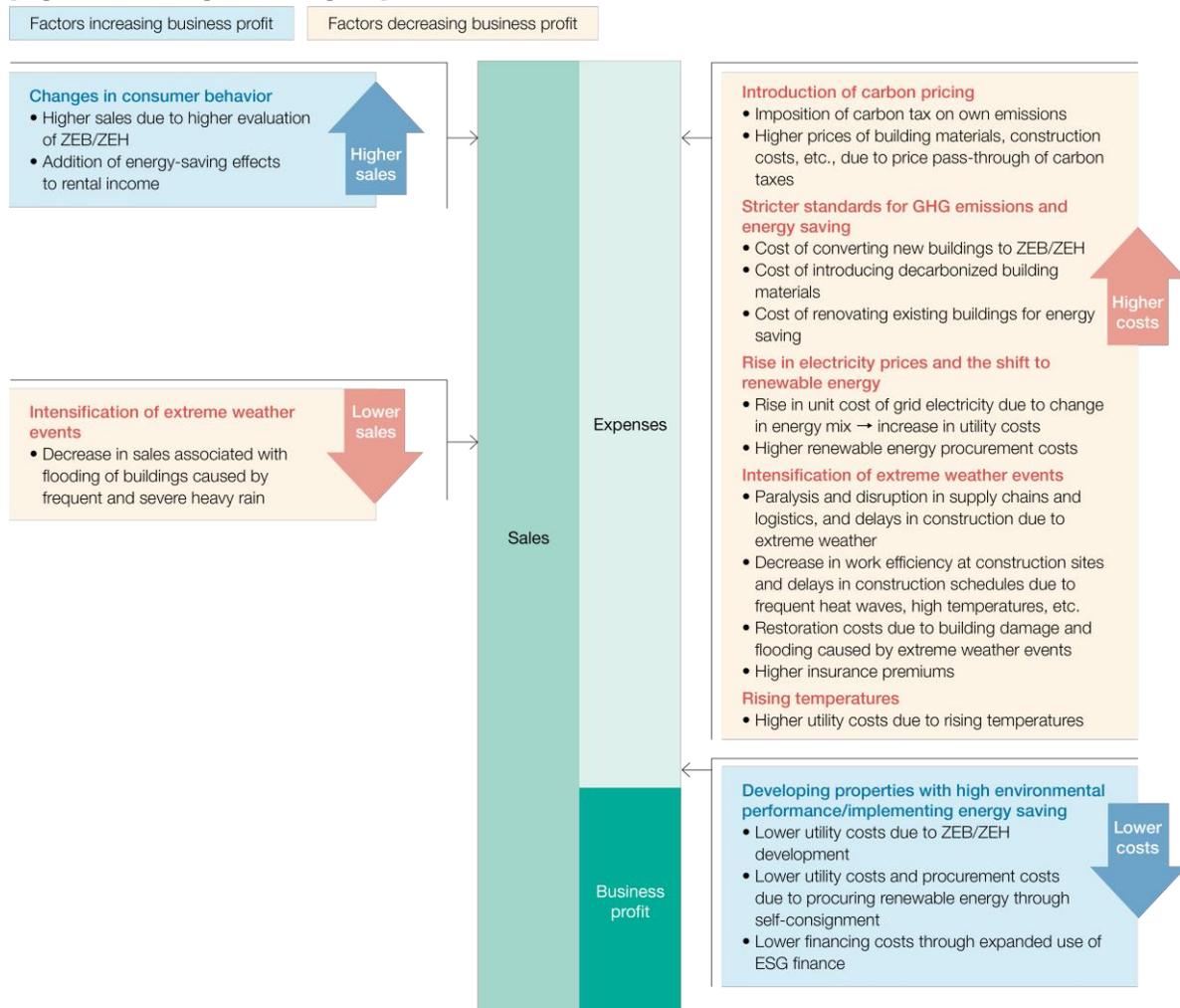
Category	Item	Impact on the Tokyo Tatemono Group's business	Period of impact	Materiality		
				4°C scenario	1.5°C/2°C scenario	
Transition risks	Policies	Adoption of carbon pricing	Imposition of carbon tax on own emissions (Scope 1 and 2)	Medium-term	—	Medium
			Price hikes for construction materials, construction costs, etc.	Medium-term	—	Medium
	Regulations	Stricter standards for GHG emissions and energy saving	Higher costs of converting new buildings to ZEB/ZEH	Medium-term	Low	Low
			Higher costs of introducing decarbonized building materials	Medium-term	Medium	Medium
			Increase in cost of energy-saving renovation of existing buildings	Medium-term	Low	Low
	Technology and markets	Higher unit cost of grid electricity	Higher utility costs due to change in energy mix	Short- to medium-term	—	Low
			Higher utility costs due to higher demand for fossil fuels	Short- to medium-term	Low	—
			Burden from renewable energy procurement	Short- to medium-term	Low	Low
	Reputation	Ensuring disaster preparedness and resilience	Higher costs of ensuring disaster preparedness and resilience	Short-term	Low	Low
Physical risks	Acute	Frequent and severe extreme weather caused by extratropical and tropical cyclones, etc.	Higher costs due to construction delays caused by supply chain paralysis or disruption	Short-term	—	—
			Decrease in work efficiency at construction sites and delays in construction schedules due to frequent heat waves, high temperatures, etc.	Short-term	—	—
			Decreased rental income in the event of flooding due to heavy rains or river flooding	Short-term	Low	Low
			Increased restoration costs due to building damage from wind and flood damage	Short-term	Low	Low
			Higher insurance premiums	Short-term	Low	Low
	Chronic	Rise in average temperature	Higher utility costs	Short-term	Low	Low
Opportunities	Technology	Efficiency improvements with ZEB and ZEH development	Reduction of utility costs	Short-term	Low	Low
		Procurement of renewable energy through self-consignment	Reduction in utility costs and renewable energy procurement costs	Short-term	Low	Low
	Consumer behavior	Improved earnings from high environmental performance properties	Higher sales due to higher evaluation of ZEB/ZEH	Short- to medium-term	—	Medium
		Improvement of energy-saving effects	Addition of energy-saving effects to rental income	Short- to medium-term	—	Low
	Markets	Expansion of ESG finance	Reduction in financing costs	Short-term	—	Low

c. Estimation of business impact

We have assessed the impact quantitatively that the identified climate change risks and opportunities will have on the Group's finances in FY2030.

We have conducted qualitative analysis on risks and opportunities where quantitative data is difficult to obtain.

[Impact on the Group's business profit]



d. Countermeasures

We have identified promoting a decarbonized society as one of the Group's materialities, and in order to address this issue through our business, we have established set medium- to long-term targets for reducing greenhouse gas emissions, including a 46.2% reduction in Scope 1 and 2 CO₂ emissions*¹, and a 40% reduction in Scope 3*² CO₂ emissions by FY2030 compared to FY2019, and net zero Scope 1, 2, and 3 CO₂ emissions by FY2050. In addition, as process targets to achieve these targets, we have set targets for the promotion of ZEB/ZEH development, introduction of renewable energy, and acquisition of green building certification, and we are promoting initiatives related to these targets. Furthermore, we are also focusing on urban development and real estate development that is resilient to natural disasters such as wind and water damage, which are becoming more frequent due to climate change.

*1 A level that limits the increase in the global average temperature to 1.5°C compared to pre-industrial revolution levels

*2 Applies to categories 11 and 13

[Our initiatives to achieve greenhouse gas emission reduction targets (CO₂ emission reduction)]

i. Generating and effectively utilizing renewable energy in our self-developed properties

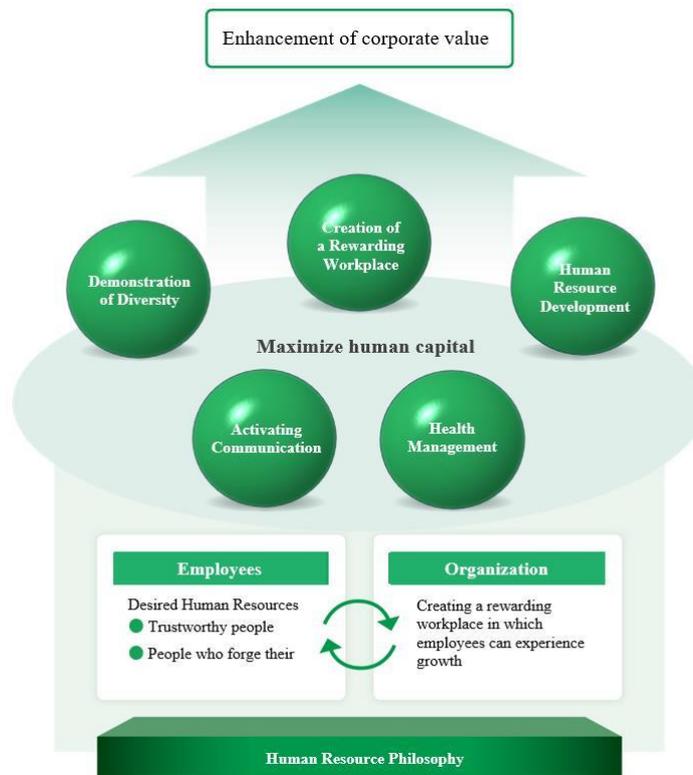
In the T-LOGI series of logistics properties developed by the Company, solar panels are installed on the roofs, and the renewable energy generated is consumed in-house at each facility. In addition, we intentionally generate renewable energy exceeding the self-consumption amount at each facility and perform self-consignment and corporate PPA to transmit the surplus renewable energy to our retail facilities and office buildings owned by the Company in multiple areas. We are promoting decarbonization in urban areas where local production and consumption of renewable energy are challenging through these initiatives.

ii. Further promotion of ZEB/ZEH development

The Company has been actively promoting the development of ZEB and ZEH and are working towards our goal of developing ZEB and ZEH for all new office buildings, logistics properties, and both for-sale and for-rent condominiums.

(ii) Human capital

The Company recognizes that human resources are the source of value creation and sustainable growth for the Group and one of the most important foundations of management. We have identified the improvement of employee growth and job satisfaction as well as diversity and inclusion as materialities towards realizing our Long-term Vision, and are working on strengthening human capital as one of the most important management issues. To achieve an improvement in corporate value through the maximization of human capital value, based on our human resource philosophy and human resource policy, as described below, we are actively implementing initiatives for human resource development and improvement of internal environment, as well as expanding investments in human resources.



a. Human resource philosophy and human resource policy

i. Human resource philosophy: "The Company's growth is tied to its employees' growth, therefore, we are responsive to their contributions."

The Company has established a human resource philosophy as the basis for personnel measures, aiming for an organization where both the company and employees grow together. Based on this human resource philosophy, we are committed to maintaining and evolving an environment and corporate culture where employees are motivated to aspire for growth, maximize their abilities, and take on the challenge of new value creation by implementing and operating human resource systems and various measures that promote the active participation and growth of employees and respond to their contributions.

ii. Human resource policy • Ideal human resources: Trustworthy people, People who forge their own paths

- Creating a fulfilling, rewarding workplace in which employees can experience growth and feel satisfaction from their work

Under the corporate philosophy of "Trust beyond the era," we have defined the human resources we seek and the ideal workplace in our human resource policy. Based on this policy, we are working on various measures related to the recruitment and development of human resources, as well as conducting employee engagement surveys and 360° surveys to diagnose and improve the workplace environment. Through these initiatives, we aim to create an environment

as a company where we can fully utilize the capabilities of employees, allowing everyone to feel growth through challenges and contributions, thereby leading to an improvement in corporate value.

b. Initiatives for human resource development and internal environmental improvement for maximizing the value of human resources

i. Demonstration of diversity

By promoting the participation of diverse human resources and strengthening our organizational capabilities, we aim to provide products and services that meet the increasingly sophisticated and diverse needs of our customers, improve productivity, and foster innovation, thereby achieving growth as a company. Based on this concept, we have set diversity and inclusion as a materiality, and are actively recruiting new graduates as well as mid-career hires, while also focusing on acquiring highly specialized human resources and human resources who can promote digitalization and globalization. In addition, we have set the ratio of female managers and the employment rate of people with disabilities as metrics and targets and are advancing recruitment and promotion with an awareness of achieving these targets. Furthermore, we have established and are operating the following systems to create an environment in which diverse human resources can play an active role and experience ease of work and job satisfaction without feeling any barriers. In addition, our efforts such as those to promote the active participation of women and support a balance between work and child raising have been recognized at a high level, and we have received Eruboshi*¹ certification and Kurumin*² certification.

- Flextime system, teleworking system, and reduced working hours system to achieve flexible working styles
- Leave systems for pregnancy, childbirth, childcare, and nursing care that can be used by both men and women, and re-employment system for retirees
- System that allows up to three years of leave for employees accompanying a spouse on an overseas transfer
- Promoting active participation utilizing the career experience of senior generations
- Encouraging the participation of people with disabilities with flexible work arrangements according to their aptitude and disability status

*1 Eruboshi certification: Certification given to companies that have fulfilled certain requirements, such as having excellent implementation of initiatives for promoting the advancement of women, among companies that have formulated and submitted the General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

*2 Kurumin certification: Certification given to companies that have met certain criteria, such as achieving their goals, among companies supporting child raising that have formulated and submitted the General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

ii. Creation of a workplace with high employee satisfaction

In order to enhance employee growth and job satisfaction, we will conduct employee engagement surveys regularly to create workplaces with high employee satisfaction that will serve as the foundation for human resources growth and implement a PDCA cycle in which offices and branches with issues will work on improvements with the assistance of experts, as part of efforts to continuously strengthen employee engagement. In addition, to enhance employees comfort and ease of work, we have set an annual paid leave utilization rate and a male childcare leave utilization rate as metrics and targets, introduced various systems to enable flexible working styles, and improved the ICT environment.

iii. Human resources development

We have established a training system by hierarchical level aiming at role recognition and skill development according to the growth stage and set the average training hours per person and the career training participation rate as metrics and targets for conducting training. In addition, through self-development support systems, various qualification acquisition support systems, and external training programs, we are focusing on encouraging a culture of self-directed learning among employees by preparing mechanisms that allow employees to think about and choose what knowledge and skills they need. Furthermore, with the aim of gaining a broad perspective and experience, we conduct personnel rotations that involve experiencing about three departments over approximately 10 years after joining the Company, working on developing human resources who can be active in various fields.

iv. Health management

Based on the Group Health Management Declaration so that officers and employees can work vigorously and in good health, both physically and mentally, the Group is implementing various measures aimed at maintaining and promoting the health of each Group officer and employee, and the Company is working on initiatives with set metrics and targets

such as the health examination attendance rate, re-examination attendance rate, and smoking rate. In recognition of these health initiatives, in March 2024 we received our seventh certification as a Health and Productivity Management Outstanding Corporation*1 and a White 500*2 company for the fourth year in a row. In addition, we are working to improve health literacy through regular training, seminars by external experts, walk rally events utilizing smartphone applications, and other measures.

*1 Certified Health & Productivity Management Outstanding Organizations Recognition Program: A system that recognizes corporations that are practicing excellent health management.

*2 White 500: Certification given to the top corporations in the large-scale corporation category among Health & Productivity Management Outstanding Organizations.

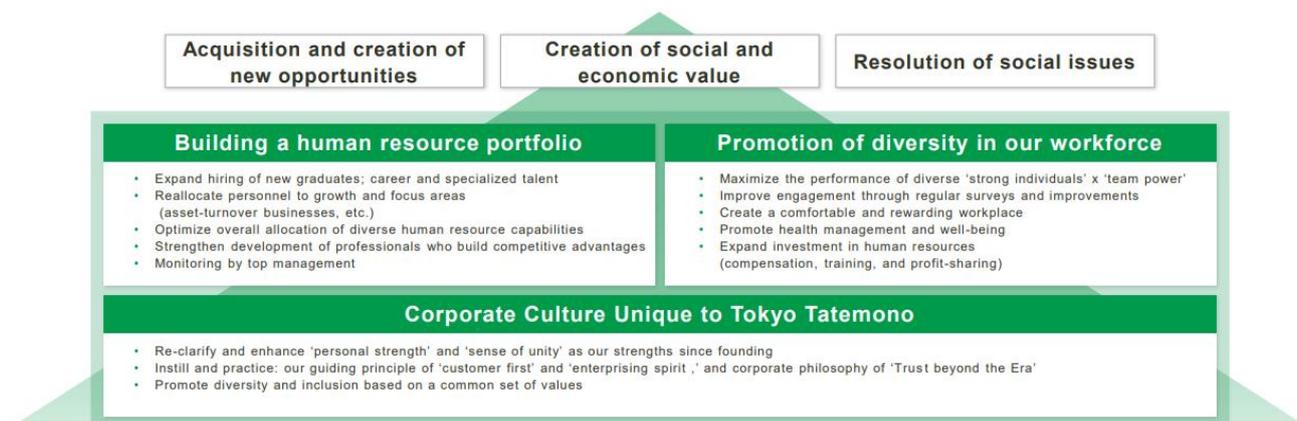
v. Enhancing communication

Due to factors such as the rapid increase in the number of employees recently, there has been a decline in communication between employees, and we are working to improve internal communication. We are working on developing a sense of unity by promoting internal communication through initiatives that serve as opportunities for communication, such as expenses paid by the company for lunch meetings with members of management and employees as well as employee social gatherings and visualizing the work experiences of each employee through corporate social platforms.

c. Action in the Medium-Term Business Plan

In the Group’s Medium-Term Business Plan, which covers the period from 2025 to 2027, we will promote initiatives related to human capital even further in order to achieve sustainable improvement in corporate value. Specifically, we will strengthen our human capital by building a human resource portfolio and the promotion of diversity in our workforce based on a Corporate Culture Unique to Tokyo Tatemono.

Sustainable enhancement of corporate value through execution of business strategies



(3) Risk management

The Company has established a Risk Management Committee chaired by the President & Chief Executive Officer to oversee risk management for the Group. The Risk Management Committee formulates annual risk management plans for the Group, evaluates and analyzes risks that are important to the Group’s management (priority risks), formulates preventive measures and countermeasures, and periodically monitors the status of countermeasures. In addition, in order to oversee risk management at the company, the President & Chief Executive Officer is appointed as the Chief Risk Management Officer, and the general managers of each department are appointed as the Risk Management Officers to oversee risk management in each department. Furthermore, in order to maintain and improve the effectiveness of risk management at the Group, we have established a risk management system based on a three-line model approach. For details of the risk management system, please refer to “3. Business Risk and Other Risk Factors (1) Risk Management System.”

Regarding risk management related to sustainability, the Sustainability Committee works with relevant offices and branches to manage such risk, and reports important matters on the implementation status of such risks to the Risk Management Committee. Among the matters deliberated by the Risk Management Committee, important items related to the risk management structure, policies, and annual plans, etc. are submitted to the Board of Directors, and the status of risk management, etc. is regularly reported to the Board of Directors, which supervises the effectiveness of risk management for the Group, including risks related to sustainability.

(4) KPIs and targets

(i) Addressing climate change

The Company has set metrics and targets (KPIs and targets) related to promoting a decarbonized society identified as a materiality and is working on various measures while quantitatively monitoring the progress in each fiscal year.

Material issues	Item	Scope	KPIs and Targets	
Promoting a decarbonized society	Reduction in greenhouse gas emissions	All businesses	Scope1・2・3	Net zero CO2 emissions by FY2050
			Scope1・2	46.2% reduction in CO2 emissions compared to FY2019 by FY2030
			Scope3 (Note 1)	40% reduction in CO2 emissions compared to FY2019 by FY2030
	Promotion of development of ZEB and ZEH	Commercial properties business	In principle, all new office buildings and logistics properties to be developed will be ZEB	
		Residential business	In principle, all new condominiums for sale and rent to be developed will be ZEH	
	Shift to renewable energy	All businesses	By FY2050, procure 100% of electricity consumed in business activities from renewable energy sources	
		Commercial properties business	By FY2030, procure 100% of electricity consumed at owned real estate from renewable energy sources	
			By FY2024, procure at least 50% of electricity consumed at owned properties from renewable energy sources	
	Acquisition of Green Building Certification	Commercial properties business Residential business	Acquire Green Building Certification for, in principle, all new office buildings, logistics properties, and condominiums for rent, etc	

(Notes) 1. Applies to categories 11 and 13

2. For details on the progress toward each target, please refer to the Tokyo Tatemono Group Sustainability Report.

(ii) Human capital

The Company has set metrics and targets (KPIs and targets) related to the improvement of employee growth and job satisfaction as well as diversity and inclusion identified as materialities and is working on various measures while quantitatively monitoring the progress in each fiscal year.

Material Issues	Items	Scope of Coverage	KPIs and Targets
Improve employee growth and job satisfaction	Promotion of skills development	Tokyo Tatemono	Average training time per employee: 15 hours or more each fiscal year
		Tokyo Tatemono	Career training participation rate: 100% each fiscal year
	Promotion of health management	Tokyo Tatemono	Health checkup rate*1: 100% each fiscal year
		Tokyo Tatemono	Follow-up test rate*1: 100% each fiscal year
		Tokyo Tatemono	Smoking rate*2: 12% or less each fiscal year
		Tokyo Tatemono	Percentage of employees maintaining an appropriate weight*1: 75% or more by FY2028
Diversity & Inclusion	Respect for human rights	Tokyo Tatemono Group	Dissemination of the Human Rights Policy: Deployment to and compliance by group companies
	Work-life balance	Tokyo Tatemono	Average annual paid leave utilization rate: 70% or more each fiscal year
		Tokyo Tatemono	Ratio of male employees taking parental leave*1: 30% or more by FY2025
	Promotion of diversity in our workforce	Tokyo Tatemono	Ratio of women in management positions: 10% or more by FY2030
		Tokyo Tatemono	Employment rate of people with disabilities*3: Over the legal employment rate each fiscal year * 2.3% or more until March 2024, 2.5% or more from April 2024 to June 2026, and 2.7% after July 2026

(Note) For details on the progress toward each target, please refer to the Tokyo Tatemono Group Sustainability Report.

3. Business Risk and Other Risk Factors

In order to appropriately manage risks that may affect the Group’s business to stably increase corporate value, the Group has established relevant regulations and a risk management system and continuously monitors and controls risks.

(1) Risk Management System

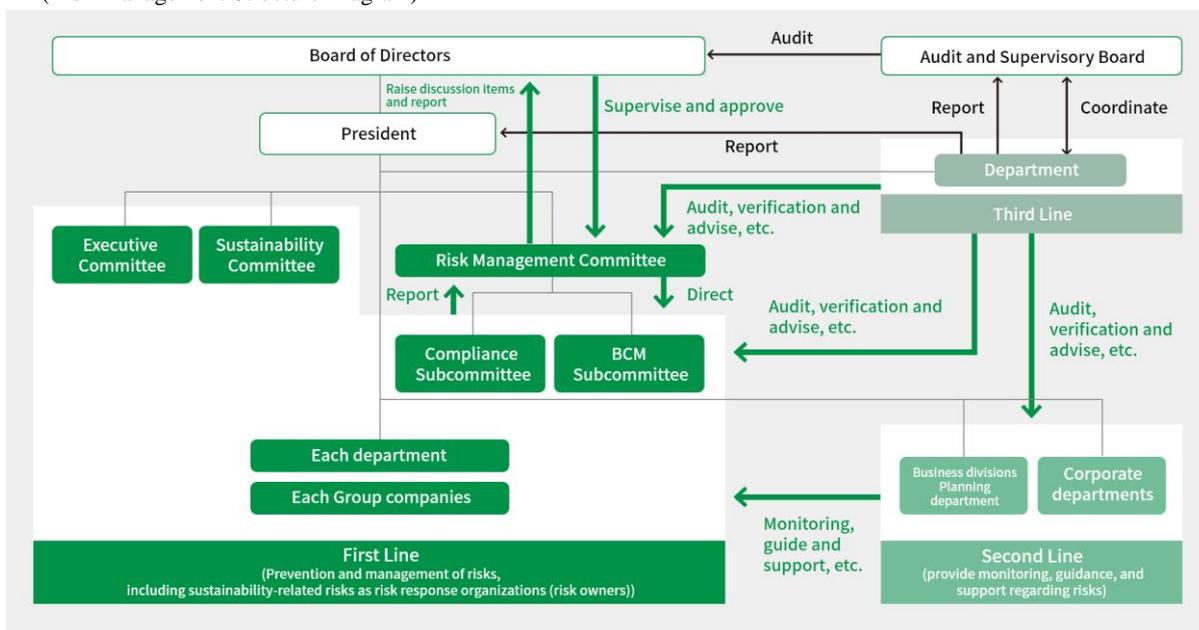
In promoting risk management, in accordance with its “Risk Management Regulations,” the Company has designated the President as the “Chief Risk Management Officer” and has established a “Risk Management Committee” chaired by the President & Chief Executive Officer to oversee risk management for the Group.

The Risk Management Committee formulates annual risk management plans for the Group. It evaluates and analyzes priority risks, formulates preventive measures and countermeasures, and periodically monitors their status while regularly presenting agenda items for deliberation and submitting reports to the Board of Directors.

Regarding risks other than priority risks (department and division management risks), the general managers of offices and branches, who are “risk management officers” as stipulated in the Risk Management Regulations, and each committee, serve as a risk response organization (risk owner) to appropriately prevent and manage said risks.

Furthermore, in order to maintain and improve the effectiveness of risk management activities, a risk governance (Three Line Model) system has been established in which the Corporate Department and planning departments of each business division (Second Line) monitor, support, and provide instructive guidance to offices and branches (First Line) with respect to risk management, and the Internal Audit Department (Third Line) audits and advises them in terms of their response to risk management at offices and branches.

(Risk Management Structure Diagram)



(2) Business Risk and Other Risk Factors

Risk is defined by the Group as “any factor of uncertainty arising in the course of business operation within the Group.” Risk assessments are conducted on risks in the Group from the perspectives of impact (financial loss, human loss, etc.), likelihood of occurrence, changes in business environment and corporate values. Going forward, the Risk Management Committee has established a process for identifying “priority risks to be addressed” that are to be monitored directly by the committee.

The main risks that could affect the Group’s business performance and financial position, including the priority risks to be addressed, are listed below. Furthermore, the risks indicated below do not cover all the risks associated with the Group, as there are other risks that may influence the judgment of investors.

Forward-looking statements in the document are the judgment of the Group based on information available as of the end of the fiscal year under review.

(i) Risks related to real estate development

The Group promotes its business after grasping and analyzing assumed risks in the real estate development business mainly in the Executive Committee and taking countermeasures beforehand. However, when a delay in business schedule or increase in costs, etc. occurs due to bad weather, natural disasters, delay in approval and permission, soil contamination or buried objects being found, or other unforeseen events, the Group’s operating results, financial position, etc. may be impacted.

(ii) Risks related to price fluctuations

The Group constantly monitors and analyzes the cost trends in each business, paying close attention to the impact on profitability. However, if there is a significant and rapid fluctuation in prices and the increase in costs cannot necessarily be reflected in rents or sales prices, the Group’s operating results, financial position, etc. may be impacted.

(iii) Risks related to trends in the real estate market

While the Group constantly monitors and analyzes domestic and international economic trends and real estate market conditions and closely monitors the impact on its operations, the Group’s operating results and financial position may be affected by rapid or drastic fluctuations in economic conditions or market conditions resulting in a decline in office needs due to deteriorating corporate performance in the leasing office market, a decline in customer willingness to purchase residences in the residential property market, or a decline in investment demand in the real estate investment market.

(iv) Risks related to interest rate fluctuations

The Group has conducted stable fund procurement centering on interest-bearing debt in the form of long-term borrowings and has fixed interest rates for almost all long-term borrowings to minimize the impact of interest rate fluctuation. However, when interest rates rise, the Group’s operating results as well as its financial position, etc. may be impacted and the value of assets owned by the Group may decrease.

(v) Risks related to owned shares

The Group holds marketable shares in other companies that are deemed to help increase corporate value in the medium to long term through maintaining and strengthening business relationships as those for purposes other than pure investment (strategic shareholdings). Individual strategic shares are appropriately managed toward their reduction based on the “Corporate Governance Code (Principle 1-4)” by reporting their actual transactions and others periodically to the Board of Directors and assessing whether continuing to hold them is appropriate. However, when the market price of shares falls and the value of owned shares falls significantly, for instance, the Group’s operating results, financial position, etc. may be impacted.

(vi) Risks related to environmental issues and climate change

The Group believes that the intensification of policies and regulations related to climate change, as well as the increased frequency and severity of extreme weather events, could potentially impact the Group’s business operations. Through discussions at the Sustainability Committee chaired by the Company’s President & Chief Executive Officer, the Company has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has conducted scenario analysis in accordance with the recommendations of the TCFD to identify climate change risks and opportunities, evaluate their materiality, and examine their impact on the Group’s business profit. Following this, we have set targets related to the promotion of a decarbonized society – one of our identified materialities – and we are engaged in efforts to achieve these targets. However, should there be further intensification of policies and regulations due to climate change in the future, the Group’s operating results, financial position, etc. may be impacted.

(vii) Risks related to natural disasters, man-made disasters

The Group takes business continuity measures in cases of emergency, such as the establishment of various regulations and manuals as well as implementation of periodic training in preparation for earthquakes, rainstorms, flooding and other natural disasters as well as wars, riots, terrorism and other man-made disasters. However, when natural or man-made disasters or such occur, business activities may be impacted as employees may suffer damage and the value of assets owned, managed or operated by the Group may decrease. Accordingly, the Group's operating results, financial position, etc. may be impacted.

(viii) Risks related to information leakage and security

The Group handles an enormous amount of personal and other confidential information in various businesses. Thus, the Group appropriately manages information by establishing informational management rules and information system management rules as well as by reinforcing systems to manage documents, data, etc. It further makes specific efforts, including enhancing security for information devices on both tangible and intangible fronts and conducting training to prepare for a potential information security risk while obtaining cyber insurance as needed. However, when information leakage outside the Group occurs due to cyberattacks, negligence of the Group's officers and employees, etc., the loss of social credibility of the Group, occurrence of compensation for damage, etc. may impact the Group's operating results, financial position, etc.

(ix) Risks related to legal compliance

The Group conducts business activities under legal regulations including the Companies Act, the Financial Instruments and Exchange Act, the Labor Standards Act, the Real Estate Brokerage Act and the Building Standards Act. The Group has further established a legal compliance structure based on the "Compliance Charter" and the "Compliance Rules" and provides education such as periodic training to the Group and its officers and employees. However, if the Group and its officers and employees violate laws, regulations, etc., the loss of social credibility of the Group, imposition of fines and penalties, etc. may impact the Group's operating results, financial position, etc.

(x) Risks related to establishment and revision of legislation, taxation systems, and government policies

The Group's businesses are affected by regulations including ordinances, tax systems, etc. set forth by local governments as well as by laws and regulations. Accordingly, the Group promotes business after collecting information from relevant authorities, industry groups, professionals, etc. in a timely manner and takes appropriate measures. However, when relevant laws and regulations, ordinances, tax systems, etc. are established, revised, etc. in the future, this may impact the Group's operating results, financial position, etc. due to the newly arising obligations, increase in cost burden, restriction on rights, etc., possibly leading to a decrease in the value of assets owned by the Group. Furthermore, when a difference arises in views of tax reporting with tax authorities, the Group's operating results, financial position, etc. may be impacted.

(xi) Country risk related to the Group's overseas operations

The Group operates in countries including the United States, Australia, Thailand, and China based on "Expansion of overseas business," which is one of the key strategies spelled out in the Group's Medium-Term Business Plan. In conducting business overseas, the Group strives to collect necessary and appropriate information through partnerships with local entities that are well-versed in the political or economic climate as well as the laws and regulations in the respective countries or regions where it operates. However, if a project is halted, a schedule is delayed or costs increase due to the deterioration of political or economic conditions, any change in laws and regulations, or worsening security, etc. in these countries, it may impact the Group's operating results, financial position, etc.

(xii) Risks related to infectious diseases

If the economy stagnates or deteriorates in Japan due to factors such as the re-spread of coronavirus infections or the outbreak of influenza, the Group's operating results, financial position, etc. may be impacted. The same concern is shared with foreign countries in which the Group develops overseas businesses (countries including the United States, Australia, Thailand, and China); if the economy slows down or weakens, it could impact the Group's operating results, financial position, etc.

4. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Summary of Operating Results

The overview of financial position, operating results, and cash flows (hereinafter referred to as “operating results, etc.”) of the Group for the current consolidated fiscal year is as follows.

(i) Operating results

During the current consolidated fiscal year, the Japanese economy continued to recover gradually, with improvements in the employment and income environment and the effects of various policies. However, the outlook remained uncertain due to concerns about the risk of a global economic slowdown due to factors including unstable international conditions, policy trends in Japan and overseas, rising interest rates and prices, and exchange rate fluctuations.

In the real estate industry, the leasing office market saw a clear recovery trend from the impact of the COVID-19 pandemic, with demand for offices in well-located, high-spec buildings increasing in the second half of the year, underpinned by the efforts of companies to secure human resources and improve productivity, etc., and vacancy rates in central Tokyo continuing to fall and rents continuing to rise. In the residential property market, amidst the continuing decline in the number of units supplied due to difficulties in acquiring land for development and other factors, and despite concerns about a decline in purchasing sentiment due to expectations of rising interest rates, etc., the market remained strong, supported by factors such as an increase in household income and a rise in purchasing power. In the real estate investment market, although investment demand from overseas investors is on the road to recovery, there has been no change in the proactive lending stance of financial institutions even in the face of rising interest rates, and the market has remained strong against the backdrop of the strong investment appetite of Japanese investors.

In this business environment, the Group has been focusing on promoting key strategies based on the Group’s Medium-Term Business Plan, with the aim of realizing its Long-term Vision. With regard to the promotion of large-scale redevelopment, one of our key strategies, we have made steady progress, including the start of construction on the Yaesu 1-chome North District Category 1 Urban Redevelopment Project (Chuo-ku, Tokyo) and the approval of the establishment of the urban redevelopment committee for the Kyobashi 3-chome East District Category 1 Urban Redevelopment Project (Chuo-ku, Tokyo). In terms of further strengthening the for-sale condominium business, we provided high-quality housing through high-value-added development, etc., such as the completion of the ONE DOJIMA PROJECT (Kita-ku, Osaka City), a super high-rise complex tower that combines Japan’s first Four Seasons Hotel with the for-sale condominium Brillia Tower Dojima. In the expansion of property sales to investors, we undertook the development of diverse assets, with properties in the logistics property T-LOGI, mid-sized office T-PLUS, urban retail facility FUNDES, and for-rent condominium Brillia ist series being successively completed and put into operation, the sale of properties such as T-LOGI Ichinomiya (Ichinomiya City, Aichi Prefecture) and T-PLUS Nihonbashi Kodemmacho” (Chuo-ku, Tokyo) being carried out, and the launch of a new community-based retail facility brand minanoba. Furthermore, regarding the growth of overseas business, in addition to ongoing development in Southeast Asia and China, we have continued to invest in rental multifamily housing development projects in the United States, and also entered the for-sale housing development business in Australia for the first time for the Company, thereby expanding business opportunities in developed countries as well.

In addition, the luxury hotel “Hilton Kyoto” (Nakagyo-ku, Kyoto City) opened, and the Group successfully attracted several world-renowned luxury hotel brands through participation in multiple projects. In addition, in the Ariake Urban Sports Park Development and Operation Project (Koto-ku, Tokyo), we undertook initiatives to contribute to the creation of sustainable communities and the realization of sports wellness through a sports and leisure complex. Furthermore, in the first Park-PFI project in a Tokyo metropolitan park, Meiji Park in Tokyo (Shinjuku-ku, Tokyo), we opened a new urban spa facility, “TOTOPA Metropolitan Meiji Park,” thereby focusing on creating the value of place and value of experience as set in our materialities through various projects.

During the current consolidated fiscal year, the number of condominium units recorded as sales in the Residential Business increased, and property sales to investors also increased in both the Commercial Properties Business and Residential Business. Consequently, operating revenue totaled ¥463,724 million (up 23.3% from ¥375,946 million for the previous fiscal year), operating profit was ¥79,670 million (up 13.0% from ¥70,508 million for the previous fiscal year), business profit was ¥80,489 million (up 8.1% from ¥74,428 million for the previous fiscal year), ordinary profit was ¥71,722 million (up 3.2% from ¥69,471 million for the previous fiscal year), and profit attributable to owners of parent was ¥65,882 million (up 46.1% from ¥45,084 million for the previous fiscal year), due to factors such as the recording of profits from the sale of a portion of investment securities.

(Note) Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method

The business results for each segment are as follows.

a. Commercial Properties business

With regard to large-scale redevelopment projects, construction work began on District A of the Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (District A and B) (Chuo-ku, Tokyo) and the Yaesu 1-chome North District Category 1 Urban Redevelopment Project (Chuo-ku, Tokyo), and the projects progressed steadily toward completion. In for-sale properties for investors and other properties, we completed four properties, including logistics property, T-LOGI Fukuoka Island City (Higashi-ku, Fukuoka-shi), and aggressively pushed forward the development of a diverse range of asset types (“T-PLUS” series of mid-sized offices, retail facilities, etc.). In addition, the luxury hotel Hilton Kyoto (Nakagyo-ku, Kyoto City) opened for business.

During the current consolidated fiscal year, the leasing of buildings was strong, and in real estate sales, properties such as T-LOGI Ichinomiya (Ichinomiya-shi, Aichi Prefecture) and T-LOGI Ayase (Ayase-shi, Kanagawa Prefecture) were sold to investors and recorded as revenue, while expenses such as distribution taxes temporarily increased due to the acquisition of non-current assets. Consequently, operating revenue was ¥176,573 million (up 13.7% from ¥155,256 million for the previous fiscal year), operating profit was ¥41,399 million (up 7.6% from ¥38,483 million for the previous fiscal year) and business profit was ¥41,930 million (up 4.4% from ¥40,153 million for the previous fiscal year).

Category	FY2023		FY2024	
	Quantity	Operating revenue (Millions of yen)	Quantity	Operating revenue (Millions of yen)
Leasing of buildings	Rentable 1,040,870 m ² (Of which for sublease 67,227 m ²)	78,275	Rentable 1,038,497 m ² (Of which for sublease 66,704 m ²)	81,421
Real estate sales	8 deals	38,643	10 deals	53,215
Building management service, etc.	—	38,337	—	41,936
Total operating revenue	—	155,256	—	176,573
Operating profit	—	38,483	—	41,399
Business profit	—	40,153	—	41,930

b. Residential business

With regard to for-sale condominiums, we recorded revenue from projects such as Brillia Tower Hamarikyu (Minato-ku, Tokyo), which is one of the first large-scale condominium reconstruction projects in the city center, and Brillia Tower Dojima (Kita-ku, Osaka City), a for-sale condominium developed as a high-rise complex tower in conjunction with the Four Seasons Hotel, and also began sales of projects such as Brillia Tower Chiba (Chuo-ku, Chiba City), a large-scale seismic isolation tower condominium on the site of the former Mitsukoshi Chiba Store. In for-sale properties for investors, we actively promoted the development of the Brillia ist series of for-rent condominiums and completed properties including Brillia ist Oimachi (Shinagawa-ku, Tokyo) and Brillia ist Ueno Inaricho (Taito-ku, Tokyo).

During the current consolidated fiscal year, in addition to the properties mentioned above, which were recorded as revenue in residential sales, “HARUMI FLAG” (Chuo-ku, Tokyo) and Brillia Tower Ikebukuro West (Toshima-ku, Tokyo), etc. were also recorded as revenue. In addition, in real estate sales, Grapes Asakusa (Taito-ku, Tokyo) and THE CROSS SITE Noborito (Tama-ku, Kawasaki-shi) were recorded as revenue from property sales to investors. Consequently, operating revenue was ¥211,481 million (up 57.7% from ¥134,140 million for the previous fiscal year), operating profit was ¥38,150 million (up 40.5% from ¥27,155 million for the previous fiscal year) and business profit was ¥37,637 million (up 38.6% from ¥27,149 million for the previous fiscal year).

Category	FY2023		FY2024	
	Quantity	Operating revenue (Millions of yen)	Quantity	Operating revenue (Millions of yen)
Residential sales	1,058 units	84,029	1,711 units	157,638
Real estate sales	—	20,664	—	24,444
Residence leasing	Rentable 117,973 m ²	5,948	Rentable 139,162 m ²	5,941
Condominium management service	Number of units 99,083 units	14,321	Number of units 100,260 units	14,574
Other	—	9,176	—	8,881
Total operating revenue	—	134,140	—	211,481
Operating profit	—	27,155	—	38,150
Business profit	—	27,149	—	37,637

c. Asset Service business

The brokerage business of Tokyo Tatemono Real Estate Sales Co., Ltd. aimed to further increase profitability through means such as expanding the number of Brillia secondary distribution brokerage deals and strengthening relationships with corporate customers and expanding transactions with investors. The asset solution business of the company, in collaboration with the brokerage business and by strengthening sales to existing clients, successfully progressed in acquiring and selling real estate for sale. In the parking business operated by Nihon Parking Corporation, we worked to develop and take on new contracts for large-scale parking lots in order to improve earnings, and also worked to improve customer service by enhancing the functionality of parking lot systems and improving the quality of parking lots.

During the current consolidated fiscal year, although the Brokerage and parking businesses were strong, real estate sales to investors in the asset solution business decreased. Consequently, operating revenue was ¥54,742 million (down 14.2% from ¥63,800 million for the previous fiscal year), and operating profit and business profit were each ¥11,537 million (down 10.6% from ¥12,907 million for the previous fiscal year).

Category	FY2023		FY2024	
	Quantity	Operating revenue (Millions of yen)	Quantity	Operating revenue (Millions of yen)
Brokerage	1,097 deals	5,499	1,128 deals	6,329
Asset solution (Note)	—	29,999	—	19,228
Management service, etc.	—	4,567	—	4,521
Parking lot operations	Number of parking spaces 82,542 spaces	23,734	Number of parking spaces 86,792 spaces	24,663
Total operating revenue	—	63,800	—	54,742
Operating profit	—	12,907	—	11,537
Business profit	—	12,907	—	11,537

(Note) This business mainly purchases and resells real estate after improving its added value.

d. Other

In the Leisure business, the Regina Resort, a dog-friendly resort hotel and golf course operated by Tokyo Tatemono Resort Co., Ltd. maintained high occupancy rates, and a stable number of visitors to the Ofuro no Ousama hot spring facilities was also secured, with sales remaining strong. In addition, we invested in future growth by opening a new urban spa, “TOTOPA Metropolitan Meiji Park” (Shinjuku-ku, Tokyo), which offers a variety of relaxation experiences centered around saunas, and carrying out renovation work at Hotel Regina Kawaguchiko (Minamitsuru-gun, Yamanashi Prefecture) and Ofuro no Osama Shiki (Shiki-shi, Saitama Prefecture). In overseas business, we actively expanded our operations in growing markets, including the Vista Highlands project (Colorado), a rental multifamily housing development project in the United States, the Metrocat project (Samut Prakan Province), logistics properties development project in Thailand, and the Alex & Willow project, a for-sale housing development business in Sydney, New South Wales, Australia.

During the current consolidated fiscal year, in the leisure business, while the occupancy rate at resort facilities remained strong, earnings decreased due to the impact of the transfer of all shares of the operating subsidiaries in the childcare and temporary staffing businesses in the previous consolidated fiscal year. In addition, the share of profit of entities accounted for using equity method decreased in other overseas business. Consequently, operating revenue was ¥20,926 million (down 8.0% from ¥22,748 million for the previous fiscal year), operating profit was ¥1,388 million (down 37.0% from ¥2,204 million for the previous fiscal year) and business profit was ¥2,190 million (down 50.9% from ¥4,460 million for the previous fiscal year).

Category	FY2023	FY2025
	Operating revenue (Millions of yen)	Operating revenue (Millions of yen)
Leisure business	18,582	15,286
Other	4,166	5,640
Total operating revenue	22,748	20,926
Operating profit	2,204	1,388
Business profit	4,460	2,190

(ii) Outline of Financial Position for the Consolidated Fiscal Year Under Review

(Assets)

Total assets at the end of FY2024 were ¥2,081,226 million, up ¥175,916 million from the end of the previous consolidated fiscal year. This was primarily attributable to the increase in real estate for sale (including real estate for sale in process and real estate for development), and property, plant and equipment.

(Liabilities)

Total liabilities at the end of FY2024 were ¥1,533,702 million, up ¥136,428 million from the end of the previous consolidated fiscal year. This was due to factors including an increase in interest-bearing debt. The balance of interest-bearing debt (excluding lease obligations) was ¥1,212,345 million, up ¥123,338 million from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of FY2024 were ¥547,524 million, up ¥39,488 million from the end of the previous consolidated fiscal year. This was due to factors including an increase in retained earnings.

(iii) Outline of Cash Flows for the Fiscal Year Under Review

Consolidated cash and cash equivalents (hereinafter “cash”) at the end of FY2024 stood at ¥111,139 million, down ¥16,163 million from the end of the previous consolidated fiscal year. This was primarily due to ¥18,894 million provided by operating activities, ¥142,089 million used in investing activities, and ¥105,636 million provided by financing activities.

Current consolidated fiscal year cash flows for each category are as follows.

(Cash flows from operating activities)

Cash provided by operating activities at the end of FY2024 stood at ¥18,894 million (down ¥1,694 million from the previous fiscal year). This was primarily attributable to cash inflows due to profit before income taxes on the one hand and cash outflows due to an increase in inventories on the other.

(Cash flows from investing activities)

Net cash used in investing activities at the end of FY2024 stood at ¥142,089 million (down ¥88,020 million from the previous fiscal year). This was primarily attributable to cash outflows due to the acquisition of non-current assets on the one hand and cash inflows due to the sale of investment securities on the other.

(Cash flows from financing activities)

Cash provided by financing activities at the end of FY2024 stood at ¥105,636 million (up ¥27,727 million from the previous fiscal year). This was primarily attributable to cash inflows from long-term borrowings.

(iv) Production, Orders and Sales Results

Production, orders received, and sales results are shown in relation to the results of each segment in “(i) Operating Results.”

(2) Overview of Management’s Discussion and Analysis of Operating Results and Other Matters

The following is a summary of the recognition, analysis, and discussion of the Group’s operating results from the management’s perspective.

Any forward-looking statement mentioned below is based on the Group judgment as of the end of the current consolidated fiscal year.

(i) Objective indicators for determining the achievement of the management policy, strategy, goals, etc.

In the Group’s Medium-Term Business Plan (FY2020-FY2024), which ends in the current consolidated fiscal year, the Group has been working to achieve its profit target of ¥75 billion in consolidated business profit by appropriately controlling the indicator of capital efficiency and financial indicator, namely ROE of 8-10%, debt-equity ratio of around 2.4 times, and interest-bearing debt / EBITDA multiple of around 12 times, and promoting key strategies based on the plan.

The results for the current consolidated fiscal year are as follows, and as a result of steadily promoting key strategies while achieving both improved capital efficiency and maintaining financial discipline, we achieved profit growth that exceeded our targets.

	Initial plan	Results for the current consolidated fiscal year
Profit target	Consolidated business profit: ¥75 billion	Consolidated business profit: ¥80.4 billion
Capital efficiency	ROE: 8-10%	ROE: 12.8%
Financial indicators	Debt-equity ratio: approx. 2.4 times	Debt-equity ratio: 2.3 times
	Interest-bearing debt / EBITDA multiple: about 12 times	Interest-bearing debt / EBITDA multiple: 11.2 times

The Group has formulated a new Medium-Term Business Plan for the three years from FY2025 to FY2027, with the aim of achieving consolidated business profit of ¥120 billion in 2030 and contributing to the achievement of the SDGs by continuing to solve social issues and achieve higher levels of growth as a company, as set out in the Group’s Long-term Vision of “Becoming a Next Generation Developer” formulated in 2020. With regard to the profit indicator we are targeting, in order to diversify the investment scheme for overseas business and flexibly sell non-current assets based on the Medium-Term Business Plan, we have decided to add to the existing consolidated business profit the dividend income, interest income, loss (gain) on sale of investment equity in investment vehicles, and gain (loss) on sale of non-current assets in overseas business. The target for consolidated business profit in the final year, FY2027, is set at ¥95 billion, with ROE of 10% as the indicator of capital efficiency for the duration of the current Medium-Term Business Plan, and with financial indicators set at a debt-equity ratio of approximately 2.4 times and an interest-bearing debt / EBITDA multiple of approximately 12 times (both for FY2027).

(ii) Analysis of operating results

In terms of the Group’s consolidated results during the current consolidated fiscal year, the number of for-sale condominium units recorded as sales in the residential business increased, and property sales to investors also increased in both the Commercial Properties Business and Residential Business. Consequently, operating revenue totaled ¥463,724 million (up 23.3% from ¥375,946 million for the previous fiscal year), operating profit was ¥79,670 million (up 13.0% from ¥70,508 million for the previous fiscal year), business profit was ¥80,489 million (up 8.1% from ¥74,428 million for the previous fiscal year), ordinary profit was ¥71,722 million (up 3.2% from ¥69,471 million for the previous fiscal year), and profit attributable to owners of parent was ¥65,882 million (up 46.1% from ¥45,084 million for the previous fiscal year), due to factors such as the recording of profits from the sale of a portion of investment securities.

For an overview of the performance of each segment, please refer to “(i) Operating Results, under (1) Summary of Business Results.”

(iii) Capital resources and liquidity of cash

Capital requirements of the Group are mainly for the acquisition and development of real estate. Thus, the Group raises funds for these capital requirements by borrowing from financial institutions, issuing bonds, and cash flows from operating activities. In addition, the Company and its major consolidated subsidiaries have introduced a cash management system (CMS) to consolidate surplus funds of each company to the Company for centralized management, thereby improving the efficiency of

funds.

Further, the analysis of capital resources and liquidity of funds is as described in “(iii) Outline of Cash Flows for the Fiscal Year Under Review, under (1) Summary of Business Results,” and the analysis of financial position is as described in “(ii) Outline of Financial Position for the Fiscal Year Under Review under (1) Summary of Business Results.”

(iv) Significant accounting estimates and assumptions used in making such estimates

Significant accounting estimates used in the preparation of the consolidated financial statements and the assumptions used in making such estimates are described in “(1) Notes to Consolidated Financial Statements (Significant accounting estimates)” of “1. Consolidated Financial Statements etc., under V. Financial Information.”

5. Material Agreements, etc.

Not applicable.

6. Research and Development

Not applicable.

III. Property and Equipment

1. Summary of Capital Investment

For the current consolidated fiscal year, the Group made capital investments totaling ¥125,789 million, primarily for large-scale redevelopment projects and Hilton Kyoto in the Commercial Properties business.

The breakdown of capital investments by segment is as follows:

(Investment figures include property, plant and equipment, and intangible assets. Amounts do not include consumption tax, etc.)

(Millions of yen)

Segment	FY2023	FY2024	Increase (decrease)
Commercial Properties Business	40,710	117,253	76,543
Residential Business	884	1,134	249
Asset Service Business	1,307	2,095	788
Other	2,520	4,048	1,528
Subtotal	45,423	124,532	79,109
Elimination or corporate expenses	86	1,256	1,170
Total	45,510	125,789	80,279

2. Major Property and Equipment

Major facilities of the Company and its consolidated subsidiaries are as follows.

(1) Commercial Properties Business

As of December 31, 2024

Company name	Facility Name (Location)	Main Use	Structural Scale, etc.	Land, etc. (Note) 1, (Note) 2 (㎡)	Buildings total floor area (Note) 2 (㎡)	Book value (Note) 3			
						Land, etc. (Millions of yen)	Buildings and Structures (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)
Tokyo Tatemono Co., Ltd.	Muromachi Building (Chuo-ku, Tokyo)	Rental office	Steel-framed reinforced concrete structure 9 floors above ground, 3 floors below ground	755	9,113	7,847	508	0	8,355
Tokyo Tatemono Co., Ltd.	Muromachi Building No.3 (Chuo-ku, Tokyo)	Rental office	Steel-framed reinforced concrete structure 10 floors above ground, 2 floors below ground	1,444	12,382	9,473	974	24	10,472
Tokyo Tatemono Co., Ltd.	Nihonbashi First Building (Chuo-ku, Tokyo)	Rental office Store for rent	Steel-framed reinforced concrete structure 9 floors above ground, 1 floor below ground	285	2,004	1,722	390	0	2,113
Tokyo Tatemono Co., Ltd.	Yaesu Building (Chuo-ku, Tokyo)	Rental office Store for rent	Steel frame 11 floors above ground, 2 floors below ground	2,649	23,329	16,250	4,468	12	20,731
Tokyo Tatemono Co., Ltd.	Nihonbashi TI Building (Chuo-ku, Tokyo)	Rental office Store for rent	Steel frame 9 floors above ground	559	4,885	2,807	749	10	3,567
Tokyo Tatemono Co., Ltd.	Tokyo Square Garden (Chuo-ku, Tokyo)	Rental office Store for rent, etc.	Steel-framed and steel-reinforced concrete structure 24 floors above ground, 4 floors below ground	3,746	54,161	75,874	7,515	14	83,404
Tokyo Tatemono Co., Ltd.	Nihonbashi Building (Chuo-ku, Tokyo)	Rental office Store for rent, etc.	Steel frame 13 floors above ground, 2 floors below ground	2,021 [298]	21,135	23,881	4,195	12	28,089
Tokyo Tatemono Co., Ltd.	Kyobashi Edogrand (Chuo-ku, Tokyo)	Rental office Store for rent, etc.	Steel-framed and steel-reinforced concrete structure 32 floors above ground, 3 floors below ground	610	8,497	5,635	3,981	—	9,617
Tokyo Tatemono Co., Ltd.	Empire Building (Chuo-ku, Tokyo)	Rental office Store for rent	Steel-framed and steel-reinforced concrete structure 10 floors above ground, 1 floor below ground	632	5,061	1,957	1,266	9	3,234
Tokyo Tatemono Co., Ltd.	Yaesu Sakura-dori Building (Chuo-ku, Tokyo)	Rental office	Steel-framed reinforced concrete structure 11 floors above ground, 2 floors below ground	623	5,538	13,441	1,112	16	14,570
Suzuki Sanei Co., Ltd.	Sanei Building -Main (Chuo-ku, Tokyo)	Rental office	Steel-framed reinforced concrete structure 9 floors above ground, 2 floors below ground	1,162	9,990	31,737	244	20	32,002
Suzuki Sanei Co., Ltd.	Sanei Building - Annex (Chuo-ku, Tokyo)	Rental office Store for rent, etc.	Steel-framed reinforced concrete structure 8 floors above ground, 1 floor below ground	640 [124]	4,747	4,163	116	0	4,280
Tokyo Tatemono Co., Ltd.	Jimbocho Building (Chiyoda-ku, Tokyo)	Rental office	Steel-framed reinforced concrete structure 8 floors above ground, 1 floor below ground	1,214	9,046	7,990	840	110	8,940
Tokyo Tatemono Co., Ltd.	JA Building · Keidanren Building (Chiyoda-ku, Tokyo)	Rental office Store for rent, etc.	Steel frame 37 floors above ground, 4 floors below ground	1,107	18,048	14,245	2,410	17	16,673
The silent partnership operated by Tokyo Prime Stage Y.K.	Otemachi Tower (Chiyoda-ku, Tokyo)	Rental office Store for rent, etc.	Steel-framed and steel-reinforced concrete structure 38 floors above ground, 6 floors below ground	7,875 [7,875]	147,910	89,841	42,757	196	132,794
Tokyo Tatemono Co., Ltd.	Otemachi Financial City Grand Cube (Chiyoda-ku, Tokyo)	Rental office Store for rent, etc.	Steel-framed and steel-reinforced concrete structure 31 floors above ground, 4 floors below ground	577	10,738	7,075	1,875	0	8,951
Kasumigaseki Building No. 7 PFI Co., Ltd.	Kasumigaseki Common Gate (Chiyoda-ku, Tokyo)	Rental office Store for rent, etc.	Steel-framed, steel-reinforced concrete structure, reinforced concrete 38 floors above ground, 3 floors below ground	1,978 [1,978]	21,408	—	4,749	0	4,749

Company name	Facility Name (Location)	Main Use	Structural Scale, etc.	Land, etc. (Note) 1, (Note) 2 (m ²)	Buildings total floor area (Note) 2 (m ²)	Book value (Note) 3			
						Land, etc. (Millions of yen)	Buildings and Structures (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)
Tokyo Tatemono Co., Ltd.	Shinjuku Center Building (Shinjuku-ku, Tokyo)	Rental office Store for rent	Steel frame 54 floors above ground, 4 floors below ground	7,434	89,956	90,418	11,682	48	102,149
Tokyo Tatemono Co., Ltd.	Panasonic Meguro Building (Shinagawa-ku, Tokyo)	Rental office	Steel-framed and steel-reinforced concrete structure 25 floors above ground, 2 floors below ground	8,225	48,063	20,979	6,789	29	27,799
Tokyo Tatemono Co., Ltd. Tokyo Tatemono Resort Co., Ltd.	Osaki New City No. 3 · Nissei Building (Shinagawa-ku, Tokyo)	Rental office Store for rent	Steel frame 21 floors above ground, 2 floors below ground	2,224	11,664	5,493	2,110	0	7,603
The silent partnership operated by Osaki First Stage Y.K.	Osaki Center Building (Shinagawa-ku, Tokyo)	Rental office Store for rent	Steel-framed reinforced concrete structure 17 floors above ground, 2 floors below ground	5,420 [5,420]	37,797	691	6,657	6	7,354
Tokyo Tatemono Co., Ltd.	Hareza Tower (Toshima-ku, Tokyo)	Rental office Store for rent Cinema	Steel-framed, steel-reinforced concrete structure, reinforced concrete 33 floors above ground, 2 floors below ground	2,027 [2,027]	38,446	54	14,743	208	15,007
Tokyo Tatemono Co., Ltd.	Nakano Central Park (Nakano-ku, Tokyo)	Rental office Store for rent, etc.	Steel-framed and steel-reinforced concrete structure 22 floors above ground, 1 floor below ground, etc.	13,586	86,368	55,570	12,273	127	67,971
Tokyo Tatemono Co., Ltd.	Machida Building (Machida-shi, Tokyo)	Rental office	Steel-framed reinforced concrete structure 10 floors above ground, 2 floors below ground	1,507 [1,507]	8,077	2,651	1,163	11	3,826
Tokyo Tatemono Co., Ltd.	Yokohama First Building (Nishi-ku, Yokohama)	Rental office	Steel frame 15 floors above ground, 3 floors below ground	966	12,239	5,575	1,393	29	6,997
Tokyo Tatemono Co., Ltd.	SMARK (Iseaki-shi, Gunma pref.)	Retail facilities	Steel frame 5 floors above ground	135,054 [129,382]	110,960	1,032	5,325	87	6,445
Tokyo Tatemono Co., Ltd.	Honmachi Building (Chuo-ku, Osaka)	Rental office	Steel-framed reinforced concrete structure 9 floors above ground, 3 floors below ground	920	10,529	3,284	290	17	3,592
Tokyo Tatemono Co., Ltd.	Umeda Building (Kita-ku, Osaka)	Rental office	Steel-framed and steel-reinforced concrete structure 14 floors above ground, 4 floors below ground	1,359 [237]	14,492	8,195	2,319	20	10,535
Tokyo Tatemono Co., Ltd.	Grand Front Osaka (Kita-ku, Osaka)	Rental office Store for rent, etc.	Steel-framed, steel-reinforced concrete structure, reinforced concrete 38 floors above ground, 3 floors below ground, etc.	215	2,407	1,180	417	3	1,600
Tokyo Tatemono Co., Ltd.	Hilton Kyoto (Nakagyo-ku, Kyoto)	Hotel buildings	Reinforced concrete structure and steel-framed reinforced concrete structure 9 floors above ground, 2 floors below ground	4,280 [3,470]	25,825	20,000	17,643	1,908	39,552
Tokyo Tatemono Co., Ltd.	Shijo Karasuma FT Square (Shimogyo-ku, Kyoto)	Rental office	Steel-framed reinforced concrete structure 11 floors above ground, 3 floors below ground	2,768	26,794	10,247	2,690	40	12,978
Tokyo Tatemono Co., Ltd.	Shijo Karasuma Building EAST (Shimogyo-ku, Kyoto)	Rental office	Steel frame 7 floors above ground	871	6,079	1,003	2,388	86	3,478
Tokyo Tatemono Co., Ltd.	Shijo SET Building (Shimogyo-ku, Kyoto)	Rental office Store	Steel-framed reinforced concrete structure 8 floors above ground, 1 floor below ground	2,134	14,603	4,574	1,155	10	5,740
Tokyo Tatemono Co., Ltd.	Hakata Building (Hakata-ku, Fukuoka)	Rental office	Steel-framed reinforced concrete structure 12 floors above ground, 1 floor below ground	1,214	10,144	3,519	667	118	4,305
Tokyo Tatemono Co., Ltd.	Sendai Building (Aoba-ku, Sendai)	Rental office	Steel frame 20 floors above ground, 3 floors below ground	2,359	28,496	11,388	3,764	86	15,239

Company name	Facility Name (Location)	Main Use	Structural Scale, etc.	Land, etc. (Note) 1, (Note) 2 (m ²)	Buildings total floor area (Note) 2 (m ²)	Book value (Note) 3			
						Land, etc. (Millions of yen)	Buildings and Structures (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)
Tokyo Tatemono Co., Ltd. Meieki 2-chome Kaihatsu Tokutei Mokuteki Kaisha	Nagoya Prime Central Tower (Nishi-ku, Nagoya)	Rental office Store for rent	Steel frame 23 floors above ground, 1 floor below ground	3,748	25,008	7,542	3,345	0	10,888

(Notes) 1. Land includes the leasehold interests in land. The figures in [] represent the leasehold interests in land.

2. Land and buildings' total floor area represent the Company's and its consolidated subsidiaries' equity.

3. Of the Book value, Land, etc. consists of the total figure of land and leasehold interests in land, and Other consists of the total amount of Property, plant and equipment excluding land, buildings and structures, and intangible assets other than leasehold interests in land.

The Book value is the figure in the consolidated financial statements.

4. In addition to the above, the Company leases the following major buildings for sublease.

As of December 31, 2024

Company name	Name	Location	Leased area (m ²)
Tokyo Tatemono Co., Ltd.	Shinjuku Square Tower	Shinjuku-ku, Tokyo	27,792
Tokyo Tatemono Co., Ltd.	Kousei Sanbancho Daiichi Building	Chiyoda-ku, Tokyo	7,193
Tokyo Tatemono Co., Ltd.	East Square Omori	Shinagawa-ku, Tokyo	6,521

(2) Residential Business

As of December 31, 2024

Company name	Facility Name (Location)	Main Use	Structural Scale, etc.	Land, etc. (Note) 1, (Note) 2 (m ²)	Buildings total floor area (Note) 2 (m ²)	Book value (Note) 3			
						Land, etc. (Millions of yen)	Buildings and Structures (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)
Kachidoki GROWTH TOWN Co., Ltd.	Brillia ist Tower Kachidoki (Chuo-ku, Tokyo)	For-rent condomin iums	Reinforced concrete structure 45 floors above ground, 2 floors below ground	5,034 [5,034]	54,431	36	9,759	131	9,926
Tokyo Tatemono Co., Ltd.	HARUMI FLAG PORT VILLAGE (Chuo-ku, Tokyo)	For-rent condomin iums	Reinforced concrete structure 15 and 17 floors above ground, 1 floor below ground	3,103	13,319	254	4,924	115	5,294
Tokyo Tatemono Co., Ltd.	Class Aoyama (Minato-ku, Tokyo)	For-rent condomin iums	Reinforced concrete structure and steel-framed 25 floors above ground, 1 floor below ground	2,860 [2,860]	9,152	0	4,585	69	4,655
Tokyo Tatemono Co., Ltd.	Brillia ist Shinonome Canal court (Koto-ku, Tokyo)	For-rent condomin iums	Reinforced concrete structure 14 floors above ground, 1 floor below ground, etc.	7,739 [7,739]	40,988	0	3,724	57	3,782

(Notes) 1. Land includes the leasehold interests in land. The figures in [] represent the leasehold interests in land.

2. Land and buildings' total floor area represent the Company's and its consolidated subsidiaries' equity.

3. Of the Book value, Land, etc. consists of the total figure of land and leasehold interests in land, and Other consists of the total amount of Property, plant and equipment excluding land, buildings and structures, and intangible assets other than leasehold interests in land.

The Book value is the figure in the consolidated financial statements.

(3) Asset Service Business

As of December 31, 2024

Company name	Facility Name	Main Use	Structural Scale, etc.	Land, etc. (㎡)	Buildings total floor area (㎡)	Book value (Note)			
						Land, etc. (Millions of yen)	Buildings and Structures (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)
Nihon Parking Corporation	Parking facilities (Number of parking spaces: 86,792)	Hourly and/or monthly rentals parking lot	—	—	—	6,718	4,993	2,658	14,370

(Note) Of the Book value, Land, etc. consists of the total figure of land and leasehold interests in land, and Other consists of the total amount of Property, plant and equipment excluding land, buildings and structures, and intangible assets other than leasehold interests in land.

The Book value is the figure in the consolidated financial statements.

(4) Other

As of December 31, 2024

Company name	Facility Name (Location)	Main Use	Structural Scale, etc.	Land, etc. (Note) 1 (㎡)	Buildings total floor area (㎡)	Book value (Note) 2			
						Land, etc. (Millions of yen)	Buildings and Structures (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)
Tokyo Tatemono Resort Co., Ltd.	Ofuro no Ousama Wako (Wako-shi, Saitama Pref.) 9 other stores	Hot bath facility	—	44,120 [44,120]	34,415	6	2,348	651	3,006
Tokyo Tatemono Resort Co., Ltd.	Regina Resort Kyu-Karuizawa (Kitasaku-gun, Nagano Pref.) 7 other facilities	Hotel buildings	—	19,434	15,714	965	1,759	1,123	3,848
Tokyo Tatemono Co., Ltd. Kawaguchiko Country Club Inc.	J-Golf Tsurugashima (Hidaka-shi, Saitama Pref.) 11 other locations	Golf course facilities	—	14,683,775 [3,144,735]	77,601	10,063	1,761	3,590	15,415

(Notes) 1. Land includes the leasehold interests in land. The figures in [] represent the leasehold interests in land.

2. Of the Book value, Land, etc. consists of the total figure of land and leasehold interests in land, and Other consists of the total amount of Property, plant and equipment excluding land, buildings and structures, and intangible assets other than leasehold interests in land.

The Book value is the figure in the consolidated financial statements.

3. Plans for Capital Investment, Disposals of Property and Equipment, etc.

(1) Capital Investment

Segment	Company name	Facility Name (Location)	Main Use	Scale, etc.	Budgetary amount (Millions of yen)	Amount paid (Millions of yen)	Commencement and scheduled completion date
Commercial Properties Business	Tokyo Tatemono Co., Ltd.	Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (District A, District B) (Chuo-ku, Tokyo)	Office Store Bus terminal Conference center Medical facilities Parking lot, etc.	(District A) 10 floors above ground, 2 floors below ground Total floor: approx. 12,000 m ² (overall) (District B) 51 floors above ground, 4 floors below ground Total floor: approx. 225,200 m ² (overall)	140,000	32,217	(District A) Start of construction 2024 Completion (Acquisition) 2026 (District B) Start of construction 2021 Completion (Acquisition) 2026
Commercial Properties Business	Tokyo Tatemono Co., Ltd.	Yaesu 1-chome North District Category 1 Urban Redevelopment Project (Chuo-ku, Tokyo)	Office Store Accommodations Parking lot, etc.	(Minami-gaiku) 44 floors above ground, 3 floors below ground Total floor: approx. 185,500 m ² (overall) (Kita-gaiku) 2 floors above ground Total floor: approx. 1,000 m ² (overall)	86,000	8,084	Start of main construction 2024 Minami-gaiku completion (acquisition) 2029 Kita-gaiku completion (acquisition) 2032

(Notes) 1. The Company participates in the Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (District A, District B) as a property rights holder and specified business agent. The budgeted amount is the reserved floor space the Company is scheduled to acquire.

2. The Company participates in the Yaesu 1-chome North District Category 1 Urban Redevelopment Project as a property rights holder and participating committee member. The budgeted amount is the floor space for the participating committee member the Company is scheduled to acquire.

3. The Company's funds, borrowings, and bonds payable will cover future capital requirements.

(2) Renovation

Segment	Company name	Facility Name	Construction period	Budgetary amount (Millions of yen)	Amount paid (Millions of yen)	Remarks
Commercial Properties Business	Tokyo Tatemono Co., Ltd.	Existing buildings	January 2025 to December 2025	4,407	—	Facility renovation work

(Note) The Company's funds and borrowings will cover future capital requirements.

(3) Sales

Not applicable.

(4) Disposals

Not applicable.

IV. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total Number of Shares, etc.

(i) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common shares	400,000,000
Total	400,000,000

(ii) Shares issued

Class	As of the end of Fiscal Year Number of shares issued (shares) December 31, 2024	As of the Filing Date Number of shares issued (shares) March 26, 2025	Names of Stock Exchanges on which the Company is listed or Names of Authorized Financial Instruments Firms Association	Description
Common shares	209,167,674	209,167,674	Tokyo Stock Exchange Prime Market	Number of shares constituting a unit 100 shares
Total	209,167,674	209,167,674	—	—

(2) Status of Share Acquisition Rights

(i) Stock Option Plans

Not applicable.

(ii) Rights Plan

Not applicable.

(iii) Other Information About Share Acquisition Rights

Not applicable.

(3) Status of Exercise of Bonds payable with Moving Strike Warrant

Not applicable.

(4) Trends in the Total Number of Shares Issued, Share Capital, etc.

Date	Change in total number of shares issued (Thousands of shares)	Balance of total number of shares issued (Thousands of shares)	Changes in share capital (Millions of yen)	Balance of Share Capital (Millions of yen)	Legal capital surplus Change (Millions of yen)	Legal capital surplus Balance (Millions of yen)
January 31, 2020 (Note)	(7,795)	209,167	—	92,451	—	63,729

(Note) This was due to the retirement of treasury shares on January 31, 2020.

(5) Status of Shareholders

As of December 31, 2024

Category	Status of Shares (1 unit = 100 shares)								Shares of less than one unit (shares)
	Government and local public bodies	Financial Institutions	Securities Companies	Other corporations	Foreign Shareholders		Individuals Other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (Persons)	—	57	30	293	394	34	16,701	17,509	—
Number of shares held (Unit)	—	826,531	186,087	237,443	720,599	556	118,467	2,089,683	199,374
Shareholding ratio (%)	—	39.55	8.91	11.36	34.48	0.03	5.67	100.0	—

(Note) Of the treasury shares of 40,163 shares, 401 units are included under "Individuals/Other," and 63 shares are included under "Shares of less than one unit."

The 351,300 shares held by the Board Benefit Trust (BBT) are not included in treasury shares, but 3,513 units are included under "Financial Institutions."

(6) Status of Major Shareholders

As of December 31, 2024

Name of Shareholder	Address	Number of Shares held (Thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	34,987	16.73
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	21,936	10.49
Sompo Japan Insurance Inc. (Standing proxy: Custody Bank of Japan, Ltd.)	1-26-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo (1-8-12, Harumi, Chuo-ku, Tokyo)	4,744	2.27
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	2-1-1, Marunouchi, Chiyoda-ku, Tokyo (1-8-12, Harumi, Chuo-ku, Tokyo)	4,729	2.26
CB London Stichting Pensioenfonds Zorg en Welzijn (Standing proxy: Citibank, N.A., Tokyo Branch)	UTRECHTSEWEG 91 ZEIST NL 3702 AA (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	4,667	2.23
State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	4,479	2.14
State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	4,235	2.03
Morgan Stanley MUFG Securities Co., Ltd.	1-9-7, Otemachi, Chiyoda-ku, Tokyo	4,222	2.02
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AG FUND 2024-09 (LIMITED OT FINANC IN RESALE RSTRCT) (Standing proxy: Citibank, N.A., Tokyo Branch)	2-2-2 OTEMACHI, CHIYODA-KU, TOKYO, JAPAN (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	3,965	1.90
JAPAN SECURITIES FINANCE CO., LTD.	1-2-10, Nihonbashi Kayabacho, Chuo-ku, Tokyo	3,881	1.86
Total		91,848	43.92

(Notes) 1. In the change report of the statements of large-volume holdings, which was made available for public inspection on July 19, 2024, Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder, Nikko Asset Management Co., Ltd. are listed as owning the following shares as of July 15, 2024. However, the Company is unable to confirm the actual status of the shareholdings of these shareholders as of December 31, 2024; thus, those shareholdings have not been reflected in the above list. The contents of said change report are as follows.

Name of Shareholder	Address	Number of Shares held (Thousands of shares)	Shareholding Ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shiba-Koen, Minato-ku, Tokyo	4,791	2.29
Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	5,556	2.66

2. In the change report of the statements of large-volume holdings, which was made available for public inspection on November 5, 2024, Mitsubishi UFJ Trust and Banking Corporation and its joint holders, Mitsubishi UFJ Asset Management Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., are listed as owning the following shares as of October 28, 2024. However, the Company is unable to confirm the actual status of the shareholdings of these shareholders as of December 31, 2024; thus, those shareholdings have not been reflected in the above list. The contents of said change report are as follows.

Name of Shareholder	Address	Number of Shares held (Thousands of shares)	Shareholding Ratio (%)
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	4,057	1.94
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo	2,902	1.39
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	1,219	0.58

3. In the change report of the statements of large-volume holdings, which was made available for public inspection on December 20, 2024, Asset Management One Co., Ltd. and its joint holders Mizuho Bank, Ltd., Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd. are listed as owning the following shares as of December 13, 2024. However, the Company is unable to confirm the actual status of the shareholdings of these shareholders as of December 31, 2024; thus, those shareholdings have not been reflected in the above list. The contents of said change report are as follows.

Name of Shareholder	Address	Number of Shares held (Thousands of shares)	Shareholding Ratio (%)
Asset Management One Co., Ltd.	1-8-2, Marunouchi, Chiyoda-ku, Tokyo	9,422	4.50
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku, Tokyo	2,166	1.04
Mizuho Securities Co., Ltd.	1-5-1, Otemachi, Chiyoda-ku, Tokyo	1,760	0.84
Mizuho Trust & Banking Co., Ltd.	1-3-3, Marunouchi, Chiyoda-ku, Tokyo	1,387	0.66

4. In the change report of statements of large-volume holdings, which was made available for public inspection on December 20, 2024, SMBC Nikko Securities Inc. and its joint holder, Sumitomo Mitsui DS Asset Management Company, Limited are listed as owning the following shares as of December 13, 2024. However, the Company is unable to confirm the actual status of the shareholdings of these shareholders as of December 31, 2024; thus, those shareholdings have not been reflected in the above list. The contents of said change report are as follows.

Name of Shareholder	Address	Number of Shares held (Thousands of shares)	Shareholding Ratio (%)
SMBC Nikko Securities Inc.	3-3-1, Marunouchi, Chiyoda-ku, Tokyo	2,967	1.42
Sumitomo Mitsui DS Asset Management Company, Limited	1-17-1, Toranomon, Minato-ku, Tokyo	12,250	5.86

(7) Status of Voting Rights

(i) Shares Issued

As of December 31, 2024

Category	Number of shares (shares)	Number of Voting Rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights – treasury shares, etc.	–	–	–
Shares with restricted voting rights – other	–	–	–
Shares with full voting rights – treasury shares, etc.	Common shares 40,100	–	–
Shares with full voting rights – other	Common shares 208,928,200	2,089,282	–
Shares of less than one unit	Common shares 199,374	–	Less than one unit (100 shares)
Total number of shares issued	209,167,674	–	–
Total voting rights held by all shareholders	–	2,089,282	–

(Notes) 1. Treasury shares included in “Shares of less than one unit.”

Tokyo Tatemono Co., Ltd. 63 shares

2. Common stock indicated under “Shares with full voting rights – other” includes 351,300 shares of the Company (3,513 voting rights) held by the Board Benefit Trust (BBT). Said 3,513 voting rights are not exercised.

(ii) Treasury Share, etc.

As of December 31, 2024

Name of Shareholder	Address	Number of Shares held under Own Name (shares)	Number of Shares Held under the Names of Others (shares)	Total Number of Shares Held (shares)	Shareholding Ratio (%)
(Treasury shares) Tokyo Tatemono Co., Ltd.	1-9-9 Yaesu, Chuo-ku, Tokyo	40,100	–	40,100	0.02
Total	–	40,100	–	40,100	0.02

(Note) 351,300 shares of the Company’s shares held by the Board Benefit Trust (BBT) are not included in the above treasury shares, etc.

(8) Information on the Officer/Employee Stock Ownership Plan

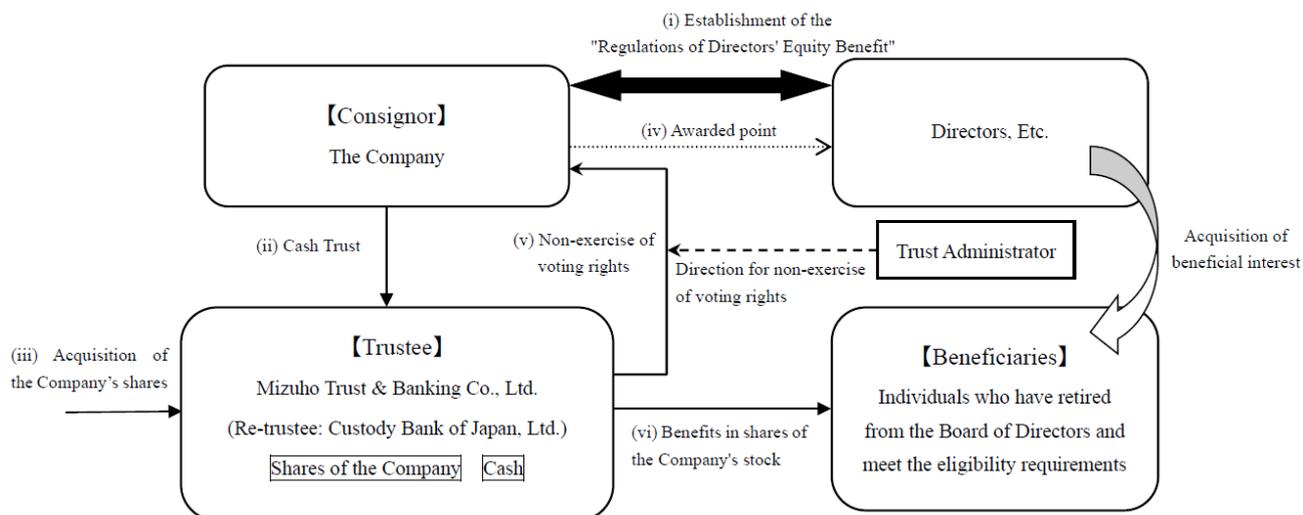
Based on the resolution of the 200th Ordinary General Meeting of Shareholders (hereinafter referred to as the “Resolution of this General Meeting of Shareholders”) held on March 28, 2018, the Company has continued to implement with partial amendments the “Board Benefit Trust (BBT)” (hereinafter referred to as the “BBT scheme”), a share awards plan for the Company’s Directors (excluding External Directors) and Managing Officers who do not concurrently serve as Directors (hereinafter collectively referred to as “Directors, etc.”), intending to enhance their awareness to contribute to increasing the Company’s corporate value over the medium to long term.

a. Outline of the BBT Scheme

Under the BBT scheme, the Company’s shares are acquired through a trust (the trust to be established under the BBT scheme is hereinafter referred to as the “Trust”) with funds contributed by the Company. This is a share awards plan under which the Company’s shares and money equivalent to the amount converted at the market value of the Company’s shares (hereinafter referred to as “the Company’s shares, etc.”) are paid to Directors, etc. through the Trust in accordance with the “Regulations of Directors’ Equity Benefit” (hereinafter referred to as the “Regulations”) stipulated by the Company. In principle, the time when Directors, etc. receive the Company’s shares, etc. is at the time of their retirement from office.

Each fiscal year, Directors, etc. are granted a certain number of points in consideration of their position in accordance with the Regulations, and each point is converted into one share of common stock of the Company at the time of delivery of the Company’s shares, etc. The total number of points to be granted to Directors, etc. per fiscal year shall be up to 100,000 points (including 40,000 points for Directors (excluding External Directors)).

<Structure of the BBT Scheme>



- (i) The Company shall set forth the Regulations to the extent approved by the Resolution of this General Meeting of Shareholders.
- (ii) The Company will place funds in trust to the extent approved by the Resolution of this General Meeting of Shareholders.
- (iii) The Trust shall acquire the Company's shares through the trading market, etc. using the funds entrusted in (ii) above as the source.
- (iv) The Company shall grant points to Directors, etc. per the Regulations.
- (v) The Trust shall not exercise voting rights pertaining to the Company's shares in the Trust in compliance with the instructions of the Trust Administrator, which is independent of the Company.
- (vi) The Trust shall grant the Company's shares to retired Directors, etc. who satisfy the requirements for beneficiaries stipulated in the Regulations (hereinafter referred to as "beneficiaries") in proportion to the number of points granted to said beneficiaries. Provided, if the requirements stipulated in the Regulations are met, a certain percentage of the shares shall be paid in cash equivalent to the market value of the Company's shares in lieu of the payment of the Company's shares. Further, the Trust reserves the right to sell the Company's shares in order to provide monetary benefits.

b. Total Number or Total Amount of the Company's Shares Scheduled to be Purchased by the Board Benefit Trust (BBT)

The Company shall be subject to the following terms and conditions for the three fiscal years from the fiscal year ended the last day of December 2018 through the fiscal year ended the last day of December 2020 (hereinafter referred to as the "Initial Relevant Period" and the Initial Relevant Period and each of the three fiscal years beginning after the expiration of the Initial Relevant Period shall be respectively referred to as the "Relevant Period") and each Relevant Period afterwards. The Trust will acquire the Company's shares using the funds contributed by the Company as the source of funds in order to provide the Company's shares, etc. to Directors, etc.

The maximum allowable number of points to be granted to Directors, etc. under the BBT scheme is 100,000 points per fiscal year (including 40,000 points for Directors (excluding External Directors)), as described above. Until the termination of the BBT scheme, the Company will, in principle, make additional contributions to the Trust for each Relevant Period, based on a reasonably estimated number of shares required to provide benefits to Directors, etc. under the BBT scheme, and the funds deemed necessary for the Trust to acquire such shares ahead of time. Provided, in the event of such additional contribution, if there are any remaining shares of the Company or funds in the trust assets, they shall be allocated to the source of benefits under the BBT scheme, and the amount of such additional contribution for the subsequent Relevant Period shall be calculated after taking into consideration such remaining shares, etc.

Acquisition of the Company's shares by the Trust shall be conducted through the trading market, etc. using the funds contributed as described above as the source.

c. Scope of Beneficiary Rights and Other Rights under the Board Benefit Trust (BBT)

Directors, etc. who meet the requirements for beneficiaries as stipulated in the "Regulations of Directors' Equity Benefit."

2. Information on Purchase, etc. of Treasury Shares

Class of shares Acquisition of shares of common stock under the conditions set forth in Article 155, Item 3 and Article 155, Item 7 of the Companies Act

(1) Acquisition of Treasury Shares based on a Resolution of General Meeting of Shareholders
Not applicable.

(2) Acquisition of Treasury Shares based on a Resolution of Board of Directors

Acquisition under Article 156 of the Companies Act as applied by replacing the conditions set forth in Article 165, Paragraph 3 of the same act

Category	Number of shares (shares)	Total value (yen)
Status of resolution at the Board of Directors (December 25, 2024) (Acquisition period: February 13, 2025 to August 31, 2025)	1,500,000	3,000,000,000
Treasury shares purchased before the current fiscal year	—	—
Treasury shares purchased in the current fiscal year	—	—
Total number and total value of shares remaining under the resolution	—	—
Ratio of unexercised shares at the end of the current fiscal year (%)	—	—
Treasury shares purchased during the current period	144,300	348,678,500
Ratio of unexercised shares as of the filing date (%)	90.38	88.38

(Notes) 1. The number of shares of treasury shares purchased during the current period does not include the number of treasury shares purchased during the period from March 1, 2025 until the filing date of this report.

2. The acquisition period and the number of treasury shares purchased are stated based on the contract date.

(3) Acquisition of Treasury Shares not based on a Resolution of General Meeting of Shareholders or Board of Directors
Acquisition pursuant to Article 155, Item 7 of the Companies Act

Category	Number of shares (shares)	Total value (yen)
Treasury shares purchased in the current fiscal year	1,154	2,812,702
Treasury shares purchased during the current period	298	729,680

(Note) The number of shares of treasury shares purchased during the current period does not include the number of shares of less than one unit purchased during the period from March 1, 2025 until the filing date of this report.

(4) Status of Disposition and Holding of Purchased Treasury Shares

Category	FY2024		Current Period	
	Number of shares (shares)	Total Disposal Amount (yen)	Number of shares (shares)	Total Disposal Amount (yen)
Purchased treasury shares that were offered to subscribers for subscription	—	—	—	—
Purchased treasury shares that were canceled	—	—	—	—
Purchased treasury shares through a merger, stock swap, stock delivery, or share transfer related to company split	—	—	—	—
Other (request for additional purchase of shares of less than one unit)	172	411,911	68	167,909
Number of shares of treasury shares held	40,163	—	158,693	—

(Notes) 1. The number of shares of “Other” during the current period does not include shares resulting from requests for additional purchase of less than one unit during the period from March 1, 2025 until the filing date of this report.

2. The number of treasury shares held is stated based on the settlement date.

3. Dividend Policy

Our dividend policy is based on the basic policy of striving to maintain and increase the level of stable dividends while aiming to enhance shareholder value over the medium to long term through investment aimed at sustainable and stable profit growth, and comprehensively considering the business environment, financial situation, etc.

Dividends are paid twice a year: an interim dividend with a record date of June 30 and a year-end dividend with a record date of December 31. The interim dividend is paid by resolution of the Board of Directors, and the year-end dividend is paid by resolution of the General Meeting of Shareholders.

In accordance with the above basic policy, the year-end dividend for the current fiscal year is set at 58 yen per share, which, together with the interim dividend of 37 yen per share, totals an annual dividend of 95 yen per share, resulting in a consolidated dividend payout ratio of 30.1% for the current fiscal year.

With regard to dividends for the next fiscal year, as a result of comprehensively taking into account the shareholder return policy of achieving a consolidated payout ratio of 40% in FY2027, as set out in the Group's Medium-Term Business Plan (FY2025 to FY2027), and the outlook for the next fiscal year's performance, we plan to pay an annual dividend of 97 yen per share (interim dividend of 48 yen per share), with a payout ratio of 36.7%.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends as prescribed in Paragraph 5, Article 454 of the Companies Act.

(Note) The Dividends of surplus for which the record date belongs to the current fiscal year are as follows:

Date of Resolution	Total Dividend Amount (Millions of yen)	Dividend Amount per Share (yen)
August 8, 2024 Resolution of Board of Directors' meeting	7,737	37
March 26, 2025 Resolution of the Ordinary General Meeting of Shareholders	12,129	58

4. Status of Corporate Governance, etc.

(1) Outline of Corporate Governance

(i) Fundamental Policies for Corporate Governance

Under the corporate philosophy of “Trust beyond the era,” the Company strives to establish optimal corporate governance with the main objective of achieving sustainable growth and increasing corporate value over the medium to long term while ensuring sound and transparent management and increasing efficiency. To ensure that our shareholders and other stakeholders accurately understand our business activities, we disclose information proactively and appropriately.

Further, we have established a “Compliance Charter” common to all Group companies as a part of our commitment to society and to promote compliance-oriented corporate activities aiming to continue our sound corporate activities and earn the trust of society for many years to come.

(ii) Outline of System of Corporate Governance and Reason for Adoption of said System

The Company has adopted the following corporate governance systems for efficient and sound group management: the Board of Directors, Nomination Advisory Committee, Remuneration Advisory Committee, Audit & Supervisory Board Member system, and Managing Officer system, together with the establishment and operation of Executive Committee, Internal Control Committee, Risk Management Committee, and Sustainability Committee.

a. Board of Directors

The Board of Directors is chaired by Makio Tanehashi, a Director who does not concurrently serve as Managing Officer, and consists of 12 members: 7 Internal Directors and 5 External Directors (including 2 female Directors). In principle, the Board of Directors holds a regular meeting once a month and extraordinary meetings are held as necessary to make decisions on important matters concerning the Company’s operation and supervise the Directors’ execution of their duties. Further, Audit & Supervisory Board Members attend meetings of the Board of Directors and express their opinions as necessary.

Chair: Makio Tanehashi (Director and Chair)

Members: Makio Tanehashi (Director and Chair), Hitoshi Nomura (Representative Director and Chairman), Katsuhito Ozawa (Representative Director, President & Chief Executive Officer), Akira Izumi (Representative Director and Executive Vice President & Executive Officer), Hideshi Akita (Director and Senior Managing Executive Officer), Takeshi Jinbo (Director and Senior Managing Executive Officer), Shinjiro Kobayashi (Director and Managing Executive Officer), Yoshimitsu Onji (External Director), Shuichi Hattori (External Director), Yumiko Kinoshita (External Director), Junichi Nishizawa (External Director), Naoko Tauchi (External Director)

b. Nomination Advisory Committee

The Nomination Advisory Committee is an advisory body to the Board of Directors to nominate candidates for Director, and select and dismiss Representative Directors.

Chair: Shuichi Hattori (External Director)

Members: Yoshimitsu Onji (External Director), Shuichi Hattori (External Director), Yumiko Kinoshita (External Director), Junichi Nishizawa (External Director), Naoko Tauchi (External Director), Hitoshi Nomura (Representative Director and Chairman), Katsuhito Ozawa (Representative Director and President & Chief Executive Officer), Akira Izumi (Representative Director and Executive Vice President & Executive Officer)

c. Remuneration Advisory Committee

The Remuneration Advisory Committee is an advisory body to deliberate on the remuneration, etc. of Directors, based on consultation with the Board of Directors

Chair: Yoshimitsu Onji (External Director)

Members: Yoshimitsu Onji (External Director), Shuichi Hattori (External Director), Yumiko Kinoshita (External Director), Junichi Nishizawa (External Director), Naoko Tauchi (External Director), Hitoshi Nomura (Representative Director and Chairman), Katsuhito Ozawa (Representative Director and President & Chief Executive Officer), Akira Izumi (Representative Director and Executive Vice President & Executive Officer)

d. Audit & Supervisory Board member system

The Company, adopting the system of a company with an Audit & Supervisory Board, has an Audit & Supervisory Board consisting of four members, including two full-time Audit & Supervisory Board members (Takashi Yoshino, Isao Jinno) and two External Audit & Supervisory Board members (Sayaka Hieda, Naohiro Chikada), and is chaired by Takashi Yoshino, a full-time Audit & Supervisory Board member, and receives reports about important matters on audits and then discusses and resolves such matters.

e. Managing Officer system

The Company has adopted a Managing Officer system to strengthen management functions and business execution functions, stimulate the Board of Directors and accelerate the decision-making procedures. Managing Officers are appointed by resolution of the Board of Directors, and there are 21 Managing Officers as of March 26, 2025.

f. Executive Committee

The Executive Committee is an organization that deliberates on important matters related to the management of The Company, subsidiaries and affiliated companies, etc. with Representative Director, President & Chief Executive Officer Katsuhito Ozawa as the chair and Managing Officers with specific responsibilities. In addition, full-time Audit & Supervisory Board members attend the Executive Committee and share opinions as necessary.

g. Internal Control Committee

The Internal Control Committee is an organization that deliberates on the development, operation status, and improvement measures of internal control systems within the Group with Representative Director, President and Chief Executive Officer Katsuhito Ozawa as the chair and the Chairman, Executive Vice President and Executive Officer, the Director in charge of the Corporate Planning Department, the Director in charge of the Legal & Compliance Department, and others as members. Full-time Audit & Supervisory Board members attend Sustainability Committee meetings and share opinions as necessary. Matters discussed by the Committee are submitted or reported to the Board of Directors as necessary.

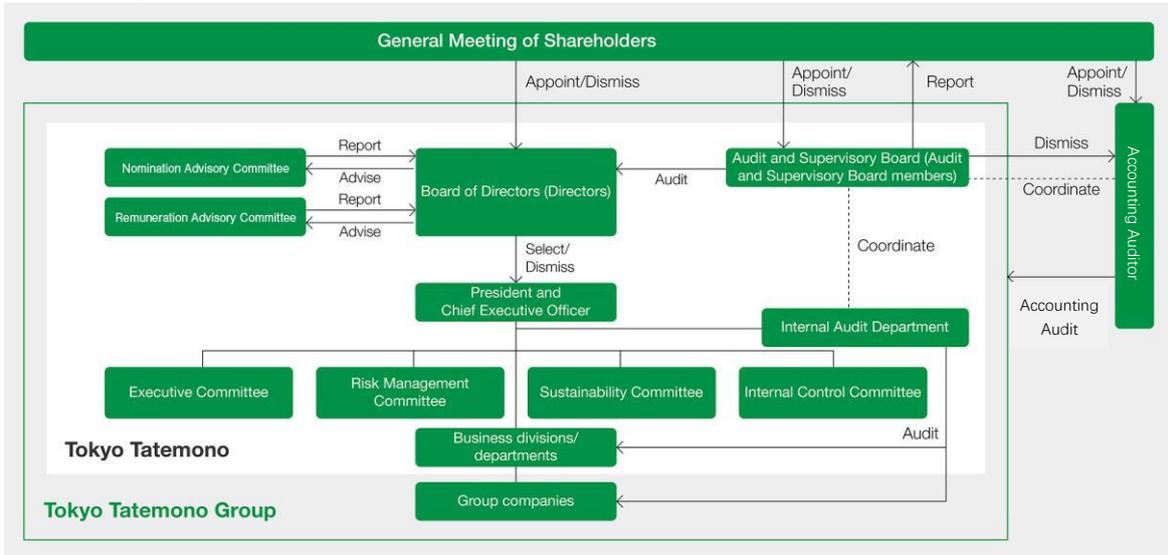
h. Risk Management Committee

The Risk Management Committee is an organization that oversees the Group's risk management and compliance with Representative Director, President and Chief Executive Officer Katsuhito Ozawa as the chair and the Chairman, Executive Vice President and Executive Officer, Division Directors and Vice Division Directors of each division, the Director in charge of the Corporate Planning Department, the Director in charge of the Legal & Compliance Department, and General Managers of corporate departments, etc. as members. Full-time Audit & Supervisory Board members attend Sustainability Committee meetings and share opinions as necessary. To promote compliance management, a Compliance Subcommittee (Subcommittee Chair: Director in charge of Legal & Compliance Department) has been established as a subordinate organization of this committee to discuss compliance measures, monitor progress, respond to compliance risks, and to address risks associated with disasters, and a Business Continuity Management Subcommittee (Subcommittee Chair: Director in charge of General Affairs Department) has also been set up for monitoring BCP responses, creating and improving BCP manuals, sharing BCP initiatives in Group companies, and formulating improvement policies for BCP. The Committee reports matters deliberated and reported to the Board of Directors and submits cases that should be submitted to the Board of Directors as necessary.

i. Sustainability Committee

The Sustainability Committee has the Representative Director, President and Chief Executive Officer Katsuhito Ozawa as the chair, the Representative Director, Managing Officers with assigned roles, each General Manager of the corporate departments, the General Manager of the Engineering Division of the Commercial Properties business, and other members appointed by the chair as members in consideration of their expertise in the matters to be discussed, and it deliberates, discusses, and reports on matters related to the formulation of the Group's sustainability policy, the development of systems, the setting of metrics and targets, and the monitoring and assessing progress. Full-time Audit & Supervisory Board members attend Sustainability Committee meetings and share opinions as necessary. Important matters deliberated and discussed by the Committee are submitted or reported to the Board of Directors, which oversees the promotion of the Group's sustainability by making decisions on important sustainability-related matters and monitoring the status of the Company's response to such matters. The Sustainability Promotion Committee and the Human Rights Subcommittee have been established as subordinate organizations of the committee, and the Sustainability Promotion Committee shares decisions made by the committee, discusses matters for consideration in advance, and reports the progress of the sustainability promotion by the Group. The Human Rights Subcommittee implements decisions made by the Sustainability Committee and reports the status of human rights initiatives.

(Corporate governance structure chart as of March 26, 2025)



<Reason for Adoption of Corporate Governance System>

To ensure sound and transparent management while increasing efficiency, the Company has adopted the status of a Company with Audit & Supervisory Board and a Managing Officer system.

The Audit & Supervisory Board has strengthened oversight functions and ensured transparency of management through the appointment of External Audit & Supervisory Board members, while the Managing Officer system has clarified the division of functions for management and business execution, strengthening management/oversight and business execution functions.

Thus, the Company believes that a system has been established in which The Company's management and Director monitoring/oversight functions are sufficiently implemented.

(iii) Activities of the Board of Directors

The Company held a total of 16 meetings of the Board of Directors (in addition to three meetings held by written resolution) during the current fiscal year. The attendance record of each Board member is as follows.

Title	Name	Meeting attendance
Representative Director and Chairman of the Board	Makio Tanehashi	16/16 times
Representative Director President & Chief Executive Officer	Hitoshi Nomura	16/16 times
Representative Director Senior Managing Executive Officer	Katsuhito Ozawa	16/16 times
Representative Director Senior Managing Executive Officer	Akira Izumi	16/16 times
Directors Senior Managing Executive Officer	Hideshi Akita	16/16 times
Directors Managing Executive Officer	Takeshi Jinbo	16/16 times
Directors Managing Executive Officer	Shinjiro Kobayashi	16/16 times
Directors Managing Executive Officer	Fumio Tajima	16/16 times
External Director	Shuichi Hattori	16/16 times
External Director	Yoshimitsu Onji	16/16 times
External Director	Takeo Nakano	15/16 times
External Director	Yumiko Kinoshita	16/16 times

(Note) The titles stated are those held at the end of the fiscal year, and may differ from those held at the time and date of the filing of this document.

The specific considerations by the Board of Directors are as follows.

Classification		Specific considerations
Matters related to management strategy	Business and finance	<ul style="list-style-type: none"> ● Approval of annual accounts, budget, business plan, financial plan, and investment policy ● Approval of rolling Medium-Term Business Plan
	Governance	<ul style="list-style-type: none"> ● Verification of the significance of holding shares, review policy regarding strategic shareholdings, and approval of disposal ● Confirmation of the results of the evaluation of the effectiveness of the Board of Directors and consideration of ways to further improve the effectiveness of the Board of Directors ● Approval of the risk management action policies and report on implementation
	Other	<ul style="list-style-type: none"> ● Approval of the response to the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” (request from the Tokyo Stock Exchange)
Matters regarding shares		<ul style="list-style-type: none"> ● Convening of General Meeting of Shareholders and determination of proposals to be submitted ● Approval of appropriation of retained earnings and dividend policy
Other matters		<ul style="list-style-type: none"> ● Progress report on major projects, etc.

(iv) Activities of the Nomination and Remuneration Advisory Committee

The Company held a total of 7 meetings of the Nomination and Remuneration Advisory Committee during the current fiscal year. The attendance record of each member is as follows.

Title	Name	Meeting attendance
Representative Director President & Chief Executive Officer	Hitoshi Nomura	7/7 times
Representative Director and Chairman of the Board	Makio Tanehashi	7/7 times
Representative Director Senior Managing Executive Officer	Akira Izumi	5/7 times
External Director	Shuichi Hattori	7/7 times
External Director	Yoshimitsu Onji	7/7 times
External Director	Takeo Nakano	7/7 times
External Director	Yumiko Kinoshita	7/7 times

(Note) The committee names and titles stated are those held at the end of the fiscal year, and may differ from those at the time and date of the filing of this document.

The specific considerations by the Nomination and Remuneration Advisory Committee during the fiscal year are as follows.

- Determination of the chair and order of substitution for the Nomination and Remuneration Advisory Committee
- Changes in Representative Director
- Election of President & Chief Executive Officer
- Selection of candidates for Audit & Supervisory Board Members
- Election of Managing Officers
- Responsibilities of Directors and Managing Officers
- Remuneration of Directors and Managing Officers (by individual)
- Revision of the policy regarding the determination of details of individual Directors' remuneration, etc.
- Revision of various regulations regarding officers

(v) Other Matters Regarding Corporate Governance

Along with setting the corporate philosophy of “Trust beyond the era” and earning the trust of customers as the basis for the conduct of all officers and employees, the Company has developed a system to secure business integrity (hereinafter, “internal control system”) and works to have said system functioning thoroughly.

a. Systems to Ensure Directors’ and Employees’ Execution of Duties in Compliance with Laws, Regulations, and the Articles of Incorporation

- The Company has set forth thorough compliance as a basic policy of management and has established “Compliance Rules” in addition to developing a compliance system based on those rules.
- The Company has established a Risk Management Committee chaired by the President & Chief Executive Officer to oversee the Group’s risk management and compliance. The committee works to appropriately operate and improve the compliance system.
- The Risk Management Committee reports to the Board of Directors and Audit & Supervisory Board on the status of the operation, etc. of the compliance system when necessary.
- The Company has set forth “Whistleblower Rules” to establish a system for officers and employees to report any wrongful acts and compliance issues found, established contact points inside and outside the Company for reporting by officers and employees and made officers and employees aware of these matters.
- The Company promptly conducts the necessary investigations of matters reported pursuant to the “Whistleblower Rules” and takes corrective measures and preventive measures as needed.
- The Company has developed a system to prevent persons who report wrongful acts or other compliance incidents to a reporting contact point from being treated unfavorably due to their reporting.
- The Company has established “Rules on the Exclusion of Antisocial Forces” and takes a firm stance to allow no relationship with antisocial forces that threatens the order and safety of civil society.

b. Systems to Maintain and Manage Information on Directors’ Execution of Duties

- The Company has established a Document Management Administration Department and an Information Management Supervisor based on the “Document Management Rules” and “Information Management Rules” for documents (including electronic records) pertaining to Directors’ execution of duties and other information and appropriately stores and manages these in accordance with the provisions thereof.

c. Rules and Other Systems for Management of Risks of Loss

- The Company has established “Risk Management Rules” to manage the Group’s risks and maximize corporate value and continuously monitors and responds to risks pertaining to the operations of each department and also comprehensively manages the Group’s risks through the Risk Management Committee.
- The Risk Management Committee performs evaluation and analysis of the Group’s risks, deliberates measures to prevent the occurrence of risks and address risks that actualize as well as prevent a recurrence, and submits cases or reports to the Board of Directors when necessary.
- The Internal Audit Department evaluates the appropriateness and effectiveness of the risk management system and risk management operations and reports the results of its investigations to the President & Chief Executive Officer and the Audit & Supervisory Board members, etc. on a periodic basis.
- The Company has established a basic plan on the handling of emergencies such as large earthquakes, has established a system for business continuity in the event of an emergency based on the basic plan, and tracks and inspects the status of preparation of crisis management drills, etc.

d. System to Ensure Directors’ Execution of Duties in an Efficient Manner

- The Company has adopted a Managing Officer system to strengthen management functions and business execution functions, stimulate the Board of Directors and accelerate the decision-making procedures.
- The Board of Directors determines the Group’s management plans, annual business plans and budgets, and funding plans based on consideration of the appropriate allocation of management resources, works to improve the efficiency and effectiveness of operations, receives reports of the status of achievement of targets of each department on a periodic basis, based on which it revises targets, and decides on improvements for greater efficiency of the business execution system when necessary.
- The Company has stipulated “Organization Rules,” “Duty Authorization Rules,” and “Approval Rules” for the organized and efficient execution and management of the operations of each department and clarifies the operations and authority of each division and the decision-makers for each operation.

e. System to Ensure Business Integrity of Corporate Group Comprising the Company and its Subsidiaries

- The Company has established the Group’s internal control systems to engage in Group management with the aim of maximizing the corporate value of the Group.
 - The Company has established an Internal Control Committee chaired by the President & Chief Executive Officer for the improvement and enhancement of the Group’s internal control systems. The committee implements monitoring of the establishment and status of operation of the Group’s internal control system.
 - The Company has stipulated a “Group Compliance Charter,” “Compliance Code of Conduct,” and “Group Compliance Manual” based on the “Compliance Rules,” works to notify the Group and its officers and employees of same through training, etc. and creates systems for executing operations in a sincere manner with thorough compliance.
 - The Risk Management Committee deliberates matters related to risks and compliance in the Group and oversees risk management and compliance in the Group.
 - The Company has established an Executive Committee chaired by the President & Chief Executive Officer to engage in Group management with the aim of maximizing corporate value of the Group as a whole. The meeting deliberates important matters concerning the Group and shares the status of business execution and other matters related to management based on the “Executive Committee Rules.”
 - The Company has established a Sustainability Committee chaired by the President & Chief Executive Officer to balance “resolution of social issues” and “growth as a company” at a higher level. The committee promotes initiatives aimed at sustainable growth of the Group and the realization of a sustainable society based on the “Sustainability Promotion Rules.”
 - In order to enhance management efficiency of the Group and realize Group synergy, the Company performs management control of Group companies based on the “Group Management Control Rules,” e.g. requiring the Company’s approval for important decisions such as the business plans of Group companies as well as matters concerning compliance as matters reportable to the Company.
 - The Company has developed a system to verify business integrity, such as by requiring Group companies’ officers and employees to report on the status of their execution of duties on a periodic basis through such means as dispatching the Company’s Directors or Audit & Supervisory Board Members, etc. to Group companies. In addition, the Company’s Directors monitor Group companies’ business plans and profit plans every fiscal year and report to the Board of Directors.
 - The Company has established Group-wide reporting contact points outside the company for officers and employees of the Group to report any wrongful acts or other compliance issues found and notifies officers and employees of the Group accordingly. The Company conducts necessary investigations of matters reported pursuant to the “Whistleblower Rules” and necessary preventive measures as a Group.
 - Based on the Financial Instruments and Exchange Act, the Company has developed a system that ensures appropriateness of financial reporting by establishing a basic policy for financial reporting to ensure appropriateness of financial reporting in the Group.
 - The Internal Audit Department implements internal audits of the Company and Group companies based on the “Internal Control Rules” and reports the results to the President & Chief Executive Officer and Audit & Supervisory Board members, etc.
- f. System for Audit & Supervisory Board Members Seeking Assignment of Employees to Support Their Duties and Matters Related to Ensuring Independence of the Employees from Directors and the Effectiveness of Instructions to the Employees
- The Company assigns personnel as auditing staff upon request from the Audit & Supervisory Board to smoothly execute their supervisory duties.
 - When supporting the duties of Audit & Supervisory Board members, the auditing staff shall follow the directions and orders of Audit & Supervisory Board members and are not subject to the directions or orders of Directors, the General Manager of the Internal Audit Department, etc.
 - Even if the auditing staff concurrently serves other departments, their operations as auditing staff take priority, and The Company is required to obtain the prior consent of full-time Audit & Supervisory Board members to make personnel changes or take disciplinary action for the auditing staff.
- g. System for Reporting, etc. to Audit & Supervisory Board Member
- The Company mandates the attendance of Audit & Supervisory Board members at Board of Directors’ meetings, Executive Committee meetings, and Internal Control Committee meetings.
 - In the event of an occurrence that may severely harm the Group or a serious violation of laws, regulations, or the articles of incorporation, Directors promptly report the details to the Audit & Supervisory Board members.
 - The Risk Management Committee promptly reports important compliance matters to the Audit & Supervisory Board members.

- The Internal Audit Department reports on a periodic basis the status of internal audits to the Audit & Supervisory Board members.
 - The Legal & Compliance Department reports on a periodic basis the status of reports of wrongful acts, etc. and the content thereof to the Audit & Supervisory Board members.
 - The Company has developed a system to prevent persons who report wrongful acts or other compliance incidents to Audit & Supervisory Board members from being treated unfavorably due to their reporting.
- h. Procedures for Advance Payment or Reimbursement of Expenses Arising in the Execution of Duties of Audit & Supervisory Board Members and Other Policies Pertaining to the Processing of Expenses and Obligations Arising in the Execution of Duties Thereof
- When requested by Audit & Supervisory Board members for advance payment, redemption, etc. of expenses arising from the Audit & Supervisory Board members' execution of duties, the Company promptly processes those expenses or obligations unless otherwise found to be unnecessary to the concerned Audit & Supervisory Board members' execution of duties.
- i. Other Systems to Ensure Effective Auditing
- The Company has developed a system for Audit & Supervisory Board members to receive reports on a periodic basis from the Accounting Auditor, Directors and each department, and exchange opinions with the individual bodies at any time.
 - The Internal Audit Department works to closely exchange information and coordinate with Audit & Supervisory Board members concerning the formulation of internal audit plans and the results of internal audits.

(vi) Summary of the Liability Limitation Contract

In accordance with the provisions in Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract with each Director (excluding Executive Directors, etc.) and each Audit & Supervisory Board Member to limit their liability for damages as specified in Article 423, Paragraph 1 of the Companies Act. The amount of the limit for the liability for damages under this contract shall be the amount specified by laws and regulations. Such limitation of liability shall be permitted only when each of said Directors (excluding those who are Executive Directors, etc.) or Audit & Supervisory Board Members have performed their duties that caused the liability in good faith and without gross negligence.

(vii) Summary of the Directors and Officers Liability Insurance Contract

The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company pursuant to Paragraph 1, Article 430-3 of the Companies Act. The insurance covers litigation expenses and legal damages to be borne by the insured arising from the execution of his or her duties. As a measure to prevent impairment of the appropriateness of the execution of the duties of the insured, the insurance contract does not cover damages, etc. arising from the insured's criminal acts. The parties insured under the Directors and Officers Liability Insurance contract are Directors, Audit & Supervisory Board Members, and Managing Officers of the Company, and the premiums for all insured shall be borne by the Company.

(viii) Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 12 Directors.

(ix) Requirement for Appointment of Directors

Our Articles of Incorporation prescribe that resolution to appoint Directors shall be made by a majority vote of the voting rights of shareholders present at a General Meeting of Shareholders, where such shareholders present shall hold shares representing one-third or more of the voting rights of all shareholders who are entitled to exercise said voting rights and that resolutions to appoint Directors shall not be adopted by cumulative voting.

(x) Acquisition of Treasury Shares

The Company stipulates in the Articles of Incorporation that the Company may acquire its own shares by resolution of the Board of Directors in accordance with Paragraph 2, Article 165 of the Companies Act. The purpose of this is to carry out a flexible capital policy.

(xi) Interim dividend

In accordance with the provisions of Paragraph 5, Article 454 of the Companies Act, the Company stipulates in the Articles of Incorporation that interim dividends may be paid by resolution of the Board of Directors with the record date of June 30 of each year. This is intended to flexibly return profits to shareholders.

(xii) Directors and Audit & Supervisory Board Members Exemption from Liability

The Company's Articles of Incorporation stipulate that the liability for damages of Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) for the negligence of their duties may be exempted by a resolution of the Board of Directors to the extent permitted by law, pursuant to Paragraph 1 of Article 426 of the Companies Act, in order to enable them to fully fulfill their expected roles in the performance of their duties.

(xiii) Requirements for Special Resolution of General Meeting of Shareholders

The Articles of Incorporation stipulate that the special resolution at the General Meeting of Shareholders defined in Paragraph 2, Article 309 of the Companies Act shall be made by not less than two-thirds of the voting rights of the shareholders present at the meeting, where the shareholders holding not less than one-third of such voting rights of the shareholders that are entitled to exercise their voting rights are present.

(2) Directors and Audit & Supervisory Board Members

(i) List of Directors and Audit & Supervisory Board Members

Male: 13 persons; Female: 3 persons (accounting for 18.7% of the total number of Directors and Audit & Supervisory Board Members)

Official title or position	Name	Date of Birth	Business Experience and Position(s) and Office(s)	Office Term	Number of shares held (Thousands of shares)
Director and Chair	Makio Tanehashi	March 13, 1957	<p>April 1979 March 2006 April 2008 June 2011 June 2011 March 2013 July 2015 March 2016 January 2017 March 2019 January 2021 March 2023 January 2025</p> <p>Joined The Fuji Bank, Limited Executive Officer, General Manager of Internal Audit Division of Mizuho Corporate Bank, Ltd. Managing Executive Officer and Officer in charge of Sales of Mizuho Corporate Bank, Ltd. Deputy President and Executive Officer, in charge of Branches Department of Mizuho Bank, Ltd. Representative Director, Deputy President and Executive Officer, in charge of Branches Department of Mizuho Bank, Ltd. President and Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd. Senior Managing Executive Officer and Division Director of Asset Service Division of the Company Senior Managing Executive Officer, Director, Division Director of Asset Service Division and Division Director of Overseas Business Division of the Company Representative Director, Chairman and Executive Officer of the Company Director and Chairman of the Board of Tokyo Tatemono Real Estate Sales Co., Ltd. Representative Director and Chairman of the Board of the Company Director of the Board of Tokyo Tatemono Real Estate Sales Co., Ltd. External Director of Sapporo Holdings Limited (to present) Director and Chair of the Company(to present)</p>	(Note) 4	69
Representative Director and Chairman	Hitoshi Nomura	October 10, 1958	<p>April 1981 March 2005 March 2008 March 2011 March 2013 March 2015 January 2017 January 2025</p> <p>Joined the Company General Manager of Property Management Department of the Company Director, and General Manager of Property Planning Department of the Company Managing Executive Officer and Division Director of Commercial Properties Division of the Company Director and Managing Executive Officer; and Division Director of Commercial Properties Division of the Company Director and Senior Managing Executive Officer of the Company President and Chief Executive Officer, and Representative Director of the Company Representative Director and Chairman of the Board of the Company (to present)</p>	(Note) 4	64

Official title or position	Name	Date of Birth	Business Experience and Position(s) and Office(s)	Office Term	Number of shares held (Thousands of shares)
Representative Director President & Chief Executive Officer	Katsuhito Ozawa	February 1, 1964	<p>April 1987 Joined the Company</p> <p>March 2007 General Manager of Residential Management Business Department of the Company</p> <p>July 2009 Director and General Manager of Finance Department of Tokyo Realty Investment Management, Inc.</p> <p>March 2015 Managing Officer and General Manager of Corporate Planning Department of the Company</p> <p>January 2017 Managing Executive Officer; Division Director of Overseas Business Division and Leisure Business Division; and General Manager of Finance Department and Overseas Business Department of the Company</p> <p>March 2017 Director and Managing Executive Officer; Division Director of Overseas Business Division and Leisure Business Division; and General Manager of Finance Department and Overseas Business Department of the Company</p> <p>August 2017 Director and Managing Executive Officer; Division Director of Overseas Business Division and Leisure Business Division; and General Manager of Overseas Business Department of the Company</p> <p>January 2019 Director and Managing Executive Officer; Division Director of Overseas Business Division; and General Manager of Overseas Business Department of the Company</p> <p>January 2021 Director and Senior Managing Executive Officer; Division Director of Overseas Business Division; and Division Director of Commercial Properties Division of the Company</p> <p>April 2021 Director and Senior Managing Executive Officer; and Division Director of Commercial Properties Division of the Company</p> <p>January 2023 Representative Director and Senior Managing Executive Officer; and Division Director of Commercial Properties Division of the Company</p> <p>January 2025 Representative director, President & Chief Executive Officer; and General Manager of Internal Audit Department of the Company (to present)</p>	(Note) 4	37
Representative Director Executive Vice President & Executive Officer Division Director of Commercial Properties Division	Akira Izumi	March 6, 1965	<p>April 1987 Joined the Company</p> <p>March 2009 General Manager of Retail Management Department of the Company</p> <p>March 2015 Managing Officer and General Manager of Urban Development Department of the Company</p> <p>January 2017 Managing Executive Officer and General Manager of Corporate Planning Department of the Company</p> <p>March 2017 Director and Managing Executive Officer; and General Manager of Corporate Planning Department of the Company</p> <p>January 2020 Director and Managing Executive Officer of the Company</p> <p>January 2021 Director and Senior Managing Executive Officer of the Company</p> <p>January 2023 Representative Director and Senior Managing Executive Officer of the Company</p> <p>January 2025 Representative Director and Executive Vice President & Executive Officer; and Division Director of Commercial Properties Division of the Company (to present)</p>	(Note) 4	31

Official title or position	Name	Date of Birth	Business Experience and Position(s) and Office(s)	Office Term	Number of shares held (Thousands of shares)
Director Senior Managing Executive Officer Division Director of Residential Development Division	Hideshi Akita	May 18, 1964	<p>April 1987 Joined the Company</p> <p>March 2006 General Manager of Residential Management Business Department of the Company</p> <p>January 2016 Managing Officer and General Manager of Personnel Department of the Company</p> <p>January 2017 Managing Officer and Vice Division Director of Residential Development Division of the Company</p> <p>January 2019 Managing Executive Officer and Division Director of Residential Development Division of the Company</p> <p>March 2019 Director and Managing Executive Officer; and Division Director of Residential Development Division of the Company</p> <p>January 2023 Director and Senior Managing Executive Officer; Division Director of Residential Development Division and Division Director of Asset Service Division of the Company</p> <p>January 2025 Director and Senior Managing Executive Officer; and Division Director of Residential Development Division of the Company (to present)</p>	(Note) 4	20
Director Senior Managing Executive Officer Vice Division Director of Residential Development Division	Takeshi Jinbo	February 27, 1965	<p>April 1988 Joined the Company</p> <p>January 2015 General Manager of Acquisitions Department of the Company</p> <p>January 2018 Managing Officer and General Manager of Acquisitions Department of the Company</p> <p>January 2019 Managing Officer; Vice Division Director of Residential Development Division; and General Manager of Acquisitions Department of the Company</p> <p>January 2021 Managing Executive Officer and Vice Division Director of Residential Development Division of the Company</p> <p>March 2021 Director and Managing Executive Officer; and Vice Division Director of Residential Development Division of the Company</p> <p>January 2025 Director and Senior Managing Executive Officer; and Vice Division Director of Residential Development Division of the Company (to present)</p>	(Note) 4	19
Director Managing Executive Officer Vice Division Director of Commercial Properties Division	Shinjirou Kobayashi	August 23, 1965	<p>April 1988 Joined the Company</p> <p>March 2015 General Manager of Business Planning Department of Commercial Properties Division of the Company</p> <p>January 2018 Managing Officer and General Manager of Urban Development Department of the Company</p> <p>January 2022 Managing Officer and General Manager of Urban Development (1) Department of the Company</p> <p>January 2023 Managing Executive Officer; Vice Division Director of Commercial Properties Division; General Manager of Urban Development (1) Department of the Company</p> <p>March 2023 Director and Managing Executive Officer; Vice Division Director of Commercial Properties Division; General Manager of Urban Development (1) Department of the Company</p> <p>January 2025 Director and Managing Executive Officer; and Vice Division Director of Commercial Properties Division of the Company (to present)</p>	(Note) 4	20

Official title or position	Name	Date of Birth	Business Experience and Position(s) and Office(s)	Office Term	Number of shares held (Thousands of shares)
Director (Note) 1	Yoshimitsu Onji	November 1, 1954	<p>April 1977 Joined The Daiei, Inc.</p> <p>April 1994 General Manager of Corporate Planning Division of the Daiei, Inc.</p> <p>September 1998 Director and Vice President of R.E. Partners, Co., Ltd. (retired in April 2000)</p> <p>December 1999 CEO of OZ Corporation (to present)</p> <p>March 2000 Managing Executive Officer of RECOF Office (currently RECOF Corporation)</p> <p>June 2007 Director and Chief Corporate Officer of RECOF Corporation</p> <p>June 2010 President and Chief Executive Officer of RECOF Corporation</p> <p>October 2016 Chairman and Representative Director of RECOF Corporation (retired in September 2017)</p> <p>December 2016 Director of M&A Capital Partners Co., Ltd. (retired in September 2017)</p> <p>March 2018 External Director of the Company (to present)</p> <p>April 2018 Chairman and Director of Hongo Tsuji Business Consulting Co., Ltd. (retired in November 2018)</p> <p>June 2018 External Director of NIHON CHOUZAI Co., Ltd. (to present)</p> <p>December 2019 External Audit & Supervisory Board Member of United Foods International Co., Ltd. (to present)</p> <p>June 2020 External Director of Sotetsu Holdings Co., Ltd. (to present)</p> <p>December 2021 External Director of Sanyu Appraisal Corporation (to present)</p>	(Note) 4	—
Director (Note) 1	Shuichi Hattori	November 25, 1953	<p>April 1984 Registered as a lawyer</p> <p>July 1988 Established Hattori Law Firm (currently Hattori General Law Firm) (to present)</p> <p>June 2004 External Audit & Supervisory Board Member of USHIO INC. (retired in June 2016)</p> <p>April 2007 Lecturer (in charge of Financial Instruments and Exchange Act) at Keio University Law School (retired in March 2023)</p> <p>March 2009 External Audit & Supervisory Board Member of LOOK INCORPORATED (currently LOOK HOLDINGS INCORPORATED) (retired in March 2019)</p> <p>January 2013 External Audit & Supervisory Board Member of POKKA SAPPORO Food & Beverage Ltd. (retired in March 2016)</p> <p>March 2015 External Audit & Supervisory Board Member of the Company (retired in March 2019)</p> <p>June 2016 External Director of USHIO INC. (retired in June 2018)</p> <p>March 2019 External Director of the Company (to present)</p>	(Note) 4	3
Director (Note) 1	Yumiko Kinoshita	July 13, 1961	<p>April 1984 Joined Bank of Japan</p> <p>September 1991 Joined McKinsey & Company</p> <p>April 2004 Joined The National Museum of Emerging Science and Innovation of Japan Science and Technology Agency</p> <p>June 2011 General Manager, Corporate Planning Department of KCJ GROUP INC.</p> <p>February 2016 Director of JAPAN PROFESSIONAL FOOTBALL LEAGUE (retired in March 2018)</p> <p>March 2018 Chairperson responsible for extraordinary diplomacy of JAPAN PROFESSIONAL FOOTBALL LEAGUE (retired in March 2020)</p> <p>July 2020 Director of Tokyo Football Association (to present)</p> <p>March 2021 External Director of the Company (to present)</p> <p>April 2022 Member of Administrative Council of Hitotsubashi University (to present)</p> <p>June 2024 External Director of the Chiba Kogyo Bank, Ltd. (to present)</p>	(Note) 4	—

Official title or position	Name	Date of Birth	Business Experience and Position(s) and Office(s)	Office Term	Number of shares held (Thousands of shares)
Director (Note) 1	Junichi Nishizawa	June 12, 1956	<p>April 1980 Joined The Fuji Bank, Limited</p> <p>April 2008 Executive Officer and General Manager of the Nagoya Chuo Corporate Banking Department of the Nagoya Chuo Branch of Mizuho Bank, Ltd.</p> <p>April 2010 Managing Executive Officer, Head of Risk Management Group and Head of Human Resources Group of Mizuho Corporate Bank, Ltd.</p> <p>June 2011 Representative Director and Vice President of Mizuho Financial Group Inc. (retired in March 2013)</p> <p>April 2013 Representative Director and President of Mizuho Information & Research Institute, Inc. (currently Mizuho Research & Technologies, Inc.) (retired in March 2019)</p> <p>June 2019 Director and Executive Vice President of Joban Kosan Co., Ltd.</p> <p>June 2019 External Audit & Supervisory Board Member of Fuyo Auto Lease Co., Ltd. (to present)</p> <p>June 2020 Representative Director and President of Joban Kosan Co., Ltd.</p> <p>June 2020 External Director of Joban Joint Power Co., Ltd. (to present)</p> <p>June 2020 External Director of Onahama Kairiku Unso Kaisha, Ltd. (to present)</p> <p>June 2023 External Director of Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (to present)</p> <p>June 2024 Representative Director and President of Joban Kosan Co., Ltd. (to present)</p> <p>March 2025 External Director of the Company (to present)</p>	(Note) 4	—
Director (Note) 1	Naoko Tauchi	May 19, 1965	<p>April 1989 Joined Ajinomoto Inc.</p> <p>September 1999 Joined McKinsey & Company</p> <p>January 2002 Joined Ajinomoto Inc.</p> <p>July 2009 General Manager of the Amino Science Business Development Department of Ajinomoto Inc.</p> <p>July 2011 General Manager of the Corporate Planning Department of Ajinomoto Inc.</p> <p>July 2016 General Manager of the Internal Audit Department of Ajinomoto Inc.</p> <p>June 2019 Audit & Supervisory Board Member of Ajinomoto Animal Nutrition Group, Inc. (retired in February 2021)</p> <p>April 2021 Visiting Professor at Kobe University Graduate School (retired in March 2024)</p> <p>January 2022 External Director of Shoei Foods Corporation (to present)</p> <p>March 2024 External Director (Audit & Supervisory Committee Member) of Sapporo Holdings Limited (to present)</p> <p>March 2025 External Director of the Company (to present)</p>	(Note) 4	—
Audit & Supervisory Board Member (Full-time)	Takashi Yoshino	December 6, 1960	<p>April 1983 Joined The Yasuda Fire and Marine Insurance Co., Ltd.</p> <p>April 2009 General Manager of Marine Insurance Office of Sompo Japan Insurance Inc.</p> <p>October 2011 President and Director of Sompo Japan Nipponkoa Insurance Company of Europe Limited (retired in March 2016)</p> <p>April 2014 Executive Officer and General Manager of Europe Division of Sompo Japan Insurance Inc. Executive Officer and General Manager of Europe Division of NIPPONKOA Insurance Co., Ltd.</p> <p>September 2014 Executive Officer and General Manager of Europe Division of Sompo Japan Nipponkoa Insurance Inc. (currently Sompo Japan Insurance Inc.) Executive Officer and General Manager of Europe Division of Sompo Japan Nipponkoa Holdings, Inc. (retired in March 2016)</p> <p>April 2016 Executive Vice President of Sompo Japan Nipponkoa Insurance Inc.</p> <p>April 2018 Executive Vice President and General Manager of Enterprise Market Promotion Division of Sompo Japan Nipponkoa Insurance Inc. (retired in March 2019)</p> <p>March 2019 Audit & Supervisory Board Member of the Company (full-time) (to present)</p>	(Note) 7	5

Official title or position	Name	Date of Birth	Business Experience and Position(s) and Office(s)	Office Term	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member (Full-time)	Isao Jinno	March 1, 1965	<p>April 1988 - Joined The Yasuda Trust and Banking Co., Ltd.</p> <p>October 2010 - General Manager of Kawagoe Branch of Mizuho Trust & Banking Co., Ltd.</p> <p>January 2013 - General Manager of Real Estate Sales Department No.3 of Mizuho Trust & Banking Co., Ltd.</p> <p>April 2016 - Executive Officer, General Manager of Trust Sales Department No. 8 of Mizuho Trust & Banking Co., Ltd.</p> <p>April 2018 - Director and Senior Managing Executive Officer of Heisei Building Co., Ltd.</p> <p>April 2018 - President and Representative Director of Nihonbashi Building Service Co., Ltd. (retired in March 2023)</p> <p>April 2020 - Senior Managing Executive Officer of Heisei Building Co., Ltd. (retired in March 2023)</p> <p>March 2023 - Audit & Supervisory Board Member of the Company (full-time) (to present)</p>	(Note) 5	2
Audit & Supervisory Board Member (Note) 2	Sayaka Hieda (Note) 3	October 22, 1978	<p>September 2007 - Registered as a lawyer</p> <p>September 2007 - Joined HANZOMON SOGO LAW OFFICE (resigned in December 2009)</p> <p>January 2010 - Joined OMOTESANDO SOGO LAW OFFICE (to present)</p> <p>March 2019 - External Audit & Supervisory Board Member of the Company (to present)</p> <p>March 2021 - Audit & Supervisory Board Member (Independent), Institution for a Global Society Corporation (to present)</p> <p>June 2024 - External Audit & Supervisory Board Member of SAN-AI OBBLI CO., LTD. (to present)</p> <p>February 2025 - External Audit & Supervisory Board Member of AOHATA CORPORATION (to present)</p>	(Note) 7	1
Audit & Supervisory Board Member (Note) 2	Naohiro Chikada	December 19, 1969	<p>April 1992 - Joined Chuo Shinko Audit Corporation</p> <p>April 1995 - Registered as a certified public accountant</p> <p>July 2004 - Partner at ChuoAoyama Pricewaterhouse Coopers (retired in July 2006)</p> <p>August 2006 - Established Chikada Certified Public Accountant Office as Head (to present)</p> <p>September 2006 - Registered as a certified tax accountant</p> <p>July 2008 - Representative Director of Chiyoda Accounting Corporation (to present)</p> <p>June 2009 - Representative Partner of Koa Audit Corporation (retired in June 2024)</p> <p>June 2016 - External Director (Audit & Supervisory Committee Member) of RIZAP GROUP, Inc. (retired in March 2020)</p> <p>April 2018 - External Director (Audit & Supervisory Committee Member) of SKIYAKI Inc. (retired in April 2024)</p> <p>December 2020 - External Corporate Auditor of Mitsubishi Research Institute DCS Co., Ltd. (to present)</p> <p>June 2022 - External Director (Audit & Supervisory Committee Member) of FEED ONE CO., LTD. (to present)</p> <p>July 2022 - External Audit & Supervisory Board Member of SLP Inc. (retired in July 2024)</p> <p>March 2024 - External Audit & Supervisory Board Member of the Company (to present)</p>	(Note) 6	0
Total					275

- (Notes) 1. The five Directors Yoshimitsu Onji, Shuichi Hattori, Yumiko Kinoshita, Junichi Nishizawa, and Naoko Tauchi are External Directors.
2. Audit & Supervisory Board Members Sayaka Hieda and Naohiro Chikada are External Audit & Supervisory Board Members.
3. Sayaka Hieda's name in the family register is Sayaka Kimura.
4. The term of office is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2025.
5. The term of office is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December

31, 2026.

6. The term of office is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2023 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2026.
7. The term of office is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended December 31, 2023 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2027.
8. Pursuant to Paragraph 3 of Article 329 of the Companies Act, the Company has appointed one substitute External Audit & Supervisory Board Member in advance in preparation for a contingency in which the number of Audit & Supervisory Board Members is not sufficient as stipulated by law. A brief biography of the substitute External Audit & Supervisory Board Member is as follows.

Name	Date of Birth	Business Experience and Position(s) and Office(s)	Number of Shares held (Thousands of shares)
Takao Yamaguchi	September 13, 1954	February 1985 Registered as a certified public accountant September 1987 Joined Yamaguchi Certified Public Accountant Office January 1996 Head of Yamaguchi Certified Public Accountant Office (to present) June 2013 External Audit & Supervisory Board Member of SATO HOLDINGS CORPORATION (retired in June 2021) June 2015 External Corporate Auditor of KYORIN Pharmaceutical Co., Ltd. (to present) March 2016 External Audit & Supervisory Board Member of the Company (retired in March 2024) March 2019 External Audit & Supervisory Board Member of Lion Corporation (retired in March 2023)	3

9. The number of shares held includes the number of shares (number of points already granted to each Director in the Board Benefit Trust) that are scheduled to be provided after retirement based on the share award plan. The number of shares is as follows.

Name	Number of shares (shares)
Makio Tanehashi	34,125
Hitoshi Nomura	34,125
Katsuhito Ozawa	16,050
Akira Izumi	16,050
Hideshi Akita	14,450
Takeshi Jinbo	12,100
Shinjirou Kobayashi	11,300

10. The Company has adopted a Managing Officer system. In addition to the above five Managing Officers who concurrently serve as Directors, the Company has the following 16 Managing Officers, whose responsibilities are as follows.

Senior Managing Executive Officer	Hisayoshi Kato	Special Mission in charge of Policy & Environment
Managing Executive Officer	Hiroshi Takahashi	Division Director of Leisure Business Division; Responsible for Retail Properties Development & Management Department, Logistics Properties Development & Management Department and Hotel Development & Management Department; Division Director of Leisure Business Division and Hotel Development & Management Department
Managing Executive Officer	Fumio Tajima	Responsible for Overseas Business Division and General Manager of Overseas Business Division
Managing Executive Officer	Kenji Sugaya	Responsible for Real Estate Solution Service Division and Division Director of Real Estate Solution Service Division President and Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd.
Managing Executive Officer & Chief Financial Officer	Yutaka Onuma	Responsible for Corporate Communications Department, Personnel Department, Corporate Planning Department, Sustainability Management Department, Finance Department, Accounting Department, DX Promotion Department, Acquisitions & Sales Department (jointly in charge) and General Manager of Sustainability Management Department
Managing Officer	Yusuke Mishima	General Manager of Accounting Department
Managing Officer	Katsuhiko Tamai	Representative Director, President and Chief Executive Officer of Nihon Parking Corporation
Managing Officer	Shigeru Sabayashi	General Manager of Project Management Department (2) of Residential Development Division
Managing Officer	Hiroto Fukui	Representative Director, President and Chief Executive Officer of Tokyo Fudosan Kanri Co., Ltd.; Representative Director, President and Chief Executive Officer of Tokyo Building Service Co., Ltd.
Managing Officer	Yuichi Kawazoe	General Manager of Logistics Properties Development & Management Department
Managing Officer	Yuji Araki	Responsible for General Affairs Department, Legal & Compliance Department, Market & Policy Research Department and General Manager of Finance Department
Managing Officer	Satoru Kondo	General Manager of Residential Management Department
Managing Officer	Takashi Endo	General Manager of Residential Engineering Department
Managing Officer	Keijiro Ochi	General Manager of Acquisitions & Sales Department
Managing Officer	Ayumu Nishimura	General Manager of Business Planning Department of Leisure Business Division
Managing Officer	Mitsuo Kawata	General Manager of Personnel Department

(ii) Status of External Officers

The Company has five External Directors and two External Audit & Supervisory Board Members. Relationship with the Company, reasons for the appointment and expected roles, and other main companies and positions at which they concurrently hold positions are as follows.

Title	Name	Relationship with the Company
External Director	Yoshimitsu Onji	Other than the foregoing, there are no special interest relationships between Mr. Yoshimitsu Onji and the Company. Also, his extensive experience and broad insight as a business manager are expected to contribute to the strengthening of the governance system, including the strengthening of supervision of the execution of duties by Directors from an independent standpoint. Thus, he is appointed as an External Director.
External Director	Shuichi Hattori	Other than the foregoing, there are no special interest relationships between Mr. Shuichi Hattori and the Company. Mr. Hattori's professional knowledge and experience as an attorney-at-law are expected to contribute to the strengthening of the governance system, including the strengthening of supervision of the execution of duties by Directors from an independent standpoint. Thus, he is appointed as an External Director.
External Director	Yumiko Kinoshita	Other than the foregoing, there are no special interest relationships between Ms. Yumiko Kinoshita and the Company. It is expected that Ms. Kinoshita will contribute to the strengthening of the governance system by enhancing supervision of the Directors' execution of their duties from an independent standpoint, based on her global perspective cultivated through overseas experience and her diverse business experience at public-interest corporations.
External Director	Junichi Nishizawa	Although Mr. Junichi Nishizawa is a former employee of Mizuho Bank, Ltd., and the Company has transactions with both banks, including borrowing funds, the Company believes that there is no risk of influencing the judgment of shareholders and investors considering the scale of the transactions. Also, his extensive experience and broad insight as a business manager are expected to contribute to the strengthening of the governance system, including the strengthening of supervision of the execution of duties by Directors from an independent standpoint. Thus, he is appointed as an External Director.
External Director	Naoko Tauchi	Other than the foregoing, there are no special interest relationships between Ms. Naoko Tauchi and the Company. It is expected that Ms. Tauchi will contribute to the strengthening of the governance system by enhancing supervision of the Directors' execution of their duties from an independent standpoint, leveraging her experience in a wide range of areas, including management planning, new business development, and internal auditing at global companies, as well as her insight and expertise as an External Director and Audit & Supervisory Board Member.
External Audit & Supervisory Board Member	Sayaka Hieda	Other than the foregoing, there are no special interest relationships between Ms. Sayaka Hieda and the Company. The Company has appointed Ms. Hieda as an External Audit & Supervisory Board Member as she is expected to apply her expertise and experience as an attorney-at-law to the Company's auditing operations from an independent standpoint.

Title	Name	Relationship with the Company
External Audit & Supervisory Board Member	Naohiro Chikada	Other than the foregoing, there are no special interest relationships between Mr. Naohiro Chikada and the Company. The Company expects Mr. Chikada to apply his professional knowledge and experience as a certified public accountant and tax accountant to the Company's auditing operations from an independent standpoint and has therefore appointed him as an External Audit & Supervisory Board Member.

External Directors and External Audit & Supervisory Board Members are appointed based on a comprehensive evaluation of their personalities, abilities, insight, and experience, as well as their ability to provide appropriate opinions on the Company's management from an independent and objective perspective in order to strengthen the supervisory function of the Board of Directors.

The shareholdings of the Company's External Directors and External Audit & Supervisory Board Members are as described under "(i) List of Directors and Audit & Supervisory Board Members" presented above.

Furthermore, in appointing External Directors, the Company has stipulated criteria for determining independence to ensure that candidates are deemed independent in terms of substance. In addition to the independence criteria stipulated by the Tokyo Stock Exchange, the Company considers an External Director to be independent if none of the following apply.

- Business partners or their business executors accounting for 2% or more of the Company's consolidated sales in the most recent fiscal year
- Shareholders holding more than 10% of the total voting rights of the Company or their business executors
- Representative partners, partners, or employees of the audit firm that is our Accounting Auditor
- Consultants, accounting experts, or legal experts whose remuneration from the Company in the most recent fiscal year (excluding remuneration for Directors and Audit & Supervisory Board Members) exceeds ¥10 million

(iii) Supervision or Audit and Internal Audit by External Directors or External Audit & Supervisory Board Members, Audit by Audit & Supervisory Board Members and Mutual Collaboration with Accounting Auditor, as well as Relationship with Internal Control Division

External Directors receive regular reports from the executive Directors on the status of business activities and internal controls of the Company and its Group companies and render advice, etc. to the management from an independent and objective standpoint.

The Audit & Supervisory Board Members, including External Audit & Supervisory Board Members, receive an annual audit plan from the Accounting Auditors to monitor and verify whether the Accounting Auditors are conducting appropriate audits and thereafter implement coordinated actions as necessary, such as receiving regular reports and information on laws, regulations, and accounting standards, as well as maintaining close cooperation with the internal audit division to conduct systematic and efficient audits. Besides receiving regular reports from the internal audit division at the Audit & Supervisory Board meetings, the full-time Audit & Supervisory Board Members separately receive reports from the Internal Audit Department on a timely basis.

While ensuring an independent and objective standpoint, the External Directors and Audit & Supervisory Board Members work together through regular meetings and other means to enable the External Directors to gather information efficiently.

(3) Status of Audits

(i) Status of Audit by Audit & Supervisory Board Members

a. Audit Organization, Personnel and Procedures

Consisting of two full-time Audit & Supervisory Board Members and two External Audit & Supervisory Board Members, the Audit & Supervisory Board of the Company formulates audit policies, plans, auditing methods, and allocation of audit duties, receives reports on important audit-related matters, and discusses and makes resolutions thereof. Furthermore, External Audit & Supervisory Board Member Naohiro Chikada is a certified public accountant with considerable finance and accounting knowledge.

b. Status of Activities by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board generally meets once a month and held 16 meetings during the current fiscal year. The attendance record of each Audit & Supervisory Board Member is as follows.

Title	Name	Meeting attendance
Full-time Audit & Supervisory Board Member	Takashi Yoshino	14/14 times
Full-time Audit & Supervisory Board Member	Isao Jinno	14/14 times
External Audit & Supervisory Board Member	Sayaka Hieda	14/14 times
External Audit & Supervisory Board Member	Naohiro Chikada	11/11 times
External Audit & Supervisory Board Member	Takao Yamaguchi	3/3 times

(Note) Takao Yamaguchi retired from his position at the 206th Ordinary General Meeting of Shareholders held on March 27, 2024, and his attendance at the Board of Directors meetings held on or before that date is shown.

Naohiro Chikada was elected at the 206th Ordinary General Meeting of Shareholders held on March 27, 2024, and his attendance at the Board of Directors meetings held after that date is shown.

The specific considerations by the Audit & Supervisory Board are as follows.

- Matters related to the operation of the Audit & Supervisory Board
- Matters related to the General Meeting of Shareholders
- Matters related to the status of the development and operation of management and governance systems
- Matters related to the verification of the establishment and effectiveness of the internal control system
- Matters related to the verification and evaluation of the appropriateness of the accounting audit by the Accounting Auditor
- Matters concerning the status of management related to important businesses and individual cases, etc.
- Matters Related to determination of Key Audit Matters (KAMs)
- Matters related to the status of the establishment of a foundation for the operation of a new Group internal audit system
- Matters related to the status of Group company audit activities

The main activities of the Full-time Audit & Supervisory Board Members are as follows:

Business Audits	Attendance at Board of Directors meetings and statement of opinions
	Attendance and statement of opinions at important meetings such as the Executive Committee
	Regular meetings with representative Director and External Directors and individual meetings with Directors
	Conducting on-site inspections of each business division and Group company and hearing reports
	Verification of the status of maintenance of internal regulations, etc.
	Perusal of documents related to important resolutions
Accounting Audit	Hearing of reports on audit implementation plans and audit results from the Internal Audit Department and exchanging opinions
	Consultation with the Accounting Auditor regarding the explanation of the audit plan, quarterly review report, interim review report, audit progress report, audit results report, and determination of key audit matters (KAMs) from the Accounting Auditor
	Investigation and audit of the status of operations related to quarterly, interim, and full-year financial results

All Full-time Audit & Supervisory Board Members report to one another in a timely and appropriate manner and share information regarding their audit activities. Furthermore, the Audit & Supervisory Board makes appropriate reports to the External Audit & Supervisory Board Members to share information.

(ii) Status of Internal Audits

The Company has established an Internal Audit Department (7 members) that reports directly to the President and Chief Executive Officer. Based on the annually prepared audit plan, the Internal Audit Department periodically conducts business audits, makes recommendations for improvement, and monitors the implementation of remedial measures to ensure proper business operations.

In order to effectively conduct these internal audit operations, the Internal Audit Department actively exchanges opinions and information at regular meetings with Audit & Supervisory Board Members and the Accounting Auditor and reports the results of internal audits to the Audit & Supervisory Board. Furthermore, the results of internal audits are reported to the Representative Director, President and Chief Executive Officer, and then to the Board of Directors through the Representative Director, President and Chief Executive Officer.

(iii) Status of Accounting Audit

a. Name of Audit Firm

Ernst & Young ShinNihon LLC.

b. Consecutive Number of Years during which Audit Was Performed

20 years

c. Certified Public Accountants who engaged in the audit

Designated Engagement Partner Yuji Mukaide

Designated Engagement Partner Koji Ojima

d. Composition of persons supporting audit operations

7 certified public accountants and 30 other persons providing support

e. Policies and Reasons for Appointing Audit Firm

The Company selects auditing certified public accountants, etc. after comprehensively confirming and reviewing the quality control system, independence, audit implementation system, audit fees, etc. of the audit firm, based on the “Code of Practice for Audit & Supervisory Board Members, etc. regarding the Evaluation of Accounting Auditors and the Establishment of Selection Criteria for Accounting Auditors” stipulated by the Japan Audit & Supervisory Board Members Association.

Upon review and confirmation of the above, we have determined that it is appropriate to reappoint Ernst & Young ShinNihon LLC as the auditing certified public accountant for the current consolidated fiscal year.

Should the Audit & Supervisory Board deem it necessary, such as when there is a hindrance to the performance of duties by the auditing certified public accountant, it will decide on a proposal for the dismissal or non-reappointment of the Certified Public Accountant, and the Company will submit a proposal to the General Meeting of Shareholders in accordance with said decision.

Should the Audit & Supervisory Board find that the auditing certified public accountant falls under Paragraph 1, Article 340 of the Companies Act, the Audit & Supervisory Board shall dismiss the auditing certified public accountant based on the unanimous consent of the Audit & Supervisory Board Members. Upon such a dismissal, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the fact that the auditing certified public accountant has been dismissed and the reason for dismissal at the first General Meeting of Shareholders convened after said dismissal.

f. Evaluation of Audit Firm by Audit & Supervisory Board Members and Audit & Supervisory Board

Upon comprehensively reviewing and considering Ernst & Young ShinNihon LLC’s quality control system, audit implementation system, audit fees, communication with Audit & Supervisory Board Members and other relevant personnel, and relationship with management, the Audit & Supervisory Board Members and the Audit & Supervisory Board have concluded that the auditing activities of Ernst & Young ShinNihon LLC are appropriate.

(iv) Details of Audit Fees, etc.

a. Fees to auditing certified public accountants

Category	FY2023		FY2024	
	Fees for Audit Services (Millions of yen)	Fees for Non-audit Services (Millions of yen)	Fees for Audit Services (Millions of yen)	Fees for Non-audit Services (Millions of yen)
The Company	84	2	85	2
Subsidiaries	52	—	63	—
Total	136	2	149	2

(Note) Non-audit services rendered for the Company include preparation of a comfort letter in connection with the issuance of corporate bonds.

b. Remuneration to the same network (Ernst & Young) as the auditing certified public accountants (excluding “a. Fees to auditing certified public accountants”)

Category	FY2023		FY2024	
	Fees for Audit Services (Millions of yen)	Fees for Non-audit Services (Millions of yen)	Fees for Audit Services (Millions of yen)	Fees for Non-audit Services (Millions of yen)
The Company	—	3	—	12
Subsidiaries	4	0	11	3
Total	4	3	11	15

(Note) Non-audit services provided to the Company consist of advice related to accounting and taxation matters. Non-audit services provided to subsidiaries consist of support services related to accounting and taxation matters.

c. Details of other material audit fees

FY2023

Not applicable.

FY2024

Not applicable.

d. Policy for Determining Audit Fees

Audit fees for the auditing certified public accountant are appropriately determined with the consent of the Audit & Supervisory Board, comprehensively taking into consideration such factors as the size and characteristics of the Company and the number of days spent on the audit.

e. Reason by Audit & Supervisory Board Members for giving consent to the amount of fees payable to the Accounting Auditor

Upon making the necessary verification of the appropriateness of the content of the Accounting Auditor’s audit, the performance of its duties, and the basis for the calculation of the remuneration estimate, the Audit & Supervisory Board decided to consent to the remuneration, etc. of the Accounting Auditor in accordance with the Companies Act.

(4) Remunerations for Directors

(i) Details and Policies of Calculation Methods for Amount of Remuneration, etc. Paid to Officers

a. Policy, etc. on Determination of Details of Remuneration, etc. for Officers

At the Board of Directors meeting held on January 16, 2025, the Company adopted a policy for determining the details of compensation for individual Directors (hereinafter referred to as the “the decision-making policy”). Furthermore, the remuneration of Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members.

Under the corporate philosophy of “Trust beyond the era,” the Company aims to achieve sustainable growth and increase corporate value not only in the short term but also over the medium to long term; thus, it has established a remuneration system in which a certain percentage of compensation is linked to business performance and stock price.

Compensation for Directors (excluding External Directors) consists of “fixed compensation,” “performance-based compensation,” and “share awards,” the payment ratio of which will be set appropriately in accordance with the policy described below. Only “fixed compensation” is paid to External Directors and Audit & Supervisory Board Members, taking into consideration the nature of their duties.

The content of the performance indicators for performance-based remuneration, etc. and the calculation method for the amount of performance-based remuneration, etc. are determined by comprehensively taking into account the business profit for the current fiscal year, ROE, shareholder returns, ESG-related initiatives, progress of the Medium-Term Business Plan, economic conditions, business environment, etc. The reason for selecting these indicators is to clarify the link between the remuneration of Directors and the Company's performance and shareholder value.

The Board of Directors determines individual Director compensation after consultation with the Remuneration Advisory Committee. The determination of details of individual Directors' remuneration, as described later in “c. Matters Concerning Delegation for Determination of Details of Individual Directors' Remuneration, etc.” is delegated by a resolution of the Board of Directors.

Policy on Determining the Percentage of Compensation Paid to Directors (excluding External Directors) by Type of Remuneration, etc.

Item		Fixed Remuneration	Performance-Based Remuneration	Share awards
Placement		Basic Remuneration	Short-term Incentives	Medium- to Long-Term Incentives
Variability		—	Linked to single fiscal year performance	Linked to stock price
Percentage of total remuneration (approx.)	Director and President & Chief Executive Officer Chairman	40%	40%	20%
	Other Directors	50–60%	30–40%	5–10%
Payment timing of remuneration, etc.		Monthly	Monthly	In principle, upon retirement from office

The proposal of individual remuneration, etc. of Directors for the current fiscal year is prepared in accordance with the decision-making policy and the resolution of the General Meeting of Shareholders as stipulated below under “b. Matters Concerning the Resolution of the General Meeting of Shareholders on Remuneration, etc. of Directors and Audit & Supervisory Board Members,” and is determined through consultation with the Nomination and Remuneration Advisory Committee. Accordingly, the Board of Directors believes that the content of individual remuneration, etc. of Directors for the current fiscal year is in line with the decision policy.

b. Matters Concerning the Resolution of the General Meeting of Shareholders on Remuneration, etc. of Directors and Audit & Supervisory Board Members

<Fixed Remuneration>

At the 190th Ordinary General Meeting of Shareholders held on March 28, 2008, it was resolved that the remuneration for Directors shall be limited to ¥35 million per month, and the remuneration for Audit & Supervisory Board Members shall be limited to ¥8 million per month. As of the closing of said General Meeting of Shareholders, the number of Directors was 18, and that of the Audit & Supervisory Board Members was 4.

<Performance-Based Remuneration>

At the 195th Ordinary General Meeting of Shareholders held on March 28, 2013, a resolution was passed to introduce performance-based remuneration for Directors (excluding External Directors) to motivate them to improve their performance in each fiscal year and to pay them within 1% of consolidated ordinary profit and 2% of consolidated profit (profit attributable to owners of parent) for the previous fiscal year. These indicators were selected based on our belief that they adequately represent the Company's performance in view of the nature and content of the Company's business. The number of Directors (excluding External Directors) as of the end of this General Meeting of Shareholders was 7.

<Share awards>

Upon the 200th Ordinary General Meeting of Shareholders held on March 28, 2018, a resolution was passed to introduce the "Board Benefit Trust (BBT)," a share award plan for Directors (excluding External Directors), with the aim of raising awareness of the need to contribute to increasing corporate value over the medium to long term. The number of Directors (excluding External Directors) as of the end of this General Meeting of Shareholders was 8. Outline of the share award plan is as follows.

- Under the share award plan, the Company's shares are acquired through a trust funded by the Company, and the Company's shares and cash equivalent to the market value of the Company's shares are paid out through the trust in accordance with the "Regulations of Directors' Equity Benefit" stipulated by the Company. The enactment of the regulation was adopted by the Board of Directors after consulting with the Nomination and Remuneration Advisory Committee.
- Each Director (excluding External Directors) is granted a certain number of points per fiscal year, limited to 40,000 shares (40,000 points) per fiscal year, in consideration of his/her position in the Company. Upon retirement, the Directors will receive Company shares in proportion to the number of points accumulated and a cash payment equivalent to the market value of the Company's shares.

c. Matters Concerning Delegation for Determination of Details of Individual Directors' Remuneration, etc.

Pursuant to the delegation by resolution of the Board of Directors, the Representative Director, President and Chief Executive Officer of the Company shall, in accordance with the decision-making policy and the resolution of the General Meeting of Shareholders as stipulated under the above-mentioned "b. Matters Concerning the Resolution of the General Meeting of Shareholders on Remuneration, etc. of Directors and Audit & Supervisory Board Members," prepare a proposal for individual fixed remuneration and performance-based remuneration for Directors according to their position and responsibilities each fiscal year and submit it to the Remuneration Advisory Committee (of the total eight members, five External Directors constitute the majority together with three Directors (excluding External Directors)) for consultation to determine the specific amounts of individual remuneration for each Director. This responsibility has been delegated to the Representative director, President & Chief Executive Officer as he is best suited to make an evaluation comprehensively taking into consideration the Company's performance and the duties and responsibilities of the Directors.

The person who has received a mandate by a resolution of the Board of Directors in the current fiscal year is Representative Director, President & Chief Executive Officer Hitoshi Nomura.

d. Targets and Results of Performance-Based Remuneration-Related Indicators for the Current Fiscal Year

Indicators for performance-based remuneration in the current fiscal year are consolidated ordinary profit and consolidated profit (profit attributable to owners of parent) for the previous fiscal year. The forecast figures of consolidated ordinary profit and consolidated profit (profit attributable to owners of parent) are ¥68,500 million and ¥45,000 million, respectively (figures announced as the forecast for the fiscal year ended December 31, 2023, in the financial report dated November 9, 2023). Against this forecast, the actual results were a consolidated ordinary profit of ¥69,471 million and a consolidated profit (profit attributable to owners of parent) of ¥45,084 million.

(ii) Total amount of remuneration by category of Officers, by type, and number of recipient directors (and other officers)

Category of Officers	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of recipient directors (and other officers) (persons)
		Fixed Remuneration	Performance-Based Remuneration	Share awards	
Directors (excl. External Directors)	638	348	203	86	8
Audit & Supervisory Board Members (excl. External Audit & Supervisory Board Members)	55	55	—	—	2
External Officers	60	60	—	—	7

(Notes) 1. Share awards fall under the category of “non-monetary compensation.”

2. The total amount of share awards is the amount of provision for share awards for directors (and other officers) based on the Board Benefit Trust (BBT) for the fiscal year under review. The provision for share awards for directors (and other officers) is based on the book value of the Company’s shares acquired through the trust using funds contributed by the Company as the source of funds for the calculation.

(iii) Total amount of remuneration, etc. for those whose total amount of remuneration, etc. amounts to ¥100 million or more

Name	Title	Total amount of remuneration by type (Millions of yen)			Total amount of remuneration (Millions of yen)
		Fixed Remuneration	Performance-Based Remuneration	Share awards	
Makio Tanehashi	Representative Director and Chairman of the Board	63	44	20	129
Hitoshi Nomura	Representative Director President & Chief Executive Officer	63	44	20	128

(Notes) 1. Share awards fall under the category of “non-monetary compensation.”

2. The total amount of share awards is the amount of provision for share awards for directors (and other officers) based on the Board Benefit Trust (BBT) for the fiscal year under review. The provision for share awards for directors (and other officers) is based on the book value of the Company’s shares acquired through the trust using funds contributed by the Company as the source of funds for the calculation.
3. The titles stated are those held at the end of the fiscal year, and may differ from those held at the time and the filing date of this document.

(5) Information on Shareholdings

(i) Criteria and Approach for Classification of Investment Stocks

By maintaining and strengthening business relationships, the Company retains shares of other companies that it deems will contribute to the medium- to long-term enhancement of the Group's corporate value as shares other than for pure investment purposes (strategic shareholdings).

(ii) Investment shares held for purposes other than pure investment

a. Method of verifying holding policies and rationality of holdings, and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual issues

By maintaining and strengthening business relationships, the Company retains shares of other companies that it deems will contribute to the medium- to long-term enhancement of the Group's corporate value as shares other than for pure investment purposes (strategic shareholdings).

The Company examines the appropriateness of individual strategic shareholdings from the perspective of whether they contribute to the improvement of the Group's corporate value, including the results and prospects of real estate transactions, joint ventures, construction and equipment transactions, and financial transactions, as well as the results of dividend payments. Upon review, the Company will report to the Board of Directors on the details and actual results of the disposal, etc. and will reduce the number of shares that it no longer recognizes the significance of continuing to hold, taking into consideration the impact, etc. on the stock market. In addition, in the Medium-Term Business Plan (FY2025-FY2027), we have set a target of reducing the ratio of strategic shareholdings to consolidated net assets to 10% or less by the end of FY2027, and we will continue to reduce the number of shares in the future.

At a meeting of the Board of Directors held on February 12, 2025, the Company reported the results of transactions and holdings of each individual share and verified the appropriateness of the holdings.

b. Number of Stocks and book value

	Number of Stocks (Stocks)	Total book value (Millions of yen)
Equity Securities Not Listed	25	2,869
Shares Other than Equity Securities Not Listed	46	80,074

(Name of stock of shares that increased during the current fiscal year)

	Number of Stocks (Stocks)	Total acquisition cost for the increase in the number of shares (millions of yen)	Reason for Increase in the Number of Shares
Equity Securities Not Listed	—	—	—
Shares Other than Equity Securities Not Listed	—	—	—

(Name of stock of shares that decreased during the current fiscal year)

	Number of Stocks (Stocks)	Total sales price for the decrease in the number of shares (millions of yen)
Equity Securities Not Listed	1	500
Shares Other than Equity Securities Not Listed	5	27,149

c. Information on specified investment stocks and stocks deemed to be held, including the number of shares by stock, and the book value

Specified investment stocks

Issuer name	FY2024	FY2023	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares (Note) 1	Whether Issuer Holds Company Shares
	Number of shares (shares)	Number of shares (shares)		
	Book value (Millions of yen)	Book value (Millions of yen)		
Hulic Co., Ltd.	20,374,433	40,749,033	To maintain and strengthen real estate transactions and joint ventures, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Some shares were sold during the current fiscal year.	Yes
	27,912	60,165		
SOMPO Holdings, Inc.	2,405,715	801,905	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Financial transactions are also conducted to contribute to stable financing. In addition, the Company has entered into a business alliance for the development and operation of facilities for the elderly. The increase in the number of shares is due to a stock split.	Yes (Note) 2
	9,909	5,529		
TAISEI CORPORATION	951,980	951,980	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, joint ventures, and construction and equipment transactions in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	6,320	4,590		
Fuyo General Lease Co., Ltd.	170,000	170,000	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Financial transactions are also conducted to contribute to stable financing.	Yes
	1,989	2,081		
INFRONEER Holdings Inc.	1,423,000	1,423,000	To maintain and strengthen construction and equipment transactions, etc. in the Commercial Properties business and Residential business, thereby contributing to the enhancement of corporate value.	Yes (Note) 2
	1,737	1,997		
SEIBU HOLDINGS INC.	994,300	994,300	To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	Yes (Note) 2
	3,189	1,945		

Issuer name	FY2024	FY2023	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares (Note)1	Whether Issuer Holds Company Shares
	Number of shares (shares)	Number of shares (shares)		
	Book value (Millions of yen)	Book value (Millions of yen)		
Yasuda Logistics Corporation	1,603,000	1,603,000	To contribute to the enhancement of corporate value by maintaining and strengthening good relationships pertaining to the business of the Company's group as a whole.	Yes
	2,834	1,880		
Mizuho Financial Group, Inc.	684,112	684,112	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions and joint ventures, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Financial transactions are also conducted to contribute to stable financing.	Yes (Note) 2
	2,649	1,650		
Katakura Industries Co., Ltd.	980,000	980,000	To maintain and strengthen real estate transactions and joint ventures, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	1,951	1,605		
TPR Co., Ltd.	933,687	933,687	To maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	2,294	1,591		
Tokio Marine Holdings, Inc.	442,200	442,200	To maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Financial transactions are also conducted to contribute to stable financing.	Yes (Note) 2
	2,532	1,560		
The Japan Wool Textile Co., Ltd.	1,112,500	1,112,500	To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	Yes
	1,450	1,492		
TEIKOKU SEN-I Co., Ltd.	698,733	698,733	To maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	1,653	1,427		
Okamoto Industries, Inc.	260,200	260,200	To contribute to the enhancement of corporate value by maintaining and strengthening good relationships pertaining to the business of the Company's group as a whole.	Yes
	1,493	1,294		
TAKARA HOLDINGS INC.	1,000,000	1,000,000	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions and joint ventures, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	1,355	1,239		

Issuer name	FY2024	FY2023	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares (Note)1	Whether Issuer Holds Company Shares
	Number of shares (shares)	Number of shares (shares)		
	Book value (Millions of yen)	Book value (Millions of yen)		
Mitsuuroko Group Holdings Co., Ltd.	567,000	567,000	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	1,018	899		
Taikisha Ltd.	200,700	200,700	To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	Yes
	1,003	819		
Sapporo Holdings Limited	111,980	111,980	To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	Yes
	931	696		
HEIWA REAL ESTATE CO., LTD.	182,400	182,400	To maintain and strengthen good relationships related to the business of the entire Group and contribute to improving corporate value.	Yes
	795	687		
TOBU RAILWAY CO., LTD.	180,098	180,098	To maintain and strengthen real estate transactions and joint ventures, etc. in the Residential business, thereby contributing to the enhancement of corporate value.	Yes
	461	682		
YAMATO HOLDINGS CO., LTD.	260,000	260,000	To maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes (Note) 2
	460	677		
TODA CORPORATION	690,300	690,300	To maintain and strengthen real estate transactions and construction and equipment transactions in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	664	643		
Nippi, Incorporated	100,000	100,000	To contribute to the enhancement of corporate value by maintaining and strengthening good relationships pertaining to the business of the Company's group as a whole.	Yes
	561	596		
NOF CORPORATION	216,561	72,187	To contribute to the enhancement of corporate value by maintaining and strengthening good relationships pertaining to the business of the Company's group as a whole. The increase in the number of shares is due to a stock split.	Yes
	477	505		

Issuer name	FY2024	FY2023	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares (Note)1	Whether Issuer Holds Company Shares
	Number of shares (shares)	Number of shares (shares)		
	Book value (Millions of yen)	Book value (Millions of yen)		
Oki Electric Industry Co., Ltd.	235,076	470,076	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, and construction and equipment transactions in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Some shares were sold during the current fiscal year.	Yes
	251	428		
ASANUMA CORPORATION	500,000	100,000	To maintain and strengthen construction and equipment transactions, etc. in the Commercial Properties business and Residential business, thereby contributing to the enhancement of corporate value. The increase in the number of shares is due to a stock split.	Yes
	334	386		
Azbil Corporation	320,000	80,000	To maintain and strengthen construction and equipment transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. The increase in the number of shares is due to a stock split.	Yes
	392	373		
NIPPON SIGNAL CO., LTD.	375,000	375,000	To maintain and strengthen construction and equipment transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	Yes
	348	363		
Tonami Holdings. CO., LTD.	70,600	70,600	As the company is a tenant in a logistics property owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	421	318		
MATSUI CONSTRUCTION CO., LTD.	363,000	363,000	To maintain and strengthen construction and equipment transactions, etc. in the Commercial Properties business and Residential business, thereby contributing to the enhancement of corporate value.	Yes
	324	304		
TAKARA STANDARD CO., LTD.	166,000	166,000	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	280	270		

Issuer name	FY2024	FY2023	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares (Note)1	Whether Issuer Holds Company Shares
	Number of shares (shares)	Number of shares (shares)		
	Book value (Millions of yen)	Book value (Millions of yen)		
NSK Ltd.	326,857	326,857	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions and joint ventures, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	224	249		
TOA CORPORATION	254,400	63,600	To maintain and strengthen construction and equipment transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. The increase in the number of shares is due to a stock split.	Yes
	304	226		
Okabe Co., Ltd.	305,100	305,100	To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	Yes
	233	223		
Sumitomo Mitsui Financial Group, Inc.	77,616	25,872	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Financial transactions are also conducted to contribute to stable financing. The increase in the number of shares is due to a stock split.	Yes (Note) 2
	292	177		
The Ogaki Kyoritsu Bank, Ltd.	64,968	64,968	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. Financial transactions are also conducted to contribute to stable financing.	Yes
	125	122		
Dai-Dan Co., Ltd.	84,700	84,700	To maintain and strengthen construction and equipment transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	326	120		
Daiwa Securities Group Inc.	117,055	117,055	To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value. Financial transactions are also conducted to contribute to stable financing.	Yes
	122	111		

Issuer name	FY2024	FY2023	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares (Note)1	Whether Issuer Holds Company Shares
	Number of shares (shares)	Number of shares (shares)		
	Book value (Millions of yen)	Book value (Millions of yen)		
INTERLIFE HOLDINGS CO., LTD.	400,000	400,000	To maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	128	85		
Global Kids Company Corp.	100,000	100,000	To maintain and strengthen real estate transactions in the Residential business, thereby contributing to the enhancement of corporate value. In addition, the Company has entered into a business alliance for the development and operation of childcare facilities.	No
	69	64		
Spacemarket, Inc.	171,000	171,000	To maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value. In addition, the Company has entered into a business alliance regarding the space-sharing business, etc.	No
	53	54		
LIXIL Corporation	29,680	29,680	As the company is a tenant in an office building owned by the Group, this transaction is intended to maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	Yes
	51	52		
The Shikoku Bank, Ltd.	47,144	47,144	Financial transactions are intended to contribute to stable financing.	Yes
	54	45		
The Chiba Kogyo Bank, Ltd.	53,240	53,240	Financial transactions are intended to contribute to stable financing.	Yes
	77	42		
TOH-TEN-KOH Corporation	6,292	6,292	To maintain and strengthen real estate transactions, etc. in the Residential business, thereby contributing to the enhancement of corporate value.	No
	5	5		
Nippon Paper Industries Co., Ltd.	2,823	2,823	To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	Yes
	2	3		
Nippon Sanso Holdings Corporation	—	79,284	FY2023 To maintain and strengthen real estate transactions, etc. in the Commercial Properties business, thereby contributing to the enhancement of corporate value.	No
	—	299		
Nishimatsu Construction Co., Ltd.	—	74,200	FY2023 To maintain and strengthen real estate transactions, etc. in the Asset Service business, thereby contributing to the enhancement of corporate value.	No
	—	291		

Issuer name	FY2024		FY2023		Purpose of shareholding, overview of business alliance, quantitative effects of shareholding and reason for increase in number of shares (Note)1	Whether Issuer Holds Company Shares
	Number of shares (shares)					
	Book value (Millions of yen)					
Joban Kosan Co., Ltd.	—	—	42,866	—	FY2023 To contribute to the enhancement of corporate value by maintaining and strengthening good relationships pertaining to the business of the Company's group as a whole.	Yes
	—	—	52	—		

(Notes) 1. Quantitative holding effects are not stated from the viewpoint of information management regarding transactions with counterparties, etc.

The method of verifying the rationality of holdings is described in “(ii) Investment shares held for purposes other than pure investment a. Method of verifying holding policies and rationality of holdings, and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual issues.”

- The company in which we hold the stocks does not hold any shares of the Company, while its subsidiary does hold shares of the Company.
- “—” indicates that the Company does not hold the stock.

(iii) Equity securities held for pure investment

Category	FY2024		FY2023	
	Number of Stocks (Stocks)	Total book value (Millions of yen)	Number of Stocks (Stocks)	Total book value (Millions of yen)
Equity Securities Not Listed	—	—	—	—
Shares Other than Equity Securities Not Listed	—	—	—	—

Category	FY2024		
	Total Dividend Income (Millions of yen)	Total gain (loss) on sales (Millions of yen)	Total loss (gain) on valuation (Millions of yen)
Equity Securities Not Listed	—	—	—
Shares Other than Equity Securities Not Listed	—	—	—

(Note) “—” indicates the Company does not hold any shares of said stock.

V. Financial Information

1. Method of Preparation of Consolidated Financial Statements and Non-Consolidated Financial Statements

- (1) The Group's consolidated financial statements are prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Law number: Ministry of Finance Order No. 28 of 1976).

- (2) The Company's non-consolidated financial statements are prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Law number: Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulations for Financial Statements, etc.").

The Company is a special company submitting financial statements and preparing its financial statements based on the provisions of Article 127 of the Regulation on Financial Statements, etc.

2. Audit Attestation

Pursuant to Paragraph 1, Article 193-2 of the Financial Instruments and Exchange Act, the consolidated financial statements for the consolidated fiscal year (from January 1, 2024 to December 31, 2024) and the non-consolidated financial statements for the fiscal year (from January 1, 2024 to December 31, 2024) were audited by Ernst & Young ShinNihon LLC.

3. Special efforts for ensuring the appropriateness of consolidated financial statements

The Company has taken a special approach to ensure the propriety of consolidated financial statements, etc. Specifically, in order to develop a system to enable the Company to appropriately understand the details of accounting standards and precisely handle changes, etc. in accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation and endeavors to collect information actively. Further, the Company participates in training sessions administered by audit firms and other organizations.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

(Millions of yen)

	End of FY2023 (December 31, 2023)	End of FY2024 (December 31, 2024)
Assets		
Current assets		
Cash and deposits	* 1 127,305	* 1 111,141
Trade notes, accounts receivable and contract assets	* 8 13,887	* 8 15,057
Real estate for sale	* 1,* 2 232,478	* 1,* 2,* 5 261,318
Real estate for sale in process	* 2 166,181	* 2 168,514
Real estate for development	100,339	138,095
Other	52,296	* 3 36,623
Allowance for doubtful accounts	(23)	(22)
Total current assets	692,464	730,727
Non-current assets		
Property, plant and equipment		
Buildings and structures	397,020	437,718
Accumulated depreciation	(183,025)	(194,369)
Buildings and structures, net	* 1,* 2 213,994	* 1,* 2 243,349
Land	* 1,* 2,* 4 529,506	* 1,* 4 617,042
Construction in progress	* 4,* 7 89,428	* 4,* 7 101,213
Other	31,920	36,022
Accumulated depreciation	(21,284)	(23,014)
Other, net	* 1,* 2 10,635	* 1,* 2 13,008
Total property, plant and equipment	843,565	* 5 974,614
Intangible assets		
Leasehold interests in land	* 1 127,628	* 1 124,337
Goodwill	1,486	11,391
Other	2,509	1,544
Total intangible assets	131,624	* 5 137,273
Investments and other assets		
Investment securities	* 1,* 3 153,814	* 1,* 3 139,265
Investments in silent partnerships	* 3 2,598	* 3 12,538
Long-term loans receivable	4,025	9,274
Deferred tax assets	2,327	2,071
Leasehold and guarantee deposits	* 1 20,671	* 1 20,693
Retirement benefit asset	1,561	1,763
Other	* 3 52,711	* 2,* 3,* 6 54,627
Allowance for doubtful accounts	(55)	* 6 (1,623)
Total investments and other assets	237,655	238,610
Total non-current assets	1,212,845	1,350,498
Total assets	1,905,309	2,081,226

(Millions of yen)

	End of FY2023 (December 31, 2023)	End of FY2024 (December 31, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	*1 56,754	*1 80,949
Commercial papers	50,000	66,000
Current portion of bonds payable	10,000	20,000
Accounts payable - other	*1 17,343	*1 19,434
Income taxes payable	17,449	20,031
Provision for warranties for completed construction	8	10
Provision for bonuses	1,001	1,032
Provision for bonuses for directors (and other officers)	2	4
Deposits received under real estate specified joint enterprise law	*2 11,300	*2 6,300
Other	*1,*9 76,198	*1,*9 84,025
Total current liabilities	240,057	297,789
Non-current liabilities		
Bonds payable	255,000	245,000
Long-term borrowings	*1 715,223	*1 798,570
Deferred tax liabilities	23,999	28,202
Deferred tax liabilities for land revaluation	*4 27,274	*4 27,274
Provision for share awards for directors (and other officers)	282	410
Provision for retirement benefits for directors (and other officers)	97	92
Leasehold and guarantee deposits received	*1 77,764	*1 79,950
Retirement benefit liability	14,104	13,943
Deposits received under real estate specified joint enterprise law	*2 10,447	*2 14,806
Other	*1 33,022	*1 27,660
Total non-current liabilities	1,157,216	1,235,913
Total liabilities	1,397,274	1,533,702
Net assets		
Shareholders' equity		
Share capital	92,451	92,451
Capital surplus	66,262	66,262
Retained earnings	219,528	269,936
Treasury shares	(421)	(747)
Total shareholders' equity	377,821	427,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71,526	57,551
Revaluation reserve for land	*4 43,187	*4 43,187
Foreign currency translation adjustment	5,011	7,865
Remeasurements of defined benefit plans	(647)	(443)
Total accumulated other comprehensive income	119,078	108,162
Non-controlling interests	11,135	11,458
Total net assets	508,035	547,524
Total liabilities and net assets	1,905,309	2,081,226

(ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Operating revenue	*7 375,946	*7 463,724
Operating costs	*1 266,829	*1 337,087
Operating gross profit	109,116	126,636
Selling, general and administrative expenses	*2 38,608	*2 46,966
Operating profit	70,508	79,670
Non-operating income		
Interest income	251	459
Dividend income	4,556	4,433
Share of profit of entities accounted for using equity method	3,920	819
Foreign exchange gains	—	2,159
Other	481	490
Total non-operating income	9,209	8,361
Non-operating expenses		
Interest expenses	7,262	9,413
Borrowing fee	974	988
Bond issuance costs	105	61
Foreign exchange losses	1,250	—
Dividends paid on real estate specified joint enterprise law	87	4,375
Other	565	1,470
Total non-operating expenses	10,246	16,309
Ordinary profit	69,471	71,722
Extraordinary income		
Gain on sale of non-current assets	*3 241	*3 1
Gain on sale of investment securities	—	26,827
Gain on sale of shares of subsidiaries and associates	498	—
Gain on sale of investments in capital of subsidiaries and associates	2,265	1,103
Total extraordinary income	3,004	27,933
Extraordinary losses		
Loss on sale of non-current assets	—	*4 1
Loss on retirement of non-current assets	*5 150	*5 159
Impairment losses	157	338
Loss on building reconstruction	—	*6 931
Loss on valuation of investment securities	—	46
Loss on sale of shares of subsidiaries and associates	43	156
Loss of joint venture dissolution	*8 3,712	—
Provision of allowance for doubtful accounts	—	1,568
Total extraordinary losses	4,064	3,201
Profit before income taxes	68,411	96,454
Income taxes - current	26,202	30,145
Income taxes - deferred	(3,634)	(496)
Total income taxes	22,568	29,649
Profit	45,843	66,804
Profit attributable to non-controlling interests	758	922
Profit attributable to owners of parent	45,084	65,882

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Profit	45,843	66,804
Other comprehensive income		
Valuation difference on available-for-sale securities	21,728	(14,097)
Foreign currency translation adjustment	2,196	1,703
Remeasurements of defined benefit plans, net of tax	(465)	202
Share of other comprehensive income of entities accounted for using equity method	(1,790)	1,150
Total other comprehensive income	*21,668	*(11,040)
Comprehensive income	67,511	55,764
Comprehensive income attributable to owners of parent	66,217	54,966
Comprehensive income attributable to non-controlling interests	1,294	798

(iii) Consolidated Statement of Changes in Equity
FY2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	92,451	66,539	189,501	(443)	348,048
Changes during period					
Dividends of surplus			(15,057)		(15,057)
Profit attributable to owners of parent			45,084		45,084
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		0		26	26
Change in ownership interest of parent due to transactions with non-controlling interests		(276)			(276)
Net changes in items other than shareholders' equity					
Total changes during period	—	(276)	30,026	22	29,772
Balance at end of period	92,451	66,262	219,528	(421)	377,821

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	50,332	43,187	4,604	(179)	97,945	10,843	456,838
Changes during period							
Dividends of surplus							(15,057)
Profit attributable to owners of parent							45,084
Purchase of treasury shares							(3)
Disposal of treasury shares							26
Change in ownership interest of parent due to transactions with non-controlling interests							(276)
Net changes in items other than shareholders' equity	21,194	—	406	(467)	21,133	291	21,424
Total changes during period	21,194	—	406	(467)	21,133	291	51,197
Balance at end of period	71,526	43,187	5,011	(647)	119,078	11,135	508,035

FY2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	92,451	66,262	219,528	(421)	377,821
Changes during period					
Dividends of surplus			(15,475)		(15,475)
Profit attributable to owners of parent			65,882		65,882
Purchase of treasury shares				(344)	(344)
Disposal of treasury shares		0		18	18
Net changes in items other than shareholders' equity					
Total changes during period	—	0	50,407	(325)	50,081
Balance at end of period	92,451	66,262	269,936	(747)	427,902

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	71,526	43,187	5,011	(647)	119,078	11,135	508,035
Changes during period							
Dividends of surplus							(15,475)
Profit attributable to owners of parent							65,882
Purchase of treasury shares							(344)
Disposal of treasury shares							18
Net changes in items other than shareholders' equity	(13,974)	—	2,854	204	(10,916)	323	(10,593)
Total changes during period	(13,974)	—	2,854	204	(10,916)	323	39,488
Balance at end of period	57,551	43,187	7,865	(443)	108,162	11,458	547,524

(iv) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	68,411	96,454
Depreciation	20,457	22,390
Impairment losses	157	338
Loss on building reconstruction	—	931
Amortization of goodwill	229	235
Share of loss (profit) of entities accounted for using equity method	(3,920)	(819)
Increase (decrease) in allowance for doubtful accounts	(107)	1,567
Increase (decrease) in provision for bonuses	104	30
Increase (decrease) in provision for bonuses for directors (and other officers)	—	2
Increase (decrease) in provision for share awards for directors (and other officers)	22	128
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(1)	(4)
Increase (decrease) in provision for environmental measures	(0)	—
Increase (decrease) in retirement benefit liability	(34)	(74)
Interest and dividend income	(4,807)	(4,892)
Interest expenses	7,262	9,413
Loss (gain) on valuation of investment securities	—	46
Loss (gain) on sale of investment securities	—	(26,827)
Loss (gain) on sale of shares of subsidiaries and associates	(454)	156
Loss (gain) on sale of investments in capital of subsidiaries and associates	(2,265)	(1,103)
Loss of joint venture dissolution	*3 3,712	—
Loss (gain) on sales and retirement of non-current assets	(90)	158
Decrease (increase) in trade receivables	9	(1,122)
Decrease (increase) in inventories	*2 (73,779)	*2 (52,722)
Increase (decrease) in leasehold and guarantee deposits received	(673)	1,767
Increase (decrease) in trade payables	809	193
Decrease (increase) in leasehold and guarantee deposits	589	(10)
Increase (decrease) in deposits received	(1,593)	4,079
Compensation income	5,079	—
Other, net	14,713	2,195
Subtotal	33,830	52,513
Interest and dividends received	7,491	6,612
Interest paid	(7,035)	(8,901)
Income taxes (paid) refund	(13,697)	(31,329)
Net cash provided by (used in) operating activities	20,588	18,894

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Cash flows from investing activities		
Proceeds from sales and redemption of investment securities	7,641	29,615
Purchase of investment securities	(3,330)	(10,383)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*4 (27,671)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,229	–
Purchase of investments in capital of subsidiaries and associates	–	(2,571)
Proceeds from sales of investments in capital of subsidiaries and associates	–	15,786
Proceeds from withdrawal of investments in silent partnerships	1,085	456
Payments for investments in silent partnerships	(16)	(10,399)
Proceeds from sale of non-current assets	703	2
Purchase of non-current assets	(44,796)	(125,152)
Loan advances	(17,669)	(6,912)
Proceeds from collection of loans receivable	–	1,362
Increase (decrease) in deposits received under real estate specified joint enterprise law	63	(621)
Payments for guarantee obligations	–	(7,241)
Other, net	1,019	1,640
Net cash provided by (used in) investing activities	(54,069)	(142,089)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(0)	(106)
Increase (decrease) in commercial papers	–	16,000
Proceeds from long-term borrowings	137,400	164,000
Repayments of long-term borrowings	(52,127)	(56,653)
Payments for long-term accounts payable - other	(202)	(202)
Proceeds from issuance of bonds	20,000	10,000
Redemption of bonds	(10,000)	(10,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(722)	–
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(3)	(344)
Dividends paid	(15,047)	(15,462)
Dividends paid to non-controlling interests	(636)	(499)
Proceeds from share issuance to non-controlling shareholders	40	–
Other, net	(789)	(1,095)
Net cash provided by (used in) financing activities	77,908	105,636
Effect of exchange rate change on cash and cash equivalents	435	1,395
Net increase (decrease) in cash and cash equivalents	44,864	(16,163)
Cash and cash equivalents at beginning of period	82,439	127,303
Cash and cash equivalents at end of period	*1 127,303	*1 111,139

Notes

(Significant matters that serve as the basis for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries: 39 companies

Major consolidated subsidiaries

Omitted, as it is stated in “4. Information on Subsidiaries and Affiliated Companies, I. Corporate Overview.”

Tokyo Tatemono (Thailand) Ltd., TT Investment Holdings Australia Pty Limited, and two other companies have been newly established and are therefore included in the scope of consolidation.

Suzuki Sanei Co., Ltd. and one other company have been included in the scope of consolidation due to the acquisition of shares.

KitaAoyama 3-Chome Project Tokutei Mokuteki Kaisha is included in the scope of consolidation due to a preferred equity investment.

(2) Names of major non-consolidated subsidiaries

Tokyo Tatemono Finance Co., Ltd.

(Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiaries are excluded from the scope of consolidation as they are small in terms of total assets, sales, net income or loss, and retained earnings (in proportion to the Company’s equity interest) and do not have a material impact on the consolidated financial statements.

2. Matters regarding the application of the equity method

(1) Affiliated companies to which the equity method has been applied

Affiliated Companies: 29 companies

Names of major companies: Kasumigaseki Kaihatsu Tokutei Mokuteki Kaisha

Denver Multifamily LLC and eight other companies have been included in the scope of equity method application due to share acquisitions.

Guiyang Wanshang Construction Co., Ltd. has been newly established and is included in the scope of equity method application.

Raimon Land Twenty Six Co., Ltd. and one other company have been excluded from the scope of equity method application due to share transfers.

Nishiyodogawa Logistics Tokutei Mokuteki Kaisha has been excluded from the scope of equity method application due to liquidation.

(2) Non-consolidated subsidiaries (Tokyo Tatemono Finance Co., Ltd., and others) and affiliates (Nissei Building Management Co., Ltd., and others) to which the equity method is not applied do not have a material impact on the consolidated financial statements in terms of the sum of the profit/loss and retained earnings, respectively, as a percentage of the Company’s equity interest.

(3) For those companies accounted for by the equity method whose fiscal year-end differs from the consolidated fiscal year-end, the financial statements for their respective fiscal years are used.

3. Matters regarding the consolidated subsidiaries’ fiscal years, etc.

The following is a list of consolidated subsidiaries whose fiscal year-ends differ from the consolidated fiscal year-end.

Companies with a fiscal year ended March 31: 3 companies (Note) 1

Companies with a fiscal year ended June 30: 3 companies (Note) 1

Companies with a fiscal year ended November 30: 1 company (Note) 2

(Notes) 1. Financial statements based on a provisional settlement of accounts as of the consolidated balance sheet date are used for the preparation of the consolidated financial statements.

2. The financial statements of consolidated subsidiaries as of their fiscal year-end are used.

Necessary adjustments are made for significant transactions that occurred between their fiscal year-end and the end of the consolidated fiscal year.

The closing date of other consolidated subsidiaries is the same as the consolidated closing date.

4. Matters regarding accounting policies

(1) Valuation criteria and valuation method for material assets

Securities

Held-to-maturity debt securities

- Amortized cost method (straight-line method)
- Available-for-sale securities
 - Stocks and securities other than non-marketable equity securities, etc.
 - Fair value method
 - (Unrealized gains and losses are included directly in net assets, and the cost of securities sold is determined by the moving-average method.)
 - Non-marketable equity securities, etc.
 - Cost method based on the moving-average method
- Inventories
 - Real estate for sale
 - Specific Identification Inventory Valuation Method (The book value is written off due to a decline in profitability.)
 - Real estate for sale in process
 - Same as above
 - Real estate for development
 - Same as above
- (2) Method of depreciation of material depreciable assets
 - (i) The Company and its consolidated domestic subsidiaries
 - Property, plant and equipment (excluding leased assets)

Buildings and structures	Straight-line method
Other	
Machinery and equipment	Mainly straight-line method
Vehicles	Mainly declining-balance method
Tools, furniture and fixtures	Same as above

However, certain domestic consolidated subsidiaries use the declining-balance method for facilities attached to buildings and structures acquired on or before March 31, 2016. Useful lives and residual values are mainly calculated based on the same standard as stipulated in Japan's Corporation Tax Act.
 - Intangible assets (excluding leased assets)
 - Straight-line method
 - Software for internal use is amortized by the straight-line method based on the usable period in the Company (5 years).
 - Leased assets
 - Leased assets related to finance lease transactions that transfer ownership
 - Depreciation is computed by the same method as that applied to non-current assets owned by the Company.
 - Leased assets related to non-ownership-transfer finance lease transactions
 - Depreciated using the straight-line method regarding the lease period as the useful life and assuming the residual value as zero.
 - (ii) Foreign consolidated subsidiaries
 - Straight-line method
- (3) Accounting policy for significant deferred assets
 - Bond issuance costs
 - The entire amount is expensed at the time of expenditure.

(4) Recording criteria for important allowances

Allowance for doubtful accounts

To prepare for losses due to bad debts, the Company reports the expected non-collectible amount using the loan loss ratio for general claims and individually examines the collectability of claims with a possibility of default and bankruptcy or reorganization claims.

In the event that an allowance for doubtful accounts has been established for the entire amount of claims in bankruptcy, reorganization, or other similar claims, the allowance for doubtful accounts is directly deducted from the claims. As of the end of the previous consolidated fiscal year, the amount of receivables that fall under this criterion was ¥2,698 million.

Provision for warranties for completed construction

To provide for repair costs related to the completion of construction, certain consolidated subsidiaries reserve an amount based on actual repair costs incurred in previous fiscal years.

Provision for bonuses

Accrued bonuses to employees are provided for the portion of estimated bonuses to be paid in the current consolidated fiscal year.

Provision for bonuses for directors (and other officers)

Accrued bonuses to directors and other officers of certain consolidated subsidiaries are provided based on the estimated amounts to be paid.

Provision for share awards for directors (and other officers)

To provide for the payment of the Company's shares to the Company's Directors and Audit & Supervisory Board Members in accordance with the Company's "Regulations of Directors' Equity Benefit," the Company records an amount based on the estimated amount of liabilities for share benefits as of the end of the current consolidated fiscal year.

Provision for retirement benefits for directors (and other officers)

Accrued retirement benefits for Directors and Audit & Supervisory Board Members of certain consolidated subsidiaries are provided based on the amount payable at the end of the current consolidated fiscal year in accordance with internal regulations.

(5) Accounting for retirement benefits

(i) Method of attributing estimated retirement benefits to periods

The estimated amount of retirement benefits is attributed to the period until the end of the current consolidated fiscal year based on the benefit calculation method.

(ii) Method of amortizing actuarial gains and losses and past service costs

Past service costs are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees when incurred.

Actuarial gains and losses of retirement benefits are amortized beginning with the next consolidated accounting period, using the straight-line method over a fixed number of years (10 years) within the average remaining years of service of the employees when incurred in each consolidated accounting period.

(iii) Adoption of the simplified method for small companies, etc.

Certain consolidated subsidiaries apply the simplified method to calculate retirement benefit liabilities and retirement benefit expenses, using the amount payable for voluntary resignation at the end of the fiscal year as retirement benefit obligations.

(6) Basis for recognition of significant revenue and expense

(i) Accounting standard for revenue recognition

The main performance obligations in the Group's main businesses related to revenues arising from contracts with customers and the usual point in time at which such performance obligations are satisfied (the usual point in time at which revenues are recognized) are as follows.

In the Commercial Properties business, the Group mainly develops, sells, leases, operates, and manages office buildings, retail facilities, and logistics properties and has obligations to deliver real estate based on contracts with customers, to lease real estate, and to provide services stipulated in the contracts with customers.

In the Residential business, the Group mainly develops, subdivides, sells, leases, operates, and manages condominiums, etc. and is obligated to deliver real estate based on contracts with customers, lease real estate, and provide services stipulated in contracts with customers.

The Asset Service business is mainly engaged in real estate sales, brokerage, consulting, and the development and operation of parking facilities and is obligated to deliver real estate based on contracts with customers, to mediate real estate sales contracts, and to provide services stipulated in contracts with customers.

Of these performance obligations, the delivery obligation is satisfied at the time the property is delivered to the customer, and revenue is recognized at the time of delivery. The transaction price is determined based on the amount in the contract with the customer and is received at the time stipulated in the contract. With respect to sales of condominiums and other properties, a deposit is usually received as part of the transaction price at the time the contract is concluded, and the balance is received at the time of delivery of the property.

The Group's obligation to mediate real estate sales contracts is fulfilled at the point in time when the brokerage property is delivered, and the Group records revenue at the time of such delivery. The transaction value is determined pursuant to the brokerage contract with the customer and is received in accordance with the contract. Conversely, obligations to provide services and other items stipulated in the contract with customers are fulfilled at a point in time or over a certain period of time, depending on the nature of the service, whereby the Company records revenues. Transaction values are determined by consignment contracts with customers and are received based on said contracts.

For obligations to lease real estate based on contracts with customers, etc., revenue is recorded in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13; March 30, 2007).

In relation to the above performance obligations, no significant financial component is included in the amount of compensation.

Furthermore, no significant variable consideration is recognized that could cause the amount of consideration to vary.

(ii) Recognition of revenues from finance lease transactions

Sales and cost of sales are recognized at the time of receipt of lease payments.

(iii) Recording standards for advertising expenses, etc.

Advertising expenses, etc. related to for-sale condominiums are capitalized up to the point of delivery to the customer in order to match them with revenue, and are then recorded as expenses in a lump sum at the time of delivery.

(7) Material hedge accounting methods

(i) Hedge accounting method

Interest rate swaps that meet the requirements for special treatment are accounted for using the special treatment, while other interest rate swaps are accounted for using the deferred hedge method.

(ii) Hedging instruments and hedged items

Hedging instrument: Interest rate swaps

Hedged items: Borrowings

(iii) Hedging policy

The Company enters into interest rate swaps to hedge the impact of interest rate fluctuations on earnings and does not enter into such swaps for speculative purposes.

(iv) Method of assessing hedge effectiveness

During the period from the inception of the hedge to the point at which its effectiveness is assessed, the Company compares the cumulative changes in cash flows of the hedging instrument with the cumulative changes in cash flows of the hedged item to determine its effectiveness. However, the effectiveness of interest rate swaps for which special treatment is applied is not assessed.

(8) Amortization method and period of goodwill

Goodwill is amortized through straight-line method over the period in which the benefits are expected to be realized (10 to 20 years).

(9) Scope of funds in the consolidated statement of cash flows

Funds (cash and cash equivalents) in the consolidated statement of cash flows consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments that are readily convertible to cash, risk-averse to price fluctuations, and redeemable within three months from the date of acquisition.

(Significant accounting estimates)

1. Valuation of non-current assets

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

	FY2023	FY2024
Property, plant and equipment	843,565	974,614
Intangible assets	131,624	137,273
Impairment losses (Note)	157	1,270

(Note) The current consolidated fiscal year includes ¥931 million recorded as loss on building reconstruction.

(2) Matters related to significant accounting estimates for identified items

(i) Method of calculation of the amount stated above under (1)

Pursuant to the “Accounting Standard for Impairment of Fixed Assets,” when there is an indicator that an asset or asset group may be impaired (an indication of impairment) and recovery of the investment is not expected, the book value is reduced to the recoverable amount. The amount of the reduction is recorded as an impairment loss. An indication of impairment is comprehensively assessed based on profit or loss arising from operating activities of the assets, changes in the scope or method of use, changes in the business environment, or declines in market prices, etc. The recoverable amount is the higher of the net selling price of the assets or the value in use based on estimated future cash flows.

(ii) Key assumptions used in significant accounting estimates

Recoverable value is calculated for each asset or asset group using the business plan or real estate appraisal report developed based on the environment surrounding the business, past performance, and future market trends, etc. Key assumptions are the development schedule, assumed post-development tenant rent, construction costs, and discount rate.

(iii) Effect of significant accounting estimates on the consolidated financial statements for the consolidated fiscal year following the current consolidated fiscal year

In valuing non-current assets, the Company makes its best estimate based on the major assumptions mentioned above under (ii); however, in the event of changes in the business environment or other factors that may cause the above assumptions to change, it may be necessary to record additional impairment losses in the following consolidated fiscal year or later.

2. Valuation of inventories

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

	FY2023	FY2024
Real estate for sale	232,478	261,318
Real estate for sale in process	166,181	168,514
Real estate for development	100,339	138,095
Loss on valuation of inventory	33	244

(2) Matters related to significant accounting estimates for identified items

(i) Method of calculation of the amount stated above under (1).

For real estate held for sale in the ordinary course of business, the acquisition cost is used as the balance sheet amount. If the net selling price is lower than the acquisition cost due to a decline in profitability, the net selling price is used as the balance sheet amount in accordance with the “Accounting Standard for Measurement of Inventories” and the difference is recorded as a reduction of book value in operating costs (loss on valuation).

(ii) Key assumptions used in significant accounting estimates

In each real estate for sale, etc., net selling price is calculated using a business plan developed based on past sales performance, similar transactions, future market trends, etc. Key assumptions are the estimated sales amount of condominiums and properties for investors and the cost incurred in the future.

(iii) Effect of significant accounting estimates on the consolidated financial statements for the consolidated fiscal year following the current consolidated fiscal year

When valuing inventories, the Company makes its best estimate based on the major assumptions mentioned above under (ii). However, if the assumptions and other factors mentioned above change due to changes in the business environment or other reasons, it may be necessary to record additional write-downs of book value in the next consolidated fiscal year or later.

3. Valuation of investments in overseas entities accounted for using equity method

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

	FY2023	FY2024
Investments in foreign associates accounted for using equity method (Note) 1	26,238	38,094
Liabilities from application of equity method (Note) 2	4,279	146
Share of profit of foreign associates accounted for using equity method	2,260	815

(Notes) 1. Figures are recorded in “investment securities” and “Other” under Investments and other assets on the consolidated balance sheet.

2. These amounts are recorded in “Other” under Non-current liabilities on the consolidated balance sheet.

3. In the previous consolidated fiscal year, for the guarantee provided for the borrowings of the equity-method affiliate Yangon Museum Development Pte. Ltd. (hereinafter referred to as “YMD”), the portion of excess liabilities assumed to be borne by the Company beyond the investment amount was recorded under “Other” in Non-current liabilities as a liability associated with the application of the equity method. In the current consolidated fiscal year, as the Company fulfilled the guarantee obligation, a reimbursement claim arose, and the portion previously recorded under “Other” in Non-current liabilities has been offset directly against the reimbursement claim in the consolidated financial statements.

(2) Matters related to significant accounting estimates for identified items

Through its overseas entities accounted for using equity method, the Group participates in the real estate development business in China, Southeast Asia, the United States, and Australia, including office buildings and condominiums.

The calculation method of the value in (1) for non-current assets held by overseas entities accounted for using equity method is the same as that described in 1. Valuation of non-current assets.

For inventories held by overseas entities accounted for using equity method, the calculation method is the same as that described in 2. Valuation of inventories.

(Unapplied accounting standards, etc.)

1. Accounting standard for income taxes-current, etc.

- Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27; October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25; October 28, 2022)
- Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022)

(1) Outline

In February 2018, ASBJ Statement No. 28 “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc. (below, “ASBJ Statement No. 28”) was released, and the transfer of the practical guidelines on tax effect accounting from the Japanese Institute of Certified Public Accountants (JICPA) to the Accounting Standards Board of Japan was completed. However, during the deliberations, it was decided that the following two issues, which were to be reconsidered after the release of ASBJ Statement No. 28, have been deliberated and released.

- Category of tax expense (taxation on other comprehensive income)
- Income tax effects on sales of shares of subsidiaries or affiliates when the group taxation regime is applied.

(2) Scheduled date of application

The beginning of the fiscal year ending December 31, 2025.

(3) Impact of the application of said accounting standards, etc.

The impact of the application of the “Accounting Standard for Current Income Taxes”, etc. on consolidated financial statements is currently under evaluation.

2. Accounting Standard for Leases, etc.

- Accounting Standard for Leases (ASBJ Statement No. 34; September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33; September 13, 2024)

(1) Outline

As part of the efforts of the Accounting Standards Board of Japan to make Japanese accounting standards more consistent with international standards, the board has been considering the development of accounting standards for leases that require lessees to recognize assets and liabilities for all leases, based on international accounting standards. As a basic policy, the new accounting standards for leases are based on the single accounting model in IFRS 16, but rather than incorporating all of the provisions of IFRS 16, only the main provisions are incorporated, with the aim of creating a simple, convenient standard that basically does not require modifications even when the provisions of IFRS 16 are used for individual financial statements.

As for the accounting treatment for lessees, the same single accounting model as IFRS 16 will be applied to all leases, regardless of whether they are finance leases or operating leases, in terms of how the lessee allocates the cost of the lease, with the lessee recording depreciation expenses for the right-of-use asset and interest expenses for the lease liability.

(2) Scheduled date of application

The beginning of the fiscal year ending December 31, 2028.

(3) Impact of the application of said accounting standards, etc.

The impact of the application of the “Accounting Standard for Leases”, etc on consolidated financial statements is currently under evaluation.

(Additional Information)

(Board Benefit Trust (BBT))

For the purpose of raising awareness of the need to contribute to medium- and long-term growth in corporate value, the Company has introduced a share award plan, the “Board Benefit Trust (BBT)” (hereinafter referred to as the “Plan”), for Directors (excluding External Directors) and Managing Officers who do not concurrently serve as Directors of the Company (hereinafter collectively referred to as “Directors, etc.”).

Accounting treatment for the Plan is based on the gross amount method in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (ASBJ Practical Issues Task Force No. 30; March 26, 2015).

1. Outline of Transaction

Under this scheme, the Company’s shares are acquired through a trust (the trust to be established under this scheme is hereinafter referred to as the “Trust”) with funds contributed by the Company. The Company shall distribute to Directors, etc. the Company’s shares and an amount of monetary compensation equivalent to the market value of the Company’s shares (hereinafter referred to as “the Company’s shares, etc.”) in accordance with the “Regulations of Directors’ Equity Benefit” stipulated by the Company. In principle, the time when Directors, etc. receive the Company’s shares, etc. is at the time of their retirement from office.

2. Shares of the Company remaining in the trust

The Company records its outstanding shares as treasury shares under net assets based on the book value (excluding the amount of incidental expenses) in the Trust. Such treasury shares recorded a book value of ¥371 million and 225,300 shares at the end of the previous consolidated fiscal year, and a book value of ¥694 million and 351,300 shares at the end of the current consolidated fiscal year.

(Matters related to the consolidated balance sheet)

*1. Assets pledged as collateral and liabilities related to collateral are as follows.

Assets pledged as collateral	(Millions of yen)			
	FY2023 (December 31, 2023)		FY2024 (December 31, 2024)	
Real estate for sale	77	(-)	77	(-)
Buildings and structures	55,911	(51,295)	53,841	(49,520)
Land	21,459	(-)	21,459	(-)
Other (Property, plant and equipment)	131	(131)	172	(172)
Leasehold interests in land	90,552	(90,552)	90,532	(90,532)
Leasehold and guarantee deposits	4,485	(4,485)	4,512	(4,512)
Total	172,619	(146,466)	170,595	(144,738)

The figures in parentheses above indicate assets pledged as collateral for the non-recourse debt.

Liabilities related to collateral	(Millions of yen)			
	FY2023 (December 31, 2023)		FY2024 (December 31, 2024)	
Short-term borrowings	3,240	(3,240)	3,240	(3,240)
Accounts payable - other	202	(-)	202	(-)
Other (Current liabilities)	16	(-)	16	(-)
Long-term borrowings	125,389	(125,389)	122,149	(122,149)
Leasehold and guarantee deposits received	109	(-)	93	(-)
Other (Non-current liabilities)	1,825	(-)	1,622	(-)
Total	130,784	(128,629)	127,325	(125,389)

The figures in parentheses above indicate non-recourse debt.

Other than the above, ¥1 million in cash and deposits (time deposits) and ¥305 million in investment securities were pledged as collateral for guarantees of borrowings of affiliated companies in the previous consolidated fiscal year and the current consolidated fiscal year.

*2. Relevant real estate, etc. outlined in the real estate specified joint enterprise law (silent partnership method) is as follows.

	(Millions of yen)	
	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Real estate for sale	8,488	927
Real estate for sale in process	7,618	4,572
Buildings and structures, etc.	1,063	18,887
Land	2,787	-
Other (Investments and other assets)	-	1
Total	19,957	24,389

The corresponding investment received is recorded in “deposits received under real estate specified joint enterprise law.”

*3. The amounts due to unconsolidated subsidiaries and affiliated companies are as follows.

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Other (Current assets) (Investments in capital)	—	1,840
Investment securities (stocks)	6,820	6,829
Investment securities (preferred equity)	1,646	270
Investment securities (other)	1,149	9,326
Investments in silent partnerships	1,360	7,328
Other (Investments and other assets) (Investments in capital)	22,226	23,576

*4. Revaluation reserve for land

Pursuant to the Act on Revaluation of Land (Law No. 34, enacted on March 31, 1998), the Company revaluates its commercial land, and the difference in revaluation is recorded as a component of non-current liabilities and net assets.

• Revaluation Method

Land revaluation is based on the appraisal provided under Article 2, Item 5 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, enacted on March 31, 1998).

• Date of revaluation

December 31, 2000

*5. During the current consolidated fiscal year, ¥15,271 million of property, plant and equipment and ¥3,180 million of intangible assets were transferred to real estate for sale of ¥18,451 million due to a change in the purpose of holding.

*6. Guarantee liabilities and related values are as follows.

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Liable for guarantees on loans to its customers	769	3,885
Liable for guarantees on loans to overseas affiliated companies		
Yangon Museum Development Pte. Ltd.	2,324	—
SC Asset Three Company Limited	1,876	912
XW BP2 Company Limited	—	754
XW EEC1 Company Limited	—	436
SC CD3 Company Limited	—	823
SC L1 Company Limited	—	848
Liable for guarantees on loans to business partner		
Maekawa Inc.	1,757	1,684
Setoda Resort Co., Ltd.	30	30
Total	6,758	9,376

(Note) During the current consolidated fiscal year, the Company fulfilled its obligation under the guarantee for the borrowings of the equity-method affiliate Yangon Museum Development Pte. Ltd. (hereinafter referred to as the “Project Company”). As a result, a reimbursement claim of ¥7,321 million arose against the Project Company. As the Project Company is effectively insolvent, in accordance with the Practical Guidelines on the Preparation of the Equity Method of Accounting (ASBJ Transferred Guidance No. 7), investment securities have been written down to zero, and the portion exceeding the investment amount of ¥5,753 million has been deducted from the reimbursement claim.

In addition, an allowance for doubtful accounts has been recorded for the remaining reimbursement claim of ¥1,568 million (recorded under Investments and other assets (Other)) as a result of the above treatment.

*7. In the current consolidated fiscal year, the reduction entry amount deducted from the acquisition cost due to the rights exchange procedures in connection with a Type 1 Urban Redevelopment Project under the Urban Renewal Act is as follows.

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Construction in progress	17,164	4,334

*8. The amount of receivables and contract assets arising from contracts with customers in “trade notes, accounts receivable, and contract assets” are presented in “Notes (Revenue-recognition) 3. Information regarding the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the following consolidated fiscal year or later from contracts with customers that existed at the end of the current consolidated fiscal year (1) Balance, etc. of contract assets and contract liabilities.”

*9. The amount of contract liabilities in “Other (current liabilities)” is included in “Notes (Revenue-recognition) 3. Information regarding the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the following consolidated fiscal year or later from contracts with customers that existed at the end of the current consolidated fiscal year (1) Balance, etc. of contract assets and contract liabilities.”

(Matters related to the consolidated statement of income)

*1. Inventories held for sale in the ordinary course of business that have been written down in book value to reflect the decline in profitability are as follows.

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Operating costs	33	244

*2. Major items and figures of Selling, general and administrative expenses are as follows.

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Advertising expenses	3,704	5,125
Salaries	11,301	12,363
Taxes and dues	3,570	4,822
Provision for bonuses	318	336
Retirement benefit expenses	844	965
Provision for retirement benefits for directors (and other officers)	25	24
Provision for share awards for directors (and other officers)	86	163

*3. The breakdown of gain on sales of non-current assets is as follows.

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Land	212	0
Buildings and structures, etc.	28	0
Total	241	1

*4. The breakdown of loss on sales of non-current assets is as follows.

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Buildings and structures, etc.	—	1

*5. The breakdown of loss on retirement of non-current assets is as follows.

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Buildings and structures, etc.	146	154
Intangible assets	4	4
Total	150	159

*6. Loss on building reconstruction

FY2024 (January 1, 2024 to December 31, 2024)

Breakdown of loss associated with the reconstruction plan of buildings for rent is as follows.

Impairment losses (Note)	931 (Millions of yen)
Total	931 (Millions of yen)

(Note) The Group has categorized its assets according to the smallest unit that generates cash flows that are generally independent of the cash flows of other assets or asset groups.

During the current consolidated fiscal year, the book value of a group of assets scheduled for reconstruction was reduced to the recoverable amount, and the amount of the reduction was recorded as a loss on building reconstruction under extraordinary losses.

Recoverable value is measured by value in use, and since the value in use based on future cash flows is negative, the recoverable value is evaluated as zero.

Main Use	Class	Location	Loss on building reconstruction (Millions of yen)
Building for rent	Buildings and structures, etc.	Shibuya-ku, Tokyo	931

*7. Revenue from contracts with customers

Operating revenues are not broken down into revenues arising from contracts with customers and other revenues. The amount of revenue from contracts with customers is included in “Notes (Revenue-recognition) 1. Information that disaggregates revenue from contracts with customers.”

*8. Loss of joint venture dissolution

FY2023 (January 1, 2023 to December 31, 2023)

The Group participates in the Dharmawangsa Project (tentative name; hereinafter referred to as the “Project”), a business that develops and sells condominiums and offices in Jakarta, Indonesia, through PT Dharma Tatemono Property (hereinafter referred to as “DTP”) and PT Dharma Tatemono Residences (together with DTP, referred to as the “project company”), which were established in a joint venture with joint venture partners. Due to factors including the impact of the COVID-19 pandemic and the downturn in the real estate market leading to the stagnation of the Project, after discussions with the joint venture partners, the joint venture agreement was dissolved and the project company was made into subsidiaries to optimize the decision-making structure for the business restructuring of this project. In conjunction with the dissolution of the joint venture contract, in addition to the existing shares, the shares of the project company the Group accepted as a settlement for the loan receivables to the joint venture partners, and the difference between the assets accepted and the liabilities assumed on the consolidated balance sheet have been recorded as a loss of joint venture dissolution.

(Matters related to the consolidated statement of comprehensive income)

* Amount of reclassification adjustment and tax effect related to other comprehensive income

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Valuation difference on available-for-sale securities:		
Amount accrued in the current period	31,321	6,052
Amount of reclassification adjustment	—	(26,824)
Before tax effect adjustment	31,321	(20,772)
Tax effect amount	(9,593)	6,674
Valuation difference on available-for-sale securities	21,728	(14,097)
Foreign currency translation adjustment:		
Amount accrued in the current period	2,196	1,703
Amount of reclassification adjustment	—	—
Before tax effect adjustment	2,196	1,703
Tax effect amount	—	—
Foreign currency translation adjustment	2,196	1,703
Remeasurements of defined benefit plans, net of tax:		
Amount accrued in the current period	(517)	227
Amount of reclassification adjustment	(153)	64
Before tax effect adjustment	(670)	291
Tax effect amount	205	(89)
Remeasurements of defined benefit plans, net of tax	(465)	202
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued in the current period	(388)	1,825
Amount of reclassification adjustment	(1,102)	(85)
Before tax effect adjustment	(1,490)	1,739
Tax effect amount	(299)	(588)
Share of other comprehensive income of entities accounted for using equity method	(1,790)	1,150
Total other comprehensive income	21,668	(11,040)

(Matters related to the consolidated statement of changes in equity)

FY2023 (January 1, 2023 to December 31, 2023)

1. Matters regarding issued shares

Class of shares	Beginning of consolidated FY2023	Increase	Decrease	End of consolidated FY2023
Common shares (shares)	209,167,674	—	—	209,167,674

2. Matters regarding treasury shares

Class of shares	Beginning of consolidated FY2023	Increase	Decrease	End of consolidated FY2023
Common shares (shares)	278,430	2,089	16,038	264,481

(Note) Common shares include 225,300 shares of the Company's shares held by the Board Benefit Trust (BBT).

(Summary of reasons for fluctuation)

Breakdown of the number of shares increased is as follows.

Increase due to purchase of shares of less than one unit 2,089 shares

Breakdown of the number of shares decreased is as follows.

Decrease due to demand for purchasing of shares of less than one unit 238 shares

Decrease due to grant through Board Benefit Trust (BBT) 15,800 shares

3. Matters regarding dividends

(1) Dividends paid

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend amount per share (yen)	Record date	Effective date
March 29, 2023 Ordinary General Meeting of Shareholders	Common shares	7,528	36	December 31, 2022	March 30, 2023

(Note) The total value of dividends includes dividends of ¥8 million for shares of the Company's stock held by the Board Benefit Trust (BBT).

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend amount per share (yen)	Record date	Effective date
August 10, 2023 Board of Directors	Common shares	7,528	36	June 30, 2023	September 8, 2023

(Note) The total value of dividends includes dividends of ¥8 million for shares of the Company's stock held by the Board Benefit Trust (BBT).

(2) Dividends with a record date belonging to the current consolidated fiscal year and with an effective date belonging to the following consolidated fiscal year

Resolution	Class of shares	Financial source of dividends	Total dividend amount (Millions of yen)	Dividend amount per share (yen)	Record date	Effective date
March 27, 2024 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	7,737	37	December 31, 2023	March 28, 2024

(Note) The total value of dividends includes dividends of ¥8 million for shares of the Company's stock held by the Board Benefit Trust (BBT).

FY2024 (January 1, 2024 to December 31, 2024)

1. Matters regarding issued shares

Class of shares	Beginning of consolidated FY2024	Increase	Decrease	End of consolidated FY2024
Common shares (shares)	209,167,674	—	—	209,167,674

2. Matters regarding treasury shares

Class of shares	Beginning of consolidated FY2024	Increase	Decrease	End of consolidated FY2024
Common shares (shares)	264,481	138,154	11,172	391,463

(Note) Common shares include 351,300 shares of the Company's shares held by the Board Benefit Trust (BBT).

(Summary of reasons for fluctuation)

Breakdown of the number of shares increased is as follows.

Increase due to purchase of shares of less than one unit	1,154 shares
Increase due to purchase through Board Benefit Trust (BBT)	137,000 shares

Breakdown of the number of shares decreased is as follows.

Decrease due to demand for purchasing of shares of less than one unit	172 shares
Decrease due to grant through Board Benefit Trust (BBT)	11,000 shares

3. Matters regarding dividends

(1) Dividends paid

Resolution	Class of shares	Total Dividend Amount (Millions of yen)	Dividend amount per share (yen)	Record date	Effective date
March 27, 2024 Ordinary General Meeting of Shareholders	Common shares	7,737	37	December 31, 2023	March 28, 2024

(Note) The total value of dividends includes dividends of ¥8 million for shares of the Company's stock held by the Board Benefit Trust (BBT).

Resolution	Class of shares	Total Dividend Amount (Millions of yen)	Dividend amount per share (yen)	Record date	Effective date
August 8, 2024 Board of Directors	Common shares	7,737	37	June 30, 2024	September 6, 2024

(Note) The total value of dividends includes dividends of ¥12 million for shares of the Company's stock held by the Board Benefit Trust (BBT).

(2) Dividends with a record date belonging to the current consolidated fiscal year and with an effective date belonging to the following consolidated fiscal year

Resolution	Class of shares	Financial source of dividends	Total Dividend Amount (Millions of yen)	Dividend amount per share (yen)	Record date	Effective date
March 26, 2025 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	12,129	58	December 31, 2024	March 27, 2025

(Note) The total value of dividends includes dividends of ¥20 million for shares of the Company's stock held by the Board Benefit Trust (BBT).

(Matters related to the consolidated statement of cash flows)

*1 The reconciliation of cash and cash equivalents at the end of period and the accounts disclosed in the consolidated balance sheet are as follows.

(Millions of yen)		
	FY2023	FY2024
	(Jan. 1, 2023 to Dec. 31, 2023)	(Jan. 1, 2024 to Dec. 31, 2024)
Cash and deposits	127,305	111,141
Time deposits with a deposit term exceeding three months	(1)	(1)
Cash and cash equivalents	127,303	111,139

*2. Increase/decrease in inventories includes increase/decrease in accounts payable and advances related to inventories.

*3. Significant non-cash transactions

FY2023 (January 1, 2023 to December 31, 2023)

Assets received and liabilities assumed in connection with the conversion of PT Dharma Tatemono Property and PT Dharma Tatemono Residences into subsidiaries are as follows.

(Millions of yen)	
Current assets	14,722
Non-current assets	136
Current liabilities	(54)
Non-current liabilities	(13,592)
Total	1,212
Loans receivable	(4,318)
Shares of associates	(606)
Difference: loss of joint venture dissolution	(3,712)

*4. Main assets and liabilities of the companies that became consolidated subsidiaries through the acquisition of shares
FY2024 (January 1, 2024 to December 31, 2024)

A breakdown of assets and liabilities at the beginning of consolidation resulting from the new consolidation of Suzuki Sanei Co., Ltd. through share acquisition, as well as the relationship between the acquisition cost of the company's shares and the net expenditure for the acquisition, are as follows.

In addition, the amounts of assets and liabilities of other companies that became consolidated subsidiaries through share acquisition are omitted due to immateriality.

(Millions of yen)	
Current assets	15,539
Non-current assets	36,473
Goodwill	9,964
Current liabilities	(3,896)
Non-current liabilities	(11,159)
Acquisition cost of the company's shares	46,922
Unpaid amount	(4,692)
Cash and cash equivalents of the company	(15,533)
Net: Expenditure for acquisition of the company	26,695

(Matters related to lease transactions)

1. Finance lease transactions

(Lessee side)

Non-ownership-transfer finance lease transactions

(1) Content of leased assets

- Property, plant and equipment mainly consists of buildings in the leisure business.

(2) Method of depreciation of leased assets

Please refer to “(Significant matters that serve as the basis for preparing consolidated financial statements) 4. Matters regarding accounting policies, (2) Method of depreciation of material depreciable assets.”

(Lessor side)

Non-ownership-transfer finance lease transactions

(1) Breakdown of lease investment assets

Current assets

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Gross lease receivables	8,086	7,775
Estimated residual value	—	—
Unearned interest income	(3,138)	(2,940)
Investments in leases	4,948	4,834

(2) Estimated amount of collection of the portion of lease receivables related to investments in leases after the consolidated closing date

Current assets

(Millions of yen)

	FY2023 (December 31, 2023)					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Investments in leases	311	311	311	311	311	6,528

(Millions of yen)

	FY2024 (December 31, 2024)					
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Investments in leases	311	311	311	311	311	6,216

2. Operating lease transactions

(Lessee side)

Future minimum lease payments under non-cancelable operating lease transactions

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Within one year	9,070	8,388
Over one year	134,899	134,609
Total	143,970	142,997

(Lessor side)

Future minimum lease income under non-cancelable operating lease transactions

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Within one year	31,090	34,070
Over one year	134,402	142,073
Total	165,492	176,144

(Matters related to financial instruments)

1. Matters regarding the status of financial instruments

(1) Policy on financial instruments

For fund management, the Group limits fund management to short-term deposits, etc. and raises necessary funds mainly through bank borrowings and bond issues. Derivatives transactions are used to avoid the risks described below, and the Company's policy is not to engage in speculative transactions.

(2) Content and risk of financial instruments

Marketable securities and investment securities are mainly equity securities of companies with which the Company has business relationships and are exposed to the credit risk of the issuers, interest rate fluctuation risk, and market price fluctuation risk, respectively.

Investments in silent partnerships are mainly investments in special purpose companies and are exposed to the issuer's credit risk and interest rate fluctuation risk.

Short-term borrowings and commercial papers are mainly for procuring working capital, while long-term borrowings and bonds are mainly for procuring funds necessary for capital investment, etc. A portion of these borrowings have floating interest rates and are exposed to interest rate fluctuation risk. The Company hedges against interest rate fluctuation risk by using derivative transactions (interest rate swaps) to avoid interest rate fluctuation risk and fix the interest rate payable for a portion of these borrowings.

(3) Risk management system related to financial instruments

(i) Management of credit risk (Risks related to non-performance of contracts by counterparties, etc.)

The Group's departments in charge of trade receivables monitor the status of major customers in order to identify and mitigate the risk of collection at an early stage due to deterioration of their financial conditions or other factors.

(ii) Management of market risk (Risk of fluctuations in foreign exchange rates, interest rates, etc.)

The Group utilizes interest rate swap transactions to reduce the risk of fluctuations in interest rates payable on borrowings, etc. Marketable securities and investment securities are periodically reviewed for fair value and financial conditions of the issuers (counterparty companies), and their holding status is regularly reviewed in consideration of market conditions and the relationship with the counterparty companies.

(iii) Management of liquidity risk (Risk of failure to make payment when due) related to financing

Based on reports from each department, the Group manages liquidity risk by having the department in charge prepare and update funding plans in a timely manner and by maintaining liquidity on hand.

(4) Supplementary explanation on matters regarding the fair value, etc. of financial instruments

In calculating the reasonable value used when financial instruments have no market price, variable factors are incorporated, and the value could change by adopting different preconditions, etc.

2. Matters regarding the fair value, etc. of financial instruments

The amount recorded on the consolidated balance sheet, the fair values and their differences are as follows.

Cash is omitted from the notes and deposits, short-term borrowings and commercial papers are omitted from the notes as they are settled quickly, and their fair value approximates their book value.

The fair value of derivatives transactions for which special treatment of interest rate swaps is applied is included in the fair value of the relevant long-term borrowings, etc. as they are accounted for as an integral part of the hedged long-term borrowings payable, etc.

FY2023 (December 31, 2023)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Marketable securities and investment securities			
Available-for-sale securities	139,730	139,730	—
Total assets	139,730	139,730	—
(1) Current portion of long-term borrowings and long-term borrowings	771,870	760,127	(11,743)
(2) Current portion of bonds payable and bonds payable	265,000	259,841	(5,159)
Total liabilities	1,036,870	1,019,968	(16,902)

FY2024 (December 31, 2024)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Marketable securities and investment securities			
Available-for-sale securities	118,962	118,962	—
Total assets	118,962	118,962	—
(1) Current portion of long-term borrowings and long-term borrowings	879,519	868,342	(11,176)
(2) Current portion of bonds payable and bonds payable	265,000	256,786	(8,213)
Total liabilities	1,144,519	1,125,129	(19,390)

(Note) 1. Carrying amount of non-marketable equity securities and investments in partnerships, etc.

(Millions of yen)

Category	December 31, 2023	December 31, 2024
(i) Unlisted shares, etc.	3,628	3,085
(ii) Investments in partnerships, etc. (*)	2,077	6,002

(*) Investments in partnerships, etc. are mainly investments in silent partnerships. These are not subject to market value disclosure in accordance with Article 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31; June 17, 2021; hereinafter referred to as the “Implementation Guidance on Accounting Standard for Fair Value Measurement”).

2. Value of monetary claims with a maturity to be redeemed after the consolidated closing date
FY2023 (December 31, 2023)

	Within one year (Millions of yen)	Over one year and within five years (Millions of yen)	Over five years and within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	124,403	—	—	—
Available-for-sale securities				
Bonds	—	—	—	3,000
Bonds payable				
Total	124,403	—	—	3,000

FY2024 (December 31, 2024)

	Within one year (Millions of yen)	Over one year and within five years (Millions of yen)	Over five years and within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	100,331	—	—	—
Available-for-sale securities				
Bonds	—	—	—	3,000
Bonds payable				
Total	100,331	—	—	3,000

3. Value of long-term borrowings, bonds payable, and other interest-bearing debt to be repaid after the consolidated closing date

FY2023 (December 31, 2023)

	Within one year (Millions of yen)	Over one year and within two years (Millions of yen)	Over two years and within three years (Millions of yen)	Over three years and within four years (Millions of yen)	Over four years and within five years (Millions of yen)	Over five years (Millions of yen)
Short-term borrowings	106	—	—	—	—	—
Commercial papers	50,000	—	—	—	—	—
Bonds payable	10,000	20,000	10,000	10,000	20,000	195,000
Long-term borrowings	56,647	80,939	69,646	81,471	97,457	385,708
Lease liabilities	126	105	103	88	89	1,218
Long-term accounts payable	202	202	202	202	202	1,014
Total	117,084	101,247	79,953	91,762	117,749	582,941

FY2024 (December 31, 2024)

	Within one year (Millions of yen)	Over one year and within two years (Millions of yen)	Over two years and within three years (Millions of yen)	Over three years and within four years (Millions of yen)	Over four years and within five years (Millions of yen)	Over five years (Millions of yen)
Commercial papers	66,000	—	—	—	—	—
Bonds payable	20,000	10,000	10,000	20,000	—	205,000
Long-term borrowings	80,949	65,518	82,167	99,424	84,712	466,748
Lease liabilities	119	95	91	91	86	1,133
Long-term accounts payable	202	202	202	202	202	811
Total	167,271	75,816	92,461	119,718	85,001	673,693

3. Breakdown of fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated based on quoted market prices for assets or liabilities for which such fair value is calculated in an active market among the inputs used to calculate observable fair value.

Level 2 fair value: Fair value calculated using inputs other than Level 1 inputs to the calculation of observable fair value.

Level 3 fair value: Fair value calculated using inputs related to the calculation of unobservable fair value.

When multiple inputs that significantly affect fair value are used, fair value is classified into the level with the lowest priority in the fair value calculation among the levels to which those inputs belong.

(1) Financial instruments carried on the consolidated balance sheet with fair value FY2023 (December 31, 2023)

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities (Note) 1				
Available-for-sale securities				
Stocks	122,194	—	—	122,194
Bonds	—	3,033	—	3,033
Other	12,414	—	592	13,006
Total assets	134,609	3,033	592	138,235

FY2024 (December 31, 2024)

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities (Note) 1				
Available-for-sale securities				
Stocks	102,274	—	—	102,274
Bonds	—	2,989	—	2,989
Other	11,195	—	988	12,183
Total assets	113,470	2,989	988	117,448

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

FY2023 (December 31, 2023)

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Current portion of long-term borrowings and long-term borrowings	—	760,127	—	760,127
Current portion of bonds payable and bonds payable	—	259,841	—	259,841
Total liabilities	—	1,019,968	—	1,019,968

FY2024 (December 31, 2024)

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Current portion of long-term borrowings and long-term borrowings	—	868,342	—	868,342
Current portion of bonds payable and bonds payable	—	256,786	—	256,786
Total liabilities	—	1,125,129	—	1,125,129

(Notes) 1. Investment trusts whose investment trust assets are real estate to which the Company applied the treatment in Paragraph 24-9 of the Implementation Guidance for Accounting Standard for Fair Value Measurement are not included in the table above. The amount of investment trusts, etc. in the consolidated balance sheet was ¥1,495 million in the previous consolidated fiscal year and ¥1,514 million in the current consolidated fiscal year. A note for reconciliation of the beginning and ending balance is omitted due to immateriality.

2. Valuation techniques used in the calculation of fair value and explanation of inputs related to the calculation of fair value

Assets

(1) Marketable securities and investment securities

Listed stocks are priced on the stock exchange and classified as Level 1 fair value based on market activity.

Marketable bonds (corporate bonds) are based on trading reference price, etc. and are classified as Level 2 fair value.

Listed real estate investment trusts are priced on the stock exchange and classified as Level 1 fair value based on market activity.

Non-marketable preferred securities are valued using the adjusted net asset value method, which is based on the market value of real estate held by the investee and are classified as Level 3 fair value as the impact of unobservable inputs on the fair value is significant.

Liabilities

(1) Current portion of long-term borrowings and long-term borrowings

Fair values of these are calculated by discounting the sum of the principal and interest by the interest rate applicable to a similar new borrowing.

Floating interest rate (excluding those subject to special treatment for interest rate swaps) is based on the book value, as it reflects the market interest rate in a short period of time, and the fair value is approximate to the book value.

Fair values of long-term borrowings with floating interest rates that qualify for special treatment as interest rate swaps are calculated by discounting the sum of the principal and interest that are accounted for together with the interest rate swaps by the interest rate that would be applicable if similar new borrowings were made.

These are classified as Level 2 fair value.

(2) Current portion of bonds payable and bonds payable

The fair value of bonds issued by the Company is based on trading statistics, etc. and is classified as Level 2 fair value.

3. Fair value information for Level 3 financial assets and liabilities that are carried at fair value on the consolidated balance sheet

Information on Level 3 financial instruments has been omitted due to their immateriality.

(Matters related to securities)

1. Available-for-sale securities

FY2023 (December 31, 2023)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities of which the amount recorded on the consolidated balance sheet exceeds the acquisition cost			
(i) Stocks	121,638	22,699	98,939
(ii) Bonds			
Government bonds	—	—	—
Corporate bonds	3,033	3,000	33
Other	—	—	—
(iii) Other	14,134	8,683	5,451
Subtotal	138,807	34,382	104,424
Securities of which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost			
(i) Stocks	556	712	(156)
(ii) Bonds			
Government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(iii) Other	367	411	(43)
Subtotal	923	1,124	(200)
Total	139,730	35,506	104,223

FY2024 (December 31, 2024)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities of which the amount recorded on the consolidated balance sheet exceeds the acquisition cost			
(i) Stocks	101,355	21,893	79,462
(ii) Bonds			
Government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(iii) Other	12,997	8,683	4,314
Subtotal	114,353	30,576	83,776
Securities of which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost			
(i) Stocks	919	1,100	(180)
(ii) Bonds			
Government bonds	—	—	—
Corporate bonds	2,989	3,000	(10)
Other	—	—	—
(iii) Other	699	816	(116)
Subtotal	4,609	4,916	(307)
Total	118,962	35,492	83,469

2. Available-for-sale securities sold during the consolidated fiscal year

FY2023 (January 1, 2023 to December 31, 2023)

Not applicable.

FY2024 (January 1, 2024 to December 31, 2024)

	Sales amount (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
Stocks	27,745	26,827	—

3. Securities for which impairment losses were recognized

There is no applicable information for the previous consolidated fiscal year.

In the current consolidated fiscal year, impairment losses of ¥3 million were recognized for securities with market quotations, and ¥43 million for securities without market quotations.

The criteria for impairment are as follows.

Marketable securities: In the event of a 50% or more decline in real value compared to acquisition cost or in the event of a 30% or more but less than 50% decline for three consecutive consolidated fiscal years, including the current fiscal year-end.

Non-marketable securities: In the event of a 50% or more decline in the market value compared to the acquisition cost (unless the possibility of recovery can be supported by sufficient evidence) or if a loss is deemed certain due to liquidation, etc.

(Matters related to derivatives transactions)

Derivatives transactions for which hedge accounting is applied

Interest rate-related

FY2023 (December 31, 2023)

Method of hedge accounting	Type of derivatives transaction, etc.	Main hedged items	Contract amount (Millions of yen)	Contract amount over one year (Millions of yen)	Fair value (Millions of yen)
Special treatment of interest rate swaps	Interest rate swaps Pay fixed, receive floating	Borrowings	12,606	10,018	(Note)
Total			12,606	10,018	—

(Note) Interest rate swaps for which special treatment is applied are accounted for together with the hedged borrowings. Accordingly, their fair value is included in the fair value of such borrowings.

FY2024 (December 31, 2024)

Method of hedge accounting	Type of derivatives transaction, etc.	Main hedged items	Contract amount (Millions of yen)	Contract amount over one year (Millions of yen)	Fair value (Millions of yen)
Special treatment of interest rate swaps	Interest rate swaps Pay fixed, receive floating	Borrowings	10,018	—	(Note)
Total			10,018	—	—

(Note) Interest rate swaps for which special treatment is applied are accounted for together with the hedged borrowings. Accordingly, their fair value is included in the fair value of such borrowings.

(Matters related to retirement benefits)

1. Outline of retirement benefit plans adopted

The Company has a defined benefit corporate pension plan and a lump-sum severance payment plan as a defined benefit plan, and a defined contribution pension plan as a defined contribution plan.

Certain consolidated subsidiaries provide lump-sum severance payment plans. Some consolidated subsidiaries also participate in a defined contribution corporate pension plan and a mutual aid system for small and medium-sized enterprise retirement allowances.

A simplified method is used to calculate retirement benefits for a part of the Company and some of its consolidated subsidiaries.

2. Defined benefit plan

(1) Reconciliation of the beginning and ending balance of retirement benefit obligation (excluding plans to which the simplified method is applied, which are listed in (3))

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Balance of retirement benefit obligation at beginning of period	22,737	24,274
Service cost	1,253	1,370
Interest expense	132	140
Actuarial gains (losses)	221	190
Retirement benefits paid	(1,094)	(1,510)
Amount of past service cost	970	—
Increase due to new consolidation	53	—
Balance of retirement benefit obligation at end of period	24,274	24,466

(2) Reconciliation between the beginning and ending balances of plan assets (excluding plans to which the simplified method is applied, which are listed in (3))

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Balance of plan assets at beginning of period	12,266	13,169
Expected return on plan assets	183	197
Actuarial gains (losses)	675	418
Contribution from employer	303	311
Retirement benefits paid	(259)	(298)
Balance of plan assets at end of period	13,169	13,798

(3) Reconciliation of the beginning and ending balances of retirement benefit liability for plans to which the simplified method is applied

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Balance of retirement benefit liability at beginning of period	1,400	1,438
Retirement benefit expenses	196	209
Retirement benefits paid	(139)	(148)
Decrease due to exclusion from consolidation	(19)	—
Increase due to the addition of consolidated subsidiaries	—	13
Balance of retirement benefit liability at end of period	1,438	1,512

(4) Reconciliation of balance of retirement benefit obligation and plan assets at the end of the period and retirement benefit liability and retirement benefit asset recognized in the consolidated balance sheet

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Retirement benefit obligation of funded plans	11,608	12,034
Plan assets	(13,169)	(13,798)
	(1,561)	(1,763)
Retirement benefit obligation of non-funded plans	14,104	13,943
Net liabilities and assets recorded in the consolidated balance sheet	12,542	12,180
Retirement benefit liability	14,104	13,943
Retirement benefit asset	(1,561)	(1,763)
Net liabilities and assets recorded in the consolidated balance sheet	12,542	12,180

(5) Amount of retirement benefit expenses and the breakdown

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Service cost	1,253	1,370
Interest expense	132	140
Expected return on plan assets	(183)	(197)
Amortization of actuarial gains (losses)	(158)	(32)
Expense amount processed for past service cost	4	97
Retirement benefit expenses calculated by the simplified method	196	209
Retirement benefit expenses for defined benefit plans	1,244	1,588

(6) Remeasurements of defined benefit plans, net of tax

The components of the items recorded in remeasurements of defined benefit plans, net of tax (before tax effect deductions) are as follows:

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Past service cost	966	(97)
Actuarial gains (losses)	(295)	(194)
Total	670	(291)

(7) Accumulated remeasurements of defined benefit plans

The components of the items recorded in accumulated remeasurements of defined benefit plans (before deducting tax effect) are as follows:

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Unrecognized past service cost	966	869
Unrecognized actuarial gains (losses)	(26)	(220)
Total	940	648

(8) Matters related to pension plan assets

(i) Major breakdown of pension plan assets

The following is a breakdown of the major categories of pension plan assets as a percentage of total pension plan assets.

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Bonds	35.1 %	38.0 %
Stocks	23.9	26.9
General accounts	9.8	9.4
Investment trusts	25.2	22.7
Other	6.0	3.0
Total	100.0	100.0

(ii) Method of establishing the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension plan assets, the Company considers the past and expected rate of return of each asset comprising the pension plan assets.

(9) Matters related to actuarial basis

Principal actuarial basis

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Discount rate	0.4–6.3 %	0.4–6.5 %
Expected long-term rate of return on plan assets	1.5	1.5
Expected rate of salary increase	0.0–7.6	0.0–7.6

3. Defined Contribution Plan

The required contribution to the defined contribution plan by the Company and its consolidated subsidiaries was ¥492 million in the previous consolidated fiscal year and ¥524 million in the current consolidated fiscal year.

(Matters related to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Deferred tax assets		
Tax loss carryforward	1,080	1,403
Retirement benefit liability	4,041	3,988
Impairment losses	10,721	10,413
Depreciation of real estate for sale	2,950	3,916
Loss on valuation of shares of subsidiaries and associates	1,084	1,071
Excess depreciation	696	1,011
Unrealized gains (losses) on distributions from silent partnerships	1,983	1,933
Compensation income	1,964	1,353
Adjustments due to unification of accounting treatment between parent and subsidiaries, etc.	7,791	7,648
Enterprise taxes payable	1,189	1,275
Other	9,340	8,088
Subtotal of deferred tax assets	42,844	42,103
Valuation allowance	(22,437)	(21,611)
Total deferred tax assets	20,406	20,492
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(33,702)	(27,029)
Revaluation of subsidiary assets	(3,166)	(13,981)
Reserve for tax purpose reduction entry of replacement assets	(2,572)	(2,946)
Retained earnings of affiliates	(1,006)	(741)
Other	(1,631)	(1,923)
Total deferred tax liabilities	(42,078)	(46,623)
Net deferred tax assets (liabilities)	(21,672)	(26,131)

2. Breakdown by major cause when there is a significant difference between statutory tax rate and effective tax rate

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Statutory tax rate	30.6 %	— %
(Adjustment)		
Increase (decrease) in valuation allowance	2.6	—
Entertainment expense(s) and other items not permanently deductible for income tax purposes	2.3	—
Dividends income and other items not permanently includable in income	(3.4)	—
Inhabitant tax on per capita basis	0.1	—
Foreign withholding tax	0.4	—
Foreign tax credit	(0.3)	—
Dividends paid deducted as expenses	(0.2)	—
Share of profit (loss) of entities accounted for using equity method	(1.8)	—
Dividends from consolidated subsidiaries and entities accounted for using equity method	2.4	—
Other	0.3	—
Effective tax rate	33.0	—

(Note) In the current consolidated fiscal year, the difference between the statutory tax rate and the effective tax rate after the application of tax effect accounting was less than 5% of the statutory tax rate; thus, notes are omitted.

(Matters related to business combinations, etc.)

(Business combinations by acquisition)

At a meeting of the Board of Directors held on October 24, 2024, the Company resolved to acquire all of the shares of Suzuki Sanei Co., Ltd. to make it a wholly owned subsidiary. A share transfer agreement was concluded on December 5, 2024 and all shares were acquired on December 20, 2024.

1. Overview of the business combination

(1) Name and business of the acquired company

Name of the acquired company: Suzuki Sanei Co., Ltd.

Business: Real estate leasing business

(2) Main reason for the business combination

To further expand the Commercial Properties business, which is positioned as a core business of the Group.

(3) Business combination date

December 20, 2024

(4) Legal form of business combination

Share acquisition using cash as consideration

(5) Company name after the combination

No change.

(6) Ratio of voting rights acquired

100.0%

(7) Main reason for determining the acquiring company

Due to the fact that the Company acquired the shares in exchange for cash.

2. Period of performance of the acquired company included in consolidated financial statements

As the deemed acquisition date is December 31, 2024, the acquired company's business results are not included in the consolidated statement of income for the current consolidated fiscal year.

3. Breakdown of the acquisition cost of the acquired company and the type of consideration

Consideration for acquisition	Cash: ¥46,922 million
Acquisition cost	¥46,922 million

4. Breakdown and amount of major acquisition-related expenses

Due diligence expenses, etc.: ¥25 million

5. Amount of goodwill generated, reason for generation, amortization method and period

(1) Amount of goodwill generated

¥9,964 million

(2) Reason for generation

The acquisition cost exceeded the net amount allocated to the assets received and liabilities assumed, so the excess amount was treated as goodwill.

(3) Amortization method and period of goodwill

Straight-line method over 20 years

6. Amounts of assets and liabilities accepted on the date of the business combination and their main breakdown

Current assets	¥15,539 million
Non-current assets	¥36,473 million
Total assets	¥52,013 million

Current liabilities	¥3,896 million
Non-current liabilities	¥11,159 million
Total liabilities	¥15,056 million

(Matters related to leasing real estate properties)

The Company and some of its consolidated subsidiaries own leasing office buildings, for-rent condominiums, and leasing retail facilities, etc. in Tokyo and other areas. Some leasing office buildings and other properties are used by the Company and some of its consolidated subsidiaries and therefore are classified as real estate including portions used as leasing properties.

The amount recorded on the consolidated balance sheet, changes during the period, and fair value of these leasing properties and real estate, including portions used as leasing properties, are as follows.

(Millions of yen)

			FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Leasing real estate properties	Amount recorded on the consolidated balance sheet	Balance at beginning of period	692,631	701,955
		Changes during period	9,324	73,192
		Balance at end of period	701,955	775,148
	Market value at end of period		1,196,349	1,286,208
Real estate including portions used as leasing property	Amount recorded on the consolidated balance sheet	Balance at beginning of period	198,568	215,459
		Changes during period	16,891	37,131
		Balance at end of period	215,459	252,591
	Market value at end of period		250,481	297,121

(Notes) 1. The amount recorded on the consolidated balance sheet is the amount obtained by subtracting accumulated depreciation from acquisition costs.

2. Among changes during the period, the major increase in the previous consolidated fiscal year was ¥40,077 million for the acquisition of real estate. The primary decrease was a depreciation of ¥13,402 million.

The major increases in the current consolidated fiscal year were ¥105,631 million for the acquisition of real estate and ¥36,442 million from an increase in real estate in connection with the accumulation of a newly consolidated subsidiary.

The primary decreases were depreciation of ¥13,476 million and transfer to real estate for sale of ¥18,451 million.

3. The market value at the end of the period is the value based on the valuation of properties by an outside licensed real estate appraiser for principal properties and the value calculated by the Company based on the Real Estate Appraisal Standards (including values adjusted using indicators) for other properties.

Income (loss) from real estate that includes leasing properties and portions of real estate used as leasing properties are as follows.

(Millions of yen)

		FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Leasing real estate properties	Leasing revenue	89,728	88,636
	Leasing expenses	58,153	60,131
	Difference	31,574	28,505
	Other gains (losses)	28	(1,335)
Real estate including portions used as leasing property	Leasing revenue	8,098	10,153
	Leasing expenses	4,535	5,519
	Difference	3,562	4,634
	Other gains (losses)	(1)	(13)

(Notes) 1. Since real estate that includes portions used as leasing properties also includes portions used by the Company and some of its consolidated subsidiaries for the provision of services and business administration, leasing revenue is not recorded for these portions. Expenses related to such portions (rent, depreciation, building management fees, taxes and dues, etc.) are included in leasing expenses.

2. Other gains (losses) in the current consolidated fiscal year mainly consisted of loss on building reconstruction.

(Matters related to revenue-recognition)

1. Information that disaggregates revenue from contracts with customers
FY2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments				Other (Note)1	Total
	Commercial Properties Business	Residential Business	Asset Services Business	Total		
Real estate sales	38,643	104,693	25,248	168,585	–	168,585
Real estate leasing	78,275	5,948	6,670	90,894	–	90,894
Other service offerings	38,337	23,498	31,881	93,717	22,748	116,466
Revenues from external customers	155,256	134,140	63,800	353,198	22,748	375,946

Revenue from contracts with customers	76,968	110,738	48,569	236,277	22,134	258,411
Revenue from other sources (Note)2	78,287	23,401	15,231	116,921	614	117,535
Revenues from external customers	155,256	134,140	63,800	353,198	22,748	375,946

(Notes) 1. The “Other” business segment is not included in reportable segments. “Other” includes businesses such as “Leisure business,” “Asset Management business,” and “Overseas business.”

2. “Revenue from other sources” includes leasing income in accordance with ASBJ Statement No. 13, “Accounting Standard for Lease Transactions,” and real estate sales in accordance with the Accounting System Committee Report No. 15, “Practical Guidelines for Accounting for Transferees in Securitization of Real Estate Using Special Purpose Companies.”

FY2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note)1	Total
	Commercial Properties Business	Residential Business	Asset Service Business	Total		
Real estate sales	53,215	182,083	14,759	250,058	–	250,058
Real estate leasing	81,421	5,941	6,650	94,013	–	94,013
Other service offerings	41,936	23,456	33,332	98,724	20,926	119,651
Revenues from external customers	176,573	211,481	54,742	442,797	20,926	463,724

Revenue from contracts with customers	99,587	191,787	42,810	334,185	20,312	354,498
Revenue from other sources (Note)2	76,985	19,693	11,932	108,611	614	109,226
Revenues from external customers	176,573	211,481	54,742	442,797	20,926	463,724

(Notes) 1. The “Other” business segment is not included in reportable segments. “Other” includes businesses such as “Leisure business,” “Asset Management business,” and “Overseas business.”

2. “Revenue from other sources” includes leasing income in accordance with ASBJ Statement No. 13, “Accounting Standard for Lease Transactions,” and real estate sales in accordance with the ASBJ Transferred Guidance No. 10, “Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies.”

2. Fundamental information for understanding revenues from contracts with customers

The fundamental information for understanding revenues from contracts with customers is as described in “(6) Basis for Recognition of Significant Revenue and Expense, in ‘4. Matters regarding accounting policies’ of Notes (Significant matters that serve as the basis for preparing consolidated financial statements).”

3. Information regarding the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the following consolidated fiscal year or later from contracts with customers that existed at the end of the current consolidated fiscal year.

(1) Balance of contract assets and contract liabilities

FY2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Balance at beginning of period (January 1, 2023)	Balance at end of period (December 31, 2023)
Receivables arising from contracts with customers	9,827	9,859
Contract assets	138	50
Contract liabilities	27,034	37,586

The receivables arising from contracts with customers consist of trade accounts receivable and trade notes receivable that are unconditional rights to payment as of the end of the consolidated fiscal year.

The contract assets correspond to the Group's rights to the consideration for work that has created assets controlled by the customer at the end of the consolidated fiscal year but has not yet been invoiced. Contract assets are transferred to receivables when the right to payment becomes unconditional.

Contract liabilities relate to the consideration received or receivable by the Group from customers for the Group's obligation to transfer goods or services to customers and primarily consist of deposits received or receivable from customers for condominiums at the end of the consolidated fiscal year.

Revenue recognized during the current consolidated fiscal year that was included in the contract liability balance at the beginning of the period amounted to ¥9,375 million.

FY2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Balance at beginning of period (January 1, 2024)	Balance at end of period (December 31, 2024)
Receivables arising from contracts with customers	9,859	10,814
Contract assets	50	250
Contract liabilities	37,586	37,660

The receivables arising from contracts with customers consist of trade accounts receivable and trade notes receivable that are unconditional rights to payment as of the end of the consolidated fiscal year.

The contract assets correspond to the Group's rights to the consideration for work that has created assets controlled by the customer at the end of the consolidated fiscal year but has not yet been invoiced. Contract assets are transferred to receivables when the right to payment becomes unconditional.

Contract liabilities relate to the consideration received or receivable by the Group from customers for the Group's obligation to transfer goods or services to customers and primarily consist of deposits received or receivable from customers for condominiums at the end of the consolidated fiscal year.

Revenue recognized during the current consolidated fiscal year that was included in the contract liability balance at the beginning of the period amounted to ¥21,356 million.

(2) Transaction prices allocated to remaining performance obligations

At the end of the previous consolidated fiscal year, transaction prices allocated to unfulfilled (or partially fulfilled) performance obligations by the Group amounted to ¥55,884 million, mainly related to real estate sales in the Residential business and are generally expected to be recognized as revenue within three years from the end of the consolidated fiscal year.

At the end of the current consolidated fiscal year, transaction prices allocated to unfulfilled (or partially fulfilled) performance obligations by the Group amounted to ¥40,946 million, mainly related to real estate sales in the Residential business and are generally expected to be recognized as revenue within three years from the end of the consolidated fiscal year.

In making notes, the practical expedient method is applied, and contracts with initially expected contract periods of one year or less and contracts for which revenue from the fulfillment of performance obligations is recognized in accordance with Paragraph 19 of the Implementation Guidance are not included.

(Segment information, etc.)

Segment information

1. Overview of reportable segments

The Company's reportable segments are the Company's constituent units for which separate financial information is available and for which the Board of Directors conducts a regular review to determine the allocation of management resources and assess the business performance.

The Company has established business divisions according to the nature of its business, and each division formulates comprehensive strategies for the businesses it handles and develops business activities.

Therefore, the Company comprises business segments with the business divisions as the basis and conducts the three (3) businesses of Commercial Properties Business, Residential Business, and Asset Service Business as its reportable segments.

In the Commercial Properties business, operations include developing, selling, leasing, operating, and managing office buildings, retail facilities, logistics properties, etc. In the Residential business, operations include developing, subdividing, selling, leasing, and managing condominiums and other residential properties. In the Asset Service business, operations include real estate sales, brokerage, consulting and parking lot development and operations.

2. Method of accounting for operating revenue, profit (loss), assets, and other items by reportable segment

The accounting method for reportable business segments is the same as that described in "Notes (Significant matters that serve as the basis for preparing consolidated financial statements)." Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on operating revenue, profit (loss), assets and other items by reportable segment

FY2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments				Other (Note)1	Total	Adjustment (Note)2	Per consolidated financial statements (Note)3
	Commercial Properties Business	Residential Business	Asset Service Business	Total				
Operating revenue								
External customers	155,256	134,140	63,800	353,198	22,748	375,946	—	375,946
Inter-segment transactions	1,021	383	1,791	3,197	138	3,335	(3,335)	—
Total	156,278	134,524	65,592	356,395	22,886	379,282	(3,335)	375,946
Segment profit								
Operating profit	38,483	27,155	12,907	78,546	2,204	80,750	(10,242)	70,508
Share of profit (loss) of entities accounted for using equity method	1,670	(6)	—	1,664	2,256	3,920	—	3,920
Total	40,153	27,149	12,907	80,210	4,460	84,670	(10,242)	74,428
Segment assets	1,210,526	298,805	87,764	1,597,096	126,056	1,723,152	182,156	1,905,309
Other items								
Depreciation	14,933	1,805	2,508	19,248	996	20,244	213	20,457
Investments in entities accounted for using equity method	1,653	—	—	1,653	26,266	27,920	—	27,920
Increase in property, plant and equipment and intangible assets	40,710	884	1,307	42,902	2,522	45,425	86	45,512

(Notes) 1. The “Other” business segment is not included in reportable segments. “Other” includes businesses such as “Leisure business,” “Asset Management business,” and “Overseas business.”

2. (1) Adjustment of ¥(10,242) million for segment profit includes inter-segment elimination of ¥72 million and corporate expenses of ¥(10,314) million that are not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.

(2) Adjustment of segment assets of ¥182,156 million includes the company-level assets of ¥272,891 million and inter-segment elimination of ¥(90,734) million. The company-level assets chiefly consist of the Company’s cash, deposits and investment securities and assets relating to corporate divisions.

3. Segment profit is adjusted with the sum of operating profit and share of profit (loss) of entities accounted for using the equity method in the consolidated statement of income.

FY2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note)1	Total	Adjustment (Note)2	Per consolidated financial statements (Note)3
	Commercial Properties Business	Residential Business	Asset Service Business	Total				
Operating revenue								
External customers	176,573	211,481	54,742	442,797	20,926	463,724	—	463,724
Inter-segment transactions	999	600	5,464	7,064	218	7,282	(7,282)	—
Total	177,573	212,081	60,206	449,861	21,145	471,006	(7,282)	463,724
Segment profit								
Operating profit	41,399	38,150	11,537	91,088	1,388	92,476	(12,806)	79,670
Share of profit (loss) of entities accounted for using equity method	530	(513)	—	16	802	819	—	819
Total	41,930	37,637	11,537	91,105	2,190	93,296	(12,806)	80,489
Segment assets	1,422,600	298,963	98,436	1,820,000	151,342	1,971,342	109,884	2,081,226
Other items								
Depreciation	16,213	2,086	2,638	20,937	1,236	22,173	216	22,390
Investments in entities accounted for using equity method	388	—	—	388	38,138	38,526	—	38,526
Increase in property, plant and equipment and intangible assets	163,808	1,134	2,095	167,038	5,524	172,563	1,256	173,820

(Notes) 1. The “Other” business segment is not included in reportable segments. “Other” includes businesses such as “Leisure business,” “Asset Management business,” and “Overseas business.”

2. (1) Adjustment of ¥(12,806) million for segment profit includes inter-segment elimination of ¥(242) million and corporate expenses of ¥(12,563) million that are not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.

(2) Adjustment of segment assets of ¥109,884 million includes the company-level assets of ¥205,414 million and inter-segment elimination of ¥(95,530) million. The company-level assets chiefly consist of the Company’s cash, deposits and investment securities and assets relating to corporate divisions.

3. Segment profit is adjusted with the sum of operating profit and share of profit (loss) of entities accounted for using the equity method in the consolidated statement of income.

Related information

FY2023 (January 1, 2023 to December 31, 2023)

1. Information by Product and Service

Information by product and service is omitted as similar information is stated in “3. Information on Operating Revenue, Profit (Loss), Assets and Other Items by Reportable Segment” in “Segment Information.”

2. Information by Region

(1) Operating revenue

Operating revenue is omitted because the amount of operating revenue to external customers in Japan exceeded 90% of the amount of operating revenue stated in the consolidated statement of income.

(2) Property, plant and equipment

Property, plant and equipment are omitted because the amount of property, plant and equipment located in Japan exceeded 90% of the amount of property, plant and equipment stated in the consolidated balance sheet.

3. Information by Major Customer

Information by major customer is omitted because the amount of operating revenue to specified customers, which is included in operating revenue to external customers, is less than 10% of the operating revenue stated in the consolidated statement of income.

FY2024 (January 1, 2024 to December 31, 2024)

1. Information by Product and Service

Information by product and service is omitted as similar information is stated in “3. Information on Operating Revenue, Profit (Loss), Assets and Other Items by Reportable Segment” in “Segment Information.”

2. Information by Region

(1) Operating revenue

Operating revenue is omitted because the amount of operating revenue to external customers in Japan exceeded 90% of the amount of operating revenue stated in the consolidated statement of income.

(2) Property, plant and equipment

Property, plant and equipment are omitted because the amount of property, plant and equipment located in Japan exceeded 90% of the amount of property, plant and equipment stated in the consolidated balance sheet.

3. Information by Major Customer

Information by major customer is omitted because the amount of operating revenue to specified customers, which is included in operating revenue to external customers, is less than 10% of the operating revenue stated in the consolidated statement of income.

Information on Impairment Losses of Non-Current Assets by Reportable Segment

FY2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments				Other	Total	Reconciling items	Per consolidated financial statements
	Commercial Properties Business	Residential Business	Asset Service Business	Total				
Impairment losses	–	–	157	157	–	157	–	157

FY2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments				Other	Total	Reconciling items	Per consolidated financial statements
	Commercial Properties Business (Note)	Residential Business	Asset Service Business	Total				
Impairment losses	931	–	334	1,265	4	1,270	–	1,270

(Note) Includes ¥931 million recorded as loss on building reconstruction.

Information on Amortization of Goodwill and the Balance of Unamortized Goodwill by Reportable Segment

FY2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments				Other	Total	Reconciling items	Per consolidated financial statements
	Commercial Properties Business	Residential Business	Asset Service Business	Total				
Amortization during period	177	51	–	229	–	229	–	229
Balance at end of period	1,333	153	–	1,486	–	1,486	–	1,486

FY2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments				Other	Total	Reconciling items	Per consolidated financial statements
	Commercial Properties Business	Residential Business	Asset Service Business	Total				
Amortization during period	178	51	–	229	5	235	–	235
Balance at end of period	11,120	102	–	11,222	168	11,391	–	11,391

Information on Gain on Bargain Purchase by Reportable Segment

FY2023 (January 1, 2023 to December 31, 2023)

Not applicable.

FY2024 (January 1, 2024 to December 31, 2024)

Not applicable.

Information on related parties

FY2023 (January 1, 2023 to December 31, 2023)

Not applicable.

FY2024 (January 1, 2024 to December 31, 2024)

Not applicable.

(Per Share Information)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Net assets per share	¥2,378.61	¥2,567.66
Basic earnings (loss) per share	¥215.82	¥315.50

(Notes) 1. Diluted earnings per share is not shown because there are no potential dilutive shares.

2. In the calculation of net assets per share and basic earnings per share, the shares of the Company held by the Board Benefit Trust (BBT) are included in the treasury shares deducted in the calculation of the total number of shares outstanding at the end of the period and the average number of shares during the period. The number of shares outstanding at the end of the period of the concerned treasury shares deducted in the calculation of the total number of shares outstanding at the end of the period was 225,000 shares for FY2023 and 351,000 shares for FY2024, and the average number of shares during the period of the concerned treasury shares deducted in the calculation of the average number of shares during the period was 229,000 shares for FY2023 and 305,000 shares for FY2024.

3. The calculation basis for basic earnings per share is as shown below.

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Basic earnings (loss) per share		
Profit attributable to owners of parent (Millions of yen)	45,084	65,882
Amount not belonging to the holders of common shares (Millions of yen)	—	—
Profit attributable to owners of parent that pertains to common shares (Millions of yen)	45,084	65,882
Average number of common shares during the period (Thousands of shares)	208,900	208,822

4. The calculation basis for net assets per share is as shown below.

Item	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Total net assets (Millions of yen)	508,035	547,524
Amount of deduction from total net assets (Millions of yen)	11,135	11,458
[Non-controlling interests included in the above (Millions of yen)]	11,135	11,458
Net assets at the end of the period that pertain to common shares (Millions of yen)	496,900	536,065
Number of common shares at the end of the period, which were used for the calculation of net assets per share (Thousands of shares)	208,903	208,776

(Major Subsequent Events)

Not applicable.

(v) Consolidated supplementary schedules

Schedule of corporate bonds

Company name	Issuer name	Issue date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Collateral	Redemption date	Remarks
Tokyo Tatemono Co., Ltd.	23rd Unsecured bond	May 6, 2016	10,000	10,000	0.63	None	May 1, 2026	
Tokyo Tatemono Co., Ltd.	24th Unsecured bond	September 1, 2016	10,000	10,000	0.82	None	September 1, 2031	
Tokyo Tatemono Co., Ltd.	25th Unsecured bond	March 22, 2017	10,000	10,000	0.52	None	March 19, 2027	
Tokyo Tatemono Co., Ltd.	26th Unsecured bond	May 1, 2017	10,000 (10,000)	—	0.40	None	May 1, 2024	
Tokyo Tatemono Co., Ltd.	27th Unsecured bond	August 30, 2017	10,000	10,000	0.80	None	August 30, 2032	
Tokyo Tatemono Co., Ltd.	29th Unsecured bond	February 22, 2018	10,000	10,000	0.48	None	February 22, 2028	
Tokyo Tatemono Co., Ltd.	30th Unsecured bond	February 22, 2018	15,000	15,000	1.08	None	February 22, 2038	
Tokyo Tatemono Co., Ltd.	1st Hybrid bond	March 15, 2019	30,000	30,000	1.66	None	March 15, 2056	
Tokyo Tatemono Co., Ltd.	2nd Hybrid bond (Green bond)	March 15, 2019	50,000	50,000	2.15	None	March 14, 2059	
Tokyo Tatemono Co., Ltd.	31st Unsecured bond (Sustainability bond)	July 16, 2020	20,000	20,000 (20,000)	0.22	None	July 16, 2025	
Tokyo Tatemono Co., Ltd.	32nd Unsecured bond (Sustainability bond)	July 16, 2020	20,000	20,000	0.50	None	July 16, 2030	
Tokyo Tatemono Co., Ltd.	3rd Hybrid bond (Sustainability bond)	February 10, 2021	40,000	40,000	1.13	None	February 10, 2061	
Tokyo Tatemono Co., Ltd.	33rd Unsecured bond (Sustainability bond)	July 30, 2021	10,000	10,000	0.29	None	July 28, 2028	
Tokyo Tatemono Co., Ltd.	34th Unsecured bond (Sustainability bond)	July 6, 2023	20,000	20,000	0.88	None	July 6, 2033	
Tokyo Tatemono Co., Ltd.	35th Unsecured bond (Sustainability bond)	May 2, 2024	—	10,000	1.19	None	May 2, 2031	
Total	—	—	265,000 (10,000)	265,000 (20,000)	—	—	—	

(Notes) 1. Of the balance at the end of the current fiscal year, those scheduled to be redeemed within one year are shown in parentheses.

2. Estimated total redemption amount per year within 5 years from the consolidated balance sheet date is as follows.

	Within one year (Millions of yen)	Over one year and within two years (Millions of yen)	Over two years and within three years (Millions of yen)	Over three years and within four years (Millions of yen)	Over four years and within five years (Millions of yen)
Bonds payable	20,000	10,000	10,000	20,000	—

Schedule of borrowings, etc.

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Due date
Short-term borrowings	106	—	—	—
Current portion of long-term borrowings	53,407	77,709	0.53	—
Current portion of non-recourse long-term borrowings	3,240	3,240	0.51	—
Current portion of lease liabilities	126	119	—	—
Long-term borrowings (excluding loans to be settled within one year)	589,833	676,420	0.84	January 2026 to December 2043
Non-recourse long-term borrowings (excluding loans to be settled within one year)	125,389	122,149	0.51	January 2029 to March 2030
Lease liabilities (excluding lease liabilities to be repaid within one year)	1,606	1,498	—	October 2026 to February 2048
Other interest-bearing debt				
Commercial papers	50,000	66,000	0.46	—
Accounts payable – other (due within one year)	202	202	0.78	—
Long-term accounts payable – other (excluding current portion of long-term accounts payable)	1,825	1,622	0.78	September 2033
Total	825,739	948,963	—	—

(Notes) 1. The average interest rate is the weighted average of the interest rate at the end of the current period over the balance at the end of the current period.

2. The average interest rate for lease liabilities is not stated since consolidated subsidiaries that record lease liabilities on the consolidated balance sheet at amounts prior to deducting the amount equivalent to interest included in the total lease payments are included.

3. Lease liabilities due within one year are included in “Other” Current liabilities on the consolidated balance sheet, and lease liabilities due after one year are included in “Other” Non-current liabilities.

4. Long-term accounts payable – other in other interest-bearing debt are included in “Other” Non-current liabilities in the consolidated balance sheet.

5. The amounts of long-term borrowings, non-recourse long-term borrowings, lease liabilities, and long-term accounts payable – other (excluding current portion of long-term accounts payable) due within five years from the consolidated balance sheet date are as follows.

	Over one year and within two years (Millions of yen)	Over two years and within three years (Millions of yen)	Over three years and within four years (Millions of yen)	Over four years and within five years (Millions of yen)
Long-term borrowings	62,277	78,927	96,184	73,032
Non-recourse long-term borrowings	3,240	3,240	3,240	11,680
Lease liabilities	95	91	91	86
Long-term accounts payable – other	202	202	202	202

Schedule of asset retirement obligations

Disclosure is omitted as the value of asset retirement obligations is no more than one-hundredth of the total liabilities and net assets at the beginning and end of the current consolidated fiscal year, respectively.

(2) Other

Quarter information, etc. in the current consolidated fiscal year

(Cumulative period)		1st Quarter	Interim consolidated accounting period	3rd Quarter	Current consolidated FY
Operating revenue	(Millions of yen)	116,195	277,616	359,896	463,724
Profit before income taxes	(Millions of yen)	18,152	47,649	53,664	96,454
Profit attributable to owners of parent	(Millions of yen)	11,661	31,692	35,551	65,882
Basic earnings (loss) per share	(yen)	55.82	151.73	170.23	315.50

(Accounting period)		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Basic earnings (loss) per share	(yen)	55.82	95.92	18.49	145.28

- (Notes) 1. The Company has introduced a Board Benefit Trust (BBT), and the Company shares held by the trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares as a deduction in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic earnings per share for the period.
2. For the 1st quarter, a quarterly securities report was submitted in accordance with the provisions of Article 24-4-7, Paragraph 1 of the former Financial Instruments and Exchange Act.
3. For the 3rd quarter, although the financial information for the quarter in accordance with the rules stipulated by the financial instruments exchange has been prepared, an interim review of the financial information for the quarter has not been received.

2. Non-Consolidated Financial Statements

(1) Non-Consolidated Financial Statements

(i) Non-Consolidated Balance Sheet

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Assets		
Current assets		
Cash and deposits	96,917	51,646
Trade accounts receivable	8,354	8,250
Investments in leases	3,509	3,446
Real estate for sale	*2 173,490	*2,*3 193,248
Real estate for sale in process	*2 151,586	*2 149,225
Real estate for development	100,479	137,881
Advance payments to suppliers	2,340	1,118
Prepaid expenses	2,562	2,546
Short-term loans receivable	22,356	35,671
Other	37,111	22,036
Allowance for doubtful accounts	(33)	(46)
Total current assets	598,675	605,026
Non-current assets		
Property, plant and equipment		
Buildings	*1,*2 132,938	*1,*2 160,299
Structures	*2 2,219	*2 2,607
Machinery and equipment	*2 1,084	*2 1,977
Vehicles	116	102
Tools, furniture and fixtures	*2 1,313	*2 2,611
Land	*1,*2 504,687	*1 555,248
Leased assets	7	5
Construction in progress	*6 88,435	*6 99,773
Other, net	2,432	2,432
Total property, plant and equipment	733,235	*3 825,057
Intangible assets		
Leasehold interests in land	36,870	33,358
Other	41	39
Total intangible assets	36,911	*3 33,398
Investments and other assets		
Investment securities	*1 120,520	*1 98,471
Shares and Investments in capital of subsidiaries and associates	79,099	150,655
Investments in other securities of subsidiaries and associates	13,673	18,070
Investments in silent partnerships	1,213	4,884
Investments in silent partnerships of subsidiaries and associates	59,343	65,231
Long-term loans receivable from subsidiaries and associates	30,680	28,332
Leasehold and guarantee deposits	11,829	11,606
Other	28,465	*2,*4 34,935
Allowance for doubtful accounts	(72)	*4 (7,391)
Allowance for investment loss	(738)	(738)
Total investments and other assets	344,016	404,058
Total non-current assets	1,114,162	1,262,514
Total assets	1,712,838	1,867,540

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	82,887	111,764
Commercial papers	50,000	66,000
Current portion of bonds payable	10,000	20,000
Lease liabilities	14	5
Accounts payable - other	*1 11,103	*1 12,809
Accrued expenses	10,863	13,249
Income taxes payable	13,446	13,220
Contract liabilities	34,597	34,844
Advances received	4,103	5,017
Deposits received	11,694	16,248
Provision for bonuses	317	362
Deposits received under real estate specified joint enterprise law	*2 11,300	*2 6,300
Other	*1 2,326	*1 596
Total current liabilities	242,655	300,419
Non-current liabilities		
Bonds payable	255,000	245,000
Long-term borrowings	590,029	676,945
Lease liabilities	12	7
Deferred tax liabilities	17,145	10,054
Deferred tax liabilities for land revaluation	27,274	27,274
Provision for retirement benefits	8,270	8,196
Provision for share awards for directors (and other officers)	282	410
Provision for loss on guarantees	4,210	—
Leasehold and guarantee deposits received	*1 72,873	*1 74,736
Deposits received under real estate specified joint enterprise law	*2 10,447	*2 14,806
Asset retirement obligations	2,343	2,660
Other	*1 21,432	*1 19,305
Total non-current liabilities	1,009,324	1,079,399
Total liabilities	1,251,979	1,379,819
Net assets		
Shareholders' equity		
Share capital	92,451	92,451
Capital surplus		
Legal capital surplus	63,729	63,729
Other capital surplus	0	0
Total capital surplus	63,729	63,730
Retained earnings		
Other retained earnings		
Reserve for tax purpose reduction entry of replacement assets	5,786	6,644
Reserve for tax purpose reduction to promote open innovation	75	75
Retained earnings brought forward	193,073	234,356
Total retained earnings	198,935	241,076
Treasury shares	(425)	(751)
Total shareholders' equity	354,691	396,506
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	62,980	48,027
Revaluation reserve for land	43,187	43,187
Total valuation and translation adjustments	106,168	91,215
Total net assets	460,859	487,721
Total liabilities and net assets	1,712,838	1,867,540

(ii) Non-Consolidated Statement of Income

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Operating revenue		
Revenue from commercial properties business	114,882	133,227
Revenue from residential business	113,285	190,388
Revenue from other business	1,477	1,705
Total operating revenue	229,645	325,322
Operating costs		
Cost of commercial properties business	80,487	94,590
Cost of residential business	74,002	135,912
Cost of other business	1,567	2,058
Total operating cost	156,057	232,561
Operating gross profit	73,588	92,761
Selling, general and administrative expenses	*2 23,852	*2 30,924
Operating profit	49,735	61,836
Non-operating income		
Interest and dividend income	7,869	8,331
Reversal of allowance for doubtful accounts	4	-
Foreign exchange gains	-	2,279
Other	233	359
Total non-operating income	8,106	10,969
Non-operating expenses		
Interest expenses	6,636	8,960
Borrowing fee	752	766
Bond issuance costs	105	61
Dividends paid on real estate specified joint enterprise law	87	4,375
Provision for allowance for doubtful accounts	-	2
Other	1,024	1,259
Total non-operating expenses	8,606	15,426
Ordinary profit	49,235	57,380

(Millions of yen)

	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)	FY2024 (Jan. 1, 2024 to Dec. 31, 2024)
Extraordinary income		
Gain on sale of non-current assets	226	0
Gain on sale of investment securities	–	26,748
Gain on sale of shares of subsidiaries and associates	736	–
Gain on sale of investments in capital of subsidiaries and associates	2,190	1,103
Total extraordinary income	3,153	27,853
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	59	48
Loss on building reconstruction	–	*4 890
Loss on valuation of investment securities	–	3
Provision for loss on guarantees	916	–
Loss of joint venture dissolution	*3 3,712	–
Provision for allowance for doubtful accounts	–	3,110
Total extraordinary losses	4,688	4,054
Profit before income taxes	47,700	81,179
Income taxes - current	19,708	24,087
Income taxes - deferred	(4,272)	(524)
Total income taxes	15,436	23,562
Profit	32,264	57,616

Operating Cost Statement

(a) Statement of cost of commercial properties business

Category	Note number	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)		FY2024 (Jan. 1, 2024 to Dec. 31, 2024)	
		Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Cost of real estate sales	*1	30,021	37.3	40,268	42.6
Personnel expenses	*2	4,766	5.9	5,379	5.7
Expenses, etc.		45,700	56.8	48,943	51.7
Taxes and dues	*3	(7,331)		(8,831)	
Land and building rent		(8,867)		(8,598)	
Maintenance expenses		(1,987)		(1,938)	
Utilities		(4,751)		(4,619)	
Administrative expenses		(7,785)		(7,969)	
Depreciation and amortization	*4	(11,484)		(12,897)	
Total		80,487	100.0	94,590	100.0

*1 Cost of real estate sales is the direct cost of real estate sales and includes land costs, construction costs and incidental expenses. Costs are calculated on a job-order cost system. Further, cost of real estate sales includes book value devaluation of real estate held for sale of ¥243 million in the current fiscal year.

*2 Personnel expenses include legal welfare expenses.

*3 Taxes and dues mainly consist of property taxes.

*4 Depreciation and amortization includes depreciation and amortization of real estate for sale under lease.

(b) Statement of cost of residential business

Category	Note number	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)		FY2024 (Jan. 1, 2024 to Dec. 31, 2024)	
		Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Cost of real estate sales	*1	69,704	94.2	131,039	96.4
Personnel expenses	*2	283	0.4	318	0.2
Expenses, etc.		4,014	5.4	4,554	3.4
Land and building rent		(1,802)		(1,791)	
Administrative expenses		(362)		(396)	
Depreciation and amortization	*3	(1,096)		(1,339)	
Total		74,002	100.0	135,912	100.0

*1 Cost of real estate sales is the direct cost of real estate sales, including land costs, construction and development costs, and incidental expenses. The cost is calculated based on a job-order cost system. Further, cost of real estate sales includes book value devaluation of real estate held for sale of ¥33 million in the previous fiscal year.

*2 Personnel expenses include legal welfare expenses.

*3 Depreciation and amortization includes depreciation and amortization of real estate for sale under lease.

(c) Statement of cost of other business

Category	Note number	FY2023 (Jan. 1, 2023 to Dec. 31, 2023)		FY2024 (Jan. 1, 2024 to Dec. 31, 2024)	
		Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Personnel expenses	*	707	45.1	754	36.6
Expenses, etc.		859	54.9	1,303	63.4
Land and building rent		(175)		(209)	
Depreciation and amortization		(267)		(316)	
Total		1,567	100.0	2,058	100.0

* Personnel expenses include legal welfare expenses.

(iii) Non-Consolidated Statement of Changes in Equity
FY2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings		
					Reserve for tax purpose reduction entry of replacement assets	Reserve for tax purpose reduction to promote open innovation	Retained earnings brought forward			
Balance at beginning of period	92,451	63,729	0	63,729	5,802	75	175,850	181,728	(448)	337,461
Changes during period										
Dividends of surplus							(15,057)	(15,057)		(15,057)
Profit							32,264	32,264		32,264
Reversal of reserve for tax purpose reduction entry of replacement assets					(15)		15	—		—
Purchase of treasury shares									(3)	(3)
Disposal of treasury shares			0	0					26	26
Net changes in items other than shareholders' equity										
Total changes during period	—	—	0	0	(15)	—	17,222	17,207	22	17,229
Balance at end of period	92,451	63,729	0	63,729	5,786	75	193,073	198,935	(425)	354,691

	Valuation and translation adjustments			Total net assets
	Valuation difference on Available-for-sale securities	Revaluation reserve for land	Valuation and translation adjustments Total	
Balance at beginning of period	45,059	43,187	88,247	425,708
Changes during period				
Dividends of surplus				(15,057)
Profit				32,264
Reversal of reserve for tax purpose reduction entry of replacement assets				—
Purchase of treasury shares				(3)
Disposal of treasury shares				26
Net changes in items other than shareholders' equity	17,921	—	17,921	17,921
Total changes during period	17,921	—	17,921	35,150
Balance at end of period	62,980	43,187	106,168	460,859

FY2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings		
					Reserve for tax purpose reduction entry of replacement assets	Reserve for tax purpose reduction to promote open innovation	Retained earnings brought forward			
Balance at beginning of period	92,451	63,729	0	63,729	5,786	75	193,073	198,935	(425)	354,691
Changes during period										
Dividends of surplus							(15,475)	(15,475)		(15,475)
Profit							57,616	57,616		57,616
Provision of reserve for tax purpose reduction entry of replacement assets					873		(873)	—		—
Reversal of reserve for tax purpose reduction entry of replacement assets					(15)		15	—		—
Purchase of treasury shares									(344)	(344)
Disposal of treasury shares			0	0					18	18
Net changes in items other than shareholders' equity										
Total changes during period	—	—	0	0	857	—	41,282	42,140	(325)	41,815
Balance at end of period	92,451	63,729	0	63,730	6,644	75	234,356	241,076	(751)	396,506

	Valuation and translation adjustments			Total net assets
	Valuation difference on Available-for-sale securities	Revaluation reserve for land	Valuation and translation adjustments Total	
Balance at beginning of period	62,980	43,187	106,168	460,859
Changes during period				
Dividends of surplus				(15,475)
Profit				57,616
Provision of reserve for tax purpose reduction entry of replacement assets				—
Reversal of reserve for tax purpose reduction entry of replacement assets				—
Purchase of treasury shares				(344)
Disposal of treasury shares				18
Net changes in items other than shareholders' equity	(14,953)	—	(14,953)	(14,953)
Total changes during period	(14,953)	—	(14,953)	26,861
Balance at end of period	48,027	43,187	91,215	487,721

Notes

(Significant accounting policies)

1. Valuation criteria and valuation method for material assets

(1) Valuation criteria and valuation method for securities

(i) Held-to-maturity debt securities

Amortized cost method (straight-line method)

(ii) Stocks of subsidiaries and affiliates

Cost method based on the moving average method

(iii) Available-for-sale securities

Stocks and securities other than non-marketable equity securities, etc.

Fair value method (Unrealized gains and losses are included directly in net assets, and the cost of securities sold is determined by the moving average method.)

Non-marketable equity securities, etc.

Cost method based on the moving average method

(2) Valuation criteria and valuation method inventories

(i) Real estate for sale: Specific Identification Inventory Valuation Method (The book value is written off due to a decline in profitability.)

(ii) Real estate for sale in process: Same as above

(iii) Real estate for development: Same as above

2. Depreciation method of non-current assets

(1) Property, plant and equipment (excluding lease assets)

(i) Buildings: Straight-line method

(ii) Structures: Same as above

(iii) Machinery and equipment: Same as above

(iv) Vehicles: Declining-balance method

(v) Tools, furniture and fixtures: same as above

(2) Intangible assets (excluding leased assets)

Straight-line method

Software for internal use is amortized by the straight-line method based on the usable period in the Company (5 years).

(3) Leased assets

(i) Leased assets related to finance lease transactions that transfer ownership

Depreciation is computed by the same method as that applied to non-current assets owned by the Company.

(ii) Leased assets related to non-ownership-transfer finance lease transactions

Depreciated using the straight-line method regarding the lease period as the useful life and assuming the residual value as zero.

3. Recording criteria for allowances

(1) Allowance for doubtful accounts

To prepare for losses due to bad debts, the Company reports the expected non-collectible amount using the loan loss ratio for general claims and individually examines the collectability of claims with a possibility of default and bankruptcy or reorganization claims. In the event that an allowance for doubtful accounts has been established for the entire amount of claims in bankruptcy, reorganization, or other similar claims, the allowance for doubtful accounts is directly deducted from the claims. As of the end of the previous fiscal year, the amount of receivables that fall under this criterion was ¥2,698 million.

(2) Allowance for investment loss

To provide for possible losses on investments in subsidiaries, the Company records an amount deemed necessary, taking into consideration the financial position and expected future recovery of such investments.

(3) Provision for bonuses

Accrued bonuses to employees are provided for the portion of estimated bonuses to be paid in the current fiscal year.

(4) Reserve for retirement benefits

To provide for the payment of retirement benefits to employees, the Company accrues an estimated amount of retirement benefit obligations and plan assets at the end of the current fiscal year. Actuarial gains and losses of retirement benefits are amortized from the following fiscal year using the straight-line method over a fixed number of years (10 years) within the employee's average remaining years of service.

(5) Provision for share awards for directors (and other officers)

To provide for the payment of the Company's shares to the Directors and Audit & Supervisory Board Members in accordance with the Company's "Regulations of Directors' Equity Benefit," the Company records an amount based on the estimated amount of liabilities for share benefits as of the end of the current fiscal year.

(6) Provision for loss on guarantees

Accrued losses on guarantees are provided for based on the actual financial condition of the principal debtor.

4. Basis for recognition of revenue and expense

(1) Accounting Standard for Revenue Recognition

The main performance obligations in the Company's main businesses related to revenues arising from contracts with customers and the usual point in time at which such performance obligations are satisfied (the usual point in time at which revenues are recognized) are as follows.

In the Commercial Properties business, the Company mainly develops, sells, leases, and operates office buildings, commercial facilities, and logistics facilities and has obligations to deliver real estate based on contracts with customers, to lease real estate, and to provide services stipulated in the contracts with customers.

In the Residential business, the Company mainly develops, subdivides, sells, leases, and operates condominiums, etc. and is obligated to deliver real estate based on contracts with customers, lease real estate, and provide services stipulated in contracts with customers.

Of these performance obligations, the delivery obligation is satisfied at the time the property is delivered to the customer, and revenue is recognized at the time of delivery. The transaction price is determined based on the amount in the contract with the customer and is received at the time stipulated in the contract. With respect to sales of condominiums and other properties, a deposit is usually received as part of the transaction price at the time the contract is concluded, and the balance is received at the time of delivery of the property.

Conversely, obligations to provide services and other items stipulated in the contract with customers are fulfilled at a point in time or over a certain period of time, depending on the nature of the service, whereby the Company records revenues. Transaction values are determined by consignment contracts with customers and are received based on said contracts.

For obligations to lease real estate based on contracts with customers, etc., revenue is recorded in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13; March 30, 2007).

In relation to the above performance obligations, no significant financial component is included in the amount of compensation.

Furthermore, no significant variable consideration is recognized that could cause the amount of consideration to vary.

(2) Recognition of revenues from finance lease transactions

Sales and cost of sales are recognized at the time of receipt of lease payments.

(3) Recording standards for advertising expenses, etc.

Advertising expenses, etc. related to for-sale condominiums are capitalized up to the point of delivery to the customer in order to match them with revenue, and are then recorded as expenses in a lump sum at the time of delivery.

5. Other matters that serve as the basis for preparing non-consolidated financial statements

(1) Treatment of deferred assets

Bond issuance costs

The entire amount is expensed at the time of expenditure.

(2) Hedge accounting method

(i) Hedge accounting method

Interest rate swaps that meet the requirements for special treatment are accounted for using the special treatment, while other interest rate swaps are accounted for using the deferred hedge method.

(ii) Hedging instruments and hedged items

Hedging instrument: Interest rate swaps

Hedged items: Borrowings

(iii) Hedging policy

The Company enters into interest rate swaps to hedge the impact of interest rate fluctuations on earnings and does not enter into such swaps for speculative purposes.

(iv) Method of assessing hedge effectiveness

During the period from the inception of the hedge to the point at which its effectiveness is assessed, the Company compares the cumulative changes in cash flows of the hedging instrument with the cumulative changes in cash flows of the hedged item to determine its effectiveness. However, the effectiveness of interest rate swaps for which special treatment is applied is not assessed.

(3) Accounting for Retirement Benefits

The accounting method for unrecognized actuarial gains and losses and unrecognized past service costs related to retirement benefits differs from the method used in the consolidated financial statements.

(Significant accounting estimates)

1. Valuation of non-current assets

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	FY2023	FY2024
Property, plant and equipment	733,235	825,057
Intangible assets	36,911	33,398
Loss on building reconstruction	—	890

(2) Matters related to significant accounting estimates for identified items

The calculation method of the amount of (1) is the same as that described in “1. Valuation of non-current assets” in “(1) Notes to Consolidated Financial Statements (Significant accounting estimates)” of “1. Consolidated Financial Statements.”

2. Valuation of inventories

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	FY2023	FY2024
Real estate for sale	173,490	193,248
Real estate for sale in process	151,586	149,225
Real estate for development	100,479	137,881
Loss on valuation of inventory	33	243

(2) Matters related to significant accounting estimates for identified items

The calculation method of the amount of (1) is the same as that described in “2. Valuation of inventories” in “(1) Notes to Consolidated Financial Statements (Significant accounting estimates)” of “1. Consolidated Financial Statements.”

3. Valuation of shares and investments in capital of subsidiaries and associates

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	FY2023	FY2024
Shares and Investments in capital of subsidiaries and associates	79,099	150,655
Allowance for investment loss (Non-current assets)	(738)	(738)

(2) Matters related to significant accounting estimates for identified items

(i) Method of calculation of the amount stated above under (1).

Shares and investments in capital of subsidiaries and associates are stated at cost on the balance sheet. When the actual value of such shares and investments in subsidiaries and affiliates declines significantly due to deterioration in the relevant company’s financial condition, a corresponding reduction in value is made, and the valuation difference is recognized as a loss for the period.

Further, when the actual value has not yet reached a situation where it has declined significantly but has declined to some extent, an amount equivalent to the decline is recorded in the allowance for investment loss.

(ii) Key assumptions used in significant accounting estimates

The key assumptions used in the calculation of the actual value are those used in the valuation of the real estate held by each project company, which are described in “3. Valuation of investments in overseas entities accounted for using the equity method,” “(1) Notes to Consolidated Financial Statements (Significant accounting estimates)” of “1. Consolidated Financial Statements.”

(iii) Effect of significant accounting estimates on the financial statements for the fiscal year following the current fiscal year

In valuing shares and investments in capital of subsidiaries and associates, the best estimates are made based on the key assumptions mentioned above in (ii). In the event of changes in the business environment or other factors that alter the assumptions used above, losses may need to be recognized in the following fiscal year or later.

4. Valuation of reimbursement claim against Yangon Museum Development Pte. Ltd. (hereinafter referred to as “YMD”)

(1) Amount recorded in the financial statements for the current fiscal year

	(Millions of yen)	
	FY2023	FY2024
Total amount of debt guarantees	6,535	—
Reimbursement claim (Investments and other assets)	—	7,321
Allowance for doubtful accounts (Investments and other assets)	—	(7,321)
Provision for loss on guarantees (Non-current liabilities)	4,210	—
Provision for loss on guarantees (Extraordinary loss)	916	—
Provision of allowance for doubtful accounts (Extraordinary loss)	—	3,110

(2) Matters related to significant accounting estimates for identified items

(i) Method of calculation of the amount stated above under (1).

The Company had provided a guarantee for borrowings of the equity-method affiliate YMD, and in the current fiscal year, the Company fulfilled its obligation under this guarantee, resulting in a reimbursement claim of ¥7,321 million (recorded under Investments and other assets (Other)) against YMD.

The Company determined that the reimbursement claim was unlikely to be recoverable based on the valuation of fixed non-current assets held by Y Complex Co., Ltd. (hereinafter referred to as “YC”), an entity accounted for using the equity method of the Company, in which YMD has a stake, taking into consideration YMD’s financial position, and recorded an allowance for doubtful accounts for the full amount of the reimbursement claim as it was.

In the statement of income, the provision for doubtful accounts of ¥7,321 million for the full amount of the reimbursement claim is offset by the reversal of the provision for loss on guarantees (balance at the end of the previous fiscal year) of ¥4,210 million, and is shown as an allowance for doubtful accounts of ¥3,110 million.

(ii) Key assumptions used in significant accounting estimates

The key assumptions used to examine the collectability of the reimbursement claim are those used in the valuation of the non-current assets held by YC, which are described in “3. Valuation of investments in overseas entities accounted for using the equity method,” “(1) Notes to Consolidated Financial Statements (Significant accounting estimates)” of “1. Consolidated Financial Statements.”

(iii) Effect of significant accounting estimates on the financial statements for the fiscal year following the current fiscal year

Allowance for doubtful accounts is based on the best estimate based on the key assumptions described in (ii) above. In the event of changes in the business environment or other changes in the assumptions and other factors described above, or if the reimbursement claim is reevaluated due to future exchange rate fluctuations, additional provisions or reversals may be required in the following fiscal year or later.

(Additional Information)

(Board Benefit Trust (BBT))

For the purpose of raising awareness of the need to contribute to medium- and long-term growth in corporate value, the Company has introduced a stock compensation plan, the “Board Benefit Trust (BBT),” for Directors (excl. External Directors) and Managing Officers who do not concurrently serve as Directors of the Company (hereinafter collectively referred to as “Directors, etc.”). For details, please refer to “(1) Notes to Consolidated Financial Statements (Additional Information)” of “1. Consolidated Financial Statements.”

(Matters related to the balance sheet)

*1. Assets pledged as collateral and liabilities related to collateral are as follows.

Assets pledged as collateral		
	(Millions of yen)	
	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Buildings	4,626	4,330
Land	19,166	19,166
Total	23,792	23,496

Liabilities related to collateral		
	(Millions of yen)	
	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Accounts payable - other	202	202
Other (Current liabilities)	16	16
Leasehold and guarantee deposits received	109	93
Other (Non-current liabilities)	1,825	1,622
Total	2,154	1,935

Other than the above, ¥305 million of investment securities were pledged as collateral for guarantees of borrowings of funds by affiliated companies in the previous and current fiscal years, respectively.

*2. Relevant real estate, etc. outlined in the real estate specified joint enterprise law (silent partnership method) is as follows.

	(Millions of yen)	
	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Real estate for sale	8,488	927
Real estate for sale in process	7,620	4,629
Buildings, etc.	1,064	18,887
Land	2,826	—
Other (Investments and other assets)	—	1
Total	20,000	24,445

The corresponding investment received is recorded in “deposits received under real estate specified joint enterprise law.”

*3. During the current fiscal year, ¥15,271 million of property, plant and equipment and ¥3,180 million of intangible assets were transferred to real estate for sale of ¥18,451 million due to a change in the purpose of holding.

*4. Guarantee liabilities and related values are as follows.

	(Millions of yen)	
	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Liable for guarantees on loans to its customers	768	3,885
Liable for guarantees on loans to overseas affiliated companies		
Yangon Museum Development Pte. Ltd.	2,324	—
XW BP2 Company Limited	—	754
XW EEC1 Company Limited	—	436
SC CD3 Company Limited	—	823
Liable for guarantees on loans to transactions with affiliated companies		
E-State Online Co., Ltd.	14	12
Nihon Parking Corporation	4	4
Liable for guarantees on loans to business partner		
Maekawa Inc.	1,757	1,684
Setoda Resort Co., Ltd.	30	30
Total	4,900	7,631

(Note) During the current fiscal year, the Company fulfilled its obligation under the guarantee for the borrowings of the equity-method affiliate Yangon Museum Development Pte. Ltd. (hereinafter referred to as the “Project Company”). As a result, a reimbursement claim of ¥7,321 million (recorded under investments and other assets (other)) arose against the Project Company. As the Project Company is effectively insolvent, an allowance for doubtful accounts has been recorded for the full amount of the reimbursement claim.

In addition, the provision for doubtful accounts of ¥7,321 million for the full amount of the reimbursement claim is offset by the reversal of the provision for loss on guarantees (balance at the end of the previous fiscal year) of ¥4,210 million, and is shown as an allowance for doubtful accounts (extraordinary losses) of ¥3,110 million.

5. Monetary receivables and payables to subsidiaries and affiliates (excluding those presented separately) are as follows.

	(Millions of yen)	
	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Short-term monetary receivables	26,601	39,016
Long-term monetary receivables	2,202	9,203
Short-term monetary payables	32,053	37,228
Long-term monetary payables	5,608	5,630

*6. During the current fiscal year, the reduction entry amount deducted from the acquisition cost for non-current assets due to the rights exchange procedures in connection with a Type 1 Urban Redevelopment Project under the Urban Renewal Act is as follows.

	(Millions of yen)	
	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Construction in progress	17,164	4,334

(Matters related to the statement of income)

1. Transactions with subsidiaries and affiliates are as follows.

	(Millions of yen)	
	FY2023	FY2024
	(Jan. 1, 2023 to Dec. 31, 2023)	(Jan. 1, 2024 to Dec. 31, 2024)
Transactions related to operating revenue	14,031	15,194
Transactions related to operating expenses	14,650	18,510
Non-operating transactions	3,846	6,072

*2. Selling expenses accounted for 54.3% and 55.9% in the previous and current fiscal years, respectively, and general and administrative expenses accounted for 45.7% and 44.1% in the previous and current fiscal years, respectively.

Major items and figures of selling, general and administrative expenses are as follows.

	(Millions of yen)	
	FY2023	FY2024
	(Jan. 1, 2023 to Dec. 31, 2023)	(Jan. 1, 2024 to Dec. 31, 2024)
Advertising expenses	3,577	5,008
Sale Miscellaneous expenses	2,324	4,917
Salaries	5,060	5,731
Taxes and dues	2,953	4,178

*3. Loss on joint venture dissolution

FY2023 (January 1, 2023 to December 31, 2023)

The loss on joint venture dissolution is related to the termination of the joint venture agreements with the joint venture partners due to the conversion of PT Dharma Tatemono Property and PT Dharma Tatemono Residences into subsidiaries.

*4. Loss on building reconstruction

FY2024 (January 1, 2024 to December 31, 2024)

Breakdown of loss associated with the reconstruction plan of buildings for rent is as follows.

Impairment losses (Note)	890 (Millions of yen)
Total	890 (Millions of yen)

(Note) The Group has categorized its assets according to the smallest unit that generates cash flows that are generally independent of the cash flows of other assets or asset groups.

The book value of a group of assets scheduled for reconstruction was reduced to the recoverable amount, and the amount of the reduction was recorded as a loss on building reconstruction under extraordinary losses in the current fiscal year.

Recoverable value is measured by value in use, and since the value in use based on future cash flows is negative, the recoverable value is evaluated as zero.

Main Use	Class	Location	Loss on building reconstruction (Millions of yen)
Building for rent	Buildings and structures, etc.	Shibuya-ku, Tokyo	890

(Matters related to securities)

Shares of subsidiaries and associates

FY2023 (December 31, 2023)

The fair values of shares of subsidiaries and associates are not stated as they do not have market prices.

FY2024 (December 31, 2024)

The fair values of shares of subsidiaries and associates are not stated as they do not have market prices.

(Note) Book value of non-marketable equity securities and other securities on the balance sheet

(Millions of yen)

Category	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Shares of subsidiaries	61,395	133,517
Shares of associates	47	123
Total	61,443	133,640

(Matters related to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Millions of yen)

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Deferred tax assets		
Provision for retirement benefits	2,530	2,508
Impairment losses	8,162	8,058
Loss on valuation of real estate for sale	665	708
Loss on valuation of shares of subsidiaries and associates, etc.	5,621	5,621
Excess allowance for doubtful accounts	857	2,276
Unrealized gains (losses) on distributions from silent partnerships	1,983	1,933
Compensation income	1,964	1,353
Provision for loss on guarantees	1,288	—
Depreciation of real estate for sale	1,880	2,804
Other	7,931	9,100
Subtotal of deferred tax assets	32,887	34,365
Valuation allowance	(18,880)	(19,374)
Total deferred tax assets	14,006	14,990
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(27,192)	(20,626)
Reserve for tax purpose reduction entry of replacement assets	(2,551)	(2,929)
Other	(1,408)	(1,489)
Total deferred tax liabilities	(31,152)	(25,045)
Net deferred tax assets (liabilities)	(17,145)	(10,054)

2. Breakdown by major cause when there is a significant difference between statutory tax rate and effective tax rate

	FY2023 (December 31, 2023)	FY2024 (December 31, 2024)
Statutory tax rate	30.6%	30.6%
(Adjustment)		
Increase (decrease) in valuation allowance	2.6	0.6
Entertainment expense(s) and other items not permanently deductible for income tax purposes	2.8	0.2
Dividends income and other items not permanently includable in income	(3.4)	(2.0)
Foreign withholding tax	0.6	0.1
Foreign tax credit	(0.4)	(0.1)
Other	(0.4)	(0.4)
Effective tax rate	32.4	29.0

(Matters related to business combinations, etc.)

(Business combinations by acquisition)

The note is omitted as the same content is included in “(1) Notes to Consolidated Financial Statements (Business combinations, etc.)” of “1. Consolidated Financial Statements.”

(Matters related to revenue recognition-related)

Notes have been omitted as information that forms the basis for understanding revenue from contracts with customers is identical to “(1) Notes to Consolidated Financial Statements (Revenue recognition)” of “1. Consolidated Financial Statements.”

(Major Subsequent Events)

Not applicable.

(iv) Supplementary schedules

Schedule of property, plant and equipment

(Millions of yen)

Category	Asset type	Balance at beginning of period	Increase in current year	Decrease in current year	Depreciation in current year	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	132,938	42,449	5,805 (881)	9,283	160,299	122,025
	Structures	2,219	675	45 (0)	241	2,607	8,042
	Machinery and equipment	1,084	1,118	23 (7)	201	1,977	2,976
	Vehicles	116	26	0	40	102	850
	Tools, furniture and fixtures	1,313	2,040	34 (0)	709	2,611	4,854
	Land	504,687 [55,911]	67,986	17,425 [2,472]	—	555,248 [53,438]	—
	Leased assets	7	—	—	2	5	6
	Construction in progress	88,435 [14,551]	38,681 [2,472]	27,343	—	99,773 [17,024]	—
	Other property, plant and equipment	2,432	—	—	—	2,432	—
	Total	733,235	152,978	50,677 (890)	10,477	825,057	138,755
Intangible assets	Leasehold interests in land	36,870	—	3,511	—	33,358	—
	Other	41	0	0	2	39	342
	Total	36,911	0	3,511	2	33,398	342

(Notes) 1. Figures in parentheses in the “Decrease in current year” column represent recognized impairment losses (including impairment losses recorded as loss on building reconstruction).

2. Figures in [] in the “Balance at beginning of period,” “Increase in current year,” “Decrease in current year,” and “Balance at end of period” columns represent the difference between the book value of the land before revaluation conducted in accordance with the Order for Enforcement of the Act on Revaluation of Land (1998, Law No. 34). The increase in the current year and decrease in the current year are due to transfers between accounts in connection with the rights exchange procedures in the Type 1 Urban Area Redevelopment Project.

3. Major items in “Increase in current year” are as follows

Buildings	Completion of Hilton Kyoto	¥17,501 million
Land	Acquisition of land under the Shibuya Redevelopment Project	¥61,224 million
Construction in progress	Construction costs, etc. for Hilton Kyoto	¥15,280 million
Construction in progress	Participating committee members’ contributions, etc. in Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (District B)	¥8,900 million

Schedule of allowances

(Millions of yen)

Category	Balance at beginning of period	Increase in current year	Decrease in current year	Balance at end of period
Allowance for doubtful accounts	105	7,399	65	7,438
Allowance for investment loss	738	—	—	738
Provision for bonuses	317	362	317	362
Provision for share awards for directors (and other officers)	282	163	35	410
Provision for loss on guarantees	4,210	—	4,210	—

(Note) Of the increase in allowance for doubtful accounts in the current fiscal year, ¥7,321 million is presented in the statement of income as a net amount of ¥3,110 million under the provision of allowance for doubtful accounts (extraordinary losses) after offsetting ¥4,210 million, which is the reversal of the provision for loss on guarantees.

(2) Major assets and liabilities

Statement is omitted as the Company prepared the consolidated financial statements.

(3) Other

Not applicable.

VI. Stock-Related Administration for the Company

Fiscal year	From January 1 to December 31
Ordinary General Meeting of Shareholders	To be held in March
Record date	December 31
Record date for dividends of surplus	Interim dividend: June 30 Year-end dividend: December 31
Number of shares constituting one unit	100 shares
Purchase and sale of shares of less than one unit	
Office for handling business	(Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo Head Office Transfer Agent Department Mizuho Trust & Banking Co., Ltd.
Transfer agent	(Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Forwarding office	—
Handling charge for purchase and sale	Separately determined amount equivalent to commissions related to brokerage of stock transactions
Method of Public Notice	The Company carries out its public notifications by means of electronic public notice. However, in the event that it is not possible to provide electronic public notice due to an accident or other unavoidable reason, public notice shall be provided in the Nihon Keizai Shimbun published in Tokyo. Electronic public notices are posted on the Company's website, and the URL is as follows. https://tatemono.com/ir/kokoku.html
Special benefit for shareholders	None

(Notes) 1. Fees may not be charged in the event of a reverse stock split or a split of share certificates into trading units.

2. The Company's Articles of Incorporation stipulate that shareholders of the Company may not exercise any rights other than the following rights with respect to their shares constituting less than one unit.

- (1) Rights stipulated in each item of Paragraph 2, Article 189 of the Companies Act.
- (2) The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act.
- (3) The right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by the shareholder.
- (4) The right to request the sale of the number of shares that, together with the number of shares of less than one unit held by the shareholder, will constitute one unit of shares.

VII. Reference Information on the Company

1. Information on the Parent Company

The Company has no parent company.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the current fiscal year to the filing date of the Annual Securities Report.

- | | |
|---|--|
| (1) Annual Securities Report and the attachments thereto, and Confirmation Letter
Fiscal Year (206th Fiscal Year) (From January 1, 2023 to December 31, 2023) | March 27, 2024
Filed with the Director-General of
Kanto Local Finance Bureau |
| (2) Internal Control Report and the attachments thereto | March 27, 2024
Filed with the Director-General of
Kanto Local Finance Bureau |
| (3) Quarterly Report and Confirmation Letter
1st quarter of 207th Fiscal Year (from January 1, 2024 to March 31, 2024) | May 13, 2024
Filed with the Director-General of
Kanto Local Finance Bureau |
| (4) Semiannual Report and Confirmation Letter
207th Fiscal Year (from January 1, 2024 to June 30, 2024) | August 9, 2024
Filed with the Director-General of
Kanto Local Finance Bureau |
| (5) Amended Shelf Registration Statement (Bonds) | November 21, 2024
December 11, 2024
December 26, 2024
Filed with the Director-General of
Kanto Local Finance Bureau |
| (6) Extraordinary Report
This is an extraordinary report pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Results of Exercise of Voting Rights at the General Meeting of Shareholders).
This is an extraordinary report pursuant to the provisions of Article 19, Paragraph 2, Item 9 (Changes in Representative Director) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs.
This is an extraordinary report pursuant to the provisions of Article 19, Paragraph 2, Item 12 and Item 19 (Events Significantly Affecting Financial Condition, Operating Results and Cash Flow) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs.
This is an extraordinary report pursuant to the provisions of Article 19, Paragraph 2, Item 12 and Item 19 (Events Significantly Affecting Financial Condition, Operating Results and Cash Flow) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs. | April 1, 2024
Filed with the Director-General of
Kanto Local Finance Bureau
November 21, 2024
Filed with the Director-General of
Kanto Local Finance Bureau
December 11, 2024
Filed with the Director-General of
Kanto Local Finance Bureau
December 26, 2024
Filed with the Director-General of
Kanto Local Finance Bureau |
| (7) Share buyback report
Reporting period (from December 25, 2024 to December 31, 2024)
Reporting period (from January 1, 2025 to January 31, 2025)
Reporting period (from February 1, 2025 to February 28, 2025) | February 25, 2025
February 25, 2025
March 11, 2025
Filed with the Director-General of
Kanto Local Finance Bureau |

Part II: Information on Guarantors, etc. for the Company

Not applicable.

(For Translation Purposes Only)

Independent Auditor's Report

March 26, 2025

To the Board of Directors

Tokyo Tatemono Co., Ltd.:

Ernst & Young ShinNihon LLC.

Tokyo, Japan

Designated and Engagement Partner Managing Partner	Certified Public Accountant	Yuji Mukaide
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Designated and Engagement Partner Managing Partner	Certified Public Accountant	Koji Ojima
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<Audit of Consolidated Financial Statements>

Opinion

In order to provide audit certification pursuant to Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Tokyo Tatemono Co., Ltd. for the consolidated fiscal year (from January 1, 2024 to December 31, 2024), provided in the "Financial Information," which comprises the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows, significant matters that serve as the basis for preparing consolidated financial statements, other notes, and consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tokyo Tatemono Co., Ltd. and its consolidated subsidiaries as of December 31, 2024, as well as its consolidated financial performance and consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the requirements for professional ethics in Japan, and we have fulfilled our other ethical responsibilities as Auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current consolidated fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from real estate sales transactions (excluding residential sales)	
Description of Key Audit Matter	Auditor's Response
<p>Tokyo Tatemono Co., Ltd. (the "Company") and its consolidated subsidiaries engage in real estate sales transactions.</p> <p>Revenue from real estate sales transactions is included in "Real estate sales" (53,215 million yen in Commercial Properties, 182,083 million yen, and 14,759 million yen in Asset Service) that is part of "1. Information that disaggregates revenue from contracts with customers" under "Revenue-recognition" in the notes to the consolidated financial statements for the consolidated fiscal year ended December 31, 2024.</p> <p>Generally, real estate sales transactions (excluding residential sales) are highly individual in nature and the transaction amounts are large. Such transactions involve the risk that revenue is inappropriately recognized, despite substantially all the risks and rewards of ownership having not been transferred, due to the Company and its consolidated subsidiaries continuing to be involved with the real estate through, for example, entrustment of management after the sale of real estate and provision of substantial guarantees of future cash flows from the transferred real estate.</p> <p>Accordingly, we have determined that real estate sales transactions (excluding residential sales) represent a key audit matter.</p>	<p>We mainly performed the following procedures for real estate sales transactions (excluding residential sales) to test for the risk that revenue is inappropriately recognized.</p> <ul style="list-style-type: none"> • In order to consider transactions as a whole, the attributes of transaction counterparties, and whether there is continued involvement in real estate after it is sold, as well as the details of such involvement, we inspected sales contracts, requests for approval, minutes of meetings of the board of directors, and external information such as websites and the like. • In order to test transaction amounts, we compared such amounts with peripheral transactions and real estate appraisals. • In order to consider the impact of whether there is continued involvement in real estate after it is sold, as well as the details of such involvement, on the transfer of the risks and rewards of ownership, we inspected sale contracts and other related contracts and made inquiries of management and the relevant divisions. • In order to test the facts of transactions, we inspected supporting documents related to cash receipts and the company register.

Evaluations during development periods for non-current assets related to large-scale development projects	
Description of Key Audit Matter	Auditor's Response
<p>The Company and its consolidated subsidiaries are engaged in multiple real estate development businesses, and at the end of the consolidated fiscal year ended December 31, 2024, property, plant and equipment, primarily consisting of land and construction in progress, amounted to 974,614 million yen on the Consolidated Balance Sheet.</p> <p>Real estate development projects generally take a long period of time from investment to return, during which time development is exposed to various risks and thus might not proceed as planned after the decision is made to invest in the project, presenting the risk that profitability will be lower than initially estimated and that invested capital will not be recovered. Specifically, there is a risk of delays in agreements with other landowners, risk that development permits will not be obtained from local governments, risk of delays in construction work, risk that construction costs will rise, and risk that leasing does not proceed as planned. Considering that large-scale development projects in particular require large investments and lengthy development periods, any related impairment loss is also material if recorded.</p> <p>For non-current assets related to development projects, impairment accounting requires determinations of whether there are indications of impairment, and such determinations must be made by comprehensively evaluating the various risks described above; mistakes in these determinations may result in a failure to record the appropriate amount of impairment loss. Significant assumptions used in these evaluations, namely development schedules, anticipated rents to be paid by tenants, construction costs, and discount rates, involve uncertainty.</p> <p>Accordingly, we have determined that evaluations during development periods for non-current assets related to large-scale development projects represent a key audit matter.</p>	<p>We mainly performed the following procedures to appropriately ascertain whether there are indications of impairment in the application of impairment accounting during development periods for non-current assets related to large-scale real estate development projects.</p> <ul style="list-style-type: none"> • In order to consider whether there have been significant changes giving rise to indications of impairment, we inspected requests for approval, minutes of meetings of the board of directors, and project plans and made inquiries of management and the responsible departments as necessary as it relates to the recent status of development projects including the status of discussions with other landowners and local governments, receipt of major permits, construction costs, construction progress, and efforts to attract tenants. • In order to consider the feasibility of development projects, we compared significant assumptions, namely anticipated rents to be paid by tenants, construction costs, and discount rates, with publicly available external information and actual amounts in similar cases and in portions of existing contracts.

Other Information

Other information consists of that included in the Annual Securities Report, other than the consolidated financial statements, the financial statements and our Auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis of accounting and responsible for disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and implementation of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's report that includes our opinion from an independent perspective on the consolidated financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement due to fraud or error. In addition, design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures are at our discretion. Furthermore, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty related to the going concern basis of accounting exists, we are required to draw attention in our Auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to our Auditor's report date. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform an audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries that forms the basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit of consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board members and Audit & Supervisory Board regarding, among other matters that are required by auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, if measures have been taken to eliminate inhibiting factors or safeguards have been applied to reduce inhibiting factors to an acceptable level, the content of such measures or safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Opinion

In order to provide audit certification pursuant to Paragraph 2, Article 193-2 of the Financial Instruments and Exchange Act, we have audited the management's report on internal control over financial reporting of Tokyo Tatemono Co., Ltd. as of December 31, 2024.

In our opinion, the management's report on internal control referred to above, which represents that the internal control over financial reporting of Tokyo Tatemono Co., Ltd. as of December 31, 2024 is effectively maintained, presents fairly, in all material respects, the results of management's assessment of internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of internal control in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit section of internal control of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the requirements for professional ethics in Japan, and we have fulfilled our other ethical responsibilities as Auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

The management is responsible for establishing and operating internal control over financial reporting and preparing and properly presenting an internal control report in accordance with the evaluation standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring and verifying the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibilities in the Audit of Internal Control

Our responsibilities are to obtain reasonable assurance about whether the management's report on internal control is free from material misstatement and to express an opinion from an independent perspective on an internal control report in our audit report of internal control.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Conduct audit procedures to obtain audit evidence regarding the results of the evaluation of internal control over financial reporting in the internal control report. Audit procedures for audit of internal control are selected and applied at the Auditor's discretion based on the materiality of the effects on the reliability of financial reporting.
- Examine representations on the scope, procedures, and results of assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Plan and perform an audit of the internal control to obtain sufficient appropriate audit evidence regarding the results of assessment of internal control over financial reporting in the management's report on internal control. We are responsible for direction, supervision and review of the audit of management's report on internal control. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board members and Audit & Supervisory Board regarding the planned scope and timing of the audit of internal control, results of the audit of internal control, including identified material weaknesses that should be disclosed, the results of remediation, and other matters that are required by auditing standards for internal control.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, if measures have been taken to eliminate inhibiting factors or safeguards have been applied to reduce inhibiting factors to an acceptable level, the content of such measures or safeguards.

<Fee-related information>

The amounts of compensation paid to our firm and others in the same network for audit attestation services and non-audit services for the company and its subsidiaries are as described in “(3) Status of Audits” under “Corporate Governance, etc.” included in “Status of the Company.”

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

*1 The original of the above Independent Auditor’s Report is kept separately by the Company (the company submitting the annual securities report).

2 XBRL data is not included in the scope of the audit.

Notes to the Readers of Independent Auditor’s Report

This is an English translation of the Independent Auditor’s Report as required by the Companies Act of Japan for the conveniences of the reader.

(For Translation Purposes Only)

Independent Auditor's Report

March 26, 2025

To the Board of Directors

Tokyo Tatemono Co., Ltd.:

Ernst & Young ShinNihon LLC.

Tokyo, Japan

Designated and
Engagement Partner
Managing Partner

Certified Public
Accountant

Yuji Mukaide

Designated and
Engagement Partner
Managing Partner

Certified Public
Accountant

Koji Ojima

<Audit of Financial Statements>

Opinion

In order to provide audit certification pursuant to Paragraph 1 Article 193-2 of the Financial Instruments and Exchange Act, we have audited Tokyo Tatemono Co., Ltd.'s non-consolidated financial statements for the 207th fiscal year (from January 1, 2024 to December 31, 2024), provided in the "Financial Information," which comprises the balance sheet, statement of income, statement of changes in equity, significant accounting policies, other notes, and supplementary schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of Tokyo Tatemono Co., Ltd. as of December 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the requirements for professional ethics that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current fiscal year. These matters were addressed in the context of the audit of the financial statements as a whole and in forming the Auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from real estate sales transactions (excluding residential sales)

The details of this key audit matter (recognition of revenue from real estate sales transactions (excluding residential sales) have been omitted since they are the same as those described in the auditor's report for the consolidated financial statements.

Evaluations during development periods for non-current assets related to large-scale development projects

The details of this key audit matter (evaluations during development periods for non-current assets related to large-scale development projects) have been omitted since they are the same as those described in the auditor's report for the consolidated financial statements.

Other Information

Other information consists of that included in the Annual Securities Report, other than the consolidated financial statements, the financial statements and our Auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In the course of our audit of the financial statements, our responsibility is to read through the other statements and, in the course of reading, to consider whether there are material inconsistencies between the other statements and the financial statements or our knowledge obtained in the audit, otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements on the going concern basis of accounting and responsible for disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and implementation of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's report that includes our opinion from an independent perspective on the non-consolidated financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement due to fraud or error. In addition, design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures are at our discretion. Furthermore, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the non-consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty related to the going concern basis of accounting exists, we are required to draw attention in our Auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to our Auditor's report date. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Board members and Audit & Supervisory Board regarding, among other matters that are required by auditing standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, if measures have been taken to eliminate inhibiting factors or safeguards have been applied to reduce inhibiting factors to an acceptable level, the content of such measures or safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current fiscal year and are, therefore, key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-related information>

Fee-related information stated in the Independent Auditor's Report for the consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

*1 The original of the above Independent Auditor's Report is kept separately by the Company (the company submitting the annual securities report).

2 XBRL data is not included in the scope of the audit.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Cover

Document Filed:	Internal Control Report
Applicable Law:	Paragraph 1 of Article 24-4-4 of the Financial Instruments and Exchange Act
Filed to:	Director-General of Kanto Local Finance Bureau
Filing Date:	March 26, 2025
Company Name:	Tokyo Tatemono Kabushiki Kaisha
Company Name in English:	Tokyo Tatemono Co., Ltd.
Name and Title of Representative:	Katsuhito Ozawa, President & Chief Executive Officer
Name and Title of Chief Financial Officer:	Yutaka Onuma, Managing Executive Officer & Chief Financial Officer
Location of Head Office:	1-9-9 Yaesu, Chuo-ku, Tokyo (The above is the address registered as the location of the head office of the Company. Actual business operations are conducted at the following location) 1-4-16 Yaesu, Chuo-ku, Tokyo
Place for public inspection:	Tokyo Tatemono Co., Ltd. Kansai Branch (3-4-8 Honmachi, Chuo-ku, Osaka-shi, Osaka) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Matters concerning the basic framework for internal control over financial reporting

Katsuhito Ozawa, President & Chief Executive Officer, and Yutaka Onuma, Managing Executive Officer & Chief Financial Officer, are responsible for designing and operating effective internal control over financial reporting of Tokyo Tatemono Co., Ltd. (“the Company”), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters related to the scope of valuation, record date and valuation procedures

We conducted our assessment of internal control over financial reporting with a base date of December 31, 2024, the end of the current fiscal year. Our assessment followed generally accepted standards for assessing internal control over financial reporting. In conducting this assessment, we evaluated internal controls that may have a material effect on the entire financial reporting in a consolidation (“company-level controls”) and based on the results of this assessment; we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. We also evaluated the effectiveness of internal control by assessing the related internal control over information technology.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined, taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of the assessment of internal controls over business processes considering the results of the assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. Consolidated subsidiaries and equity method affiliates deemed insignificant in terms of the impact on financial reporting were not included in the company-wide internal control evaluation scope.

For the purpose of determining the scope of process-level control assessment, four business locations were selected as “Significant Business Locations,” which comprise the Company and its consolidated subsidiaries selected in descending order based on their fiscal year’s net sales, and which contributed approximately two-thirds of the Company’s consolidated net sales in the aggregate. In such Significant Business Locations, all business processes related to the accounts that are closely associated with the Company’s business objectives, such as operating revenue, trade accounts receivable, and real estate for sales, were included in the scope of assessment. Furthermore, regardless of the Significant Business Locations, certain business processes related to significant accounts involving estimates and forecasts were added to the scope of assessment as business processes with the material impact of financial reporting.

3. Matters related to the results of the evaluation

Based on the above evaluation results, we have determined that the Company’s internal control over financial reporting is effective as of the end of the current fiscal year.

4. Note

There is nothing to be added.

5. Special note

There are no special items to be noted upon confirmation.

Cover

Document Filed:	Confirmation Letter
Applicable Law:	Paragraph 1 of Article 24-4-2 of the Financial Instruments and Exchange Act
Filed to:	Director-General of Kanto Local Finance Bureau
Filing Date:	March 26, 2025
Company Name:	Tokyo Tatemono Kabushiki Kaisha
Company Name in English:	Tokyo Tatemono Co., Ltd.
Name and Title of Representative:	Katsuhito Ozawa, President & Chief Executive Officer
Name and Title of Chief Financial Officer:	Yutaka Onuma, Managing Executive Officer & Chief Financial Officer
Location of Head Office:	1-9-9 Yaesu, Chuo-ku, Tokyo (The above is the address registered as the location of the head office of the Company. Actual business operations are conducted at the following location) 1-4-16 Yaesu, Chuo-ku, Tokyo
Place for public inspection:	Tokyo Tatemono Co., Ltd. Kansai Branch (3-4-8 Honmachi, Chuo-ku, Osaka-shi, Osaka) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Matters concerning the appropriateness of the information in the Annual Securities Report

Katsuhito Ozawa, President & Chief Executive Officer of the Company, and Yutaka Onuma, Chief Financial Officer of the Company, have confirmed that the information in the Annual Securities Report of the Company for the 207th fiscal year (from January 1, 2024 to December 31, 2024) is properly presented in accordance with the Financial Instruments and Exchange Act.

2. Special note

There are no special items to be noted upon confirmation.